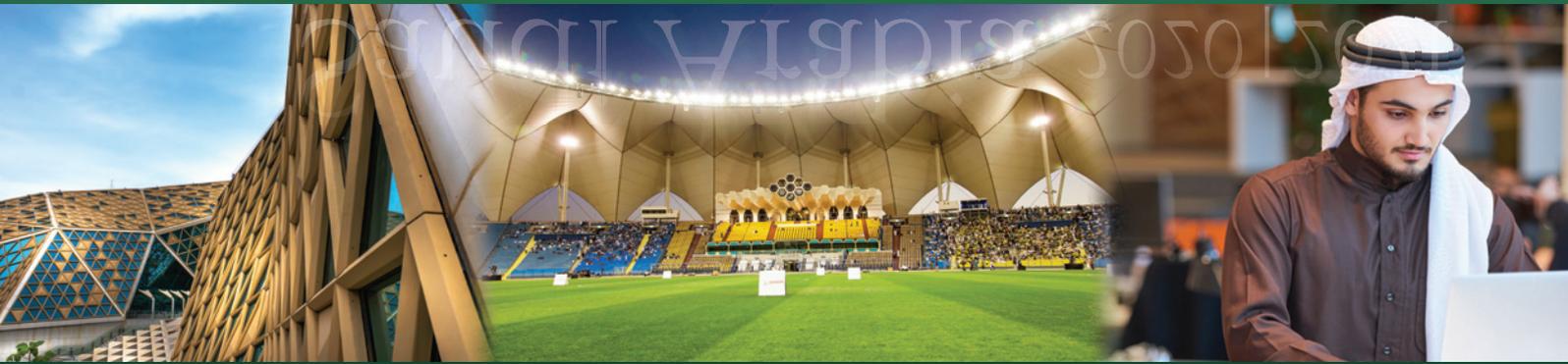


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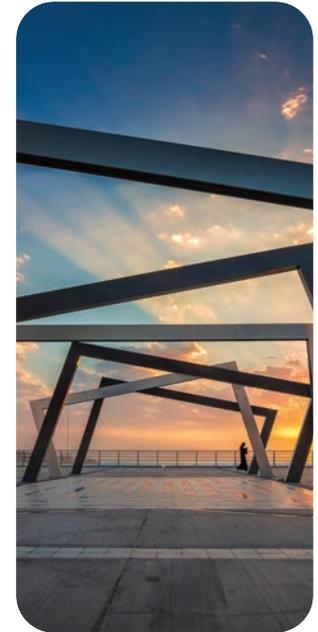
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Saudi Arabia's vast investment strategy on course

World leaders attending the virtual G20 summit in November 2020, hosted by King Salman in Riyadh will have the opportunity to see albeit at a distance, how rapidly Saudi Arabia is moving towards to a new era. This transformation is highlighted by a flourishing modern capital city enhanced by a new financial district and an extensive underground metro system to serve Riyadh's seven million people.

However, transformation is characterised by more than modern infrastructure. The Kingdom has made huge endeavours to put itself on the global business map in recent years, with work continuing to fulfil the Government's Vision 2030 strategy and Future Investment Initiative.

These vast undertakings are opening up a range of business opportunities with entirely new economic sectors in the course of development. These embrace a number of large scale projects where UK companies are in a good position to play a significant role.

The country is undertaking the massive investment programme over the next decade, designed to make the country increasingly business friendly to foreign companies. With a range of unprecedented economic and social reforms underway, there is now no turning back.

The launch of a new visa policy in 2019, has totally opened up the Kingdom to large numbers of non-business and pilgrimage visitors for the first time. Visas can now be obtained online or on arrival.

The message is that the old ways of doing things are changing. Saudi Aramco's successful IPO in 2019, not only served to make the world's largest oil company more transparent for investors, it is rightfully seen as a powerful sign of the opening up of the wider economy.

The historic and paternalistic role of the State, and the patronage that this nurtured, is ending. The Government is implementing new levels

of transparency to advance PPP projects and the full scale privatisation of state-owned enterprises.

The changes have meant the country has advanced 30 places in just 12 months in the World Bank's Ease of Doing Business 2020 Index, which ranks it as the most improved global business environment out of 190 countries.

This ranking is indicative of a much wider improvement in the country's business environment, with an economic model being constructed which emphasises adoption of high technology as the digital age impacts on every sector. These bold policies have been set in motion ending wasteful subsidies and setting a VAT more in line with levels in other advanced economies.

Such an ambitious programme has inevitably been impacted both by the priority to combat the global pandemic and the strong headwinds on budgets from reduced oil prices. Despite the challenge, the Government has proved to be skilled and proactive in defending the economy with the central bank (SAMA) introducing a Private Sector Financing Support Programme to strengthen financial stability, and support private businesses through the pandemic.

The major capital expenditure designed to widen the non-oil economy continues with huge projects being brought forward rather than delayed. These include the NEOM City project in the Tabuk region, the Red Sea Tourism development and the Qiddiya entertainment city near Riyadh.

The planned new luxury holiday areas are part of a wide-ranging strategy to provide entertainment and participatory outlets for the population, some two-thirds of which is aged under 30 years. Sports

development, including international events and widespread construction of recreational facilities forms a major part of the plan.

Development of non-carbon energy sources is also an increasing opportunity with investments valued up to US\$16 billion expected to be made in renewable energy, especially solar and wind projects.

Renewables are planned to account for 10% of electricity production by 2023. The Saudi Industrial Development Fund has broadened its remit to provide loans for renewable energy projects and also to manufacturers of renewable components. As long as they operate in the country, such support is available to both foreign and Saudi firms.

A rapidly increasing focus on the application of digital technologies across all economic and public administration sectors is boosting opportunity for ICT providers to help position the country as a regional FinTech hub.

The Aviation Authority is working on plans to privatise the management and operations of most of the country's airports. Many other opportunities are also emerging including development of commercial real estate in airport locations.

Healthcare, which accounts for some US\$45 billion of the national budget in 2020 is another highly attractive investment area. The sector is being restructured in order to put it on a sustainable financial basis. The need to respond effectively to the pandemic has given added momentum in emphasising a greater role for the private sector both in operating and building healthcare institutions.

An entirely new manufacturing sector is also beginning to develop following decisions to localise production of defence equipment. The strategy promises to be far ranging with a target to provide for half of military equipment needs by 2030.

The burgeoning new industry will require an increasing number of highly qualified Saudi engineers and crucially, the development of extensive locally based supply chains.



A major new business orientation by Saudi Aramco, the largest enterprise and the world's largest oil company, also offers many opportunities. Khalid Al-Falih, the recently appointed Minister of Investment, and former Chairman of Aramco, has said that the company will become a significantly more technology and knowledge driven organisation.

It is a policy calling for development of a strong downstream business, doubling refinery capacity and expansion into chemicals. This far reaching investment opportunity has been taken by the UK's INEOS, with its decision to invest US\$2 billion in three plants, the company's first investment in the Middle East. ■

HRH Prince Khalid bin Bander bin Sultan

Kingdom of Saudi Arabia's Ambassador to the UK



HRH Prince Khalid bin
Bander bin Sultan

I am honoured to write my first welcome note for this edition of Saudi Arabia - Discovering Business and look forward to many more. It has been a unique year for the world at large, as we begin recovering from a global pandemic that has taken a toll on the global economy, we must enhance our resolve and cooperation through these tough times.

The Kingdom of Saudi Arabia can proudly look to a long history of friendship and cooperation with the United Kingdom, a set of shared interests and values that forms the basis of an alliance that has endured for decades. This history is evident in the volume of investment, trade, tourism and robust cultural and educational exchange between the two nations, in addition to political and defense partnerships. However, to endure, all friendships must be maintained and nourished. Particularly at a time when both nations are undergoing unprecedented change – as the United Kingdom navigates a post-Brexit, post Covid-19 reality and KSA moves ahead in trying to achieve the goals of Vision 2030 following a global pandemic and record low oil prices, the relationship between the two nations is more critical than ever.

The United Kingdom and the Kingdom of Saudi Arabia will play key roles in each other's economic growth over the coming year and beyond. In my role as Ambassador I intend to enhance and build upon the UK-Saudi Strategic Partnership allowing for more immediate results that benefit both nations. Prime Minister Boris Johnson has stated that tens of thousands of UK jobs

are dependent on the relationship between Britain and Saudi Arabia. Indeed, the relationship spans beyond the economy as more than 15,000 Saudi students study in Britain and 90 schools in the Kingdom of Saudi Arabia use Britain's national curriculum. As my country opened up its borders last year to tourists for the first time, British tourists, were among the top visitors to the Kingdom according to the Saudi Minister of Tourism. It is not only our borders which have opened up as we are also open for business. The newly established Ministry of Investment is tasked with creating a desirable investment landscape as well as identifying key investment opportunities for foreign nationals. In this regard, I encourage all of you to visit www.investsaudi.sa to find detailed reports and updates on the rapidly developing investment environment in the Kingdom.

The Kingdom of Saudi Arabia is uniquely positioned to lead at a time of global uncertainty through its presidency of the G20 summit. In close partnership with the United Kingdom, we look to utilise this forum to build sustainable and tangible solutions to some of the world's most pressing challenges that have only been exacerbated by the ongoing pandemic. In this regard, our thematic goals for the summit, Empowering People, Safeguarding the Planet, and Shaping New Frontiers can only be achieved through close international cooperation, The UK-Saudi Partnership can serve as a living example of what that cooperation should look like. ■

HMA Mr Neil Crompton

British Ambassador to the Kingdom of Saudi Arabia



HMA Neil Crompton

Welcome to this edition of Saudi Arabia – Discovering Business. Our bilateral relations with Saudi Arabia are based on strong historical links between the two Kingdoms. But our partnership today is a modern one: trade and investment between our two countries is a key pillar of that.

In 2018, His Royal Highness Crown Prince Mohammed bin Salman visited the UK. During this visit, the UK reaffirmed its strong support for Vision 2030 – the Kingdom of Saudi Arabia’s ambitious programme for economic diversification and social reform – and welcomed the mutually beneficial prosperity and commercial opportunities for both the UK and Saudi Arabia.

The UK is strongly placed to be an active partner in the core elements of the Vision, including public-private partnership, education reform, healthcare reform, promotion of tourism and creative industries and much more, and in helping Saudi Arabia create jobs for its young and talented population. The opportunities are immense for British companies to do business here – both in number and in variety. British expertise is required and actively sought after in a number of sectors.

Although the headwinds from the coronavirus pandemic brought in its wake economic and financial stress, a powerful and co-ordinated economic response is vital. It is therefore critical that the UK and its trade partners continue to work together to keep global supply chains intact, trade lines open and increase the resilience of pharmaceutical and healthcare organisations.

Saudi Arabia continues to be one of our largest trading partners in the Middle East. The Saudi market offers significant business opportunities for UK firms across a range of sectors including education, healthcare and life sciences, technology, energy, infrastructure and creative services. Huge opportunities exist for UK business in Vision 2030 priority areas. For example, within Saudi Arabia’s gigaprojects such as NEOM, Qiddiya and the Red Sea Development, demand exists for companies with capabilities in smart cities, clean growth, entertainment and leisure, transport infrastructure and technology. The UK export of goods and services to Saudi Arabia amounted to £8.8 billion in the four quarters to the end of Q1 2020 (an increase of 10.7% or £849 million compared to the four quarters to the end of Q1 2019).

The Department for International Trade (DIT) in Saudi Arabia has offices in Riyadh, Jeddah and Al Khobar. The DIT team offers wide ranging sectoral expertise coupled with professional, insightful and bespoke assistance to help British companies expand their trade with Saudi Arabia and find the right local partner, and to help Saudi companies to locate and expand their investments in the UK. For more information, please visit our website, www.great.gov.uk.

I hope you find this publication useful and invite you to contact our DIT team to discuss your next steps. I wish you every success in developing and growing your business in this important market. ■

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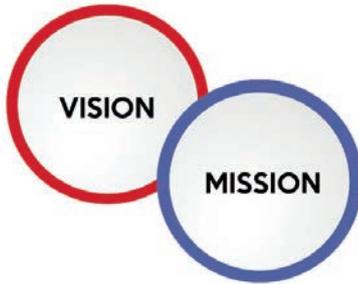
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On the road to Vision 2030 - driving growth

Mago JB Singh, Founder & Group Managing Partner &

Majed Al Nemar - Senior Partner Saudi Arabia, Baker Tilly Middle East



Mago JB Singh

How do you view the economic prospects of Saudi Arabia?

The Kingdom of Saudi Arabia is the Energy Super Power of the World, with the second largest oil reserves, fifth largest gas reserves and the largest exports of petroleum products in the world. It is among the top 20 economies and ranks first position in the Middle East and Arab world.

The economy is growing at an average rate of 2%, which is low but sustainable, while the Kingdom would wish its economy to grow in the range of 5%. International agencies including the World Bank, IMF, UN & OECD have all projected stable growth at over 2% for next the five years.

The focus of the Government is growth oriented and with the joint leap taken by the Government for opening Saudi Arabia to the rest of the world, I see huge economic growth or rather turnaround in the story.

What are the key drivers of its growth?

The key drivers of growth for the Saudi economy are the economic reform initiatives being taken by the Government. The ambitious plans of Vision 2030 can be achieved only if these reforms are effectively implemented. The opening up of various economy

sectors for private sector, disinvestment policies and focus on skill development are the major drivers of growth.

The recent Aramco IPO is one of the biggest steps in opening up the economy. The introduction of VAT has helped bring Saudi Arabia's economic framework more in line with the international business model.

The development plans of the new US\$500 billion economic zone on the Red Sea called "NEOM", digital international city, is on the same lines.

Liberalisation policies such as the opening of cinemas, women driving and free travel without a male guardian are indications of Saudi Arabia reforming as a truly international and open economy.

The Government has already introduced new rules to regulate cross-border trading, protect investors, strengthen contracts and improve transparency. Furthermore we understand that hundreds of such meaningful reforms are on the way, sensing that the world powers are looking for a huge turnaround in the Kingdom. This is reflected in Saudi Arabia ranking as the fourth 'best reformer' by the World Bank amongst G20 nations in 2018.



Majed Al Nemar

The development of Entrepreneurship programmes, venture funds and establishment of free zones have also given impetus to the growth of industrialisation.

How important is Vision 2030 in driving its economic growth and diversification?

Since the declaration of Saudi Vision 2030, we can already see the impact on the economy and more importantly the feel good factor amongst citizens and businesses, therefore in my mind it has put a very important lead for further economic growth in Saudi Arabia. The three basic themes of the vision document: a vibrant society, a thriving economy and an ambitious nation, has already lead to Government initiatives for the development of a strong business environment, vibrant and transparent Government policies, diversification for the non-oil economy and unlocking promising new sectors.

The Vision encompasses privatising various government services, opening of the economy for the best investments globally and attracting the best talent. The privatisation together with the increasing involvement of private sector will certainly boost growth and diversification of the economy.

How significant was the global listing of Saudi Aramco?

I think the move itself was strategic. The listing was more of a signal to the world that the Kingdom is open for business and the jewel of its crown is ready to go public. The value creation through the historical listing, crossing the value of US\$2 trillion, is a significant move in terms of the Kingdom’s economy which has one single company three times the size of Saudi’s economy.

Saudi Arabia is one of the very few countries that remain closed to upstream private investment in the oil sector and thus the public offerings of Aramco is certainly a huge reform initiative by the Government. It will boost the confidence of the international investor community interested in the Kingdom, who will also be looking at the forthcoming privatisation programme of the Government.



How quickly can the Saudi economy be diversified away from reliance on oil?

The diversification from an oil based economy to non-oil including services and manufacturing is a big task which requires the Kingdom to develop infrastructure, create a conducive investment environment together with the growth of entrepreneurship and skill development for the new diversified sectors.

Vision 2030 draws a ten year plan and we feel in a decade, given the policy reforms and the will of the Government, they will be able to build a diversified economy where 50% may continue to come from the oil sector but the remaining 50% may come from other sectors. Travel & tourism alone may diversify the economy to a completely different level along with continued policy reforms, initiatives and a determined government action plan.

What will opening up KSA to international tourism do to stimulate growth?

Saudi Arabia, home to the Two Holy Mosques, is the ultimate place and wish of every Muslim to travel. With over two billion Muslims across the globe this could be a huge economic boost for Saudi Arabia. The target to attract 30 million pilgrims each year could increase the economy by US\$150 billion. The opening of various tourist destinations in the Kingdom will also grow the economy faster.

The tourism sector is also an important employment generator. Besides the religious pilgrimages to Mecca for Hajj and Umrah, the Kingdom has great tourist attractions. The opening up of international tourism will certainly stimulate growth.

What are the principal opportunities for international investors looking at KSA?

We consider principal opportunities in mining and mineral processing, manufacturing industries, which are import substitutions, food processing and aquaculture.

In infrastructure, good opportunities exist in hospital and healthcare services, tourism, transportation and logistics and aircraft MRO services.

The ICT sector offers great potential with digital transformation, e-governance services, smart city solutions, data storage and big data analytics.

What help and incentives are available to prospective investors?

Still the exemption from personal income tax is an added advantage, which helps build personal wealth by investors and entrepreneurs. The foreign owner's corporate tax of 20% is reasonable although could be improved as we feel government should give exemption to new industries and businesses for 5-10 years as an attraction for an investor.

The Saudi industrial sector is well developed and growing aggressively. Major reasons for such growth include zero duty on the import of plant machinery and raw materials, easy availability of

industrial land that also have very low rates, quick and easy long term financing of up to 75% of the project cost including working capital by a specialised financial institution, no foreign exchange control regulations and free repatriation of capital and profit. The Kingdom has already signed a double tax avoidance treaty with many countries and the list is still growing, making the Kingdom attractive to new industries and investments.

Does Saudi Arabia have the skills to achieve its Vision 2030 targets?

The skill development, higher technical and management education and research and development are the focus area for the Government, particularly for the Saudi generation. The Government wish to attract best of talents globally to achieve its Vision 2030 initiatives in technology, management, services and administration.

The recent introduction of the 'green-card' style permanent residence scheme allows entrepreneurs, investors, and highly skilled expatriates to work in the Gulf state, without the current requirement of having a local sponsor or employer.

How easy is the transition in cultural differences for international investors?

Having lived for over three decades in this part of the world I can say that the Middle East culture is very inclusive, friendly and adoptive. Saudi Arabia of yester year was completely different than it is today. It is transforming rapidly, and tolerance and coexistence is working well.

The easy availability of finance, government support, incentives and concessions are also very important considerations.

Mr. Mago J.B. Singh is the Founder – Principal and Managing Partner of Baker Tilly Middle East and Just & Fair Consulting Group, with Corporate Headquarters at Dubai, UAE.

Mr. Majed Al Nemar is one of the Saudi National Partners of Baker Tilly in Saudi Arabia and is currently the Senior Partner stationed at the Riyadh Office. ■

A legal framework for foreign entities in Saudi Arabia

The Law Firm of Salah Al-Hejailan



Sheikh Salah Al-Hejailan CBE
Principal



Sultan Al-Hejailan
Managing Attorney



Rodger Murray
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Alastair Drummond
Senior Attorney



Kareem Sadi
Associate

The Law Firm of Salah Al-Hejailan was founded in 1968 by Sheikh Salah Al-Hejailan, who was awarded the honour of Commander of the British Empire (CBE) by HM Queen Elizabeth II in 2004 in recognition of his role as honorary legal adviser to the British Ambassadors to the Kingdom of Saudi Arabia. The firm is one of the oldest and largest law firms in the Kingdom of Saudi Arabia (KSA) with offices in Riyadh, Jeddah and Al-Khobar, with over 35+ lawyers drawn from a wide variety of jurisdictions (both Saudi and international), and here follows answers to frequently asked questions about doing business in KSA.

1|What are the principal regulations governing foreign investment into Saudi Arabia?

The principal laws governing foreign investment are the Anti-Concealment Law (also known as the Anti-Harboursing Law) and the Foreign Investment Law. These laws place governance of foreign investment in the KSA under the purview of the Ministry of Investment (formerly called the Saudi Arabian General Investment Authority) (MISA), and make investment in the KSA without the appropriate licences a crime punishable by a fine and/or imprisonment. The Anti-

Concealment Law imposes penalties on any foreign entity operating in the KSA in breach of it and on any KSA national who assists a foreign national in such a breach.

Foreign companies establishing a legal presence in the KSA are also subject to the same corporate governance rules which apply to local KSA companies under KSA's Companies Law. The provisions and requirements to comply with the regulations of MISA and to obtain the necessary licences from MISA are replicated in the Companies Law.

Finally, the Commercial Agencies Law applies to any foreign entity which does not wish to establish a legal presence in the KSA but wants to appoint a local KSA entity as its agent or distributor.

2|What licences or authorities are required before a foreign business can establish in Saudi Arabia?

There are two main licences which a foreign entity must obtain in order to establish an entity in the KSA as well as several lesser licences which must be obtained following incorporation of the new KSA entity.

The key licences are the Foreign Investment Licence (FIL), which is issued by MISA and the Commercial Registration extract (CR) which is issued by the Ministry of Commerce (MOC). The FIL must be obtained before MOC will issue the new entity's CR. The new entity is deemed to be incorporated once it has obtained its CR from MOC.

Following incorporation, the new entity must open accounts with various official agencies, including the Ministry of Labour, the Passport Office, the Chamber of Commerce, the General Authority of Zakat and Tax, the General Organisation for Social Insurance and the local Municipality.

3 | How does a business set about getting a Foreign Investment Licence?

Application for a FIL must be submitted to MISA. The key consideration when applying to MISA is that the activities which will be carried out by the new KSA entity must be clearly identified. These activities are described in, and selected from, the National Classification of Economic Activities document which is based on the International Standard Industrial Classification of All Economic Activities (ISIC) issued by the UN.

Correctly identifying the activities to be carried out by the new entity is vital as it will determine the type of FIL which must be obtained and any minimum capital and local KSA shareholding requirements. The documents which must be provided in order to obtain a FIL will also depend on the activities to be carried out by the new entity but include, at a minimum, a copy of the applicant's home country certificate of incorporation and its audited accounts for the last financial year.

Service fees are payable to MISA. Currently the fees are a service fee of SAR2,000 (approximately GBP£410) per year and a subscription fee of SAR10,000 (approximately GBP£2,040) for the first year of the new entity's life, rising to SAR60,000 (approximately GBP£12,240) for each subsequent year.

4 | Are there any sectors of business in Saudi Arabia that are closed to foreign investment?

MISA issues a list of activities which foreign entities are barred from carrying out. The list currently includes, amongst other activities,

operating fisheries, oil & gas extraction and operating poison centres, blood banks, quarantine zones and recruitment offices.

