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**PRIME MINISTER'S QUESTION AND ANSWER SESSION AT TEL  
AVIV UNIVERSITY**

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QUESTION: Yeah, we could. Mr. Prime Minister... Can you all hear me? Ok. 200 members of your delegation are in fact members and leaders of the business community in Canada, representing a cross-section of the economy and the industry there, so let me begin with an economic question. As you know, the economy in many parts of the world has been through troubled times following the 2008 crisis. How would you assess the state of the global economy today?

RT. HON. STEPHEN HARPER (Prime Minister of Canada): Let me begin with this: I do believe that as we enter 2014, notwithstanding the fact that we remain in a period of tremendous global uncertainty that I think will be with us for some time, you know, the severity of the various banking and sovereign debt crisis that we've experienced since 2008/2009 are not... are going to leave the global economy full of risks for some time to come, but I do think notwithstanding that, that 2014 looks more promising than the beginning of many recent years. The American economy seems to be... recovery seems to be gaining some traction. Europe, while it is not completely out of the woods, seems to be coming out of the trough. The most serious risks have been addressed. As I say, lots can yet go wrong, but I am optimistic that we are now beginning to see some sustained momentum to broad, global growth. We can't take our eyes off the ball. As the government of Canada, in particular, our focus continues to have to be the creation of jobs and growth and long-term prosperity, and to do the things that are necessary to sustain that. But as I say, I do think right now we face a somewhat cautious, but somewhat more optimistic environment than we have for the past few years.

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QUESTION: And the Canadian economy, of course, has also been affected, to some extent, by the crisis. How would you assess the state of the economy in your country today?

RT. HON. STEPHEN HARPER: Well, Canada, as obviously Canadians here know, and many others know, Canada was affected much less seriously by the global economic recession than most other western developed nations. The reason for that was really fairly simple: none of the causes of the recession were to be found in Canada. If you look at the big problems of the financial sector, and then following that, of sovereign borrowing and bad balance sheets in some countries, Canada entered the recession, and still has the strongest financial system in the world, and I could quote all kinds of experts in that regard. We did not have a single significant financial institution failure during the recession. And on the fiscal side, for the federal government, most of our governments were in fairly strong position. On the federal government side, we entered the recession in a surplus position with very low debt levels, which allowed us, of course, to engage in really fairly large term stimulus spending in the early part of the recession without risking our long-term fiscal position. So none of the causes of the global recession were to be found in Canada. But of course, as a small, relatively small open economy, we were affected through our export markets, and we were affected quite severely to begin, initially, but we've recovered well. Growth has been... it has not been fast, but it has been very steady and very consistent, and we have created I think it's 1.1 million net new jobs since the end of the recession in 2009. We are one of the few western countries where many more people are working today than were actually working before the recession began in 2008.

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So it's been, you know, it's been a not robust, but a relatively strong recovery. We still have too many people who are out of work, and we still have longer term challenges. Our government, what we've tried to do, the lesson we've taken from the recession as a government is that we cannot control what happens quarter to quarter or year to year in the global economy. What we can do is try to position ourselves as strongly as possible for the long term. And so the things we're focusing on now are the things where we think we're most vulnerable. We have in our country, despite some of the highest levels of education in the world, a mismatch, pretty systematic, that is going to grow because of demographics between skills and jobs available, so we're trying to adjust our immigration policies, our support for higher education, our support for job creation and skills to try and deal with that issue in the long term, try and deal with those labour market demographics. We're doing other things in the area of research, in areas of trade, but we need to do all the things we can to make sure that should another crisis come along, we will again weather it well and continue on a growth pattern.

QUESTION: And last question on this economic issue, you mentioned trade. How is Canada using trade to ensure your economic prosperity?

RT. HON. STEPHEN HARPER: Well, for us, trade is absolutely vital. You know, Canada, we're a country where total... if you add exports and imports, you get something equivalent to 60 percent of our GDP. So this is a highly trade dependent nation. Also we're not just a highly trade dependent nation generally, but in a very specific sense, which is we have an overwhelming trade dependence on the United States. It's gone from the 90

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percent range down to the 70 percent range, but it's still a very high dependence, so given those things, we need to be well positioned in the global trading system. When our government came to office in 2006, the reality was that in spite of this position, Canada only had agreements, trade agreements with five countries in the entire world, the United States and Israel being two of them, but two of the exceptions. And in the age of modern globalization, we felt as a government we just, we have to address this problem, because we will become marginalized in the emerging global supply chains if we don't fix this and if we don't also take steps, particularly post recession, to deal with what's likely to be slower growth over the long term in the United States. So we've made it our business to increase our trade negotiation capacity and sign trade deals. Since we came to office for the first few years, we've signed six deals with nine new countries, including your friends across the river in Jordan, and we've now signed just last year, late last year, now concluded negotiations with the European Union. So we've increased the number of countries with which Canada has trade agreements from five to 42, over half the global economy. (APPLAUSE) There's still more to be done, and of course, now we've got to have business take advantage of all these opportunities that we've created, but we will be working with them to do that.

