

# Sector-specific opportunities

There are abundant opportunities for UK business to get involved in sectors such as energy, renewables, construction and infrastructure, retail, transport, biotechnology, healthcare, education, IT, project management, financial services and many others.

## Research

You should carry out as much market research and planning as possible before exporting to Saudi Arabia using both desk research and visits to the market. You need to determine if there is a market for your product or service and whether your pricing is competitive.

## Key regions for business

### Riyadh

The name Riyadh comes from the Arabic word meaning “meadow”. Although there does not seem to be much greenery around today, before the development that has taken place over the past 30 years, Riyadh was one of the few green areas amid the vast desert.

The Saudi capital is strategically located at a major crossroads of the continents of the world, at the heart of the Kingdom and the eastern part of the Arabian Peninsula, 600 m above sea level.

Today Riyadh is a modern Arab metropolis, home to around 6 million people, but only a hundred years ago it was a dusty walled town with around 20,000 inhabitants. It became the capital of the Kingdom in 1932 when the country was founded. