By law, the government must give preference in awarding contracts to (a) Saudi firms, and (b) joint ventures with more than 50% Saudi participation. Foreign firms are awarded contracts only when a qualified Saudi company cannot be found. Except in the case of consultants, local representation is a necessity for all foreign companies bidding on government projects. Foreign contractors must import all their needs through Saudi agents and must place 30% of subcontracts on government projects with local companies.

Bid and Performance Guarantees
Bid (1% of contract value) and performance (5% of contract value) guarantees are typically required on "call" instruments. While there has not been a history of wrongful call of these instruments, their vulnerability to such action has led Canadian financial institutions to require 100% security.

The Export Development Corporation offers a comprehensive insurance package for performance bonds and guarantees to Canadian exporters, banks, surety companies and other financial institutions. Canadian exporters are advised to contact External Affairs and International Trade Canada, their chartered banks, the insurance industry and the Export Development Corporation for information on requirements pertaining to bid or performance guarantees.

Terms of Payment
Cash and irrevocable letters of credit are the usual terms of payment, depending on the buyer's credit worthiness. Some importers buy on letters of credit as a matter of course even though they are financially sound.