



Doing Business in Saudi Arabia: 2010 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Saudi Arabia

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Market Overview

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- According to the IMF, the Saudi economy will expand 4.0% this year as increased public expenditure paves the way for sustained economic recovery. Specifically, the growth in the manufacturing sector led by the petrochemicals industry is expected to see strong demand from Asia. US\$70 billion of investment in the petrochemical sector by 2011 is expected. Likewise, power generation, water treatment, telecommunications, transportation and infrastructure sectors are expected to register strong growth. Specifically, the construction sector will be one of the main beneficiaries of continued large government outlays.
- Saudi Arabia was the United States' 20th largest trading partner in 2009 and also the 20th largest export market. Total bilateral trade was around \$33 billion, a 51% decrease from 2008 due to lower oil prices. However, total bilateral trade as measured in quantity grew by 0.15%. Total U.S. exports were \$10.2 billion, down 13% from 2008. Total Saudi exports to U.S. amounted to \$21.4 billion, down 61% from 2008.

Market Challenges

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- Inflation was not a major concern in 2009, falling from 9.2% in 2008 to 4.4%, largely due to the global economic slowdown.
- **Commercial Disputes Settlements:** The enforcement of foreign arbitration awards for private sector disputes has yet to be upheld in practice. Furthermore, government agencies are not allowed to agree to international arbitration without approval from the Council of Ministers, which is rarely granted.
- **Business Visas:** All visitors to Saudi Arabia must have a Saudi sponsor in order to obtain a business visa to enter Saudi Arabia. On the positive side, in May 2008, the United States and Saudi Arabia signed an agreement to grant reciprocal 5-year, multiple-entry visas for business travelers. This agreement represents a significant step forward in the visa process.
- **Delayed Payments:** Although the Saudi Government is keen to resolve any payment disputes and has reduced its arrearages in the last few years, the problem persists and American companies should check with the U.S. Embassy or Consulates if they encounter a problem.

- **Intellectual Property Protection:** Intellectual property protection has steadily increased in the Kingdom. Over the last seven years, Saudi Arabia has comprehensively revised its laws covering intellectual property rights to bring them in line with the WTO agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs). The Saudi Government undertook the revisions as part of Saudi Arabia's accession to the WTO, and promulgated them in coordination with the World Intellectual Property Organization (WIPO). The Saudi Government updated its Trademark Law (2002), Copyright Law (2003), and Patent Law (2004), with the dual goals of TRIPs-compliance and effective deterrence against violators. In 2008 the Violations Review Committee created a website and has populated it with information on current cases. The patent office continues to build its capacity through training, has streamlined its procedures, hired more staff, and reduced its backlog.

In September 2009, the King approved a mechanism to protect Exclusive Marketing Rights (EMR) for certain pharmaceutical products which lost patent protection when Saudi Arabia transitioned to a new TRIPs-compliant patent law in 2004. The Saudi Ministerial Council in December 2009 approved the Kingdom's accession to both the Intellectual Property Owners Association Patent Cooperation Treaty (PCT) and its Implementing Regulations and the Patent Law Treaty (PLT) adopted by the Diplomatic Conference in Geneva on June 1, 2000. The Council of Ministers issued a resolution on 23/11/1428H (December 3, 2007) approving the Law of Trademarks for GCC countries.

- **Counterfeiting:** Although anti-counterfeiting laws exist, manufacturers of consumer products and automobile spare parts are particularly concerned about the widespread availability of counterfeit products in Saudi Arabia. The Saudi Government remains committed to stopping counterfeit products from entering into the country.
- **Arab League Boycott:** The Gulf Cooperation Council (Saudi Arabia, Kuwait, Bahrain, Oman, Qatar, and the United Arab Emirates) announced in the fall of 1994 that its members would no longer enforce the secondary and tertiary aspects of the Arab League Boycott. The primary boycott against Israeli companies and products still applies.
- **Government Procurement:** Government contracts on project implementation and procurement strongly favor Saudi and GCC nationals. However, most Saudi defense contracts are negotiated outside these regulations on a case-by-case basis. Saudi Arabia published its revised government procurement procedures in August 2006. Foreign suppliers participating in government procurement are required to establish a training program for Saudi nationals.
- **Banking:** Although the Saudi central bank, SAMA, has granted licenses to a number of foreign financial institutions to open branches in Saudi Arabia, these banks are only being allowed to provide investment banking and brokerage services, as applicable. The number of commercial banks operating in the Kingdom in 2008 amounted to twenty two, including branches of the National Bank of Kuwait, Deutsche Bank, Muscat Bank, National Bank of Bahrain, Gulf International Bank (GIB), Emirates Bank (EB), J.P. Morgan Chase N.A, BNP Paribas, National Bank of Pakistan (NBP), and State Bank of India (SBI).
- **Shipping:** Saudi Arabia gives preference to national carriers for up to 40% of government-related cargos. Two local companies take full advantage of this situation.

- **Standards and labeling:** As part of the GCC Customs Union, the six Member States are working toward unifying their standards and conformity assessment systems. However, each Member State continues to apply its own standard or a GCC standard. A new ICCP mandates that a Certificate of Conformity must accompany all consumer goods exported to Saudi Arabia. Labeling and marking requirements are compulsory for any products exported to Saudi Arabia.
- **Travel Advisories:** Americans visiting Saudi Arabia are advised to check the U.S. State Department's website at http://travel.state.gov/travel/cis_pa_tw/tw/tw_932.html for the latest information on travel to Saudi Arabia.

Market Opportunities

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- The government is planning to spend US\$400 billion on roads, airports and energy projects over a five year period between 2009 and 2014. US\$70 billion of this expected to be invested in 2010.
- Saudi Arabia has the biggest IT market in the Gulf region, with a forecast value of US\$3.7 billion in 2010 expected to rise to US\$5.2 billion by 2014.
- All three of Saudi Arabia's GSM operators are in the process of implementing higher data transmission speeds over their 3.5G networks. This development should stimulate increased demand for mobile broadband services in the long term.
- Saudi Arabia's ambitious rail plans are fuelling activity in the infrastructure sector, with US\$30 billion worth of contracts under way or at the bidding stage.
- Saudi Arabia is the third largest consumer of water *per capita* in the world, but has limited groundwater to tap. Desalination forms the backbone of the government's water strategy. US\$6bn a year has been committed by the government to bolstering the water sector over the next two decades.
- The state-owned Saudi Electricity Company (SEC) intends to invest US\$28bn to add approximately 13GW of power in the next three years. The utility company also plans to spend US\$70 billion by 2018 to add 25GW to meet the growing demand from a rapidly increasing population.

Market Entry Strategy

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- American exporters are not required to appoint a local Saudi agent or distributor to sell to Saudi companies. For complete information and regulations on registering a business in Saudi Arabia, please visit the Saudi Arabia Government Investment Agency (SAGIA) at www.sagia.gov.sa/en/Investor-tools/Business-Centre-Wizard/Introduction/.
- Although the Saudi Government encourages foreign investment, a U.S. firm is strongly encouraged to seek in-country legal counsel on the best approach. The U.S. Commercial Service can assist by providing a list of local attorneys, which may be associated with American law firms.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes:

<http://www.state.gov/r/pa/ei/bgn/3584.htm>

The [U.S. Commercial Service in Saudi Arabia](#) is part of a global network of trade specialists in more than 100 cities in the United States and 80 countries worldwide, including offices in [Riyadh](#), [Jeddah](#) and [Dhahran](#). Our mission is dedicated to strengthen commercial ties between Saudi Arabia and the United States by offering comprehensive, trade promotion assistance through a variety of programs and services.

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Chapter 3: Selling U.S. Products and Services

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Using an Agent or Distributor

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American exporters are not required to appoint a local Saudi agent or distributor to sell to Saudi companies, but commercial regulations restrict importing for resale and direct commercial marketing within the Kingdom to Saudi nationals, wholly Saudi-owned companies, and Saudi-foreign partnerships where the foreign partner holds 25% equity. Nationals from the [Gulf Cooperation Council](#) (GCC) countries, which include Saudi Arabia, Kuwait, Qatar, Oman, Bahrain, and the UAE, are also allowed to engage in trading and retail activities, including real estate. Agent/distributor relations are governed by the Commercial Agency Regulations of the Kingdom of Saudi Arabia that is administered by the Ministry of Commerce and Industry. Saudi businesspeople cannot act as commercial agents unless their names are entered into the Register maintained by the Ministry of Commerce and Industry.

In July 2001, the Council of Ministers cancelled a decree compelling foreign companies with government contracts to appoint a Saudi service agent. The old decree also specified a maximum commission of 5%. Some government contracts, however, still require a minimum participation by a Saudi entity. In addition, government contracts typically include a clause requiring training programs for Saudis.

Terminating an agent/distributor agreement can be difficult even though Saudi policy has changed to permit registration of a new agreement over the objections of the existing distributor. While most prospective Saudi agents and/or distributors generally prefer exclusive agency contracts, these are by no means required. Given the close-knit nature of business circles in Saudi Arabia, replacing an agent or distributor could damage a U.S. firm's reputation if not handled sensitively. A U.S. company should at all costs avoid being viewed as lacking adequate commitment to its Saudi business relationships. Saudi agents may request "parting compensation" in the event the foreign exporter decides to dissolve a business relationship.

Since this is a common practice in this market, U.S. companies should address this eventuality prior to executing a contract.

U.S. firms interested in the Saudi market are cautioned against trying to use lists of importers for “cold calls” on prospective agents. Saudis prefer to do business with someone only when they have been properly introduced and have met face-to-face. To help dispel reluctance on the Saudi side, an introduction by a “go-between” typically serves to vouch for the reliability of both parties. Appropriate third parties for such introductions include other Saudi firms, U.S. companies that have successfully done business in Saudi Arabia, banks, trade associations, chambers of commerce, and the U.S. Commercial Service in Saudi Arabia (CS Saudi Arabia).

Saudi law is based on the Islamic Shari’a and differs considerably from U.S. practice. Nonetheless, the Saudi Government has earmarked nearly \$2 billion to overhaul its judicial system and court facilities in an effort to streamline the legal process. A Royal Decree M/78 dated October 1, 2007, approved the Charter of Judiciary system and the Grievances Board Charter, and implemented relevant mechanisms. American firms contemplating an agency or a distribution agreement are advised to consult with a local attorney.

The U.S. Commercial Service, through its domestic U.S. Export Assistance Centers and overseas offices in Embassies and Consulates, offers a variety of services to assist American firms in selecting a reputable and qualified representative. Our [Gold Key Matching Service](#) is a personalized and targeted matchmaking service that combines an orientation briefing, a profile of each Saudi prospect, interpreter services for meetings, a Commercial Specialist from the Embassy to escort you to your meetings, and assistance in developing follow-up strategies. The [International Partner Search](#) provides pertinent information on up to six pre-qualified potential Saudi representatives. This customized search will put you in touch with firms that have expressed an interest in representing your product or service. The [International Company Profile](#) provides follow up background information on potential partners.

Establishing an Office

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The procedures to establish an office in Saudi Arabia differ according to the type of business undertaken. The most common and direct method is simply to appoint an agent/distributor who can set up the office under its own commercial registry. The agent/distributor agreement should be registered with the Ministry of Commerce & Industry. The Commercial Agency regulations govern the agent/distributor agreement.

A second method might be to establish a technical and scientific service office, which also requires a license from the Ministry of Commerce and Industry. This approach preserves the independence and identity of the foreign company and provides for more leeway in managing and marketing the company’s products or services. Technical and scientific service offices are not allowed to engage directly or indirectly in commercial activities, but they may provide technical and advisory support to Saudi distributors, as well as conduct market surveys and product research.

A third method is to establish a branch office. Saudi Arabia’s Foreign Investment Law allows international companies the possibility of 100% ownership of projects and property required for the project itself, while enabling them to retain the same incentives given to national companies. A branch office involves a more direct presence than a commercial agent. Branch offices are largely restricted to an administrative role and may not engage in trading activities. Nevertheless, a branch office can be very useful as a liaison presence for a U.S. company. A

branch office offers the benefits of a physical presence without the formal requirements of a joint venture company. An U.S. company can open an independent branch office without a Saudi partner. Its parent company must accept full responsibility for all work undertaken by the branch office in Saudi Arabia.

To establish an office in Saudi Arabia, a foreign company needs to submit to related Saudi authorities a copy of its articles of association as incorporated in the country of origin, a copy of its commercial registration, a written approval by the board of directors of the company, its chief executive officer/president or a similar entity related to their decision to open a subsidiary office stating the name of the city and the name of the subsidiary's manager. All aforementioned documents are to be attested as required. The authorization to the applicant has to be attested by the Saudi Embassy in Washington, D.C.

A fourth method is to establish a representative (or liaison) office. This is normally granted only for companies that have multiple contracts with the Government and require a local office to oversee contract implementation. Representative offices are not allowed to engage in direct or indirect commercial activity in the Kingdom. Founding a business establishment requires a license from the Ministry of Commerce and Industry.

A fifth method is for a foreign company to establish a joint venture with a Saudi firm. Usually, the Saudi business community refers to limited liability partnerships as joint ventures. These partnerships must be also registered with the Ministry of Commerce and Industry and the partners' liabilities are limited to the extent of their investment in the partnership.

Finally, foreign companies can get a license from the [Saudi Arabian General Investment Authority](#) (SAGIA) to set up an industrial or a non-industrial project in Saudi Arabia. SAGIA will license projects under the new Foreign Investment Act, which allows for 100% foreign ownership. In addition, foreign investors can open a sales/administration/marketing office to complement their industrial or non-industrial project. SAGIA has a broad mandate on all matters relating to foreign investments in industry, services, agriculture, and contracting.

The Companies Law is the principal body of legislation governing companies. Saudi company law recognizes eight forms of companies. The most common forms are limited liability companies (LLC), joint stock companies, general partnerships and limited partnerships. The less common company forms are partnerships limited by shares and joint ventures. Apart from the above, Shari'a law specifies a number of other types of companies, which cannot, however, be used by foreign investors. In practice, foreign companies usually establish LLCs. Partnerships and joint stock companies are only established in exceptional cases.

LLCs are a popular corporate vehicle among foreign investors in Saudi Arabia because they are simple to establish and administer and the personal liability of each of the partners is limited to the individual partner's contribution to the company's share capital.

Costs of doing business in Saudi Arabia are substantially lower than those in the West. Commercial and industrial rents average is \$5.33 to \$26.67 per square meter per year. The rate is much lower in industrial cities, where it is at \$0.021 per square meter per year. Rentals for residential accommodation can vary immensely depending on location and quality of housing. With respect to utilities, electricity costs are at \$0.027 per kWh for industrial use. Water costs range from \$0.027 to \$1.6 per cubic meter depending on the number of bands. Employee costs vary based on the employee's status, position, and relevant experience.

Franchising

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Franchising is an increasingly popular approach to establish consumer-oriented businesses in Saudi Arabia. Although the franchise market is small compared to that in the United States, it is rapidly expanding in a variety of business sectors. According to a local study, the Saudi franchise market is expected to grow an average of 10-12% annually over the next three years. The same study projects the value of paid fees and royalties at more than SAR 1.2 billion (\$323 million). The growth in this sector is based on Saudis' desire to own their own business and a widely held appreciation for Western methods of conducting business. American franchises dominate the market and more U.S. brands have recently obtained a foothold here, including Gap, Krispy Kreme and TGIF. American companies face growing competition from local and foreign companies in the following sectors: car rental agencies, fast food and business services.

Franchising opportunities are known to exist in many business categories, including apparel, laundry and dry cleaning services, automotive parts and servicing, restaurants, mail and package services, printing, and convenience stores. There are more than 300 foreign companies that have founded franchises in Saudi Arabia.

To establish a franchise in Saudi Arabia, a foreign franchisor must select a franchisee and register the franchise. The franchisor must be the original one, and may not be a third-country franchisor. All franchise agreements follow the Saudi Commercial Law and must be approved by the Ministry of Commerce and Industry. A foreign company is advised to consult with an attorney familiar with Saudi law before establishing, changing, or terminating a franchise agreement.

Direct Marketing

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Direct marketing is not widely used in Saudi Arabia. Personal relations between vendors and customers play a more important role than in the West. Furthermore, many forms of direct marketing practiced in the United States are unacceptable due to Islamic precepts regarding gender segregation and privacy at home. Limitations in the Saudi postal system are also a constraint. Nevertheless, a new, yet comparatively expensive mail delivery system was launched, called *Waseel*, which delivers mail and parcels to residences. The Saudi Post set up a company named *Naqel*, which is a joint project with the private sector and aims to upgrade Saudi Post's competitive capabilities and develop its services.

Direct marketing has been conducted on a very limited basis using unsolicited mail campaigns and fax, catalog sales (with local pick-up or delivery arranged), and commercials on satellite television providing consumers with a local telephone number to arrange delivery. Extensive consumer surveys are being undertaken, mainly on behalf of multi-national manufacturers and particularly in the consumer goods sector.

Joint Ventures/Licensing

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Under the Foreign Investment Act, a foreign investor may either set up his/her own project or do so in association with a local investor. If the latter option is chosen, foreign investors may structure their enterprise as a limited liability company, which is the most commonly used approach. By law, the minimum capital of an LLC with foreign participation is SR 500,000. The required amount is increased to SR 1,000,000 for industrial projects and SR 25,000,000 for agricultural projects. The Board of Directors of SAGIA may reduce the minimum invested

capital requirement in projects established in specified areas, in export projects or those which require considerable technical experience. Limited liability companies must have at least two, but not more than fifty shareholders. The Ministry of Commerce and Industry must approve formation of all joint ventures.

Most foreign companies prefer to establish a limited liability company (LLC) because it is simple to incorporate and manage. Limited liability companies can be owned 100% by foreign investors or have a mixed ownership. Licenses should be obtained from the Saudi Arabian General Investment Authority (SAGIA). Foreign companies may qualify for a favorable tax treatment or other economic incentives from the Saudi Government, especially if Saudi investors join in the newly formed company's capital.

According to Article 52 of the Company Law, the establishment of a joint stock company generally requires an authorization from the Minister of Commerce and Industry after reviewing a proposed company's "feasibility" study. The law requires the authorization through a Royal Decree based on the approval of the Council of Ministers for the formation of any joint stock companies with concessions, undertaking public sector projects, receiving assistance from the State, in which the State or other public institutions participate, or for joint stock companies engaging in a banking business. In general, the provisions applicable to the administration of joint stock companies are more detailed than those applicable to limited liability companies.

The Investors Service Center (ISC) at the Saudi Arabian General Investment Authority (SAGIA) oversees all matters related to foreign investor licensing and registration process. The ISC is intended as a one-stop shop that will assist foreign investors and minimize lengthy procedures. Another very significant change in the Foreign Investment Act is the reduction in the corporate tax rate for foreign companies with profits in excess of \$26,000 a year. It lowers the maximum rate from 45 to 20% and allows companies to carry forward corporate losses for an unspecified number of years.

Depending on the nature of the foreign investment, the [Saudi Arabian Standards Organization \(SASO\)](#) may be involved. SASO is the Saudi authority for establishing product standards for imports and locally manufactured goods. The [Communications and Information Technology Commission \(CITC\)](#) also has authority on imported telecommunications and IT products and services. Recently, the CITC has taken a more proactive role and has published a number of specifications relating to various products and services within its jurisdiction.

The [Saudi Industrial Development Fund \(SIDF\)](#) may be engaged to provide up to 50% financing for approved industrial projects, and payback period could be up to 15 years. Market intelligence also is available through the SIDF for prospective investors.

Other Saudi Arabian Government entities that may be involved in the process include the Ministry of Foreign Affairs (visas), the Ministry of Interior (residence permits and industrial safety and security approvals), the Royal Commission for Jubail and Yanbu (if the project is in those industrial cities), the General Organization for Social Insurance (social insurance and disability payments for Saudi employees), and the General Organization for Technical Education and Vocational Training (training programs for Saudis).

Selling to the Government

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In 2001, the Saudi Council of Ministers repealed a 25 year-old decree requiring foreign contractors to have a Saudi agent in order to bid for contracts. Under the new decree, foreign

companies interested in operating in Saudi Arabia without a Saudi agent can open offices and appoint representatives to pursue business opportunities directly with various government agencies and departments.

There is no central tender board in Saudi Arabia. Every government agency has full contracting authority. Foreign companies interested in bidding on a government project must make themselves known to that specific government agency/ministry offering the project. When a project becomes available, the government agency/ministry selects bidders from a list of prequalified/known companies and invites them to bid for that particular project. The law states that all qualified companies and individuals will be given opportunities in dealing with the Government and will be treated equally. The law also states that locally manufactured products and those of a non-Saudi origin of equal quality will have priority in dealing with the Government. Saudi Government Contracting & Procurement Law also affirms that all government bids be announced in the official Gazette (Arabic), in two local newspapers, as well as in the electronic media. Projects which do not have a contractor must be advertised both inside and outside Saudi Arabia.

Foreign companies can provide services to the Saudi Arabian government directly without a Saudi service agent, and can market their services to other public entities through an office that has been granted temporary registration. Foreign suppliers working only for the government, if not already registered to do business in Saudi Arabia, are required to obtain a temporary registration from the Ministry of Commerce and Industry within 30 days of contract signing. Foreign investment regulations also allow foreign companies to establish a branch office. In 2003, the Saudi Council of Ministers required increased transparency in government procurement. The contract information to be made public includes: parties, date, financial value, brief description, duration, place of execution, and point of contact information.

Several royal decrees that strongly favor GCC nationals apply to Saudi Arabia's government procurement. (However, most Saudi defense contracts are negotiated outside these regulations on a case-by-case basis.) Under a 1983 decree, contractors must subcontract 30% of the value of any government contract, including support services, to firms majority-owned by Saudi nationals. An exemption is granted where no Saudi-owned company can provide the goods and services necessary to fulfill the procurement requirement.

The tender regulations require that preferences be given in procurements to Saudi individuals and establishments and other suppliers in which Saudi nationals hold at least 51% of the supplier's capital. The tender regulations also give a preference to products of Saudi origin that satisfy the requirements of the procurement. In addition, Saudi Arabia gives priority in government purchasing to GCC products. These items receive up to a 10% price preference over non-GCC products in all government procurements in which foreign suppliers participate. Foreign suppliers that participate in government procurement are required to establish a training program for Saudi nationals.

As a practical matter, American companies seeking sales of goods and services to the Saudi Government are encouraged to appoint a reputable agent or distributor with experience in the field.

American firms considering sales to the Government should request a briefing from the U.S. Commercial Service in [Riyadh](#), [Jeddah](#) or [Dhahran](#) on the latest situation on payments and how U.S. firms can protect and secure timely disbursements.

Distribution and Sales Channels

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There are three major distribution and sales regions in Saudi Arabia: the Western Region, with the commercial center of [Jeddah](#); the Central Region, where the capital city of [Riyadh](#) is located; and the Eastern Province, where the oil and gas industry is heavily concentrated. [Dammam](#) is the capital city of the Eastern Province, and includes [Dhahran](#). Each city has a distinct business community and cultural flavor, and there are only a few truly “national” companies dominant in more than one region.

American exporters may find it advantageous to appoint different agents or distributors for each region having significant market potential. Multiple agencies and distributorships may also be appointed to handle diverse product lines or services. Multiple agencies and distributors can present logistical and management difficulties, so U.S. firms, particularly in the franchise sector, often choose to appoint a master franchisor or distributor for states of the Gulf region, which includes Saudi Arabia, Kuwait, Qatar, Bahrain, Oman, and the UAE.

While there is no statutory requirement that distributorships be granted on an exclusive basis, it is clearly the policy of the Saudi Ministry of Commerce and Industry that all arrangements be exclusive with respect to either product line or geographic region.

Selling Factors/Techniques

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Expatriate managers have had a strong influence in introducing advanced selling techniques into a market that relied heavily on word-of-mouth and established buying patterns until a few years ago. Saudi consumers are increasingly becoming more discerning and sophisticated.

Although details of a transaction can be handled electronically, no serious commitment is likely to be made without a face-to-face introduction. Business cards are usually printed in English on one side and Arabic on the other.

Saudis are gracious hosts and will try to put a visitor at ease, even during arduous business dealings. A large portion of upper and middle class Saudis were educated in the United States or in Europe.

Financing and credit facilities may be offered as part of a sales proposal, usually after a solid relationship has been established. Passed in 2003, the Capital Market Law (CML) created the Saudi Arabian Stock Exchange (SASE), as well as the Capital Market Authority (CMA), to oversee and regulate the exchange. The law established a new regulatory framework designed to encourage greater participation in the financial market. It also established the SASE as the exclusive securities market in Saudi Arabia. The CMA was created to ensure that Saudi Arabia’s capital markets are fair, transparent and efficient.

The CML provides for the establishment of two committees to settle securities disputes, the Committee for the Resolution of Securities Disputes (CRSD) and the Appeal Panel. The CRSD has jurisdiction over disputes falling under the provisions of the Capital Market Law, the rules and regulations issued by the CMA and the Stock Exchange. The Appeal Panel, which was formed by the Council of Ministers, will hear appeals against decisions issued by the CRSD. A decision issued by the CRSD may be appealed to the Appeal Panel within thirty days of the notification date. CML also created the Securities Deposit Center (SDC), which is operated by Tadawul a Saudi Stock Exchange Company. SDC is in charge of managing deposits, transfers, settlements, clearing, and registration of all Saudi securities on the exchange.

Other entities created by the CML include the Department of Authorization & Inspection; and Corporate Finance, Enforcement & Market Supervision.

The Government has liberalized the wholesale, retail, and franchise sectors, allowing foreign investors to establish joint ventures and retain a 51% share. The foreign partner's capital requirement is set at \$5.3 million and his equity share can be increased to 75% after 3 years from the contract date. All industrial enterprises are open to non-Saudis, and they can also trade in the products they manufacture. Restrictions on individual professions also are in force, such as who can practice law, medicine, accounting and financial services, architect and engineers, and other similar professions. A Saudi joint venture partner is a requirement for any entity or individual to practice the above-mentioned professional services.

Many Saudi companies handle numerous product lines (sometimes even competing product lines, making it difficult to promote all products effectively). Saudi agents typically expect the foreign supplier to assume some of the market development costs, such as hiring of dedicated sales staff (especially for high-tech or engineered products), setting up workshops and repair facilities, and funding local advertising. Foreign suppliers often detail a sales person to the Saudi distributor to provide marketing, training, and technical support. Absent such an arrangement, American firms should expect to make frequent, periodic visits each year to support their Saudi distributor.

Electronic Commerce

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Internet services are freely available and the main cities have several Internet service providers and Internet cafés. High-speed DSL is available. States of the Arabian Gulf were to have increased their IT spending by 11.6 per cent to \$8.6 billion during 2008, on the back of rapidly growing investment in software, according to a regional consultancy firm. Saudi Arabia was to have been the biggest spender at \$3.76 billion.

Internet users in Saudi Arabia spent more than \$3.2 billion in 2007. Almost half of all Saudi Internet users reported that they purchased products and services online and through their mobile handsets in 2007. The same study estimates the number of e-commerce consumers in Saudi Arabia to exceed 3.5 million, representing 14.26% of the population. The Saudi Government has already passed a number of regulations to control and monitor electronic transactions, i.e., regulations for e-transactions and cyber crime. Additionally, the government has allocated close to \$800 million to implement the E-Government initiative. A published report has mentioned that in order to drive Saudi Arabia's e-government initiative forward, a YESSER program (in Arabic world means "to facilitate") was launched by the government to develop the first National e-Government Strategy and Action Plan which will be implemented within the next five years. The YESSER program's role is to enable the implementation of individual e-government services by ministries and other government agencies, on the one hand, by building the national infrastructure and defining common standards which these agencies can use; and on the other hand by providing best practice examples and accompanying implementation of pilot services. Moreover, YESSER will ensure an appropriate level of coordination and collaboration between implementing agencies. The vision for Saudi Arabia's e-government initiative is user-centric and focuses on a number of aspects, which will revolve around the central notion already mentioned, i.e., providing better government services to the user. It is understood that users are individuals (citizens and expatriates), businesses and government agencies. By the end of 2010, everyone in Saudi Arabia will be able to enjoy from anywhere and

at anytime world class government services offered in a seamless user friendly and secure way by utilizing a variety of electronic means, which will contribute to Saudi Arabia's prosperity.

Trade Promotion and Advertising

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The U.S. Commercial Service in Saudi Arabia organizes a dynamic annual trade events calendar, including and especially the recruitment of official Saudi delegations to more than a dozen important trade shows in the United States each year under the auspices of the Commerce Department's [International Buyer Program](#), as well as Trade Missions, promotion of trade events in Saudi Arabia, the USA and in other countries, *etc.*

Advertising, especially on satellite television, is rapidly expanding, but commercials have to conform to religious and ethical codes. With some minor exceptions, the female human form is not culturally or religiously acceptable in the media. The Saudi monopoly on television broadcasting was broken with the introduction of satellite television, which also forced TV advertising rates to come down.

Saudi companies have opted to run commercials through international satellite TV channels such as the [Middle East Broadcasting Corporation](#) (MBC) and [Arab Radio & Television](#) (ART). Other Arabic satellite channels that also have proved to be popular in the Arab world include [LBC](#), [Future Television](#), [Dubai One TV](#), [Dubai TV](#), [New TV](#), [Channel 2](#), MBC2, MBC3, and MBC4. Many Saudi companies place commercials on these channels as well as on two pan-Arab news channels, [Arabiya](#) and [Al-Jazira](#) channels. In addition, two encrypted TV networks each provide approximately 30 channels for an average subscription of \$1,000 per year. The networks include Orbit Communications and ShowTime.

Newspaper advertising is carried in both the local English and Arabic press, but its effectiveness is somewhat limited by relatively low readership rates. The two local English dailies, [Arab News](#) and [Saudi Gazette](#), have an average circulation in the range of 35,000 copies. The leading Arabic newspapers, with nationwide distribution, have circulations in the range of 70,000 to 100,000: [Al Hayat](#), [Riyadh Daily](#), and [Okaz](#).

Other relevant newspapers have lower circulations, and some have only regional distribution. The principal papers are Al Bilad, [Al Jazirah](#), [Al Madina](#), Al Nadwa, [Al Riyadh](#), Al Youm, Um Al Qura, [Al Watan](#), Al-Riyadiya (sports only). The economic daily [Al Eqtisadiyah](#) has rapidly earned a loyal readership of executives and government officials.

Trade promotion events take place from September through June, with most of them held in the modern exhibit centers in Saudi Arabia's three major cities, [Riyadh](#), [Jeddah](#) and [Dhahran](#). Smaller exhibition facilities are also located in regional centers, and often operate in cooperation with or under the sponsorship of a local chamber of commerce.

Most chambers have a proactive approach to promotion and trade, organizing shows and presentations for individual companies or groups, and have been eager to attract American and other Western suppliers. The main chambers of commerce are listed in the "[Contacts](#)" section of [Chapter 9](#) *infra*.

Pricing

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The government maintains a free-trade approach and, since 1981, the [Saudi Arabian Monetary Agency](#) (SAMA, the Central Bank), has pegged the Saudi Riyal to the U.S. Dollar to facilitate long term planning and minimize exchange risk for the private sector. As such, Saudi importers expect American producers to practice a more stable pricing policy than their foreign competitors. In the last couple years, there have been numerous speculations that the Saudi Government would revalue the Riyal, but SAMA has consistently stated that it has no intention to do so, and given SAMA's huge stock of foreign assets, there doesn't appear to be a need.

Products are usually imported on a CIF basis, and mark-ups depend almost entirely on what the vendor feels the market will bear relative to the competition. There is no standard formula to come up with the mark-up rates for all product lines at different levels in the relatively short distribution chain.

Contrary to popular belief, pricing is very important to the average Saudi. Therefore, where there are competitive products, Saudi buyers frequently will compare prices before making a decision. For the American supplier, some give-and-take is expected in preliminary negotiations.

An economic study by a local bank has stated that for much of 2008 inflation was a serious and pressing issue for Saudi Arabia, with prices rising 9.2 percent on average. In 2009, however, inflationary pressures subsided due to a slowdown in demand and lower prices for commodities, food, rents, etc. The inflation rate for 2009 is estimated at 4.4 percent. In 2010 inflation will continue to decrease, to around 4.0 percent, reflecting an lower domestic demand.

Sales Service/Customer Support

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Saudi Arabia is a relatively open market, which makes it highly competitive. Brand loyalty and established preferences are less developed than in some other countries. Consequently, sales service and customer support is indispensable to win and maintain new clients.

Saudis view a foreign firm's physical presence in the Kingdom as a tangible sign of a long-term commitment. Prompt delivery of goods from available stock and the presence of qualified support technicians have become more important, and they influence repeat business much more now than ten or even five years ago. Government agencies usually require equipment suppliers to commit to providing maintenance and spare parts for an average of three years.

Protecting Your Intellectual Property

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Saudi Arabia became the 149th member of the WTO on December 11, 2005. As part of its accession, the Kingdom committed to fully implement the TRIPS Agreement without any transition period.

The Saudi legal system protects and facilitates acquisition and disposition of all property rights, including intellectual property. The Government has acceded to the Universal Copyright Convention; implementation began in 1994. The Saudi Copyright Law was amended in August 2003 to improve protection and to provide for serious deterrent penalties for violators. The government also endorsed the country's joining the "Paris Convention for Protection of Industrial Property" and the "Berne Convention for the Protection of Literary and Artistic Works."

Moreover, the highest religious authority in Saudi Arabia has condemned software piracy in a *fatwa*, or religious edict. Nevertheless, and although intellectual property protection has steadily increased in the Kingdom, piracy remains a problem.

American firms wishing to sell products/services in Saudi Arabia should work through their local representative to register their trademarks with the Ministry of Commerce & Industry, copyrighted products with the Ministry of Information, and patents with King Abdulaziz City for Science & Technology (KACST) or the [GCC Patent Office](#). Although these government entities are responsible for IPR protection in their respective areas, a reported incident of piracy or infringement may not entail immediate and decisive action by the concerned government entity.

Patent and trademark protection and enforcement remain cumbersome and inconsistent. Additional information on Saudi Arabia's protection of property rights, trademarks, and patents is addressed in more detail in Chapter 6 (Investment Climate).

Due Diligence

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The [U.S. Commercial Service in Saudi Arabia](#) offers the [International Company Profile](#) (ICP) report, which provides detailed information on a specific Saudi company and comments based on information from the U.S. Embassy's Commercial Section.

Local Professional Services

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There are service providers in Saudi Arabia offering professional services to foreign and domestic firms alike. [The U.S. Commercial Service](#) maintains a list of such [Business Service Providers](#) on its website; these local "BSPs" pay a nominal fee for an annual listing.

The websites of the U.S. Embassy in Riyadh and the U.S. Consulates General in Dhahran and Jeddah provide access to various business-support networks, including lawyers, translators, and a representative group of other service providers that offer their professional services to U.S. exporters and investors interested in Saudi Arabia:

U.S. Embassy — Riyadh, Saudi Arabia

[Public Services in Riyadh, Saudi Arabia \(Translators, Tax Assistance, Hospitals, Law Firms\)](#)

U.S. Consulate General — Dhahran, Saudi Arabia

[Public Services in Dhahran, Saudi Arabia \(Translators, Tax Assistance, Hospitals, Law Firms\)](#)

U.S. Consulate General — Jeddah, Saudi Arabia

[Public Services in Jeddah, Saudi Arabia \(Translators, Tax Assistance, Hospitals, Law Firms\)](#)

Web Resources

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[Saudi Arabian General Investment Authority](#)

[Saudi Industrial Development Fund](#)

[Water and Electricity Company](#)

[Foreign Credit Insurance Association](#)

[Middle East Broadcasting Corporation](#)

[LBC](#)

[Dubai TV](#)

[Channel 2](#)

[Saudi Arabian Standards Organization](#)

[Saline Water Conversation Corporation](#)

[Saudi Telecommunications Company](#)

[Saudi Aramco](#)

[Arab Radio & Television](#)

[Future Television](#)

[New TV](#)

[Arabiya](#)

[Al-Jazira](#)
[Arab News](#)
[Asharq Al-Awsat Newspaper](#)
[Al-Riyadh Newspaper](#)
[Al-Eqtisadiyah Newspaper](#)
[Al-Madinah Press](#)
[Al-Harithy Company for Exhibitions \(Jeddah\)](#)
[Saudi Arabian Monetary Agency-SAMA](#)
[GCC Patent Office](#)

[Al-Watan Newspaper](#)
[Saudi Gazette](#)
[Al-Hayat Newspaper](#)
[Al-Jazirah Newspaper](#)
[Okaz News Agency](#)
[Riyadh Exhibitions Company](#)
[Dhahran International Exhibitions Company](#)
[KACST](#)
[Communications and Information Technology
Commission](#)

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

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- [Construction Equipment – CON](#)
- [Medical Equipment – MED](#)
- [Water Resources Equipment – WRE](#)
- [Franchising – FRA](#)
- [Safety & Security – SEC](#)
- [Education & Training Services – EDS](#)
- [Telecommunications Services – TES](#)
- [Railroad Equipment – RRE](#)
- [Electrical Power Systems – ELP](#)
- [Mining Industry Equipment — MIN](#)
- [Oil & Gas Field Machinery – OGM](#)
- [Chemical Production Machinery – CHM](#)
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Agricultural Sectors

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- [Soybean Meal](#)
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- [Agricultural Trade Shows](#)

Engineering & Architectural Services – ACE

Overview

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Saudi Arabia's Architectural Construction & Engineering sector remains one of the most important sectors in the Kingdom's strong economy. Saudi government continues to make significant investments in construction projects that will bolster and diversify the economy.

Saudi Arabia is the largest economy in the region. Saudi Arabia's construction sector is seen growing by nearly three percent as major infrastructure projects continue to be built in the Kingdom despite the impact of the global downturns. Saudi Arabia's construction and engineering sector is expected to be buoyed by government led infrastructure developments plans and the need for more housing. The increasing infrastructure requirements of the country's growing population and stability of the banking sector have helped stimulate the sustained growth of construction activities in Saudi Arabia. It is expected that Saudi Arabia's construction sector will continue to see positive growth during 2010, as the economy also continues to expand and provide liquidity. The Kingdom's construction and engineering sector has proven far more resilient than that of its Gulf neighbors.

No reliable, published statistics are available on the ACE sector in Saudi Arabia.

Best Prospects/Services

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Saudi Arabia stands apart from many of its regional peers as demand for infrastructure and construction projects is fuelled by domestic demand. According to industry sources, more than 285 civil construction projects, valued in excess of US\$260 billion, are currently underway or under design in Saudi Arabia. Industry sources expect an investment of around US\$400 billion over the next five years on various projects, seventy percent of the work is government related.

A number of airports in Saudi Arabia are set for expansion, including the Prince Mohamed bin Abdul Aziz International Airport in Madinah as the Kingdom gives more attention to the upgrading airports. The transportation sector initiatives are continuing with the Kingdom's attempt to establish three new railway lines, the North-South, the Haramain high-speed project and the Saudi Landbridge. The utilities sector has seen perhaps the latest activity. The government approved Madinah power and water plant and the tender for a 2,000MW independent power project in Riyadh. A contract was awarded for the Rabigh IWPP. The industrial construction sector received a major boost with the awarding of engineering, procurement and construction contracts of Jubail Oil refinery. Including Saudi Aramco, a total of US\$9.6 billion worth of contracts to develop the refinery in 13 packages will be awarded.

The construction sector has great potential for growth, as demand rises for residential, commercial, housing and institutional construction. The housing sector, in particular, is likely to grow, as the Saudi population is rising at a rate of 2.5 percent a year. Construction will also play a large part in the Kingdom's massive industrial expansion through the National Industrial Cluster Development Program as well as in the completion of six Economic Cities. Saudi Arabia's government budget reflects the importance of ongoing growth in the construction

sector. Government spending is likely to remain aggressive in the sector, as the prices of commodities decrease due to the global economic downturn. Furthermore, according to industry experts, a revival in the Saudi economy in general, and in the construction sector in particular, is likely, as demand for projects continues to increase and as the financial climate improves.

Opportunities

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The following are the top ten civil construction projects in Saudi Arabia under construction or in design.

1. **King Abdullah Economic City (\$93 billion)**

Construction is underway by Emaar Economic City Company of a city along the Red Sea between Jeddah and Rabigh including a seaport, industrial, financial, resort areas, residential and educational zones.

2. **Prince Abdulaziz Bin Mousaed Economic City (\$53 billion)**

Work is underway at Hail on a city to include a logistics centre, airport, an agricultural and entertainment zones, a mining city, a petrochemical zone, a business centre, an educational zone and a residential area. The project is expected to be completed by 2025.

3. **Jizan Economic City (\$30 billion)**

Construction has begun on this city in southern Saudi Arabia close to the Yemeni border and will include a port, aluminium smelter, steel and copper processing, an oil refinery, fish processing and other industries; a business district, residential areas, marina, education and hospitality facilities.

4. **Jeddah Project Mile High Tower (\$10 billion)**

The Kingdom Holding Company is designing a 1,600-meter skyscraper to form part of the Jeddah project, north of the city.

5. **Shamieh Project (\$9.3 billion)**

This project in Makkah (Mecca) is will include residential apartments, commercial centres, hotels, schools, mosques, hospitals and related facilities, car parks and transport corridors to carry pilgrims. The development is located north of the Haram mosque in Makkah.

6. **Medina Knowledge Economic City (\$7 billion)**

This project is under construction for Taiba Technological and Economic Information Centre, an interactive museum on the life of the prophet Mohammed, a center for the study of Islamic civilization, and a center for medical studies, biosciences and integrated medical services. It includes hotels and housing accommodating 200,000 people.

7. **Al-Zahira City (\$4 billion)**

Design for this development on Palestine Road in east Jeddah includes 20,000 housing

units and 150,000 square metres of surrounding gardens.

8. Jabal Omar (\$3.3 billion)

This project currently in the planning stage in Mecca features 39 buildings including residential towers, offices tower, commercial centre and five-star hotels. The project will have 4,500 shops, 3,000 showrooms. The residential area is planned for 34,500 people, with an open prayer space for 85,000 worshipers, and prayer places in each tower with a capacity of more of the 200,000 thousand worshipers.

9. Injaz (\$3 billion)

This mixed-use Dammam project is being designed on 3.3 million square metres of land on the Arabian Gulf.

10. Riyadh Marriland Leisure Park (\$3 billion)

This project will include an animal world, an equestrian center, a family entertainment park, a scientific and historical museum, an ecological resort, a golf course, a retail park, a high-tech park, a nature reserve, a hunting zone, an exhibition center, a diplomatic area, a man-made lagoon, hotels, and a media village.

Resources

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Ma'aden — Saudi Arabian Mining Company
SABIC — Saudi Basic Industries Corporation
Saudi Ports Authority
Ministry of Petroleum & Mineral Resources
Saudi Aramco

www.maaden.com.sa
www.sabic.com
www.ports.gov.sa
www.mopm.gov.sa
www.saudiaramco.com

Construction Equipment – CON

Overview

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Saudi Arabia has enjoyed four years of strong growth driven by rising oil revenues, and these revenues have stimulated massive project spending. In addition, the Saudi Arabian government has taken important steps to improve the business environment. With further reform anticipated and oil prices expected to remain high, it's believed that the Kingdom is set for a continued strong period of growth, especially in the construction and infrastructure sectors.

The construction sector in Saudi Arabia is the largest and fastest growing market in the Gulf region (GCC). Ongoing construction projects in the Gulf are valued at \$2 trillion, and one-quarter of the developments are located in Saudi Arabia. A number of positive economic, demographic, and geographic factors have combined to produce robust growth in the sector. Aggressive building and construction programs under the 8th Development Plan will further accelerate growth, and are expected to solve the housing shortage in the country. Under this plan, the government expects to build more than 3.2 million housing units with extensive participation by the private sector.

The Saudi government has commissioned numerous mega-projects to accelerate the development of its non-oil sector. At the heart of the Saudi government's economic development plans and initiatives, six mega-economic cities are planned to be built across the Kingdom, near the areas of Tabouk, Medina, Rabigh, Jazan and the Eastern Province. These economic cities are expected to create 1.5 million jobs and accommodate a population of 5.8 million, contributing \$250 billion to the GDP and raising Saudi Arabia's per-capita GDP from \$15,000 in 2006 to \$35,000 by 2020.

The Kingdom of Saudi Arabia is witnessing a real estate boom; in the first half of the year 2008, several analysts estimated that real estate prices increased by 40%-90% from 2007. The Saudi Arabian government allows foreign ownership of real estate, which increased the demand for houses in the whole country, especially in the big cities. And liberalization of laws regulating the practice of foreign business activities, and property ownership has helped boost local and international investors' confidence in the real estate market in Saudi Arabia. Further, the Saudi Arabian government has channeled a significant portion of its oil windfall towards upgrading and building new infrastructure in recent years, increasing the region's attractiveness to both local and foreign investors. Large-scale infrastructure investments have been made in various fundamental sectors, including energy, utilities, transportation, education and health care.

To improve infrastructure services in the Kingdom, an investment of \$800 million has been envisaged to increase the capacity of the Jeddah Islamic Port by 45%. Airports in Riyadh, Jeddah, Medina, Nijran, and Tabuk will be expanded at a cost of \$10 billion in order to meet the growing number of passengers, and the requirements of two new domestic airlines. The Civil Aviation Authority has already launched a \$1.8 billion upgrade of Jeddah's King Abdulaziz International Airport (KAIA), which is designed to accommodate the world's largest aircrafts, and will increase the airport's annual capacity to 21 million passengers. The Kingdom of Saudi Arabia has also set ambitious plans for additional rail links in the country,

and has earmarked \$8 billion for new rail expansion projects that will contribute to the rise in private investment in infrastructure, particularly in the transport sector. Finally, the forthcoming \$3.5 billion Saudi-Egyptian Causeway, which will provide a road link between Saudi Arabia and Egypt across the Red Sea, is expected to raise Saudi Arabia's attractiveness to Islamic and non-Islamic visitors.

No reliable, published statistics are available on the CON sector in Saudi Arabia.

Best Prospects/Services

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The Saudi government is gearing up to meet the residential, health, and education needs of its rapidly growing population. Over 3.2 million new housing units will be needed, with over 800,000 for Riyadh alone, as well as hospitals, schools, universities and leisure centers. The country's electricity sector is to be expanded by 300% over the next two decades. More than 800 new factories are being built, the telecoms sector is being developed, and the water sector is being upgraded, to include more desalination plants, better drinking water networks, and broadened pipeline networks. Hundreds of projects in all are creating unprecedented demand for the latest construction industry machinery, technology and tools, from the world's leading companies.

The construction element related to power supply development alone is estimated at nearly \$1.2 billion. In total, current infrastructure and public sector building programs are valued at some \$40 billion. Plans include building 800 new factories, schools, doubling desalination capacity, and increasing electrical generation and distribution. The Ministry of Education has outlined a \$4.5 billion plan to build another 4,000 schools.

Most of Saudi Arabia's mineral wealth still remains unexplored. In the next four years, some \$20 billion will be invested in mining projects in the Kingdom of Saudi Arabia, much of it by the state-run Saudi Arabian Company (Ma'aden). The main minerals are gold, phosphates and bauxite. While aluminum smelter and fertilizer plants add value, perhaps the largest value will come with the new freight rail network designed to carry minerals to the coast for export.

Opportunities

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There are good opportunities for U.S. companies in the following areas:

- earth-moving machinery and equipment
- construction tools
- construction equipment
- bathrooms
- asphalt machinery
- architectural finishes
- anti-corrosion products
- asphalt plants
- architectural services
- aluminum products
- wall coverings
- building automation
- ceiling materials
- carpentry equipment

- cement mixers
- cement additives
- ceramics
- floor coverings
- excavation and earth drilling equipment
- construction chemicals
- safety & security equipment
- tools & hardware equipment
- rock tools and systems
- drill rigs and rock drills
- load and haul equipment
- continuous mining and tunneling machines
- crushers and screens
- conveyors and conveyor components
- bulk materials handling equipment
- breakers and demolition tools
- mine automation systems
- safety and environmental products
- engineering & contracting services
- project management services
- training services for skilled workers such as electrical and mechanical engineers.

The following are the top 11 Saudi major construction projects:

Jeddah Gate Development: Jeddah Gate is a big development in the heart of Jeddah, located on two sites. The first is spread over 413,000m² and is located along King Abdullah Street and the second is spread over 140,000m² along Abdullah Al-Suleiman Street close to the main railroad linking the cities of Makkah and Madina to Jeddah. The project will comprise 6,000 residential units, 230,000m² of commercial space and 75,000m² of gross rentable area for retailers. Estimated value: US\$2 billion.

Haramain High Speed Rail Project: Haramain High Speed Rail Project (HHR) is a rail link project connecting Makkah and Madina via Jeddah. The railway will be a high-speed electrified passenger double line between Makkah, Jeddah, and Madina. The speed of the train is projected at around 360km/h. The design, construction, operation and maintenance of HHR will be executed in two phases. Estimated value: US\$2 billion.

Jizan Economic City (JEC): The project calls for construction of the Jizan Economic City located 725 km south of Jeddah by the Red Sea. The city comprises residential, commercial and industrial zones. Estimated value: US\$30 billion.

North-South Railway: The North-South Railway is a 2,400km-long railway project. The primary objective of the railway will be to connect bauxite and phosphate mines at Az-Zubairah and Al-Jalamid to processing facilities located at Ras Azur port. The railway will be used for the transportation of minerals and passengers in Saudi Arabia. Estimated value: US \$6 billion.

Knowledge Economic City (KEC): The project calls for construction of a Knowledge Economic City (KEC) in Madina, Saudi Arabia. The project's land area is around 5 million m² and the total built up area is 9 million m². The city is designed to help establish a catalyst for

knowledge-based industries in Madina; the developer claims it will generate 20,000 new job opportunities. Estimated value: US\$8 billion.

Prince Abdulaziz bin Mousaed Economic City: The project calls for construction of Prince Abdulaziz bin Mousaed Economic City in Hail. The city will cover 156 million m² and will have 12 distinct components for trade and services in sectors such as agriculture and food processing, mining, education, housing, and entertainment. The developers aim to use the strategic location of Hail to build transportation infrastructure consisting of an international airport, a dry port, a supply chain centre and a multi-modal passenger station. Estimated value: US\$8 billion.

Landbridge Project: The Landbridge is a 950km-long railway network connecting Jeddah on the Red Sea with Dammam on the Gulf. The project will also include a 115km railway to connect King Fahd Industrial Port with Jubail Industrial City. Estimated value: US\$10 billion.

Princess Noura bint Abdulrahman University (PNU): The project calls for construction of a new university for women. The university is expected to cover 8 million m² and will be located on King Khalid International Airport Road north of Riyadh. The total built up area is around 3 million m². The university will include administration buildings, 13 faculties, a 700-bed student hospital, laboratories, research centers and a residential area that includes accommodation for students and staff. The capacity of the university is around 26,000 students. Estimated value: US \$11.5 billion.

Sudair City Development: Schedule: Modon, Saudi Arabia's industrial development agency has short listed 10 developers for Sudair City. The winning bidder will be responsible for hiring sub-contractors for the project. Sudair City is a mixed use development that includes residential, commercial, entertainment and educational facilities. Sudair City will span an area of 258 million m² north of Riyadh. Estimated value: US \$40 billion.

King Abdullah Economic City (KAEC): KAEC is a massive development located in Rabigh, Saudi Arabia. The master plan of the city shows the city will be divided into an Industrial Zone, a Residential Zone, a Sea Resort, and a Sea Port. The industrial zone covers an area of 63 million m². The zone will include facilities to operate and build plants and factories. The residential zone covers an area of 51 million m² and will include low, mid- and high-rise structures. The sea resort provides a built-up area exceeding 3.5 million m² for hotels, residential apartments, golf resorts, spas and water sports facilities. The sea port provides 14 million m² to build a world-class port on Saudi Arabia's west coast. The port will include 30 berths to serve global trade routes between Asia, Europe and Africa. Estimated value: US \$50 billion.

King Abdullah Financial District (KAED): The King Abdullah Financial District will house the large community of professionals working within the financial sector and related industries, hosting the head quarters of the Capital Market Authority (CMA), the Stock Exchange, banks, financial institutions and other service providers such as accountants, auditors, lawyers, analysts, rating agencies, consultants, and IT providers. Estimated value: US\$ 32 billion.

Resources

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Ministry of Municipal & Rural Affairs
Riyadh Chamber of Commerce and Industry
Saudi Arabian General Investment Authority
Saudi Railway Organization

www.momra.gov.sa/
www.riyadhchamber.com
www.sagia.gov.sa
www.saudirailexpansion.com

Ministry of Education
Ministry of Water and Electricity
Saudi Arabia Mining Company (Ma'aden)
Saudi Ports Authority
Emaar Saudi Arabia
Saudi Aramco
Royal Commission for Jubail and Yanbu

www.saudirailways.org
www.moe.gov.sa
www.mow.gov.sa
www.maaden.com.sa
www.ports.gov.sa
www.emaar.com
www.saudiaramco.com
www.royalcommission.com

Medical Equipment – MED

Overview

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The health-care sector is one of the largest in the region in terms of expenditures, size, activity and potential. Annual spending on health care is estimated at \$18 billion, 76% by the Saudi government. The government has allocated \$16.3 billion for the healthcare sector in the 2010 budget. The funds will be used to finance 92 new hospitals with 17,150 beds and additional Primary Healthcare Centers (PHC) and to renovate an additional 22 hospitals.

With an annual population growth rate of 2.5% to 3%, Saudi Arabia would require an additional capacity of around 47,000 beds for a total population of over 37 million by 2020, driven by an ageing and increasingly wealthy population seeking more specialist healthcare treatments. Demand for hospital beds and a health care service is increasing by 4.6% annually. At the very least, 11 new hospitals (average 200 beds per hospital) need to be built per year to keep pace with population growth. Hospital beds are likely to grow from 53,519 to 70,000; demand for physicians is expected to rise from 40,000 to 54,000 - and the number of hospitals will likely rise from 387 to 502.

The high budgetary allocation valued at \$16.3 billion for healthcare sector and new health projects, expansion and growth of existing hospitals and clinics, privatization, compulsory healthcare insurance, the aging population, and greater material wealth along with an upsurge in lifestyle diseases and favorable government policies all combine altogether to boost the demand for healthcare services and, thus create the environment for purchases of new medical equipment and increased investments in these sectors.

Best Prospects/Services

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The following sectors and sub-sectors provide an excellent potential for U.S. companies:

- Patient beds
- Monitoring equipment
- Hospital disposables
- Operating-theater instruments
- Oxygen generators and related components
- Rehabilitation equipment and accessories
- Diagnostic equipment and components
- Electro-medical equipment
- Medical X-ray equipment
- Optical microscopes and related components
- Dental or veterinary devices
- Therapeutic appliances
- Orthopedic appliances
- Artificial body parts
- Glucometers and blood-pressure devices
- Medical laboratory equipment.

Affluence has also affected lifestyle of Saudis bringing with it diseases such as obesity, diabetes and coronary diseases. A large and growing population of smokers — compounded by desert climatic conditions — has led to a rise of pulmonary and breathing diseases, as well as lung and throat cancers. Other major diseases of concern include breast cancer and kidney diseases. For example:

- 50% of the Saudi population above the age of 45 is diabetic and \$1.1 billion is spent annually on the treatment of diabetes;
- 22 % of the population are regular smokers (a major cause of respiratory diseases);
- high prevalence of hepatitis C and B (around 30% of the population is afflicted);
- heart diseases are increasing at an average 5.3% annually and expected to consume up to 24% of total health-care expenditures;
- over 11,000 Saudis a year experience some form of kidney failure, and 40 % of these are in urgent need of kidney transplantation.

Opportunities

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The Saudi private sector was the largest contributor to growth in the number of hospital beds over the past 10 years, in line with the government restructuring strategy, which will convert government hospitals into private entities in the form of a public-private partnership to maximize system efficiencies and raise the overall standard of care.

In addition to the Ministry of Health's annual requirement for equipment and instruments, the Arabian Gulf countries also present excellent opportunities for U.S. companies to participate in a six-country annual bid for various items, including:

- Medicines
- Vaccines
- Chemicals
- Insecticides
- Radiopharmaceuticals
- Renal dialysis equipment and supplies
- Dental supplies
- Laboratory instruments and disposables
- Orthopedic and spinal rehabilitation equipment, and
- Cardiovascular treatment and rehabilitation equipment.

The above tenders are offered annually and the Secretariat General of the six-nation Health Ministries will usually communicate directly with foreign vendors.

To cope with an increasing number of healthcare providers and patients, the MOH is envisaging the establishment of a national electronic records system for healthcare, which will create enormous opportunities for health systems integrators and specialists in this field.

A major regulatory development was enacted to allow foreign companies to invest in 150-bed Saudi hospitals, which may open the door for American companies to gain a toehold in the market, and take advantage of opportunities and growth prospects in this sector.

Resources

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Ministry of Health	www.moh.gov.sa
Ministry of Defense and Aviation	www.rkh.med.sa
Ministry of Interior Medical Services	www.sfh.med.sa
Saudi Arabian National Guard Health Affairs	www.ngha.med.sa
General Organization for Social Insurance Hospitals	www.riyadhcare.com
Central Department of Statistics & Information	www.cdsi.gov.sa
Al-Yaum (newspaper)	www.alyaum.com
Middle East Economic Digest (magazine)	www.meed.com
Saudi Aramco Medical Services Organization	www.saudiaramco.com
International Medical Center	www.imc.med.sa
Saad Specialist Hospital	www.saadmedical.com
Almana General Hospital	www.almanahospital.com.sa
Executive Board of the Health Ministers' Council for the GCC States	www.sgh.org.sa

Water Resources Equipment – WRE

Overview

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	2008	2009	2010 (estimated)
Total Market Size	496	521.0	547
Total Local Production	88	92.0	97
Total Exports	22	23.5	25
Total Imports	408	429.0	450
Imports from the U.S.	163	171.0	180

Saudi Arabia lies in an arid area of the world with severe climate conditions, and an absence of permanent natural surface water resources such as rivers and lakes. In addition, Saudi Arabia's high population growth, rapid urbanization, industrialization and agricultural development make water one of the most precious resources in the Kingdom. In order to meet expected demand growth for water, the Kingdom will have to invest \$5 billion a year in infrastructure development over the next 20 years.

Saudi Arabia has established 30 desalination plants on the Red Sea and Arabian Gulf coasts at a total cost of \$20.2 billion. The country is rapidly depleting its 2.2 billion cubic meters of proven groundwater. 23% of water comes from aquifers, 70% from desalination and 7% from wastewater reclamation. 80% of water has been used in questionable agriculture projects, such as the world's most heavily subsidized wheat production. 30% of household water comes from desalinating. Saudi Arabia is the biggest user of desalinated water in the world (36% of world's total), and demand is growing by at least 3.4% year. While the cost of desalination is falling, it still costs \$1.33 to process, deliver and remove the waste from one cubic meter of such water, while a Saudi consumer pays only 4 cents. The Ministry of Water and Electricity (MOWE) announces study after study to rationalize water tariffs and privatize the state owned Saline Water Conversation Corporation (SWCC).

With its budget surplus, the Saudi Government is working on a number of large projects, primarily in the water and sewage system, in an attempt to meet the needs posed by population growth and industrial growth. Major infrastructure projects include the construction of a 28 new water distribution network, 21 new the desalination plants, the refurbishment of the Jeddah desalination Plant-5, the expansion of Asir II desalination plant, Yanbu/Medina III desalination plants, and the expansion of wastewater treatment plants in Jeddah, Riyadh, and Dammam. In 2003, the Saudi Government brought the Kingdom's water and power sectors under a single authority, the Ministry of Water and Electricity (MOWE). The governing body sets forth general policies and strategies that aim to expand and improve Saudi Arabia's basic utilities. More specifically, the Ministry has issued guidelines for the operation of Saudi Arabia's Independent Water and Power Projects (IWPPs).

Further, MOWE has established a regulatory authority to help implement its policies, as well as corporations to develop new power and water projects. Also in 2001, the [Royal Commission for Jubail and Yanbu](#) founded the [Power & Water Utility Company for Jubail and Yanbu](#), known

as Marafiq. This company is responsible for planning and developing power and water utilities in Jubail and Yanbu industrial cities.

Another major development took place in May 2003 with the establishment of a new company, [Water & Electricity Company](#) (WEC), between the Saline Water Conversion Corp. (SWCC) and Saudi Electricity Co. (SEC) to carry out the independent Water and Power Project (IWPP) in partnership with the developer. There are three IWPP projects under bidding: at Shuqaiq (Phase 2), Ras Al-Zour, and Jubail (Phase 3). The three projects will have desalination water capacity of 1870 million cubic meters of desalinated water per day.

