

SECOND MEETING OF THE JOINT COMMISSION ON ECONOMIC CO-OPERATION  
BETWEEN THE SWISS CONFEDERATION AND THE KINGDOM OF SAUDI ARABIA

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Held in Berne and Zurich from 14 - 17 November, 1977  
(4 - 7/12/ 1397 A.H.)

- 1 - The second meeting of the Joint Commission on Economic Co-operation was held in Berne and Zurich, Switzerland.
- 2 - H.E. Dr Ghazi Alghosaibi, Minister of Industry and Electricity, headed the Saudi Delegation, and H.E. Federal Councillor Ernst Brugger, head of the Federal Ministry of Public Economy, was Chairman of the Swiss party (list of participants is attached).

H.E. Dr Alghosaibi and the Saudi Delegation paid a visit of courtesy to the President of the Swiss Confederation, Federal Councillor K. Furgler, on Thursday, 17 November, 1977, and conveyed to His Excellency the greetings of the Saudi Government.

- 3 - H.E. Federal Councillor E. Brugger opened the meeting by welcoming the Delegation of the Kingdom of Saudi Arabia and emphasizing the willingness of Switzerland to extend and strengthen co-operation with Saudi Arabia. Dr Alghosaibi reciprocated by thanking the Swiss Delegation for its friendly reception, generous hospitality and expressing the desire of the Saudi Government to co-operate with Switzerland for the mutual benefit of both countries.

- 4 - Agenda

It was agreed to adopt the following agenda:

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- (i) Bilateral Relations since the last meeting of the Joint Commission (short exposé by both delegations on developments since the last meeting);
- (ii) Possibilities of intensifying economic and industrial co-operation, particularly the participation of Swiss enterprises in Saudi Arabian development efforts;
- (iii) Measures to promote trade between both countries;
- (iv) Discussion of a Swiss contribution in the training of Saudi Arabian cadres;
- (v) Other subjects.

The discussions are summed up as follows:

- 5 - The two delegations reviewed the development of economic relations between the two countries since the last meeting of the Joint Commission and were grateful to note that no problems had arisen since. Swiss exports of goods and services to Saudi Arabia have been increasing satisfactorily; more than 160 Swiss enterprises are engaged in executing development projects in Saudi Arabia.
- 6 - Both delegations pointed out their common interest in stable conditions of world economy and in continued dialogue aimed at solving economic problems and creating more harmonious international relations.

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Industry

- 7 - The Saudi side re-emphasized the importance attached by the Kingdom of Saudi Arabia to industrial development and to further participation of Swiss firms in the Saudi industrial plan (1975-1980).

The Swiss side accepted the Saudi request to pass the new list of Pending Applications by Saudi investors to the interested parties in Switzerland.

- 8 - With regard to the general question of joint ventures, the delegations discussed possibilities of intensification of co-operation between Switzerland and Saudi Arabia in this field, with a view of increasing co-operation.

Representatives of various industrial branches belonging to the Swiss Delegation gave short reviews of the development of their sectors' activities in Saudi Arabia since the first session of the Joint Commission. They pointed out the already operative joint venture agreements (since the first meeting of the Joint Commission, about twelve Saudi Arabian-Swiss joint ventures have been established) and mentioned that more Swiss companies are considering such ventures in various fields.

Trade

- 9 - Both sides noted with satisfaction the increased trade between the two countries. Swiss exports rose from 95.8 Million Swiss Francs in 1973 to 600.4 Million in 1976. For the first ten months of 1977 they have already

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reached 652.4 Million. Besides, services provided by Swiss firms have also increased significantly.

- 10 - The Saudi side expressed willingness to co-operate with the Swiss Office for the Development of Trade (OSEC). The Swiss side stated that OSEC is contemplating exhibitions in Saudi Arabia, starting in 1978 at dates to be agreed upon. Such exhibitions could be followed by visits of selected groups of Swiss businessmen. Saudi Chambers of Commerce and Industry welcome such visits.
- 11 - Both sides stressed the importance of after-sale maintenance for Swiss watches in Saudi Arabia and agreed upon the contents of the attached statement to this effect.

#### Electricity

- 12 - In order to widen co-operation in different fields of electric energy, the Saudi side submitted to its Swiss counterpart a draft agreement. The Swiss side expressed its readiness to study this proposal diligently.

#### Contracting

- 13 - Both sides took note, with satisfaction, of the increasing participation of Swiss consulting and contracting firms in development efforts in Saudi Arabia. The Saudi Delegation enumerated some guidelines governing the activities of foreign consultants in Saudi Arabia.

#### Manpower Development

- 14 - The matter of vocational training was discussed. The Swiss

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Delegation expressed its readiness to co-operate in this field. It also stated that efforts were already made to train Saudi Arabian nationals in the telecommunications sector. In addition, many Swiss companies trading with Saudi Arabia provide technical instruction, in-plant-training and schooling for engineers, technicians, workers, including those engaged in assembling and maintenance work. As to future inquiries on vocational training possibilities in Switzerland, the Swiss Delegation would examine the possibility of selecting a co-ordinating office. As to requests on training in the field of electrical and mechanical machinery, the Swiss Association of Machinery Manufacturers declared that it would handle all such queries and that the Association, in co-operation with individual member companies, was also prepared to assist in establishing training schools in Saudi Arabia if requested to do so.

- 15 - The issue of providing training opportunities for medical and technical studies for Saudi Arabian students was also discussed.

#### Pharmaceuticals

- 16 - The Swiss side reviewed some administrative difficulties encountered by the pharmaceutical industry in Saudi Arabia related to regulation of pricing and registration of drugs (statements attached).

