



# ACCESS

## Kingdom of Saudi Arabia

*A Guide to doing business  
in the Kingdom of Saudi Arabia*

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# 1. Introduction

**“ It’s an incredibly advanced society in terms of people’s outlook. It’s very modern and new ... it’s an incredibly exciting place. It’s the hub of commercial activity within a four-hour flight radius. Come and spend a couple of weeks if you can. Just by meeting people, you learn a huge amount. ”**

**David Shackleton, Chief Commercial Officer, ezetop**

The Kingdom of Saudi Arabia (KSA) owes its wealth to the world’s largest reserves of oil, as well as abundant natural gas, and it occupies the largest landmass in the Arabian peninsula with a population of more than 27 million people. It is also the region’s largest market for Irish small and medium businesses. By 2010, Irish exports to the KSA totalled more than €748 million and the market continues to grow strongly.

## Why this market is important

With a projected GDP of \$733 billion in 2012, the Kingdom of Saudi Arabia is a highly important market. The latest World Bank ranking places it as the 12th easiest country in which to do business, out of 183 countries measured globally, and credits the Government with creating an improved regulatory framework for starting and operating a business.

Some of the KSA’s riches are now being put to use in an extensive development programme to improve the country’s infrastructure. While some of these sectors are already the focus of heavy investment by international enterprises, there are openings for Irish companies in healthcare, education, clean tech, financial services and ICT while there are also opportunities in parts of the construction sector.

## Purpose of the report

The objective of *Access: Kingdom of Saudi Arabia* is to give practical and up-to-date information on the market for Irish companies. Here, you will find useful, easy-to-digest advice on the critical aspects of doing business in the KSA for companies at all levels in their business development within the country.

This guide covers:

- How to get started for early-stage exporters
- The business culture and how it differs from Ireland
- Routes to market, including selling directly, partnering with local providers, and setting up in-country
- Key legal issues, tax and visa considerations
- How to sell to the Government.

Enterprise Ireland has published separate companion reports *Access: Kingdom of Saudi Arabia* and *Access: Gulf States*. While there are great similarities in these markets and therefore many parts of the content are common to both reports, there are however, important differences both in the scale of the various markets and differences in how to succeed in them. Providing separate reports gives Irish companies the most pertinent information to develop business in the Kingdom of Saudi Arabia and in the Gulf States.

## How it was compiled

This report is based on the practical experience and knowledge of successful people in the market, and by specialists in areas such as business culture, taxation, law and marketing. It is informed by the lessons learned by the many Irish business people who have succeeded in the market. The report also includes direct commentary from a number of these people. It also refers to information gathered from a number of publications from the World Bank and the Financial Times, as well as a range of online sources.

*Access: Kingdom of Saudi Arabia* is intended to be of use to a wide audience; from companies thinking of entering the market for the first time, to those already selling in KSA and looking to examine strategic options for further growth.



# CRITICAL SUCCESS FACTORS



## 2. Critical Success Factors

“ *If you have expertise in an area and you find the right partner to bring that to the market, there is good business in the Middle East* ”

John Nevin, Managing Director, Instant UpRight

### Introduction

Occupying the largest landmass in the Arabian Peninsula between the Red Sea and the Persian Gulf, the Kingdom of Saudi Arabia is often referred to simply as 'The Kingdom', in recognition of its position as the birthplace of Islam and the generally held view of its pre-eminence in the region. It owes its wealth to abundant resources of petroleum and natural gas, and some of these riches are now being put to use in an extensive development programme to modernise the country's infrastructure in areas such as health and education.

The KSA is a fast-growing economy with a high per-capita income. Its population of more than 27 million people includes an estimated eight million expatriates, which gives some indication of market demand. The International Monetary Fund has estimated the KSA's 2012 GDP at \$733 billion. More than 160 Irish companies are already exporting to the KSA and commercial opportunities are plentiful in a range of sectors, including construction, software, education and training.

### Business culture

Arab business culture is very different to that of the West, and Irish businesspeople should approach the KSA market with that clear understanding. However, the first-time visitor won't be expected to fully understand all of the nuances in the beginning, although it's worth educating yourself as much as possible. As with most aspects of business, good preparation is the key to making a success of your time there. Presented below are some tips to help you better understand the environment and avoid any missteps.

In the Arab world, relationships are valued above all. Conducting yourself properly and in a formal manner will get you far, as will showing a healthy inquisitiveness about your opposite number's culture. Most Saudis speak English, and many Irish businesspeople who have been visiting the Gulf for years say they have never been to meetings where Arabic was spoken.

In truth, business culture in the Arab world is a subject worth an entire book by itself, and one of the best is '*Don't they know it's Friday?*' written by Jeremy Williams. Now into its second edition, it's available in many online bookstores. Concisely written, easy to read and full of practical advice, it's a very worthwhile investment if you intend to spend a lot of time in the KSA.

It's important to set your expectations appropriately: the KSA can be incredibly rewarding but the pace of business is appreciably slower than what you may be used to. Talk to anyone who has spent time there and a recurring word is 'patience'. It can't be stressed enough: there will be times when progress appears to be a slow crawl, and in some sectors it's not uncommon for the business development stage to take between 18 months and two years before many meetings finally conclude in a deal. You can't short-cut this stage, so don't even try: establishing good personal relationships is the key to all business in the

KSA, and that can't be rushed. Expect to spend a lot of time in the market becoming known, building trust in you personally and in the company you represent.

## Meeting and greeting

- In the Kingdom of Saudi Arabia, Islamic principles and social customs are strictly observed
- Relationship-building and friendship are absolutely crucial to doing business in the KSA
- Arabs prefer face-to-face meetings over communicating by email, phone or letter
- Initial meetings are all about establishing a rapport and gauging mutual trust
- Men should dress formally in a shirt and tie for business meetings
- Visiting women should wear modest business attire with high necklines, sleeves to the wrist and long dresses, covered with an abaya – a full-length robe
- Expect the early part of the conversation to be dominated by small talk as your Arab host gets to know you better – he may only get around to business at the very end of the discussion
- When there are several Arabs in the room, it's customary to greet the most senior person first
- Arabs like to be addressed by their official title – this may be 'doctor' or 'engineer'
- If someone has an elevated position such as ambassador, or head of a government department, you would address them as 'Excellency'
- If you meet a member of the Royal family, the correct greeting is 'Your Highness' or 'Your Royal Highness'
- Common practice at a first meeting is to offer a firm handshake with the right hand and to maintain eye contact
- If greeting a woman, you should wait for the woman to offer her hand first – which she may opt not to do
- It's very important to present a business card at the start of a meeting
- Spend an appropriate amount of time studying the business card – always give and receive items with your right hand in the KSA
- It's a good idea to keep your opposite number's business card on the table in front of you during the meeting – if you put it in your pocket it could be considered disrespectful
- When sitting, leave your feet planted down on the ground; showing your soles is considered offensive
- Avoid slang or casual manners – keep your language formal and polite

- Many Saudis have a relaxed approach to timekeeping. While you may be kept waiting, however, you should make a point of always arriving for meetings on time
- Meetings in the KSA can be unstructured. When you arrive, it's not uncommon to find other people in the room at the same time
- You may have to wait your turn to participate – or indeed wait until the others have left before your meeting really begins – but you will be offered coffee, tea or water
- Meetings generally take longer than in Ireland and may be interrupted by phone calls or drop-ins. This is considered normal
- In keeping with Arab hospitality, you will repeatedly be offered refreshments. Accept the first cup to show your appreciation, then indicate you are full by first slightly shaking your cup between thumb and forefinger, before returning it to the pourer.

