

Sales of equipment have also shown good growth, with the major factor being miscellaneous commercial telecommunications equipment, which has increased from \$2.5 million in 1978 to a projected \$6.8 million in 1981. A very large sale of microwave equipment to ARAMCO and Petrolina probably explains the \$10.5 million peak in 1979.

Bell Canada has been negotiating for an extension to its contract with Saudi Telephone and the results should be known soon. Also the Canadian government is presently negotiating a government-to-government contract for the development of a Saudi Arabian Spectrum Management organization.

A Canadian company tried to bid on the multiplexers for the telex system expansion, but was unsuccessful, and is now trying to form a joint venture to sell this equipment for some of the restricted telex networks (e.g. that of the Ministry of Interior). A telephone operating company has investigated the possibility of running a restricted communications system (e.g. Ministry of Defence base system) with encouraging results. An equipment supplier bid unsuccessfully on the Arabsat satellite but is now considering participation in the Arabsat receiving station program.

Mitel, and Northern Telecom are active through their agencies here. Several other companies have made sales through agents in the United States, often to the military and other government organizations. Still others are in the process of associating themselves with Saudi companies either as agents or as joint-venture partners to bid private mobile telephone or ministerial communications systems.

Another activity that will have a long-term positive effect on Canadian telecommunications marketing is the training being received by young Saudis in the Kingdom, and in Canada, from Bell Canada.

d) Market Impediments and Advantages

Language, distance and different business practices are the main impediments in this market. For small companies, the sheer cost of becoming established in business in the Kingdom, is an obstacle. Nevertheless, except for distance, the same problems are faced by competitors from any other country.

The established position of some competition in certain sectors of the market will be detailed below, but while it constitutes a real disadvantage, it usually does not