5 | What business structure must a foreign organisation adopt before establishing in Saudi Arabia?

There are four main corporate structures which foreign investors can choose from when setting up in the KSA. These are:

- A Limited Liability Company which is by far the most common type of entity for both foreign and local investors and which can be 100% owned by a single shareholder.
- A Joint Stock Company (JSC) which is a less popular option due to higher initial capital requirements and stricter regulation. JSCs are normally chosen by bigger foreign investors who may wish to list the JSC on the Tadawul (the Saudi Stock Exchange) at some point during its lifetime.
- A Foreign Company Branch which is a branch of a foreign entity and considered to be part of that foreign entity.
- A Technical & Scientific Office which cannot carry out any commercial activity and which is limited to technical information and support for a foreign company's products to its KSA distributor or end users.

6 | Can a foreign business access the Saudi market without establishing a legal presence?

The only other way in which a foreign entity can access the KSA market without establishing a corporate presence is through the use of a local agent or distributor.

7 | How does a commercial agency arrangement work?

Under KSA law, a foreign entity can appoint a local entity to act as its agent or distributor in KSA under an agency or distribution agreement. The agent/distributor must be 100% KSA owned and registered in the Commercial Agencies register maintained by MOC.

The agency/distribution agreement must be registered with MOC.

Under KSA law there is no distinction between an agent and a distributor and, until recently, there was no separate law to deal with franchises. Specified clauses must be contained within the relevant

agreement (e.g. the duration of the contract and its territorial application). Foreign principals should be aware that there is also some inconsistency between what the law states and how MOC applies it in practice (e.g. MOC will normally require that exclusivity clauses are included in the relevant agreement even though it is not a requirement under the Commercial Agencies Law).

It is important to note that the agent/distributor must be fully independent from, and cannot be seen to be operating under the direction of the foreign principal. If this is not the case, it could be considered to be a breach of the Anti-Concealment Law and relevant penalties could be applied against the foreign entity and its KSA agent.

8 | Who is permitted to become a commercial agent?

An agent has to be either a KSA national or an entity wholly owned by KSA national(s) and must be registered with the relevant department at MOC. A foreign owned entity cannot act as a KSA agent.

9 | How does an overseas business set up a joint venture company in Saudi Arabia?

In the same manner as described in our answer to question 3. A foreign entity will need to obtain a MISA licence. Documents will also have to be provided by the local KSA shareholder. Other than this, the main administrative step when setting up a JV in the KSA is the inclusion of the necessary clauses in the JV company's Articles of Association.

JV shareholders commonly enter into shareholder agreements. Shareholder agreements do not have to be registered with any ministry in the KSA but impose binding contractual obligations on the JV's shareholders.

10 | What cultural sensitivities should a foreign business be aware of when looking to establish in Saudi Arabia?

The main cultural sensitivities to be aware of are those contained in Shariah Law and revolve around the requirement for women to be modestly attired and the prohibition of dealing with Haram (forbidden products) such as alcohol, gambling, etc.

From a corporate and business aspect it is also important to note that the payment of interest is also prohibited in the KSA.

11 | Could you explain how Shariah Law affects foreign businesses wishing to operate in Saudi Arabia?

Shariah Law's main affect will be the prohibition on the payment of interest, although there is a commonly used alternative - Shariah-compliant Islamic financing arrangements. Otherwise it is important to note that Saudi courts do not normally grant awards for business aspects which are considered Gharar or uncertain, (eg. loss of profits, unless these can be proven directly).

12 | What is the legal process for settling commercial disputes in Saudi Arabia?

Commercial disputes in the KSA are normally resolved by amicable settlement, arbitration, the courts or specialist judicial committees.

Arbitration is only applicable if the parties agree to it after a claim arises or have already agreed to it in the relevant agreements between them (ie. dispute resolution clauses).

A significant number of commercial disputes are resolved before the KSA courts. Foreign investors should be aware that the courts of the KSA are highly procedural and dependent on a strong chain of evidence.

Finally, in certain specialist sectors, such as banking or insurance or for breach of the Anti-Concealment Law, disputes are resolved before sector-specific quasi-judicial committees which have quasi-judicial panels comprised of sector-specific specialists. ■

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Shift in investor confidence holds strong potential for UK and Saudi Arabia trade

Paul Hartwell, CEO, First Abu Dhabi Bank UK



Paul Hartwell

As the United Arab Emirates' largest bank and one of the world's safest financial institutions, First Abu Dhabi Bank (FAB) is uniquely positioned to facilitate multilateral trade between the UAE, Saudi Arabia and key financial centres like London, helping to connect customers in the UK to markets across the broader Middle East and North Africa region.

With a network that spans five continents, FAB provides Corporate & Investment banking, and Capital Markets products and services to business, institutional and government clients. We also offer Private Banking for high net worth individual (HNWI) clients, coupled with leading personal banking products in the markets in which we operate.

Connecting KSA opportunities to the world

In 2018, the Bank received a licence to operate in the Kingdom of Saudi Arabia (KSA), with the opening of three branches over the course of 2019, marking an important strategic expansion for the Bank's GCC footprint. The UAE and KSA are the two largest economies in the GCC, sharing a close relationship based on a strategic partnership, and complementary social and economic transformative programmes.

During my time leading FAB UK, I have seen a growing number of Middle Eastern investors – both institutional

and private – becoming more active in the UK market, with a particular focus on both the commercial and residential real estate market in London and the wider UK. Saudi Arabia has previously flagged plans to invest up to GBP£65 billion in Britain as part of its global portfolio. This is also echoed in the growing confidence of British firms doing reciprocal business or investing in the GCC. FAB UK is well-positioned to provide its clients with a unique mix of a strong European market offering and local expertise in the Saudi market following our expansion into the Kingdom.

FAB now has offices in Riyadh, Al Khobar and Jeddah, providing Corporate & Investment banking services in Saudi Arabia's three main regions. In its first year of Saudi operations, FAB Group has clearly established itself as a financial bridge, connecting businesses between the UAE and KSA markets – FAB Group is deeply committed to unlocking opportunities in and for Saudi Arabia.

KSA is a strategic addition to FAB's global network

FAB's arrival in Saudi Arabia is symbolic of the Kingdom's commitment to economic transformation, as reforms under the 'Saudi Arabia Vision 2030' open local markets to foreign investment on an unprecedented scale. Recent diversification of the economy into areas

such as tourism, creative industries, infrastructure and education, as well as mining and manufacturing, has encouraged regional and global investors and business to capitalise on the potential of the young and growing population in Saudi Arabia.

Underpinning the Saudi Government's 'Vision 2030' is a commitment to increase foreign direct investment from 3.8% to 5.7% of GDP, thereby accelerating the emergence of a dynamic private sector based on collaboration, knowledge and technology transfer with global businesses. The backing of the Kingdom's sovereign wealth fund, which currently has around US\$320 billion of funds under management, is aimed at encouraging global investors to work with Saudi financial institutions. Building on local knowledge and on-the-ground presence, FAB is able to support clients who wish to benefit from this investment programme and the enhanced stability and solidity of the Saudi financial sector.

Changing perceptions as Saudi Arabia opens for business

The increasingly outward looking policies in Saudi Arabia are being observed with interest by both global investors and the wider international community, and the pace of change is remarkable. As the UK departs from the European Union, Britain is likely to deepen its trade relations with Saudi Arabia, a high potential market where British trade is already seen as a positive force. This is a unique opportunity to build on close historic ties that already exist between Britain and the Middle East. Inbound visits to Britain from Saudi Arabia topped 160,000 in 2018, with numbers almost doubling over the course of a decade. Following the launch of Saudi's tourist e-visas in October 2019, the UK contributed the highest number of foreign visitors from any one country.



First Abu Dhabi Bank's branch in Jeddah, opened in 2019, is one of its three locations in Saudi Arabia

Closer economic and social interactions are likely to enhance the perception of working in and with Saudi Arabia for British businesses. With its deep roots in the region, experienced local teams and a long established presence in London, FAB can act as a partner of choice to clients wishing to realise their growth ambitions locally in Saudi Arabia, regionally and beyond. Combining local knowledge with a global perspective, FAB UK will continue to play its role as a trusted adviser to forge stronger ties and support corporate trade and capital flows between Saudi Arabia and the UK. ■

FinTech surge in support of financial markets

As part of the Vision 2030 strategy, the Financial Sector Development Programme (FSDP) has been launched. An enhanced adoption of technology is a key element of the plan, which is designed to widen the range of banking services and make them increasingly available and accessible for the population.

The country in common with the Middle East, has traditionally been a cash-based society. However in recent years it has advanced steadily. This is driven by a high usage of internet-based mobile phones. Smartphones were estimated to have accounted for 80% of all mobile connections by the end of 2019.

Even before the pandemic took hold, the share of non-cash transactions in the economy was forecast by the Saudi Arabian Monetary Agency (SAMA) to rise to 28% of the total by the end of 2020. The digital economy has surged in most countries because of the crisis.

SAMA, which functions as the Kingdom's central bank wants to encourage the trend, not least given its role in supporting vulnerable business sectors and in placing the economy in a sound position going forward.

Al Rajhi Bank, the second largest bank and the world's largest Islamic financial institution by capital, reported in 2019 that 50% of its new accounts were being opened digitally, with most customers carrying out transactions online or using mobile phones.

In the same year, Riyad Bank launched a digital partnerships programme to invest in FinTech, the first Saudi bank to do so. Other banks including The Saudi British Bank (SABB) have started using blockchain technology platforms for trade transactions. It holds data in a secure and encrypted way through digital public ledgers that cannot be tampered with.

In 2019, SABB became the first bank in the Middle East to provide corporate clients with the means to reduce time needed to make international payments immediately via the SWIFT global payment initiative.

SAMA is keen to open the financial services sector to FinTech firms and other emerging technology firms who are able to digitalise its financial infrastructure and attract those who can add value, and support the country's financial sector development targets. Adding depth and expanding the financial sector is considered essential in order to meet the goals of Vision 2030 and stimulate SMEs.

In 2018, SAMA launched Fintech Saudi in conjunction with the Capital Market Authority. The new body's role is to oversee a network of government organisations, universities, banks, venture capitalists, businesses and local FinTech companies, and to promote the adoption of new technologies by the financial sector. There is recognition of the need to develop technical and commercial expertise to drive a locally-based Fintech sector forward.

Deloitte has been appointed by SAMA to develop supporting infrastructure and to build a financial technology eco-system to launch Fintech Saudi and accelerate Riyadh's aim to become a leading FinTech hub in the region. Drawing on work done by the UK's, Financial Conduct Authority, Deloitte is already setting up a testing environment or regulatory sandbox for SAMA to assess new technologies and concepts.

Salim Kawadri, Head of Investment at the UK Department for International Trade in Riyadh, is responsible for driving British financial and professional services exports, believes that the scale of opportunity for UK FinTech firms to build relationships with Saudi investors is growing fast.

The UK's own FinTech industry is the largest in Europe and is reported to have attracted around US\$4.9 billion in investment during 2019, with Saudi Arabia ranking as a significant investor through the Vision Fund that is administered by Japan's Softbank.

The Public Investment Fund is the Vision Fund's largest investor, holding a 45% stake and responsible for more than 25% of all UK FinTech investments. It has bought into US\$10 billion of mostly high-tech British companies, and includes US\$1.8 billion invested in UK FinTech firms.

Kawadri comments that "In the venture capital (VC) area, we are seeing and supporting increased activity in both directions. Hambro Perks are soon to become the first UK VC to set up an office in Saudi Arabia and are raising a fund to invest in regional technology talent. Other British VCs such as Anthemis are actively raising capital for their UK fund."

This increased activity reflects a longstanding relationship between Saudi Arabia and the UK financial sector. HSBC, which has a joint venture with Saudi British Bank was one of the three banks charged with overseeing orders on Saudi Aramco's US\$25.6 billion IPO in December 2019. In April the same year, Saudi Aramco listed its first international bond valued at US\$12 billion on the London's Stock Exchange.

In July 2019, at a meeting of the UK-Saudi Arabia Strategic Partnership Council, several commercial agreements were signed. These included a US\$130 million five year contract, signed by the General Authority of Zakat and Tax, with De La Rue to help introduce a digital tax stamp on soft drinks and tobacco products.

A full banking licence for the British bank Standard Chartered was also agreed, together with a VC licence for Hambro Perks. The Royal Mint also signed a contract with SAMA to supply lower denomination currency including one-Riyal coins and to support SAMA with coinage forecast advice.

Saudi Arabia is also a prime market for financial products conducted according to Shariah principles. A Thomson Reuters report estimates that the Islamic finance sector worldwide has US\$2.4 trillion in total assets.

The number of UK based institutions offering Islamic financial services is nearly twice the number located in the US and far ahead of other Western countries. More than 20 banks, of which six are fully Shariah compliant are licensed in the UK. The London Stock Exchange is a key global venue for the issuance of Islamic bonds (Sukuk).

In 2014, Britain became the first country outside the Islamic world to issue a Sovereign Sukuk. The banks Sukuk issuance and exchange traded products are supported by world-leading professional services for Islamic finance deals and transactions.

Services in the UK are offered by financial intermediaries, asset managers, insurance providers and many international law firms, accountancy and consultancy firms says Miles Celic, CEO of TheCityUK, a lobbying body representing UK based financial and related professional services. Celic points out that Islamic finance is playing a significant role in infrastructure in the UK. This includes finance for the Shard, London Gateway, Olympic village, Battersea Power Station and Chelsea Barracks developments. ■



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A look at Saudi's recruitment landscape

Jason Grundy, Managing Director - Middle East & Africa, Robert Walters



Jason Grundy

There has never been a more exciting time to be working in the Kingdom of Saudi Arabia. The 2030 Vision has given the country a real sense of purpose and drive since its introduction in 2016. From a recruitment point of view, it is fascinating to see multiple huge infrastructure projects and social initiatives running simultaneously. Any one of these mega projects or public service sector developments would be a huge undertaking in other countries, but here in the Kingdom they are all running in tandem at breakneck speed with amazing results.

I've spent the last ten years visiting and working with Saudi ministries, sovereign wealth funds, multinationals, and private organisations. It is obvious to the observer that the three main pillars of the 2030 plan – ambition, creating a vibrant society and creating a thriving economy – are plain to see and are changing Saudi for the better. Employment initiatives to reduce dependence on expat workers and give greater opportunity to Saudi nationals both in the public and private sector have been bold and we see this in practice daily. Unemployment for Saudis dropped to below 12% at the end of 2019 and continues toward the 2030 goal of 7%. Female Saudis have benefitted the most and now represent 36% of the workforce. This huge cultural change has

enhanced the working environment, improved creativity and in my opinion is the single most influential act of the last decade in Saudi.

The working population of Saudi is young and dynamic which is a real strength, the main areas we have seen growth in the market have been in healthcare, education, tech, infrastructure, oil & gas, manufacturing, and recreation & tourism. The ambition to be a global investment powerhouse is also evident through world class institutions such as the PIF. Foreign direct investment is also playing a key part in the growth of the Saudi economy and job creation within the Kingdom.

The Kingdom of Saudi Arabia invests heavily in its citizens and initiatives such as NITAQAT from the Ministry of Labour and Social Development have helped to champion Saudi talent, suppress unemployment and encourage Saudis of a working age to get work. The biggest challenge will be to channel this young workforce into the private sector. 2021 is an important and exciting year for the Kingdom and we fully expect the positive changes to continue at pace and new global milestones to be achieved.

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Saudi British Joint Business Council



SAUDI BRITISH
JOINT BUSINESS COUNCIL

The Saudi British Joint Business Council (SBJBC) is a private sector led body with over 150 Saudi and British corporate members. Working closely with its members and strategic partners, it aims to strengthen cooperation at all levels between the business communities in the UK and Saudi Arabia. The Council is a not-for-profit company with offices in both London and Riyadh. It is co-chaired by the Rt Hon Baroness Symons of Vernham Dean and Dr Emad Al-Thukair.

Our key objectives are to:

- Promote business and partnership opportunities in both Kingdoms
- Provide support and advice to SBJBC members and potential members seeking to do business in either Kingdom
- Offer a voice for business concerns in both countries
- Facilitate training, technology transfer and knowledge exchange between the UK and Saudi Arabia in support of Vision 2030 implementation.

One of the main benefits of SBJBC membership is access to high level governmental and private sector networks in both Kingdoms. We are accredited partners of the British Chambers of Commerce Global Business Network and the Council of Saudi Chambers, and have a close relationship with the Saudi Ministry of Investment and the UK's Department for International Trade.

SBJBC frequently holds networking events and roundtable discussions attended by Ministers, senior officials and business leaders. The Council also convenes formally at biannual meetings which alternate between London and Riyadh. Aside from events, we circulate regular business updates to our members through monthly newsletters and a dedicated members' portal on our website.

The Council continues to play a major role in supporting the work of six co-chaired Private Sector Groups established during the visit by HRH Crown Prince Mohammed bin Salman to the UK in 2018 to facilitate bilateral investment and private sector cooperation in sectors central to Vision 2030. These sectors include: Financial Services/Asset Management, Privatisation, Technology/Innovation, Real Estate/Regeneration, Life Sciences/Healthcare and Clean Energy.

We frequently lead UK delegations to Saudi Arabia in priority sectors including smart cities and renewable energy, as a result of which a number of successful partnerships have been established. Technology and innovation continue to be key focus areas as Saudi Arabia modernises and diversifies its economy.

Our quarterly dialogue with the Saudi Ministry of Investment (MISA) allows us to discuss business environment issues and trade impediments. MISA arranges for representatives of concerned Ministries to attend. Late payments, licensing issues and work visas are amongst the areas on which we have achieved positive results.

The UK and Saudi Arabia are strategic partners and central pivots of the global economy. SBJBC looks forward to continuing to play a constructive role in facilitating mutually beneficial partnerships between the two Kingdoms.

SBJBC UK offers various tiers of membership, including founder, corporate and SME membership. We welcome new members from all levels, and encourage you to contact us at: info@sbjbc.org, or go to our website: www.sbjbc.org for more information on the Council and its activities. ■

Exploring business in the Kingdom of Saudi Arabia



مجلس الغرف السعودية
Council of Saudi Chambers



Ajlan bin Abdulaziz Al-Ajlan
His Excellency Chairman of
the Council of Saudi Chambers

The Council of Saudi Chambers is a key organisation promoting the existing and potential relations of the Kingdom of Saudi Arabia with business partners.

Prospering extensively for around 100 years, Saudi-British relations across various areas represent an advanced model of international partnerships, based on common values, principles, interests, harmony and visions that go in tandem on various regional and global issues. Strengthened well by the support of the political leadership in both countries, these close relations have developed and burgeoned idyllically into a successful strategic partnership.

Economically, Britain has carved a niche as one of the Kingdom's key business partners, given the fact that it is one of the largest markets in the Middle East. Remarkably, the volume of business exchange between the two countries has risen to around US\$5 billion. Equally important, Britain also ranked high among the countries investing in the Kingdom, and Saudi investments and exports to Britain have significantly

increased. The continued development of economic cooperation supports the position of the two countries well. The Kingdom is a major player in the region and thus has a vital role in striking a balance and stability for the global economy, while also drawing up international business policies as a key member of the G20, and a main actor and supplier of the necessary energy to keep the ball rolling for the international economy. By the same token, Britain is one of the most important G20 countries, ranking fifth globally in terms of the size of GDP, and second among the countries that attract foreign investment, representing the financial centre of Europe.

In a similar vein, the Saudi-British economic relations also draw on a solid bedrock of organisational frameworks and structures, such as trade agreements and conventions, the Saudi-British Strategic Partnership Council, the Saudi-British Joint Committee, the Saudi-British Joint Business Council, the Two Kingdoms Dialogue, the Annual Saudi-British Partnership Forum in SMEs and PPPs.



We are looking forward to working with our British partners across all activities that further promote business and investment relations towards a more promising future.



In light of the Kingdom's 2030 Vision and the fundamental reforms subsumed across the Saudi economy, spearheaded by diversification of economic sources, privatisation policies, ease of doing business, incentivising local and foreign investments and increasing the role of the private sector, the Kingdom has become an attractive and influential investment force at a regional and international level and thus has grown into a leading destination for international investments. Simply put, with Brexit and Britain being in search of new business partners, an ample opportunity arises favourably for the two countries to better strengthen their business and investment relations, especially for the Saudi side to further increase its share in the British market. Equally important, with this coming into play, such tremendous opportunities present themselves to put into action the investment and business agreements signed during the visit of His Royal Highness Prince Mohammed bin Salman bin Abdulaziz to the United Kingdom, estimated at about US\$100 billion over ten years.

It stands to reason that strengthening the advanced Saudi-British economic relations is of great importance for us at the Council of Saudi Chambers (CSC), established in 1980. Both in principle and in practice, the CSC represents and caters to the interests of the Saudi private sector and chambers of commerce and further develop the role of the private sector in the national economy. Through robust

engagement and effective partnership between the CSC and a whole host of government agencies, the Council has become a key partner of the Kingdom in making decisions relating to the private sector. To this end, the Council plays its key role through two main levels. First, at local level, it transfers the challenges of the Saudi private sector at the national level to government agencies, through 28 chambers of commerce which undertake the responsibilities and roles of different economic sectors and discuss issues and regulations of these sectors with the competent authorities. Second, at international level, the CSC seeks to represent the interests of the Saudi private sector in forums, events and conferences and participates in formulating international economic policies, strengthening the Kingdom's business relations globally and strengthening Saudi exports through 30 joint Saudi-foreign business councils affiliated with the CSC.

We at the CSC, feel enormously proud of our contributions to strengthening economic relations between the two Kingdoms, through the Saudi-British Joint Business Council. Established in 1999, it has played a substantial role in developing business relations between the two countries through its various activities, including but not limited to reciprocal visits of business delegations between the Kingdom of Saudi Arabia and Britain and holding joint economic forums and events. The joint business Council's plans over recent years have

focused on empowering the contributions of British companies to Vision 2030 projects, considering the possibility of both countries benefiting from Brexit, especially in terms of developing Saudi exports. The Council launched its own initiatives in sectors of number one priority in the agenda of cooperation between the Kingdom of Saudi Arabia and Britain across SMEs and PPPs, as well as education, healthcare, culture, entertainment, business and investment, privatisation, asset management, technology, IT and real estate.

The CSC are committed to providing all support and assistance to Saudi and British companies and creating an appropriate environment conducive for business partnerships and the establishment of joint economic activities that better provide investors from both countries with relevant information on investment opportunities. Likewise, we are also committed to communicating with our partners in government agencies in the two countries to better solve all business and investment challenges in such a manner that ultimately ensures continuity, growth and development of economic relations.

The international economic challenges, including the COVID-19 pandemic and the downturn it has brought to global business and FDI, and against a backdrop of the promising opportunities that augur well for the economic cooperation between the Kingdom and Britain, the governments of the two countries, along with the officials in the public and private sectors are required to continue working together to put into action business activities, while translating such challenges into opportunities for the benefit of Saudi and British business.

I would like to commend the great interest gained by the Saudi-British economic relations catered for by the leadership of the two countries and the support provided by their respective government agencies to the private sector institutions to better enable and strengthen their business partnerships. In this regard, I refer to the support of the Government of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz and Crown Prince His Royal Highness Prince Mohammed bin Salman, to the Saudi private sector amidst the COVID-19 pandemic, the Kingdom developed over 80 initiatives worth US\$28.6 billion to mitigate the economic effects of COVID-19 on Saudi business institutions and facilities.

In conclusion, we are looking forward to working with our British partners across all activities that further promote business and investment relations towards a more promising future. We also emphasise that the investment environment in the Kingdom has become more attractive through a wide range of reforms and incentives, including facilitating customs procedures and speeding up investment and property licenses for foreign investors, establishing a commercial arbitration centre, and facilitating the issuing of visas for foreign investors. Equally important, the Kingdom has also achieved a record of reforms in business activities, prompting the World Bank to rank it amongst the ten best countries for improving the business climate and ease of doing business, according to the World Bank Group report Doing Business 2020. With all these incentives translated into reality, favourable opportunities arise for British companies to enter the Saudi market and carve their niches. ■

Experts in Saudi Success



AEI Saudi are the delivery partner of choice for foreign businesses dealing in the Kingdom. We offer clients tailored services and solutions to assist their Saudi project, people and life support needs. From market entry advice and entity registration to recruitment and local outsourcing; our services help to mitigate risk, expedite mobilisation and enable Saudi success.

In the last decade we have supported over 1,300 organisations from all over the world, private and government. We believe that international trade and the pursuit of mutual economic benefit brings not only prosperity but also greater awareness of the shared values that unite all cultures.

Corporate Services

We have a range of professional and advisory services to ensure your business, projects and people have the platform needed to be successful in Saudi.

- SAGIA & MOCI registration
- Back-office services
- Visa and immigration services

Management Consultancy

We are a proven consulting partner, delivering Vision 2030 projects as well as enabling over 1,300 foreign companies to export successfully to Saudi.

- Transformation & Change
- Programme & Event Management
- Market Entry & Trade Services

Support Services

We are relied upon by our clients to professionally and cost effectively provide their turnkey life support solutions in the Kingdom of Saudi Arabia.

- People & resourcing
 - Housing, Transport & Comms
 - Procurement Services
-

Arabian Enterprise Incubators

Arabian Enterprise Incubators (AEI Saudi) is a consulting and support services business, delivering for British Government and the private sector in the Kingdom of Saudi Arabia. Founded in 2012 and headquartered in Riyadh, AEI is a 100% Saudi- owned company, focused on enabling clients to achieve success in the Kingdom. The foundations of the company are the management consulting and support services teams, positioning AEI as the delivery partner of choice for both Government and business entities.

AEI has been the exclusive partner to British Government, Department for International Trade (DIT) since 2016. Helping companies with everything from market entry and entity registration to outsourcing and life support, AEI can help mitigate risk, expedite mobilisation and deliver success in Saudi Arabia.

The Kingdom of Saudi Arabia is unlike any other Gulf market; the scale of the country, both geographically and economically, sets the Kingdom apart from its high-profile neighbours. It has high unemployment, a rapidly expanding population of over 34 million people - of which 65% are under the age of 32 - and is roughly the size of Western Europe; it is a market ripe for transformation and change.

Saudi Vision 2030 is the most ambitious and wide-reaching transformation programme the world has ever seen. It is very much under way and is at the forefront of everyday living in Saudi Arabia today. Almost every aspect of life in the Kingdom is based around diversifying the country's economy away from a reliance on oil, and to create jobs for Saudi nationals. For the first time, each Government Ministry, Authority and Agency has been given strategic objectives and targets which have also been made available publicly. This has been a great support to business developers who now can better understand the priorities of each target customer.

So why is Saudi Arabia often left out of carefully considered Middle East strategies? For many years Saudi has been viewed as “just too difficult”, with companies preferring to enter the Middle East through other routes

into the region. However, the publication of Saudi Vision 2030, with its aspirations towards a new phase of development and clear long term goals and expectations, has encouraged many more international companies to strive for success in the Kingdom.

Of course, challenges remain, and success is often hard won, but there are common themes and characteristics to the approaches adopted by successful foreign companies in Saudi Arabia.

These include:

Planning: Planning can seem like an endless cycle, but the reality is that setting out clear goals, strategy, budgets and realistic timescales is vital for the Kingdom.

Patience: There is a wealth of opportunity, but it is important to build a pipeline of qualified and validated prospects. Setting the right expectations avoids corporate fatigue.

Presence: Most importantly, there is no substitute for being on the ground. Saudi clients are unsympathetic towards those who try to win business from bases elsewhere in the Gulf. But being in Saudi does not need to mean setting up an entity or forging exclusive local partnerships; there are various operating models for international companies which are low risk and low cost.

Partners: The perceived need for a local partner often animates legal, compliance and tax departments. There are many examples of international companies supplying goods or services without a local partner. Equally, there are examples of highly successful partnerships forged over time and, critically, on the right terms.

And, of course, **Payment:** Saudi payment risk is often a major concern of international companies. Mitigation is best achieved by proximity and close relationships with customers and partners.

In essence, the differentiator between success and failure is commitment – commit to the market and reap the rewards. With the right local support, and an appreciation of the ‘Five Ps’ outlined above, you will turn your Saudi plans into Saudi success. ■

Digital formula is propelling economic transformation

Saudi Arabia is seeking to hasten the take-up of transformative digital technologies embracing artificial intelligence (AI), robotic automotive processing, the Internet of Things (IoT) and cloud computing, all designed to impact every economic sector and the future delivery of Government services.

“Data is the single-most important driver of our growth and reform in the 21st century and we have a clear vision and roadmap for transforming Saudi Arabia into a leading AI and data driven economy”, according to Abdullah Bin Sharaf Al-Ghamdi, President of the Saudi Data and Artificial Intelligence Authority (SDAIA).

The foundations are already in place. The World Bank estimates that three million Saudi homes are connected to fixed-line broadband while 91% of the population has access to fast 4G mobile broadband. The Kingdom is now embarked on a major strengthening of its digital infrastructure with 5G networks being deployed nationwide.

Internet and communications technologies are already showing their value as the outbreak of the Covid-19 pandemic has seen people increasingly relying on ICT to work from home, for purchases, and to connect with healthcare services and educational resources in addition to communicating with friends and family members.

Since its establishment in August 2019, SDAIA has set up a national data bank by consolidating more than 80 Government databases which together correspond to almost a third of official digital assets. Cloud-based computing which allows organisations to address data storage needs and to access computer resources, without direct active management of systems, is an important consideration.

In 2019, the country was already in the upper tier of developing countries in an index on business-to-business e-commerce compiled by the UN Conference on Trade and Development (UNCTAD). The main online portal has maintained reliable access to more than 900 Government services despite a surge in traffic. The digital platforms have helped various agencies deliver safe, reliable and user-centric services, while enabling flexibility in sharing data across the government ecosystem.

The 2020 annual Hajj pilgrimage has been restricted to Saudi residents, but even a reduced number of people involved has meant an unprecedented range of ICT based methods to help visitors and enable security being trialled. The Ministry of Hajj and Umrah has used AI and internet linked devices. These have included wrist worn devices containing identity, contact and medical data and allow quick responses to medical and other emergencies.

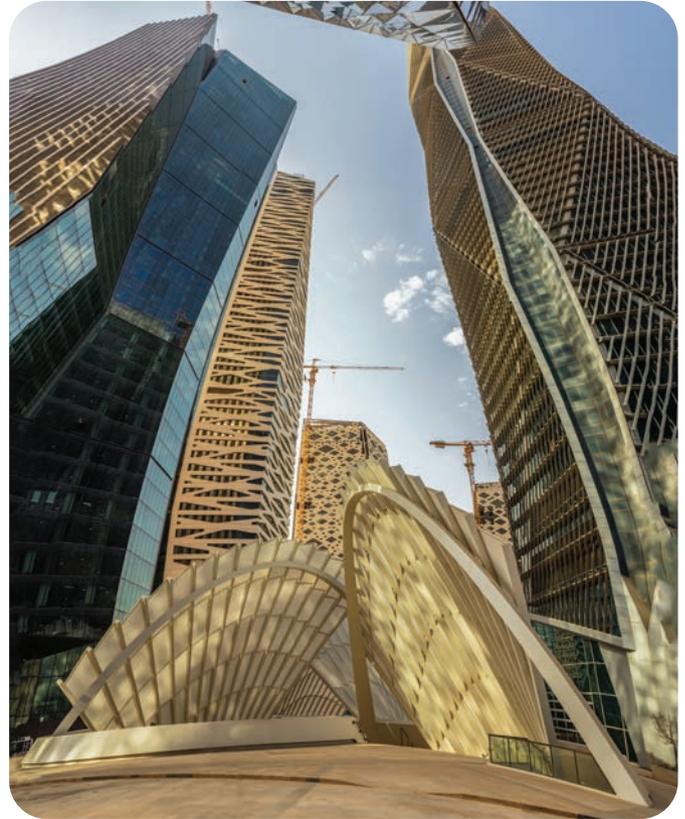
Ali Al-Asiri, CEO of the Kingdom's e-government programme (Yesser) comments that during the Covid-19 crisis the country has been particularly successful in working from home, which, he says was possible because of ongoing digital transformation as part of Vision 2030. Around 85% of Ministry of Commerce services are available online including investment licenses for foreign investors. In the provision of healthcare, more than a third of the population are registered on a unified electronic medical record system.

The digital resilience shown in response to the Covid-19 emergency is likely to speed the application of ICT digital structures in many sectors, in manufacturing, supply chains, financial services and burgeoning new sectors such as entertainment and tourism. According to Deputy Minister of Technology, Industry and Digital Capabilities, Ahmed Altheneyan, things are happening faster than expected and "what used to take years to change now takes days."

SDAIA is in the course of implementing a community based cloud strategy which aims to merge 83 data centres operated by more than 40 Government bodies. A successful use of the cloud and AI could result in US\$10 billion in savings by official bodies, SDAIA believes.

Blockchain technology that records information in blocks through distributed ledger technology and creates a digital chain of data difficult to alter without the consent of parties involved in transaction, is being used by the Saudi Arabian Monetary Agency for money transfers.

According to the Minister of Communications and Information Technology (MCIT) Abdullah Alswaha, the digital technologies sector comprises one of the highest creators of knowledge-based employment and is projected to generate 20,000 high-income jobs.



The MCIT envisages that ICT strategies will see the sector growing by 50% and contributing around US\$13 billion to the national economy over the next four years. US market data firm IDC forecasts that spending by Government departments and by the private sector in ICT will increase by over 9% a year over the period.

Ongoing investments are on course to vastly increase broadband access with a nationwide programme to install fibre-optic cable. Wireless mobile broadband is due to provide services to 70% of the rural population by the end of 2020. The regulator of the ICT sector, the

Communications and Information Technology Commission (CITC), authorised the first 5G mobile network in 2019. Mobile providers have been quick to react.

Saudi Telecom Company (STC) has signed an agreement with Sweden's Ericsson to launch a 5G telecoms network across the country. STC also signed a memorandum with US firm Cisco in 2018 to develop 5G networks. Another carrier, Zain, launched commercial operations in 2019 using technology provided by Finnish company Nokia, covering more than 26 cities. It has also been selected by Mobily for deployment of its 5G services across the country.

Nokia's equipment, software and services are being used to set up a 5G network in the western and southern parts of Saudi Arabia, including Makkah and Madinah with an initial phase due to be completed by the end of 2020.

The Ministry of Hajj and Umrah signed a cooperation agreement with China's Huawei covering ICT services during Crown Prince' Salman's visit to Beijing in 2019. Abdullah Alswaha comments "we work with everybody that we can to transfer knowledge and technology to accelerate us into the new economy and to solve things in education and healthcare as long as regulatory and security requirements are complied with."

The CITC also reached an open access agreement in 2020 between the leading telecoms providers including STC, Zain Saudi Arabia, Mobily, Integrated Telecom Company, Dawiyat and GO Telecom. This stimulus to competition is designed to increase the quality of services and means broadband can be tapped into through any provider independent of who owns the transmission infrastructure.

The move opens up the market to mobile virtual network operators, who comprise companies buying access to existing networks at a wholesale user rate, avoiding the capital outlay of building their own separate supporting infrastructure. Firms such as Virgin, Etihad Jawra and Lebara are entering the market as a result of the liberalisation measure.

Dr Fatmah Baothman, an AI specialist at King Abdulaziz University, says that over 80% of Saudi businesses are in favour of adopting AI and robotic process automation technologies by 2025, which could add an estimated US\$48 billion to the Kingdom's GDP. Baothman, a graduate of the UK's Huddersfield University, is the first woman in the Middle East to have been awarded a doctorate in AI technology.

The uptake of the IoT technologies and services is already seen in projects such as the Riyadh Metro and the Rapid Bus Transit System, which require analysis of huge amounts of data to plan and manage multiple operations in real time. The Qiddiya entertainment mega project, the Amaala and Red Sea tourism projects and the NEOM city development will focus on AI and robotic technologies in order to perform tasks without the need of human intervention.

In future, planners envisage smart cities in which an extensive range of services will be based on remote sensors, transmitting information on traffic, weather, medical services, parking, logistics tracking, electricity and water usage, all requiring huge amounts of data processing. "We have witnessed first-hand the early impact of AI and data-driven initiatives and their potential to propel Saudi Arabia's future economy, but we are still in the early stages with several untapped opportunities available," says SDAIA's President. ■

New cities designed to reshape the economic landscape

A vast building programme is being prompted by increasing efforts to create a non-oil based economy as well as a new way of living, attractive to both Saudis and inward investors. The pace of development is growing with an estimated 5,000 active construction projects. Valued at more than US\$800 billion, these represent a third of all projects across the whole of the Arabian Gulf states.

One major project now nearing its final stages is Riyadh's new financial district. The project extends across a 1,600km² area north of the capital and features 73 new buildings. These and others are set to accommodate the Stock Exchange and Capital Market Authority and provide prestigious accommodation for commercial banks, insurers, legal firms and corporations.

A range of similar developments also focus on residential projects, hotels, conference facilities, entertainment and retail outlets. The area has an emphasis on connectivity including a monorail system, a network of skywalks and the new metro which will provide a direct link to Riyadh's international airport.

Provision of new homes for Riyadh's fast expanding population of seven million people is also a priority, with a new metropolis due to be developed in an area 14km to the east. Dahiyat Al Fursan New City is expected to provide 100,000 new homes over a ten year period. A consortium of South Korea's Hanwha and Daewoo, have signed a memorandum to lead the US\$20 billion project which includes building utilities and other supporting urban infrastructure.

A number of other major projects are in various stages of development in the capital. These include the Mall of Saudi in Riyadh under construction by Dubai's Majid Al Futtaim Group. The project, costing a reported US\$3.7 billion, comprises a five-star hotel, apartments, retail and recreational areas, including a 26,000m² snow park. The scope and scale of projects about to get underway encouraged major UK consultancy Atkins to double its staff in the Kingdom and to open a new office in Riyadh in 2019.

Spectacular projects are also underway in other major cities including Makkah's 10,000 room Abraj Kudai hotel complex, designed by UK based Areen Hospitality. The 1km high Jeddah Tower, formerly known as the Kingdom Tower, will be the world's tallest structure and the centrepiece of a new urban area.

Another remarkable project is an entertainment mega city at Qiddiya, north of Riyadh. In February 2020, a contract was awarded to Abdul Ali Al Ajmi Company for site preparation over a 4km² area for the first phase of the project. It includes a theme park development being carried out by the US' Six Flags Entertainment Corporation. The developer, Qiddiya Investment Company, is headed by former Disney Executive Michael Reininger.

Prior to the Vision 2030 strategy, the Kingdom's main focus was on building six entirely new cities each acting as hubs for manufacturing ventures and logistics industries, which include mining, agri-business and technology.

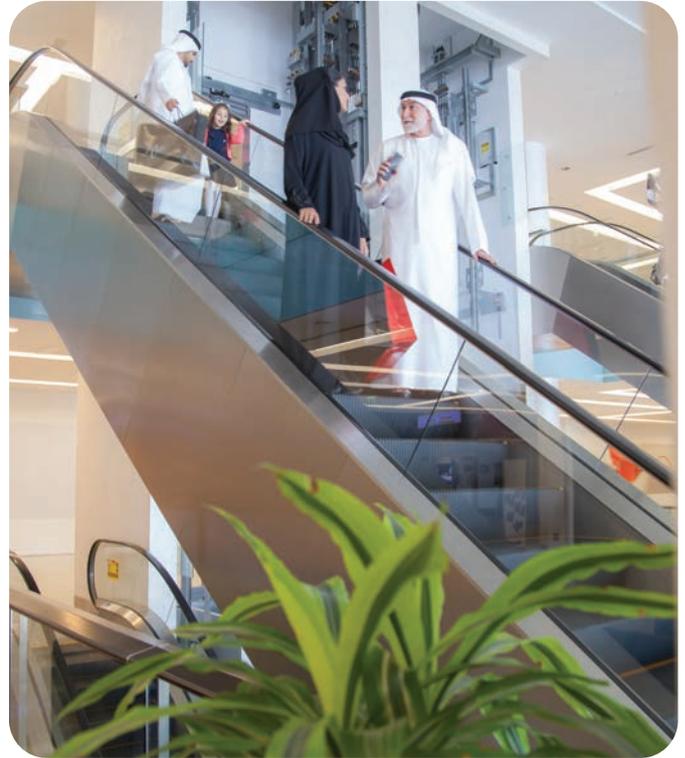
Madinah Knowledge Economic City is one of the planned cities designed to attract ICT industries to premises in a new community to the west of Makkah. It is linked to the Al-Faisaliah venture which aims to develop a whole new business and residential community in Makkah Province, near Al-Shuaiba on the Red Sea coast.

The proposed US\$8 billion Prince Abdulaziz Bin Mousaed Economic City in the northwest province of Hail is focused on business including agri-business, logistics, minerals and construction materials. It covers an area designed to support a new community of 80,000 people.

The most tangible progress has been seen in the establishment of King Abdullah Economic City (KAEC) near the Red Sea, through a partnership of the Government and Dubai's Emaar Properties. A first phase includes a deep-sea port and a 55km² logistics hub. So far 6,500 homes, utilities, recreation and sports facilities and retail outlets have been completed.

KAEC is now home to more than 7,000 people with around 30 Saudi and foreign-owned companies operating there, with a similar number of enterprises reportedly in the course of setting up. Prospects have been boosted with the new high-speed railway connecting Jeddah and Makkah which also stops at KAEC's new port at Rabigh.

In parallel with its economic cities programme, the Government is now focused on its NEOM concept. The place name is formed from the Greek word for new and the Arabic for future. Officials describe it as "the world's most ambitious project" and an "entire new land, purpose-built for a new way of living."



The concept driving NEOM and the Kingdom's plans for a network of new economic cities is to build the commercial hubs of the future. According to Crown Prince Mohammed bin Salman bin Abdulaziz: "NEOM will drive the future of human civilisation, energy and water, bio-technology, technological and digital sciences, advanced manufacturing, media and entertainment."

NEOM is planned to incorporate smart city technologies including robotics and self-driving vehicles and use entirely renewable energies. The city and its environs and coastal region in Tabuk covers a 26,500km area northwest of the country, is also to become a tourist destination.



Provision of new homes for Riyadh's fast expanding population of seven million people is also a priority, with a new metropolis due to be developed.



The project was unveiled at the Future Investment Initiative conference held in Riyadh in October 2017 by Crown Prince Mohammed bin Salman, who has stated that NEOM will operate its own "autonomous judicial system" outside the "existing governmental framework." The vast US\$500 billion project is to be financed by a combination of direct Government spending and funding from the country's Public Investment Fund, which acts as the Kingdom's sovereign wealth fund, and from anticipated private sector investment.

NEOM became a corporate entity following the establishment of a joint stock company wholly-owned by the Kingdom's Public Investment Fund in January 2019. While the construction timeline is still evolving, a first phase is expected to be completed by 2025, it includes building a number of urban areas and a main city, an airport, seaport, tourism areas as well as industrial and commercial centres.

Nadhmi Al-Nasr the project's CEO says that "NEOM is all about the unusual and the unexpected. NEOM is futuristic, risky and daring and

it's more than a dream: it's a plan to enhance how we work and live." A big draw is expected to be the NEOM's promised relaxed lifestyle and luxurious tourism offerings.

California based AECOM was awarded a project management consultancy contract for Phase One for development of NEOM Bay. This includes project management, contract administration, technical and environmental support services and site supervision over the design and construction phases. NEOM Bay is conceived as a tourist destination and residential area within the wider NEOM zone. An airport has already been established in the Bay area with scheduled services between Riyadh.

NEOM has signed an agreement with the UK's Solar Water to build a new type of desalination plant to provide water for the development. Solar Water's novel approach has been pioneered at the UK's Cranfield University and represents the first use, on a large scale of concentrating solar power technology in seawater desalination. ■



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Innovation in construction

Saad Mehmod, Managing Director, Absal Paul



Saad Mehmod

Describe what services Absal Paul provides?

I would say we are known as construction and building specialists on projects that many others would consider challenging. Nowhere is this reflected more than in the portfolio of high profile, technically challenging projects that we have delivered over the past nine years.

Where does Absal Paul operate?

We are a GCC contractor, robustly supported in every way by one of our major shareholders, John Paul Construction from Ireland. Our centre is Saudi Arabia, where we are active right across the country. From here we have created a thriving business in Bahrain and, at the request of a key client – a multi-national organisation – we have recently established a new business in Abu Dhabi.

What differentiates Absal Paul from other similar business?

I sincerely consider that we are unique among GCC contractors. Our core proposition is to 'build through innovation', this principle sits at the heart of everything we do, it informs every decision, it's this that has driven our business since its inception. Our exceptional workforce currently stands at 1,000+, many of whom are highly skilled and qualified. Our people, are, of course, multi-national, bringing international experience from East and West, all underpinned by a central core of personnel who possess granular local knowledge. Our USP is how we blend this mix by

providing a respectful, safe workplace where training and professional development is prioritised and where individual thinking is cherished. Unlike many other companies within our sector in this region, we have a fluid and modern senior management communication model. Although I may have the casting vote within the executive team, I rarely utilise it. We prefer to confer on risk and opportunity together, aiming wherever possible for a collective decision.

