

CANADA-SAUDI ARABIA ECONOMIC RELATIONS AND TRADE

Overview:

Despite a temporary decline in oil revenues, Saudi Arabia remains the major cash market among non-industrialized countries and a potentially rewarding one for Canadian exporters. (The new Saudi five year plan calls for expenditures of some US \$274 billion by the end of 1990). Emphasis is increasingly being placed on technology transfer for local production, and on the operation and maintenance of their existing infrastructure. Particular and significant opportunities exist for Canadian sales in the defence, telecommunications, agriculture, electrical and electronic sectors as well as in the overall field of operations and maintenance.

Trade Relations:

In 1976, Canada and Saudi Arabia established a Joint Trade and Economic Commission (JEC) wherein it was agreed that the Saudi priority sectors for economic development represented a good match to Canadian expertise and technology. Four meetings of the JEC were held in subsequent years, the last one in October 1987. During the last meeting the Secretary of State for External Affairs, the Right Honourable Joe Clark, and His Royal Highness Prince Saud al Faisal, Saudi Minister of Foreign Affairs, signed an Economic and Technical Cooperation Agreement between Canada and Saudi Arabia. In addition, discussions centred on a number of priority sectors of interest to both Canada and Saudi Arabia (telecommunications, mining, transportation, education) which resulted in follow-on meetings designed to identify projects and areas where close cooperation between Canada and Saudi Arabia could be achieved. The next JEC is scheduled to take place in early 1989.

Canadian Exports to Saudi Arabia

In 1987 Canadian exports of goods to Saudi Arabia totalled some \$268 million while exports of services were at slightly more than \$400 million (much of which is attributable to the on-going multi-billion dollar Bell Canada operations and maintenance contract with Saudi Telecom), making that country Canada's most important market in the Arab world. The most important export items for this period were barley (\$155 million), wet cell storage batteries (\$8.4 million), insulated wire and cable (\$7.3 million), lumber (\$7.2 million), card punch sort TAB computers and parts (\$7 million), combine reaper threshers (\$4.8 million), cars (\$4.5 million) and corrugated container board (\$4.3 million).