## Time

- There are five calls to prayer during the day in the KSA. Ideally try to schedule meetings around them but if this is unavoidable, be aware your meeting may be interrupted to allow your host to pray – you will be expected to wait, unless instructed otherwise
- If you are making follow-up phone calls, avoid doing so at prayer time. Prayer times are printed in the daily newspapers and online
- In the KSA, the working week is Saturday to Wednesday; Thursday and Friday are the weekend
- Private business working hours vary but are generally from 7:30 or 8am until noon, and from 3:30 or 4pm until 7 or 8pm. General banking hours are from 8am to 2pm, and from 5pm until 8pm
- Markets and shops are open from 8am until 11pm, with a lunch break from 2-4pm
- During the month of Ramadan, working hours are between five and six hours a day
- Avoid scheduling meetings after the 10th day of Ramadan, which varies by year – always check well in advance on [www.islamicfinder.org](http://www.islamicfinder.org)
- The second festival period is 'Eid Al-Adha' which is typically a ten-day holiday usually extending from the fifth to the fifteenth day of the month of 'Thul-Hijja'

## Watch for

- Arabs are very sociable people, they are known for their hospitality and have a well-developed sense of humour
- Family is very important in the region. Many successful big businesses are owned by a family and various members would have roles in different subsidiaries

- When establishing a personal rapport, it's appropriate to ask an Arab a general question about how his family is, but it's offensive to enquire directly about his wife or daughters
- Education is a particular badge of honour for the Arab – for example, he may tell you that his son is studying in a particular university
- Arabs pride themselves on having excellent memories, so it is useful to remember information you have been given by your potential customer or partner (e.g. his children's names or where they are studying). That way, you can enquire about this the next time you meet
- The notion of 'face' is very important in Arab culture – be extremely careful in situations that could lead to a loss of reputation on either side
- Natural Arab politeness and a reluctance to offend may mean that you often won't hear a 'no' – try to observe the signals and judge whether you are making progress
- Some Arab communication is non-verbal. You should keep eye contact and watch body language for signs that your host is interested in what you have to say
- Alcohol is strictly forbidden in the KSA – even having a drink on the plane before arriving could get you barred from doing business in or entering the country
- Trust is highly important in Arab societies. If you are found to be dishonest, you may not be told in so many words but your phone calls will not be followed up and your e-mails not replied to.



#### NEED TO KNOW

In certain Arab cultures, there is a more fluid approach taken to business appointments. For example, you may have previously arranged a meeting with your contact in Riyadh but on the day, he has suddenly had to leave for Jeddah to help his brother. In some cases you might not find out about this until you arrive for your meeting. If this happens, it's important not to make a fuss. Firstly, it's understood in the KSA that family concerns come above all others, so the person you were due to meet considers this behaviour acceptable.

Moreover, some believe this approach to meetings is bound up with religion; a good Muslim doesn't presume to know what will occur in the future and consequently a commitment to a meeting in two weeks' time may not be binding. To the Muslim, only Allah can know what happens tomorrow (you will frequently hear an Arab pepper his conversation with "Insha'Allah" – God willing, or to use an Irish idiom, 'please God'). Be flexible; no offence is meant but you must be aware of the possibility this could happen. Equally, when you are in the country it's possible you may be asked to meet at short notice. Best practice is not to fill your diary with appointments. Four per day is the average and local businesspeople will facilitate meetings in the evening, outside of normal working hours. Build in sufficient time to adapt to last-minute changes.

## Getting ready to export

### Developing your business proposition

The Kingdom of Saudi Arabia is open to doing business with foreign companies and has been a member of the World Trade Organisation since 2005. However Saudis are well aware of the attraction of their country to some foreigners and it would be wrong to assume that the wealth in their country makes them happy to accept any old product at any price. To succeed in the Saudi market, you must offer a proposition they can't readily obtain for themselves: a competitive differentiator or expertise in a key area strengthens your case considerably. While Irish companies are regarded positively, they are by no means the first wave of foreign companies to come to the market, which makes it all the more essential to have a compelling offer in order to stand out.

- Me-too products that compete purely on price are unlikely to be well received
- Differentiate on professional service, better support services and more innovative products
- Be clear on what your proposition is
- Make your pitch brief, and practice it repeatedly in case an opportunity presents itself
- Avoid at all costs implying Western superiority; Arabs are shrewd businessmen and are able to grasp complex subjects quickly. They don't take kindly to 'lectures' from foreign visitors
- Frame your offer in a way that shows you understand your customer's need rather than focusing on its features and benefits.

### Marketing and communications

- While English is widely spoken, having your marketing materials translated into Arabic is welcomed as a positive sign that you are committed to the market
- Make sure any translated materials have been proofread by an Arabic speaker beforehand
- Print double-sided business cards, with Arabic on one side and English details on the other
- Consider having your website translated, and possibly even redesigned in a more Arab-friendly format
- Enterprise Ireland recommends setting up your website in English first, seeing any potential snags and then converting it soon after
- Don't just translate your English website directly into Arabic, as you may need to phrase things differently because certain words will have a different meaning in an Arabic context
- Check your printed brochures and your website to ensure any imagery adheres to modesty codes

- If you intend to sell online, put an Arab-specific number on your site so that you can track the number of visitors who are reading the Arabic site and are following through to make a call
- If your phone number is listed on your website, ensure it is staffed at the appropriate times, as Arabs prefer to call rather than email if they need assistance
- Some Arabs prefer meeting you one-to-one rather than at a conference with a lot of other potential customers.

## Negotiating the deal

- Saudis do business with people they have already met and with whom they have a personal relationship
- In KSA, the pace of business is much slower than we are used to here, and Arabs will take time arriving at decisions – it's vitally important not to show frustration if progress appears to stall
- Negotiations are likely to take several meetings to resolve
- In the beginning, the person asking all the questions may not be the final decision-maker
- Map out your negotiating strategy well in advance, and be aware you are likely to be asked for discounts or changes at all turns – potentially by different people
- Don't be too pushy – saying 'I need this or the deal is finished' is considered highly rude and may stop your progress
- Price isn't your only bargaining tool. If your counterpart insists on a lower discount than you had in mind, politely and respectfully suggest alternatives such as different features or support terms.



### NEED TO KNOW

Negotiating with an Arab is where the fun begins. Many believe that haggling is an innate part of their culture dating from Bedouin times. An Arab enjoys the negotiating process and will always look to get the best deal for himself. To understand it as an Irish person, it's been described as 'having the craic', and it's not uncommon to see some theatrical behaviour as the Arab seeks to gain an advantage either in price or service. Play along with the banter by all means, but don't overstep the mark.

If it appears your offer is being refused, always remain respectful, being very careful not to cause offence. Politely suggest ways any obstacles might be overcome. Tailor your strategy in case you have yet to speak with the key decision maker. If this happens, his input (which may only be at the conclusion of a deal) will probably involve you having to give an additional discount or offer some other concession. In Arab culture, the man who succeeds in visibly obtaining better terms gains respect among his peers.

## Advice from successful exporters

There are many Irish companies who are successful exporters to the Kingdom of Saudi Arabia and that number is growing. Here are some of their stories (by company name).

### ezetop, David Shackleton, Chief Commercial Officer

“

We enable ex-pats to recharge or top up their mobiles for their families back home. For example it's estimated that there are about 8 million foreign workers based in Saudi Arabia, typically from South-East Asia. Most are in this region working, making money and sending it home to support their families.

We've been active in the Middle East since the beginning of 2008. We had a couple of partnerships signed before we made the commitment of setting up an office and we did that at the end of 2008. Enterprise Ireland was a phenomenal support to us, providing advice and helping us with meeting the right people in potential partners, market research, making introductions to legal firms. After starting in the UAE, then we moved into Qatar, Kuwait, Bahrain, Saudi Arabia, and more recently Oman, and we also recently signed an agreement in Yemen.

It takes a while to build relationships. The wheels of commerce can turn quite slowly at the start, but once you build it, it will grow and grow. It's a case of "let's do something small or a pilot project to get something going, and see where it leads". It's very relationship driven.

Something that I've learned here is that you need to be quite quick when meeting somebody to figure out what type of interaction they want. You could have a 55-minute chat about family and five minutes talking business in Saudi Arabia, or you could meet a hard-driving Jordanian businessman who gets to the point.

I find the culture is very honest, and I think it stems from the religious preference of the region. It's based on trust. These situations need to be played as they happen but the guiding principle is to be straightforward and respectfully direct, and deliver on what you promise.

Our business was all around having retail locations – money transfer stores or retail stores and have them enabled to do our service. To do that, we needed people on the ground marketing the service and making sure it was available in the stores.

We had a predominantly Indian team ... we managed that remotely for two years but it came to the point where we needed to scale up. We more than doubled our revenue each year, so we put in more senior managers. We've transitioned our commercial activities across Africa and moved all of that to Dubai. I have to say that's worked. I've done a day trip from Dubai to Ethiopia and even to Nepal which is intensive, but shows the size of territory that can easily be covered from a UAE hub.

We run all of Middle East, Africa and South-East Asia from an office of 16 people in Dubai and a further nine people between Qatar, Saudi Arabia and Kuwait. We employ just under 160 people globally. The growth of our activities in the Gulf has kept pace with other territories. It accounts for about 10-11 per cent of total revenue and there are great prospects for growth.

I would encourage other Irish companies to think about the Middle East. It's an incredibly advanced society in terms of people's outlook. It's very modern and new ... It's an incredibly exciting place. It's the hub of commercial activity within a four-hour flight radius.

”



Come and spend a couple of weeks if you can. Just by meeting people, you learn a huge amount.

### Instant UpRight, John Nevin, Managing Director

“ We’re in the construction sector, and we have been in the region since 1995. The product range includes mobile aluminium tower systems, low-level work platforms and podiums, industrial access walkways and aircraft maintenance stands and docking systems.

We started doing business in the region in 1995, mainly into Dubai and with smaller volumes into the KSA. We did it remotely from our office in the UK until we had established enough business and then we appointed a dealer in Dubai. The business really began to grow with this appointment. We entered the Dubai market at the right time, when it was starting to take off. We worked through a dealer and at that time it was all about product availability, and who had product on the ground.

When sourcing a partner, like many of these things, some of it can be luck. We found a company, Al Laith, with an English managing director who was from our industry. He had partnered with a very good sponsor and we grew on the back of his growth. He put people on the ground to support our product category. The Middle East market became our second biggest market by 2007. We have set up a business in China to support our core product in the Middle East and we will start producing out of China to supply the Middle East from May.

The Gulf is very much a price-driven market and is extremely competitive. That being said, if you find a good sponsor and have a good product or service, you will be able to build a solid business in the three major markets in the Gulf, namely the KSA, Qatar and the UAE.

Finding a partner is easy enough to do if you network well. As for getting research, we use the Enterprise Ireland network. You have to go out to visit the markets in person, but you have to have research done before making the visits. Then when you’re there, set up the appointments before you go home, and arrange to go back out again eight weeks later. You have to put in the miles on the ground, probably once a month for three months. If you have expertise in an area and you find the right partner to bring that to the market, there is good business in the Middle East. Don’t go trying to be all things to all people. They’re looking for professionalism and expertise.

I think companies need a minimum of €100,000 investment and even €150,000 before you even see the first sign of finding the right partner. A mistake would be not researching the market well enough, and making a big investment in the region with no return. A lot of people might argue with this, but in my experience you’re looking at 18 months to two years before you have an established business in the Gulf. ”

### PM Group Saudi Arabia, Ward Catherwood, General Manager

“ We’ve had two attempts at setting up here, first in 2008 when we were invited by a KSA real estate company that needed some project management services. We set up a joint venture business, owned 51 per cent by Akaria and 49 per cent by us. The idea was that we would manage all of their projects. The business plan suggested a 100-man office within two years. After those two years, it was still a seven-man office with only four projects. There were lots of restrictions about what we could do. So we had an amicable split. We’ve taken space in one of their offices. We have gone from partner to tenant and that would be where the relationship stands.

I would still say the partnership was of enormous benefit to us. Even when we agreed to dissolve the partnership, they needed to give three months’ notice. They let us go and continued to pay us. They’re a fantastic, honourable company and there is good mutual respect. What we did in those years is, we got to learn the systems and the partner funded all that, so our investment has been relatively low if you take it over the period.

What we’ve done since is set up PM Saudi Arabia Ltd. Because of the rules here, this is a kind of halfway house business. We have registered as a contractor because you cannot be registered as a professional services provider: engineers, architects, lawyers or accountants are not allowed to practise in KSA under their own flag. They are legally obliged to take a local partner, who takes a minimum of 25 per cent interest in your business.

In Government sectors where they are switched on, our partner holds the contract and we work for him as a subcontractor. He takes responsibility for our design. The ad hoc partner is not a partnership – they’re a technical partner and we’re a sub-consultant. We have done five jobs for the Saudi Food and Drug Administration. It’s a relationship on a project-by-project basis. We have done three jobs with one engineering firm and two with another. On the project management side, there are big projects that are long term and if you get on one of those you’ll have steady work for years. The Saudis haven’t done much investment since early 2000s, but investor confidence has come back over last five years.

We have since won contracts in the dairy sector, with some contracts held in our Dublin office. We built a factory for Halwani brothers and are building a second site, and we’ve won a data centre contract for the Ministry of Education. We are involved with five laboratories for the Saudi Food and Drug Administration and we recently won another deal with a European supplier who wants to build a baby food plant in Jeddah. Other work involves cost control and technical appraisal. That is a rolling contract and is a steady earner for us. Recently, we signed a services contract to supply people for the King Abdullah City for Atomic and Renewable Energy: that work will go over 15-20 years.

The bureaucracy can be tortuous. Do your homework first. Any road you go down at all, you have to go down to the end of it. It’s a linear thought process and if you change something halfway through, it’s like snakes and ladders, you go back to square one. We switched legal firms since coming here. It would be good if there were pre-qualified legal services to save you going through a vetting process. My advice would be, invest for two to three years before you expect to see a return. ”

### Woodfit, Jason Larkin, General Manager

“ Our export business is our wood-based acoustic business, and our MDF panelling is manufactured in Athlone. We are one of the largest suppliers of acoustic based panelling into the market, providing to city universities and schools for venues like auditoriums and lecture halls. Since 2009 we’ve completed almost 22 auditoriums and we have another 16 or 17 in the pipeline over the next eight months.

The crucial part in winning business in KSA is the partner. That came about after we went on the Enterprise Ireland trade mission in November 2009. Enterprise Ireland was a great tool, and had arranged numerous meetings. We made a wish list of all the companies we met. From 15, we took it back to six, travelled back out in the following January and met the six. We wanted to try and get it right. The partner we found was a perfect fit for our business because he was working on auditoriums. He was an aggressive go-getter and wasn't looking for just a trophy or plaque for his wall. We use our partner's office when we're there, and we provide all of the technical support from Ireland.

When I'm there, we work from 9 in the morning till possibly 12 at night. Their main day off is a Friday so I use that to travel. Regarding things to do, socially it's different to Ireland but they have restaurants and shopping centres. At the minute, the country is that busy that you could work 24 hours a day if you wanted to.

It's all about contacts and who knows who. My partner has a huge contact base. He's led me into those friendships and that has led to business. You need a good local partner. To me, it's about taking your time in the vetting process. It was evident with this guy that he was right. With one meeting, another person we had considered went straight to the bottom of the pile. You have to keep going back and asking the hard questions till you get the answers you're looking for. You will get promises but they won't bring you the answers you need.

What I generally do is, I give a non-exclusive agreement so the other party knows then that they haven't got me. If they're not prepared to agree to that I don't do business with them. I ask them to put together a marketing plan. That way, you find out who their main contact bases are. You will find out at least one of them has very superior contacts ... he's the guy that's going to get the decisions. If they want your product, they will come back with answers; if they don't, they're not serious.

Culturally, the Saudis are very like the Irish people; their sense of humour is very similar. They like a joke, the doors are wide open. You won't get an answer from them when you're in Ireland, but if you're on the ground there you will. If you're sending emails from Ireland, you won't get a response. Customers in Saudi Arabia are extremely price-sensitive, and they want to know why they're going to pay above the odds. They want quality, but they want it at the price they have in their heads which might be lower than what you have in mind. My advice would be to think outside the box. Go back, look at your product and see can you do something else with it. We went into a lower range to get into the schools; in fact, we developed a different product.

Our business used to be 100 per cent domestic in Ireland. We are now 80 per cent export-driven and that'll be at 90 in next few months. Of our export business, Saudi Arabia is 80 per cent. We're now also involved in projects in Kuwait, in Abu Dhabi and in Oman. We're also moving in to Qatar. ”

## STARTING IN THE MARKET

# 3. Starting in the market

## Introduction

Don't assume your sector is the same in the KSA as in Ireland or Europe. Spend time researching thoroughly in order to understand the similarities and differences between this and other markets. Determine how you can fit in and add value for prospective customers. Some good business-centric websites to consult for background information are [www.zawya.com](http://www.zawya.com), [www.ameinfo.com](http://www.ameinfo.com) and [www.meed.com](http://www.meed.com).

## Knowing your competition

- Who are your rivals in the market and how do their offerings compare with and differ to yours?
- Is the market dominated by a few strong players or fragmented with many small competitors?

## Knowing your customers

- What is your target market?
- What need, shortcoming or business challenge does your business address? (Be sure that this is framed in a way that is relevant to KSA prospects)
- Who are the relevant decision-makers – their title and responsibilities?

If there is an obvious gap in the market find out why. There are hundreds of examples where companies act to fill such gaps only to discover that they existed in the first place for good reason.

## Clarifying your value proposition

Why should a prospect buy from you over the competition? What makes your offering superior? What is the unique selling point? Your business has to have a value proposition to cut through the clutter and separate you from the competition. This may seem basic but it is essential that you can communicate succinctly how you can create value for a customer. Pay particular attention to framing your proposition in a KSA-centric way.

Your key advantage or 'Unique Selling Point' is a benefit that is unique to your offering. It is something that:

- Provides a solution to your clients' pain point that they cannot get elsewhere
- Is a positive benefit, being something your prospects need
- Can be stated simply
- Can be communicated verbally and visually.

You must communicate all the USPs not just as they relate to the product; for example, subject matter expertise can be a USP, and this is especially true in KSA.

Understanding where you are positioned in the Saudi market and having a consistent message about your company, whether it is towards existing or potential clients, employees, investors or the public at large is critical in achieving recognition and credibility as a respected enterprise.

## Maximising your resources

Researching the KSA market for your product or service will get you so far but a certain amount of intuitive decision-making is necessary when formulating your business development strategy in a new market. The level of resources (both human and financial) you are prepared to invest clarifies your level of commitment to the market and also may create a ceiling on your possible success. If you are under-resourced from the start, it will be difficult to win deals.

A useful approach may be to learn from the market entry experiences of other clients. More experienced individuals and companies are generally willing to share their learning. Some case studies are included with this guide, and Enterprise Ireland can make relevant introductions for you if you are interested in exploring this further. Consider tapping into the diaspora: an Irish Business Network is being set up in Saudi Arabia, and the capital is also home to the Riyadh Irish Society.

Another source of assistance is the Ireland Saudi Arabia Business Council (ISABC). This group was recently established to encourage closer business relations between Ireland and the Kingdom of Saudi Arabia, and to develop increased trade and investment links. The ISABC's counterpart in the Kingdom of Saudi Arabia is the Council of Saudi Chambers (CSC), which can promote direct contacts between relevant Saudi and Irish firms. It can help companies looking to establish a market presence in KSA and can assist in establishing partnerships and joint ventures. The Council comprises key business leaders from both countries and co-ordinates its work with the Embassy of Saudi Arabia, the Department of Foreign Affairs and Trade, and Enterprise Ireland.

## Financial resources

If you start with a realistic sales forecast and work backwards, you should determine a realistic budget for your business development needs in KSA in the short and long term. Create a P&L for the Saudi Arabian SBU to monitor the resources used against target sales achieved. You also need to think about where you will get these resources if you don't have a surplus in your current budget. Based on the experience of other Irish companies in KSA, you are likely to need a minimum of €100,000, and possibly more than that depending on the length of your stays and the frequency of visits.

The long-term aim will be to establish a successful operation in the Saudi market. Deals struck over the short term tend to be the exception, and you should temper your expectations. It could be up to two years before you start to generate revenue in the market. Making a plan from the outset dividing your short-term (1 year), medium-term (1-3 years) and longer-term (5 years +) targets will enable you to plan for a fluctuating revenue cycle.

## Human resources

In the KSA, it's not necessary at the initial stages to create a permanent base, but frequent travel is advised – ideally, at least every two months and for a week or more at a time – in order to build relationships and get a feel for the market.

In the longer term, keep in mind that if you choose to base a member of your team on the ground, this carries an additional expense. It's also likely to affect how they work; the two-hour time difference and the clash of working weeks (Thursday and Friday are the weekend in KSA) means that it's common for Irish ex-pats to work long hours over six days or more in order to stay in touch with headquarters in Ireland. For anyone who is to be re-located to

KSA, you should also factor in sufficient holiday time to avoid burnout – experts suggest extended leave periods are important during multi-year contracts in the region.

While foreign guest workers make up large parts of the private sector workforce, the Government has recently increased the process of Saudisation which looks to upskill local labour and give them jobs. There is a predetermined percentage of Saudi nationals that must work in a firm, and this varies by sector. In certain sectors, this may have an impact on your ability to obtain working visas for staff who are re-locating from Ireland. On the other hand, building in a knowledge/skills transfer component to your offer can be very attractive to your customer.

## Geography

The Kingdom of Saudi Arabia covers a large area, spanning 2.15 million km sq. Its capital is Riyadh and other major cities include Jeddah, Dammam, Medina and Mecca. The business hubs are primarily in Riyadh and Jeddah, although the oil fields supplying the country's resources are based to the east of the country.

Flying domestically can be expensive, so at the start it is advisable to determine a limited geographical area as your initial target in the KSA. When deciding this, you need to think of where your company is best placed to secure a sales reference site. Do you have relationships with multinationals in Europe that also operate in the KSA? Is there a particular hub in the country for your sector? Advance market research, along with assistance from Enterprise Ireland offices, can help you in gaining a local insight on your offering.

## Developing your marketing strategy

Marketing strategies that work in Ireland or elsewhere may not necessarily work in KSA but this is a good starting point. Pick the two or three strategies that were most effective and gave you the best results. Focus your efforts here and make any adjustments needed to adapt to the local market. New exporters without a track record in KSA may have to spend even more initially due to the demands of developing your brand and market presence.

Good ways for Irish companies to market themselves in KSA are to:

- Attend or exhibit at trade shows
- Avail of guest speaking spots
- Get an elevator pitch slot at a sector-specific networking event
- Sponsor events
- Use business-focused social media such as LinkedIn
- Use traditional media and the web, with localised content
- Undertake traditional PR activities
- Go on trade missions.

The business website [www.zawya.com](http://www.zawya.com) lists all of the major trade shows and it's possible to import dates from its calendar to Microsoft Outlook Express. Another useful site is [www.ameinfo.com](http://www.ameinfo.com). If your company doesn't have a local marketing or PR representation, you can submit your own press releases directly to the site.

LinkedIn is fast becoming popular in KSA and it's not uncommon to find invitations to connect waiting in your inbox upon returning from a meeting or networking event in the region. In some cases local websites are more informative than multinational websites, and it may even be possible to find direct-dial numbers for decision-makers posted on their company's site.

Building awareness for consumer brands works much as it does in the Irish market, with ample opportunities for advertising via newspapers, display and TV. For more niche products there are many trade journals and other platforms for communicating your message. Your local partner may offer to coordinate your PR and marketing activity. One possible option is to work with the local Chamber of Commerce who will send out an invitation on your behalf to present your product at a seminar in a hotel room. However that is considered low-grade marketing because you won't be able to gauge the level of seniority of visitors. A good partner should know the important people in your sector and be familiar with the relationships between them.

A good way to start formulating strategy is by reviewing the past year's strategy and performance. Some areas to look at include:

- What worked and what did not work?
- How did you generate your Irish sales and can you apply this technique in Saudi Arabia?
- Which methods were the most profitable?
- How did people find you?
- What customer needs did you satisfy?
- What marketing efforts produced little or no results?

Enterprise Ireland can work with you on researching the most efficient and cost-effective sales channel for your product or service. These options are dealt with in more detail in the Routes to market section of this guide.

## Communicating your business proposition

As soon as you decide you want to enter the Saudi market, you will need to adapt your communications policy. Success in this new market will only happen if you can put across to prospects what you can provide in any and all circumstances.

### **Presentations**

The following may help you to prepare a presentation for the Saudi market:

- Always customise the presentation for each prospect
- Consider including their company logo in your demo to show the fit between your company and your client's business
- Listen for and understand your client's problems: where are the pain points you can address?
- Show how the products or services you provide address your prospect's problems



- Give people a reason to buy from you – what's your competitive advantage?
- Use short case studies to show where you have solved similar issues for other clients
- Be clear about how you work, bearing in mind that in Arab culture this could well be a point of negotiation
- Don't rely on PowerPoint – keep the formal part of the presentation brief, backed up with points and graphics
- Emphasise the business case.

## Building market presence

At the point of entry into the Kingdom of Saudi Arabia, it is highly likely that your company or brand may be almost totally unknown in the marketplace. This potentially means having to spend far more on marketing than your competitors, especially domestic ones. If your business is about selling knowledge or technically sophisticated products or services, it is extremely important to use all opportunities to engage in the latest discussion and developments in the KSA. Industry forums, trade shows and conferences all allow you to do this. In the KSA, there is no substitute for meeting people.

In information/technologically intensive sectors, your first step in carving out a presence in the market should involve identifying the key opinion leaders in the industry. These could be journalists, academics, industry analysts or consultants. A simple way to identify these individuals is to see who's speaking at any of the major industry conferences. Engaging opinion leaders and gaining their support can boost your business's credibility especially when you have yet to build your own reputation. This is especially important in advance of securing your first KSA sales reference site. Though you may already be very successful in other markets, Saudis will want to see proof that your offering works in their market.

# ROUTES TO MARKET



## 4. Routes to Market

“*The crucial part in winning business in the KSA is the partner.*”

Jason Larkin, General Manager, Woodfit

### Introduction

In this section we look at the options for serving the market in KSA. It's important to emphasise that, as an Irish company, you can only do business in KSA through a partner. Only early business development and post-sales customer service can be carried out from Ireland.

### Direct from Ireland

The Kingdom of Saudi Arabia is served by regular flights from Dublin, albeit usually with stopovers in London or the United Arab Emirates. Ultimately however, this market can't be properly served via phone and email – especially in the early stages. Saudis, like all Arabs, place a high value on personal contact and being able to meet the person face-to-face. The advantage for Irish businesspeople is that, because they will have to deal with partners when working in the market, that vetting process is best carried out on the ground.

