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SAUDI ARABIAN BUSINESS MISSION VISITS CANADA

International Trade Minister, John C. Crosbie announced today that a 'blue chip' business mission of 10 senior Saudi Arabian businessmen will be crossing the country from September 22 - October 2. The mission will visit Vancouver, Calgary, Toronto and Montreal to discuss trade and investment opportunities with representatives from Canadian business.

A feature of the mission will be luncheons in each of the centres visited co-hosted by the Department of External Affairs and the Canada-Arab Business Council.

In announcing the visit, Mr. Crosbie noted that Saudi Arabia is Canada's largest market in the Arab world. In 1987 Canadian exports of goods to Saudi Arabia totalled some \$268 million while exports of services were more than \$400 million. A similar mission in 1987 led to the establishment of 17 export agency agreements and millions of dollars in trade and investment between the two countries.

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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).

Although Canadian merchandise exports to Saudi Arabia have dropped since the high in 1981 of \$455 million, Canada's overall market share has remained relatively constant at some one per cent of Saudi imports. This decline in exports is reflective of the general slow down in the Saudi economy due to falling oil revenues. Moreover, Saudi infrastructure is now basically in place and, with the exception of some pipeline construction, the era of the large mega-project has passed. Emphasis increasingly is being placed on upgrading, operating and maintaining the facilities that are now in place and in developing a secondary or light manufacturing industry through various technology transfer mechanisms.

This shift in the traditional Saudi approach may contain some advantages for Canada. In particular the 'downsizing' of contract requirements could well be more suitable to the scale of Canadian enterprises which are accustomed to operating without the large economies of scale of many of the more traditional suppliers. Sectors in which greater Canadian participation might be possible include telecommunications, electricity generation and distribution and specialized aspects of operations and maintenance.

Canadian Imports from Saudi Arabia:

Canada's imports from Saudi Arabia for 1987 totalled \$175 million of which \$150 million was in crude petroleum.