The Saudi side expressed its concern to the fact that there is a disparity of prices on the same pharmaceuticals in the Middle East countries with Saudi Arabia paying the highest prices.

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Other Subjects

- 17 - The two sides also exchanged views on the following issues and related problems:  
arbitration matters, performance bonds and bank guarantees, pricing and inflation factors, administrative problems including the granting of visa and monetary issues.
- 18 - In order to provide the Saudi Arabian Delegation with the necessary contacts and informations, the Swiss side undertook to hand over a list of the Associations representing Swiss economic sectors participating in the development of Saudi Arabia.
- 19 - It was agreed to convene the Third Meeting of the Joint Commission in Saudi Arabia at a date to be agreed upon mutually.

Done at Berne this day of 17 November, 1977.

Dr Ghazi Alghosaibi  
Minister of Industry  
and Electricity:

Federal Councillor  
Ernst Brugger,  
Head of the Federal Ministry of  
Public Economy:

## Price Regulations for Pharmaceuticals

Prices of Swiss pharmaceuticals have been the subject of discussions when the Mixed Commission met for the first time, 26 - 30 May 1976, in Riad. It was our understanding that the Saudi Arabian side accepted the so-called 70%-rule for supply prices (see "Pharmaceuticals/Statement of the Swiss side").

While this rule has been applied for new products, this has not been the case for products already on the market. Practically no increases have been granted on cif-prices since 1970 despite the fact that the Swiss pharmaceutical industry has been confronted with continuously increasing costs.

For these reasons we would like to revert to the initial price discussions held in Riad last year. We still consider the 70%-rule as fair and reasonable for both parties. It seems justified to us that the basis of supply prices is the actual public selling price in the country of origin. We should like to mention in this context that public selling prices in Switzerland are subject to control by the authorities. This applies to new products as well as to price increases for products already on the Swiss market.

In order to avoid losses due to inflation, the actual supply prices should be periodically adapted to take into account price increases in the country of origin. We also believe that adjustments should be made to reflect changes in the exchange rates.

As far as the new Regulations for Registration of Drugs are concerned the submission of the public prices in Switzerland as well as the sales prices for the Kingdom are possible and

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in the interest of both parties. This applies also to the yearly submission of export prices.

The submission of individual product prices to neighbouring countries however may involve the threat of legal implications for the Swiss exporters due to a special provision in the Swiss Penal Code. But there are certainly other ways and means to ensure that cif-export prices of the Swiss pharmaceutical industry to Saudi Arabia are on average similar to the export prices applied for other comparable markets.

The Swiss authorities suggest that talks between experts from both countries take place in the near future. These talks should cover parameters for supply prices as well as the special problem of information on selling prices to neighbouring countries. The Swiss side would be glad to welcome a Saudi Arabian expert team.

15 November 1977



## Regulations for Registration of Drugs

An English translation of the "Regulations for Registration of Drugs 1977" issued by the Directorate of Medical Licences and Pharmaceutical Affairs has been made available to the Swiss pharmaceutical industry. Our industry has carefully studied these regulations. As it has always been one of our main objectives to provide pharmaceutical preparations of high standard, we welcome every effort by the authorities to establish the necessary criteria to ensure safety and quality of all the drugs. We therefore appreciate the newly issued regulations of Saudi Arabia and we will make the necessary effort to comply with them.

It is with this positive attitude that we have during the last five months tried to prepare the documentation as required. We have had to realize, however, that certain requirements cannot be fulfilled to the letter and others, according to our experience, may be of minor importance and would not justify the time-consuming and costly work involved.

As you may know, Switzerland has a very advanced legislation in the field of pharmaceuticals. Every medicament brought onto the market is subject to a registration procedure. This procedure includes a very careful assessment of all important aspects (scientific justification, details of manufacture, quality control, etc.) by the competent authority. In addition, compliance with Good Manufacturing Practices is checked by regular inspections. Swiss legislation guarantees that exported products are exactly of the same quality standard as those sold on the Swiss market. We should like to also underline that within this framework the Swiss manufact-

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urer assumes full responsibility for his products wherever they are sold.

Due to the strict regulations in our country and the willingness of industry to take full responsibility, the Swiss pharmaceutical industry enjoys an excellent reputation worldwide. Registration in Switzerland has therefore always proven to be a solid basis for registration in foreign countries.

This leads us to believe that products which comply with Swiss regulations are also up to the standard of the Saudi Arabian registration regulations. We therefore have prepared a concise documentation which, we feel, serves our mutual interests as it covers all the important aspects and still enables the Saudi Arabian authorities to assess our applications within a reasonable amount of time. In this context it is felt that among others the following points might be subject to further consideration:

- volume of certain documents required
- legalization of certain documents (e.g. certificates of analysis, package insert, product description)

The Swiss authorities suggest that talks between experts from both countries take place in the near future on the topics mentioned above and on certain additional points subject to clarification. It is our belief that such talks would be of mutual interest. The Swiss side would be glad to welcome a Saudi Arabian expert team.

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Both parties agreed that due to increased imports of watches into Saudi Arabia problems of after sales service will become a major concern. The parties convened that the opening of maintenance centres would be helpful and decided to start the training to this effect of a certain number of Saudi technicians in Switzerland.

The Watchmakers of Switzerland Technical and Educational Programme at Neuchâtel is ready to provide courses in English in cooperation with the companies whose brands are sold in Saudi Arabia.

Both parties decided to mandate a technical director to Saudi Arabia in order to make a preliminary study on the settlement of such a centre.