

No. 14744

**UNITED STATES OF AMERICA
and
SAUDI ARABIA**

Joint Communiqué on the First Session of the U.S.—Saudi Arabian Joint Commission on Economic Cooperation, constituting an agreement on economic cooperation. Done at Washington on 27 February 1975

Authentic text: English.

Registered by the United States of America on 7 May 1976.

**ÉTATS-UNIS D'AMÉRIQUE
et
ARABIE SAOUDITE**

Communiqué conjoint sur la première session de la Commission mixte États-Unis-Arabie saoudite relatif à la coopération économique, constituant un accord de coopération économique. En date à Washington du 27 février 1975

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 7 mai 1976.

JOINT COMMUNIQUÉ¹ ON THE FIRST SESSION OF THE U.S.—SAUDI ARABIAN JOINT COMMISSION ON ECONOMIC COOPERATION

February 27, 1975

The U.S.—Saudi Arabian Joint Commission on Economic Cooperation, established in accordance with the Joint Statement issued by Secretary of State Kissinger and Prince Fahd on June 8, 1974, concluded its first session. The Joint Commission meetings, held in Washington, February 26-27, 1975, were chaired by Secretary of the Treasury William E. Simon, Chairman of the U.S. side of the Commission. The Saudi Arabian Delegation was led by Minister Muhammad Ibn Ali Aba al-Khail, Minister of State for Financial Affairs and National Economy.

High level officials from the U.S. Departments of Treasury, State, Agriculture, Commerce, Health, Education and Welfare, Interior, and Labor, and from the National Science Foundation also participated in the talks. Members of the visiting Saudi Arabian Delegation participating in the discussion included officials from the Ministries of Foreign Affairs, Commerce and Industry, Labor and Social Affairs, Agriculture and Water, and the Central Planning Organization, as well as high-level Saudi representatives from the Supreme Council of Higher Education, the Faculty of Sciences, and the Institute of Public Administration.

The members of the Commission exchanged views on the development of U.S.—Saudi Arabian economic cooperation since the visit of Secretary Simon last July to Saudi Arabia for preliminary discussions on economic cooperation. At that time, the Commission initiated the activities of its four working groups on Manpower and Education, Science and Technology, Agriculture, and Industrialization. Each of the joint working groups has met several times to define areas of potential economic cooperation and a number of U.S. technical experts and advisors have visited Saudi Arabia and submitted reports to the Saudi Arabian side of the Commission. The Joint Commission discussed further means of facilitating such continued cooperation through the Joint Commission framework.

In this regard the Commission was pleased to note the signing on February 13, 1975, of a Technical Cooperation Agreement² (TCA) which establishes procedures for the furnishing of mutually-agreed technical and advisory services from the United States to Saudi Arabia on a reimbursable basis. The TCA should contribute significantly to the efficient channeling of American technical know-how to the Saudi Arabian national economy.

The Commission expressed its intention to expand the Joint Commission Office in Riyadh. This office serves as the principal point of coordination in Saudi Arabia for the development and implementation of mutually-agreed projects under the U.S.—Saudi Arabian Technical Cooperation Agreement. The U.S. component of this office, to be known as the United States Representation to the Joint Economic Cooperation Commission Office, plans to begin operating by the middle of May 1975. The Saudi delegation announced that it would also be adding to the staff of its component of the Riyadh Joint Commission Office in the near future. Arrangements for accommodating these two staffs are to be discussed in Riyadh in the coming weeks.

¹ Came into force on 27 February 1975, the date of issuance.

² United Nations, *Treaty Series*, vol. 998, p. 209.

The Commission noted with satisfaction the signing by the Co-Chairmen of an OPIC Investment Guaranty Agreement¹ between the two governments. The Agreement should increase and broaden the interest of U.S. private enterprise in participating in Saudi Arabian economic development.

INDUSTRIALIZATION AND TRADE

The Saudi delegation reaffirmed its interest in acquiring U.S. technology through U.S. business participation for the development of major industrial projects in both the hydrocarbon and non-hydrocarbon areas.

The Commission agreed on the desirability of a broadly-based business council designed to increase business cooperation between the two countries and enhance the contribution of U.S. business to Saudi Arabia's industrial development. In view of the important role of government in Saudi Arabia's development, concerned Saudi Arabian Government elements would join with private sector interests in Saudi Arabia and the United States as members of the Council. The Council would identify, for study, projects which appear feasible for joint ventures, note and make recommendations on financial, fiscal, or legal considerations bearing on cooperative efforts, arrange business symposia and visits in both countries, and be a center for disseminating information on business opportunities in both countries.

The Saudi Arabian Government will consider the possibility of organizing a group of Saudi businessmen to visit the United States within the next two months to meet with United States business firms and groups. The general purpose would be to increase the communications between the two private sectors. More specifically, the group would discuss various industrial proposals and projects.

