



communiqué

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VISIT TO CANADA BY PRINCE SAUD:
ECONOMIC AND TECHNICAL COOPERATION

The Secretary of State for External Affairs, the Right Honourable Joe Clark and the Minister of Foreign Affairs of the Kingdom of Saudi Arabia, His Royal Highness Prince Saud Al Faisal Al Saud, signed an Economic and Technical Cooperation Agreement on October 5, during Prince Saud's visit to Canada.

The Agreement commits both countries to encourage trade, economic and technical cooperation between them and identifies minerals, metals, agriculture, transportation and communications as some of the priority industrial sectors. Special emphasis is placed on cooperation in education and training including exchanges of personnel, information and research.

The Agreement provides for the exchange of most-favoured-nation rates of duty for goods originating in either country. The Agreement also formally establishes a Joint Economic Commission as a mechanism for the development of trade and investment between the two countries.

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Mr. Clark and Prince Saud opened the meeting of the Joint Economic Commission by outlining the similarities in the economic challenges facing both Saudi Arabia and Canada. Ministers expressed the view that there was enormous potential for collaboration between the two countries in the areas of trade and investment. They welcomed the active participation by the private sector of both countries and encouraged them to continue their program of exchanges of visits. The meeting of the Joint Economic Commission was the culmination of a visit of some 28 Saudi businessmen who in the course of their visits to the provinces of Ontario, Quebec and Alberta had some 400 business meetings with the Canadian private sector. The Ministers asked the Joint Economic Commission to develop specific action plans that would ensure that decisions taken by the two sides were implemented by the private and public sectors of both countries.

It was agreed by both delegations that the next full meeting of the Joint Economic Commission would take place in Saudi Arabia early in 1989. In the interim it was emphasized that the various sub-committees should meet as appropriate to ensure that the action plans are being followed up.

A summary of Canada/Saudi Arabia Economic Relations and Trade is attached.

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. Three meetings of the JEC were held in subsequent years, although more recently the Commission has been largely inactive. During a visit to Saudi Arabia in April 1986 by 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, agreed to revitalize the JEC. Canadian and Saudi officials are now working together on preparations for a meeting that will convene on October 5, 1987.

Canadian Exports to Saudi Arabia

In 1986 Canadian exports of goods to Saudi Arabia totalled some \$212 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. For the first six months of 1987 Canadian exports totalled \$133 million. The most important export items for this period are barley (\$68 million), insulated wire and cable (\$6.8 million), batteries (\$6 million), lumber (\$5.5 million), combine reaper threshers (\$4.8 million), card punch sort TAB computers and parts (\$3.9 million), auto parts (\$3.8 million) and corrugated container board (\$3.3 million).

Canadian Imports from Saudi Arabia:

Canada's imports from Saudi Arabia for 1986 totalled \$186 million of which \$184 million was in crude petroleum. For the period of January to June 1987 imports stood at \$96.8 million of which \$88.9 million was in crude petroleum.