



news release

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MACLAREN TO LEAD BUSINESS DELEGATION TO KUWAIT AND SAUDI ARABIA

The Honourable Roy MacLaren, Minister for International Trade, announced today that he will lead a high-level business delegation to Kuwait and Saudi Arabia, April 25-28. The visit will undertake to expand trade and commercial opportunities for Canadian companies seeking to do business in both countries.

Accompanying Mr. MacLaren will be representatives of Canadian companies with business interests in the region. The companies are Bombardier Regional Aircraft, Canadian Commercial Corporation, Delta Catalytic Corporation, Export Development Corporation, Monenco-Agra, Northern Telecom, Oerlikon Aerospace Inc., SNC-Lavalin International Inc., Saint John Shipbuilding Ltd. and Western Star Trucks.

Mr. MacLaren will hold discussions with the ministers of commerce in both Kuwait and Saudi Arabia, as well as other ministers responsible for key industry sectors of interest to the Canadian mission participants. In addition, Mr. MacLaren will meet with leading Saudi business people, including representatives of the Saudi Council of Chambers of Commerce. In Kuwait, Mr. MacLaren will call on the Amir, Sheikh Jaber Al-Ahmad Al-Sabah, as well as the Crown Prince and Prime Minister, Sheikh Saad Al-Abdulla Al-Sabah.

"Since the Gulf War, Canada and Kuwait have become important trading partners," Mr. MacLaren said. "Kuwait has growing interest in Canadian goods and services. Opportunities exist for Canadian firms in a number of sectors, including oil and gas, education, medical equipment, health care, telecommunications, security equipment, and consulting engineering services."

In the years preceding the Gulf War, Canadian exports to Kuwait averaged \$30 million. Actual Canadian exports of merchandise to Kuwait during 1991 and 1992 were at prewar levels. However, 1993 figures show a 24-percent increase over the previous year, reaching \$34 million. With continued promotional efforts by individual firms and Canadian government agencies, exports to Kuwait are expected to increase substantially in the immediate future.

"Saudi Arabia is our largest trading partner in the Middle East," Mr. MacLaren noted. "Last year, Canada exported \$658 million in goods to Saudi Arabia, an increase of 52 percent over 1992. This reflects a strengthening economic relationship between our two countries."

With one quarter of the world's proven oil reserves and a growing population, the outlook for continued long-term economic growth in Saudi Arabia is excellent, providing increasing market opportunities for Canadian businesses. Among the sectors demonstrating the greatest promise are aerospace, telecommunications, oil and gas, electric power distribution, mining and minerals, and food and food-processing equipment.

"Canadian firms are involved in and seeking new opportunities in these and other sectors. By helping to promote these new trade opportunities with Saudi Arabia and Kuwait, we will help increase economic growth and job creation in Canada."

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Background

CANADA-KUWAIT TRADE RELATIONS

Canada and Kuwait enjoy good relations, characterized by strong and extensive trade and investment links. The most defining event of the relationship has been Canada's participation in the Gulf War, which thrust Canada into closer ties with Kuwait.

Prior to the Gulf War, and despite a falling-off since the years of the oil boom, trade with Kuwait was significant and increasing steadily. Annual exports averaged \$30 million and included lumber, paper products, industrial chemicals, automobiles and auto parts, asbestos, prepared foods and health products. In 1990, Canadian exports included substantial quantities of wheat and barley for the first time. In addition, a number of Canadian engineering consultants and service firms entered the market. In recent years, Kuwait has become an important source of investment capital for Canada.

Canadian exports to Kuwait in 1991 totalled \$335.9 million -- an increase that was largely a result of one large contract for leased aircraft. However, actual Canadian exports to Kuwait in 1991 and 1992 were at prewar levels. Trade figures for 1993 show a 24-percent increase over the previous year, reaching \$34 million.

Beyond these encouraging statistics, there is growing interest in Canadian goods and services and evidence that Canadian firms are slowly making headway in the market. More than 60 Canadian exporters have agents or company representatives in Kuwait, and Kuwait accounts for more than half of the estimated \$4.2 billion worth of projects being pursued by Canadian firms in the Gulf.

Substantial business has been generated by the Canadian service sector in such fields as oil-well servicing and firefighting, as well as by the leasing of five aircraft to Kuwait Airways. Contracts were signed in early 1991 for two drilling platforms that incorporate local design modifications. Opportunities in the oil sector that show further potential include the construction and supply of oil-gathering stations with pipeline, drilling and refinery components.

In addition to the oil sector, expenditures are pending in other sectors where Canada has proven export capability: education, medical equipment, health care, telecommunications, security equipment and consulting engineering services. Consumer products and food also hold promise.

**Bilateral Trade
Canada-Kuwait Trade Account
(\$ thousands)**

	1989	1990	1991	1992	1993
Exports to Kuwait	20 743	34 283	335 882	27 527	34 177
Imports from Kuwait	<u>783</u>	<u>1 621</u>	<u>10</u>	<u>12 119</u>	<u>2 312</u>
Balance	19 960	32 662	335 872	15 408	31 865

Background

CANADA-SAUDI ARABIA TRADE RELATIONS

Trade has dominated the Canada-Saudi bilateral relationship for many years, with Canada having achieved substantial commercial successes. Exports of goods and services totalled \$657.7 million in 1993, which, combined with purchases of \$532.8 million from Saudi Arabia, made it our largest trading partner in the Middle East.

Indications point to continued strong commercial ties. Canadian firms are involved in a range of activities, including electric power distribution, rural electrification, agricultural projects, mineral exploration, computerization and communications. In addition, Saudi Arabia is Canada's largest barley market. Some 5000-6000 Canadians are currently in the Kingdom working for Canadian, other foreign or Saudi firms.

Saudi awareness of Canadian technological competence has been heightened through exposure to Canadian expertise in the telecommunications field and is evident from the priority placed on educational co-operation with Canada. Areas of co-operation in training and education include journalism, law, medicine and air-traffic control. Over 400 Saudi students are currently studying in Canada.

Canadian commercial prospects in Saudi Arabia are good. Saudi Arabia has the largest proven oil reserves in the world (25 percent of world reserves), is the largest exporter of oil and is third in oil production behind the former Soviet Union and the United States. Recent economic data, as well as a growing population, suggest an excellent outlook for continued long-term economic growth. This outlook means increased market opportunities for Canadian businesses.

Beyond oil and gas, a number of other sectors also hold potential for Canadian companies. Canada has already played a substantial and respected role in the development of Saudi Arabia's telecommunications sector, and opportunities continue to exist for Canadian companies in this field. Other sectors showing promise are aerospace, electric power distribution, mining and minerals, and food and food-processing equipment.

Bilateral Trade
Canada-Saudi Arabia Trade Account
(\$ thousands)

	1989	1990	1991	1992	1993
Exports to Saudi Arabia	337 220	273 466	275 791	432 046	657 740
Imports from Saudi Arabia	<u>253 248</u>	<u>634 718</u>	<u>539 589</u>	<u>542 186</u>	<u>532 868</u>
Balance	83 972	(361 252)	(263 789)	(110 140)	124 872