How well is Absal Paul placed for the KSA 2030 vision?

We are one of the best placed construction companies within the region to deliver the calibre of construction projects required to support 2030. Our understanding of how business works in Saudi, coupled with the fresh, international outlook ingrained within our culture by our European co-founders, positions us excellently to create the kind of partnerships that will certainly be required to undertake the challenges that lie ahead.

What important projects have you been working on in the region?

We have been fortunate to work on some really excellent projects and with many blue-chip clients. Our hospitality customers include leaders such as the Four Seasons, Shangri-la and Rocco Forte hotel groups. Our corporate client list includes BAE Systems, Lockheed Martin, Halliburton, Singapore's SATS, TNT, PwC, as well as leaders in the petrochemical industry such as SIPCHEM,

SANAD and Aramco. We take particular pride in having been tasked with the 55,000m² renovation of the Riyadh headquarters of SAMA, the central bank of KSA.

What would you say are new challenges that companies such as Absal Paul have faced and will face going forward?

Good question... things are changing at an unprecedented pace, and we need to keep on our toes all the time. Clearly, right now Covid-19 presents considerations that would have been unimaginable a year ago. For us though, we have an excellent health and safety culture; this goes from on-site safety, through to the everyday lives and welfare of our team. Consequently, from very early in the pandemic we undertook decisive action to inhibit the potential spread of the disease amongst our workforce, in particular focusing upon conditions within the accommodation we provide to our personnel. We quickly reconfigured living quarters to maximise social distancing and screened employee medical conditions to identify those in vulnerable categories. Additionally, we sought out private clinics to secure testing for asymptomatic, at-risk employees and provided daily food deliveries to those obliged to stay at home from work. I would go so far as to say, although Covid has been a huge challenge, it has fostered a stronger bond with the team and we are actually more unified for it.

Other challenges... definitely keeping on top of technical and procedural advances, there are so many new techniques and technologies coming into the market. This translates into our customer base; ten years ago, coworking office space and commercial data centre infrastructure were unknowns in the GCC, now; in the last three years we have been heavily involved in the construction of both. We must stay mindful of ways to make sense of everything, engaging with what is good, and shedding what isn't.

What have you changed in the last five years?

Well, five years ago we were less than 200 people, our direct workforce stands at over 1,000, we have achieved Platinum grade under labour law and we are a Class One certified building contractor. Our focus upon nurturing Saudi talent has benefitted the business tremendously, in particular our sponsorship of young Saudi engineers who wish to

study and/or gain work experience in Ireland and then return to the company. We have become more flexible, self-sufficient and competitive by developing in-house capabilities. Today we have our own MEP division with over 200 highly skilled and trained staff. We have invested heavily in both our HVAC fabrication and our in-house joinery facilities allowing us to act quickly to implement client requirements affordably and with control.

What would you consider to be Absal Paul's greatest success?

Our proudest achievement is our health and safety record and culture. Every member of our team, from the youngest apprentice, through to the Group Health & Safety Manager and the Executive Management Team are made aware daily of our unparalleled track record and the vigilance required to maintain it.

What do you see for the future of Absal Paul?

Controlled sustainable growth. We are a business with a strong balance sheet, a superb workforce, and an excellent portfolio of projects with an outstanding client-base. Remember, we are the only general contractor operating in KSA with Irish origins, that is a fundamental part of our DNA. We are confident and excited about what the future holds for us.

And finally, what would you say to any business eyeing up the region for their next investment?

Notwithstanding the notable risks created by falling oil prices and Covid, I would say that significant opportunity exists in areas never previously apparent. The reasons are numerous. Vision 2030 has the potential to deliver massive growth as the region starts to diversify away from its reliance on fossil fuel and starts to prove it has far more to offer on the world stage. Organisations looking to enter the market should take confidence from the fact that, in KSA in particular, access to legal recourse has never been better with the establishment of Saudi Arbitration law and general recognition of ADR, the creation of the Saudi Centre for Commercial Arbitration and modernisation of the Commercial Courts. With so much change going on, and the Government's ambition to invest in a purpose for Saudi, now is the time to get in. ■



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Regulatory reform sparks growth in logistics market

With its growing attention on development of manufacturing and other non-oil industrial activities, the Government has launched a National Industrial Development and Logistics Programme (NIDLP).

Development of a first class logistics system is a crucial element in the drive to build a new economy. The strategy is opening up growing investment opportunities in a complex multi-tiered sector involving the storage and movement of exports and imported goods to consumers in this huge country.

The focus on logistics runs parallel with development of the transportation system, as it focuses on extending links to its neighbours and to international markets. The aim is to position the country as a global logistics hub with US\$36 billion allocated to improving infrastructure.

There are impressive credentials to capitalise on its geographic role as a key trading route linking East and West. The six major commercial and three dedicated industrial ports comprise the largest seaport network in the Middle East. Around 12% of container traffic between Asia and Europe passes through the Red Sea each year, while a steadily expanding tonnage of international air freight passes through the country's airports.

An extensive aviation and rail network are both undergoing expansion. There is also a well developed road network of 47,000km of highway, with a further 3,500km under development.

Work is well underway to equip the transport and logistics network with advanced management systems. New technology is speeding up clearance times for importers able to track the status and progress of their shipments in real time, drastically reducing administration.

According to the World Bank's "Doing Business 2020" survey, Saudi Arabia is placed 62nd out of 190 countries, an improvement of 30 places. This remarkable advance is attributed to key reforms that have eased trading procedures involving the introduction of digital technology linking customs, ports and civil aviation authorities.

Comprehensive digital clearance for exports and imports has been aided by the introduction of a single-window electronic data interchange system by the Saudi Standards, Metrology and Quality Organisation (SASO), which regulates imports of consumer goods.

Most port authorisation procedures can now be completed when arriving vessels are still at sea, with cargoes needing manual inspection being identified in advance. These improvements have resulted in import clearance times being reduced by half.

Agility, one of the top 15 global logistics companies, places Saudi Arabia sixth in the world in its 2020 Emerging Markets Index. They measure the connectedness, complexity and opportunities in fifty of the world's most promising emerging markets. The licensing of companies authorised to provide logistics services, shipping and customs release, are described as important factors in the Saudi ranking.

Vision 2030 envisages that 20% of transport projects will be self-financed without the need of State subsidy. This will stimulate much greater private involvement in the running of airports, maritime assets, road infrastructure and logistics. The aim is to secure 70% private involvement in the ports and at least 50% in the national railway network.

Increasingly there will also be a requirement for high-grade warehousing facilities and accompanying distribution systems. This need is an incentive for the freight forwarding sector and is creating increasing opportunities for third party logistics providers who are able to provide timely responses to changing business needs and consumer demands.

Bonded zones can provide labelling, packaging and branding services for container traffic being trans-shipped without a declared or final destination or a need for commercial registration. Starlinks, part of the Ali Zaid Al Quraishi & Brothers Company, is among those Saudi logistics businesses that is predicting rapid growth in the sector.

The company believes that the next three years, in particular, will see a huge investment in logistics, infrastructure and digital platforms. As this unfolds, it sees the country becoming a top ten supply-chain market globally, a gateway that Asia and the West can connect through.

A significant element of the logistics strategy is the promotion of Special Economic Zones (SEZs). It is intended that these will stimulate development of industrial clusters with multi-modal freight links to international destinations. The regulatory framework for bonded zones is being revised to allow for light manufacturing activities including assembly, design and testing.

The planned Al Khomra Logistics Zone south of Jeddah is being developed with this in mind and aiming at primary and secondary manufacturing facilities in addition to storage, cool stores and food distribution business areas. Saad al-Khalb, President of the Saudi Ports Authority, has said that the Government intends to provide US\$1.9 billion to develop Al Khomra and logistics areas at other ports.

Bonded zones are also under development at Jazan Economic City, Jubail Commercial Port, Ras Al Khair Industrial City north of Jubail City and the extensive King Salman Energy Park (SPARK). The project is being developed over a 50km² area between Dammam and Al-Hasa, with the first phase due to be completed in 2021. The megaproject is being operated and managed by Aramco in partnership with the Saudi Authority for Industrial Cities and Technology Zones.

The location has been chosen due to it being at the heart of the country's energy sector and adjacent to major highway and railway networks, electricity, water sources and logistics services. The location also means it will allow for integration with Dammam's industrial city.

As the regulatory environment continues to rapidly evolve, the SEZs and bonded zones comprise a significant opportunity for both domestic and foreign investors. These include the Re-export Zone at Jeddah Islamic Port (JIP) and others at King Abdullah Economic City and at Dammam Port.

International interest is increasing in the air freight sector as the regulatory and business climate becomes more attractive to foreign investors. Singapore firm SATS won a 25 year concession in 2020 to operate a cargo terminal at Riyadh's King Khalid International Airport. The operation will handle 600,000 tonnes of air cargo a year when fully developed. SATS has previously invested US\$40 million in a cargo terminal serving Dammam's King Fahd International Airport.

Laws and regulations which impede the private sector development of the country's logistics industry are being steadily dismantled, with the sector expected to grow 40% to US\$25 billion a year by 2023. Recent initiatives, for example, have opened the way for industrial, retail and logistics businesses to be established with 100% foreign ownership.

The Integrated Logistics Bonded Zone at Riyadh's King Khalid International Airport, has also been designed to operate within its own set of regulations and an ability to offer bespoke incentives to attract new investors. ■

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Planning ahead

Mohammed Hassan Sherbiny for Commerce LLC

Sherbiny is excited to be a part of Vision 2030. It is giving us a framework, a complete environment, in which to conduct business with a new focused direction. It is amazing to see all our fellow companies in Saudi Arabia working towards a centralised goal to modernise and diversify the economy.

One of the cornerstones of the Government's vision is to create new sectors where local companies collaborate with foreign partners. For example, in renewable energy, numerous consortiums between Saudi and foreign companies have been created to bridge the technical knowledge gaps and develop robust financial partnerships. Similar examples can be seen in the entertainment industry with true collaboration between local companies and global expertise. It is a validation for Vision 2030, and we hope that lots of great companies and partners around the world will join us on this journey together.

There are many other sectors where Vision 2030 will shine, and that's where we come into the picture. Sherbiny plans to take a leading role in regards to Vision 2030 in the industrial sector by focusing on premium local manufacturing, wrapped up in complete solution packages with our excellent local technical services and support.

Sherbiny has been providing our customers with premium industrial solutions and equipment for over 30 years. We have a longstanding tradition of partnering with excellent companies in the UK, the US, and many other countries around the world. Going forward, we want to take that partnership to the next level by investing heavily in localising manufacturing in our facilities here in Saudi Arabia.

We have signed several manufacturing license agreements and joint ventures with global manufacturers to localise their products. We implemented this plan in two parallel routes. The first route is to utilise

our existing facilities as interim facilities to carry the initial scope of localisation for the products. The second route involves building a new 15,000m² state-of-the-art industrial complex to house the full spectrum of high technology manufacturing of electrical and instrumentation equipment, fluid handling systems, and more all "made in KSA".

It will also house training and R&D facilities. This realignment of strategy and structure will create hundreds of jobs and put us in line with the country's vision of increasing localisation in the oil & gas sector from the current 40% to 75% by 2030.

We believe that these fundamental changes and investments will lay the foundation for a bright future. It is a chance for us to chart a new course and open a line of business for ourselves and our partners. We have always had excellent products, but combining them together with our local manufacturing, engineering and technical services is where we can really make a positive change. We are always striving to offer more features and added value locally to make sure our valued clients get the level of quality they deserve. We are specialised in taking complexity of industrial engineering and packaging them into ordered solution packages. Doing so will make it easier for our clients to solve problems, and in a more cost-effective manner.

The path towards 2030 will be faced with challenges, but even more opportunities. We are looking to partner with even more great companies throughout the world to help us reach for the stars together. We are ready to focus on the future of our business together.

We would like to welcome any UK companies to contact us and see how we can help localise your products in Saudi Arabia. We are proud to be your trusted local partner, and the gateway to Saudi Arabia. ■

Kingdom plans for railway links of the future

Saudi Arabia's railway expansion projects are being accelerated as a result of growing passenger transport requirements in the main cities and to push forward the Government's Vision 2030 logistics improvement strategy.

Bashar Khaled Almalik, CEO of Saudi Railway Company (SAR), is keen to speed up the programme following the Government's decision in March 2019, for SAR to take over the entire operating assets as well as the infrastructure of all the railway projects previously, which were controlled by the Saudi Railways Organisation.

Developing new railways is a key part of an effort to raise the global ranking of the country in the World Bank's Logistics Performance Index from 49th place to at least 25th over the next 15 years. This policy means substantially expanding the current 2,939km railway system.

A masterplan for developing railway transport was drawn up in 2015, by Germany's Dornier Consult. The plan envisaged a network of some 10,000km being built by 2040. This timetable now seems likely to be accelerated with the country looking to railway development to also lessen the carbon footprint of present transport modes, which are heavily reliant on road transport and to enhance logistical competitiveness.

The North-South dedicated freight carrying railway has proved vital in opening up northern Saudi Arabia's industrial mineral wealth without reliance on trucking vast amounts of phosphate from mines operated by Saudi Arabian Mining Company (Maaden), based at Waad al-Shamal. One of the world's most impressive railway developments over the last decade, the 1,400km freight line, was built in some of the most remote and harshest regions including the An Nafud desert.

From Maaden's mining operations the single-gauge track proceeds to Al-Jouf and Hail and then to Al Baith junction in Qassim and on to the minerals port of Ras Al-Khair on the Gulf coast. Since it opened in 2017, an additional 1,242km track has been built, sharing some of the North-South line's infrastructure, to provide passenger services linking Riyadh with Al Qassim and Qurayat.

Prior to the North-South line, railways had focused largely on a connection between Riyadh and Dammam. The 449km track was built in 1951 to serve the needs of the state oil company Aramco and transport containers from Dammam on the Gulf to Riyadh's inland Dry Port. The line was subsequently developed to serve passengers with spur lines to Hofuf and Abqaiq. In 2018, the line carried 1.8 million people in addition to 700,000 containers.

A major boost to development of railway passenger services has come with the inauguration of the first High Speed Railway (HSR) in September 2018, served as a major boost to passenger railway services. The Haramain Express HSR links Jeddah on the Red Sea with Madinah and Makkah via Rabigh. The 450km project was carried out by two consortiums featuring Saudi, French, Spanish and Chinese companies and features trains able to travel at speeds up to 300kmph.

Another prestigious project continuing in 2020, is the inauguration of Riyadh's US\$23 billion metro system, a project that will transform urban transport in the fast expanding capital. The huge complex project has involved building a fully-automated system over 176km with 85 stations and has been carried out by three international consortiums. The scheme represents a new era in the Kingdom's urban transport and is a precursor to other metro programmes in major Saudi cities.

Feasibility studies have already been carried out for the proposed Madinah metro project. This envisages three lines extending over 95km, including 25km of underground track. A 130km light-railway system with 93 stations is also proposed in Taif, which currently lacks a public transport system.

Makkah already has an 18km elevated monorail system connecting it's pilgrimage sites. However, a far more ambitious development is due to provide a four-line network covering 182km with 88 stations. Meanwhile, a US\$12.8 billion masterplan has been proposed to provide an integrated light-rail and public tram transport system for Jeddah.

The country's transportation improvement also includes a plan to provide an integrated public transport system, including metro and bus services, in Dammam and Qatif. This envisages two metro tracks with one connecting Daren Island in Qatif through Dammam and Dhahran up to the causeway linking Saudi Arabia with Bahrain. A second line would link Dammam to it's airport in the west.

There is a lot to compete for in upcoming urban mass transit system projects in addition to new railways projects. These include plans to connect Yanbu Industrial City to King Abdullah Economic City's port of Rabigh as well as a proposed East-West line that would create a rail link between ports on the Gulf and Red Sea coasts. Some projects have already started including extensions of the North-South line to Haditha close to the border with Jordan and then southwards to Jubail Industrial City.

A number of British companies have already secured work associated with the railway expansion. These include Atkins, Serco Group, Network Rail Consulting and Freightliner Group as well as Foster &



Partners. XRail Group has a long term maintenance contract to support the HSR, which features advanced digital signalling and communication technologies.

"The Kingdom's keen focus is on capitalising on its geographic advantage to emerge as a global hub of logistics and transportation. This will catalyse further development of the sector and promises many exciting investment and commercial opportunities for local and foreign investors," says Abdullah Aldubaikhi, CEO of the Saudi National Shipping Company, which works closely with Saudi Railway Company on development strategy. ■

Renewable energy strategy offers huge investment opportunities

The ambitious strategy is rapidly moving forward. The National Renewable Energy Programme (NREP) aims to increase the share of renewable energy to 4% of the total generated by the end of 2020 and to 10% by 2023. Investment in independent power projects is expected to total US\$16 billion over the next four years.

The renewable strategy is in line with commitments to the 2015 Paris Agreement on measures to mitigate the effects of climate change. This involves reducing the 130 million tonnes of carbon emissions equivalent by 2030.

In addition to global concerns there are also practical domestic considerations. Some 600,000 barrels of oil are currently burnt each day by power plants. Renewable energy is seen as the way to supplement and to save on the huge volumes of oil & gas used to generate power for homes and industry. Reduced domestic consumption of fossil fuels also increases that available for export.

The Government declared its intention in 2019 to develop and install 60,000MW of clean power sources during the course of a decade to meet the needs of every household. Around 30% of generation is due to be provided by renewable energy by 2030, with the remainder sourced mainly from gas-fired plants and some from nuclear power.

In January 2020, Saudi Aramco's corporate venture subsidiary Saudi Aramco Energy Ventures (SAEV) announced it intended to double its funding capacity in order to invest in energy efficiency, renewable energy and new oil & gas technologies. SAEV was set-up in 2012

with a US\$500 million budget and has offices based in Beijing, Houston, Boston, Aberdeen, Stavanger and London to invest in start-up companies.

While it will take time to substantially reduce the dependence on hydrocarbon fuels in the power mix, the pace is gaining momentum with a range of renewable concepts, moving from the pilot phase of development to large scale commercial ventures. In addition to solar and wind projects there are waste-to-energy, geothermal projects and nuclear energy projects which are coming to the forefront.

The US\$28 billion Saudi Industrial Development Fund (SIDF) broadened its remit in 2019 to provide loans for renewable energy projects and to manufacturers of necessary components, through its Mutjadeda initiative.

It is able to offer financing for companies in other sectors who want to make the change to renewable energy. The loans are available for both Saudi and foreign-owned enterprises, as long as they are operating within the country. "Whether a firm is in manufacturing, agriculture or retail, if it wants to deploy renewable energy, we will finance it." Ibrahim Almojel, SIDF's Director General says. These broad ranging initiatives are supporting the progress being made in providing new solar and wind installations.

The NREP has tendered 2,170MW of renewable energy capacity, of which 700MW was awarded in 2019 with a further 1,470MW in 2020, for both wind and solar. The potential is immense. Due to its



The renewable strategy is in line with commitments to the 2015 Paris Agreement on measures to mitigate the effects of climate change.



geographical location, Saudi Arabia has among the world's highest levels of solar radiation.

The Kingdom's 300MW Sakaka photovoltaic solar plant in the Al-Jouf region is the first such installation to be ranked as a utility-scale facility, generating power and feeding into the grid. Sakaka, in common with all such facilities, have power purchase agreements with a utility company, guaranteeing a market for a fixed period of time.

Around 35 solar parks are to be developed over ten years across the country in order to aid regional development. Four of them are expected to feature concentrated solar power, in which mirrors and lenses are deployed to focus the sun's energy onto a receiver which stores heat.

Successful bids will have to commit to providing a minimum of 17% local content, as calculated by the Local Content & Government Procurement Authority, which is seeking to raise the value-added contribution of products and services in the local economy.

The Dumat Al Jandal wind project in the Al-Jouf region in the northwest is due to enter commercial operation by 2022 and will generate sufficient power from 99 wind turbines. Supplied by

Denmark's Vestas, the project will provide for 70,000 homes as it connects with the northern electricity grid. The consortium developing the project has backed a two year power purchase agreement with the Saudi Power Procurement Company.

EDF Renewables and Masdar, the renewables subsidiaries of Electricite de France and Abu Dhabi's Mubadala Investment Company respectively, have signed contracts valued at US\$500 million to build the plant. The contract is based on a 20 year purchase arrangement with the Saudi Power Company.

A request for prequalification is expected to be announced in 2020 by the Renewable Energy Project Development Office, for a second major independent power project at Yanbu. The project would more than double the capacity of the Dumat Al-Jandal wind farm, with a planned output of 850MW.

Masdar's CEO, Mohammed Jameel Al-Ramahi says, this project "illustrates the depth of Saudi Arabia's commitment to realising its bold strategy to substantially increase the contribution of renewables in its total energy mix to 27,300MW by 2024, from wind as well as solar energy." ■



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Using solar power to make the desert fertile

Malcolm Aw, Founder and Chairman, Solar Water Plc



Malcolm Aw

Sustainable desalination on a huge scale is critical to the future development of desert regions in the Middle East and the Kingdom of Saudi Arabia (KSA). A young and innovative British company believes it has found the answer, and has already secured a contract to supply its technology to the new city of NEOM. Founder and Chairman Malcolm Aw, explains the story of Solar Water Plc, and how he believes its technology can play a major role in the region's economic development.

What can your green technologies do for Saudi Arabia?

By the beginning of the next decade those of us who can control, rather than just forecast, the weather will be able to manage cloud distribution, regional precipitation, and with it, vegetation density. We will control the temperature and be able to stop desertification and start reforestation. A green Saudi Arabia will be built on humanity's greatest resource: imagination. At Solar Water we have an imaginative masterplan, one that is based on the vital provision of water and trees.

How does the Solar Water™ process work?

The Group's carbon neutral hydro-infrastructure draws seawater inland through glass-enclosed aqueducts to giant domes where it is boiled and distilled through evaporation. The energy generated to superheat the water and create a constant water cycle within the domes is produced by focusing concentrated solar radiation from surrounding reflectors. Solar Water Plc's

technology could be used to produce clean, cheap water for a range of uses including farming, reforestation, biotech consumption, or use by high-tech industries that rely on pure clean water for their manufacturing.

How do you see your technology meeting desalination needs across KSA?