In 2006, the new National Water Company (NWC) was founded. It will facilitate privatization process and oversee the regional operations under PPP contracts. In the long term, NWC will oversee most water and wastewater operations in the Kingdom. The National Water Company will include regional business units and a core to manage and provide strategic guidance.

National Water Company (NWC)

National Water Company (NWC), a Saudi joint stock company fully owned by the government (namely the Public Investment Fund (PIF)), was established in 2006 to provide water and wastewater services in accordance with the latest international standards by the concerted efforts of national cadres working together with certain international operators through foreign PPP. NWC focuses on providing drinking water of high quality for all customers, providing all households with water and wastewater connections, the preservation of natural water resources, the protection of the environment, making maximum use of the Treated Sewage Effluent (TSE), and the development and training of qualified Saudi employees in accordance with the latest international standards.

Saline Water Conversion Corporation (SWCC)

Established in 1965, the Saline Water Conversion Corporation (SWCC) is the entity responsible for operating the country's 30 desalination plants and providing fresh water for the entire country. It is also the country's second largest supplier of power with 12 plants generating 3,426 MW. In 2007, the SWCC spent \$1.04 billion (SR3.9 billion) to develop its activities, a 24% increase from 2006. In recent years, the SWCC has embarked upon a privatization plan, which established the National Water Company (NWC).

The state-owned desalination plant operator will be a holding company with separate production and transmission subsidiaries. As of November 2008, the SWCC had completed five of seven stages that will result in the company's privatization. The SWCC is currently awaiting approval of the final two stages by the Supreme Economic Council. Based on the IWPP model, the private sector will be able to participate and contracts may begin in August 2009. With the privatization of the SWCC and the creation of the National Water Company, the water sector is expected to be under full private control by the end of the decade.

Independent Water Projects (IPPs)

Private sector investment is emerging as a key component in the upgrading and expansion of Saudi Arabia's water infrastructure. The IPP concept is also gaining ground among Saudi Arabia's leading organizations, including the Ministry of Commerce & Industry, Ministry of Water & Electricity, PCA, and Saudi Aramco, which are contracting local and international private companies to build desalination plants for their mega projects.

Saudi Aramco IWP

In June 2003, a consortium, led by the U.S. company Aquatech and including the local Rabigh Desalination Co., was awarded a \$20 million contract to build a desalination plant for Saudi Aramco's Rabigh refinery complex. The project, which stipulates a 20-year water conversion agreement, is expected to come on stream by 2006.

In August 2005, a consortium led by Marubeni and Itochu, and including the local ACWA Power Projects, was awarded a \$1.1 billion contract to build a co-generation and desalination plant for the Rabigh integrated petrochemical and refining complex jointly owned by Saudi Aramco and Sumitomo Chemical. An engineering, procurement, and construction (EPC) contract for the co-generation and desalination plant was also awarded to Mitsubishi Heavy Industries Ltd. on a turn-key basis. The project, which stipulates a 25-year water and energy conversion agreement, is expected to come on stream by 2008.

Water & Electricity Company (WEC)

In October 2005, the Shuaiba IWPP was awarded to a Saudi Malaysian consortium: The \$2.4 billion project involves a 20-year power and water purchase agreement to produce 900 MW of electricity and 880 cubic meters of desalinated water per day. The Shuaiba IWPP comes on stream by the third quarter of 2009.

Power & Water Utility Co. for Jubail & Yanbu (Marafiq)

On January 1, 2003, the Power and Water Utility Company for Jubail and Yanbu (MARAFIQ) was established to undertake the operation, management, expansion and construction of seawater cooling systems, water desalination plants, sanitary and industrial wastewater systems and electric power systems, thus providing essential utility services to industrial, commercial and residential customers in the industrial cities of Jubail and Yanbu. In December 2006, Marafiq Jubail was awarded to French-Belgian Utility consortium. The \$3.3 billion project involves a 20-year power and water purchase agreement to produce 2,800 MW, and 800,000 cubic meters of desalinated water per day. The project would start production in the second half of 2009.

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The Saline Water Conversion Corp. (SWCC) continues to study the introduction of 20 new saline water conversion projects to be implemented in the near future to meet the demand increase for drinking and civil used water. The 20 new projects will include constructing new plants and expanding existing ones. SWAC would like to see more American companies involved in those projects due to their high tech and good reputation in this market. Also, there are several large opportunities in the wastewater treatment sector. Several major projects are under tendering, such as North Jeddah wastewater treatment, Lake Musk Sewerage Treatment Project, Hair wastewater treatment in Riyadh, Medina wastewater treatment, and Dammam wastewater treatment.

The following are a list of services and products will be required for future desalination, and wastewater projects to be undertaken in Saudi Arabia:

- Consulting and engineering services

- Anti-scaling chemicals
- Operations and maintenance services
- RO membranes
- Filters
- Steam & gas turbines
- Boilers
- Wastewater treatment equipment
- Treatment chemicals
- Pumps
- Screening equipment
- Training services

Opportunities

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The government now has more resources to embark on long-planned improvements and a long awaited expansion of water infrastructure, transport and wastewater treatment plants. Over the next five years 2010-2015, Saudi Arabia will require 8,500 km of new pipeline for freshwater transport and over 32,000 km for wastewater disposal pipes. Also, major business opportunities will be forthcoming as the sector opens up for privatization. Industry sources expect that the Government will build more new desalination plants, water pipelines, and wastewater treatment plants on a BOO/BOT basis with the Water & Electricity Company (WEC), and National Water Company (NWC) taking the leads. Initially, WEC plans to set up the second group of three IWPP projects with an investment potential of \$8 billion. These IWPP projects will provide desalinated water and power to their respective regions.

Resources

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Ministry of Water & Electricity (MOWE)	www.mowe.gov.sa/ENindex.aspx
Saline Water Conversion Corporation (SWCC)	www.swcc.gov.sa
Royal Commission for Jubail and Yanbu	www.rcjy.gov.sa
Saudi Aramco	www.saudiaramco.com
Power & Water Utility Company for Jubail and Yanbu	www.marafiq.com.sa/e_home.htm
Water & Electricity Company (WEC)	www.wec.com.sa
National Water Company (NWC)	www.nwc.com.sa/

Franchising – FRA

Overview

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Saudi Arabia is the largest market in the Gulf region, and the franchising model continues to expand in several business sectors. Half of the Saudi population is under the age of 15 and many have traveled to the United States and Europe, where they acquired a taste for Western culture, lifestyle and food. Over the past 10 years, the number of franchises has increased in Saudi Arabia, the largest market in the Middle East. Most of the international franchise concepts are available, some of them under “the exclusive agency” concept by which agents are used to opening numerous stores and branches under their own ownership.

American franchises account for more than 70% of all franchised operations in Saudi Arabia. Recent estimates point to investments in this sector of about \$250 million, growing at an average of 20% every year. There are more than 300 foreign companies that have established a franchise in Saudi Arabia. Additionally, many local companies are now pursuing their own franchising concepts, and have expanded domestically and regionally.

The Saudi government is keen to encourage growth in the private sector to increase employment opportunities for Saudi graduates, and at the same time to lessen the dependence on oil resources. Studies indicate that franchises have made significant contributions to the country’s economy, stimulated growth and diversified business concepts, which, in turn, prompted young Saudi entrepreneurs to explore and invest in the franchise sector. This has also boosted the demand for franchise consulting and development services.

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Franchising opportunities are expanding beyond restaurants. The franchise market is not limited to this sector only, but it also covers automotive services, beauty, laundry services, printing, hotels, logistics, medical, retail, furniture and food and beverages. There is a demand for anything related to automobiles – customization, accessories, products and services. Likewise, specialty retail stores, educational products and services, and home furnishing franchises are in demand.

U.S. franchisers have led the market and recently, with names like Krispy Kreme, Gap & TGIF entering this growing market.

Opportunities

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Saudis are encouraged by the various Chambers of Commerce to look to franchising as a way to create jobs, provide additional training to new job entrants, and encourage small business development. The retail industry is booming in Saudi Arabia and this phenomenal expansion is creating tremendous opportunities for new products and services, which in turn, has created intense competition among brands, retailers, vendors and other service providers.

Success in the Saudi market is often attributed to finding the appropriate franchisee and location. Usually, fast food franchises are situated near shopping centers or areas with high

traffic flow. Non-food franchises account for 55-65% of the franchise market, especially apparel and fashion retail outlets.

The large expatriate work force in Saudi Arabia patronizes franchises as a way of obtaining the same quality and level of services received at home. There are approximately 7 million expatriates living and working in Saudi Arabia.

Franchisers should take into account the culture and religious background of the Saudi people in order to appropriately tailor their franchise concepts. In turn, this has presented a window of opportunity for U.S. and foreign companies; for instance, restaurants are required to have two entrances and two eating areas, one for Singles (males without their families), and another for Families, which has prompted foreign and U.S. companies to expand their seating areas and thus their daily capacities.

Saudi consumer trend has changed dramatically in the last five to six years – transforming them into more refined, savvy consumers who demands value for money, a recognized brand and quality customer service — like any other consumer in the world.

U.S. companies interested in finding Saudi franchisees should consider attending the Saudi Franchise Show, to be held at the Intercontinental Hotel in Riyadh on June 1-3, 2010.

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Riyadh Chamber of Commerce & Industry	www.riyadhchamber.com/indexen.php
Middle East Franchising	www.mefranchising.com/
Franchising Saudi Arabia	www.internationalbusinessstrategies.com/market-research-reports/
InfoFranchise World	www.infofranchise.com/
Franchise Expo	www.franchiseexpo.com/
Saudi Franchise Show	www.icef-ksa.com/

Safety & Security – SEC

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Saudi Arabia is one of the largest markets for security equipment and technology in the region. The scope of security related spending has expanded to include more sophisticated information technology and the protection of other vulnerable targets. Saudi Arabia will continue to mobilize all resources to maintain and strengthen highly effective Homeland Security – Homeland Defense infrastructure. Spending for anti terrorism goods and services is expected to keep growing. As the country implements ambitious plans to develop its petrochemicals industry and other downstream activities, the need for a wide range of security products and services will increase. The market for security technology and products in Saudi Arabia could easily grow by 25-30 percent over the next two-three years. It is forecasted that Saudi Arabia is expected to spend US\$14 billion to protect its oil facilities and other infrastructure for next six years. With this Saudi Arabia Security market will become the world's largest, national energy security market.

No reliable, published statistics are available on the SEC sector in Saudi Arabia.

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Considering the size and prosperity of the country, Saudi Arabia's security industry is underdeveloped. The country relies heavily on imports despite previous efforts to create a degree of self-sufficiency in its security production. There is strong receptivity to U.S. security products and services.

The security of energy infrastructure has become one of the foremost concerns of governments everywhere. Producers and users alike know that terrorists around the world could not fail to notice the vulnerability of the global markets, and the destructive impact that any disruption in energy supplies will have on many national economies. The recognition of this vulnerability, in turn, drives the infrastructure security markets.

Securing the flow of oil from producers to consumers is a crucial global concern. Saudi Arabia, the world's largest oil exporter, understand the importance of uninterrupted flow of oil, and they know that one successful terror attack on the Saudi oil industry will send oil prices to a new record high, resulting in a deep global recession, a losing proposition for all involved. To head off such an eventuality, the Saudis are forecasted to procure \$14 billion of security systems and services over the next six years, to harden the kingdom oil infrastructure security.

Homeland security is one of the growing sectors today. Initially the focus was on infrastructure protection, border protection and protecting oil and gas facilities. However, significant effort and resources are now being expended to protect critical infrastructure for the production and transportation of oil and gas. Saudi Aramco, the world's largest oil company is also one of the largest non-military end-users of security items and the majority of its security requirements have been sourced from the U.S.

Saudi Arabia's Homeland Security market is unlike any other market in the world. Saudi Arabia is threatened by internal and external terrorism. Below are some of the areas that will have good potential in the security sector:

- Hajj Annual Pilgrimage (an Olympics-size event held every year) – interoperability communications equipment, anti riot equipment, protective gear.
- Oil industry – IT perimeter protection equipment and personnel, hazmat decontamination, risk assessment, maritime security
- Private Sector – Perimeter control, emergency planning, VIP protection, access control and biometrics.

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The Ministry of Interior (MOI) has signed a US\$2.6 billion contract for the 6,000 kilometer second phase of the national border fence and security systems. The local Al-Rashid Trading and Contracting Company and German-based European Aeronautic Defense & Space Company (ADS) have executed this contract. The work involves installing a radar-based system to detect incursions along Saudi Arabia's border with Jordan, Kuwait, Qatar, the UAE, and Yemen as well as along the Gulf and Red Sea coasts.

Saudi Aramco has awarded a contract to Northrop Grumman for providing Long Range Detection systems, control rooms, IDAS systems for its approximately 30 major industrial sites. The project is estimated to be valued at around US\$250 million.

Saudi Aramco's two new JV refineries one in Jubail and other one in Yanbu will present opportunities for a range of security equipment.

Saudi Aramco and Dow plan to build a \$26 billion petrochemicals complex in Ras Tanura on the Eastern coast of Saudi Arabia will present opportunities for a range of security equipment and systems.

The six new economic cities will be in Madina, Hail, Tabuk, Jizan, Ras Az-Zour, and Rabigh, The King Abdullah Economic City, which is to be built near the western industrial city of Rabigh, will cost about US\$26.6 billion. King Abdullah Economic City will be located. All of these six cities will have a good component of security equipment for their residential, schools, office complexes, ports and industrial developments.

An expanding mining sector, along with the necessary transportation infrastructure has created a demand for relevant security systems.

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Saudi Arabian General Investment Authority	www.sagia.gov.sa
Saline Water Conversion Corporation	www.swcc.gov.sa
Saudi Electricity Company	www.se.com.sa
Saudi Ports Authority	www.ports.gov.sa
InterSec Safety & Security, Dubai, Jan. 16-18, 2011	www.intersecexpo.com
Saudi Basic Industries Corporation	www.sabic.com
Saudi Aramco	www.saudiaramco.com
Ministry of Interior	www.moi.gov.sa

Education & Training Services – EDS

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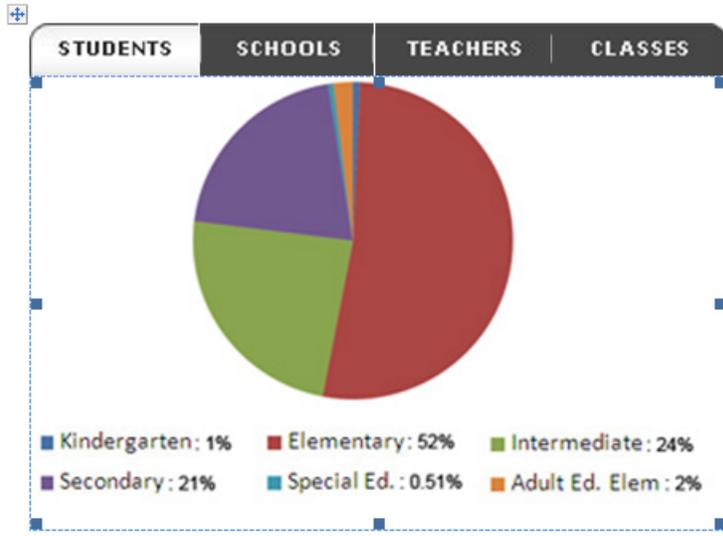
Projected Summary Statistics for General Education for 2009

Description	Schools	Classes	Students	New Entrants (Students)	Academic Staff
Male	14,923	111,336	2,522,658	586,220	199,062
Female	16,875	111,274	2,496,349	651,415	226,281
Total	31,798	222,610	5,019,007	1,237,635	425,343

General Government & Education Budget 2007 (Million Riyals)

General Gov. Bud.	Edu. Sector Bud.	% To Gen. Bud.	M.o.F. Edu. Bud.	% To Edu. Bud.
380,000	96,700	25.45%	70,860	73.28%

Stage	Gender	Schools	Classes	Students	New Entrants (Students)	Academic Staff
Kindergarten	Coeducation	1,650	6,120	125,433	49,744	11,125
Elementary	Male	7,110	66,023	1,386,480	226,764	106,652
	Female	6,883	56,856	1,307,681	213,848	108,973
	Total	13,993	122,879	2,694,161	440,612	215,625
Intermediate	Male	3,873	24,207	580,961	196,101	52,815
	Female	3,302	23,778	594,448	195,960	54,041
	Total	7,175	47,985	1,175,409	392,061	106,856
Secondary	Male	1,932	15,586	451,984	148,778	34,768
	Female	1,929	16,031	464,888	167,080	38,741
	Total	3,861	31,617	916,872	315,858	73,509
Special Education	Male	529	3,802	17,489	4,747	4,827
	Female	144	776	5,345	1,704	1,831
	Total	673	4,578	22,834	6,451	6,658
Adult Ed.	Male	1,479	1,718	21,774	9,830	0
	Female	2,967	7,713	62,524	23,079	11,570
	Total	4,446	9,431	84,298	32,909	11,570
G.Total	Male	14,923	111,336	2,522,658	586,220	199,062
	Female	16,875	111,274	2,496,349	651,415	226,281
	Total	31,798	222,610	5,019,007	1,237,635	425,343



Saudi Arabia's education system is currently experiencing an astonishing transformation. Not only has the Saudi Government been increasing budgetary allocations in support of education and manpower development projects since 2000, but it has been increasingly opening its doors to U.S. universities, institutions, and major corporations. The Saudi Government has earmarked an estimated \$11 billion worth of investment opportunities in education alone through 2020. The significant public and private effort, both local and international, will further transform Saudi Arabia's education system, and will enable an unprecedented concentration of local talent to form and be injected directly into the Saudi economy.

According to the most recent statistics published by the Saudi Arabian Monetary Agency, Saudi Arabia's public education system includes 25 public and private universities in various stages of operation, some 25,000 schools, as well as a large number of colleges and other education-related institutions. The student body in Saudi universities includes local and international students from over 100 countries. The total number of students enrolled in the Kingdom's higher education institutions for the 2004/2005 academic year stood at 603,800, while the number of newly-enrolled students exceeded 200,500 for the same period.

With an average population growth rate of 2.3 percent, Saudi Arabia is one of the fastest growing societies in the world. Moreover, a sizeable portion of its population is below the working age or close to entering the job market. To keep the unemployment rate of Saudi nationals, currently estimated at 12.02 percent, under control, the Saudi Government must not only ensure the availability of jobs but must also develop the appropriate framework to support highly qualified Saudi workers and equip them with the relevant skill set to meet the demands of a modern and booming economy. As a result, the Saudi Government is accelerating the overhaul of the Saudi education system to ensure it can provide the necessary human capital to keep up with the economic demands.

One of the most important steps the Saudi Government has been taking in this regard is to gradually increase its annual budget. This upward trend emphasizes the Saudi Government's vision that education is the cornerstone to sustained economic development as it brings human capital and knowledge, both essential ingredients for economic growth and social cohesion. In its 2008 budget, the largest in the economic history of the Kingdom of Saudi Arabia, the Saudi Government allocated \$28 billion of the \$120 billion budget for human resource development alone, up from \$12.53 in 2002. This includes spending for higher education, technical and vocational training, teacher training, development of academic curricula, as well as allocations to boost scientific research and technological development at new research centers at universities.

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The Kingdom has identified technical and administrative training as an essential sector of education to support the country's economic and social development. Graduates of training programs in health care, agriculture, teaching and other areas are steadily filling positions at industrial, agricultural and social institutions throughout the country. The General Organization for Technical Education and Vocational Training, along with the Ministry of Labor and Social Affairs, operates most of the Kingdom's vocational training centers and higher institutes of technical education. The Ministry of Education operates vocational and secondary schools and several other government agencies run institutes or training centers in their particular specialties.

These institutes teach, for example, machine tooling, metalworking, electro-mechanics, and

auto mechanics, offering young Saudis the opportunity to learn skills that are in high demand, and courses specifically tailored to meet the needs of unemployed Saudis.

Another important institution, designed to address the country's shortage of administrative personnel, is the Institute for Public Administration, established in Riyadh in 1961 as a semi-independent public agency. The institute provides basic as well as in-service training for civil servants carries out research and assists government agencies in administration, communication and computer sciences. Today, it has branches in Dammam and Jeddah, and a special branch in Riyadh for training women. It offers students courses in administration, law, accounting, computer science, maintenance, personnel management, secretarial skills and management planning.

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King Abdullah Educational Development Program (Tatweer Project)

The Saudi Government has allocated around SAR9 billion (US\$2.4 billion) for the Tatweer project and is planning to take education to new horizons to cope with transformations around the world. Teachers, students' advisors and school principals take different courses that can enable them to deal with their students from different angles to help them succeed at all levels. The project consists of four pillars: developing teachers' skills, developing curricula, enhancing school activities, and improving school environment. The Kingdom is trying to develop education and is employing the latest possible technology to help build Saudi citizens at all levels.

King Abdullah University of Science and Technology (KAUST)

KAUST's core campus, located on the Red Sea at Thuwal, is sited on more than 36 km² (14 sq. Mi.), encompassing a marine sanctuary and research facility. KAUST is the first mixed-sex university campus in Saudi Arabia. Within KAUST, female drivers will facilitate student and community life by driving. Saudi authorities hope the mixed-sex center will help modernize the kingdom's deeply conservative society. The religious police does not operate on-site. Women will be allowed to mix freely with men and drive on campus, nor are they required to wear veils in the coeducational classes.

KAUST will pursue its research agenda through four strategic research thrusts that focus on areas of science and technology that are important to Saudi Arabia, the region, and the world:

- Resources, energy, and the environment,
- Biosciences and bioengineering,
- Materials science and engineering, and
- Applied mathematics and computer science.

Riyadh Women University

Riyadh Women's University will have 13 colleges, including facilities for medicine, dentistry, nursing, naturopathy and pharmacology and a 700-bed hospital. The new university and campus, which will accommodate up to 40,000 students, aims to be the focal point for promoting education among women in the kingdom. The university also plans to focus on educational programmes that are essential to meet Saudi's job market requirement.

Education Trade Fairs in Saudi Arabia:

The following are the leading education fairs in Saudi Arabia, usually held on an annual basis:

MEETES – Education and Training Exhibition and Symposium

Date: March 10-17, 2010

Saudi Arabia's 15th International Event for Education, Training Equipment, Aids and Services (MEETES) provides a one-stop showcase for those looking for further education and training both at home and abroad. The exhibition offers not only the widest variety of domestic exhibitors but also the Kingdom's greatest single concentration of international providers of further education, training, educational equipment and services.

Venue: Jeddah Centre for Forums & Events, Jeddah, Saudi Arabia

The International Education Forum

Date: March 14-17, 2010

Saudi Arabia has been a magnet for foreign investment during the last three decades, for many reasons such as the unique location, petroleum and mineral wealth, the government's liberal economic policies, privatization and incentive plans, and the large local market. The Saudi economy has thus witnessed big improvements in all aspects of life, including the education and training sector.

Venue: Dhahran International Exhibition Center (DIEC), Dammam, Saudi Arabia.

Resources

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Ministry of Education	www.moe.gov.sa/openshare/englishcon/
King Abdullah Educational Development Program (Tatweer Project)	www.moe.gov.sa/openshare/englishcon/e27_10_2008_094255.html
King Abdullah University of Science and Technology (KAUST)	www.kaust.edu.sa
Riyadh Women's University	
MEETES – Education and Training Exhibition and Symposium	www.biztradeshows.com/trade-events/education-training-jeddah.html
The International Education Forum	www.biztradeshows.com/trade-events/international-education-forum.html

Telecommunications Services – TES

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ICT spending in Saudi Arabia grew 4 percent year-on-year in 2009 to \$25 billion. ICT spending is forecasted to grow at a three-year CAGR of eight percent to \$32 billion by 2012. Close to 50% of the spending in this sector is in the consumer segment, followed by energy and utilities at an average of 12 percent. Public sector stands at nine percent and services is at seven percent.

The fixed line network, with a subscriber base of nearly 4.17 million and penetration level of 16 per cent, covers 69 per cent of households in the country. The Communications & Information Technology Commission (CITC) issued three new licenses in 2008 for the establishment and operation of public fixed telecom networks offering national and international services. The mobile subscriber base has expanded nearly seven-fold from five million in 2002 to 34.8 million in the first nine months of 2009, the majority of which (85 percent) are in the pre-paid segment. This represents a penetration level of 134 percent.

Total Internet users increased to nearly 10 million in the first nine months of 2009 with a broadband penetration level of eight percent. The upgrading of the telecommunications networks is likely to be a major driver of infrastructure spending.

No reliable, published statistics are available on the TES sector in Saudi Arabia.

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Saudi Arabia is expected to need a significant amount of technology, software and hardware to create the new digital infrastructure that the government is hoping for.

Best prospects include:

- DSL access switches, enabling multi-service transmission equipment
- Fiber-optic satellite links
- Wideband transceivers
- Network protocol software and systems
- Broadband wireless access systems – “WiMax”, with 2.5 and 3.5 GHz and two types, 16D and 16E.

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Increased personal wealth in the past decade, coupled with increased IT awareness, has decreased cost of personal PCs and internet access has caused a surge in users across the Kingdom.

According to Markaz, the upgrading of the telecommunications networks is likely to be a major driver of infrastructure spending. Saudi Arabia is expected to account for more than 50 per cent of spending on ICT in the Gulf Cooperation Countries over the next three years. Of the nearly

\$90 billion expected to be spent on ICT infrastructure by 2012, \$22 billion is likely to be spent on IT and \$67 billion on telecommunications.

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Communications and Information Technology Commission
Ministry of Communications and Information Technology
Saudi Telecommunications Company
Knowledge Economic City

www.citc.gov.sa
www.mcit.gov.sa
www.stc.com.sa
www.sagia.gov.sa/en/Why-Saudi-Arabia/Economic-cities/Knowledge-Economic-City/

Railroad Equipment – RRE

Overview

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The Middle East is set to witness an unprecedented development of the railroad sector. There are a vast array of planned integrated railroad projects in the offing with Saudi Arabia at the forefront, implementing and having undertaken a number of ambitious projects for the development of this sector. The Saudi Railways Organization (SRO), the authorized government body initiating the expansion and development of these projects; plans on upgrading and significantly expanding the Kingdoms railway network by implementing separate but interconnected new railway projects. Currently, projects to the tune of \$30 billion are underway with further plans of expanding the network in the near future. The best known companies from around the world have come forward and are competing head to head to offer world class and technically advanced products and services for the development of this exciting sector in Saudi Arabia. A number of projects have already been awarded to specialized companies and consortiums that have bid through the tender process announced by the Saudi Railways Organization.

Railroad transportation, relatively new in the Middle East region will bring about a radical change in the social, cultural and economic set-up prevalent in Saudi Arabia. Furthermore, it will enable SRO to expand and efficiently manage the millions of tons of cargo and container traffic which constitutes 80% of SRO's revenues. Railway transportation will enable the movement of large volumes and sizes of materials over vast distances cutting costs, providing a reliable and cost-effective alternative to transportation as opposed to traditional ways. Railway projects though demand high capital investments, are known to have relatively low operation costs. Moreover, the vast distances and large volumes of transported materials will prove to be a more cost-effective means of transportation. Moreover, the planned industrial and petrochemical projects will rely heavily on the development of this sector. With the huge geographical expanse of the Kingdom, the development of the railways projects will provide tremendous economic benefits to both the industrial base as well as for public use.

The Saudi Railways Organization is vying to build about 3900 KM of railway tracks across the Kingdom. The main projects are the 2400KM North-South network that will connect the Riyadh-Buraydah-Hail-Qurayyat as well as the mines at the Jalamid and Zabirah to Ras Al-Zour at the Arabian Gulf and the 1100KM Saudi Landbridge Project or the East-West line which will link the Persian Gulf and Red sea coasts passing thru the Capital, Riyadh. The Haramain High Speed Rail also known as the Mecca-Medina Railway Link (MMRL), will be one of the most important elements in the expansion programs and will connect the holy cities of Mecca, Jeddah and Medina, a distance of 450KM. This will mainly cater to the massive pilgrims and *Umrah* traffic, which is a year-round phenomenon, reaching its peak during the annual *Hajj* season.

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Mentioned below are a number of expansion projects which are undertaken by the SRO:

The North-South line: Starting in the northwestern region of the Kingdom, this line passes through Al-Jouf, Hail and Al-Qassim regions and terminates in Riyadh with extensions to Hazm Al-Jalamid to haul phosphate, and to Al-Zubayrah to haul bauxite, and to Ras Al-Zour on the

Gulf where a major port will be constructed to export these and other mineral ores. In lieu of this, the Saudi Railways Company was established in Riyadh to take charge of the management and operation of the North-South line; including setting standards of performance and safety and the transport of mining materials, fuel, cargo and passengers. The North-South line will link with the Prince Abdulaziz bin Musaed Economic City in Hail as well as with the railways in neighboring countries of Syria and Jordan. The 2,400-km North-South Railway will be at the forefront of industrial development and estimated to cost \$14 billion. Sponsored by the Public Investment Fund (PIF) of the Ministry of Finance, this rail line is integral to the planned mining projects in the north of the country that will link up with processing and smelters on the Gulf coast. Finance Minister Ibrahim Al-Assaf, chairman of PIF Board of Directors, signed a supervision agreement for the execution of the North-South Railway project with Louis Berger Group Inc. of America, SYSTRA, Canarail and Saudi Consolidated Engineering Co. The contract valued at SR512.87 million (\$136.8 million) includes on-site construction supervision, provision of technical support to the manufacture and supply of rolling stock, passenger stations, shipment yards, detailed design of signaling and control systems.

The Saudi Land Bridge: The \$7 billion Saudi Landbridge will transform the existing railway network in Saudi Arabia into a world-class freight and passenger rail link across the country. The 950-km Landbridge will link Jeddah with the existing Dammam-Riyadh railway. It will have a significant impact on freight traffic with containers able to transit from the Gulf to the Red Sea in 24 hours avoiding a sea voyage around the Arabian Peninsula. This will ease the movement of passengers and container traffic intended for the domestic market as well as the other GCC states. This project will encompass upgrading the existing rail link between the cities of Riyadh and Dammam, in addition to the new Riyadh-Jeddah and Dammam-Jubail lines. It will have a major impact on the transport potential, as it will enable freight of cargo imported from East Asian countries markets in general via King Abdul Aziz Port in Dammam, and from Europe and North America via Jeddah Islamic Port, thereby attracting more transit cargo and realizing savings in regional freight economy. The Landbridge project will link Saudi Arabia's three largest ports namely the Jeddah Islamic port in the West, the Riyadh dry port and the King Abdulaziz port in Dammam. Four consortia, comprising Saudi and foreign companies, have been qualified to present their offers to carry out the Landbridge project: the Saudi Binladen Group, Bouygues, Mada International and Commercial Investment Company, and the Public Warehousing Company (PWC). To speed up the completion and operation of the railway project, the government licensed the establishment of the Saudi Landbridge Company in July 2008. The winning consortium will have 80% stake in the company, with the government holding 20%.

The Haramain High Speed Rail Project: The project of Haramain high speed rail project represents one of the most important elements in the expansion programs. This project, upon completion, will provide a safe and fast service for passengers' transport, mainly the increasing number of pilgrims visiting Mecca, Medina and Jeddah year round, especially during the annual Hajj season. The 450 KM HHR also known as the Mecca-Medina Rail Link (MMRL) will be a high speed (360 kmph) electrified passenger line, equipped with the latest signaling and communication systems; designed to provide a fast, reliable and a safe mode of transportation. The project is estimated to cost \$7 billion. Five passenger stations are planned for the first phase of the project, with two in Mecca and two in Jeddah, one at the King Abdul Aziz International Airport and a station in Madinah. An additional station is expected to be established in the King Abdullah Economic City in Rabigh. It is expected that the annual transport volume of the project will reach more than three million passengers a year. According to statistics, the number of *Umrah* and *Hajj* pilgrims may be doubled in the next twenty-five years, to more than three million pilgrims and more than 11 million *Umrah* performers. Thus the development of the MMRL will prove to be vital in the safe movement of traffic in the cities of

Mecca, Medina and Jeddah thereby considerably reducing traffic congestion and overcrowding in those areas. The Kingdom also envisions developing their tourism sector with the launch of these ambitious railway projects. In February 2009, the civil construction works package for HHR was awarded to the Al-Rajhi Alliance with a total value of SAR 6.7 billion. The consortium included the local Al-Rajhi and Mada Group with China Railway Engineering Corporation and Alstom Transport. China Railway Company won a \$1.8 billion contract to build a monorail system connecting Mecca to the holy sites of Mina, Arafat and Muzdalifah, providing a mass transit system for the hundreds of thousands of pilgrims visiting every year.

Recently, the SRO extended the closing date for bids on an engineering, procurement and construction (EPC) contract for the Haramain high-speed rail project, which was stipulated for January 21, 2010. This has been extended to February 28, 2010. A total of five consortia are expected to submit their bids. The winning bidder will construct the track as well as provide the latest rail infrastructure, including signaling equipment, telecoms, provide trains and maintenance for a period of 12 years after project completion.

New Projects

As part of further expansion plans, the SRO has ordered feasibility studies for establishing railway projects in the Southern region of the Kingdom. These include:

- the Taif-Khamis Mushayt-Abha Line, covering a distance of 706 km. (438 mi.).
- the Jeddah and Jizan Line, covering a distance of 660 km. (410 mi.), and
- the Yanbu-Jeddah Line, covering a distance 350 km. (217 mi.).

The capital city of Riyadh this year will begin work on a \$3 billion light rail transit (LRT) system, composed of two lines — one 25 km. (15 mi.) North-South line, with 23 stations, and a 14 km. (9 mi.) East-West line with 13 stations. The consultancy team working on the project includes Beirut-based Dar al-Handasah, and France's Egis Rail. Spain's railway supplier CAF signed a \$163 million contract in November 2009 with the SRO to deliver 8 train cars in 3 years for use on the Riyadh Metro. The groups interested in bidding for this project include the Al-Rajhi Group and Hitachi Corporation, the local Saudi Oger and the local group Saudico and Malasia's Scomi; the Saudi Binladin Group teamed with Germany's Siemens. Saudi Arabia's Arriyadh Development Authority (ADA) will invite contractors to bid for the design and build contracts in the first quarter of 2010.

A SAR3.75 billion (\$1 billion), 11 km. (7 mi.) monorail project, elevated 10 meters above the ground, is planned at the Princess Noura bint Abdulrahman University for Women in Riyadh. Saudi Arabia's Binladin Group with consortium members including Ansaldo STS and AnsaldoBreda of Italy's Finmeccanica Group won the contract for SR1.5 billion (US\$400 million) to build this monorail line.

There are on-going talks on a \$25 billion Gulf Cooperation Project (GCC) railway project, linking the six GCC member countries. This 2,117 km. (1,315 mi.) rail network is scheduled to be completed by 2017, facilitating the movement of GCC citizens and expatriates and boosting regional trade between the GCC states. Tenders for an engineering study for the railway are expected to be called in the first quarter of 2010. Initial plans indicate a proposal to lay out two railway lines, one being the 1,970 km (1,224 mi.) stretching from Kuwait to Saudi Arabia linking Bahrain and Qatar; moving on to link the UAE and Oman. The second line would be the 1,984 km. (1,232 mi.) track running from Kuwait to Saudi Arabia and the UAE and ending in Oman. As per a recent report by the Kuwait Financial Center; the GCC countries are planning to invest a

total of \$109 billion on railway expansion projects in the next ten years to address the growing population needs and to ease traffic congestion.

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There are tremendous opportunities for U.S. companies specializing in the railroad sector. U.S. companies should pro-actively reach out and participate in the Kingdoms projects; partnering with local Saudi groups intending to bid on these expansion projects. To view a list of the latest tenders/projects, please visit the Bids, Tenders and Projects section at www.saudirailways.org.

The U.S. Commercial Service in Saudi Arabia can be contacted to assist in finding partners to participate in the railway expansion projects in the Kingdom. For more, please visit the CS Saudi Arabia website at www.buyusa.gov/saudiarabia/en.

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Saudi Railways Organization	www.saudirailways.org
Saudi Rail Expansion Program	www.saudirailexpansion.com
Saudi Ports Authority	www.ports.gov.sa
Saudi Arabia General Investment Authority	www.sagia.gov.sa
Ministry of Commerce and Industry	www.commerce.gov.sa
Ministry of Transport	www.mot.gov.sa
Middle East Business Intelligence	www.meed.com
Middle East Business Directory	www.zawya.com

Electrical Power Systems – ELP

Overview

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Power demand is rising rapidly in the world's top oil exporter of more than 24 million people, as oil revenues fuel economic expansion in the vast desert state. According to experts Power generation capacity in the kingdom needs to grow threefold over the next 25 years to meet future demand. Capacity needs to rise to 115,000 megawatts in 2032, from current capacity of around 35,000 megawatts. Saudi Arabia has embarked on a program to boost the kingdom's electricity generating capacity, with a huge program to build new power plants and expand existing ones.

Annual growth in demand is running at up to 8 per cent and the kingdom's power sector regulator, the Electricity & Cogeneration Regulatory Authority (ECRA), says an additional 35,000MW will be required over the next 10 years to meet projected demand and to build up reserves of 15 per cent of generating capacity. This will require capital expenditure of \$53 billion.

Saudi Electricity Company (SEC) is in the front line in the government's efforts to build power capacity as quickly as possible, and the long-mooted move to break the company down into its constituent parts is now imminent.

Saudi Arabia plans to encourage the private financing of future power plants, but state-run SEC remains at the heart of the government's efforts both to expand generating capacity and liberalize the power sector. SEC currently owns power plants generating more than 84 per cent of the kingdom's electricity.

Currently, the SEC owns 49 generating plants around the country and generated 30,670MW of power in 2007. Formed in 2000 following a royal decree that merged Consolidated Electrical Companies and the projects of the Electricity Corporation into one company, more than a quarter of SEC was subsequently sold off and the company is now owned 74 per cent by the government, 7 per cent by Saudi Aramco and 19 per cent by the Saudi public. It is listed on the Saudi stock exchange (Tadawul).

Such is the SEC's size that it has a virtual monopoly in generation, transmission and distribution within Saudi Arabia, and is one of the largest corporations in the country. It is by far the largest utility provider in the Gulf.

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In September 2009, SEC released its own forward projects plan, which details its work program up until 2023. Between 2010 and 2018, the company intends to issue 33 tenders for new or expanded power plants, which will add a total capacity of 21,065MW to its current load. It is a huge program, covering all regions of the country, but initially concentrating on the northwest. The first projects – expansions of the Tabuk, Al-Wajh and Tabarjal power plants – are expected to come on line in 2012, with additional capacity at Rabigh and Duba coming on line soon after.

But over the course of the program, the bulk of the additional capacity will be added in the east of the country, in the industrial Al-Jubail/Ras al-Zour/Al-Uqair triangle, and in the west near Jeddah.

From 2010 on, the plan includes extension work on new IPPs the SEC has already initiated. The first of these is at Rabigh, which will provide 1,200MW of new capacity by 2013. Separate projects at Riyadh and Qurayah will come on line in the following two years.

The SEC and its advisers continue to evaluate developers' bids, opened on 21 December 2009, for the Riyadh PP11 independent power project (IPP). Five consortia bid for the build-own-operate (BOO) plant, which is expected to produce up to 2.0gw of electricity. The lowest bidder for the plant was the Marubeni consortium at 7.7721 hals/kwh, which considerably undercut the others ranging from 10.79 hals/kwh 12.99 hals/kwh

In addition to a massive expansion of its power generation capabilities, Saudi Arabia requires substantial investment in power transmission and distribution (T&D). Saudi Arabia's vast size, harsh climate, and rugged terrain have put constraints on the type of power lines that can be utilized to link the country's four power regions. The SEC has therefore embarked upon a series of projects to overhaul outdated segments of the network and lay the groundwork for a modern T&D system. The SEC plans to spend nearly \$14.7 billion for the transmission of electricity and \$10.7 billion for the distribution of electric power in the next 10 years.

The Saudi Government seeks private investment to expand generation capacity, unify its national electricity grid, and switch its power plants from heavy oil to natural gas. The market for power generation, transmission, and distribution in Saudi Arabia is currently one of the fastest growing and most lucrative in the Middle East. Saudi Arabia has embarked upon an ambitious national development plan that aims to bolster operations and investment opportunities across all key economic sectors.

Saudi Arabia's development plans over the next decade include the construction of whole new cities and a significant expansion of the petrochemical, mining and petroleum industries. Power generation and its related infrastructure form the backbone of the development plans. Moreover, the power industry will serve as a crucial determinant of whether Saudi Arabia will meet its development goals and become one of the top 10 most competitive economies.

To ensure that the interest of private investors, electricity operators, and consumers are protected, the Saudi Government established an independent regulatory body, the Electricity and Co-Generation Regulatory Authority (ECRA) in 2001. A new electricity law was passed in 22 November 2005, and was published in late 2007. The new law is central in the regulation and development of the electricity sector in the Kingdom. The general features of the law cover provision of reliable services, protecting consumer's rights including reasonable prices, while protecting the rights of investors in the sector to receive a fair return. ECRA has the responsibility of providing a clear, stable, non-discriminatory framework and creating a suitable environment to foster legitimate competition in the industry.

Generating Capacity Distributed by Technology in Saudi Arabia:

Steam units: 12,795 MW

Gas units 22,356 MW

Combined cycle units: 2,271 MW

Diesel units: 327 MW

Total SEC power capacity: 37,749 MW

Rented Diesel units: 558 MW

Contributed capacity (by others, SWCC, ARAMCO, and MARAFIQ): 6,595 MW

Total capacity: 44,902 MW up to the end of 2009.

Below are some of the areas that will have good potential in the power generation sector:

- gas turbine units
- steam turbine units
- turbine spare parts & accessories
- power-plant design engineering firms
- power-plant consulting firms
- products and services related to the power industries:
 - valves,
 - compressors
 - pumps
 - spare parts
- other related equipment and products

Opportunities

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The following is a list of future power projects to be undertaken by the Saudi Electricity Company (SEC), for the budget years 2009 – 2014:

SEC Generation Projects (Under Contractual Processing)

Al Qurayah PP# 2 - 1250 MW - 2009

Najran PP - 50 MW - 2009

Faras PP- 140 MW - 2009

Al Jouf & Arrar PP - 60 MW - 2009

Al Qurayyat PP Ext Crude - 120 MW - 2009

Rabigh PP Ext . # 6 HFO - 2,400 MW - 2009

SEC Planned Generation Projects (Stem Units & Combined Cycle Units)

Riyadh (Steam Phase) PP10 - 1,100 MW - 2010

Al Riys PP Phase 1 - 2,400 MW - 2010

Al Qurayah PP Ext. # 1 - 1,200 MW - 2011

Al Riys PP Phase # 2 - 2,400 MW - 2012

Deba PP Phase # 2 – 1,600 MW - 2012

Ras Alzour PP Phase # 2 – 2,400 MW - 2012

Shogaig PP Phase # 2 – 1,600 MW - 2013

Ogair PP Phase # 1 - 2,400 MW - 2013

South Jeddah PP Phase # 1 – 1,200 MW - 2014

SEC Planned Generation Project (Gas Turbines Units)

Rafha PP Ext # 1 55 MW – 2010

Hail PP Ext -110 MW – 2010

Tabouk PP Ext # 2 – 110 MW – 2010

Riyadh PP 10 Ext (Simple Cycle) 440 MW – 2010

RI Jubah PP Ext. # 4 – 55 MW – 2011

Al Ola PP Ext. – 165 MW – 2011

Sharorah PP Ext. # 3 – 110 MW – 2011

Al Wajh – 55 MW – 2011

Al-Qurayyat PP Ext. # 2 – 110 MW – 2012
Tabouk PP Ext. # 2 – 100 MW
Rafha PP Ext. # 2 – 55 MW

The following is a list of future power projects to be undertaken by the Water and Electricity Company (WEC) in Saudi Arabia by 2009-2014:

- Shuqaiq, Phase II — \$2.5 billion BOO project to produce 850 MW of electricity and 212 million cubic meters of desalinated water per day. Shuqaiq II will be modeled after the Shuaiba III IWPP project, with similar guarantees and a 20-year power and water purchase agreement (PWPA).
- Ras Az-Zour — \$2.4 billion project to produce 2,500 MW of power and 176 million gallons of desalinated water per day.
- Jubail, Phase II — The project will produce 1,100 MW of electricity and 25,000 gallons of desalinated water per day.

Ma'aden

Saudi Arabian Mining Co. (Maaden), SEC and SWCC are planning to build joint plants in Ras Az-Zour. The co-generation plant will have power capacity of 1600 MW and 10,000 cubic meters a day of desalinated water, using multi-effect distillation (MED) technology. Ma'aden is also planning a separate, larger co-generation facility for its multi-billion-dollar aluminum refinery and smelter complex, also located at Ras Az-Zour.

Resources

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Ministry of Water & Electricity (MOW)	www.mow.gov.sa
Saudi Electricity Company (SEC)	www.se.com.sa
Saline Water Conversion Corporation (SWCC)	www.swcc.gov.sa
Water & Electricity Co. (WEC)	www.wec.com.sa
Royal Commission for Jubail and Yanbu	www.rcjy.gov.sa/portal/default.asp?lang=eng
Saudi Aramco	www.saudiaramco.com.sa
Power and Water Utility Company for Jubail and Yanbu	www.marafiq.com.sa
Saudi Arabian Mining Company (Ma'aden)	www.maaden.com.sa
Electricity & Co-Generation Regulatory Authority (ECRA)	www.ecra.gov.sa
Saudi Basic Industries Corp. (SABIC)	www.sabic.com

Mining Industry Equipment — MIN

Overview

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Saudi Arabia contains significant industrial minerals beside the oil and gas fields. The Deputy Ministry for Mineral Resources (DMMR) has located 1,273 sites of precious metals, and 1,171 sites of non-precious metals. Over 30 minerals have already been identified in the Kingdom, with at least 15 industrial mineral that could successfully be exploited by investors. Feasibility studies have shown that many of the industrial minerals identified in the Kingdom would have a return on investment close to 30 percent. Despite of mineral wealth, Saudi Arabia is still in the preliminary stage, particularly in the metallic minerals. The government established Saudi Arabian Mining Company (Ma'aden) in 1997, and Saudi Geological Survey Agency in 2000 to survey, identify and explore mining resources and prepare them to be attractive for local and foreign investors.

The government aims to diversify the economy and become a leading exporter of minerals beside oil and gas. There are, however, many challenges and obstacles facing the mining sector, which in the turn may require a long period of time before the government's goal is achieved. At the top of these challenges is the fact that most of mining resource are in remote areas and lack basic infrastructures. This has made mining very costly to develop, not only for the government but also for the private sector.

Data on the potential market size are extremely difficult to estimate. The mining industry in Saudi Arabia is at the beginning of a large expansion, as the country begins to exploit large mineral resources identified some time ago. The country is simultaneously implementing several large-scale transportation infrastructure projects, requiring much of the same equipment as the mining projects.

In recent years, the Saudi government has recognized the potential of the mining and minerals sector to become the third pillar of the Kingdom's economy, behind oil and petrochemicals. Geological surveys carried out over the past 53 years have proven that the Kingdom has large mineral deposits that are commercially viable for exploitation. The government is committed to fully realizing the potential of the mining sector, and is seeking to attract investors, partners and suppliers. A new mining law adopted in 2004 to allow greater access for foreign companies to the kingdom's mineral resources is beginning to bring results.

Ma'aden's aluminum project includes the development and construction of a bauxite mine near Al-Baitha with a mine life of over 30 years at an annual capacity of 4,000,000 metric tons as well as facilities for handling raw materials. It also comprises the development, design, construction and operation of an integrated aluminum operation at Ras Az-Zawr about 90 km north of Jubail Industrial City. Facilities there will include an alumina refinery with a capacity of 1,800,000 metric tons per year, a 740,000 metric ton per year aluminum smelter and an aluminum rolling mill with a capacity of 250,000 tons per year.

The Bauxite will be transported from the mine site located between Hail and Qassim provinces, via the north-south railway to Ras Az-Zawr where it will be refined to produce alumina, which in turn will be processed in the aluminum smelter to produce aluminum. The mine plan has been

prepared based on the planned capacities of the refinery and smelter and reviewed in comprehensive technical studies.

Saudi Arabian Mining Company (Ma'aden), a 100 percent state owned entity, dominates the mining sector. Ma'aden is in the process of creating individual companies for its gold, industrial minerals, phosphates and aluminum interests. The Saudi minerals giant is also establishing an infrastructure development company to build and operate the prestigious Ras Az-Zawr project.

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The Kingdom has the largest known deposits of mineral resources in the Middle East. The main minerals are gold, phosphates and bauxite. Saudi Arabia is home to some of the largest phosphate deposits in the world. Reserves stand at 3.1 billion tons, with 1.6 billion tons of indicated phosphate resource and 1.5 billion tons of inferred resource.

By 2011, in addition to the Ras Az-Zawr development, there will be new bauxite production from Al-Zubeira, phosphates from Al-Jalamid and the Ras Az-Zawr Aluminum Smelter.

Ma'aden recently has signed a US\$240 million deal with a consortium to build three sulfuric acid plants in Ras Az-Zawr. The plants will have a daily capacity of 13,500 tons. The project, which will be ready within three years, is described as the largest in the world. The new sulfuric acid plants are part of a US\$ 2.6 billion di-ammonium phosphate complex.

Ma'aden on December 20, 2009 signed a US \$10.8 billion Joint venture with Alcoa, the world leader in Aluminum, for the development of fully integrated world-class aluminum industry in the Kingdom. In its initial phase, the joint venture will develop a fully integrated industrial complex including a bauxite mine with an initial capacity of 4 million metric tons per year, an alumina factory with an initial capacity of 1.8 million empty, an aluminum smelter with initial ho-mill capacity of between 250,000, and 460,000 mtpy. The mill will focus initially on the production of sheet, and tab stock for the manufacture of aluminum cans, and potentially other products to serve the construction industry. The refinery, smelter and rolling mill will be established within the industrial zone of Ras Az-Zawr on the east coast of the Kingdom (Ras Az-Zawr is 90 km north of Jubail on the coast of the Arabian gulf).

Opportunities

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In the next five years, some \$18 billion will be invested in mining projects in the Kingdom, much of it by the Ma'aden. While an aluminum smelter and some fertilizer plants will add value, perhaps the biggest value will come with the new freight rail network to carry minerals to the coast for export.

The government recently approved the construction of a US\$4 billion aluminum smelter plant, a Ma'aden project with an annual capacity of 623,000 tons. The plant will be located in the Ras Az-Zawr Industrial Zone in eastern Saudi Arabia. Ma'aden believes the Ras Az-Zawr mineral industrial complex will attract more than US\$18 billion in investment for the phosphate and aluminum projects, a power plant and a port on the Gulf.

Ma'aden plans to develop five gold projects and a complete mining system at the Ras Az-Zawr industrial area linked by railways with the company's industrial utilities and a port for exporting phosphate and aluminum.

Ma'aden has also finalized plans to set up phosphoric acid plants, which is under construction at Ras As Zawr for the Ma'aden phosphate project it will be ready within 8 months. The plant will produce 4,380 tons of phosphate a day, making it the largest facility of its kind in the world.

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Ministry of Petroleum and Mineral Resources
Deputy Ministry for Mineral Resources
Saudi Arabian Mining Company — Ma'aden

www.mopm.gov.sa
www.dmmr.gov.sa/english/main.aspx
www.maden.com.sa

Oil & Gas Field Machinery – OGM

Overview

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The Saudi Arabian Oil Company (Saudi Aramco), the world's largest oil producer and the state owned company said that in 2009, it completed a multi-year, multiple mega-project programs that included new or expanded oil, gas and petrochemical facilities. Maximum sustainable crude oil production capacity was raised to 12 million barrels per day, and important increases were achieved in gas production and processing capacities. Furthermore, key support facilities such as water injection and distribution networks were also expanded or upgraded.

Saudi Aramco's annual review figures show that recoverable crude oil and condensate reserves stand at 259.9 billion barrels and recoverable gas reserves – associated and non-associated are 263.0 trillion cubic feet. The average crude oil production per day was 8.9 million barrels, and raw gas to gas plants production was 8.3 billion standard cubic feet per day. The average production of natural gas liquids (NGL) per day was 1.0 million barrels.

Presently, Saudi Aramco has eleven upstream and downstream investment plans valued at around \$58.45 billion to meet increasing world demand for energy. By the year 2020, Saudi Aramco's daily production capacity of 12 million b/d will become 15 million b/d. Unassociated gas is also a priority for Saudi Aramco because it presently accounts for 44% of the Kingdom's primary energy consumption. The expansion program will have foreign companies to boost oil refining capacity in Saudi Arabia and in overseas markets such as China. Saudi producing oil fields are having an 8% annual production decline. This means that Saudi Aramco has to introduce about 700,000 b/d in additional capacity every year to make-up for lost production.

Another report stated that in an effort to reduce high costs of previously tendered projects, and due to the recent downfall in prices of commodities, building, and construction materials; Saudi Aramco and its joint venture partners have started re-tendering contracts. Re-negotiated prices on some projects have set a precedent. It is reported that Saudi Aramco will be easing conditions for contractors to reduce construction costs. Saudi Aramco's clients are expecting reductions on project management consultancy contracts. Changes in Saudi Aramco's commercial terms are centered on cash flow and performance bond requirement of contractors.

A news report has mentioned that Saudi Aramco is asking joint venture companies, who are bidding for five engineering contracts to list on the Saudi stock exchange (Tadawul) by the year 2015. Saudi Aramco has requested that contractors bidding for the deals provide a comprehensive business plan for the next six years from 2010-2015.

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Saudi Aramco's planned expansion projects throughout Saudi Arabia will generate a demand over the next five years in billions of US dollars for high quality oil and gas industry related products, supplies, and services.

These include: oil and gas field drilling machinery and equipment; casing, pipes, pipe fitting, and valves; power generation equipment; drilling chemicals; pumps, heat; exchangers, gas compressors, tower coolers; instruments and controls; anti-corrosion systems; laboratory

equipment; marine equipment and services, offshore platforms, filtration systems, pressure vessels; storage systems, treatment systems; injection equipment and services; production equipment and services; well control systems, packing, seals, gaskets, bearings, rope, wire rope and chain; safety and environmental protection services; pollution and spill control services; tools, flexible pipe, valves & actuators; wellhead valves; and thousands of other items related to the oil and gas industry.

In a published news report, Saudi Aramco is planning to spend tens of billions of U.S. dollars between 2010-2014 on these projects:

Project	Number of Projects	Value (\$ Billion)
New Process Facilities	7	15.0
Offshore Facilities	6	5.5
Maintenance Programs	10	5.5
Plant Improvements	45	3.0
Pipelines	17	2.2
Civil Engineering / Infrastructure	37	2.2
Electrical / Communications	22	1.2
Total	154	35.1

Saudi Aramco and its various Saudi contractors are extremely receptive to U.S. products.

Opportunities

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Saudi Aramco's awarded/planned projects include:

- Marine works bid in January 2010 for \$100 million package in Ras Tanura Oil Refinery. This is a \$20 billion joint venture between Saudi Aramco and Dow Chemical Co. (US)
- Expand Saudi Aramco Lubricating Oil Refining Co. (LUBREF) at the city of Yanbu on the Red Sea. Saudi Aramco and its joint venture partner the local Jadwa Industrial Investment Co. will invite pre-qualified contractors in January 2010.
- Saudi Aramco and its joint venture partner ConocoPhillips (US) are planning to build a \$10 billion 400,000 barrels/day export oil refinery at Yanbu on the Red Sea by 2014.
- The Ministry of Petroleum & Mineral Resources is planning to build a 250,000-400,000 b/d oil refinery at the city of Jizan on the Red Sea. Estimated cost of the oil facility is \$7 billion.
- Saudi Aramco Shell Refinery Co. (SASREF), which operates a 300,000 b/d oil facility, will invite pre-qualified contractors in the first quarter of 2010 to bid for a contract to build a sulfur treatment unit at SASREF in Jubail Industrial City.
- Saudi Aramco has awarded in Oct. 2009 the local M.S. Al-Suwaidi Industrial Services Co. a \$200 million contract to upgrade 14 bulk storage plants. In the first week of Oct. 2010, Saudi Aramco invited pre-qualified companies to submit bids to build a \$250 million bulk storage facility at Wasea, southwest of the city of Riyadh. It is expected that the winning contractor will be awarded the project by the end of Dec. 2009.
- Saudi Aramco and its joint venture partner Total Refining & Petrochemical Co. (SATORP) are planning to build a \$9.6 billion export oil refinery in Jubail with a 400,000 b/d capacity.
- In April 2009, Saudi Aramco Mobil Refinery Co. (SAMREF) in Yanbu awarded a \$400 million contract to WorleyParsons (Australia) to lower the sulfur content of gasoline produced at its 400,000 b/d refinery. Saudi Aramco has plans to introduce new ultra-low-sulfur diesel facilities in its oil refineries in Riyadh and Jeddah by the year 2012. It

seems that Saudi Aramco has started a multi-billion dollar scheme to reduce sulfur content in processed fuels to meet US environmental regulations on gasoline imports that come into force in 2013.

- Saudi Aramco has planned to increase the production capacity of its Arabiyah gas processing plant in the Eastern Province from 1 billion cubic feet a day (cf/d) to 1.2 billion cf/d. Work will finish at the plant in December 2013, and operations will begin in February 2014. Production capacity at the Shaybah gas project – in the Empty Quarter will also increase from 1.4 billion cf/d to 1.5 billion cf/d. The plant will be completed in March 2014, and operations will start in May the same year.
- Developing Manifa offshore oil field at a cost estimated at \$11 billion to produce 900,000 b/d of heavy crude oil by 2011.
- Upgrade the acid gas piping system at Saudi Aramco's Shedgum gas processing plant in the Eastern Province. Work will be completed by the end of 2010.

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U.S. companies interested in exporting oil and gas field related equipment, supplies, parts and services to Saudi Aramco (www.saudiaramco.com) are requested to communicate directly with:

Aramco Services Company
Procurement & Logistics Department
P.O. Box 4534
Houston, TX 77210
Tel: 713-432-5553

Vendor Registration
Supplier Relations
Phone: 713-432-5555
E-mail: stratsourcing@aramcoservices.com
Web: www.aramcoservices.com/doing-business/strategic-sourcing/default.aspx

Chemical Production Machinery – CHM

Overview

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A news report in August 2009 noted that Saudi Arabia will invest more than \$46 billion to build three world class petrochemical plants. These giant projects include a petrochemical complex at the Ras Tanura Oil Refinery to produce 11 million tons per year of various petrochemical materials, \$9 billion to build a huge petrochemical facility in Jubail with a production capacity of 6 million tons per year, and expansion of the Petro-Rabigh operation.

Saudi Basic Industries Corp. (SABIC) is a global company (www.sabic.com). It is a fast growing petrochemical and steel producer. SABIC is hopes to become the preferred world leader in chemicals, creating a corporate environment which inspires innovation and talent. Adopting a new business model, and continued investment commitment in plant and equipment will ensure that SABIC achieves its long term goals.

Total production in 2008 by SABIC's business units is as follows:

Material	Metric Tons (Thousands)
Fertilizers	7,050
Innovative Plastics	1,330
Basic Chemicals	23,691
Polymers	7,905
Intermediaries	11,756

Receptivity to US products and services is very high and the current favorable exchange rate between the US Dollar and Saudi Riyal strengthens the competitiveness of US exports of goods and services. Nevertheless, major competitor engineering companies from Europe, Japan, South Korea, China and Australia appear determined to participate in this lucrative market. SABIC has started looking downstream for the next wave of expansion projects. SABIC's chief executive officer stated that the company is conducting a study to build new complexes to increase petrochemical production to 130 million metric tons by the year 2020 from a total of 56 million tons in 2008.

Best Products/Services

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There is a huge demand for the products and services of American manufacturers/suppliers of industrial equipment used in the petrochemical industry. U.S. companies are expected to avail themselves of excellent opportunities evolving from new projects undertaken by the joint stock company SABIC and private sector petrochemical companies.

Furthermore, American design and engineering companies/licensors have good opportunities to license their processes or provide technical know-how through licensing agreements and through active participation in international tenders to manage, design, procure and build petrochemical complexes.

In 2000, Saudi Arabia passed the Foreign Investment Act, which outlines foreign investors' rights and obligations, provides guidelines for putting the law into practice, and encourages foreign companies to establish directly-owned industrial and non-industrial ventures in Saudi Arabia. It also created the Saudi Arabian General Investment Authority (SAGIA) as a specialized institution in charge of foreign investment. In 2002, the law's executive rules were amended to further reinforce the basic principles introduced in the original Foreign Investment Act. Foreign investors, interested in setting-up a facility to produce petrochemicals must apply for a license and a commercial registration. Additional information can be found at the website of the Saudi Arabian General Investment Authority at www.sagia.org.

