

## *Arabian Peninsula*

Six of the seven Gulf countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates) are members of the Gulf Cooperation Council (GCC), which is mandated to strengthen relations and foster economic integration between those countries. The GCC implemented a customs union early in 2003, setting a harmonized GCC-wide tariff of 7%. The group recently approved the establishment of a customs information centre in Riyadh, Saudi Arabia, to link the customs departments of the GCC states. There are also plans to move toward monetary union by 2010. In December 2003, the GCC endorsed a Unified Law for the Prevention of Dumping, with mandatory enforcement from the beginning of 2004. It also ratified the founding charter for the Metrology Organization in Riyadh, with a view to unifying standards and measures in the member states and to ensuring the safety and quality of goods entering the markets of the GCC.

The GCC has confirmed its commitment to signing free trade agreements with other economic blocs, and discussions are well under way with the European Union, the United States and Australia. In the case of the European Union, discussions are quite advanced. Canada's merchandise exports to the region increased in 2003 to \$988 million, up from \$600 million in 2002.

### **SAUDI ARABIA**

Saudi Arabia is Canada's second largest export market in the Middle East and North Africa region, with two way trade reaching \$1.3 billion in 2003. Saudi Arabia recently renewed its commitment to completing its accession to the World Trade Organization (WTO) and hopes to accede by the end of 2004. In addition to securing market access improvements, Canada will seek to ensure in the working party negotiations that Saudi Arabia fully implements its obligations under all WTO agreements on accession. There is an outstanding request from Saudi Arabia to re-enter double taxation agreement (DTA) negotiations and open foreign investment protection agreement (FIPA) negotiations.

### **Market Access Results in 2003**

- In September 2003, Canada successfully negotiated an export certificate for veal to Saudi Arabia, allowing Canada to maintain its significant veal exports to Saudi Arabia.

### **Canada's Market Access Priorities for 2004**

- Continue representations aimed at removing Saudi Arabia's remaining bovine spongiform encephalopathy (BSE) measures on imports from Canada, in particular on live cattle, bovine semen and beef other than veal.

## **IMPROVING ACCESS FOR TRADE IN GOODS AND SERVICES**

### **Bovine Spongiform Encephalopathy**

Following Canada's May 20, 2003, announcement of a BSE case, Saudi Arabia did not initially announce any new restrictions on imports of Canadian cattle, beef or their products. While many markets initially banned Canadian beef, Canada was successful in maintaining its significant beef (veal) exports to Saudi Arabia. In September 2003, Canada successfully negotiated an export certificate for veal to Saudi Arabia. However, Saudi Arabia has been unclear with respect to its restrictions on Canadian exports of other products (i.e., bovine semen, live animals and beef other than veal), creating uncertainty for Canadian exports. In December 2003, Saudi Arabia confirmed an import ban on live cattle and bovine semen from Canada. Canada has kept all its trading partners, including Saudi Arabia, fully informed of the results of its investigations and regulatory response, and it is requesting a resumption of trade on scientific grounds. (For further information, see the BSE overview in Chapter 2.)

### **THE UNITED ARAB EMIRATES**

The United Arab Emirates (UAE) is gathering strength as a major regional distribution centre and investment destination, through its focus on economic diversification and development of port and manufacturing operations, as well as high-end