

c) Recent Canadian Marketing Activity

As noted above, development in the defence sector has been relatively recent, and it is not surprising that enormous outlays for major hardware procurement have been placed in those countries most capable of filling Saudi's immediate needs. The market, though not ignoring the requirement for additional "big-nickel" items, is now recognizing the need for support systems to provide efficient use of their impressive, but far from complete, inventory. It is in this area that Canadian companies are becoming increasingly active.

d) Market Impediments and Advantages

For all exports to Saudi Arabia in this sector, an export permit is required. Each application is considered on its own merits, but its process of consideration does delay matters.

The competition is well-established with, in the case of the U.S., Britain and France, advisors attached to Military and SANG HQ.

At the same time, Canada is well-regarded politically and is apparently being given a chance to present its products.

e) The Competition

The U.S. is by far the largest supplier of military hardware to Saudi Arabia (over 45 per cent from 1968 to 1977), followed by Britain (26 per cent) and France (11 per cent for the same period). U.S. military sales to Saudi Arabia since 1950 have amounted to almost \$20 billion, the bulk of it in the last five years.

The U.S. Military Training Mission has served in Saudi Arabia since 1953 and is currently administering the U.S. military sales program there. Many of the Saudi military infrastructure expansion programs are administered from Washington, by the U.S. Army Corps of Engineers. Much of the market expansion in Saudi Arabia depends directly on that country's relations with the U.S., which, at present, are excellent.

The perception of U.S., British and French capability is good, while that of Canada is only now becoming known. The Saudis are comfortable with these traditional sources of supply and training, but as alluded to previously, there is a desire to demonstrate some independence in defence procurement.