Opportunities

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Planned projects are:

- Upgrading of the Ras Tanura Petrochemicals Complex & Refinery Upgrade. Saudi Aramco and Dow Chemical Co. Estimated cost is around \$27 billion
- Expansion of the ethylene plant at Chevron-Philips facility in Jubail Industrial City. Estimated cost is \$109 million.
- Expansion of production capacity of (PET) polyethylene by 420,000 metric tons per year at Ibn Rushd in Yanbu Industrial City on the Red sea.
- In December 2008, SABIC signed agreements with ExxonMobile Chemical (US) for two plants to produce a mix of petrochemical products including polymers. Estimated cost of both plants is \$800 million. Al-Jubail Petrochemical Co. (Kemya) will own and operate the first one, while Saudi Yanbu Petrochemical Co. (Yanpet) will own and operate the second one in Yanbu on the Red Sea.
- Building of a 300,000 tpy low-density polyethylene plant in Jubail for Saudi Kayan. Estimated cost is \$300 million.
- Raqbig Refining & Petrochemicals Co. (Petro-Rabigh) is planning a \$4 billion expansion of its petrochemical complex in Rabigh on the Red Sea.
- Saudi International Petrochemical Co. (SIPCHEM) signed with Hanwha Chemical Corp. in July 2009, a joint venture agreement to establish a high-tech petrochemical company. The new plant in Jubail will cost around \$1.1 billion. Operations will start in 2013.
- Project Management & Development Co. will build a plant in Jubail's second industrial city to produce 7,500 tons per year of poly-silicon, which is an ingredient of solar cells.

Resources

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Saudi Arabian Basic Industries
Saudi International Petrochemical Company
Saudi Arabian Oil Co. (Saudi Aramco)

www.sabic.com
www.sipchem.com.sa
www.saudiaramco.com.sa

U.S. based companies interested in selling their equipment and services to Saudi Aramco are requested to contact:

Aramco Services Co.
P.O. Box 4534
Houston, TX 77210
Vendor Registration
Supplier Relations

Phone: 713-432-5555

E-mail: stratsourcing@aramcoservices.com

Web: www.aramcoservices.com/doing-business/strategic-sourcing/default.aspx

Saudi Arabian General Investment Authority
Petro-Rabigh Saudi Arabia

www.sagia.com

www.petrorabigh.com

Air-Conditioning & Refrigeration Equipment – ACR

Overview

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The air-conditioning market in Saudi Arabia is considered one of the largest markets in the world. The geographical fact remains that it is a very hot country especially during the summer season. The overall value of air conditioners sold in the Kingdom is estimated at around \$1 billion.

Four factors are currently shaping market size and growth:

- the growing population, including expatriates,
- high *per capita* income,
- the harsh climatic conditions in Saudi Arabia (hot climate year-round),
- the construction boom in the Kingdom.

Saudi Arabia's population is growing at more than 3% a year and enjoys steadily rising disposable income. Together, these two factors have spurred an unsurpassed construction boom in the kingdom. Over the next few years, more than half a million housing units are going to be constructed in the Saudi capital Riyadh alone, not to mention innumerable shopping malls, business and leisure centers, hotels, supermarkets, schools and restaurants. Saudi Arabia's hot, arid climate is of course helping to propel the trend.

Saudi Arabia Future Demand by Units			
<i>(Source: The National Commercial Bank)</i>			
Year	2010	2015	2020
Fresh Household Demand	558,000	630,000	711,000
Fresh Business Demand	213,000	235,000	260,000
Replacement Demand	2,540,000	2,870,000	3,240,000
Total Demand	3,311,000	3,735,000	4,211,000

Best Products/Services

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Saudi Arabia boasts the biggest air-conditioning market in the world, growing at 10% annually, and the fast-paced construction sector thrives at an impressive 7%. This creates an array of lucrative investment opportunities for companies from across the world. The Saudi Arabian market remains receptive to high quality U.S. products and services.

The growth in Saudi Arabia's air-conditioning and refrigeration sector has created a massive subsidiary market for components and spare parts. As time passes, these units naturally need more and more maintenance and repair. This in turn fuels the components and spare parts market.

The Saudi market for air-conditioning spare parts and components has grown 7-8 per cent annually over the last several years. The underlying factors supporting this growth are surge in local manufacturing (28 local factories) which has created additional demand for original

equipment manufacturers (OEM) parts and accessories, and a growing awareness of preventive maintenance which increases the demand for spare parts.

During the Ramadan and Hajj religious holidays, over 3 million pilgrims gather in Mecca and Medina to perform the *Hajj* and *Umrah* pilgrimages. As the number of pilgrims is increasing every year, construction activity in both cities is picking up to provide accommodation. This will increase the demand for air-conditioning and A/C spare parts.

Opportunities

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Across the Kingdom, a variety of food and beverage outlets and cold-storage centers, including hotels, restaurants, supermarkets, malls, and catering service centers are being constructed. This adds further impetus to the already thriving air-conditioning ventilation and heating sector. Meanwhile, cold nights in some parts of Saudi Arabia are driving demand for a board variety of international-standard, high performance heating equipment.

The Air conditioning market is expected to increase with the uninterrupted growth of non-oil GDP through government expenditure on infra-structure and economic cities as well as mosques and government buildings. With continuously growing Saudi population and the expatriates arriving for work, by 2020, the population is estimated to be 36.74 million, with 7.1 million households occupied, using approximately 35 million air-conditioning units.

In addition to the new construction market, the growing replacement market will generate opportunities for U.S. companies. A key factor that has also boosted the demand for U.S. parts and components in recent years is the relatively weak and stable dollar against the Japanese yen and major European currencies. The prices in Saudi riyals of Japanese air-conditioning spare parts and components have risen significantly, and in many cases Japanese and European products are far more expensive than American products.

Best Sales Prospects

- compressor units
- spare parts for compressors
- pressure control valves
- air filtration products
- motor louvers
- capacitors
- switch rotary motors
- heat transfer equipment
- electronic controls
- fans/blowers
- oils and refrigerants
- controllers
- timers
- capacity control valves
- expansion valves
- conductors

Major Projects

Some multi-billion development projects currently under construction in Saudi Arabia present huge opportunities in this sector:

- King Abdullah Economic City (KAEC) with an investment size of \$27 billion (www.kingabdullahcity.com)
- Jazan Economic City (JEC) with an investment size of \$27 billion (www.jazancity.com)
- Prince Abdulaziz Bin Mousaed Economic City (PABMEC) with a planned investment of \$8 billion ()
- Knowledge Economic City (KEC) with an investment of \$7 billion (www.madinahkec.com)
- King Abdullah Financial District with an investment size of \$7 billion (www.kingabdullahfinancialdistrict.com)
- King Abdullah University for Science & Technology with an investment size of \$11 billion (www.kaust.edu.com)

Trade Promotion Opportunities

An important venue for sales promotion in the Kingdom is participation in trade shows and exhibitions. New to market U.S. companies will be able to demonstrate their products, study the market idiosyncrasies, and meet potential Saudi agents/distributors. U.S. firms interested in introducing and marketing their products in Saudi Arabia are encouraged to participate in the either of the following shows:

Saudi Building and Interior Exhibition 2010
April 12-16, 2010
Al-Harithy Company for Exhibitions Ltd
P.O. Box 40740, Jeddah 21511, Saudi Arabia
Tel.: +966-2-654-6384
Fax: +966-2-654-6853
Web: www.aceexpos.com

Saudi Air-Con May 24-27, 2010
Riyadh Exhibitions Company Ltd.
P.O. Box 56010, Riyadh 11554, Saudi Arabia
Tel.: +966-1-229-5604
Fax: +966-1-229-5612
Web: www.recexpo.com

Resources

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Gulf Oil & Gas

www.gulfoilandgas.com/webpro1/prod1/suplista.asp?id=406&yx1=SA

SAMIRAD — Saudi Arabian
Market Information Resource &
Directory

www.saudinf.com/samex/index.php/hajj/listentries/industrial%20goods/air%20conditioning

Automotive Parts, Services & Equipment – APS

Overview

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Saudi Arabia continues to be the largest automobile market in the Gulf and fifth in the world for auto parts, accessories, and service and garage equipment. Despite the global economic crisis, the Saudi Arabian auto market has been resilient and continues to thrive with projections of substantial growth and increased consumer spending in 2010. Saudi Reports indicate that the Saudi automotive market is estimated to worth around \$9 billion (SAR33.75 billion) including commercial automobiles and transport infrastructure. Automotive sales are known to make up about 3% of Saudi Arabia's gross domestic product.

The market for luxury cars is also growing in Saudi Arabia, with the presence of high-income individuals; especially in the major cities of Riyadh and Jeddah. Reports indicate that more than 1,500 luxury cars worth over \$1 billion (SAR4 billion) are sold in the Kingdom each year. Industry sources reveal that luxury cars sales have been steadily increasing by about 27% every year. Despite difficult economic times, the Saudi market has been resilient and the demand for vehicles and components continues to remain strong. There is also an increasing demand for high quality auto accessories such as alloy wheels, audio and video systems, wheels, and other internal and external accessories.

Saudi Arabia is also gearing towards diversification of its automotive sector and the trend is setting up manufacturing plants. It is worthy to mention that the Saudi Authority for Industrial Cities and Technological Relations and the UAE based Gulf Automotive Manufacturing Company signed a \$100 million (SAR375 million) contract to set up an assembly plant in the Eastern province. The plant would manufacture 15,000 vehicles, mostly trucks and buses. The Saudi government is keen on encouraging the set-up of manufacturing plants; since this will open up employment opportunities for its growing population; with 50% of the 25 million population under the age of 20. Furthermore, an important milestone in the industry was when the UK based engineering division of the iconic brand Lotus, now part of Malaysia's Proton Group; announcement of setting up a testing facility in the Kingdom. Lotus has entered into a long-term strategic plan with the King Abdul Aziz City for Science and Technology (KASCT) to develop and promote environmentally friendly automotive technologies. Other diversification plans include the Kingdoms drive to develop its carbon-fiber composite industry, to serve a wide range of industries including the automotive industry.

Auto industry experts have forecasted car sales in the Kingdom would grow to \$19 billion (SAR69 billion) in 2010 and swell to \$25 billion (SAR94 billion) by 2013. Increased lending by local banks offering easy and flexible financing options will further drive demand for new vehicles. According to a recently published report, vehicle sales in Saudi Arabia are expected to jump over 30 percent from around 676,000 units in 2010 to 880,000 units by 2013 as the Kingdom remains virtually unscathed due to global economic downturn and the recessionary period. Easily available and flexible credit financing options from local banking institutions have contributed to the increasing number of new vehicle sales in the Kingdom. The Saudi Arabian government has placed the development of the automotive sector as one of their prime strategies in the strengthening its industrial base. At a high-profile international motor exhibition in the capital Riyadh, the Saudi Minister of Transport Jabara Al-Seraisry expressed optimism on the developing trends and the upswing in vehicle sales in Saudi Arabia, pointing that this steady

growth will be sustained for years to come. The Minister indicated that the massive expansion of its roads and ports projects with a budget allocations of \$3 billion (SAR12 billion); will ensure the steady development of key infrastructure in the sector.

Best Products/Services

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U.S. manufacturers have faced stiff competition in the market, especially from Japanese and South Korean manufacturers. Japan, the United States, Australia, Germany, and South Korea are the key players in the Saudi automotive market representing more than 80% of all vehicle imports. Toyota Corp. controls close to 50 percent of the market share. U.S. manufacturers can be more competitive by introducing newer models from their fleet, which will in turn draw customers to their dealerships in the Kingdom. Flexible finance and installment options have always been popular with the discerning Saudi customer. It is worthy to mention that more than 700,000 cars, trucks and vans are annually imported into Saudi Arabia, including used cars and buses. The economic recovery, after the recent financial meltdown, will likely boost demand to around 750,000 units valued at \$14 billion. The strength of the Saudi economy is reflected in a higher per capita income, has led to the increasing popularity of luxury cars and premium automobiles. Reports indicate that more than 1,500 luxury cars worth over \$1 billion (SAR4 billion) are sold in the Kingdom each year with this segment increasing steadily year after year. In addition, Saudis have always preferred larger SUV's and trucks such as the GMC Yukon, Ford Expedition, Escalade, Tahoe, etc. to accommodate large families. Other popular vehicles include the Ford Crown Victoria, Caprice and Chevy Lumina models. Some of the manufacturers of premium cars that have a good market share are Lexus, Mercedes, BMW, Porsche, etc.

Used-Car Market

The used-car market witnessed ups and downs in 2009. Initially there was a decrease of 10-15 per cent in prices in 2009 due to supply surpassing demand. The launch of 2010 models, summer, Ramadan and Eid holidays, together impacted the market for used cars in the Kingdom. But with the flood situation in Western city of Jeddah late last year which destroyed or wrecked thousands of vehicles; created a surge in demand and prices of used cars went up. A significant development in June 2009 was that the Saudi Customs Department implemented new rules banning imports of used cars over 5 years old. This regulation covers cars, buses and light commercial vehicles (LCV's). Heavy vehicles over 10 years old will be barred from import. This will in turn increase the demand for used cars as well as push sales for new cars.

The used-car market in the Kingdom is considered the largest in the region with huge financial returns that reflect positively on the national economy. The market for second-hand vehicles is largely sourced from the United States, and to a lesser extent from Germany. The Saudi market for second-hand automobiles consists of two distinct segments; throne based on imported, reconditioned passenger cars and four-wheel drive jeeps, and the other one based on the selling of locally registered vehicles, which were previously imported. Demand for second-hand vehicles has continued to shift as flexible and easier financing options are available for the customer.

Automobile Parts

Saudi Arabia is considered to be the largest automotive market in the Near East with imports of more than \$650 million worth of parts and service equipment as of 2008 estimates. The high consumption is driven by customers, both Saudis and expatriates who opt for regular

maintenance and services, rather than selling them or trading them for new cars and SUV's. In terms of the automobile population, parts are mainly sourced from Japan, the United States, Australia, Germany and South Korea. There are over 350 dealers supplying automotive parts for U.S., Japanese, European, Australian and Asian automobiles in Saudi Arabia. U.S. companies command a leading position in the supply of transmission, steering, suspension, and braking components and parts. The favorable U.S. dollar exchange rate against the Euro and Japanese Yen is boosting the U.S. market share. Nonetheless, Japanese car manufacturers and spare parts suppliers still command the lion's share of the Saudi market with more than 40 percent. There are a number of local factories that manufacture filters, radiators, batteries, exhaust systems and converters. Although some spare parts are manufactured locally under license, the bulk of automotive parts are imported.

Tire Market

The automotive tire industry offers unique insights into a popular Saudi industry. Interestingly, the Saudi market relies completely on imported tires – there are currently no tire production plants in the country. As such, there are good opportunities for U.S. exporters in the Saudi tire market. The Saudi automotive tire and inner tube market is the largest in the Middle East, both in terms of value and volume. As per 2008 estimates, Saudi tire distributors imported more than \$773 million worth of automotive tires and inner tubes. Japanese manufacturers topped the list of suppliers with a 41percent share of the Saudi import market, while U.S. companies came in fourth place after South Korea and China. All imported tires are required to meet applicable standards established by the Saudi Arabian standards Organization (SASO). Additionally, all tires require a certificate of origin. The customs duties for imported tires are currently at five percent. Industry sources estimate that more than 13 million tires are imported annually, and that rate is expected to grow an average of 12 percent annually. In 2008, Saudi Arabia imported tires and inner tubes for passenger cars, trucks and buses valued at \$773 million. The imported tire market is expected to cross \$800 million by 2010. There are approximately 60 tire brands sold in Saudi Arabia, half of which are well-known brands sourced from companies in the U.S., Japan, South Korea, China, Indonesia, Turkey, India and Europe.

Opportunities

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U.S. companies command a leading position in the supply of transmission, steering, suspension, and braking components and parts. The favorable U.S. dollar exchange rate against the Euro and Japanese Yen is boosting the U.S. market share. Nonetheless, Japanese car manufacturers and spare parts suppliers still command the lion's share of the Saudi market with more than 40%. There are a number of local factories that manufacture filters, radiators, batteries, exhaust systems and converters. Although some spare parts are manufactured locally under license, the bulk of automotive parts are imported.

The new foreign investment law encourages foreign companies to establish industrial and non industrial ventures in Saudi Arabia. There are good opportunities for U.S. companies in the following areas:

- Tires manufacturing plants
- Service equipment
- Body and chassis parts
- Automobile transmissions and spare parts
- Auto chemicals

- Car Batteries
- Maintenance and diagnostic equipment
- Brakes and emission systems tools

Resources

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Aljomaih Automotive Co. (GM)	www.aljomaihauto.com
Aljazirah Vehicles Co. Ltd. (Ford)	www.aljazirahford.com
Abdul Latif Jameel Co. Ltd.	www.alj.com
Zawya Business News	www.zawya.com
AMEInfo Business News	www.ameinfo.com
TriStar Group (Transmissions)	www.tristarsa.com
Nissan Motors Saudi Arabia	www.nissan.com.sa
Khaleej Times	www.khaleejtimes.com
Research & Markets	www.researchandmarkets.com
Just Auto	www.just-auto.com
Saudi Gazette	www.saudigazette.com.sa
Arab News	www.arabnews.com.sa
Trade Arabia	www.tradearabia.com
Auto Middle East	www.automiddleeast.com
Dubai Motor Show	www.menafn.com
Business Intelligence Middle East	www.bi-me.com
Riyadh Exhibitions Company	www.recexpo.com
Middle East Economic Digest	www.meed.com

(Information provided by USDA's Agricultural Trade Office (ATO), U.S. Embassy Riyadh)

Saudi Arabia is the largest agricultural, fish and forestry products importer among members of the Gulf Cooperation Council (GCC) countries. The potential for agricultural production is limited in Saudi Arabia due to the lack of arable land and renewable water resource. Hence, imports of food will continue to be strong and will grow proportionally with the population.

In 2008, Saudi Arabia's total agricultural, fish and forest product imports were valued at approximately \$8 billion. High-value products accounted for 50% of total imports, while intermediate agricultural products were estimated at more than \$1 billion. U.S. agricultural exports to Saudi Arabia for January-October 2009 decreased 28 percent over a year earlier to about \$581 million, with consumer-oriented food products imports declining by five percent to \$198 million. According to trade source, most of the decline in the value of the U.S. agricultural exports to Saudi Arabia was caused as a result of decline in the prices of imported products compared to 2008 and 2007.

The vast majority of food products are subject to a 5% import duty. Selected processed food products, however, are assessed higher import duties. In order to protect local food processors and production from competitively priced imports, the Kingdom ties import duties to the level of local production of similar products. As a general rule, a maximum import tariff rate of 40% is applied when local production of a food or agricultural product exceeds a self-sufficiency level. Currently, a 40% import duty rate applies to fresh, dried and processed dates.

In March 2008, the Saudi government exempted wheat, wheat flour and other grains from import duties and reduced duties levied on 75 other foodstuffs to 5% beginning on April 1, 2008. The aim was to alleviate the impact of the rising cost of living in Saudi Arabia. Major foodstuffs that benefit from the reduced 5% import tariff include chilled and frozen poultry and their products, eggs (fresh, dried and powdered), cheese, cheese cream, vegetable oils, pasta, canned meat, fruit and vegetable juices, mineral and ordinary water, long life milk, corn flakes, peas, beans, peanut butter, yeast, and baking powder. The government will review the list in April 2011.

In January 2009, Saudi Arabia issued a revised animal feed subsidy list that consists of 17 energy and protein rich animal feed ingredients. Under the revised program, the government will provide rebates that range from \$26 (rice hulls) to \$101 (soybean meal) per metric ton, depending on the type of imported feed. The rebate will be paid directly to the local importer. The revised list added two new feed items-Rhodes grass and Sudan grass-to the subsidy list.

In November 2009, the Saudi Arabia government removed the \$267 per metric ton subsidy on imported rice which it decreed in December 2007. The government removed the import subsidy because of significant reductions in the prices of imported rice due mainly to bumper harvest in several rice producing countries.

For religious reasons, Saudi Arabia bans imports of alcoholic beverages, live swine, pork and food ingredients or additives that contain pork products, including pork fat and gelatin. Meat and poultry shipments must be accompanied by a "Halal" slaughter certificate issued by an

Islamic center in the country of origin. Additional statements on the health certificate accompanying poultry and livestock meat shipments must indicate that the animals slaughtered for export to the Kingdom were not fed with feed containing protein, fat or remnants of animal origin and were not treated with any growth hormones. The most important regulatory, non-tariff barriers that U.S. food product exporters encounter in Saudi Arabia include: biotech labeling, production & expiration date regulations, Arabic labeling requirements, a declaration that animals slaughtered and exported to Saudi Arabia were not fed with feed containing protein, fat or remnants of animal origin, and a Halal Slaughtering certificate for both livestock and poultry meat.

Saudi Arabia is the most influential member of the Gulf Cooperation Council (GCC), which includes five other countries in the Arabian Peninsula: United Arab Emirates, Kuwait, Bahrain, Oman, and Qatar. As a group, the GCC is striving to create a common set of food standards. The Saudi Arabian Standards Organization (SASO) is a dominant standard setting agency in the GCC countries. Currently, SASO is the only Saudi organization responsible for setting national standards for commodities and products, measurements, testing methods, meteorological symbols and terminology, commodity definitions, safety measures, and environmental testing. Since its establishment in 1972, SASO has issued more than 800 production and testing standards for food products and is presently working on new standards. Saudi standards are typically based on *Codex Alimentarius* regulations and to some extent on European and U.S. standards, but are modified to reflect local conditions.

While standards are set by SASO, Saudi Food and Drug Authority (SFDA) tests imported processed and packaged food items at various ports of entry. The standard setting responsibilities will move to the SFDA in the next few months.

Leading U.S. agricultural exports include rice, yellow corn, soybean meal, planting seeds, crude and semi-refined corn oil, hardwood lumber, sweeteners, tree nuts (mainly almonds), snack foods, fresh apples and pears, processed fruit and vegetables, dairy products, red meat, fruit and vegetable juices, fresh fruit, and a wide array of other high-value consumer-oriented products.

Saudi Arabia's positive biotech labeling requirement, production date stamp requirement, Arabic labeling, Halal slaughtering requirement, and additional manufacturer statement for imported livestock and poultry meat remain major concerns for U.S. foodstuff exporters.

For religious reasons, the Kingdom requires that the manufacturer of meat must declare that the slaughtered animals have not been fed with feed containing protein, fat or remnants of animal origin. Detailed information on the aforementioned requirements can be obtained by contacting the USDA's Foreign Agricultural Service (FAS) in Riyadh at the following coordinates:

Foreign Agricultural Service/FAS Riyadh

E-mail: agriyadh@fas.usda.gov

Tel.: (+966-1) 488-3800 ext. 4351

Fax: (+966-1) 482-4364

Best Prospects for Agricultural Goods and Services (Values in Millions U.S. Dollars)

CORN (0440000)

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Overview

Yellow corn is used principally in poultry feed and to a lesser extent in livestock rations. The Saudi government has continued financing the establishment of new poultry farms in various regions of the country. Existing large to medium sized poultry producers have been expanding in recent years, increasing the country's self-sufficiency levels to about 55% in 2008. Saudi Arabia imports about 2 million metric tons of yellow corn annually and its value is projected to reach \$470 million by the end of 2009. Argentina remains the largest yellow corn supplier to Saudi Arabia followed by the U.S. and Brazil.

U.S. feed corn exports to Saudi Arabia for the months of January-October 2009 decreased by 51 percent over the same period in 2008 (\$70 million vs. \$141 million). The higher U.S. corn prices compared to Latin American prices are the main reason for the decline of U.S. corn export to Saudi Arabia in 2009. The sharp decline in the world feed corn prices, which started at the end of 2008, has helped the Saudi government reduce its feed corn import subsidy from \$266.67 per metric ton in March 2008 to \$60.26 in January 2009. The rebate is paid directly to importers.

Year/Description	2007	2008	2009
Total Consumption	706	604	474
Total Local Production	6	4	4
Total Exports	0	0	0
Total Imports	694	600	470
Imports from the U.S.	180	141	80

Source: Trade estimates and U.S. Customs Official Data

Value: In millions of U.S. dollars

SOYBEAN MEAL (0813100)

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Overview

Soybean meal is used principally in poultry feed and to a lesser extent in livestock rations. The continued expansion in local poultry production has increased the demand for soybean meal by more than 5 percent per annum in recent years. In the past few years, a huge price difference between Latin American and U.S. soybean meal has made imports from the United States less competitive and drastically reduced U.S. market share in Saudi Arabia. According to a recent U.S. Customs data, U.S. soybean meal exports to Saudi Arabia declined by 44 percent for January-October 2009 over the same period last year (\$44 million vs. \$79 million). The increases in the total values of soybean imports in 2007 and 2008 reflect the drastically increased world soybean meal prices which reached \$650 per metric ton in early 2008. The prices started to decline in late 2008 reaching \$500 per metric ton at the end of November 2009. The continued decrease in the world soybean meal prices has helped the Saudi government

reduce its soybean import subsidy from \$396 per metric ton in March 2008 to \$101 in January 2009. The rebate is paid directly to importers. Currently, Saudi Arabia imports about 800,000 metric tons of soybean meal per year.

Year/Description	2007	2008	2009
Total Consumption	520	480	400
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	520	480	400
Imports from the U.S.	50	84	55

Source: Trade estimates and U.S. Customs official data
Value: In millions of U.S. dollars

RICE (0422110)

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Overview

Saudi Arabia imports more than one million metric tons of rice annually. With 60 percent market share, Indian remained the dominant rice supplier to Saudi Arabia, followed by Pakistan, United States and Thailand. In 2008, the value of the United States rice exports to Saudi Arabia reached \$117 million, an increase of 47 percent compared to 2007. According to a recent U.S. Customs data, U.S. rice exports to Saudi Arabia increased by 10 percent in January-October 2009 compared to the same period last year (\$109 million vs. \$99 million). Local rice importers attribute the sharp increase in U.S. exports in recent years to a decrease in exportable rice from India and U.S. price competitiveness compared to other Asian rice exporters. The higher values of total rice imports in 2007 and 2008 reflect the sharp increase in the world prices for rice during that period. In November 2009, the Saudi government removed the \$267 per metric ton subsidy on imported rice which it decreed in December 2007. The Saudi government lifted the import subsidy due to reduced world rice prices compared to 2007 and early 2008.

Year/Description	2007	2008	2009
Total Consumption	750	700	620
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	800	670	800
Imports from the U.S.	80	117	130

Source: Trade estimates and U.S. Customs official data
Value: In millions of U.S. dollars

PROCESSED FRUITS AND VEGETABLES

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Overview

The Saudi market for processed fruits and vegetables is huge. The growth of supermarket and hypermarket food sales is helping to broaden the market for this sector and good market growth is expected to continue in the next few years as supermarkets and hypermarkets open more outlets in major cities of the Kingdom. Local production of canned fruit and vegetables has been increasing in recent years but it depends almost entirely on imported ingredients, some of which are sourced from the United States. The majority of the processed fruit and vegetables

that are labeled, “manufactured in Saudi Arabia” are products that are actually re-packed in the Kingdom. The insufficient local fruit and vegetable output and the high costs related to importing them for use in local processing suggest that a significant demand for processed fruits and vegetables will continue to be met by imports. Dates processing and packaging account for about 60% of the total domestic processed fruit production. U.S. processed fruit and vegetables exports to Saudi Arabia decreased by 10 percent in January-October 2009 compared to the same period in 2008 (\$33 million vs. \$37 million).

Year/Description	2007	2008	2009
Total Consumption	595	615	640
Total Local Production	240	250	255
Total Exports	5	5	5
Total Imports	360	370	390
Imports from the U.S.	26	44	38

Source: Trade estimates and U.S. Customs official data

Value: In millions of U.S. dollars

SNACK FOODS (EXCLUDING NUTS)

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Overview

The latest official figures indicate that more than 60% of the Saudi population is in their teens, representing a major consumer of snack foods. Local snack food production has drastically increased in the past few years, accounting for about 50% of local consumption in 2007. There is a general decline in the importation of corn and wheat-based snacks. Candies and chocolates are also being locally manufactured on a large scale. Exporters may also look into supplying raw materials for the fast growing snack industry. U.S. snack food exports to Saudi Arabia for the months of January-October 2009 increased by 68 percent over the same period in 2008 (\$27 million vs. \$15 million). Snack food products that cater to Saudi consumers' preferences, which tend to favor sweeter items, generally find better market reception.

Year/Description	2007	2008	2009
Total Consumption	457	475	494
Total Local Production	226	235	244
Total Exports	5	5	5
Total Imports	236	245	255
Imports from the U.S.	17	18	30

Value: In millions of U.S. dollars

Source: Trade estimates and U.S. Customs official data

Agricultural Trade Shows

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The following major U.S. and regional food-related shows are promoted by USDA's Agricultural Trade Office (ATO), U.S. Embassy Riyadh:

GulFood 2010

February 21–24, 2009 - Dubai, United Arab Emirates

Organizer: Dubai World Trade Center

Tel.: (+971-4) 332-1000
Fax: (+971-4) 331-2173
E-mail: info@dwtc.com
Web: www.dwtc.com

FMI and USFS

May 10-13, 2010
Mandalay Bay Convention Center
Las Vegas
Tel.: 202-220-0820, 202-220-0606
Fax: 202-429-4519
E-mail: abondthorley@fmi.org, sgeorge@fmi.org
Web: www.fmi.org

National Restaurant Association Show 2010

May 22-25, 2010 - McCormick Place - Chicago, IL USA
Tel.: (312) 580-5410
Fax: (708) 344-4444
E-mail: nraregistration@restaurant.org
Web: www.restaurant.org/show

GulFood 2011

February 2011 - Dubai, United Arab Emirates
Organizer: Dubai World Trade Center
Tel.: (+971 4) 332-1000
Fax: (+971 4) 331-2173
E-mail: info@dwtc.com
Web: www.dwtc.com

National Restaurant Association Show 2011

May 22-25, 2010 - McCormick Place - Chicago, IL USA
Tel.: (312) 580-5410
Fax: (708) 344-4444
E-mail: nraregistration@restaurant.org
Web: www.restaurant.org/show

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Chapter 5: Trade Regulations and Standards

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Import Tariffs

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As a member of the Gulf Cooperation Council (GCC), Saudi Arabia applies the GCC common external tariff of 5% for most products, with a limited number of GCC-approved country-specific exceptions. Saudi Arabia's exceptions include 666 products that may be imported duty-free, including aircraft and most livestock. The Saudi government also applies a 12% tariff on 294 products, in some cases to protect local industries. Certain textile imports are among the products on which the 12% rate applies.