The Commission noted with interest that trade relations between the Kingdom of Saudi Arabia and the United States have been developing at an accelerated rate. U.S. exports to Saudi Arabia nearly doubled in 1971, increased by 40% in 1973, and nearly doubled again in 1974, to \$835 million. Expectations are that U.S. exports will continue to grow progressively. It is anticipated that U.S. exporters will play a significant role in supplying equipment, machinery, technology and services.

The Governments of the United States and Saudi Arabia agreed that participation in productive ventures in each other's economies should be mutually beneficial. They recognize that activities of this type in both countries would require close consultation to assure consistency with their national policies and objectives. Consequently, they agreed that each government would consult with the other regarding significant undertakings of this type.

The Commission agreed on the desirability of United States Government technical assistance in developing a statistical base for development in Saudi Arabia. The American side stated its readiness to send out teams of experts in a number of principal statistical disciplines to assist the Saudi Arabian Government in developing an effective statistical capability.

The Commission heard reports and exchanged views on the current status of a number of technical cooperation projects in the fields of vocational training, higher education, agriculture, water utilization and land use, science and technology and statistics. A summary of these follows.

¹ United Nations, *Treaty Series*, vol. 992, No. I-14525.

VOCATIONAL TRAINING

The Commission noted the series of recommendations by the American vocational training team which visited Saudi Arabia last fall. These recommendations, in support of the implementation of Saudi Arabia's five-year plan vocational training goals, include United States Government advisory services in various fields of manpower development.

HIGHER EDUCATION

It was agreed at the Commission meeting to send an American team to evaluate the academic and administrative structures of the Saudi Arabian University system, as well as the relationship of universities to high-level professional and technical education.

A second action area to be explored will involve U.S.—Saudi Arabian cooperation in the following areas: broadened student and faculty exchanges between the two countries, joint research projects, joint degree programs, the establishment of junior colleges in Saudi Arabia, and the training of academic, administrative, and technical personnel in Saudi universities.

AGRICULTURE, WATER RESOURCES AND LAND USE

The Commission discussed United States Government technical services for joint agricultural, water and land projects. Priority was given to feasibility studies of major agricultural areas in Saudi Arabia, a study of the Central Research Laboratory and Agriculture Training Center of the Ministry of Agriculture and Water, and the establishment of a desalination center and laboratory.

It was agreed that a four-man U.S. Government team would go to Saudi Arabia for a two-month period to discuss and reach agreement with Saudi Arabian counterparts on a detailed program for implementing a feasibility study for large agricultural areas, such as Wadi Dawasir.

The Commission also approved the immediate departure to Saudi Arabia of a research management team to plan a research program and determine organizational and management requirements for the Central Research Laboratory and Agricultural Training Center.

A U.S. Government proposal for the establishment of the desalination center will be sent to the Saudi Arabian Government in response to their request.

Projects in the areas of land management, water utilization and a national data bank would be implemented under the Technical Cooperation Agreement. Further discussions will be held immediately to decide on the implementation of these proposals.

SCIENCE AND TECHNOLOGY

It was agreed that a Saudi Arabian National Center for Science and Technology would be established to coordinate the growth of science and technology in Saudi Arabia and to support and fund mutually-agreed upon program areas of interest to Saudi Arabia. It was further agreed that an initial United States Government team would be sent to Saudi Arabia as soon as possible to advise on the objectives and functions of the Saudi National Center. Additional U.S. expert teams to follow will work with Saudi Arabian experts to define the precise programs for the other agreed project areas.

OTHER AREAS

The Saudi delegation requested technical assistance over a limited period of time to its Government's Department of Public Works.

The U.S. agreed to review the requirements of the Saudi Arabian Public Works Department to determine the nature and extent of technical services desired.

OVERALL ASSESSMENT

The Commission expressed satisfaction with the progress to date and considered the discussions at its first meeting a major step forward in the constructive development of mutually advantageous economic relations. With a view to keeping close track of the Commission's efforts, the U.S. side decided to establish an Action Group. The U.S. coordinator will be Gerald L. Parsky, Assistant Secretary of the Treasury, the Department which is the U.S. coordinating agency for the work of the Commission. The Saudi side will consider a similar arrangement.

The action group and its Saudi counterpart will be charged with monitoring progress being made on a regular basis so as to insure that program goals are being met and to review and implement new proposals that may be agreed upon. The Action Group on the U.S. side will consist of representatives from the Departments of Treasury and State, and the following U.S. action agencies: Agriculture, Commerce, Health, Education and Welfare, Interior, Labor and the National Science Foundation and other U.S. Government agencies as may become appropriate. Both sides agreed to consider holding the next Joint Commission meeting in Riyadh, Saudi Arabia, in October 1975.