Keeping in touch with the market remotely offers several challenges, although these can be overcome provided you are willing to be flexible. The time difference of two hours (three in the winter months) should be factored in to dealings between locals and your Irish base. More importantly, you should be aware that organisations in KSA will be out of contact on Thursdays and Fridays as this is their weekend. That cuts both ways: stories are not uncommon of Saudi customers looking to reach their Irish suppliers on a Sunday morning.

### Working with partners

In the KSA, working with a local partner is compulsory when dealing with Government contracts – which are the majority of cases as the State retains control over most sectors. That makes it essential to ensure you are working with someone you can trust and one who can deliver what they promise. There are anecdotes about Irish businesspeople being whisked through airport security checks and collected in a top-of-the-range Mercedes; in reality, this admittedly impressive service is widely available and doesn't indicate any great influence or reputation on the part of the donor.

On the plus side, the distance from Ireland and the cultural differences mean your business can benefit from an experienced partner who knows the territory and has the right contacts. That's particularly important in a sector where your potential customers come from a large group. In sectors such as telecoms where there are fewer players that are easy to identify, it may be possible to meet with the decision-maker in that organisation as part of the business development stage. You could respectfully ask if they have a preferred partner who could work with your company on the contract. This kind of 'reverse engineering' allows you to comply with local regulations and may fast-track your own progress. However, any recommendations should always be followed up with checks of your own.

When appointing a partner:

- Don't rely on your impressions from one meeting
- Find out whether the partner can provide the levels of access to customers that they claim
- Do your due diligence properly, know who you're doing business with
- Don't sign any legal agreements, even if your initial feeling is good
- Suggest a short-term engagement so you can more closely gauge the partner's effectiveness
- Beware of using terms like 'exclusive' in contracts.



#### NEED TO KNOW

In KSA, you are required to go through a partner, and this should preferably be a local who is well connected. Don't sign with anybody until you're sure they are someone you can trust and you can do business with, as extricating yourself from a contract can be difficult and expensive. Enterprise Ireland can play an important role in connecting you with potential partners in your sector. It is also advisable to check with local law firms, the ISABC or a contact in the Irish Embassy to do background checks on possible partners. If you are entering into an agreement for one project, very carefully identify the collaboration for that specific activity and that specific contract. Don't give exclusive rights for all activity on a going-forward basis.

## Third-party distribution

Signing with an agent or distributor in KSA is not significantly more complex than other international business agreements, but it can be much more difficult to terminate. When doing so however, you should get the advice of a locally-based law firm to vet what you were doing, so you are covered in the context of domestic law. It's also wise to check that the distributor does not have other agreements with similar companies in your sector as well, as this may have an impact on how effective your sales presence is.

The key part of the contract should have:

- a defined term
- a defined territory
- a performance related component (such as sales targets)
- right of termination
- a 'no competitor' clause
- right of continuity (an agent or distributor will probably seek to include this type of clause, subject to meeting certain targets).



#### NEED TO KNOW

If the contract is signed under KSA law, make sure you have an arbitration clause. This applies whether it is a supply contract or an agency agreement and is useful in the event of a dispute.

## Establishing a local presence

There may come a time when the level of your business in KSA warrants a more permanent base. The regulations governing foreign investment require you to set up a company structure that is 51 per cent Saudi owned. (See Chapter 5, *Legal issues in the Kingdom of Saudi Arabia* for more information.)

Once you make the decision to locate a base of operations in KSA, the capital Riyadh is an obvious choice although depending on the sector or projects your business may be involved with, Jeddah is another option. Take some time to choose your location, as it can be expensive to fly internally within KSA.

In theory it's possible to base yourself elsewhere in the Gulf and commute – for example, from Abu Dhabi or Dubai. However you will need a current visitor visa, which requires advance planning and doesn't leave room for last-minute emergencies. For these reasons, it's not advisable to choose this option.

From Q1 2012 there appears to be a greater willingness on behalf of the authorities to approve 90-day multi-entry visas. However, each application is on a case-by-case basis and just because you received a 90-day visa does not guarantee you may get it approved again. Seek the advice of a professional services firm before making your decision.

# LEGAL ISSUES IN THE KINGDOM OF SAUDI ARABIA



# 5. Legal issues in the Kingdom of Saudi Arabia

## Introduction

The Kingdom of Saudi Arabia's legal system is very different to Ireland's. The KSA is a sovereign Arab Islamic state and its law is based on Islamic law, also called Shari'ah, which is derived from two main sources: the Holy Qur'an (the divine revelation to the Prophet Mohammed) and the Sunnah (a record of the sayings and actions of the Prophet Mohammed). It might sound obvious, but legal disputes in the KSA are best avoided if possible. Before entering into any legal agreement there, you should seek the advice of a locally based law firm. It may also be worth checking whether contracts in KSA – especially with the Government – must be concluded under local law or whether it may be possible to have Ireland or England stated as the area of jurisdiction.

### Key elements of Shari'ah Law:

- **Freedom of Contract** Parties are generally free to negotiate their own terms of contracts. An exception will be where the activities are expressly prohibited
- **Fairness and Good Faith** Contracting parties must observe and maintain principles of fairness and equity in their dealings
- **Uncertainty** There should be no element of deception or excessive uncertainty in the contract
- **Agreements to Agree** Agreements that envisage the future consummation of an agreement or a material obligation may be considered uncertain and unenforceable
- **Speculation** A contract that involves speculation on a future outcome will generally not be permitted and considered void
- **Unjust Enrichment** Contracts where one party gains unjustly at the expense of another will be void
- **Interest** Under Islamic Law, contracts including clauses which provide for payment or receipt of interest will generally not be enforceable. In the KSA, the exception to this general principle is in banking transactions, where the Saudi Arabian Monetary Authority Banking Disputes Settlement Committee may enforce interest provisions.

## Foreign Investment Law

Foreign investment in the KSA is regulated by the Foreign Investment Law and all foreign investors in the KSA must have a licence issued under this law. The KSA Government has established the Saudi Arabian General Investment Authority (SAGIA) which is intended to be a 'one-stop shop' for foreign investors. This agency operates business centres throughout the Kingdom which have representatives from various Government entities and are intended to facilitate the legal and permitting process for foreign investors.

## Setting up a company

The World Bank puts KSA in 10th place for ease of setting up a business, which involves three procedures. Realistically, it takes around eight months to establish a company and to complete all of the documentation. The time calculated may not include the research needed beforehand.

In recent years, the KSA administration has made starting a business easier by bringing together representatives from the Department of Zakat and Income Tax and the General Organisation of Social Insurance at the Unified Centre to register new companies with their agencies. It has also simplified formalities for commercial registration in recent years, and reduced registration fees by 80 per cent.

A standardised company based in Riyadh, for example, would take the legal form of a limited liability company and requires start-up capital of 10 times GNI per capita. No paid-in minimum capital is required, although in practice there are certain levels of capital established in various business sectors.