In order for Saudi Arabia (and the wider MENA region) to become a viable environmentally green commercial proposition, there has to be an abundance of man-made rivers and interconnected canals to create the geographical advantages of a terrain conducive to a productive and profitable habitability specific to that region. New urban developments such as NEOM call for water infrastructure investments that only Solar Water Plc, and its futuristic climate-reversing technologies, can encompass.

How will reforestation transform such an arid part of the world?

Our ability to produce fresh water on a huge scale will allow the creation of the rivers and canals that are essential in opening up desert areas. Such waterways are spheres of economic influence, that give rise to major sustainable urban developments on their banks, some of which may become green capital cities. Good harvests, through massive agro-forestry, means surplus food can be traded, which in turn helps the development of trading centres and allows people to think beyond merely growing food and to turn their attention to ideas and technology.

What is the advantage of your technology over existing desalination systems?

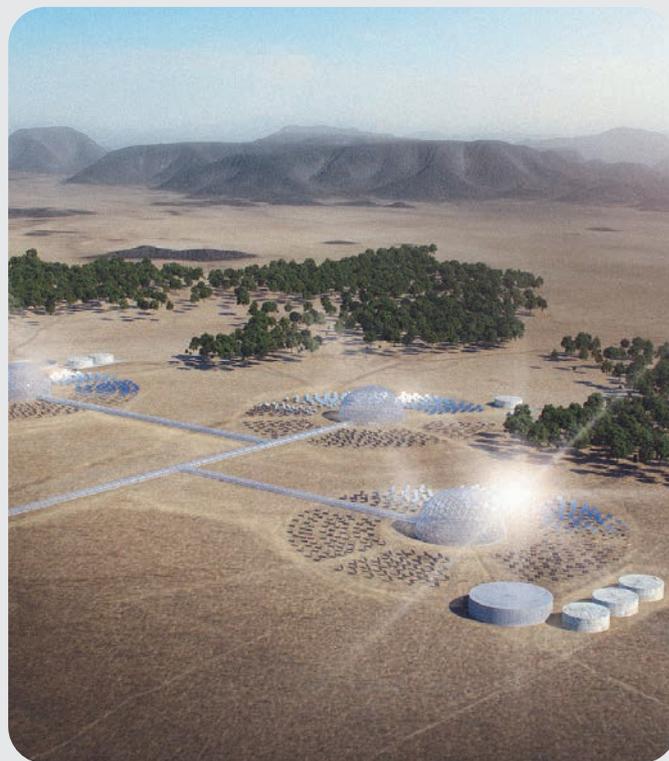
Desalination plants to convert seawater into drinking water and water for agriculture have been used since the 1950s, but at a heavy environmental cost due to its dependence on oil & gas powered plants. It has been estimated that the 30 desalination plants in Saudi Arabia rely on around 300,000 barrels of crude oil each day. Beyond the fuels involved, there are environmental risks presented by massive discharge of brine into the oceans, increasing salinity and destroying marine life. The World Bank has said it is critical that the desalination industry moves away from reliance on fossil fuels.

Is there sufficient desalination capacity to meet forecast requirements?

The current output of desalination plants globally is more than 70 million m³ per day, and growing populations and their demands for higher standards of living mean this figure will need to grow exponentially to meet future needs. In the Middle East and North Africa, the gap between demand for water and actual supply is said to be around 42km³ per year, according to World Bank figures, and expected to increase five-fold by 2050.

What is the company's background?

I have enjoyed a long career as an inventor and entrepreneur in many countries and developed the Solar Water™ dome and founded Solar Water Plc in 2016, with the aim of making a real impact in the world through the provision of fresh water in areas needing it the most. Since starting the company I have been joined by a great Solar Water team, such as David Reavley our CEO, Jan Pilkington-Miksa CCO, Beata Dreger-Smith Director of Business Administration and PR, Prof. Chris Sansom, Liam Koh and Dr Xavier Tonnellier. We all share the same passion and vision to help solve chronic water shortages by harnessing solar power to produce inexhaustible supplies of fresh water in an environmentally friendly way.



Who are Solar Water's partners and supporters?

I am delighted to say that Solar Water Plc has three key partnerships to support its development. The first of these is with Cranfield University, which is acknowledged to be the leading UK organisation conducting research and development in Concentrating Solar Power (CSP). Our second is with British Water, the trade association for British water companies and organisations, and our third is with the Department for International Trade (DIT), the UK Government department responsible for striking and extending trade agreements.

In addition to these partnerships, the company has received funding from the EU's Horizon 2020 research and innovation programme, for a



New urban developments such as NEOM call for water infrastructure investments that only Solar Water Plc, and its futuristic climate-reversing technologies, can encompass.



project to develop a prototype seawater desalination dome. It has also received an official pledge of support from the United Nations Educational, Scientific and Cultural Organisation (UNESCO) for the development work it is undertaking in trying to solve the world's fresh water shortage.

What is your experience to date in Saudi Arabia?

In March 2019, Solar Water Plc took part in a Renewable Energy Trade Mission to Saudi Arabia. CEO, David Reavley, supported by the British Embassy and the DIT, presented the Solar Water™ solution during a business roundtable at the Council of Saudi Chambers, as well as at a networking reception at the British Embassy attended by key business and governmental stakeholders. This mission was an exciting opportunity, because the development of renewables and improving energy efficiency is a key part of the Vision 2030 agenda.

Could you explain your first contract in Saudi Arabia?

On 30 January 2020, NEOM announced that it has chosen Solar Water Plc to build its first ever 'solar dome' desalination plant. Solar Water Plc's technology will help the new city of NEOM, located in northwest Saudi Arabia, work towards one of its aims of revolutionising the process of water desalination, so solving one of the world's most pressing problems, namely access to fresh water. We see this desalination project serving as a test case for other water scarce countries that are struggling to generate environmentally safe and sustainable sources of fresh water.

How will your technology be used at NEOM?

Desalination of seawater from the Red Sea will be the major source of water supply, using our solar-enhanced greenhouse technology. Concentrated solar energy from a neighbouring field of large mirrors that concentrate the sunlight to speed up the natural process of evaporation within the domed greenhouse structures, which can be up to 80m in diameter and made up of a heat-conductive steel structure.

Seawater enters the dome either by gravity or pump. It then evaporates, while distillation takes place in a separate unit adjacent to the dome. Once the process is complete, the freshwater is piped by gravity flow into a system of reservoirs, at which point it can be directed to meet local needs. It might go to municipal water utilities or everglades of agricultural wetlands. In principle, it can be used as part of a process to reverse desertification, using imported top soils for reforestation of the desert.

You then secured a second contract in the Middle East?

Yes, two weeks after the announcement of our NEOM contract we were proud to announce that Jordan Phosphate Mines Company (JPMC) has chosen Solar Water Plc to supply freshwater to its phosphates plant on the Gulf of Aqaba. For the next 25 years, freshwater will be supplied by a 40m Solar Water™ desalinator dome, positioned adjacent to the JPMC plant. Work on the project has begun and we expect the desalinator to begin supplying freshwater by mid-2021. ■

Oil industry upgrade offers multiple opportunities

The Eastern Province is home to the world's largest proven recoverable reserves of oil & gas, conservatively estimated at 260 billion barrels and more than 5.6 trillion m³ of gas.

This vast hydrocarbon wealth is located in 498 reservoirs distributed across 136 fields onshore and offshore. One area alone is the 7,000km² Ghawar field, southwest of Dhahran and is the largest onshore oilfield in the world, while the largest offshore field lies 200km north of Dhahran.

The economy is pivoted on these resources. Oil revenues in 2020 are estimated to have contributed US\$137 billion to the national budget, 63% of the total amount. The contraction of the global economy due to the Covid-19 Pandemic has impacted on all major world crude exporters. Despite this, international prices are growing again as economies such as China and the US recover momentum.

While the affect of the loss on income on oil producers cannot be minimised, Saudi Aramco is strategically placed to weather the storm and to sustain a large scale investment programme even if they are reconfigured in terms of timing and scale.

Internationally recognised as one of the oil sectors' best managed producers, Saudi Aramco also has the huge advantage of very low extraction costs. Saudi oil is plentiful and cheap to extract at an average of US\$2.82 per barrel between 2018 and 2019, the lowest cost of any crude producer.

Aramco as the world's largest oil company holds a pivotal position in international markets and is able to influence world prices. Valued at around US\$1.9 trillion it is one of the most valuable quoted companies globally.

Aramco's position has been enhanced following the announcement in August 2018, that it would merge with Saudi Arabian Basic Industries Company (SABIC), by purchasing 70% of the company's shares from the Kingdom's Public Investment Fund. SABIC is the one of world's largest producers of olefins and aromatics. Demand for such petrochemical products, which constitute building blocks for many industrial and consumer items ranging from detergents to plastics, is expected to exceed sales of global oil for transportation purposes in the next decade.

Early in 2020, Saudi Aramco announced that full clearance had been received from the EU for its acquisition of SABIC. The EU represented the last jurisdiction in which anti-trust filings were required for the deal to be approved.

The merger creates a huge organisation with ongoing long term investment programmes. Financial results announced in March 2020 show that its capital expenditure was US\$32.8 billion in 2019, US\$2.3 billion down on the previous year. It has declared that expenditure of between US\$25 billion and US\$30 billion was expected to be made over 2020.



The UK and Saudi Arabia have signed a MoU committing the two countries to jointly develop clean energy technologies designed to reduce carbon emissions.



Even with reduced capital expenditure there continues to be substantial opportunities for companies providing equipment and services. Speaking at the UK-Saudi CEO Forum in London in 2018, Saudi Aramco's President and CEO, Amin Nasser, revealed that the company had nearly 4,000 registered UK suppliers and contractors. In the previous decade, the company spent nearly US\$13 billion in services and materials contracts with UK providers and had more than 200 active contracts with UK companies.

These businesses range from civil engineering and construction, drilling equipment, power generation machinery and quality management services. He believes that there are more opportunities for collaboration and partnerships, not only in the oil & gas sector but also in infrastructure, manufacturing and services industries, which are critical to manage and operate an enterprise like Saudi Aramco.

UK based Alderley, for example, announced a US\$10 million contract award from Aramco in 2019, for the design and manufacture of oil process systems equipment. The company has sold more than US\$67 million of metering and other equipment to the Kingdom.

Aramco's CEO says that it is looking at investments valued at more than US\$100 billion over the next ten years both in the Kingdom and abroad. A major aim is to convert 2-3 million bpd of crude directly into

petrochemical products. The merger with SABIC is part of the strategy and increases Aramco's downstream portfolio.

Aramco's flagship technology programme is focused on converting a growing proportion of its crude oil into value added products, particularly petrochemicals. The plan is based on integration with refineries and other feedstock providers.

The aim is to build a world leading downstream sector via vertical and horizontal integration across the hydrocarbon chain, enabling the creation of conversion industries that produce semi-finished and finished goods. This will help diversify the economy while developing advanced technologies and innovation.

Minister of Investment and former Chairman of Saudi Aramco, Khalid Al-Falih, says that Saudi Aramco intends to become a more technology and knowledge driven organisation. This strategy involves development of a stronger downstream business, doubling refining capacity, expanding into chemicals and doing more with renewables, creating new technologies through its R&D efforts and developing new business lines through investments and acquisitions.

A global R&D programme directed from the company's headquarters in Dhahran is underway and includes eight international research

centres across the world sited in Boston, Detroit and Houston in the US, Beijing, Daejeon in South Korea, Delft in the Netherlands as well as Aberdeen in the UK.

Aramco is also working with London's Imperial College to set up joint projects targeting frontier technologies and developments in chemical engineering, petroleum, geoscience, mechanical engineering and advanced materials.

They have an agreement with Cambridge based TWI, a leading centre in materials joining and engineering processes. The MoU set out plans to establish a Non-Metallic Innovation Centre at TWI, alongside the National Structural Integrity Research Centre. A further MoU was signed with Aberdeen based Downhole Products to help strengthen drilling operations.

A growing participation in Aramco's diversification plan is illustrated in the UK's INEOS' decision announced in 2019, to invest US\$2 billion in a programme with Aramco and France's Total to build three plants in Jubail's petrochemicals complex. The investment represents the UK chemicals engineering firm's first ever plants in the Middle East.

Aberdeen based Wood Group has expanded its presence in the Kingdom securing a new contract in 2019, to deliver engineering design for SABIC's new technology centre in Jubail Industrial City. Located north of Al Khobar, it is the biggest fully integrated and most modern petrochemicals complex in the world. SABIC operates 15 of its 17 manufacturing subsidiaries in the complex.

In 2018, Wood was selected by Aramco and SABIC to develop a US\$20 billion facility at Yanbu, described as the world's first crude oil

to chemicals plant. Wood is also providing engineering, design and programme management services for Aramco's offshore Marjan Field development in the Eastern Province.

Another major arm of Aramco's diversified development is a decision to proceed with the development of the Jafurah gas field. Energy Minister, Prince Abdulaziz bin Salman Al Saud has said that the country could soon become a natural gas exporter.

Saudi Arabia continues its traditional global role in production of crude oil shows and no sign of abating. In 2020, Aramco announced a new oil discovery at Abraq al Tulul in the north near Arar and a gas find at Hadabat al Hajara in the Al-Jouf region.

Amin Nasser is navigating one of the most turbulent periods ever experienced in the global oil industry, virtually one year after an IPO of shares in the company on Riyadh's stock exchange (Tadawul). While challenging, the company's long term prospects remain bright with many upcoming contract opportunities.

The UK and Saudi Arabia have signed a MoU committing the two countries to jointly develop clean energy technologies designed to reduce carbon emissions. Areas include smart grids, electric vehicles and carbon capture usage and storage. The agreement also calls for an annual energy and industry dialogue to identify future areas of collaboration.

Nasser says that "the strengths of British businesses and industry can play a role in Saudi Aramco's business plan including our diversification and expansion strategies underscored by the framework of Vision 2030." ■

Exciting tourism projects showcase Saudi to the world

The well funded and ambitious National Tourism Strategy aims to place the country into the global top five tourist destinations by 2030. It also crucially seeks to create up to one million new jobs.

The Government's intention was emphasised in September 2019 with the announcement of a revised system for foreign visitors. Previously visas have been largely limited to Muslim pilgrims, citizens of surrounding Gulf States and to sponsored business visitors. The new one year, multiple entry visa scheme allows for stays of up to 90 days per visit. This is the first occasion in which foreign visitors have been allowed purely for tourism.

This is a significant change for a traditionally closed society. A ban on female drivers has also been lifted and women no longer require permission from male guardians to travel outside the country. More cinemas are opening while concerts by local and foreign musicians are now regularly held. Women visitors are now no longer expected to wear a headscarf and abaya.

“Opening up Saudi Arabia to international tourists is a historic moment for our country. Visitors will be surprised by the treasures we have to share with the world,” says Tourism Minister, Ahmed al-Khateeb.

There are now moves to promote high class resorts along the Red Sea coast and draw international visitors to the spectacular desert and mountainous regions, interspersed with dramatic remains of ancient civilisations.

The remote 29,000km² region of Al-Ula is home to the UNESCO listed Madain Saleh, containing more than 100 rock carved tombs dating back to the Nabateans, who also built them at Petra in Jordan more than 2,000 years ago. The remote site, one of five UNESCO ranked sites in the country, has been barely touched by tourism and is considered ripe for development.

A plan to develop tourism in the area was unveiled in February 2020 at the 10th UN World Urban Forum, held in Abu Dhabi. The CEO of the Royal Commission for Al-Ula, Amr Al-Madani, envisages US\$2 billion



There are now moves to promote high class resorts along the Red Sea coast and draw international visitors to the spectacular desert and mountainous regions.



of investment is needed from public and private sources to finance airport expansion, new hotels and other tourist facilities to cater for up to two million visitors a year by 2035. Aman Resorts is planning to establish three hotels in Al-Ula, opening the first in 2023.

However, it is the Red Sea Project that is the cornerstone of the international tourism initiative. The project is being developed along a 193km untouched coastal area located between the cities of Umluj and Al Wajh in Tabuk Province. Plans for the first phase are progressing towards construction of 14 luxury hotels providing 3,000 rooms, with the aim to eventually build up to 40 hotels.

Most of the 90 offshore islands though will not be subject to development in order to preserve a unique eco-system, including the world's fourth largest barrier reef system.

The project has high level backing from Crown Prince Mohammed bin Salman, who is Chairman of the Red Sea Development Company. The

project is expected to attract ecology-minded tourists who wish to explore new and unspoiled destinations in comfort. The whole development is being designed around alternative energy and sustainable farming techniques to provide as much organic food grown locally as possible.

Also located on the Red Sea, the Amaala project aims to provide one of the world's most luxurious resorts with 16 hotels and 435 villas. Amaala's CEO, Nicholas Staples, says "All of the developments on the Red Sea are intended to co-exist in a complementary manner to cover different target audiences by providing different offerings to match their needs."

The Amaala project masterplan is to create three communities across more than 4,000km² on the Red Sea. According to Nicholas Staples, "We are on track and broke ground earlier this summer. It is audacious, yet achievable, with phase one due to be rolled out by 2024."

Meanwhile the Ministry of Investment has signed memorandums valued at US\$27 billion, spanning projects in hotel and hospitality development, leisure facilities as well as transport and real estate.

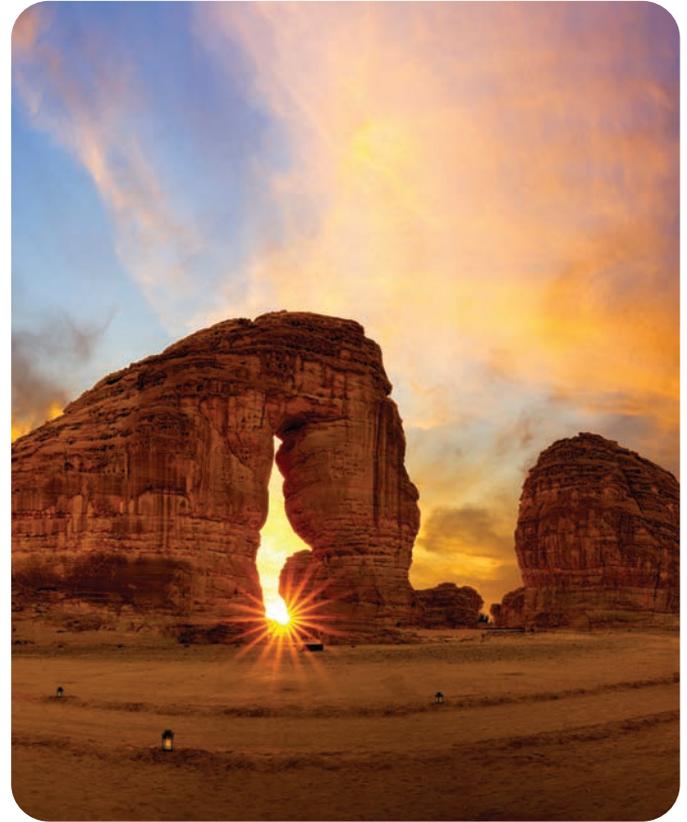
Some US\$9.7 billion investment in the sector is being negotiated with a wide variety of players. These include Saudi Arabia's Alrajhi Investment, Seera Group, Kuwait's Alshaya Group and the Kuwait/Saudi real estate joint venture Shomoul, as well as the US' Radisson Hotel Group. The latter plans to more than double its hotels in Saudi Arabia to 41 properties.

Other investment projects include a US\$10 billion plan by Canada based Triple Five Group to develop a series of mixed-use tourism, hospitality and entertainment destinations. Dubai based Majid Al Futtaim is also planning a US\$5.3 billion shopping and entertainment venture including an indoor ski slope. India's OYO Rooms is looking at a US\$1 billion investment in ten hotels.

Istanbul based FTG Development has also outlined plans to build a hotel, water park and retail areas in the Qiddiya entertainment complex and a 1,500 room hotel in NEOM City.

Elsewhere, Diriyah Gate Development Authority has signed a memorandum with Greg Norman Golf Design to construct an 18 and a nine hole course at Wadi Safar. Another agreement is being negotiated with Singapore's Aman Resorts for a 40 room hotel in Al Bujairi, overlooking the Wadi Hanifah Valley and at Al-Turaif, a UNESCO listed heritage site.

The World Travel & Tourism Council (WTTC), which represents the private sector has signed a partnership with SCTH to assist the Kingdom in achieving a top five position in global destinations, with the aim of receiving 100 million international and domestic visitors



by 2030. Meanwhile, UK destination management company Tetrapylon is planning to coordinate with leading tour operators in North America, Europe and Asia to help promote the Kingdom as a global tourist destination.

The WTTC's CEO, Gloria Guevara comments; "The Government has recognised the enormous opportunities tourism can bring to the country and I am pleased to see the changes that the destination is making to drive tourism, such as e-visa on arrival, investment in mega projects and infrastructure development." ■



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With offices in London, Riyadh, Dubai and Singapore, and a blue-chip team with premier academic and professional backgrounds, we serve as strategic advisors to senior leaders in sport on a variety of urgent, critical and complex topics.

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ORGANISATION DEVELOPMENT



DATA AND INSIGHTS

Sports and physical activity in KSA – a transformative opportunity

Portas Consulting

The sports sector in the Kingdom is developing at a rapid rate and is increasingly emerging as a key pillar to support the national transformational goals under Vision 2030. There is widespread recognition of the role that sports can play in improving physical and mental well-being, enhancing the quality of life of citizens and residents, and supporting economic diversification by creating new job opportunities, driving consumer spend and contributing to tourism growth. This is also reflected in the 30 sports related initiatives that are part of the Quality of Life programme and the inclusion of sports objectives in Vision 2030. The Minister of Sport, HRH Prince Abdulaziz bin Turki al-Saud, firmly believes that sport has been a tool of social change in the Kingdom, and there are several ambitious plans to continue investing and raising the profile and quality of offerings in the sector.

KSA has a very young adult population with 70% being under the age of 30. At the same time, it also has one of the highest global incidences of non-communicable diseases such as obesity and diabetes. The first study conducted in 2015 to measure participation in physical activity in KSA highlighted that only 13% of the adult population was active on a weekly basis, a figure significantly lower than best practice countries. Given the social and economic impact of

physical activity, such as creating new jobs, stimulating investments, reducing the incidence of non-communicable diseases, and enhancing social inclusion, the Ministry of Sport and Saudi Sports for All Federation were given the mandate to increase the weekly level of sports participation from 13% to 40% by 2030, as part of Vision 2030. Significant progress has been made in this area since then. The initial focus was on raising awareness and driving quick and impactful policy changes to make sports more inclusive and accessible, such as the licensing of female gyms and the introduction of mandatory physical education classes in all girls' schools. Since the announcement of these policy changes in 2017, nearly 450 gyms for women have opened in the Kingdom, a new PE curriculum for female students has been designed, teachers have been trained to deliver sports programmes, and many universities have launched 4-year PE courses. In January 2018, the first ever football match with both males and females in the audience was held. Since then, 11 new stadiums are being built with inclusive access for women and families.