Being a WTO member, Saudi Arabia is expected to bind its tariffs on over three-fourths of U.S. exports of industrial goods at an average rate of 3.2%, while tariffs on over 90% of agricultural products will be set at 15% or lower.

- Import Tariffs on Food/Agricultural Products

The vast majority of food products are subject to a 5% import duty. Selected processed food products, however, are assessed higher import duties. In order to protect local food processors and production from competitively priced imports, Saudi Arabia ties import duties to the level of local production of similar products. As a general rule, a maximum import tariff rate of 40% is applied when local production of a food or agricultural product exceeds a self-sufficiency level. Currently, a 40% import duty rate applies to fresh, dried and processed dates. Imports of rice, baby milk and animal feed (soybean meal, feed corn, barley, rice, sorghum, palm kernel meal, wheat bran, alfalfa hay, sugarcane molasses, rice bran, and sunflower meal, oats, canola meal, fish meal, alfalfa pellets, soy bean hulls, sunflower hulls, and rice bran) are subsidized while coffee, tea and fresh red meat enter the country duty free. Saudi Arabia has no tariff rate quota (TRQ) requirement.

On March 31, 2008, the Saudi government exempted wheat, wheat flour and other grains from import duties and reduced duties levied on 75 other foodstuffs to 5%. The decree aims at alleviating the impact of the rising cost of living in Saudi Arabia. Major foodstuffs that benefited from the reduced 5% import tariff included chilled and frozen poultry and their products, eggs (fresh, dried and powdered), cheese, cheese cream, vegetable oils, pasta, canned meat, fruit

and vegetable juices, mineral and ordinary water, long life milk, corn flakes, peas, beans, peanut butter, yeast, and baking powder. The government will review the list in April 2011.

Confectionary products with cocoa and other bulk cocoa products are subject to a 15% tariff. Nine types of fresh\chilled vegetables (tomatoes, onions, carrots, cucumbers, marrow, okra, watermelons, melons and potatoes) are subject to a 25% tariff on a seasonal basis. Saudi Arabia also imposes a 100% tariff on cigarette and other tobacco imports.

Trade Barriers

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In 2005, Saudi Arabia became the 149th country to join the World Trade Organization (WTO). As part of WTO commitments, the country's trade regime should become more transparent and more accommodating to non-Saudi businesses.

As of the date of this report, Saudi business and laws still favor Saudi citizens, and Saudi Arabia still has trade barriers, mainly regulatory and bureaucratic practices, which restrict the level of trade and investment.

Nevertheless, the Government has liberalized the wholesale, retail, and franchise sectors, allowing foreign investors to establish joint ventures and retain a 51% share. The foreign partner's capital requirement is set at \$5.3 million (SR 20 million) and his equity share can be increased to 75% after 3 years from the contract date. All industrial enterprises are open to non-Saudis, and they can also trade in the products they manufacture. Restrictions on individual professions also are in force, such as who can practice law, medicine, accounting and financial services, architect and engineers, and other similar professions. A Saudi joint venture partner is a requirement for any entity or individual to practice the above-mentioned professional services.

Other trade barriers include:

- **Commercial Disputes Settlement**

There is not yet a transparent, comprehensive legal framework in place for resolving commercial disputes. Saudi commercial law is still developing, but in 1994 the Saudis took the positive step of joining the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. Saudi Arabia is also a member of the International Center for the Settlement of Investment Disputes (also known as the Washington Convention). However, dispute settlement in Saudi Arabia continues to be time-consuming and uncertain. Even after a decision is reached in a dispute, effective enforcement of the judgment can still take years. Generally, the Board of Grievances has jurisdiction over disputes with the government and over commercial disputes.

In October 2007, King Abdullah issued a royal decree to overhaul the Kingdom's judicial system, including allocating 7 billion SAR (approximately \$1.9 billion) to train judges and build new courts. The decree establishes two Supreme Courts, a general court and an administrative court, and specialized labor and commercial tribunals - although implementation has been slow. On February 4, 2009, the King reshuffled the Government appointing a new Minister of Justice, a new President of the Grievance Board, and a new Chairman of the Supreme Judicial Council. Industry sources expect the reshuffle to expedite the overhaul of the Kingdom's judicial system.

- **Business Visas**

All visitors to Saudi Arabia must have a Saudi sponsor in order to obtain a business visa to enter Saudi Arabia. Business visitors and foreign investors can apply through the Saudi Arabian General Investment Authority (SAGIA) for a visitor visa at the Saudi Embassy or Consulates in the United States. Saudi Arabia has also begun to implement a decree stating that sponsorship for certain business visas is no longer required. Based on new instructions, the issuance of a visitor's visa should be affected within 24 hours from the application date.

While most business visas are valid for only one entry for a period of up to three months, the Saudi Embassy in Washington has begun issuing a 5-year multiple entry visa for selected business people, taking into consideration the principle of reciprocity. Finally, the Saudi Ministry of Foreign Affairs is currently examining the issuance of a visitor's visa at ports of entry for selected nationalities.

- **Delayed Payments**

This issue is an important concern for affected American companies. The Government, due to past fiscal constraints, had in the past fallen into arrears on payments to private contractors, both Saudi and foreign. Some companies carried Saudi Government receivables for years before being paid. The Government appears committed to clearing remaining arrears, but the problem persists. U.S. companies should check with the U.S. Embassy or Consulates if a problem arises.

- **Intellectual Property Protection**

Saudi Arabia recently undertook a comprehensive revision of its laws covering intellectual property rights to bring them in line with the WTO agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs). The Saudi legal system protects and facilitates acquisition and disposition of all property rights, including intellectual property. The Saudi Government recently updated their Trademark Law (2002), Copyright Law (2003), and Patent Law (2004) with the dual goals of TRIPs-compliance and effective deterrence against violators. In 2008 the Violations Review Committee created a website and has populated it with information on current cases. The government also endorsed the country's joining the "Paris Convention for Protection of Industrial Property" and the "Berne Convention for the Protection of Literary and Artistic Works". Though intellectual property protection has steadily increased in the Kingdom, piracy remains a problem.

The current Law on Patents, Layout Designs of Integrated Circuits, Plant Varieties and Industrial Designs has been in effect since September 2004. Largely due to a lack of adequate resources and technical expertise, when this law went into effect the patent office had issued just over 40 patents and had a large backlog (more than 9,000 applications dating back to issuance of Saudi Arabia's first patent law in 1989). The office has since streamlined its procedures, hired more staff, and reduced this backlog. Protection is available for product and product-by-process. The term of protection was increased from 15 years to 20 years under the new law, but patent holders can no longer apply for a routinely granted five-year extension.

However, SPO applied the new law retroactively thus disallowing and rejecting hundreds of pending patent applications including those pertaining to pharmaceutical products. While the new law is being retroactively applied, patents in the Kingdom of Saudi Arabia may be easily exposed to infringements.

Trademarks are protected under the Trademark Law. The Rules for Protection of Trade Secrets came into effect in 2005. Saudi Arabia has one of the best trademarks laws in the region, but enforcement still lags and procedures are inconsistent.

American firms that wish to sell products in Saudi Arabia should work through their local representative to register their trademarks with the Ministry of Commerce and Industry, copyrighted products with the Ministry of Information, and patents with KACST or the GCC Patent Office. Although these government entities are responsible for IPR protection in their respective areas, any reported incident of piracy or infringement may not entail immediate and decisive action by the concerned government entity.

The Saudi Government has revised its Copyright Law, is devoting increased resources to marketplace enforcement, and is seeking to impose stricter penalties on copyright violators. The Saudi Government has stepped up efforts to force pirated printed material, recorded music, videos, and software off the shelves of stores. These efforts included stepping up raids on shops selling pirated goods in 2008. However, many pirated materials are still available in the marketplace. An Islamic ruling, or "fatwa," stating that software piracy is "forbidden" backs enforcement efforts. Saudi Arabia remains on the Special 301 Watch List for 2008.

Saudi Arabia has not signed and ratified the WIPO internet treaties.

- **Counterfeiting**

Manufacturers of consumer products and automobile spare parts are particularly concerned about the widespread availability of counterfeit products. Anti-counterfeiting laws exist, and the U.S. Government has urged the Saudi authorities to step up enforcement actions against perpetrators. In some popular consumer goods, manufacturers estimate that as much as 50% of the entire Saudi market is counterfeit. In order to restrict the entry of counterfeit products, the Saudi Customs Authority recently implemented a new directive requiring all imported goods to clearly display the "Country of Origin" or "Made in" on the items in an irremovable manner either by engraving, knitting, printing, or pressing based on the nature of the imported items.

- **Arab League Boycott**

The Gulf Cooperation Council (Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the United Arab Emirates) announced in the fall of 1994 that its members would no longer enforce the secondary and tertiary aspects of the Arab League Boycott. The primary boycott against Israeli companies and products still applies. Advice on boycott and anti-boycott related matters are available from the U.S. Embassy or from the Office of Anti-Boycott Compliance in Washington, D.C. at (202) 482-2381.

Import Requirements and Documentation

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There are no special import provisions. The Saudi Government now requires that local chambers of commerce around the United States perform the authentication of shipping documents.

Under its WTO obligations, Saudi Arabia has committed to implement a transparent and predictable import licensing system. The following documents are required for exporting goods to Saudi Arabia:

- certificate of origin;
- commercial invoice (in triplicate) which must state the country of origin, name of the carrier, brand and number of goods, and description of the goods including weight and value;
- a clean bill of lading or airway bill;
- documents indicating compliance with health regulations, if applicable;
- insurance documents, if shipments are sent CIF;
- packing list; and
- certificate of conformity with applicable Saudi standards, if available

The original documents must be accompanied by an Arabic translation of a radiation certificate, if applicable.

Saudi exporters need to submit a copy of their commercial registration, which indicates they are allowed to export. They are also required to submit a certificate of origin of Saudi products (issued by the Ministry of Commerce and Industry). Certain items such as antiques, Arabian horses, livestock, or subsidized items need special approval to export, *e.g.*, feed additives require a Certificate of Analysis that needs to be authenticated by the Saudi Embassy or Consulate. Exports of oil, petroleum products, natural gas and wheat all require export licenses. Saudi Arabia removed its export ban on all scrap metals and will not apply export duties on these products.

U.S. Export Controls

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In the area of export control policy and regulation, the U.S. Department of Commerce's [Bureau of Industry and Security](#) (BIS) is charged with the implementation of U.S. export control policy on dual-use commodities, software, technology, and commodities on the Control Commodities List.

Sale of arms and ammunitions is managed through a Foreign Military Sales (FMS) program of the U.S. Department of Defense. The U.S. Military Training Mission (USMTM) established at Dhahran in 1953 (now located in Riyadh) provides training, advice and assistance to the Saudi Ministry of Defense and Aviation in a variety of areas, including the management of the Kingdom's Foreign Military Sales (FMS).

Temporary Entry

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For temporary entry of goods for promotional purposes, importers need an invoice with the value of the goods and a certificate of origin, both endorsed by a local Chamber of Commerce in the U.S. The invoice should state that the goods are being imported for exhibition purposes only and will be re-exported.

Saudi Customs requires a deposit for these goods (equivalent to the applicable tariff rate on the total value of the goods). This deposit is refundable when the exhibition is over and upon showing a document that the owner of the equipment officially participated in a trade show. Reimbursement takes between two to four weeks. Additionally, the customs authorities will collect handling charges.

Labeling and Marking Requirements

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Please refer to [Standards](#) sub-section below.

Prohibited and Restricted Imports

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The importation of certain articles is either prohibited or requires special approval from competent authorities. Importing the following products requires special approval by Saudi authorities: agriculture seeds, live animals, books, periodicals, movies, and tapes; religious books and tapes; chemicals and harmful materials; pharmaceutical products; wireless equipment, and radio-controlled model airplanes; horses; products containing alcohol (e.g., perfume); natural asphalt; and archaeological artifacts.

There are health and sanitation regulations for all imported foods. For beef and poultry meat imported from the United States, Saudi Arabia has agreed to recognize a two-certificate approach: (1) an official FSIS export certificate issued for beef and poultry meat and (2) a producer or manufacturer self-certification to cover any additional requirements not related to food safety or animal health issues such as animal protein free feed declaration. Moreover, the government has also agreed that any maximum residue requirements for synthetic hormones in animal products would be consistent with international standards. Companies can request a copy of the labeling requirements by contacting SASO at Tel: (966 1) 452-0132 or Fax: (966 1) 452-0196.

Saudi law prohibits importation of the following products: weapons, alcohol, narcotics, pork, pornographic materials, distillery equipment, used clothing and certain sculptures.

Customs Regulations and Contact Information

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The Department of Customs at the Ministry of Finance appraises all merchandise moving through Saudi customs ports.

Import valuation is primarily used for collection of import duties and often does not reflect the actual transaction value. Saudi customs valuation procedures are not WTO-consistent, nor are they based on invoice value. Minimum prices are used, and customs agents rely on their own experience and local prices, as well as some contact with manufacturers, to assess import tariffs. For statistical purposes, the valuation of imported merchandise is the Cost-Insurance-Freight (CIF) value. The value of exported merchandise is based on Free On Board valuation (FOB). The Saudi tariff nomenclature is consistent with the Harmonized System. There does not seem to be a significant body of rule making or documentation available. Appeals are frequently made orally, and an appeals committee, under the Deputy Director General of Customs, meets frequently.

Although Saudi Arabia is a member of the Customs Coordination Council, Saudi Customs officers do not have the authority to do investigative work on business premises; nor do they have enforcement powers. These powers are vested in the Ministry of Interior.

The U.S. Government, through a reimbursable arrangement with the Saudi Government, is working with Saudi authorities to upgrade customs valuation procedures. As part of its WTO accession, Saudi Arabia will bind its tariffs on over three-fourths of U.S. exports of industrial goods at an average rate of 3.2% and 15% on over 90% of agricultural products.

[Saudi Customs Authority](#)

Contact: Mr. Saleh Al-Khlewi, Director General

P.O. Box 3483, Riyadh 11197, Saudi Arabia

Tel.: (+966-1) 402-2515

Fax: (+966-1) 405-9282

E-mail: customs_dg@customs.gov.sa

Web: www.customs.gov.sa/CustomsNew/default_E.aspx

Standards

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Overview

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The Saudi Arabian Standards Organization (SASO) has about 14,000 SASO promulgated standards, and is actively pursuing the promulgation of hundreds of new standards currently in various drafting stages of development. SASO has decided to adopt ISO 9000 as the approved standards for Saudi Arabia, and will act as an accreditation body through the Quality Assurance Department. Compliance will be on a voluntary basis. However, it would be prudent for American industry and services to consider this matter seriously in planning to do business in Saudi Arabia. There may be many cases where procurement agencies will insist on purchasing and placing orders only with those companies that are in compliance with ISO 9000, or the U.S. equivalent series.

Saudi Arabia is the most influential member of the Gulf Cooperation Council (GCC), which includes five other countries in the Arabian Peninsula: United Arab Emirates, Kuwait, Bahrain, Oman, and Qatar. As a group, the GCC is striving to create a common set of food standards, with the Saudi Arabian Standards Organization (SASO) as the lead agency. SASO is the only Saudi organization responsible for setting national standards for commodities and products, measurements, testing methods, meteorological symbols and terminology, commodity definitions, safety measures, and environmental testing, as well as other subjects approved by the organization's Board of Directors. While standards are set by SASO, the laboratories of the Saudi Ministry of Commerce and Industry perform sample testing of all processed and packaged food items at various ports of entry. The Saudi Ministry of Municipality and Rural Affairs' Environmental Control Department tests foodstuffs at points of sale for product safety

standards. The [Communications and Information Technology Commission \(CITC\)](#) also has authority on imported telecommunications and IT products and services. Recently, the CITC has taken a more proactive role and has published a number of technical specifications relating to various products and services within its jurisdiction.

The Saudi Food and Drug Authority (SFDA) was established under the Council of Ministers resolution no (1) dated January 1, 2003, as an independent body that directly reports to the Prime Minister. The Authority objective is to ensure safety of food and drugs for humans and animals, and safety of biological and chemical substances as well as medical and electronic products. SFDA still does not have any jurisdiction.

Although SASO has an advisory, rather than executive role, it coordinates its activities among different executing agencies in the country to control product quality and standards.

Saudi food standards are based mainly on CODEX Alimentarius regulations and to some extent on European and U.S. standards but modified to reflect local conditions. Saudi Arabia's residential electric power system of 127/220 volts, 60 Hertz, is unique and has caused export problems for many American firms. However, SASO will accept electrical products as low as 120 volts, 60 Hertz.

Standards Organizations

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The Saudi Arabian Standards Organization is the Saudi Arabian entity that is in charge of developing and implementing standards. SASO is the Saudi organization responsible for setting national standards for commodities and products, measurements, testing methods, meteorological symbols and terminology, commodity definitions, safety measures, and environmental testing, as well as other subjects approved by the organization's Board of Directors.

While standards are set by SASO, the Saudi Ministry of Commerce and Industry Laboratories do testing of all processed and packaged food items at various ports of entry. The Saudi Ministry of Municipality and Rural Affairs' Environmental Control Department tests foodstuffs at the point of sale for product safety standards.

The Communications and Information Technology Commission (CITC) also has authority on imported telecommunications and IT products and services. Recently, the CITC has taken a more proactive role and has published a number of technical specifications relating to various products and services within its jurisdiction.

The Saudi Food and Drug Authority will be responsible to regulate, oversee, and control food, drug, medical devices, as well as set mandatory standard specifications thereof, whether they are imported or locally manufactured. The control and/or testing activities can be conducted at the SFDA or any other agency's laboratories. Moreover, the SFDA is in charge of consumers' awareness on all matters related to food, drug and medical devices and associated other products and supplies.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at www.nist.gov/notifyus/.

Conformity Assessment

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Since its inception in 1995, the certification program known as the ICCP was applicable to 66 regulated products. The purpose of the program was to insure consumer protection and that products entering Saudi Arabia conform to SASO standards. SASO was in charge of implementing and monitoring the International Conformity Certification Program (ICCP). They have done so through an agreement with Intertek, which has global presence.

Under its WTO commitments, Saudi Arabia will comply with all obligations under the WTO Agreement on Technical Barriers to Trade from the date of accession, and without recourse to any transition period. As such, Saudi Arabia has committed to remove the mandatory, pre-market approval requirements for imports (ICCP) and to implement a non-discriminatory, post-market surveillance mechanism applicable to both foreign and domestic product at no cost to suppliers. As of the date of this report, Saudi Arabia still mandates that a Certificate of Conformity (CoC) must accompany all consumer goods exported to the country. Exceptions include food products, medical products including medicines, medical equipment, and components/products of large industrial projects.

The [Ministry of Commerce and Industry](#) is responsible for the Certificate of Conformity (CoC) program under the jurisdiction of Dr. Hamad Al-Oufi, Director General for Quality Control & Inspection, who can be reached by phone at (+966-1) 401-3265 or by fax at (+966-1) 402-2539.

Product Certification

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SASO has its own certification organization for locally manufactured products, as several SASO employees have been certified to work as professional auditors in conformance with ISO 9000 series standards.

For imported products, the Ministry of Commerce and Industry will implement the CoC program, which should be abolished under Saudi Arabia's WTO accession commitments.

For beef and poultry meat imported from the United States, Saudi Arabia has agreed to recognize a two-certificate approach: (1) an official FSIS export certificate issued for beef and poultry meat and (2) a producer or manufacturer self-certification to cover any additional requirements not related to food safety or animal health issues such as animal protein free feed declaration.

Moreover, the Kingdom's Government has also agreed that any maximum residue requirements for synthetic hormones in animal products would be consistent with international standards.

Accreditation

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SASO is the only Saudi entity that is empowered to accredit.

Publication of Technical Regulations

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Final regulations are published in the official gazette of Saudi Arabia, *Umm al-Qurā*.

Labeling and Marking Requirements

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Labeling and marking requirements are compulsory for any products exported to Saudi Arabia. The [Saudi Arabian Standards Organization \(SASO\)](#) is responsible for establishing labeling and other guidelines. The Ministry of Commerce and Industry implements SASO guidelines through its inspection and test laboratories at ports of entry.

Labeling is particularly important for companies marketing food products, personal care products, health care products, and pharmaceuticals. SASO has specific requirements for identifying marks and labels for various imported items. Labels must be in Arabic for any imported foodstuff item, which should basically reveal the same information on the container as in the foreign language, i.e. ingredients, country of origin, manufacturer, shelf life, instructions for use, etc. All food products, whether imported for commercial purposes, display, or for sampling, must be fit for human consumption and should meet established shelf life requirements. The product(s) must have a label or sticker showing the statutory information such as product name, country of origin, producer's name and address, production and expiry/use by dates, in Arabic and English languages (samples imported must be labeled at least in English).

It is vital that American exporters adhere to SASO quality standards and labeling regulations to avoid rejection of products at a Saudi port of entry. The method for writing production and expiry dates is to put the day of the month first, followed by month and year. Use of the system commonly followed in the United States, where the month is shown first, is not acceptable in Saudi Arabia. Products that do not meet established SASO standards are either re-exported to the country of origin or destroyed at the importer's expense.

Moreover, the government has also agreed that any maximum residue requirements for synthetic hormones in animal products would be consistent with international standards. Companies can request a copy of the labeling requirements by contacting SASO by phone at (+966-1) 452-0132 or by fax at (+966-1) 452-0196. Arabic-language manuals must be included with any household electrical appliances exported to Saudi Arabia.

Quality control laboratories at ports of entry may reject products that are in violation of existing standards and laws. In December 2005, Saudi Arabia implemented a voluntary shelf life standard (manufacturer-determined use-by dates) for most foodstuffs with the exception of selected perishable foods (fresh or chilled meat and poultry; fresh milk and fresh milk based products; margarine; fresh fruit juice; table eggs; and baby foods) that must meet SASO's established mandatory expiration periods. The revised standard (SASO 457/2005) will no longer ban imports of food products with less than half of its shelf life remaining.

American manufacturers are urged to discuss labeling requirements with their selected representative or distributor.

Contacts

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Mr. Nabil A. Molla, Director General
Saudi Arabian Standards Organization (SASO)
P.O. Box 3437, Riyadh 11471, Saudi Arabia
Tel.: (+966-1) 456-9893
Fax: (+966-1) 452-0086
E-mail: molla@saso.org.sa
Web: www.saos.org.sa

Dr. Mohammad A. Al-Kanhal, Executive President
Saudi Food & Drug Authority (SFDA)
P.O. Box 84983, Riyadh 11681, Saudi Arabia
Tel.: (+966-1) 275-2665
Fax: (+966-1) 275-1164
E-mail: malcanhal@sFDA.gov.sa
Web: www.sFDA.gov.sa

Dr. Abdul Rahman Al-Jaafari, Governor
Communications & Information Technology Commission (CITC)
P.O. Box 75606, Riyadh 11588, Saudi Arabia
Tel.: (+966-1) 461-8330
Fax: (+966-1) 461-8002
E-mail: info@citc.gov.sa
Web: www.citc.gov.sa

Mr. Saleh M. Al-Khlewi, Director General
Saudi Customs Authority
P.O. Box 3483, Riyadh 11197, Saudi Arabia
Tel.: (+966-1) 402-2515
Fax: (+966-1) 405-9282
E-mail: customs_dg@customs.gov.sa
Web: www.customs.gov.sa

Trade Agreements

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Saudi Arabia is a member of the [Gulf Cooperation Council \(GCC\)](#), which consists of Kuwait, Qatar, Bahrain, the UAE, Oman, and Saudi Arabia. Membership confers special trade and investment privileges within those countries. The GCC implemented a Customs Union on January 1, 2003 that stipulates free movement of local goods within member states. Leaders of the GCC have approved to allow Yemen gradual entry into their Council. The member states also agreed that they would switch to a single currency by January 1, 2010 at the latest, but the common market proposal is still being worked out. Saudi Arabia is also a member of the League of Arab States. Recently, the League has agreed to negotiate an Arab Free Trade Zone.

In 2003, the United States signed a TIFA agreement with Saudi Arabia. TIFAs are typically the initial venues for ongoing dialogue between the United States and foreign governments on economic reform and trade liberalization. The agreement promotes the establishment of legal protections for investors, improvements in intellectual property protection, more transparent and

efficient customs procedures, and greater transparency in government and commercial regulations.

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[Saudi Arabian Department of Customs](#)

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Openness to Foreign Investment

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Saudi Arabia, while suffering little from the global shocks of late 2008, was impacted by regional crises in 2009, in particular the default of two major Saudi business concerns on almost \$20 billion in debt and Dubai's restructuring of \$26 billion owed by its real estate parastatals. Foreign direct investment inflows were over \$38 billion in 2008, but, reflecting global trends, were significantly lower in 2009. Improvement of the investment climate continues to be an important part of the Saudi government's broader program to liberalize the country's trade and investment regime, diversify an economy overly dependent on oil and petrochemicals, and promote employment for a young population. In its "Doing Business 2010" report, the International Bank for Reconstruction and Development ranked Saudi Arabia 13th out of 181 economies in terms of ease of doing business, a marked improvement from 2005, when it ranked 67th.

The government encourages investment in transportation, education, health, information and communications technology, life sciences, and energy; as well in six "Economic Cities" that are in various states of development. The Economic Cities are to be new, comprehensive developments in different regions focusing on particular industries. Prospective investors will find attractive Saudi Arabia's economic stability, the largest market in the Gulf (with a population of over 27 million), sound infrastructure, a well-regulated banking system, and relatively high per capita income.

There are also disincentives to investment, specifically a government requirement that companies have a program to hire Saudi nationals, the slow payment of some government

contracts, a restrictive visa policy for all workers, a very conservative cultural environment, and enforced segregation of the sexes in most business and social settings. Further, although the Saudi government is making progress towards establishing a commercial court system, there is not yet a transparent, comprehensive legal framework in place for resolving commercial disputes.

The foreign direct investment law, revised in 2000, permits foreigners to invest in all sectors of the economy, except for specific activities contained in a “negative list.” Foreign investors are no longer required to take local partners in many sectors and may own real estate for company activities. They are allowed to transfer money from their enterprises outside of the country and can sponsor foreign employees. Minimum capital requirements to establish business entities have been substantially reduced (and are currently 500,000 Saudi riyals for companies and 1,000,000 for industrial concerns); the chief exception being capitalization requirements in specific services, such as insurance.

In April 2000, the Council of Ministers established the Saudi Arabian General Investment Authority (SAGIA) to provide information and assistance to foreign investors, and to foster investment opportunities in energy, transportation, and knowledge-based industries (see www.sagja.gov.sa). SAGIA operates under the umbrella of the Supreme Economic Council, and is headed by SAGIA Governor Amr Al-Dabbagh. SAGIA’s duties include formulating government policies regarding investment activities, proposing plans and regulations to enhance the investment climate in the country, and evaluating and licensing investment proposals. All foreign investment projects must obtain a license from SAGIA. Investments in specific sectors may require licenses from other government authorities, including, but not limited to, the Saudi Arabian Monetary Agency (SAMA), the Capital Market Authority or the Communications and Information Technology Commission.

SAGIA set up an Investor’s Service Center (ISC) to provide licenses to foreign companies, provide support services to investment projects, offer detailed information on the investment process, and coordinate with government ministries in order to facilitate investment procedures. The ISC must decide to grant or refuse a license within 30 days of receiving an application and supporting documentation from the investor.

SAGIA has agreements with various Saudi government agencies and ministries to facilitate and streamline foreign investment procedures. Some of these agreements include facilitating entry visas, establishing SAGIA branch offices at Saudi embassies in different countries, facilitating the issuance of workers’ visas, raising import tariff exemptions on raw materials to three years and increasing the exemptions on production and manufacturing equipment to two years, and the establishment of commercial courts. SAGIA opened a Women’s Investment Center in spring 2003.

To make it easier for businesspeople to visit the Kingdom, SAGIA can sponsor visa requests directly without having to ask a local company to sponsor such visits. Saudi Arabia has also begun to implement a decree stating that sponsorship is no longer required for certain business visas.

In February 2001, SAGIA first published a negative list of sectors off-limits to a controlling interest foreign investment (see www.sagja.gov.sa). SAGIA has reduced the number of sectors closed to foreign investment to three manufacturing categories and 12 service industries. The list includes real estate investment in Mecca and Medina, some subsectors in printing and publishing, audiovisual and media services, land transportation services excluding the inter-city

transport by trains, and upstream petroleum. SAGIA periodically reviews the list of activities excluded from foreign investment, and submits its reviews to the Supreme Economic Council for approval. Although these sectors are off-limits to 100 percent foreign investment, foreign minority ownership in joint ventures with Saudi partners may be allowed in some sectors.

Pursuant to commitments it made when acceding to the WTO, Saudi Arabia has opened additional service markets to foreign investment, including financial and banking services, maintenance and repair of aircraft and computer reservation systems, wholesale, retail and franchise distribution services, both basic and value-added telecom services, and investment in the computer and related services sector.

Government bodies such as the Royal Commission for Jubail and Yanbu, and the Al-Riyadh Development Authority, have actively promoted opportunities in Saudi Arabia's industrial cities and other regions. In addition to the majority government-owned Saudi Arabian Basic Industries Corporation (SABIC), private investment companies, such as the National Industrialization Company, the Saudi Venture Capital Group, and the Saudi Industrial Development Company have also become increasingly active in project development and in seeking out foreign joint venture partners.

The Saudi Industrial Development Fund (SIDF) is an important source of financing for investors. SIDF is a development finance institution affiliated with the Ministry of Finance. The main objective of SIDF is to support the development of the private industrial sector by extending medium to long-term loans for the establishment of new factories and the expansion, upgrading and modernization of existing ones. Foreign investors are eligible to receive low cost financing for up to 50 percent of project costs (i.e., fixed assets, pre-operating expenses and start-up working capital). Loans are provided for a maximum term of 15 years with repayment schedules designed to match projected cash flows for the project in question.

There is no prohibition on foreign investment in refining and petrochemical development and there is significant foreign investment in the downstream Saudi energy sector. ExxonMobil and Shell are the largest foreign investors in Saudi Arabia; both are 50% partners in refineries with Saudi Aramco. Saudi Aramco had also announced the selection of two firms, ConocoPhillips and Total, to join as equity investors in two new 400,000 barrel per day export refineries scheduled for completion in 2012.

In addition, ExxonMobil, Chevron Texaco, and Shell, as well as several other international investors, have formed joint ventures with SABIC, a Saudi parastatal, to build large-scale petrochemical plants that utilize gas feedstock from Saudi Aramco's existing operations at Ras Tanura. Aramco selected the Dow Chemical Company as its partner in a joint venture company to construct, own, and operate a chemicals and plastics production complex in Saudi Arabia's Eastern Province.

Joint ventures almost always take the form of limited liability partnerships. There are, however, disadvantages. Foreign partners in service and contracting ventures organized as limited liability partnerships must pay, in cash or in kind, 100 percent of their contribution to authorized capital. SAGIA's authorization is only the first step for setting up such a partnership. Still, foreign investment is generally welcome in Saudi Arabia if it promotes economic development, transfers foreign expertise to Saudi Arabia, creates jobs for Saudis, or expands Saudi exports.

Professionals, including architects, consultants, and consulting engineers, are required to register with, and be certified by, the Ministry of Commerce and Industry, in accordance with the

requirements defined in the Ministry's Resolution 264 from 1982. These regulations, in theory, permit the registration of Saudi-foreign joint venture consulting firms. As part of its WTO accession commitments, Saudi Arabia generally allows consulting firms to establish an office in Saudi Arabia without a Saudi partner. However, offices practicing law, accounting and auditing offices, design, architectural, and engineering, civil planning, healthcare services, dentistry, and veterinary services, must have a Saudi partner; and the foreign partner's equity cannot exceed 75 percent of the total investment.

In 2002, the Supreme Economic Council announced the approval of a privatization strategy and procedures, sectors on offer to domestic and foreign investors, and a timetable to transfer certain public services to the private sector. Twenty state-owned companies handling water and drainage, saline water desalination, telecommunications, mining, power, air transportation and related services, railways, some sectors of roadways, post services, flour mills and silos, seaport services, industrial cities services, government hotels, sports clubs, some municipality services, some educational services, some social services, some agricultural services, some health services, government portions of SABIC, banks, and local refineries were slated for privatization.

As a result of the privatization strategy, the Saudi Telecommunications Company (STC) floated a minority stake (approximately 20%) on the stock market in January 2003, netting close to \$4 billion in proceeds. An additional 10% has since been offered for private ownership. The initial public offering of 50% of the formerly state-owned National Company for Cooperative Insurance (NCCI) was completed in January 2005. The first SABIC offering went public on December 17, 2005 for 35 percent of the newly-formed Yanbu National Petrochemical Company (YANSAB) (to be capitalized at \$1.5 billion). YANSAB will be SABIC's largest petrochemical complex and the IPO netted \$533 million in capital.

In July 2003, the government took significant, long-awaited steps to lower the corporate tax rate on foreign investors to a flat 20%; however, separate rates apply to investments in hydrocarbons. The flat tax replaced a tiered system with tax rates as high as 45%. While this is a welcome step toward a more balanced treatment for foreign and Saudi owned capital, there are privileges and preferences in Saudi Arabia that favor Saudi companies and joint ventures with Saudi participation. For example, domestic corporate partners do not pay corporate income tax, but are subject to a 2.5 percent tax on net current assets, or *zakat*.

Conversion and Transfer Policies

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There are no restrictions on converting and transferring funds associated with an investment (including remittances of investment capital, earnings, loan repayments, and lease payments) into a freely usable currency at a legal market-clearing rate. There have been no recent changes, nor are there plans to change remittance policies. There are no delays in effect for remitting investment returns such as dividends, return of capital, interest and principal on private foreign debt, lease payments, royalties and management fees through normal legal channels. There is no need for a legal parallel market for investor remittances.

There is no limitation on the inflow or outflow of funds for remittances of profits, debt service, capital, capital gains, returns on intellectual property, or imported inputs with the exception that bulk cash shipments greater than 60,000 riyals must be declared at the point of entry or exit. Since 1986, when the last devaluation occurred, the official exchange rate has been SAR 3.745 per U.S. dollar. Transactions occur using rates very close to the official rate.

Expropriation and Compensation

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The Embassy is not aware of the Saudi Government ever expropriating property. There have been no expropriating actions in the recent past or policy shifts that would lead the Embassy to believe there may be such actions in the near future.

Dispute Settlement

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Saudi commercial law is still developing, but in 1994 the Saudis took the positive step of joining the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. Saudi Arabia is also a member of the International Center for the Settlement of Investment Disputes (also known as the Washington Convention). However, dispute settlement in Saudi Arabia continues to be time-consuming and uncertain. Even after a decision is reached in a dispute, effective enforcement of the judgment can still take years. The Embassy suggests that American firms investing in Saudi Arabia include in contracts a foreign arbitration clause. Such clauses are not, however, allowed in government contracts without a decision by the Saudi Council of Ministers.

Saudi litigants have an advantage over foreign parties in almost any investment dispute because of their first-hand knowledge of Saudi law and culture, and the relatively amorphous dispute settlement process. Foreign partners involved in a dispute find it advisable to hire local attorneys with knowledge of Saudi legal practices. Many Saudi attorneys, in turn, retain non-Saudi (and particularly American) lawyers to facilitate the handling of disputes involving foreign investors.

In several cases, disputes have caused serious problems for foreign investors. For instance, Saudi partners have blocked foreigners' access to exit visas, forcing them to remain in Saudi Arabia against their will. In cases of alleged fraud, foreign partners may also be jailed to prevent their departure from the country while awaiting police investigation or adjudication of the case. Courts can impose precautionary restraint on personal property pending the adjudication of a commercial dispute. As with any investment abroad, it is important that U.S. investors take steps to protect themselves by thoroughly researching the business record of the proposed Saudi partner, retaining legal counsel, complying scrupulously with all legal steps in the investment process, and securing a well-drafted agreement.

In December 2005, the Saudi government announced the formation of the Saudi International Arbitration Commission (SIAC), the first formal arbitration program for the business community. The SIAC falls under the Saudi chapter of the International Chambers of Commerce, and has adopted the same arbitration system employed by the International Court of Arbitration. The Government, due to past fiscal constraints, had in the past fallen into arrears on payments to private contractors, both Saudi and foreign. Some companies carried Saudi Government receivables for years before being paid. The Government appears committed to clearing remaining arrears.

The Saudi legal system is derived from the legal rules of Islam known as the Shari'a. The Ministry of Justice oversees the Shari'a-based judicial system, but most Ministries have committees to rule on matters under their jurisdiction. Many disputes which would be handled in a court in the U.S., in Saudi Arabia are handled through administrative processes within the relevant ministry. Generally, the Board of Grievances has jurisdiction over disputes with the government and over commercial disputes.

Of interest to investors who have disputes with private individuals are the Committee for Labor Disputes (under the Ministry of Labor) and the Committee for Tax Matters (under the Negotiable Instruments Committee, also called the Commercial Paper Committee). The Ministry of Finance has jurisdiction over disputes involving letters of credit and checks, while SAMA's Banking Disputes Committee adjudicates disputes between bankers and their clients. Judgments of foreign courts are not consistently enforced by Saudi courts, despite Saudi Arabia's signature of the New York Convention. Monetary judgments are based on the terms of the contract; i.e., if the contract were in dollars, the judgment would be in dollars; if unspecified, the judgment is denominated in Saudi riyals. Non-material damages and interest are not included in monetary judgments.

In October 2007, King Abdullah issued a royal decree to overhaul the Kingdom's judicial system, including allocating 7 billion SAR (approximately 1.9 billion USD) to train judges and build new courts. The decree establishes two Supreme Courts, a general court and an administrative court, and specialized labor and commercial tribunals.

Saudi Arabia has a commercial law that is generally applied consistently. A bankruptcy law was enacted by Royal Decree no. N/16 dated 4/9/1416H (corresponding to 1/24/96). Articles contained in the law allow debtors to conclude financial settlements with their creditors through committees under the Saudi Chambers of Commerce and Industry or through the Board of Grievances. Designated as the Regulation on Bankruptcy Protective Settlement, the law is open to ordinary creditors except in the case of debts of expenditures, privileged debts, and debts which arise pursuant to the settlement procedures.

Performance Requirements and Incentives

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Under the 1969 Labor and Workman Regulations, 75 percent of a firm's work force and 51 percent of its payroll must be Saudi, unless the Ministry of Labor has granted an exemption. In practice, the percentage of Saudis employed by a firm is often far less. The number of Saudis in the private sector labor force is approximately 10 percent. The public sector features a higher percentage of Saudi employees. In 1996, the Saudi Government implemented a regulation establishing a quota system that required each company employing over 20 workers to increase the number of Saudi employees by a minimum of five percent. The government increased the requirement by five percent per annum, and would have reached 45 percent of a firm's workforce in 2005. However, the 2005 Labor Law set a standard limit requiring that Saudi nationals constitute 75% of a firm's workforce. Companies not complying with the Saudi minimum personnel rule will not be given visas for expatriate workers. Few firms have been able to meet these requirements. On the other hand, while the list of positions that may no longer be held by non-Saudis is expanding, the Ministry of Labor have relaxed these requirements in certain industries.

Investors are not currently required to purchase from local sources or export a certain percentage of output and their access to foreign exchange is unlimited. There is no requirement that the share of foreign equity be reduced over time. The Government does not impose conditions on investment such as locating in a specific geographic area, a specific percentage of local content or local equity, substitution for imports, export requirements or targets, or financing only by local sources. Investors are not required to disclose proprietary information to the Saudi government as part of the regulatory approval process.

Nonetheless, the SIDF will provide additional incentives and better term loans to foreign investors who set up their manufacturing facilities in Jizan, Hail, and Tabuk. American and other foreign firms are able to participate in Saudi government-financed and/or government-subsidized research and development programs.

The government uses its purchasing power to encourage foreign investment. In 1985, the Saudi Government reached an agreement with American defense contractors for “offset” joint venture investments with local investments equivalent to 35 percent of the program’s value. British and French defense firms also have offset requirements. Offset requirements are likely to remain components of major defense purchases and have been incorporated into other large Saudi Government contracts.

The government has not notified the WTO about any measures which would be inconsistent with the requirements of the Agreement on Trade-Related Investment Measures (TRIMs), nor does it maintain any measures that are alleged to violate the WTO TRIMs text.

The government announced in 2002 it would ease restrictions on the issuance of visas to foreign businessmen to allow greater access, and decreed in 2005 that sponsor requirements for business visas would be lifted. In November 2007, Saudi Arabia announced that it will begin issuing foreign business visitors five (5) year, multiple entry visas at Saudi embassies, consulates, and ports of entry (but has not yet fully implemented this policy). The government also announced that foreign business visitors will no longer need to provide invitation letters from Saudi businesses to receive visas.

Right to Private Ownership and Establishment

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Domestic private entities have the right to establish and own business enterprises and engage in all forms of remunerative activity. Private entities generally have the right to freely establish, acquire, and dispose of interests in business enterprises. Certain activities are reserved for state monopolies and Saudi citizens.

Protection of Property Rights

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The Saudi legal system protects and facilitates acquisition and disposition of private property, consistent with Islamic practice respecting private property. Non-Saudi corporate entities are allowed to purchase real estate in Saudi Arabia according to the new foreign investment code. Other foreign-owned corporate and personal property is protected, and the Embassy knows of no cases of government expropriation or nationalization of U.S.-owned assets in the Kingdom. Saudi Arabia does have a system of recording security interests.

Saudi Arabia recently undertook a comprehensive revision of its laws covering intellectual property rights to bring them in line with the WTO agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs) and promulgated changes in coordination with the World Intellectual Property Organization (WIPO). The Saudi Government recently updated their Trademark Law (2002), Copyright Law (2003), and Patent Law (2004) with the dual goals of TRIPs-compliance and effective deterrence against violators. In 2008 the Violations Review Committee created a website and has populated it with information on current cases.

The current Law on Patents, Layout Designs of Integrated Circuits, Plant Varieties and Industrial Designs has been in effect since September 2004. The patent office continues to build its

capacity through training, has streamlined its procedures, hired more staff, and reduced its backlog. Protection is available for product and product-by-process. The term of protection was increased from 15 years to 20 years under the new law, but patent holders can no longer apply for a routinely granted five-year extension. In December 2009, the Saudi Council of Ministers approved the Kingdom's accession to both the Intellectual Property Owners Association Patent Cooperation Treaty (PCT) and its Implementing Regulations and the Patent Law Treaty (PLT) adopted by the Diplomatic Conference in Geneva on June 1, 2000.

In September 2009, the King approved a mechanism to protect Exclusive Marketing Rights (EMR) for certain pharmaceutical products which lost patent protection when Saudi Arabia transitioned to a new TRIPS-compliant patent law in 2004. EMR protection in Saudi Arabia expires on the same date the patent expires in the United States or the European Union. Applications for EMR protection should be submitted to the General Department of Industrial Property at King Abdulaziz City for Science and Technology for approval and transfer to the Saudi Food and Drug Authority.

The Saudi Government has revised its Copyright Law, is devoting increased resources to marketplace enforcement, and is seeking to impose stricter penalties on copyright violators. In January 2010, the Ministry of Culture and Information referred the first-ever copyright violation case to the Board of Grievance, Saudi Arabia's highest court, for deterrent sentencing. The Saudi Government has stepped up efforts to force pirated printed material, recorded music, videos, and software off the shelves of stores. These efforts included continuing raids on shops selling pirated goods in 2009. However, many pirated materials are still available in the marketplace. An Islamic ruling, or *fatwa*, stating that software piracy is "forbidden" backs enforcement efforts. Saudi Arabia remains on the Special 301 Watch List for 2009, but is in the process of an Out-of-Cycle Review that may lead to their removal.

Trademarks are protected under the Trademark Law. The Rules for Protection of Trade Secrets came into effect in 2005. Saudi Arabia has one of the best trademarks laws in the region, and the Saudi Customs Authority has significantly stepped up its enforcement efforts. Saudi Arabia received anti-counterfeiting and piracy awards from the World Customs Organization in 2009 for organizing the first Pan-Arab conference on this issue, building the capacity of the Customs Authority, and translating WCO documents into Arabic. Saudi Customs provided information about its extensive seizures to enforce trademark rules for the 2009 Special 301 Out-of-Cycle Review.

Saudi Arabia has not signed and ratified the WIPO internet treaties.

Transparency of Regulatory System

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There are few aspects of the Saudi government's regulatory system that are transparent, although Saudi investment policy is less opaque than many other areas. Saudi tax and labor laws and policies tend to favor high-tech transfers and the employment of Saudis rather than fostering competition. Saudi health and safety laws and policies are not used to distort or impede the efficient mobilization and allocation of investments. Bureaucratic procedures are cumbersome, but red tape can generally be overcome with persistence.

There are no informal regulatory processes managed by NGOs or private sector associations. While proposed laws and regulations are generally not published in draft form for public comment, some government agencies permit public comments through their websites. There

are no private sector or government efforts to restrict foreign participation in industry standards-setting consortia or organizations.

Efficient Capital Markets and Portfolio Investment

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Saudi Arabia has generally free and open financial markets, although non-GCC foreign investors may only invest in the stock market through mutual funds and “swap agreements.” These limits are gradually relaxing. Financial policies generally facilitate the free flow of private capital and currency can be transferred in and out of Saudi Arabia without restriction (with the exception of previously mentioned limits on bulk cash movements). In 2003, SAMA, the Central Bank, enhanced and updated its 1995 Circular on Guidelines for the Prevention of Money Laundering and Terrorist Financing. The enhanced guidelines are more compliant with the Banking Control Law, the Financial Action Task Force (FATF) 40 Recommendations, the 9 Special Recommendations on Terrorist Financing, and relevant UN Security Council Resolutions.

Historically, credit has been widely available to both Saudi and foreign entities from the commercial banks, and has been allocated on market terms. The global financial crisis of 2008, followed by the default on \$20 billion in debt by two Saudi business concerns and the debt restructuring in Dubai, has substantially reduced this availability to all parties, resulting in the delay or cancellation of some projects. Credit is also available from several government credit institutions, such as the SIDF, which allocate credit based on government-set criteria rather than market conditions. Companies must have a legal presence in Saudi Arabia in order to qualify for credit. The private sector has access to term loans, but there is no true corporate bond market. Most IPOs have been put on hold as the Saudi stock market’s volatility has spiked in response to the global financial crisis. The IPO market will likely take some time to recover as skittish investors are not likely to return to the market in the near future.

As part of the economic reforms initiated for accession to the WTO, Saudi Arabia liberalized licensing requirements for foreign investment in the financial services. In addition, the government increased foreign equity limits in financial institutions from 40% to 60% to entice further foreign investment. In the last few years, the Saudi government has taken steps to increase foreign participation in its banking sector by granting operating licenses to foreign banks. SAMA granted ten foreign bank licenses to operate in the Kingdom in December 2005, including to BNP Paribas, Deutsche Bank, J.P. Morgan, National Bank of Kuwait, National Bank of Bahrain, Emirates Bank, Gulf International Bank, State Bank of India, and National Bank of Pakistan.

The legal, regulatory, and accounting systems practiced in the banking sector are generally transparent and consistent with international norms. SAMA, which oversees and regulates the banking system, generally gets high marks for its prudent oversight of commercial banks in Saudi Arabia. SAMA is the only central bank in the Middle East other than Israel’s that is a member and shareholder of the Bank for International Settlements in Basel, Switzerland.

The new Capital Markets Law, passed in 2003, allows for brokerages, asset managers, and other non-bank financial intermediaries to operate in the Kingdom. The law created a market oversight body, the Capital Market Authority, which was established in 2004, and opened the stock exchange to public investment. New financial firms established under the new law will drive an increase in corporate and consumer finance activity. By late 2008 more than 100 companies had received licenses to provide investment banking and brokerage services. As of August 2008, foreigners can now invest in the stock market through “swap agreements” with

local investment houses. These allow foreign investors to hold Saudi securities for a period ranging from three months to four years, but without any voting rights. There is an effective regulatory system governing portfolio investment in Saudi Arabia.

Competition from State-Owned Enterprises

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There are a number of state-owned enterprises that operate in the Saudi market, but whether they compete with any private entity is questionable, since, with the notable exception of SABIC, they are all involved with the provision of public utilities and pensions. The major state-owned companies in Saudi Arabia are:

- Saudi Basic Industries Corp. (SABIC) — one of the world's leading manufacturers of chemicals, fertilizers, plastics, and metals,
- Saudi Electric Company (SEC),
- Saudi Telecommunications Co. (STC),
- Saline Water Conversion Corporation (SWCC),
- Reyadah Investment Company (investment arm of the Public Pension Agency)
- Al-Hasana Investment Company (investment arm of the General Organization for Social Insurance).

Corporate Social Responsibility

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Corporate Social Responsibility is still in its infancy in Saudi Arabia, with only some very large banks and state-owned corporations, like Saudi Aramco and Saudi Basic Industries Corporation (SABIC) having signed on to the principle.

Political Violence

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In the most recent Travel Warning for Saudi Arabia, the Department of State urges U.S. citizens to consider carefully the risks of traveling to Saudi Arabia. The last major terrorist attack directed against the civilian population was an attack against French nationals in 2007. Significant enhancements in the capacity and capability of Saudi security and intelligence forces have greatly improved the security environment. Although much improved, the changes remain fragile and reversible.

Corruption

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Overview

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the

foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U.S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/docs/dojdocb.html>.

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (U.N. Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. Saudi Arabia is a party to the U.N. Convention, but generally all countries prohibit the bribery and solicitation of their public officials.

U.N. Convention: The U.N. Convention against Corruption entered into force on December 14, 2005, and as of December 2009 had been signed by 143 parties (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The U.N. Convention is the first global comprehensive international anticorruption agreement. The U.N. Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The U.N. Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Saudi Arabia has signed, but has not yet ratified, the U.N. Convention against Corruption.

Free-Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free-trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize "active bribery" of public officials (offering bribes to

any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative’s Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. Saudi Arabia does not have a free-trade agreement with the United States nor is it in the process of negotiating one.

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the website of the Department of Commerce’s Trade Compliance Center, “Report A Trade Barrier,” at http://tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department’s present enforcement intentions under the antibribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ’s Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Conditions in Saudi Arabia

Saudi Arabia has some, albeit limited, laws aimed at curbing corruption. The Tenders Law of Saudi Arabia, approved in 2004, has improved transparency within government procurement through publication of such tenders. Further, ministers and other senior government officials appointed by royal decree are forbidden from engaging in business activities with their ministry or government organization while employed there. There are few cases of prominent citizens or government officials being tried on corruption charges.

Despite the fact that corruption has been identified by foreign firms as an obstacle to investment in Saudi Arabia, authorities have taken some recent steps toward combating it. In April 2007, the King established the National Authority for Combating Corruption that is to report directly to him. This commission embodies the government's determination to implement a national strategy aimed at eliminating corruption of government employees. To what extent the Commission will be empowered to eradicate corruption remains to be seen on the ground." The General Auditing Bureau is also charged with combating corruption.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention, including links to national implementing legislation and country monitoring reports, is available at: www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendations and Good Practices Guidance Annex for companies at <http://www.oecd.org/dataoecd/11/40/44176910.pdf>
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. Transparency International publishes the CPI at www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. For more details, please see www.transparency.org/publications/gcr.

- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. For more information, please see info.worldbank.org/governance/wgi/sc_country.asp. The World Bank Business Environment and Enterprise Performance Surveys BEEPS) may also be of interest, and are available at go.worldbank.org/RQQXYJ6210.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. Visit www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm for additional information.
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* at www.state.gov/g/drl/rls/hrrpt/.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at report.globalintegrity.org/.

Bilateral Investment Agreements

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There is no bilateral investment treaty in force between the United States and Saudi Arabia, although both sides have exchanged draft texts for review. GCC countries and their nationals receive favorable investment treatment derived from GCC agreements.

OPIC and Other Investment Insurance Programs

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The Overseas Private Investment Corporation (OPIC) no longer provides coverage in Saudi Arabia. In 1995, OPIC removed Saudi Arabia from its list of countries approved for OPIC coverage because of Saudi Arabia's failure to take steps to comply with internationally recognized labor standards.

Details on OPIC programs and coverage can be obtained at www.opic.gov. Saudi Arabia is a member of the Multilateral Investment Guarantee Agency.

Labor

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The Ministry of Labor and the Ministry of Interior regulate recruitment of expatriate labor. In general, the government encourages recruitment of Muslim workers, either from Muslim countries or from countries with sizable Muslim populations. The largest groups of foreign workers now come from Bangladesh, Egypt, India, Pakistan, the Philippines, and Yemen. Westerners compose less than two percent of the labor force, although this percentage is increasing as they seek to take advantage of the relatively stable Saudi economy during a time of global economic uncertainty.

Since September 1994, the Ministry of Labor has been required to certify that there are no qualified Saudis for a particular job before an expatriate worker can fill that job. In addition, the original sponsor must approve all transfers of expatriate workers from his sponsorship to another (except in cases of non-payment of wages for three consecutive months or more). While group visas are available for unskilled and some skilled workers recruited abroad, the Ministry of Labor is actively trying to limit the numbers of visas being issued in its bid to create more job opportunities for Saudis.

Saudi labor law forbids union activity, strikes, and collective bargaining. However, the Government allows companies that employ more than 100 Saudis to form "labor committees." By-laws detailing the functions of the committees were enacted in April 2002. To date, 15 labor committees have been established. Domestic workers are not covered under the provisions of the new labor law issued in 2005. The Saudi *Majlis al-Shura*, a consultative assembly with a role in the legislative process, has passed a law covering domestic workers, which is now with the King and the Council of Ministers for review.

Overtime is normally compensated at time-and-a-half rates. The minimum age for employment is 14. The Saudi government does not adhere to the International Labor Organization's (ILO) convention protecting workers' rights. A July 2004 decree addresses some workers' rights issues for non-Saudis, and the Ministry of Labor has begun taking employers to the Board of Grievances. Some of these penalties include banning these employers from recruiting foreign and/or domestic workers for a minimum of five years.

Foreign-Trade Zones/Free Ports

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Saudi Arabia does not currently have duty-free import zones or free ports, but does permit transshipment of goods through its ports in Jeddah and Dammam. Saudi Arabia is a member of the Gulf Cooperation Council (GCC), which confers special trade and investment privileges within the six member states (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE). Saudi Arabia is also a member of the Arab League, which agreed to negotiate an Arab free trade zone.

Foreign Direct Investment Statistics

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Figures provided in this section are taken from United Nations Conference on Trade and Development's "World Investment Report 2009 Country Fact Sheet." Following are key FDI indicators as provided by the referenced report for 2008 (all figures are in USD millions unless otherwise indicated):

FDI Inflow	38,223.0
FDI Outflow	1,080.0
FDI Inward Stock	114,277.0
FDI Outward Stock	23,130.0
FDI Inward Stock as % of GDP	24.4
FDI Outward Stock as % of GDP	4.9
FDI Inflow as % of GFCF	46.1
FDI Outflow as % of GFCF	1.3
GDP = gross domestic product	
GFCF = gross fixed capital formation	

Saudi Arabian General Investment Authority (SAGIA)	www.sagia.gov.sa
SAGIA Business Centre Wizard	www.sagia.gov.sa/en/Investor-tools/Business-Centre-Wizard/
Saudi Arabian Monetary Agency (SAMA)	www.sama.gov.sa
Capital Market Authority (CMA)	www.cma.org.sa/cma_en/default.aspx
Saudi Stock Exchange (Tadawul)	www.tadawul.com.sa/
Communications and Information Technology Commission (CITC)	www.citc.gov.sa
Royal Commission for Jubail and Yanbu	www.rcjy.gov.sa/portal/default.asp?lang=eng
Ar-Riyadh Development Authority (ADA)	www.arriyadh.com/eng/ada/index.aspx
Saudi Industrial Development Fund	www.sidf.gov.sa/english/index.htm
Ministry of Labor	www.mol.gov.sa/HomePage/home.html
Saudi Customs Authority	www.customs.gov.sa/CustomsNew/default_E.aspx

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Chapter 7: Trade and Project Financing

- [How Do I Get Paid? \(Methods of Payment\)](#)
- [How the Banking System Operates](#)
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How Do I Get Paid? (Methods of Payment)

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An irrevocable letter of credit (L/C) is the instrument normally used for Saudi imports. Open account, cash in advance and documentary collections are also acceptable if both parties agree. Maximum or minimum credit terms are not required. Export Credit Insurance for political and commercial risk is available from the [U.S. Export-Import Bank](#) in Washington, D.C.

Through an initiative of the local banks, the [Saudi Credit Bureau](#) (SIMAH) is Saudi Arabia's first comprehensive consumer credit bureau. Established in 2003, SCB will only extend its services to members in the banking industry. The current laws of Saudi Arabia do not allow sharing of financial information with non-banking institutions.

Debt collection is usually undertaken by a number of [law firms](#). A representative list of lawyers is available through the U.S. Commercial Service.

How the Banking System Operates

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An important development in the Saudi financial scene was the Royal Directive (May 9, 2006) that established the King Abdullah Financial District in Riyadh, which will house major financial institutions, the Capital Market Authority, the Stock Exchange, and other service providers.

The Saudi banking system remains one of the strongest and most profitable in the region. Lacking financial information from two banks, net income registered \$6.85 billion in 2009, relatively unchanged from \$6.88 in 2008. In 2008, net income for the 12 banks was at \$7.98 billion, and industry sources expect it to stay at that level in 2009. In contrast, total assets of the Saudi banking sector went up more than 5.2%, from \$347.3 billion in 2008 to \$365.4 billion in 2009. Similarly, consumer lending grew 3.6% during the first nine months of 2009, from \$46.40 in 2008 to \$48.10 billion in 2009. Aggregate private sector borrowing, however, contracted by about 1%, from \$195.90 billion in 2008 to \$194.16 billion in 2009.

The difficulty in obtaining a banking license to operate in Saudi means that only 12 Saudi and Saudi-foreign joint venture banks operate, dominated by Al-Rajhi bank, the country's most profitable and one of the world's largest Islamic banks, and the National Commercial Bank the largest by asset size in both Saudi Arabia and the whole GCC. A number of international banks have entered the market by taking stakes in domestic firms, such as HSBC's 40 per cent stake in Saudi British Bank (SABB) and ABN Amro's 40 per cent stake in Saudi Hollandi Bank, which could soon be up for sale. Five GCC banks are licensed to operate in Saudi Arabia, and

licenses were also granted to Deutsche Bank, BNP-Paribas, State Bank of India, National Bank of Pakistan, and J.P. Morgan Chase.

Foreign banks are permitted to enter joint venture companies in Saudi Arabia with a previous foreign equity cap of 40% raised to 60%. Now, they can also open direct branches.

As of the date of this report, the Capital Market Authority has licensed 108 foreign and local companies to provide financial services and brokerage services from dealing and managing portfolios to arranging and advisory services, including Morgan Stanley, KPMG, Ernst & Young, Merrill Lynch, J.P. Morgan, Credit Suisse, HSBC, and Goldman Sachs, among others. The Saudi Government has also opened up asset management, advisory and brokerage services to foreign institutions.

After suffering a major crash in 2008, the Kingdom's stock market leveled out in 2009 and the Tadawul All-Share Index (TASI) closed at 6,121.76 compared to 4,802.99 in 2008. The total value of traded shares plummeted by more than 35% reaching \$337 billion in 2009. Overall market capitalization, however, improved more than 29%, reaching \$318.8 billion in 2009 compared to \$246.5 billion in 2008. The total number of traded companies was 135 compared to 127 in 2008. The Kingdom's stock market is the largest and the most attractive in the region; it is still larger than the combined worth of companies listed in Kuwait, UAE, and Qatar and many international bankers and asset managers have re-focused their advisory and research services on the Saudi market.

There were 244 operating funds with total assets at \$23.88 billion, growing more than 19% in 2009. Foreign assets represented more than 17% of the funds' assets composition.

In an attempt to prevent the economy from sliding into recession, the Saudi Government estimates spending to reach \$144 billion, the highest projected expenditure ever, with a projected deficit of \$18.7 billion. The actual deficit in 2008 stood at \$12 billion lower than the projected \$17 billion due to higher oil prices.

The earlier projections of tighter bank financing in 2009 were stamped out by exorbitant liquidity, which crossed the \$274 billion mark, reflecting the prudent monetary policy of the Saudi Arabian Monetary Agency (SAMA). The excess liquidity helped to enhance consumer lending and to stabilize aggregate borrowing by the private sector.

The current state of equity markets will likely allow more initial public offerings in 2010 as opposed to the number of IPOs in 2009, which was a busy year and saw the floatation of 11 new companies, with a combined total share capital of \$2.08 billion. Saudi Arabia remained the driving force behind the region's IPO market. Some of the heavyweight companies included National Petrochemical Company raised almost \$640 million, Saudi Steel Pipe Company, which raised \$107 million, Mouwasat Medical Services Company \$880 million, and Etihad Atheeb Telecommunications Company \$80 million.

