SAUDI BRITISH
JOINT BUSINESS COUNCIL

'Doing Business in Saudi Arabia' Summary Notes, 14 July

Introduction

- Welcome to over 100 attendees, both SBJBC members and non-members
- Thanks to event partners, Sovereign Group and AEI Saudi, for their support
- UK and Saudi share longstanding strategic partnership with bilateral trade increasing to over £12.5 billion in 2019
- UK also a leading investor in Saudi with over 100 new licenses in 2019, and 47 in the first 3 months of 2020

Saudi Ministry of Investment Presentation. Please click here

- Vision 2030 has been central to opening up new sectors of the Saudi economy such as tourism ($64 billion budgeted over the next ten years) and entertainment
- Diversification of the economy is being powered by a young and tech savvy population (over 50% under the age of 30)
- MISA well placed to help new and existing investors. Substantial improvements in the business environment and licensing procedure

Panel One: Infrastructure

- Significant improvements in the investment climate through new procurement and tendering laws, and positive steps in speeding up payments
- Successfully operating in Saudi requires being 'in country' / identifying the right local partner / creating the right business model / understanding the culture / and taking part in projects that fit strategy and business model
- Payment procedures have improved but need to understand the documentation process. Online Etimad procurement portal has increased transparency
- Opportunities are not just in mega projects, but in smaller-scale regional projects in agribusiness and manufacturing
- The oil and gas industry remains active. There is a wealth of opportunities on the supply side and in renewables, environmental improvements and energy efficiency
- The volume of work targeted by 2030 makes Saudi Arabia an attractive market to invest in and engage with. Local content becoming increasingly important

Panel Two: Technology

- There is a strong appetite for digital innovation and services catalysed by the young population
- Opportunities to engage / invest in start-up projects in sectors such as e-commerce and healthtech
- The rise of the Fintech industry and the creation of peer-to-peer lending as a way to increase financial inclusion and democratise the investment space
- Regulation is key to the success of the Fintech industry. The UK is the second largest Fintech market in the world because it is well regulated
- Partnerships are co-investment are key. Need to take account of the wider GCC market too

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Panel Three: Practical Advice

- Saudi has lifted its debt ceiling to 50% of the GDP, so it has ample room to support the economy deal with Covid-19 and the oil price drop
- Fundamentals remain strong despite IMF forecast of 6.8% drop in GDP in 2020
- The Kingdom is very committed to Vision 2030. Megaprojects such as the Red Sea project and NEOM have had budgets for their first phases fully funded
- There is a need for more international involvement in funding for megaprojects
- To successfully enter into the Saudi market, businesses should:
    - Identify the right practical / legal / logistical support and advice
    - Have a well-thought out market entry strategy and business plan
    - Commit to the market and spend time engaging and networking
    - Talk to peers and commit to a longer term presence as a partner
- SBJBC and partners well placed to help