Different entity structures encounter different legal requirements. In general, you should consider the following key areas:

- When your company arrives in the KSA first, you may look at a representative office, moving on to a more permanent branch as work builds up
- The advantage is that your company retains 100 per cent control of this entity
- After that, the more permanent entity is a limited liability company
- Don't commit to a permanent presence in the KSA until you have work contracts
- A LLC requires the involvement of a local partner who holds 51pc of the share capital
- In the KSA it is possible in certain sectors to get 100pc foreign ownership (see the Ernst & Young guide elsewhere on the Enterprise Ireland website for more details)

## Regulations for importers

The Kingdom of Saudi Arabia is a member of the World Trade Organisation (WTO). Companies looking to export goods to the Kingdom must complete a Certificate of Origin, and the Joint Arab-Irish Chamber of Commerce ([www.jaicc.ie](http://www.jaicc.ie)) can help with this. These documents effectively act as a passport for goods entering the KSA and they apply to almost all products with some exceptions such as software, and services. The necessary certificates (samples are available in the Appendix) must be obtained from and certified by the JAICC in Dublin and if required, the JAICC can organise legalisation through the Saudi Embassy in Dublin. For now, this is mostly a paper process although there are moves to introduce electronic documents. The JAICC will advise and help you follow the procedures that will help your goods make their way through customs more efficiently, as it can be an expensive process if your goods are held in customs because your documents are not filled out correctly. Supply of goods and equipment to anywhere in the GCC region is subject to a 5 per cent customs duty.



## Tax

One of the most common misconceptions about the Gulf is that it is a tax-free environment, but this is not the case. Saudi Arabia has a tax system. Below are some points to consider, and a more detailed guide provided by Ernst & Young covering the latest developments in the KSA's tax and zakat system is included elsewhere on the Enterprise Ireland website. Since May 2011 there is a Double Taxation Agreement in place between Ireland and the Kingdom of Saudi Arabia.

- In the KSA, residents are not subject to income tax. Non-Saudi residents engaged in business activities pay personal income tax, which is the same rate as companies (currently 20 per cent)

This covers:

- A resident who does business in the KSA
- A partner in a resident partnership (personal company)
- A general partner in a resident company limited by shares
- Only business income earned by individuals is taxable – there is no tax on employment income
- Business and professional income is taxed in the same way and under the same rules as corporate profits. Individuals not carrying on a business or professional activity are not taxed on interest and dividend income
- Saudi individuals or nationals of Gulf Cooperation Council states who conduct business in the Kingdom in commercial goods are subject to an Islamic Tax called 'Zakat'
- Zakat is an Islamic direct tax on property and income and is levied at a flat rate of 2.5 per cent
- If your company's work in the KSA is short-term in nature and much of the support work is carried out from Ireland, you may not need commercial registration
- In that situation, fees received for your work will be subject to withholding taxes
- If you plan to operate on a more permanent footing, you must have commercial registration
- When you have a commercial registration, you should also register for tax purposes
- The KSA has a modern tax environment – you will need to file tax returns on a self-assessment basis and those tax returns will be subject to audit by the tax authority
- Your taxes will be paid on the basis of your tax return. That tax return must be audited by a registered auditor in that country and then, at a later date, the tax authority will review those submissions
- Standards of tax review in the KSA would be similar to Ireland, albeit that everyone is audited, unlike in Ireland where it is random. This is not a complex process but it is rigorous.



#### NEED TO KNOW

Once you trade in the Kingdom of Saudi Arabia, particularly if you are supplying goods or equipment and then installing and servicing those goods, for tax planning purposes you may want to make a distinction between supply revenues and service/installation revenues. In this case, you may be able to ensure supply revenues would be exempt from tax, subject to your contracts being structured so as to identify them separately. In cases where customers do not wish to deal with two contracts, you should include a very strict separation of fees in the appendix of the contract, describing the scope of work, and identifying the revenues pertaining to each part.

## Exchange controls

There are no exchange controls in the KSA.



#### NEED TO KNOW

Generally speaking, you can remit any income you earn back to Ireland from the KSA. There is no risk of trapped currencies. You can buy all currencies, convert into euro or sterling and any funds you hold in the region can be remitted to Ireland without any barriers. The Saudi Government has strict controls over money laundering and there are provisions against this, with which all banks must comply.

## Immigration/visa

The Kingdom of Saudi Arabia operates a visa system, which must be obtained in advance and can take time to process. You must be invited by a sponsor company to visit the country. The Joint Arab-Irish Chamber of Commerce or Enterprise Ireland can assist you with this process.

- The Department of Foreign Affairs and Trade strongly recommends that you obtain comprehensive travel insurance to cover all overseas medical costs before travelling to the KSA
- Check any exclusions, and that your policy covers you for the activities you want to undertake
- Travellers should ensure their passport is valid for at least six months from their intended date of departure
- Your passport must not contain any reference to travel to Israel
- If you intend to obtain residence for a member of staff, you must register that employee's contract with the Ministry of Interior for a residency permit to be issued
- It's worthwhile investing in two passports if you intend to travel to the KSA frequently, so that you have one for general travel and the other for submitting a visa application
- Ensure you have two blank pages in your passport to leave space for your visitor visa for the KSA.



#### **NEED TO KNOW**

The Saudi system is strict on allowing immigrants to enter the country, particularly for longer-term working visas. The Saudisation process calls for priority to be given to local, often young employees, so you may be obliged to show that you or your organisation have specialist skills. Depending on the sector, different ratios will apply for the percentage of Saudi nationals you must employ.

# GROWTH SECTORS



## 6. Growth Sectors

*“The region is still hungry for technology transfer. They’re looking for expertise and they’re looking for companies with good credentials in project management and in execution of projects. They tend to look at expatriates for managing most of their major projects.”*

Finbarr Sexton, Partner, Tax Advisory, Ernst & Young

### Introduction

The KSA’s economy is showing many positive fundamentals in 2012. Buoyed by high oil prices, Government spending is set to be substantial and expenditure on non-oil projects is expected to be 7 per cent higher than in 2011. Standard Chartered revised its GDP growth forecasts for the KSA upwards to 4.7 per cent from 2.9 per cent. Health, education and transport look set to be the chief beneficiaries. As the largest spender in the Gulf, the KSA can provide solid customer reference sites for Irish companies that will allow them to expand elsewhere in the region. Here is a brief outline of some of the main sectors of interest.

### Healthcare

The KSA’s healthcare system has been allocated \$23.1 billion for 2012, which covers 17 new hospitals, in addition to the 130 under construction. Demand for medical facilities is being driven by a rapidly increasing population, and public spending on healthcare is trying to meet this growth.

### Construction

The KSA’s four new integrated Economic Cities – King Abdullah Economic City, Prince Abdul Aziz bin Mousaed City, Knowledge Economic City and Jazan Economic City – are already planned and under construction. When completed, it’s anticipated they will be home to as many as five million residents. According to the SAGIA agency, the entire project will cost upwards of \$60 billion and is intended to promote economic diversification and create job opportunities. Some Irish companies are already winning business in parts of these projects. Other infrastructure projects include a rail link connecting Mecca and Medina, the expansion of several airports in the Kingdom and the building of almost 4,000km of roads.