The [Saudi Arabian Monetary Agency](#) (SAMA), the Saudi central bank, regulates the Saudi banking sector. Offshore banking and trust operations do not exist in Saudi Arabia, and there is no legislation to permit the establishment of these operations.

On October 11, 2005, the Council of Ministers instructed the CMA, the Capital Market Authority and SAMA to establish a secondary market for Government bonds. Banking sources expect that a secondary market will be also created for bank and corporate bonds.

Foreign-Exchange Controls

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Saudi Arabia imposes no foreign exchange restrictions on capital receipts or payments by residents or nonresidents, beyond a prohibition against transactions with Israel. Although officially linked to the IMF's Special Drawing Rights, Saudi Arabia in practice pegs its currency, the Saudi Riyal (SAR), to the U.S. Dollar.

Saudi Arabia last devalued the Riyal in June 1986 when it set the official selling rate at SAR 3.745 = \$1. Residents of Saudi Arabia may freely and without license buy, hold, sell, import, and export gold, with the exception of gold of 14 karats or less.

In its latest Article IV consultation with Saudi Arabia, the International Monetary Fund (IMF) indicated that it "saw merit in the authorities' decision to keep the current pegged exchange rate regime unchanged in the period leading up to the GCC monetary union in 2010, while keeping an open mind about the choice of the exchange rate regime under the prospective monetary union."

U.S. Banks and Local Correspondent Banks

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There are no American financial/lending institutions operating independently in Saudi Arabia. Nonetheless, the [Saudi Arabian Monetary Agency](#) (SAMA) granted licenses to JP Morgan, Morgan Stanley, Ernst & Young, Merrill Lynch, and Goldman Sachs to operate in Saudi Arabia as a foreign investment banking entity.

Currently, 12 majority Saudi-owned banks and five regional banks are licensed to operate in Saudi Arabia. The regional banks include Emirates Bank, Gulf International Bank, Muscat Bank, National Bank of Bahrain, and the National Bank of Kuwait.

The Saudi Arabian Monetary Agency (SAMA) also granted licenses to international investment banks, including, Deutsche Bank, BNP-Paribas, J.P. Morgan, the State Bank of India, and the National Bank of Pakistan to open a branch office.

Because of its ownership structure, [Saudi Investment Bank](#) (SIB) has direct correspondent relationships with its U.S. joint venture partner, J.P. Morgan Chase, which holds a 7.4% stake in SIB. Other Saudi banks also have correspondent relationships with American institutions, whether the home office in the United States or through the U.S. bank branches in Europe, Bahrain, or Dubai.

Project Financing

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In spite of falling oil prices, the Saudi Government released an expansionary 2010 budget, which has alleviated fears among many contractors and investors in the region. Industry sources believe that the SAG commitment to carry on with its infrastructure projects will offset the slowdown in the private sector. The 2010 budget forecasts a 14% rise in spending, which will spur public spending, especially for expansion projects at the Grand Mosque in Mecca, military and security projects, transport, telecoms and water.

In 2009, the government awarded more than 2,300 contracts at a cost of \$37 billion according to a latest report released by the Ministry of Finance. In the 2010 budget, the government has

allocated \$36.5 billion for the education sector to build and expand a number of university campuses, and another \$16 billion for the healthcare sector.

Projects, especially in the oil, gas, petrochemical and energy sectors, are being re-evaluated of their costs in line with cheaper building and construction materials, credit crunch, and the cancellation of many projects in the whole region.

In 2010, a number of projects are expected to go forward pending better financing terms, namely the Yanbu refinery, PP 9 & 10 (Power plant in Riyadh), an aluminum smelter in Ras Az-Zour, and a refinery in Jizan.

For the past 6 years, oil prices have enabled the Kingdom to amass huge cash surpluses; by the same token, local banks are also awash with liquidity and will be expected to play a major role in financing projects, as one local banker was quoted "there is no liquidity shortage but surplus liquidity way above our needs".

In February 2009, the Japan Bank for International Co-Operation (JBIC) provided \$2.5 billion for the Ras Az-Zour IWPP in Saudi Arabia. Similarly, the Export-Import Bank of South Korea provided \$500 million to the Saudi Kayan Petrochemicals Complex in November 2008. The U.S. Export-Import Bank (Ex-Im Bank) has also been very active in Saudi Arabia providing insurance guarantees to various clients in Saudi Arabia. In May 2009, Ex-Im approved close o \$1 billion loan to the Saudi Electricity Company (SEC) to finance GE sale of 23 gas turbine generator sets. During the same timeframe, Hawker Beechcraft received a \$60.5 million loan guarantee from Ex-Im Bank for the sale of six Hawker 750 corporate aircraft to the National Air Service Company (NAS) in Riyadh.

Additionally, quasi-government loans from the Saudi Industrial Development Fund (SIDF), Rayadah Investment Company (Public Investment Fund), and Al-Hasana Investment Company (General Organization for Social Insurance) will also help support project financing schemes across Saudi Arabia. In January 2009, the PIF Board of Directors raised the lending ceiling from \$1.06 billion to \$1.30 billion for any project.

Some of the projects that are expected to be funded in 2010 include:

- The Saudi Arabian Mining Company (Ma'aden) is spearheading a number of private-public partnership projects, namely, Al-Jalamid Phosphate project and Ras Az-Zour project, which is a spin-off of the Al-Jalamid project, whereby the raw material will be transported by rail from Al-Jalamid to Ras Az-Zour for further processing and then shipping overseas. The Ras Az-Zour project will also include a smelter, which will involve long-term financing, around \$8 billion, from local and international sources.
- In the water and power sector, the Saudi government is moving fast forward with the privatization of this vital sector. Four major power IPPs should be forthcoming in line with the Saudi Electricity Company's plan to increase the country's power generation capacity to 60,000 by 2020. Major among the projects include Shoqaiq, Ras Az-Zour Phase 1 & 2, Jeddah Phase 1, Ogair/Salwa Phase 1 & 2.

- The largest private investment in Saudi Arabia will center on the Economic Cities that will be built in some remote sites of Saudi Arabia to enhance the region's economy and to create jobs in that area. These economic cities are expected to attract close to \$80 billion in investments. The frontrunner is the King Abdullah Economic City at Rabigh, which will focus on promoting energy and transportation related industries. The Prince Abdulaziz bin Mousaed Economic City in Hail will be designed around transportation and related logistical services. The Knowledge Economic City in Medina will include a Technology and Knowledge-Based Industries zone, an advanced IT studies institute, an interactive museum on the life of Prophet Muhammad (PBUH), a center for Islamic civilization studies, a campus for medical research and biosciences, an integrated medical services zone, a retail zone, a business district, and residential zones. The fourth economic city in the southern city of Jizan will have an industrial zone, a logistics service center, an energy/desalination plant, a residential zone and a seaport.

“Soft” term financing is available from specialized credit institutions: the [Saudi Agricultural Bank](#), the [Saudi Credit Bank](#), the [Public Investment Fund](#), the [Saudi Industrial Development Fund](#) (SIDF), and the [Real Estate Development Fund](#).

The Saudi banking system is well capitalized and well provisioned. SIDF loans are available to finance foreign-owned businesses in Saudi Arabia under the Foreign Investment Law. The Embassy is not aware of any “cross-shareholding” or “stable shareholder” arrangements being used by private firms to restrict foreign investment through mergers and acquisitions. Nor is the Embassy aware of any laws or regulations that specifically authorize private firms to adopt articles of incorporation/association, which limit or prohibit foreign investment, participation, or control.

GSM credit guarantees are not available in Saudi Arabia. The U.S. Export-Import Bank is involved in Saudi Arabia supporting trade with private Saudi companies. OPIC does not provide coverage in Saudi Arabia. The Government of Saudi Arabia may use the facilities of International Financial Institutions to support major infrastructure and projects. Project financing is also available for longer-term loans by the local commercial banks and Saudi specialized credit institutions such as the Saudi Industrial Development Fund or the Public Investment Fund.

The [International Finance Corporation](#) (IFC), which finances and provides advice for private sector ventures and projects, has been quite active in the Saudi market.

IFC has been active in Saudi Arabia since 1999 when it took \$2.4 million equity in the Saudi Orix Leasing Corporation, helping SMEs get access to asset-backed financing and help develop the Saudi non-bank financial institutions. Since then, IFC has made a number of investments and/or provided advisory and technical assistance to Saudi entities. The IFC's [website](#) lists the organizations' commitments and projects in Saudi Arabia.

The [Islamic Development Bank](#) fosters the economic development and social progress of member countries and Muslim communities. It participates in equity capital and grants loans for productive projects and enterprises, besides providing financial assistance to member countries in other forms for economic and social development.

In addition, the [Council of Saudi Chambers of Commerce and Industry](#) is assisting with the set up of a Saudi-Japanese company to finance small and medium-sized companies in Saudi Arabia.

Recently, the [Saudi Fund for Development](#) began to offer financing for Saudi exports to countries where there is no commercial bank coverage, no correspondent banks and/or high-risk country/bank.

The [Islamic Corporation for the Insurance of Investment and Export Credit](#) (ICIEC) provides Export Credit guarantees on exports to member states and to companies owned/partly owned by member states. In addition, the corporation provides investment insurance and guarantees against country risks to member states.

Other regional organizations that also provide for project and trade financing to promote investments and social development in the Arab world include:

- [Arab Fund for Economic and Social Development](#), which is an autonomous regional Pan-Arab development finance organization. Members include all Arab states in the League of Arab Nations.
- [Arab Industrial Development and Mining Organization](#), which is also a Pan-Arab organization for the encouragement of industrial and mining investments.
- [Arab Monetary Fund](#), a 21-member regional Arab organization aiming to improve the balance of payments of member states, to promote Arab monetary cooperation as well as trade among member states. The organization also advises member countries on policies with respect to their foreign investments.
- [Inter-Arab Investment Guarantee Corporation](#), which aims to promote and facilitate inter-Arab investments and trade.

Web Resources

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[Export-Import Bank of the United States](#)

[Export-Import Bank of the United States, Country Limitation Schedule](#)

[Small Business Administration, Office of International Trade](#)

[Overseas Private Investment Corporation](#)

[U.S. Agency for International Development](#)

[United States Department of Agriculture, Commodity Credit Corporation](#)

[United States Trade and Development Agency](#)

[Arab Fund for Economic and Social Development](#)

[Arab Industrial Development and Mining Organization](#)

[Arab Monetary Fund](#)

[Council of Saudi Chambers of Commerce and Industry](#)

[Inter-Arab Investment Guarantee Corporation](#)

[Islamic Corporation for the Insurance of Investment and Export Credit](#)

[Islamic Development Bank](#)

[Saudi Orix Leasing Corporation](#)

[Saudi Agricultural Bank](#)

[Public Investment Fund](#)

[Real Estate Development Fund](#)

[Saudi Credit Bureau – SIMAH](#)

[Saudi Arabian Monetary Agency](#)

[Saudi Fund for Development](#)

[Saudi Industrial Development Fund](#)

[Saudi Investment Bank](#)
[Saudi Credit Bank](#)
[Saudi Stock Exchange – Tadawul](#)

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Chapter 8: Business Travel

The website of the U.S. Commercial Service in Saudi Arabia has a special section on Saudi Culture, Customs, and Business Etiquette. For more information, please visit our site at www.buyusa.gov/saudiarabia/en/saudiculturecustomsetiquette.html.

In addition, the following websites of the U.S. Department of State contains a wealth of information useful to business traveler to the Kingdom of Saudi Arabia, including updated travel advisories.

<http://riyadh.usembassy.gov/service.html>

<http://www.state.gov/travelandbusiness/>

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
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Business Customs

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While modern Saudi Arabia has adopted numerous business methods and styles of the West, many cultural differences remain. Most important is that business will generally only be conducted after a degree of trust and familiarity has been established. Considerable time may be spent exchanging courtesies, and several visits may be needed to establish a business relationship. Business visitors should arrange their itineraries to allow for long meetings, as traditional Saudis often maintain an “open office” in which they will sign papers, take telephone calls and converse with friends or colleagues who drop by. Tea and traditional Saudi coffee are usually offered. One to three cups of Saudi coffee should be taken for politeness, after which the cup may be wiggled between thumb and forefinger when returning it to the server to indicate that you have finished.

Many Saudi businessmen have been educated or have traveled extensively in the West and are sophisticated in dealing with Americans. For the most part, travelers can rely on Western manners and standards of politeness to see them through, with a few additional rules that may be observed. One should avoid sitting at any time with the sole of the foot pointed at the host or other guest. Unless one is on familiar terms with a Saudi, it may be discourteous to ask about a man’s wife or daughters; ask instead about his family. Shoes are often removed before entering a Saudi living room (*majlis*). If you are invited to the home of a Saudi for a party or reception, a

meal is normally served at the end of the evening, and guests will not linger long after finishing. Be observant and adapt your behavior to the customs of your host.

Dress is conservative for both men and women. Men should not wear shorts or tank tops, while women are advised to wear loose-fitting and concealing clothing with long skirts, elbow-length sleeves and modest necklines.

There is strict gender separation in the Kingdom and restaurants maintain separate sections for single men and families. Wives are often excluded from social gatherings or are entertained separately.

Travel Advisory

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The American Embassy continues to receive reports that suggest terrorist action against U.S. interests in Saudi Arabia remains a possibility. Because of continuing security concerns, the U.S. Embassy, Consulates General, and U.S. military elements throughout the country routinely review their security postures and make improvements wherever possible to lessen their vulnerabilities. The Embassy strongly encourages all American residents in Saudi Arabia to likewise take appropriate steps to increase their security awareness and lessen their vulnerability.

In addition, the State Department issues [Consular Information Sheets](#) for every country of the world with information on such matters as the health conditions, crime, unusual currency or entry requirements, any areas of instability and the location of the nearest American embassy or Consulate in the subject country.

American citizens who choose to visit Saudi Arabia are strongly urged to avoid staying in hotels or housing compounds that do not apply stringent security measures and are also advised to maintain good situational awareness when visiting commercial establishments frequented by Westerners. American citizens also are advised to keep a low profile; vary times and routes of travel; exercise caution while driving, entering or exiting vehicles; and ensure that travel documents and visas are current and valid.

Americans traveling to Saudi Arabia for a short period of time are encouraged to register with the U.S. Embassy or Consulates and to obtain the most current security information. This process can be done before departing the United States through the [Internet Based Registration System](#) (IBRS).

Americans who expect to spend more time visiting Saudi Arabia or who are resident in Saudi Arabia are encouraged to register through the IBRS and to subscribe to the American Embassy warden system to receive the latest [Warden Messages](#) and [Travel Warnings](#). The Warden system will inform the resident American community of current security matters.

Visa Requirements

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Saudi visas valid for at least six months are required for entry. Visas can be obtained for business and work, to visit relatives, for religious visits, and for tourism. Most visas are single entry and allow for a maximum six-month stay; however the Saudi Government has recently started granting a limited number of multiple-entry business visas for two to five years. Because of a reciprocal arrangement recently concluded with the United States, the issuance of five year

visas will likely become the norm over time. Visas are not available upon arrival at ports of entry yet, but the Saudi Ministry of Foreign Affairs is reviewing the process of granting business visas at ports of entry for OECD nationals.

In order to obtain a visitor's visa for business purposes, a U.S. company representative is required to submit a letter of invitation from a sponsoring entity in Saudi Arabia. The invitation letter must be in Arabic, the American applicant may present a copy of the original letter, the letter must be on the sponsoring organization's letterhead and must bear an authenticating stamp of the local Saudi Chamber of Commerce. The letter should name the visa applicant, passport number, company name and address, approximate dates of visit, and reason for visit (e.g., business meetings).

It is recommended that the American applicant's company use the company's letterhead when requesting the Saudi embassy's/consulates' cooperation in issuing the visa. The visa applicant must apply for and receive the visa prior to departing the United States at either the Saudi Embassy in Washington or at Saudi Consulates in Houston, Los Angeles or New York City. Once the visa is placed in the passport, it is usually valid for one month and must be used or officially canceled before a subsequent visa will be issued. The visa may be extended at the discretion of the Saudi Embassy or Consulate prior to the expiration date.

If the American applicant does not have a Saudi sponsor, [U.S. Commercial Service](#) offices in Saudi Arabia can advise on how to make initial contacts with potential sponsors. Please note that the [U.S. Embassy](#) and Consulates General cannot sponsor private American citizens for Saudi visas.

Occasionally the Saudi consular officer may require the applicant to obtain the visa through a more time-consuming process involving approval by the Saudi Ministry of Foreign Affairs. Women traveling alone, Americans of Arab origin and private consultants are often required to use this process. Resident visas also are available through a separate process.

It is also worth mentioning that travelers with an Israeli visa in their passport could be denied a Saudi visa. If a traveler already has an Israeli visa in their passport, it is highly recommended that the traveler obtain a new passport prior to requesting a Saudi visa. Further, if a traveler arrives at the Saudi Arabian immigration desk with an Israeli visa or entry-exit stamp, it is very possible that Saudi immigration could deny the traveler entry to Saudi Arabia.

A medical report, including an AIDS test, is required to obtain a work and residence permit. This includes a medical certification. For further information on entry requirements, travelers may contact the [Royal Embassy of Saudi Arabia](#) in Washington, DC, or one of the Consulates in New York, Houston, or Los Angeles.

There is an airport departure fee of SAR 50 (US\$13.30) per traveler. Members of airline crews, infants (under the age of two), and passengers in transit less than 24 hours are exempt from paying this fee. The fee is payable to the travel agent through which the ticket is booked.

U.S. companies that require travel of foreign businesspersons to the United States should allow sufficient time for visa issuance if required. Visa applicants should go to the following links.

State Department Visa Website:	http://travel.state.gov/visa/index.html
American Embassy in Riyadh:	http://riyadh.usembassy.gov/
Saudi Embassy in Washington, D.C.:	http://www.saudiembassy.net/

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. U.S. Visa applicants should go to the following links:

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas: <http://riyadh.usembassy.gov/visas.html>

On-line U.S. Non-Immigrant Visa Application Form <https://ceac.state.gov/genniv/>

Telecommunications, Media, Press

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Telephone

Country code: 966. A sophisticated telecommunications network and satellite, microwave and cable systems span the country.

Mobile Telephone

International roaming agreements exist with some mobile phone companies. Coverage is mostly good.

Internet

The Ministry of Post, Telegraph and Telephones provides internet facilities in most cities. E-mail can also be accessed from many hotels and internet cafes.

Media

Saudi Arabia has very tightly controlled media environment and criticism of the Government, the royal family and religious tenets are not really tolerated-although there are signs of an increasing tolerance emerging. The state-run Broadcasting Service of the kingdom of Saudi Arabia (BSKSA) is responsible for all broadcasting in the kingdom. The Minister of Culture and Information oversees radio and TV operations. Viewers in the country's east can pick up TV stations from more liberal Gulf neighbors. The government blocks access to websites that deems offensive. Newspapers tend to follow the lead of the state-run news agency on whether or not to publish stories on sensitive subjects.

Press

- Saudi newspapers are created by royal decree.
- Pan-Arab papers, subject to censorship, are available.
- The main newspapers include *Al-Jazirah*, *Ar-Riyadh*, and *Okaz*. English-language dailies include *Arab News* and *Saudi Gazette*.

Transportation

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The business centers of Riyadh, Jeddah, and Dammam/AI-Khobar/Dhahran have international airports served by a variety of international airlines. Air travel is preferred for domestic travel with public service restricted to three airlines — the national carrier, Saudi Arabian Airlines, and two new private, low-cost airlines, Sama and NAS Air.

Language

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The official language of Saudi Arabia is Arabic, but English is widely used in business and some signs and notices. Most road signs are in Arabic, while major highways and streets in major cities display road signs in both Arabic and English.

Health

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The quality of health care is variable, ranging from excellent to poor depending on the region, hospital, and specialty. Most Western expatriates find it adequate for routine care and minor surgery. In recent years, however, medical care has evolved in Saudi Arabia with sophisticated types of treatment, such as open-heart surgery, kidney transplants and cancer treatment, being undertaken. Only a few drugs available in the United States are not available in Saudi Arabia. Many local hospitals and healthcare companies are vying to join with American healthcare providers. In 2005, for example, the Cleveland Clinic set up a joint venture medical center in Jeddah, the International Medical Center, which will work on several joint initiatives including e-health, teleconferencing, consultations and continuing education programs.

A yellow fever certificate is required from travelers coming from infected countries. A meningitis vaccine is recommended for incoming to Jeddah and the western region, especially during the annual pilgrimage ritual.

There is a risk of malaria throughout the year in most of the Southern Region and in certain rural areas of the Western Region, except for Mecca and Medina.

Local Time, Business Hours, and Holidays

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Saudi Arabia's time zone is GMT+03:00. Saudi Arabia is a Muslim country that requires strict adherence to Islamic principles. Five times a day, Muslims are obliged to pray in the direction of the holy city Mecca. The prayer times are published in the newspaper and come at dawn, noon, afternoon, sunset and evening. Stores and restaurants close for approximately 30 minutes at these times. When staging promotional events or product demonstrations, one must anticipate these prayer breaks.

Business hours vary in different parts of the country. Saudi companies usually close for 2-4 hours in the afternoon and remain open throughout the early evening. Retail stores close for the noon prayer and reopen around 4:00 P.M.

The normal workweek runs from Saturday through Wednesday, with many companies also working a half or full day on Thursday. Friday is the Muslim holiday.

Work Week:

U.S. Embassy: 08:00 - 17:00 Sat. thru Wed.
Saudi Government: 08:00 - 14:30 Sat. thru Wed.
Banks: 09:00 - 17:00 Sat. thru Wed.
Businesses: 08:00 - 12:00 and
16:00 - 20:00 Sat. thru Wed.
08:00 - 13:00 Thursdays.

There are two Islamic religious holidays during which most businesses close for at least three working days and all government offices close for a longer period. During these holidays it is very difficult to make contacts or transact business:

- The *Eid al-Fitr* holiday occurs at the end of the holy month of Ramadan (month of fasting). The next *Eid al-Fitr* holiday will occur on or about September 11-15, 2010. The Saudi national day is celebrated September 23.
- *Eid al-Adha* celebrates the time of year when pilgrims arrive from around the world to perform the pilgrimage to Mecca, or *Hajj*. The next *Eid al-Adha* holiday will occur on or about November 16-22, 2010.

Please note that the dates of these two religious holidays are governed by the lunar calendar; exact dates are subject to change and will be confirmed by the Saudi authorities at a later date. Please visit the website of the [U.S. Embassy in Saudi Arabia](#) as these holidays draw near to verify their exact dates.

Business travel to Saudi Arabia during the holy month of Ramadan (in 2010, from August 11 through September 10) is best avoided. During Ramadan, Muslims abstain from food and drink during daylight hours. Office hours are shortened and shifted to the evening, and people may be affected by the fasting and customary late night social gatherings. During Ramadan, business travelers should not drink, eat, or smoke in public during daylight or in the presence of fasting Muslims. Major hotels offer special daytime food services for their non-Muslim guests. Ramadan will start on or about August 10, 2010 and end on or about September 8, 2010.

The complete list of U.S. and local holidays observed by the U.S. Embassy and Consulates General in Saudi Arabia can be found at www.buyusa.gov/saudiarabia/en/44.html.

Temporary Entry of Materials and Personal Belongings

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For temporary entry of goods for promotional purposes, importers need an invoice with the value of the goods endorsed by the local Chamber of Commerce or the U.S.-Saudi Business Council and a certificate of origin also to be authenticated by one of the aforementioned entities. The invoice should state that the goods are being imported for exhibition purposes only and will be re-exported.

Saudi Customs requires a deposit for these goods (equivalent to the applicable tariff rate on the total value of the goods). This deposit is refundable when the exhibition is over and upon showing a document that the owner of the equipment officially participated in a trade show. Additionally, the customs authorities will collect handling charges. Reimbursement takes between two to four weeks. If the goods are meant for demonstration purposes to a Government entity, a letter from that entity is required indicating the nature and purpose of the goods.

[Travel Advisories and Warnings](#)

[U.S. Embassy](#)

[World Health Organization](#)

[Royal Embassy of Saudi Arabia](#)

[Saudi Telecommunications Company](#)

[Communications and Information Technology Commission](#)

[Saudi Arabian Airlines](#)

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Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

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[U.S. Commercial Service in Saudi Arabia](#)
[Embassy of the United States Riyadh, Saudi Arabia](#)
[Export.Gov](#)
[Middle East Council of American Chambers of Commerce](#)
[U.S. – Saudi Business Council](#)
[Council for Saudi Chambers of Commerce and Industry](#)
[Riyadh Chamber of Commerce and Industry](#)
[Jeddah Chamber of Commerce & Industry](#)
[Eastern Province Chamber of Commerce](#)
[Arab Satellite Communications Organization](#)
[Central Department of Statistics & Information](#)
[General Authority of Civil Aviation](#)
[Public Investment Fund \(PIF\)](#)
[Capital Market Authority](#)
[Communications and Information Technology Commission](#)
[Department of Zakat and Income Tax](#)
[Deputy Minister for Mineral Resources](#)
[General Organization for Social Insurance](#)
[Institute of Public Administration](#)
[King Faisal Foundation](#)
[King Abdulaziz City for Science and Technology \(KACST\)](#)
[Ministry of Finance](#)
[Ministry Communications and Information Technology](#)
[Ministry of Economy and Planning](#)
[Ministry of Interior](#)
[Ministry of Municipal and Rural Affairs](#)
[Ministry of Petroleum and Mineral Resources](#)
[National Commission for wildlife Conservation and Development \(NCWCD\)](#)
[National Shipping Company of Saudi Arabia](#)
[Presidency of Meteorology and Environment \(PME\)](#)
[Royal Commission for Jubail and Yanbu](#)
[Saline Water Conversion Corporation \(SWCC\)](#)
[Saudi Arabian Agricultural Bank](#)
[Saudi Arabian Airlines](#)
[Saudi Arabian General Investment Authority](#)
[Saudi Arabian Mining Company \(MA'ADEN\)](#)
[Saudi Aramco](#)
[Saudi Public Transport Co. \(SAPTCO\)](#)
[Saudi Arabian Standards Organization \(SASO\)](#)

[Saudi Basic Industries Corporation \(SABIC\)](#)
[Saudi Credit Bank](#)
[Saudi Customs](#)
[Saudi Electricity Company \(SEC\)](#)
[Saudi Fund for Development](#)
[Saudi Geological Survey](#)
[Saudi Industrial Development Fund](#)
[Saudi Ports Authority](#)
[Saudi Press Agency](#)
[Saudi Telecommunications Company](#)
[Supreme Economic Council](#)

Market Research

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To view market research reports produced by the U.S. Commercial Service, please go to www.buyusainfo.net/adsearch.cfm?search_type=int&loadnav=no and click on “Industry,” “Region” or “Country,” “Report Type,” and “Date,” then click on “Go.”

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

To view market research reports produced by Foreign Agricultural Service, please go to [FAS Attaché Report](#) and search either by date, commodity and/or country.

Trade Events

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The U.S. Commercial Service in Saudi Arabia will be recruiting and accompanying official delegations of local business people to the following [Trade Events](#) in the United States:

2010 EVENTS				
Date	Event	Place	Sector(s)	CS Contact
Mar. 23-26	ISC West	Las Vegas, NV	Security/Safety Eq.	ishtiaq.hussain@mail.doc.gov
Apr. 9-11	Int'l Franchise Expo	Washington, DC	Franchising	maher.siblini@mail.doc.gov
Apr. 17-22	High Point Market Spring	High Point, NC	Furniture	wasif.shah@mail.doc.gov
May 3-6	Offshore Technology Conference	Houston, TX	Oil/Gas Field Machinery Oil/Gas/Mineral Prod./Exploration Services	ishtiaq.hussain@mail.doc.gov
May 4-6	Waste Expo	Atlanta, GA	Pollution Control Eq.	abuelgasim.mukhtar@mail.doc.gov
Jun. 9-11	InfoComm	Orlando, FL	Information Communications	ishtiaq.hussain@mail.doc.gov
Jul. 25-29	AACC	Anaheim, CA	Health Care Services	maher.siblini@mail.doc.gov
Oct. 26-28	SuperComm	Chicago, IL	Information Technologies	ahmed.khayyat@mail.doc.gov

Nov. 2-5	AAIW	Las Vegas, NV	Automobiles/Light Trucks/Vans Automotive Parts/Services/Eq.	abuelgasim.mukhtar@mail.doc.gov
Nov. 29– Dec. 1	Greater New York Dental Meeting	New York, NY	Dental Eq.	maisa.altawil@mail.doc.gov
Dec. 14-16	PowerGen	Orlando, FL	Engineering and Architectural Services	habeeb.saeed@mail.doc.gov

In addition, the **Foreign Agricultural Service** annually promotes some regional agricultural shows, including:

GulFood 2010

February 21–24, 2009 - Dubai, United Arab Emirates
Organizer: Dubai World Trade Center
Tel.: (+971-4) 332-1000
Fax: (+971-4) 331-2173
E-mail: info@dwtc.com
Web: www.dwtc.com

FMI and USFS

May 10-13, 2010
Mandalay Bay Convention Center
Las Vegas
Tel.: 202-220-0820, 202-220-0606
Fax: 202-429-4519
E-mail: abondthorley@fmi.org, sgeorge@fmi.org
Web: www.fmi.org

National Restaurant Association Show 2010

May 22-25, 2010 - McCormick Place - Chicago, IL USA
Tel.: (312) 580-5410
Fax: (708) 344-4444
E-mail: nrregistration@restaurant.org
Web: www.restaurant.org/show

GulFood 2011

February 2011 - Dubai, United Arab Emirates
Organizer: Dubai World Trade Center
Tel.: (+971-4) 332-1000
Fax: (+971-4) 331-2173
E-mail: info@dwtc.com
Web: www.dwtc.com

FMI and USFS

May 2011
Mandalay Bay Convention Center
Las Vegas
Tel.: 202-220-0820, 202-220-0606
Fax: 202-429-4519

E-mail: abondthorley@fmi.org, sgeorge@fmi.org
Web: www.fmi.org

National Restaurant Association Show 2011

May 22-25, 2010 - McCormick Place - Chicago, IL USA

Tel.: (312) 580-5410

Fax: (708) 344-4444

E-mail: nraregistration@restaurant.org

Web: www.restaurant.org/show

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below:

www.buyusa.gov/saudiarabia/en/findsaudibusinespartner.html

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **the Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.