

PAKISTAN - SAUDI ARABIA BILATERAL ECONOMIC AND COMMERCIAL RELATIONS

Pakistan and Saudi Arabia enjoy excellent bilateral relations. Close geographical proximity, historic trade ties, religious affinity and the complimentary nature of economic needs have created a strong bondage of trust between Pakistan and Saudi Arabia. In addition, there is a convergence of views and interests of the two countries on most of the regional and international issues.

High-level visits from Pakistan and Saudi Arabia reflect the great warmth and depth of bilateral relations. During the last few years, President and Prime Ministers of Pakistan have visited Saudi Arabia on a number of occasions.

Successive Saudi leadership has visited Pakistan from time to time. King Saud visited Pakistan in 1954, King Faisal in 1966 and 1974 and King Khalid in 1976. Similarly, King Fahd as Crown Prince visited Pakistan in 1980 and King Abdullah went to Pakistan as Crown Prince in 1984, 1997, 1998 and 2003.

During his first tour to Asia, the Custodian of two Holy Mosques, King Abdullah included Pakistan as his final destination. During the visit five agreements/MoU encompassing political, economic, educational and scientific –cum - technical cooperation were inked by Pakistan and Saudi officials in the presence of heads of state of two countries. These agreements are bound to enhance bilateral ties in related fields. The two sides also issued a joint statement outlining points of convergence in their political

views besides pinpointing activities they want to jointly undertake in future.

Similarly, a number of Saudi dignitaries including Ministers and Governors have visited Pakistan during the last few years. There was exchange of academics also. A delegation of 17 vice chancellors from different universities of Pakistan visited Saudi Arabia and both the countries agreed to foster collaboration in the field of education and research.

On the Kashmir issue, Saudi Arabia has been more supportive of Pakistan than any other country in the world. The Saudi news media, Ulema, NGOs like Rabita and WAMY and the public in general have also been supporting on this issue. Similar support was extended in the OIC Ministerial and Summit meetings as well. During the recent visit of King Abdullah to Pakistan, the two sides stressed on the need for an early peaceful settlement of outstanding issues in South Asia including the Kashmir dispute.

In commercial and trade sector, Pakistan and Saudi Arabia maintain good relations and this is increasing with the passage of time. Kingdom is amongst the top 20 major export destination of Pakistan. Pak-Saudi annual bilateral trade is above **US\$ 3.3 billion**. Major items of exports from Pakistan to Saudi Arabia includes, raw cotton, cotton yarn, cotton cloth, readymade garments, knitwear (hosiery), made-ups, bed linen, towels, tents & canvas, art silk & synthetic textiles, leather garments,

furniture, carpets & rugs, , footwear, sports goods and surgical goods, Rice, Fish, fruits, vegetables, Spices, Biscuits, Jams, Juices etc.

Pakistan imports major requirements of petroleum from Saudi Arabia. The other items of import from Saudi Arabia, though minor in volume, includes petrochemicals, organic chemical products, plastic and plastic products, fertilizers, steel products, electrical equipment and materials, raw skins, tanned leather, boilers and heavy equipment, copper and copper products, aluminum & aluminum products, chemicals (inorganic), components, precious metals, steel castings, tractors & other floor coverings of man-made fibers, various chemical products, rubber & rubber products, paper, hardboard etc.

Notwithstanding the visible growth in exports from Pakistan to Saudi Arabia, there exists wider bilateral trade imbalance. The major cause of over whelming imbalance in trade transaction is due to bulk import of petroleum in Pakistan from Saudi Arabia. Pak-Saudi balance of trade during recent seven years is as follows:

Value: US \$ in million

Year	Exports from Pakistan	Saudi Imports in Pakistan	Balance of Trade
1999-2000	215	923	(-) 708
2000-2001	273	1,253	(-) 980
2001-2002	330	1202	(-)872
2002-2003	477	1303	(-)826
2003-2004	349	1779	(-)1430

2004-2005	353	2478	(-)2125
2005-2006	330	2994	(-)2664

Bilateral Investment:

Pak- Saudi business communities have made substantial joint investment in industrial sectors. There are more than 300 Pakistani investors in the Kingdom who have obtained license form Saudi Foreign Investment Authority (SAGIA) and have established companies in various fields of construction and services.

Foreign Direct Investment (FDI) From Saudi Arabia to Pakistan (2000-2006)

(US\$ in Million)

Years	FDI from Saudi Arabia
2000-01	0.58
2001-02	1.30
2002-03	43.5
2003-04	7.2
2004-05	18.4
2005-06	272

Pak-Saudi Joint Ministerial Commission(JMC)

There exists an institutional arrangement between Pakistan and Saudi Arabia in the shape of Joint Ministerial Commission (JMC). The 8th Session of Pak-Saudi Joint Ministerial Commission(JMC) was held in Riyadh from 20 – 21^h February, 2007.

Pak-Saudi Joint Business Council (JBC)

Saudi Arabia and Pakistan has felt the pressing need that more interaction was required at the level of the business communities to bring qualitative and quantitative improvement in balanced trade. First session of the business council was held in Riyadh during the year 2003 and the second session was held at Islamabad in February, 2005. The next session was expected during next year.

Participation in International Trade Fair

Two International Trade Fairs i.e. Saudi Arabia World Trade Fair in March 2007 and Saudi Healthcare and Hospital fair in May 2007 were held in Riyadh and Jeddah. Pakistan through Trade Development Authority of Pakistan officially participated in both these fairs and was represented by the leading Pakistani companies. A separate Booth of Catalogue Show was arranged for propagation and dissemination of products of different companies of Pakistan.

Signing of the Free Trade Agreement (FTA) with the GCC

The Government of Pakistan had decided to sign Free Trade Agreement (FTA) with the GCC as a trading block. The agreement would provide an opportunity to Pakistani exporters to tap the demand for goods in the GCC countries under the reduced tariff in the first phase and without tariff in the long term. This trade mission is trying its best to facilitate the finalization of the negotiations for signing of the FTA between Pakistan and the GCC countries by an early date.

Pakistan Specific Week and Catalogue Show”

The Pakistan Trade Office, Jeddah in collaboration with the Jeddah Chamber of Commerce & Industry planned to organize a “Pakistan Specific Week and Catalogue Show” . The first show was held in the first week of October, 2005. The schedule of the show included Catalogue Show in the whole week as well Trade Forum, Investment Forum and Service Forum including representative of Health, Tourism, Education, NADRA etc. This year show is expected to be held in September / October 2007 and with the purpose of propagating Pakistan potentials and to generate the business and investment opportunities for Pakistan.

Expo Pakistan 2007 at Karachi from 29th March to 1st April 2007

Trade Development Authority of Pakistan (Formerly Export Promotion Bureau of Pakistan) will arranged the Annual exhibition of Pakistani Product ad Services entitled **Expo-2007** at Karachi Expo Centre from **29th March to 1st April, 2007**. A large number of Saudi businessmen attended the Expo and were greatly impressed by the products on display. For the first time an Eleven member Saudi Women entrepreneurs delegation participated in this show.