Sports for All has led the design and delivery of sustainable pilots and programmes, based on the data and insights regularly collected, including family friendly programmes and initiatives for people with disabilities. Major initiatives of the federation have also been identified

for dedicated funding under the Quality of Life programme. These efforts are leading to a step change in attitudes, awareness and eventually participation. The number of active people in the Kingdom has increased by nearly 1 million in the last 4 years, and the federation continues to focus on converting inactive people to reach the 2030 target. The Kingdom is also supporting the introduction and promotion of an increased number of sports, with 65 federations and committees representing a wide variety of sports. The Saudi Arabian Olympic Committee is putting in place the mechanisms to support these federations achieve their full potential.

In similar fashion, the steady increase in the number of high-profile international sports events being staged in KSA is contributing towards driving social integration, increasing quality of life of residents and bringing international tourists to the Kingdom. The Ministry of Sport is playing a leading role in identifying the major event partnerships which can achieve these goals, bringing them to KSA and overseeing their delivery by working with a network of private partners and engaging the Saudi public sector. The inaugural Formula E race in December 2018 was successfully used as a pilot for issuing Saudi tourist visas to international fans travelling to attend the race. The event, which also hosted music concerts by international artists such as The Black Eyed Peas, David Guetta and Enrique Iglesias, attracted over 400,000 attendees for the races and concerts over 3 days, indicating the appetite for such major events among the Kingdom's large young population. In 2019, the Kingdom staged a diverse portfolio of sports events to cater to several audiences, such as WWE's Crown Jewel, the



European PGA Tour, Italian and Spanish football Super Cups, the Diriyah Tennis Cup and iconic events such as the Dakar Rally and the Anthony Joshua v. Andy Ruiz Junior world heavyweight boxing rematch (which also earned the distinction of being the most streamed event of 2019 for its host broadcaster, DAZN). This sports event portfolio will grow as the Kingdom looks to derive commercial and economic benefit from such events, while simultaneously raising its profile internationally, including as a new tourist destination.

Sport also plays a central role for the upcoming mega-projects. The US\$30 billion Qiddiya project, which focuses on the creation of a



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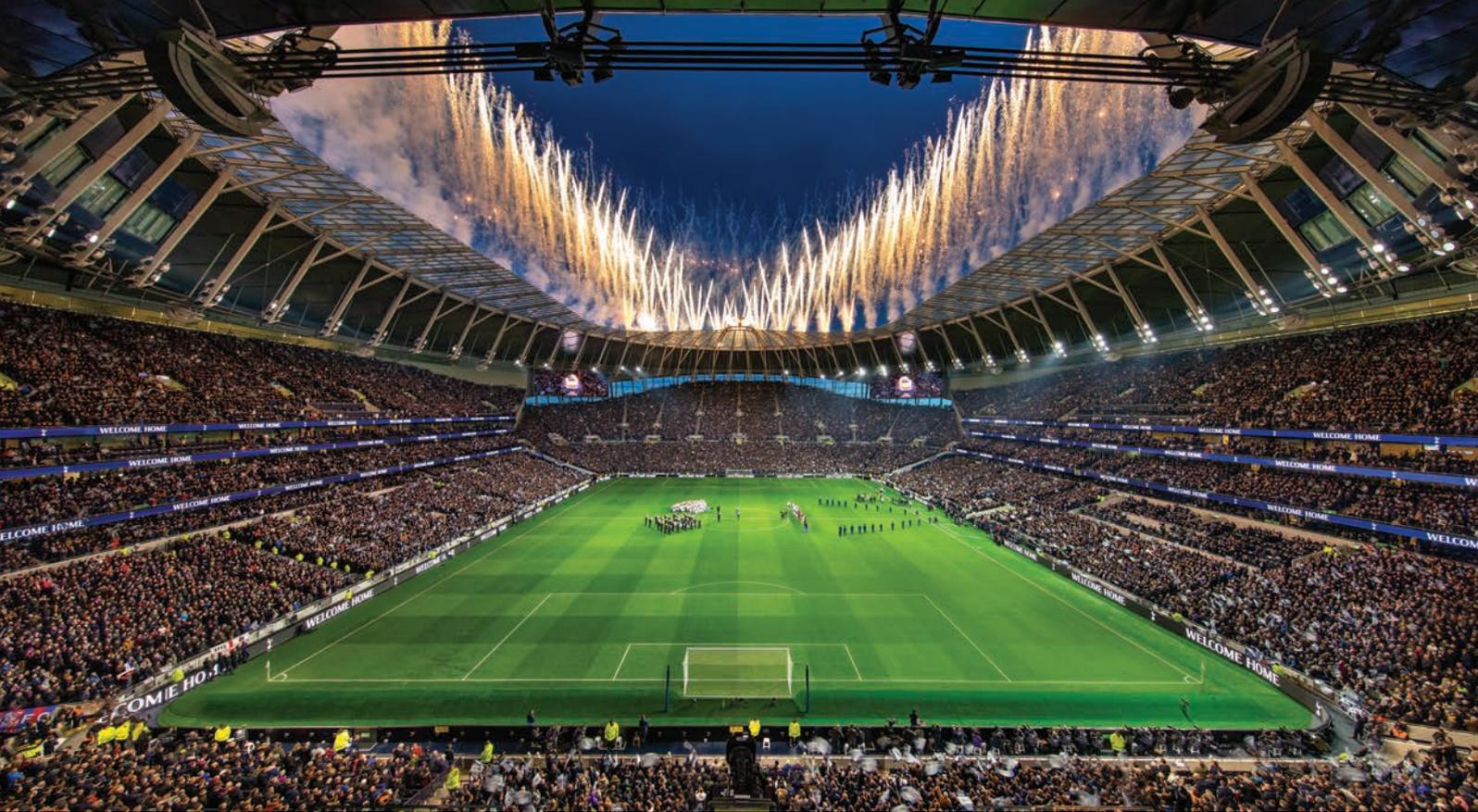


sports, culture and entertainment destination on the outskirts of Riyadh will have dedicated offerings for grassroots sports, adventure and extreme sports arenas, motorsport venues, elite sports training centres and an institute dedicated to serve the needs of the growing sports sector in the Kingdom. Sport has also been identified as one of the 15 sectors which will contribute to the development of NEOM, the US\$500 billion futuristic mega-city which is being built on the west coast and seeks to position itself as a hub for international talent to live, work and play. NEOM is looking to capitalise on its technology, landscape, weather and connectivity to emerge as a destination for both extreme and adventure sport enthusiasts looking for a modern, challenging destination and elite athletes looking for all-weather training facilities hand driving the digital disruption of sports, while becoming the most active place on Earth.

Esports has been another significant area of growth in recent years. The Saudi Federation for Electronic and Intellectual Sports (SAFEIS) is keen to develop the Kingdom as a global leader in esports, capitalising on the demand and skill sets (two of the last four FIFA eWorld Cup champions are from KSA) and creating a vast pool of talented players as well as game developers. Esports is also seen as an opportunity to drive integration between males and females, given its near equal popularity among both genders in the Kingdom. A national survey of esports participants showed that 48% were female, against 30% globally.

In addition, the private sports sector continues to grow, and this is most notable in the fitness sector, with new gyms and studios opening on a regular basis to meet growing demand. The successful IPO in 2018 of Leejam Sports, the parent company of Fitness Time, the largest operator of gyms in the region, highlights the potential of this market for investors. In combination, these exciting developments are helping the Ministry of Sport reach their target of growing the sports economy to represent 0.8% of GDP by 2030.

There are several opportunities for the UK to support and accelerate the transformation of the sports sector in KSA. The increase in sports participation is creating demand for better access and conditions for sports facilities across the Kingdom. Saudi investors are already looking to tap into this demand, and can benefit from the knowledge in facility operations, programming, management and design that experienced players can bring. Creating a sports economy will also require the training, recruitment and skill building of a substantial workforce in both technical (eg. coaching, sports science, medical), and operational (eg. administration, management, planning) areas. Growing consumer demand for sports and physical activity also provides opportunity for retailers and providers of sporting equipment. Several large sports related projects already have British executives in senior and advisory positions, a recognition of the quality of expertise and the openness of KSA to partner with the UK in this sector. ■



Redefining the stadium experience

Drawing on over 35 years of experience from around the world, Populous designed and delivered the new Tottenham Hotspur Stadium to meet the club's vision for a stadium that would set a new global standard in fan experience, feature state-of-the-art technology and innovation, and act as a catalyst for regeneration in the community.



POPULOUS

Delivering world-class sports, music and exhibition venues

Christopher Lee, Managing Director (EMEA), Populous



Christopher Lee

A growing global design business is taking its experience in delivering world-class stadiums, arenas, concert and exhibition venues around the world to the Middle East. Christopher Lee, Managing Director (EMEA) at Populous, talks about the business and exciting opportunities his firm sees in Saudi Arabia.

Could you give a brief overview of the business?

Populous is a specialised architecture and design practice, which has been in operation for almost 40 years. We started in 1983 and what we specialise in is venues and events where large numbers of people gather. The vast majority of our work around the world is focused on sport, entertainment and major events – anything from Wembley Stadium to the Yankee Stadium, the London 2012 Olympic Stadium through to the new MSG Sphere Arenas, the O2 Arena and the Mercedes-Benz Arena in the concert world.

We put major bids together for World Cups, Olympics – like London and currently Paris – and then we design those events and their venues. So, we will put up the permanent venues and then what we call the event overlay, which are the temporary elements forming

around 90% of the build at an Olympics site. In short, we are a specialised practice which focuses on places where large amounts of people gather.

Are you all architects, or does Populous employ a range of disciplines?

Populous started life as an architecture practice and the majority of our 800 global staff are architects. However, we have evolved our business over the years very much in line with our clients' needs. So, for example, we have a large landscape group because we have found that other landscape architects have struggled with the spaces around event buildings, that will one day have 50,000 people on site and the next day will have 100.

We also do signage and wayfinding, and branding, advertising and naming rights are also a big piece of our clients' business. We do that as an integral part of a service that includes interior design, master-planning, architecture, signage, wayfinding and branding. More recently we have started a consultancy business which focuses on design-led business planning, so we can offer our clients designs that are not only iconic but focused on revenue generation.

What was your role in the 2012 London Olympics?

Our history with the London Olympics is a very long one. At the beginning we designed the successful bid for London, we designed the sports master-plan and overlay designs for 37 competition venues, both on-site at Stratford and around the country. Then we also designed the major stadium, both for the Olympics and then we modified it to its post-Olympics legacy mode, when it was then transferred to West Ham United as a football ground.

How did you become involved with the new Tottenham Hotspur stadium?

I first met Tottenham Chairman Daniel Levy in 2012 when he already had a scheme which had been drawn up by another firm, but his gut feeling was there could be something better. Based on the work we have done around the world, we reimagined Tottenham as a range of different experiences, from the least to the most expensive and in the end, we designed 27 different “products” or experiences for all fans.

As a result of our design, the average spend per spectator was increased by 400%, now the highest in the English Premier League. We were proved correct and have created a venue which the fans love – they want to come early and stay late and have great food and drink and enjoy the whole experience. It has set a new benchmark for football stadiums around the world.

How does Populous approach a new project?

I've always felt that architecture is a very personal relationship between the architect and the client. The first thing is to understand what the

client is trying to achieve. It doesn't matter if their budget is one million or one billion - what is their vision and how can we meet their budget and exceed their expectations? One of the great benefits our practice has is its work across such a large range of buildings. What is happening in music arenas does and should affect what is happening at sports venues, and vice versa. Ultimately our interest is in designing experiences – which is what drives us as a practice. The design work is important, but what we are interested in is the experience of our users, performers or sports people – then the rest of it becomes relatively easy.

What has been your experience of working in the Middle East?

In the Middle East region we have been working for around 30 years and have delivered projects like the Dubai Autodrome motorsports circuit and recently opened the first world class concert arena in Dubai – the Coca-Cola Arena. We have been heavily involved in preparations for the 2022 World Cup in Qatar and, along with Foster & Partners, designed the 92,000 seat Lusail Iconic Stadium near Doha, which will be the main Finals venue.

What opportunities do you see in Saudi Arabia?

We have been active in Saudi Arabia for over two decades, where our focus is on sports stadiums, music arenas and convention centres, and we are currently working on several of the Kingdom's major projects. Saudi Arabia is an extremely interesting country, and in the 15 years that I have been going there regularly it has changed radically. We really enjoy working with the people in Saudi Arabia and are privileged to be assisting in creating world-class venues in the Kingdom. ■

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BUSINESS



CULTURE

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Stadium

Expert safety and security solutions for the events industry

David McAtamney, Founder and Managing Director, Stadium



David McAtamney

What is your personal background and how did you come to found Stadium?

I founded Stadium in 2009 after many years working as a traffic management consultant for Coventry Airport and later the Ricoh Arena based in the city. When Paul Fletcher, who led the delivery of the Ricoh Arena, moved to become the Chief Executive of Burnley FC in 2009, he wanted me to come with him after Burnley got promoted to the Premier League. I saw there was a business opportunity to work with Premier League clubs, which led me to found Stadium.

What are the Stadium team's core skills?

Stadium's team are experts in many aspects of the events industry, including spectator safety at major events such as football matches and pop concerts, leasing out hostile vehicle mitigation (HVM) barriers to event organisers to prevent vehicle-ramming attacks and providing high quality training to clients for a range of safety qualifications.

What work have you undertaken in the Middle East?

We are working with the Qatari Government ahead of the FIFA World Cup in 2022. We are currently training thousands of its security officials in spectator safety in advance of the tournament, with a key focus on prioritising the fan experience alongside keeping everyone safe.

In addition, we have signed up to a joint venture with Saudi training firm Bayt Alkhibrah, to share best practice

with them in event management and security. Our staff will be training with Bayt Alkhibrah very soon.

How big a market do you believe Saudi Arabia represents for your range of services?

With a new focus on large, public events, Saudi Arabia could become a very important market for Stadium in the near future. These events need to have world-class safety and security – and Stadium will be able to provide bespoke training to security officials ahead of the events, or can lease out HVM products to the organisers to help control the flow of traffic and people, as well as keeping them safe.

How important was the December 2019 boxing match in Diriyah between Andy Ruiz and Anthony Joshua in showcasing the potential for major events in Saudi Arabia?

The rematch between Anthony Joshua and Andy Ruiz, as well as the final of the World Boxing Super Series between Callum Smith and George Groves in Jeddah, shows Saudi Arabia is serious about becoming a key player in hosting major events. It was important for Saudi Arabia to get it right, as the eyes of the world were watching on that night. Thankfully, the fight was delivered without a hitch. It will be important for Saudi Arabia to continue that trend in all future events for it to really establish itself, and that means having top-class safety, security and event management in place to ensure fans who attend all have a great time.

What range of cultural and sporting events do you hope to be providing support to in Saudi Arabia?

Essentially, we'd be happy to support Saudi Arabia with any events that would attract an international audience. These could range from sporting events and music concerts to large conferences or major exhibitions. We can lend our expertise to any event which features large crowds.

Do you expect to be training a local workforce, or working with staff from abroad?

We would mainly expect to train Saudi nationals, as Saudi Arabia has a large population of young people that we can tap into. We want to give them the skills that we regularly teach our staff back in the UK and enable them to oversee large events in a safe and efficient manner.

Could you explain hostile vehicle mitigation (HVM) and Stadium's particular expertise?

Hostile vehicle mitigation, or HVM, is a method to prevent vehicle ramming attacks in crowded spaces. At many large event venues, HVM is built in, but it's away from these structures where protection is most needed.

Stadium owns a wide variety of temporary HVM barriers, which can be put up very quickly before an event starts to protect the public, and then taken down equally fast once the event is over. Event organisers can hire the barriers from Stadium as needed instead of having to buy and store them.

We are one of the largest providers of HVM barriers to events in the UK and Europe, with close to 700 deployments since we started that side of the business in November 2017.

Do you expect to establish a permanent presence in Saudi Arabia?

Ideally, yes. In the long term, we view Saudi Arabia as a great place to do business. As the Kingdom is aiming to move away from its economy being dependent on oil & gas, it is looking to promote itself



as a world-class place to host international events. Saudi Arabia's leaders have already outlined a full plan in how to do this up until 2030, and we'd look to align our services with their vision.

Are there particular aspects of life in Saudi Arabia that lend themselves to the services you provide – religious pilgrimage, for example?

An obvious example where our services would be useful would be the Hajj – we would be able to provide expert advice on how best to control the huge crowds that visit Mecca every year, and would be able to provide HVM should it be needed.

There have been instances of crushes and stampedes at the Hajj in the past, and we would hope our advice and services would help make these tragic events far less likely to happen in the future. ■



ARTAL Education (KSA) and Oxford International (UK) are delighted to have formed a strategic partnership. The Saudi-British joint venture designs, builds and operates world-class schools in Saudi Arabia. ARTAL and Oxford International have established an out-standing reputation for quality education.

Join our learning journey.

“We want Saudi children, wherever they live, to enjoy higher quality, multi-faceted education”

- King Salman bin Abdulaziz Al Saud



A new Saudi-British schools partnership

David Brown, Chairman, Oxford International Education Group & Sheikh Abdulaziz Alhammad, Chairman, ARTAL



David Brown

The Saudi-British joint venture designs, builds and operates world-class schools in Saudi Arabia. ARTAL and Oxford International have established an outstanding reputation for quality education.

The cooperation is providing international schools from nursery to university entry level, facilitating the best educational route for Saudi children. ARTAL-Oxford provide new, state of the art facilities, providing world class bilingual learning in both Arabic and English.

ARTAL's curriculum is rooted in Saudi culture, history, tradition, values and beliefs whilst blended with best global practices for world citizens and future leaders in light of the country's Vision 2030.

With child-centred inclusive approaches, where every child matters and everyone makes a difference!

Abdulaziz Alhammad: What is the vision for ARTAL?

ARTAL is a new approach for Saudi international school education in the Kingdom of Saudi Arabia. Our educational mission is strongly rooted in Saudi culture, tradition and beliefs, blended with the best of world-class education with Oxford International Education Group. We

take pride in providing the highest quality of learning and facilities which embrace environmental awareness, including green energy infrastructure in our buildings.

David Brown: Why is Oxford International Education Group branching out to Saudi Arabia?

Oxford International Education has admired the ambitious education plans and strategy of the Kingdom of Saudi Arabia for some time. We are proud to partner with ARTAL to work together to add value and make a difference towards Vision 2030 for future generations of children.

Abdulaziz Alhammad: What is the inspiration for ARTAL?

ARTAL was formed from a recognition for my family to be able to access the best international education here in the Kingdom. We should be able to give our children and grandchildren the highest standards of education, such as we see all around the world, whilst nurturing our Arabic language and heritage.

David Brown: What is the key value Oxford International Education brings to KSA?

Founded in 1991, at Oxford International Education Group we create life-enhancing experiences for students



Sheikh Abdulaziz Alhammad

worldwide through our schools, colleges and language centres. Our courses help over 50,000 students achieve academic success every year, including top examination results and university pathways.

Abdulaziz Alhammad: Why did you choose a school education operator from the UK as partner?

The UK has a long history of strength in the education sector, with some of the best schools and universities in the world. We want our children to have the best Arabic and English, with a curriculum that is child-centred, enabling talent in young people of all abilities with critical thinking, creativity and as global citizens.

David Brown: Why is Oxford International Education Group choosing to partner with a local company in KSA?

We recognise the great benefit of working with a strong and capable local education partner to bring our added value to the Kingdom. We are sure that by working with ARTAL, our collaborative and integrated approaches will achieve a vision greater than the sum of individual inputs.

Abdulaziz Alhammad: What makes ARTAL-Oxford International Education schools different?

We are designing, and operating our schools based on the best of existing models but also with a new look to the future of education and learning, as far as we can see. Our buildings and facilities are based on “curriculum-led design”, where we coordinate our approach from our educational philosophy, putting children at the centre of everything.



David Brown: What do you see as key ingredients to achieve success?

Schools and education are about people. We are working with our partners at ARTAL to ensure our staff are a rich mix of the best Saudi teachers combined with outstanding international educators and staff from Oxford International and elsewhere. We will make sure all our people have training and professional development so everyone can be the best they can be.



We are designing, and operating our schools based on the best of existing models but also with a new look to the future of education and learning.



Abdulaziz Alhammad: Why did you choose Oxford International Education Group?

Oxford International Education Group are flexible, adaptable and agile in developing and delivering the highest quality of school education and university admission pathways. We also find that we have a shared vision and approaches for children. Our values are aligned.

David Brown: What do you see as the biggest challenges?

We are working on our blended approaches to integrate the “best of both worlds”. We also know that any process change in education takes time and we know we need to be patient to enable others to see the opportunity for our children and share the vision.

We are confident in the schools we are starting, and by applying our core values of integrity, passion & pride, care, creativity, all with a smile, we will deliver innovative, high quality education to enable success for our students.

Abdulaziz Alhammad: How will you know you succeeded?

Our dream is to know that in future people will recognise children who have been to our schools because of their skills, knowledge, abilities

and attitudes. When parents and employers proudly announce our graduates as the best, we know we are on the right track.

David Brown : How do you see things in five or ten years time?

Oxford International Education Group is partnering with ARTAL Education as a strategic long term cooperation. We aim to provide great schools across the Kingdom of Saudi Arabia with ARTAL for as far forward as we can see. We aim to deliver to students life-enhancing experiences to enrich their development and future opportunities.

The ARTAL-Oxford International Education Group partnership aims to provide an educational journey for its learners that reaches achievements beyond the horizons.

Come visit us on our virtual tour:

www.artalschools.edu.sa |
www.oxfordinternational.com

For more information please contact:

ceoffice@artalschools.edu.sa
info@oxfordinternational.com ■

Major revisions in education will seek international investment

Saudi Arabia will spend US\$51 billion on education in 2020, the largest single allocation in the national budget. The high level of expenditure follows a trend in recent years, in which priority is being given to vastly improving all levels of educational provision, through school years to university and vocational training.

Currently the skills base is largely dependent on an immigrant workforce, a situation that the Government is determined to change in order to allow the economy to diversify and expand. To accomplish this the Government is implementing an extensive range of programmes aimed to develop a more productive workforce.

