

A full examination of Saudi Arabia's international trade-policy regime is proceeding in the WTO working party. Key issues still under review include agricultural policy, particularly domestic support, intellectual property rights and flexibility requirements upon accession. Canada and Saudi Arabia have just begun bilateral market access negotiations on goods and services. The initial offers made by Saudi Arabia in September 1997 were modest. On goods, Canada has requested concessions on approximately 200 tariff lines, including key agricultural and industrial exports such as fish, grains, wood products and auto parts. Canada is also seeking Saudi Arabian compliance with WTO multilateral agreements, including existing zero-for-zero agreements, the ITA and the Pharmaceutical Agreement, as well as the Agreement on Government Procurement. On services, Canada is seeking more open and predictable access for its service providers in key sectors such as telecommunications and environmental services. Canada also wishes to ensure that Canadian business personnel have rights of temporary movement that allow them to enter Saudi Arabia as required to deliver their services.

Investment

Canadian FDI in Saudi Arabia is \$6 million, and investment potential is high, given Saudi Arabia's announcement of new investment requirements in the area of power generation/transmission (\$160 billion over the next 25 years), telecommunications (\$8 billion over the next 10 years) and natural gas (\$5.5 billion over the next five years). Canada and Saudi Arabia will begin formal negotiations on a FIPA in 1998.

SOUTH AFRICA

South Africa is Canada's top export market in Sub-Saharan Africa. In 1997, Canadian goods exports to South Africa reached \$350 million. Canada had extended General Preferential Tariff status to South Africa in 1994. Imports from South Africa were over \$490 million last year. Canada and South Africa are considering putting in place a framework to enhance our dialogue on trade and investment issues. In the meantime, discussions to finalise a Canada-South Africa Foreign Investment Protection Agreement (FIPA) are proceeding.

In late 1997, Canada provided a programme of technical assistance to South African trade policy specialists. This was in support of South Africa's effort to strengthen its capacity to develop and implement trade policy priorities, for example, in relation to its rights and obligations as a Member of the WTO. Building on this successful cooperation, in the coming year, Canada will explore ways to enhance trade and economic cooperation with South Africa on bilateral and multilateral issues of mutual interest.

Canada is concerned by recent reports of proposed South African tariff rate increases affecting imports of products such as wheat and poultry. The Canadian government is monitoring the situation in order to identify any impact on Canadian exports and to verify whether the proposed increases in tariff rates are consistent with South Africa's WTO obligations.

Canada is also monitoring developments in the trade negotiations between South Africa and the EU, as well as progress in the trade liberalization talks within the Southern African Development Community (which includes Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe).