

Palestinian law stipulates that a local agent or representative is required to sell into this market. The state of the Middle East Peace Process can affect the movement of goods in and out of the West Bank and Gaza Strip. The Gaza International Airport, while still subject to Israeli security inspections, should provide importers with easier access to the Palestinian Territories and to other Arab neighbours.

## SAUDI ARABIA

The Saudi economy experienced strong economic growth in 2000 benefiting from recent firm oil prices. The government has continued to pursue various economic restructuring and deregulation strategies with a focus on encouraging a bigger role for the private sector, diversification and domestic job creation. In 2000, Canada's goods exports totalled \$324 million, an increase of 9.4 percent from 1999, while Canadian goods imports in 2000 increased to \$916 million from \$429 million.

The Saudi government has recently made clear that it sees private sector investment as the main driver of job creation. The key measure in this regard has been the passage of a new foreign investment law and the creation of the Saudi Arabian General Investment Authority (SAGIA), set up as a "one-stop shop" for investment. The new foreign investment law, as approved in April 2000, provides a number of incentives previously offered only to Saudi businesses. Other recent reforms, including the privatization of the telecommunications and electricity companies, as well as the invitation extended by authorities at the beginning of 2000 to international oil companies to present investment plans for the gas sector, including downstream activities, have opened various joint venture and investment opportunities to international investors.

### SPECIFIC MARKET ACCESS CONCERNS

#### Genetically Modified Organisms (GMOs)

The Canadian government has made several bilateral representations to Saudi Arabia in an effort to obtain additional details and to clarify the rationale behind Saudi import restrictions on genetically modified

organisms (GMOs). In December 2000, the Saudi Minister of Commerce announced an outright ban on imports of GMOs, which could result in limited access for many Canadian exports to Saudi Arabia. The Canadian government will continue to address this issue bilaterally, as well as through the WTO Accession process, to ensure that Saudi Arabia lives up to its international obligations.

#### WTO Accession

Multilateral negotiations regarding Saudi Arabia's accession to the World Trade Organization began in May 1996 and bilateral market access negotiations shortly thereafter. Canada's underlying objective in both is to secure reform and market access commitments that are commensurate with Saudi Arabia's role in global trade and investment.

The WTO Working Party on Saudi Arabia's accession has made significant progress in its examination of Saudi Arabia's foreign trade regime. At its two meetings during 2000, the Working Party began to shift its focus to setting out the detailed terms of the accession. Among other things, Saudi Arabia will be required to assure WTO Members that it is making the necessary changes to bring its foreign economic and trade regime into full conformity with WTO rules upon accession.

Canada and Saudi Arabia achieved significant progress in bilateral negotiations on market access during 2000. In these negotiations, Canada has been seeking lower tariff rates on key agricultural and industrial exports, such as grains, wood products, paper, information and communications technology products and medical equipment. On services, Canada is seeking more open and predictable access for its services providers in such key sectors as telecommunications, professional and financial services. Canada is also seeking improvements regarding the types and level of foreign commercial presence permitted and conditions for the temporary entry of individuals. As the number of outstanding issues is relatively small, Canada hopes to be able to conclude its bilateral negotiations with Saudi Arabia shortly. To further secure market access improvements, Canada will seek to ensure in the Working Party negotiations that Saudi Arabia fully implements its obligations under all WTO Agreements, including the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) and the Agreement on Technical Barriers to Trade (TBT).