QUESTION: Thank you. All right, we move now to the Middle East. You mentioned Jordan. Many countries in our region have undergone momentous change over the past three years. I'd like to hear from you, Mr. Prime Minister, what is Canada's policy on the various regional problems within the Middle East, and if we could focus specifically on two of the trouble spots, Egypt and Syria?

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RT. HON. STEPHEN HARPER: Yeah, let me just give your our government's take on both of these, which may be a little bit different than what some are used to hearing. You know, in the case of Egypt, we actually welcome the return to stability, and at the same time, we understand if the new government is to be truly successful over time in Egypt, they do have to transition towards a democratic order, and obviously with respect for human rights and the rule of law. At the same time, though, I think we should all be chastened by the lessons of the last two or three years. There was a lot of enthusiasm, unbridled enthusiasm in much of the West for the revolution in Egypt, and with very good reason. We were a little more cautious, and I think that caution has been borne out, because what we saw coming out that revolution, notwithstanding the best of intentions of many of the people who initiated it, was, to be blunt, what was an unmistakable, the use of, the use not of democracy, the use of elections, the use of certain democratic tools to move towards and achieve what was in fact going to be an authoritarian Islamic state, and that... (APPLAUSE) We want elections to lead to democracy and to the things we understand that are important for human rights and prosperity and security in the long term. So while we need to continue to pressure the Egyptian government to move in the right direction, we also need to make sure that as they do that transition, it's done in a way that will strengthen and reinforce over the long term the forces of progress and modernization in that country, rather than what could happen, simply forces from the street that run out of control.

QUESTION: And what about Syria, yeah?

RT. HON. STEPHEN HARPER: Syria? Oh boy! (LAUGHTER) You know, I... Obviously I'm going to be in Jordan the next

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couple of days, going to be visiting some of the refugee camps where Canada is trying to help both refugees as well as the Kingdom of Jordan to deal with these terrible problems, and you know, the nature and the scale of the suffering that is going on in that country is almost incomprehensible, and it is truly heartbreaking. And obviously we will continue as a government and as a people to look at any number of ways that we can assist in this situation. I don't tend to see this, though, as really just a Syrian issue. You know, it's often portrayed, certainly in the initial phases, and maybe it was in the initial phases a brutal regime, the Assad regime, and opponents who were trying to overthrow it. What in my judgement it has clearly become over time is very much a sectarian war that is backed by and part of a wider sectarian conflict in the region, a Shia government on the one hand, Alawite-Shia government on the one hand, backed by Iran and its allies; on the other hand, a Sunni insurgency that is increasingly extreme, increasingly extreme and dangerous, and backed by countries that come from that side of the spectrum. And you know, I don't see... I don't see how the victory of either of those forces could be in the interests of Canada or Israel or anyone else. The only real victory can be some kind of accommodation and conciliation between them. I don't think any of us know how we do that, but that is the only way to move forward, and anything we can do, we will do.

QUESTION: Thank you, Mr. Prime Minister.  
(APPLAUSE) And to the last question, of great concern, of course, to Israel: what is Canada's position towards Iran?

RT. HON. STEPHEN HARPER: Thank you. Well, I don't think there's been much secret about this. I... (LAUGHTER) You know, I obviously talked about this in the Knesset, as I talked about many other

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things, and I've been very vocal about this over the years, and let me repeat what I've said so nobody is under any illusion. I've said some things about the current negotiation process, and I'll come to that in a moment, but you know, it is important that we all recognize this for what it is. This is a regime in Iran, an extremist fundamentalist regime with a violent and hateful ideology, and it wants to possess nuclear weapons, and it tells the world, it tells the world it wants to possess nuclear weapons for the purpose of using nuclear weapons, which is truly frightening. I know it's particularly frightening for Israel, which is the immediate target of its hostility, but if we all look carefully, not the sole target. I... you know, I have to say, in a certain... We appreciate the efforts of our allies on the Security Council, the P5 plus one, in trying to find any and every diplomatic resolution to this issue. We absolutely must do that to the extent we can. But we should not... Let's not... let's make sure in the process of this that we keep our eye on the ball the whole time, and we do not become the victims of our own wishful thinking. I hope, there are some signs that this agreement will be complied with and that it will lead to something else, but every step of the way as the government of Canada, we are not interested in the nobility of the words around this. We are interested in what real actions, enforceable and verifiable actions that will actually come out of this agreement, and that's what we will be looking for all along the way to make sure that everything that is said is actually done, implemented and verified. We will not be satisfied until we see that. And we will not lift our sanctions until we're convinced that that is happening. And if it doesn't happen, we will be the loudest in the international community demanding that full sanctions be reinstated. (APPLAUSE)

QUESTION: Thank you so much.

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