Providing young people with improved employment skills and the economy less dependent on costly imported labour is requiring a huge overhaul of the country's education system. Reforming and improving the quality and delivery of education through an integration of technology into teaching methods is an important part of the Vision 2030 programme. In this, the Government is increasingly encouraging the private sector to be involved by removing legal obstacles to building and running educational establishments.

This process of change is opening multiple opportunities for foreign investors ranging from developing, maintaining and operating schools,

teacher training, curriculum development to establishing kindergartens and special needs schools. In addition, there are openings for training in specialist areas such as healthcare, transportation and in the growing hospitality and tourism sectors.

Private involvement in the education sector was reinforced by significant regulatory reforms announced in 2018. These allow for 100% foreign ownership of schools and colleges and also permit Saudi children to be enrolled in international schools.

US based LEK Consulting, notes that Saudi Arabia has some 6.7 million school age students, by far the largest number in the Gulf region. However, the number of children enrolled in private schools is around 16% compared to 40% in Kuwait and 75% in the UAE. They estimate a potential US\$3 billion market for K-12 education providers.

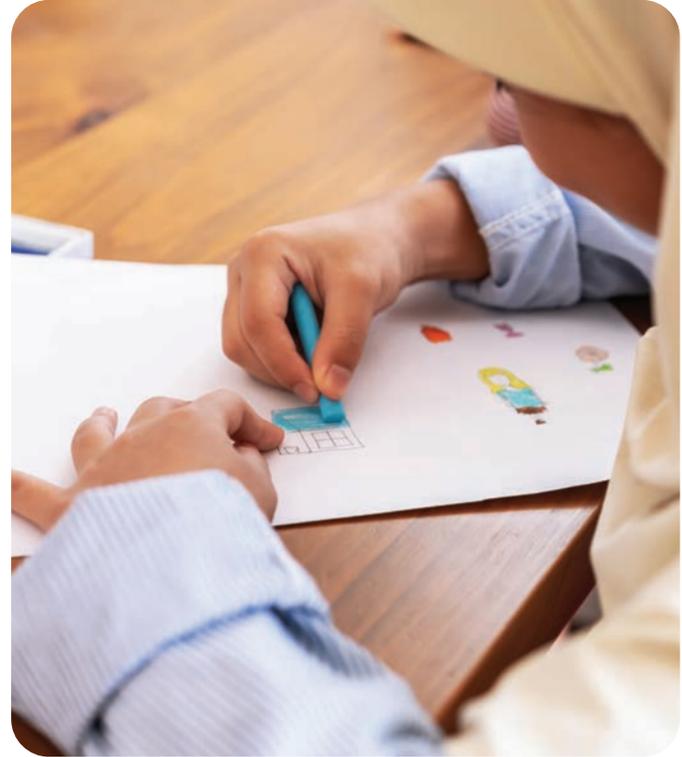
The country has undertaken a number of additional initiatives to stimulate private investment. These include subsidies for kindergarten and nursery schools, school construction financing and PPPs. The Ministry of Education, in conjunction with the National Centre for Privatisation and the Ministry of Investment of Saudi Arabia is actively working to promote the sector to both local private and international investors.

The Government intends to deliver 2,500 new schools to provide an additional one million student places by 2030. At the same time the aim is to improve the education provided across primary and secondary schools and in higher education. It is expected that the private sector will steadily take on an increasing role in this expansion. The transfer of more than 20 state-run schools to the private sector has already begun, while there are plans for long term design-build and finance (DBF) concessions for another 60 schools.

The state-owned Tatweer Buildings Company, for example, is seeking to build schools in the Jeddah and Makkah areas through PPP arrangements. HSBC's UK base and US engineering consultancy AECOM are providing financial and technical advice respectively along with the UK's Allen & Overy supporting in a legal capacity.

Riyadh based Artal Education has recently agreed a strategic long term cooperation with the UK's Oxford International Education Group to augment Artal's bilingual learning programmes. According to Artal's Chairman, Sheikh Abdulaziz Alhammad, the aim is to enable talent in young people of all abilities to develop critical thinking and creativity. David Brown, Chairman of Oxford International comments: "We are sure that by working with Artal our collaborative and integrated approaches will achieve a vision greater than the sum of individual inputs."

Dr Hany Torky, Technical Adviser to the UN Development Programme, observes that the challenge in the Arab world is to change the focus from just the number of graduates produced to the quality of the education they receive, and provide for the requirements of a labour market increasingly needing technology skills.



The country is keen to address these issues with companies such as Google being asked to supply innovative new systems to modernise teaching and learning. Digital literacy is of growing importance and necessitating changes revolving around a more technologically progressive curriculum.

Online courses are seen as one way forward including the Riyadh based Saudi Electronic University, set up with a group of US universities in 2011 to provide both undergraduate and post-graduate courses. An increasing cooperation with leading international institutions is also part of the agenda to raise overall standards. In 2019, the Education Minister, Dr Hamad bin Mohammed Al-Shaikh,



The Government intends to deliver 2,500 new schools to provide an additional one million student places by 2030.



announced that foreign universities would be invited to open local branch campuses.

The move seeks to raise standards in local universities by instilling competition in the higher education sector. The ambition is to have at least five Saudi universities ranked among the top 200 global education institutions by 2030. The Minister has also signed several memorandums with leading UK universities, including Kings College London, Queen's in Belfast, Birmingham and Manchester, to accept Saudi undergraduates for courses in nursing and post-graduate clinical training.

The Colleges of Excellence programme was established in 2013, to deliver quality technical and vocational education courses and to offer certificate and diploma programmes over a wide range of specialisations.

Financed by the Ministry of Labour's Technical and Vocational Training Corporation, the colleges are operated by international community training providers and designed specifically to meet the wide-ranging requirements of local employers.

Some 24,000 students are to be enrolled in 31 colleges, several of which are managed by UK training institutions. Typically, courses are for a foundation period to provide English language tuition and IT training, followed by specialist courses applicable to all aspects of the national economy.

Initial UK participation in the Colleges of Excellence programme include Hertfordshire London Colleges, the Oxford Partnership, Lincoln College and the Burton and Highbury Group. Contracts were dependent on income streams predicated on certain levels of student participation being achieved.

The UK's Lincoln College is among those that have adjusted, with it now employing around 300 staff including the operation of a women's college at Qatif and an Applied Engineering College and International Technical College for Tourism and Hospitality in Riyadh.

Opportunities for investment in the technical and vocational education area continue to expand. In 2019, nine international vocational education providers were awarded contracts valued at US\$140 million. Women are a growing focus of the workforce training strategy, with female colleges being established throughout the country including those at Al-Jouf, Arar and Qurayat as well as Qatif. An end to prohibitions on women driving cars is also occasioning a growing requirement for driving schools in many cities.

The economic diversification programme is gathering pace with numerous areas emerging in which both Saudi women as well as men with requisite skills are needed. As a consequence, the vocational training market is growing fast, as activity broadens in manufacturing, retail, logistics and in the fast-expanding hospitality and tourism sector. ■

Private sector set for prime role in healthcare

Saudi Arabia's efforts to control the Covid-19 pandemic has come at the same time as a fundamental restructuring of the provision of healthcare. The Government intends to improve healthcare substantially in order to combat high levels of chronic diseases such as diabetes and hypertension. The need to respond effectively to the pandemic has given added urgency to the reforms underway.

The plan seeks to build a healthier population and raise average life expectancy by six years to 80 years by 2030. This will require considerable improvements in service delivery while also making the national healthcare system much more cost effective.

Providing healthcare accounts for 16.5% of the national budget. Some US\$45 billion will be spent in 2020 alone, the third largest budget item after defence and education. The current budget provides funds for completing 35 new hospitals with a total capacity of 8,850 beds.

The cost of running hospitals in particular weighs heavily on the health budget and reforms are seen as necessary to make spending more effective, essentially by increasing local capabilities rather than relying on a centralised approach. As a result, a holding company covering five public health bodies was set up in 2018 to take responsibility for

different regions. This will create around 20 vertically-integrated groups of providers, starting in Riyadh, Makkah and Qassim.

These independent authorities are charged with developing clusters of up to 25 hospitals and clinics, with each serving up to two million people. As part of the New Models of Care programme there is an enhanced role for the private sector.

In order to expand and improve healthcare provision and put the system on a sustainable financial footing, the Government intends to encourage the private sector to take on an increasing role. A new model is now being developed which is structured to be more dynamic by providing improved care and more efficient service delivery.

The Government currently operates 365 hospitals and 2,500 primary care centres. The plan is to involve multiple private operators, competing to provide quality healthcare with opportunities for private sector providers to build and operate Government owned facilities. This process would see it reverting to a largely regulatory role.

In April 2019, the Saudi Council of Ministers approved a broadening of the Private Health Institutions Law to permit foreign investors to own,

operate and manage hospitals and health centres through PPP and other similar arrangements. The Ministry of Health has since called for proposals for a PPP project to upgrade radiology and medical imaging services at seven hospitals in Riyadh.

Local and regional operators are alert to the growing business prospects. UAE based NMC Health signed an agreement in 2018 with the General Organisation for Social Insurance to supply healthcare facilities in Riyadh, Jeddah, Al Khobar, Hail and Najran, becoming the second largest non-state healthcare provider. The largest private healthcare provider is the Dr Sulaiman Al Habib Medical Group, which launched a successful IPO in February 2020.

The market is fast moving and expanding in scope with a need for more private sector investment in developing human resources in nursing and dental schools and other specialist medical learning institutions. At present Saudi nationals are estimated to comprise less than 50% of the health workforce, and just under 30% of all physicians in the sector.

The Government is also keen to encourage development of the pharmaceutical sector with an emphasis on local manufacturing and research. It is forecast to spend US\$13.6 billion on drugs in 2020, according to a report by BMI Research.

Minister of Health, Tawfiq Al-Rabiah, has said the aim is to manufacture 40% of medicines and drugs locally, rising from 18% at present. While there are some 27 local pharmaceutical companies currently operating, around 80% of drugs are still imported with local manufacturers focusing on licensed products specifically.



International companies continue to expand their activities. In 2020, France's Sanofi marked its fifth year as a local manufacturer of drugs. The company has an extensive plant located in King Abdullah Economic City's industrial park, which produces 20 million packs a year of medicines.

US company Pfizer has a production venture with the local Tabuk Pharmaceuticals company in King Abdullah Economic City (KAEC), where a manufacturing and packaging facility is producing cardiovascular, pain control and anti-infection medicines and neurology products, with a capacity of 18 million packs a year. India's Aurobindo Pharma is also setting up a plant in KAEC.

Locally based manufacturers include AJA Pharma, Banaja, Saudi Arabian Japanese Pharmaceutical Company, Tabuk Pharmaceuticals, Saudi Pharmaceutical Industries & Medical Appliances Corporation



The Government is also keen to encourage development of the pharmaceutical sector with an emphasis on local manufacturing and research.



(SPIMACO) and Al Jazeera Pharmaceutical Industries. These all began as importers and distributors of foreign made products before developing local production of foreign licensed generic items.

The intention is to move on from manufacturing foreign drugs under licence and to create more substantial research and development within the local industry. This means expanding specialist skills and is reflected in the development of colleges teaching pharmacy, of which there are now 16 in the Kingdom. This is helping to provide a more advanced local manufacturing base.

Swiss company Novartis International has signed a MoU with Saudi's Sudhir Pharma involving technology transfer, which allows them to produce a number of innovative cancer drugs. The company has stated it has "decided to strategically drive a long term localisation plan, which includes the transfer of technology, co-manufacturing agreements with local pharma manufacturers, building capacities and strengthening clinical research programmes."

UK companies are prominent in this process. AstraZeneca has a contract manufacturing arrangement with SPIMACO. Signed in 2018,

the deal valued at around US\$80 million a year, followed on from Crown Prince Mohammed bin Salman's official visit to the UK. It involves investment, development and technology transfer for the production of treatments for cardiovascular, diabetes and gastrointestinal diseases.

At the end of 2017, GSK raised its stake in the joint venture Banaji KSA Holding Company to 75% from a minority 49%. It outlined plans to invest US\$240 million in its operations, expanding production of drugs at its Jeddah plant by 30%, by the end of 2020.

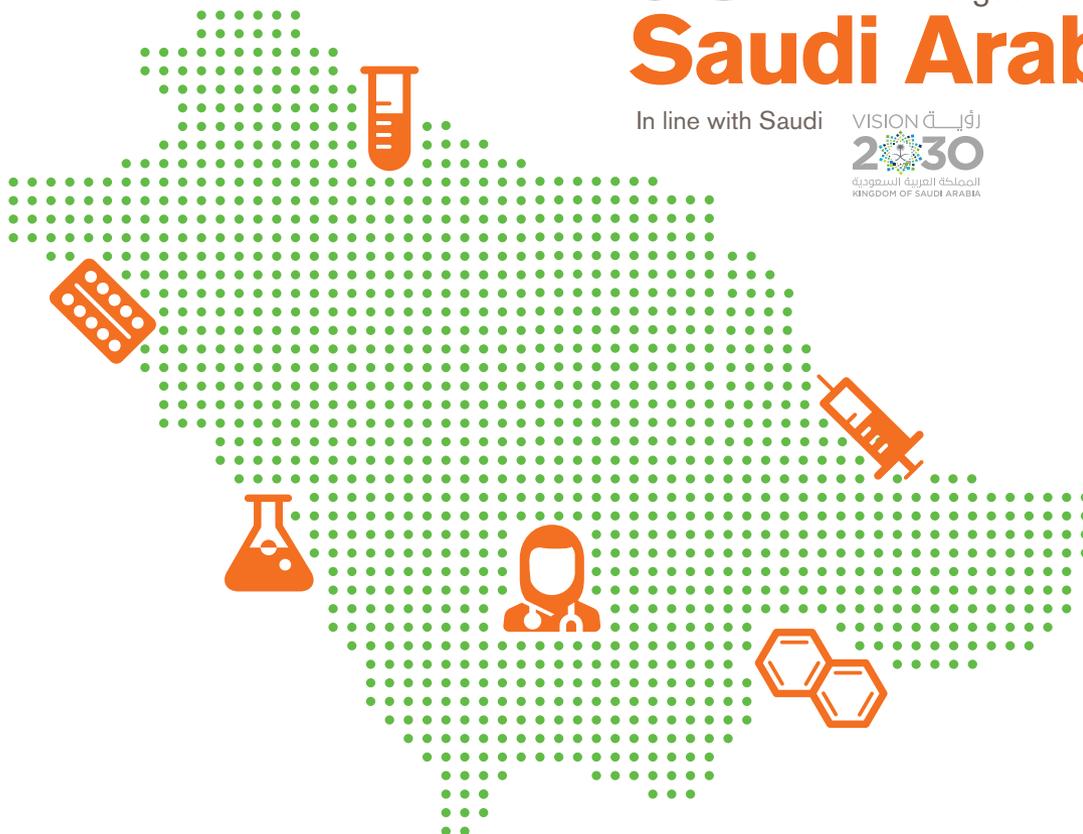
Another key feature of the strategy is development of digital service platforms. An electronic booking system already allows appointments to be arranged through a mobile phone app. The aim is to completely digitise data and link up all public and private healthcare facilities.

AI has the huge potential in providing improvement to both the delivery and accuracy of diagnosis, by bringing high level services to those in both remote and urban communities. This will be a complex challenge and will open up multiple opportunities for technology suppliers and developers. ■



GSK in the Kingdom of Saudi Arabia

In line with Saudi



GSK in Saudi Arabia

The pharmaceuticals sector has a clear vision of speeding up the growth of local manufacturing companies, to have products with higher quality and focusing on products that are important for national security.

Localisation and Saudisation are one of many vital goals to occur within the GSK organisation, as GSK is constantly aiming to enhance the built-in strong driven strategies towards contributing to the Vision 2030 goals.

1950 marked the year that GSK started its local commercial operations in Saudi Arabia. With that historical presence, GSK was the first multinational pharmaceutical company to have a manufacturing facility in the Kingdom.

In 1992, GSK established a joint venture with Banaja group, under the name of Glaxo Saudi Arabia Limited (GSAL). GSK has been increasing its localisation since the first production in 1995; now around 96 products are currently produced and manufactured in our factory in Jeddah.

Six ground-breaking products have been launched in KSA in the last five years. It is also worth mentioning that its stake in GSAL was increased in 2017 to 75%. This investment helped GSK re-establish its commitment to support the Government's vision to increase medical and healthcare products locally, and also support local talent.

GSK is a British healthcare company which has a strong focus and leading position in respiratory, HIV, vaccines as well as many famous consumer brands. GSK has provided treatments to patients in Saudi Arabia for more than 60 years with brands such as Seretide, Ventolin and Augmentin.

It is all about giving our employees the right place and conditions where they can perform to the highest level and increase productivity. As a result, GSK was certified as one of top three best places to work in KSA. This recognition comes simultaneously with the 25th celebration of the GSK legacy of local production in our factory in Jeddah.

Today, 80% of GSK's pharma sales volume are being produced by GSAL, to help people do more, feel better and live longer.

Innovation

GSK's R&D focus is on four core areas, of which it provides innovative products available in the Kingdom of Saudi Arabia.

- **Respiratory:** Relvar – Nucala – Anoro
- **HIV:** Tivicay – Triumeq
- **Specialty Therapy Areas:** Volibris – Benlysta
- **Vaccines:** Synflorix, Boostrix, Rotarix & Infanrix Hexa

Globally and locally GSK is “The House of Respiratory”. Over the past 45 years, our scientific research and medicines have transformed the treatment of asthma and other respiratory diseases by providing innovative solutions which achieve superiority in Asthma control.

Performance

We were the first global pharmaceutical company to begin local production in the Kingdom of Saudi Arabia in 1992. GSK Saudi Arabia helps around 11 million patients across the Kingdom with 25 million packs supplied from the GSAL factory to the Saudi market. 80% of our products are locally supplied to the Saudi market through GSAL. Between 2016 and 2020 91 SKU and 12 innovative Pharma and Vaccine products were locally manufactured.

Trust

Our ever-expanding local presence means we understand the needs of the communities in which we work. It allows us to form close collaborative relationships with government health departments and ministries, healthcare professional groups, patient advocacy groups and charities. GSK/ViiV is supporting people living with HIV in a number of collaborative initiatives with the Saudi National AIDS programme.



Considering the prevalence of COPD and severe asthma in the region, GSK has invested in a number of disease management and awareness campaigns and initiatives.

GSK Saudi Arabia has achieved platinum level in Saudisation. Through GSAL, in 2018, 3.66 million doses of vaccines were provided to the Saudi market. Over the last 50 years, GSK has been committed to helping asthmatic patients breathe better by providing individualised solutions for patients across all the severity levels.

GSK is committed to inclusion, diversity and equality in the workforce. It is investing in the development of Saudi talented people with initiatives such as the Future Leader and Internship programmes. ■

Partners sought to build domestic military production base

Saudi Arabia has one of the highest expenditures in the world on military equipment and has become a magnet for international defence companies. In December 2019, it announced a defence allocation of US\$48.5 billion for its armed forces, representing 18% of the total 2020 national budget.

However, actual expenditure will be significantly higher due to additional procurement for the 120,000 strong Saudi National Guard which operates under its own auspices. The Ministry of Interior is also separately responsible for border security and surveillance. In 2017, an additional body, the Presidency of the State Security was set up to establish a national information centre with responsibility for counter-terrorism and domestic intelligence services.

As in many areas the traditional way of doing things are under review and changing, with the defence sector no exception. A major additional element in this overhaul is to increasingly source much of the country's military equipment requirements from production facilities within the Kingdom. The desire is not new.

During the 1980s, economic offset conditions became part of most defence equipment contracts signed with foreign companies, which involved investments by the latter in local production ventures. Joint ventures have been set up, adding to a relatively small-scale military manufacturing capability, able to produce small arms, ammunition and assembled armoured vehicles.

The development of a high-value technology-based manufacturing industry has become a central theme of economic plans. An extensive investment in industries related to defence, security and aerospace is at the core of the strategy. This is being seen in increasing efforts to encourage international partnerships and attracting investments into an expanding defence sector.

The Saudi Technology Development and Investment Company (TAQNIA) was formed in 2011 to develop the exchange of defence related technologies with foreign companies. It signed a memorandum with Turkey's Aselan in 2016 to jointly develop radar and other military electronics equipment. An agreement with the Ukraine is also intended to lead to the co-development of Antonov-132 cargo aircraft and reportedly giving the Kingdom intellectual property rights to the aerospace technologies that follow.

South Africa's Denel Dynamics is assisting in efforts to develop unmanned surveillance aerial systems through a reported agreement with Prince Sultan Advanced Technologies Research Institute. Denel is also partnering local firm ITEAC to produce anti-tank guided missiles. Saudi company MIC is also in partnership with Denel and Germany's Rheinmetall to manufacture munitions at a facility in Al-Kharj, south of Riyadh.

The resurgent strategy to localise production of defence equipment is highly ambitious and involves building up defence manufacturing

capacity to provide for half of military equipment needs by 2030. The General Authority of Military Industries (GAMI) has been established to advance the agenda.

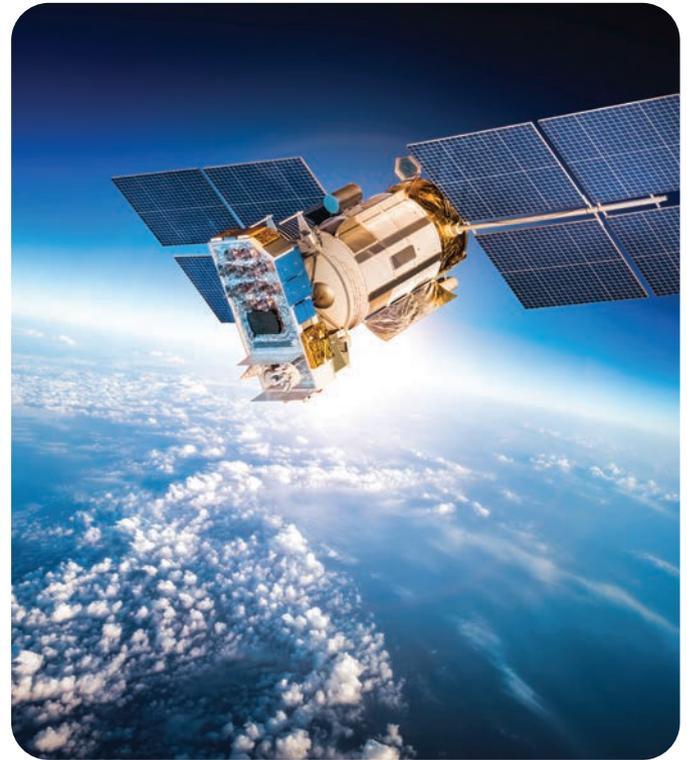
Chaired by Crown Prince Mohammed bin Salman, GAMI is intended to act as a regulator for the sector to support investment, procurement and R&D. Its responsibilities include R&D activities to encourage local manufacture of defence electronics, precision guided munitions, missiles and launchers as well as unmanned aerial vehicles.