### Education and training

The KSA’s 2012 budget has \$45 billion allocated to the education sector, including 742 new schools and 40 new colleges. In addition, the Saudisation process for upskilling local labour is likely to create demand for training and education programmes across a range of sectors.

### ICT

A report by Saudi Arabia’s Communications and Information Technology Commission (CITC) said the volume of spending on the ICT services in the Kingdom rose to SR83bn in 2011 – an average annual growth rate of about 14 per cent stretching back to 2002. Spending on ICT products and services is forecast to rise by more than 10 per cent in 2012, driven mainly by expected strong growth in demand for smart phones, high-speed networks, interactive applications and implementation of Government projects.

# SELLING TO THE GOVERNMENT IN THE KINGDOM OF SAUDI ARABIA



# 7. Selling to the government in the Kingdom of Saudi Arabia

## Introduction

Moves are underway to liberalise some sectors of the market, but for now much of the KSA's economy remains under Government control. As such, many Irish companies doing business there are likely to find themselves dealing with the State at some point. In this section we briefly outline the Government structure in the Kingdom and offer advice on successfully working with the country's public procurement system.

Government policy is focused on social programmes and infrastructure and is set to see increased spending in several key areas over the coming years. Recent reports suggest spending is likely to exceed the original allocated budgets, in a country that is already the Gulf's most active market across a number of sectors.

## Structure

The Kingdom of Saudi Arabia is a monarchy based on Islam. The Government is headed by King Abdullah bin Abdul-Aziz Al Saud, Custodian of the Two Holy Mosques, who is also the military's commander-in-chief. The King appoints a Crown Prince to help him with his duties. The Crown Prince is second in line to the throne.

The King governs with the help of the Council of Ministers. Also called the Cabinet, this comprises 22 Government ministries, including foreign affairs, education and finance. The King is also advised by a legislative body called the Consultative Council (Majlis Al-Shura) which proposes new laws and amends existing ones. It consists of 150 members who are appointed by the King for four-year terms that can be renewed.

The Kingdom is divided into 13 provinces, each with a governor and deputy-governor. Every province has its own council that advises the governor and deals with the development of the province.

### Tips for exporters

- Local partners are mandatory for working with the Government in the KSA
- Personal relationships are key to doing business in the KSA
- Bidding for work at a National Government level can be a slow process
- You may deal with several layers of government before meeting the key decision-maker
- There is no central tendering body in the KSA – every Government agency has full authority to issue contracts
- Large Government departments keep their websites up to date and these can be useful sources of information
- Independent sites such as the Middle East Economic Digest ([www.meed.com](http://www.meed.com)) publish daily tender information and news of contract awards

- Government Tenders and Procurement Law is a very significant law and, along with the implementing regulations, this governs all contracts with government entities in the KSA
- Under this law, all contracts over a certain value with KSA Government entities shall be in approved standard form contracts
- Construction contractors must have full and careful regard to the Saudi Building Code which includes 800 pages of detailed requirements including architectural; loads and forces; soil and foundations; concrete structures and steel structures.



#### **NEED TO KNOW**

While all bidders are to be treated on an equal footing according to Article 3, subject to the Foreign Investment Law, the Procurement Law and the other regulatory instruments expressly support the KSA economy and local industry by giving priority to nationally manufactured goods, products and services. Bids must state their position on this issue clearly, and contractors are to give preference wherever possible to Saudi products and services when preparing bids in response to tenders.



# HOW ENTERPRISE IRELAND CAN HELP YOU SUCCEED IN THE KINGDOM OF SAUDI ARABIA



## 8. How Enterprise Ireland can help you succeed in the Kingdom of Saudi Arabia

Enterprise Ireland is committed to assisting clients in entering new markets and expanding business in current markets. A team of experienced marketing professionals in Enterprise Ireland's overseas network of over 30 offices is ready to help.

### Pre-Visit Support

We can provide

- A sector overview
- A validation of the opportunity for your product/service
- An evaluation of your market entry strategy
- Suggested channels to market
- Competitor analysis
- Relevant contacts/suggested itinerary
- Summary of relevant market information resources.

### In-Market Support

Services available include:

- Scheduled appointments with market contacts including Government
- Office facilities/sales incubator units
- Facilitation of buyer visits to Ireland
- Product launches/workshops at Enterprise Ireland offices/Irish embassy/consulates
- Networking opportunities at events held at EI offices, or the Irish embassy in the Kingdom of Saudi Arabia
- Public relations support and press release service
- Trade fairs/trade missions
- Market development support to access new regions/sectors in the KSA
- Introductions to local development agencies for setting up in the KSA and third-party professional service providers including legal, marketing/PR and recruitment services.

## Access to External Expertise and Advice

Enterprise Ireland has built up an excellent network of international mentors in the KSA who are available to work on a one-to-one basis with Irish client companies on developing their business. The role of the mentor is to listen and advise, to suggest options, and help you to prioritise opportunities. The mentor gives you a fresh and objective perspective that is backed by significant in-market experience – while you remain in the driving seat.

Depending on your individual requirements, mentors can advise you on all key areas of company development, including:

- Targeted sales and marketing
- Staff development and team building
- Expansion into new export markets
- Better management and financial systems
- Improved production and logistics
- Attracting outside investment
- Strategic business planning
- Management succession.

## Ministerial Events

Throughout the year Enterprise Ireland organizes a number of initiatives led by Government representatives, including trade missions, trade shows, buyer lunches, press conferences, etc. These ministerial events are excellent opportunities for your company to be profiled for customers and the wider media.

## Financial Assistance

Enterprise Ireland client companies may be eligible to receive financial assistance with the cost of researching or travelling to the target market. For more information, speak with your Development Adviser.

## DISCLAIMER

Information in this publication is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice. Enterprise Ireland accepts no responsibility for any loss arising from any action taken or not taken by anyone using this material. Readers are encouraged to consult with professional advisors for advice concerning specific matters before making any decision.

This report was compiled between February 2012 and May 2012.

# Appendix I

## Contacts in the Kingdom of Saudi Arabia

### Enterprise Ireland

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E-mail: [Daniel.Cunningham@enterprise-ireland.com](mailto:Daniel.Cunningham@enterprise-ireland.com)

## Diplomatic and Consular Information for the Kingdom of Saudi Arabia

### Embassy of Ireland

Diplomatic Area  
PO Box 94349  
Riyadh 11693  
Kingdom of Saudi Arabia  
Fax: +966-1-488-1094  
Phone: + 966 1 488 1383  
Fax: +966 1 488 1094  
Web: [www.embassyofireland.org.sa](http://www.embassyofireland.org.sa)

## Contacts in Dublin

### Enterprise Ireland

High Growth Markets – Kingdom of Saudi Arabia  
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East Point Business Park  
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