

Background

CANADA-SAUDI ARABIA TRADE RELATIONS

Trade has dominated the Canada-Saudi bilateral relationship for many years, with Canada having achieved substantial commercial successes. Exports of goods and services totalled \$657.7 million in 1993, which, combined with purchases of \$532.8 million from Saudi Arabia, made it our largest trading partner in the Middle East.

Indications point to continued strong commercial ties. Canadian firms are involved in a range of activities, including electric power distribution, rural electrification, agricultural projects, mineral exploration, computerization and communications. In addition, Saudi Arabia is Canada's largest barley market. Some 5000-6000 Canadians are currently in the Kingdom working for Canadian, other foreign or Saudi firms.

Saudi awareness of Canadian technological competence has been heightened through exposure to Canadian expertise in the telecommunications field and is evident from the priority placed on educational co-operation with Canada. Areas of co-operation in training and education include journalism, law, medicine and air-traffic control. Over 400 Saudi students are currently studying in Canada.

Canadian commercial prospects in Saudi Arabia are good. Saudi Arabia has the largest proven oil reserves in the world (25 percent of world reserves), is the largest exporter of oil and is third in oil production behind the former Soviet Union and the United States. Recent economic data, as well as a growing population, suggest an excellent outlook for continued long-term economic growth. This outlook means increased market opportunities for Canadian businesses.

Beyond oil and gas, a number of other sectors also hold potential for Canadian companies. Canada has already played a substantial and respected role in the development of Saudi Arabia's telecommunications sector, and opportunities continue to exist for Canadian companies in this field. Other sectors showing promise are aerospace, electric power distribution, mining and minerals, and food and food-processing equipment.