Achieving domestic defence equipment production up to 2030 and beyond will require large capital outlays for R&D. It also requires an increasing number of well educated Saudi engineers and extensive locally based supply chains to ensure an uninterrupted supply of raw materials and components.

Tangible progress is being made. Saudi Technology Development and Investment Company, supported by King Abdulaziz City for Science and Technology (KACST) has built a factory due to open in 2020, designed to manufacture components for both fixed-wing aircraft and helicopters and unmanned aerial vehicles.

KACST has also recently produced the Kingdom's first domestically developed communications satellite in collaboration with the US' Lockheed Martin. This follows a decision in 2018 to develop a domestic space industry and establish the Saudi Space Commission. It is led by former astronaut Prince Sultan bin Salman Abdulaziz Al Saud, who flew on the US Space Shuttle in 1985.

Following the launch of the latest SaudiGeoSat-1 satellite, Lockheed Martin has also been selected to partner TAQNIA to develop and deploy a ground control centre to manage operations of the satellite. According to TAQNIA's CEO, Abdul Rahman Alkhatlan "Space is a critical enabler for our national security and defence systems."



Saudi Arabia's International Systems Engineering is also working with the armed forces to develop an ICT modernisation and cybersecurity roadmap for the entire defence sector. The first Global Cybersecurity Forum was hosted in Riyadh in February 2020, to discuss investment opportunities emerging within the cybersecurity industry, a market forecast to be valued at US\$5 billion by 2022.

While there is a focus on high-technology, the Vision 2030 strategy also seeks to establish a significant increase in the localised manufacture and development of a wide range of military equipment and systems. The Saudi Arabian Military Industries (SAMI) was set up in 2017. The body has a high calibre leadership. Directors include



The UK as one of the Kingdom's principal defence suppliers over several decades is well placed to take part in the growing opportunities.



Foreign Affairs Minister, Prince Faisal bin Farhan, Michael Cosentino, a former head of Airbus' defence and space division, and Giuseppe Giordo, previously head of Italy's Fincantieri naval division.

SAMI's ambition is to become a global presence in defence manufacturing and aims to obtain US\$10 billion of revenues within the next five years, with the organisation generating 30% of revenues from export markets by 2030. It has already signed 19 joint venture deals with a range of European, US and South African companies since 2018 and expects to conclude a further 25 to 30 collaboration agreements over the next five years.

Further joint venture agreements are being sought to develop local spare parts as well as a range of security technologies relating to surveillance, reconnaissance, unmanned aerial vehicles and cybersecurity. The aim of GAMI and SAMI is to provide for training an extensive skilled workforce and increasing the transfer of technology and knowledge to locally based industries.

GAMI hopes that its planned international exhibition will serve to raise the interest of young educated Saudis to seek careers in the defence sector. The World Defence Show is due to take place in Riyadh in March 2022 as a biannual event. The focus is on the inter-operability of innovative defence technologies across air, land and sea, and satellite defence systems, says Shaun Ormrod, the event's organiser and former CEO of the UK's Farnborough Air Show.

GAMI's Governor, Ahmed bin Abdulaziz Al-Ohali says there are growing opportunities associated with efforts to increase domestic

manufacturing. "The initial focus is on producing unmanned aerial systems and air defence systems as well as four and six-wheel drive military vehicles, in addition to munitions with the intention of developing increasing export capabilities and producing military systems with global partners."

The UK as one of the Kingdom's principal defence suppliers over several decades is well placed to take part in the growing opportunities presented by the evolving defence strategy. The UK delivered 72 Typhoon combat aircraft between 2009 and 2017 as part of a US\$5.7 billion contract awarded to BAE Systems. The contract is thought to be valued at up to US\$25 billion over the lifespan of the aircraft. In 2018, an additional MOI was concluded between both country's which provides for sales of 48 further Typhoon fighters, valued at up to US\$13 billion.

In 2019, the Prince Mohammed bin Salman College of Cybersecurity, Artificial Intelligence and Advanced Technologies signed a MoU with BAE Systems to provide technical cooperation and training for Saudi military personnel.

The UK have also provided military assistance to the Saudi Arabian National Guard (SANG) since the 1960s, when the British Military Mission began advising the National Guard under Prince Abdullah bin Abdulaziz. UK military advisors contracted under a British government, currently provide training to SANG in close protection, hostage rescue and counter terrorism. SANG is in the course of establishing its own staff college with UK assistance. ■

Latest Generation Naval Force Multiplier

The AW159 is the latest generation twin engine, all-weather multi-role maritime helicopter.

Developed in conjunction with the UK military, the AW159 delivers operational superiority and force projection in the most demanding open ocean and littoral environments.

Designed to operate from small ships, with integrated avionics and mission systems providing unparalleled situational awareness; the AW159 enables autonomous detection, identification and engagement against surface and sub-surface targets.

Inspired by the vision, curiosity and creativity of the great master inventor - Leonardo is designing the technology of tomorrow.

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Leonardo – a technology partner of choice for Saudi Arabia

John Hymns, Corporate Head & Managing Director, Leonardo Saudi Arabia Ltd



John Hymns

Can you describe Leonardo's business activities?

Leonardo is one of the main international players in the Aerospace, Defence and Security industry, employing nearly 50,000 people globally and operating at the cutting edge of technology. Today Leonardo is organised into five Divisions: Helicopters, Aircraft, Aerostructures, Electronics and Cyber Security. We design and deliver a wide range of products, systems, services and integrated solutions to meet the needs of commercial, defence, protection and security markets across the air, land, naval, space and cyberspace domains.

What is the role of Leonardo in the UK?

Leonardo is one of the UK's largest defence companies as well as a leading supplier to the UK Ministry of Defence. We have seven main sites across the UK, employing over 7,000 highly skilled people; we are one of the UK's largest employers of engineering apprentices and graduates. We make a significant contribution to the economy with annual revenues of

over GBP£2 billion in the UK, 50% of which comes from exports, and engage more than 1,500 British companies in our supply chain, most of which are SMEs. Further growing our substantial R&D programme and continuing to build our strength in exports from the UK are two of the pillars of Leonardo's strategy.

Please visit us at:

<https://uk.leonardocompany.com/en/home> and on social media at @Leonardo_uk

What presence does Leonardo have in Saudi Arabia?

Leonardo, drawing on the heritage of its component businesses and our partnered supply chain, has been delivering products and capabilities from the UK to the Kingdom for 50 years, working closely with colleagues from the UK Armed Services in developing the collaborative partnerships which underpin our relationship. Leonardo has a wide portfolio of business in the Kingdom, including: military and civil helicopter

fleets that provide critical services to operators; airborne mission systems and avionics; a range of military communications and electronic warfare capabilities; and naval warfare systems.

To demonstrate our commitment to Saudi Arabia we have established legal entities in the Kingdom to localise Leonardo, deliver on our promises, and support Vision 2030.

How is Leonardo committing to Vision 2030?

Vision 2030 is a bold initiative for the development of the Kingdom and, in support of this, Leonardo is committed to help achieve the localisation of military systems and skills. We have already embarked on that journey, delivering high levels of technology transfer in advanced military systems and have trained Saudi engineers, enabling them to embed into joint research and development projects in advanced airborne technology.

We believe that Leonardo is an ideal partner for Saudi Arabia as we have invested for decades in our advanced engineering capabilities. This means that we own, and can therefore share, a lot of the designs and intellectual property underpinning our systems, from platform level right down to the sub-systems and electronics that make our offerings to Saudi Arabia so effective. We hope that our existing relationship, the technology commitments we have made, and knowledge partnership with KSA help us take our joint solutions to the global market.

How can Saudi Arabia support Leonardo in achieving its localisation ambitions?

We are encouraged by the targeted investments made in key areas, allowing us to procure more component items from within the



Kingdom, as well as the development of human capital in the necessary disciplines.

Through engaging with local authorities Leonardo is confident in how the Saudi 'ecosystem' will develop. This strengthening of the foundations for advanced military equipment production, for skill and for support infrastructure in the Kingdom will create high calibre jobs and grow GDP.

Why do you believe Leonardo Helicopter platforms are so suited to the KSA operating environment?

Our helicopter platforms are designed from the outset to be able to operate in the most challenging environments. The wide and versatile product range offers commercial and military operators platforms that will best meet their specific operational requirements.

We are very proud of the AW159, the world-class multirole helicopter. The UK Armed Forces and export customers have been successfully operating this helicopter in demanding frontline conditions, with Leonardo delivering localised training and support solutions. It benefits from the latest integrated avionics suites, designed to reduce crew workload, and increase operational efficiency. The AW159 is an ideal platform to address complex asymmetric threat scenarios.

Also, the AW Family of new generation, multipurpose, dual-use helicopters (AW169, AW139, AW149, AW189) benefit from sharing commonalities in terms of design and certification standards, performance and flying characteristics, and maintenance equipment.

What's it like doing business in Saudi Arabia?

Saudi Arabia is rapidly developing its processes to allow us to conduct business in the Kingdom more effectively. For example, we have seen amendments to the Professional Companies Law and the introduction of the new Bankruptcy Law which help regularise and de-risk business for Leonardo.



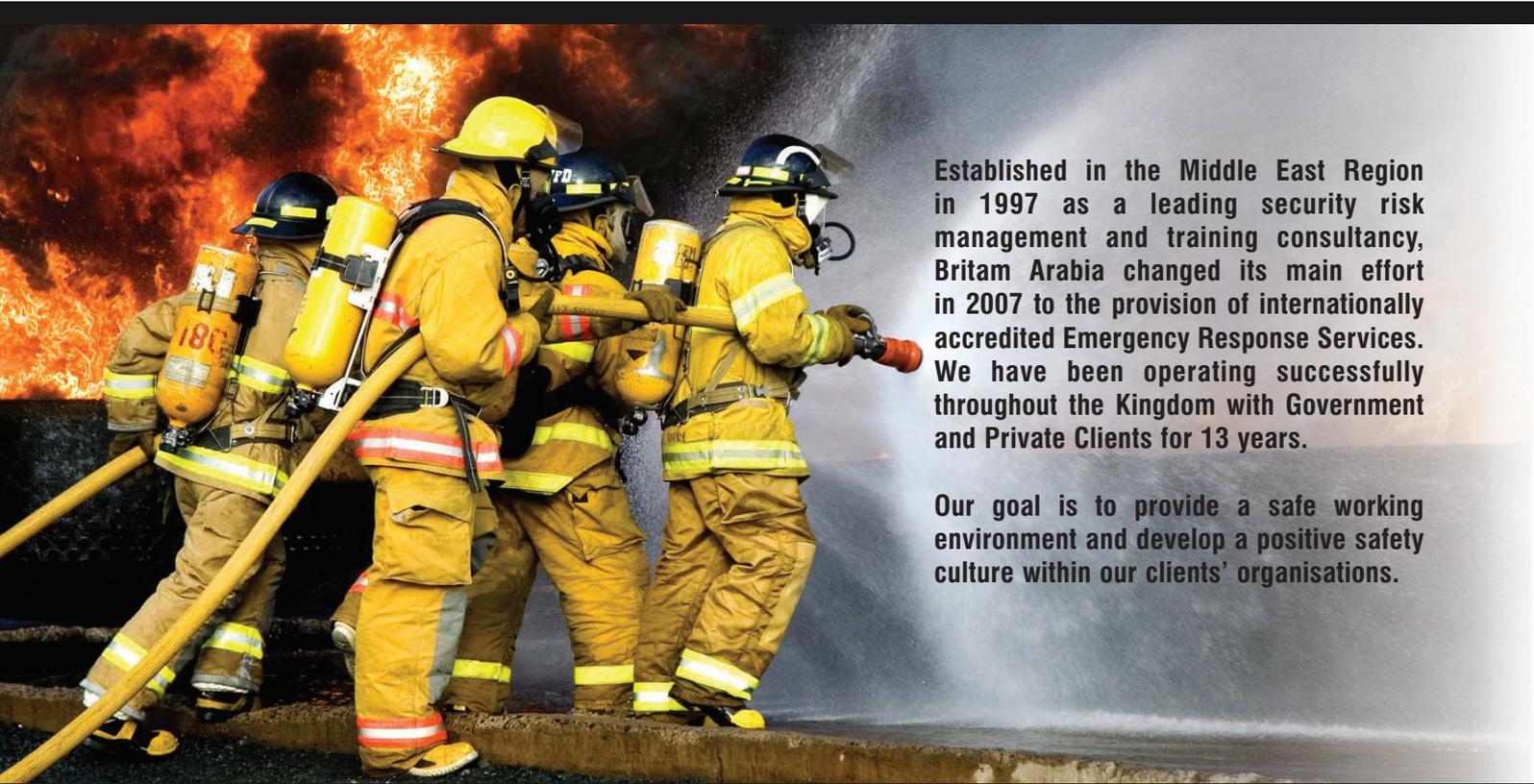
Based on Leonardo's experience to date, how would you sum up the opportunities for British business in Saudi Arabia?

The UK has an excellent, long-standing relationship with Saudi Arabia and there are always opportunities for trusted businesses like ours. Vision 2030 is an extraordinary programme and we believe it will create an even stronger value proposition for companies such as Leonardo, which see the benefits of investing in Saudi Arabia. We see links between British businesses and Saudi Arabia only growing stronger over time, building a bright future for both nations.

John has been an employee of Leonardo for over 40 years, with 12 years dedicated to work in Saudi Arabia and the Middle East. ■



**The leading outsourced Fire Fighting Service in Saudi Arabia.
Your Safety is our Mission.**



Established in the Middle East Region in 1997 as a leading security risk management and training consultancy, Britam Arabia changed its main effort in 2007 to the provision of internationally accredited Emergency Response Services. We have been operating successfully throughout the Kingdom with Government and Private Clients for 13 years.

Our goal is to provide a safe working environment and develop a positive safety culture within our clients' organisations.

A collaboration in the highest levels of safety

Britam Arabia

Britam Arabia is the leading outsourced Emergency Fire and Rescue company in the Kingdom of Saudi Arabia. It was established in the MENA Region in 1997 as an independent risk management and security consultancy before shifting its focus in 2007 to the provision of internationally accredited emergency response services. As the Kingdom develops rapidly on its path towards the exciting 2030 Vision, the market has witnessed a growing demand for companies which can provide International Standards of Fire Fighting in order to match the requirements of the Civil Defence Council Resolution. The Resolution, issued under Royal Decree, served to expand the use of private fire brigades throughout the Kingdom to provide support to Civil Defence in remote or very high-risk areas and to allow Civil Defence to increasingly concentrate on the protection of residential and domestic areas.

Britam Arabia is a Joint Venture between a UK company, Britam Response Services and a leading Saudi Logistics company, Aims International. The company is currently delivering private fire brigades for major clients throughout the Kingdom including MODON, Ma'aden and Jabal Development Company in the Holy City of Makkah. It is an issue of considerable pride within Britam Arabia that we are a British organisation delivering fire services to the many millions of pilgrims

who travel to Makkah on an annual basis. The project in Makkah is led by a highly experienced British Muslim who lives and works alongside his Saudi brothers in the Holy City.

Britam Arabia is able to provide a one stop shop for all of the operational requirements of any client, from initial consultancy to identify and assist with specialist knowledge resulting in a detailed statement of need, to provision of vehicles, specialist equipment and manpower. It is also able to provide temporary fire stations and advice on the construction of permanent structures. In all acquisition, Britam Arabia work with the world's leading brands including several from the UK. It is rigorous in its demand for the highest international standards whilst at the same time ensuring that the client receives the most cost-effective solution.

One of the keys to success in this demanding market is the deployment of highly experienced and internationally qualified leadership at the local station level. Currently each of the stations is commanded by a Fire Chief from either the UK or South Africa. These men bring years of experience and a passion for the development of the teams on each site. The Fire Teams are found from local Saudis with previous experience and a small detachment of expatriate fighters from mainly the Philippines and the Kingdom of Nepal. Britam Arabia have rigorous

selection standards and regular visits are made to both Nepal and the Philippines to evaluate potential applicants and to maintain strong links with the firefighting forces of each country.

Training on-site for all members of the team is a daily occurrence and ensures that the required skills and procedures are developed, and skills are honed. Close liaison with local businesses ensures that the risks can be identified, and advice can be given on possible mitigation measures. Specific training can also be completed to prepare the teams for any possible scenarios.

In further support of the 2030 vision, Britam Arabia have introduced an apprenticeship scheme to recruit young Saudi nationals with the right attitude and determination but who have no previous experience in firefighting. The successful candidates are trained centrally to an internationally recognised initial firefighting standard and are then deployed to stations where they undergo a programme of certified training on the stations, under the direction of the Station Commanders. After a period of time and having successfully passed all elements of the course, the candidates are fully qualified to the highest level of firefighting. The scheme is still in its early development, but it is hoped that these apprentices will become the Watch Captains and Station Commanders of the future.

The best way of fighting fires is to work to reduce the risk of them starting in the first place. Britam Arabia are involved in a comprehensive programme of community engagement, delivering fire awareness training and education to a diverse audience. The initiative



was launched in the far north of the Kingdom near the town of Turaif. The programme was run for a period of a week and included local schools and Further Education colleges. Uniquely, the team included a Saudi female member and she undertook extensive training and education with not only the education sector but also local ladies groups.

The major development projects which form part of the 2030 Vision including Qiddiya, Red Sea City and NEOM, provide opportunities for Britam Arabia and this is certainly an extremely exciting time to be able to play a major part in the protection of life in these projects. ■

Major reforms drive investment opportunities

The global pandemic has come at a time of historic change in the corporate landscape, as Saudi Arabia becomes a far less daunting place for international firms to enter and conduct business.

With the raft of unprecedented economic and social reforms already well underway at the start of 2020, there is no turning back with the programme now likely to be accelerated. The basic message is that the old ways of doing things are over. Solid evidence of this has come in the advance of 30 places in the World Bank's Ease of Doing Business 2020 Index, ranking it the most improved global business environment out of 190 countries.

This considerable improvement is largely attributed to reforms in key areas of business life, including cross-border trading with improvements at Jeddah Islamic Port, the introduction of an electronic single window integrating the processes of customs, port and civil aviation authorities and other relevant bodies with a new online certification platform for imports. Consequently, clearance times for imported goods has been cut by 50%.

Iman Al-Mutairi, CEO of the Kingdom's National Competitiveness Centre (Tayseer), describes the World Bank report as a quantum leap for the country's business community. Tayseer was set up in 2017 to boost the private sector by making Government services more efficient and involving the private sector more directly in decision making.

The World Bank's accolade is indicative of the wider business and economic reforms now underway. An outdated economic model is being abandoned. The process, while bold, is far from painless for all parties.

Major structural changes to the economy started in 2016, with the elimination of subsidies on supply of energy products and services, with Saudis having to pay closer to market prices for utilities. These measures were followed by the introduction of VAT in 2018, which from July 2020 has been set at 15%.

The paternalistic role of the State and the patronage that this brought is no longer sustainable. A level playing field is helping real progress to be made in long anticipated PPP projects and with the promised full-scale privatisation of state-owned enterprises.

It is clear there can be no slow-down in the aim to reduce its reliance on oil revenues and to stimulate investment in sectors of the economy which will create new employment for its young population. The intention is to move rapidly towards becoming a diversified, open, productive and competitive economy, fully engaged with norms of the global economy.

Foreign Minister, Prince Faisal bin Farhan commented that Aramco's IPO makes them more transparent to Saudi citizens and overseas players alike. "We believe that increasing the international standard of governance will also help us drive our economic diversification forward as well."

Another indicator came in June 2019, when the country joined the Morgan Stanley Capital International (MSCI) Emerging Markets Index. The New York based index noted that this followed "a number of regulatory and operational enhancements in the Saudi Arabian equity market that effectively improved market access for such investors." The MSCI measures equity market performance in 26 economies which include Brazil, Russia, India and China.



Special emphasis is now on a strategy which creates a more conducive business environment for SMEs and entrepreneurs.



The global institutional acknowledgement of the pace of change comes after more than half of the 400 planned economic and legal reforms have been implemented in less than three years. In 2019, a 49% limit for foreign strategic investors in companies listed on the Stock Market (Tadawul) was relaxed. The Government also began accepting licence applications to invest in the military industrial area, a sector considered to have large scale potential for diversifying the non-oil related economy.

Private sector development is at the core of the transformation plans and long-standing problems concerning overdue settlement of government contracts have been addressed. Finance Minister, Mohammed al-Jadaan has said that US\$43 billion of arrears, representing 95% of money owed by the Government to private sector contractors, has been paid since 2017.

Special emphasis is now on a strategy which creates a more conducive business environment for SMEs and entrepreneurs, promoting PPPs, and encourages foreign investment. It's Vision 2030 targets include increasing the private sector's contribution to GDP from 40% to 65%. This aim runs parallel with the goal of creating hundreds of thousands of non-government jobs.

The Small and Medium Enterprises General Authority (Monshaat) is tasked with stimulating SME activity in a wide range of sectors including hospitality, transportation and storage, ICT, healthcare, education, housing and energy.

Simeon Djankov, lead author of the World Bank Competitiveness Index, says that reforms have shown "things that seemed impossible can be possible. Now the job remains to convince the rest of the world, so they understand that Saudi Arabia is open for business."

FDI doubled in 2018 and expanded a further 10% in 2019, to an estimated US\$4.6 billion. Some 1,130 companies established operations in 2019, more than 50% than 2018, representing a record increase. Many new areas such as tourism, leisure, hospitality and manufacturing are opening up for investors as the Vision strategy unfolds.

The country also continues to attract investment in key sectors such as oil and petrochemicals, with UK company INEOS committing to building three new chemical manufacturing plants in 2019 at a cost of US\$2 billion.

According to the Chairman, Jim Ratcliffe: "This is a major milestone for INEOS that marks our first investment in the Middle East. The timing is right for us to enter this significant agreement in Saudi Arabia with Aramco and Total. We are bringing advanced downstream technology which will add value and create further jobs in the Kingdom."

Issam Abousleiman, the World Bank's Gulf Regional Director states: "Easing the business climate for local entrepreneurs to thrive as well as foreign investors to work in the Kingdom shows a forward path to creating more jobs for Saudi youth and women, and creating sustainable inclusive development." ■

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VISION 2030 – A VIBRANT SOCIETY – A THRIVING ECONOMY – AN AMBITIOUS NATION

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