

There is a strong thrust in the Kingdom to further involve Saudi nationals in joint ventures, agency arrangements and technical service contracts to provide them with experience and skills commensurate with Saudi development. Some Canadian firms have found it profitable to enter into joint-venture arrangements with Saudi partners -- the Saudi partner provides capital and contacts and the Canadian partner provides technical expertise, equipment and management. While care has been necessary in selecting partners, this new thrust has resulted in the establishment of a substantial range of manufacturing capability in the Kingdom, which obtains various levels of protection through preference on contracts and customs levies on competitive import products up to 20 per cent. Often these ventures employ third-country national labour at rates which are very competitive with those prevailing in North America and Europe.

Saudi government agencies have been entering into government-to-government co-operative arrangements with agencies of foreign governments to improve the technological capability in the Kingdom. In the Canadian context, such co-operative arrangements fall under the umbrella of the Joint Economic Committee and have been pursued in areas of: spectrum management through the Federal Department of Communications; remote sensing capability from the Department of Energy, Mines and Resources; national observatory technical assistance of the National Research Council; agricultural research and technology through the facilities of Agriculture Canada; and, in the realm of civil aviation control, through the Federal Department of Transport. All of these technological transfer agreements have the capacity for introducing a range of Canadian design and manufactured equipment to the Saudi marketplace.

Future Market Opportunities

In 1981, Saudi Arabian imports were worth U.S.\$34.79 billion and there is more than adequate scope for a great number of Canadian exporters to secure or enhance their market performance. As sectors of concentration, it has been determined that Canadian strengths should be fitted to Saudi requirements in the areas of:

- i) telecommunications;
- ii) oil and gas equipment;
- iii) electrical generating and transmission equipment;
- iv) defence-related equipment and services.

The foregoing areas of concentration will, of course, not lessen emphasis on building up Canadian markets for raw and semi-processed materials for the newly-established, indigenous Saudi industries or for support in ongoing marketing opportunities.

Areas of secondary interest to Canadian exporters are: (i) mineral development, (ii) education, (iii) agriculture and (iv) light industries.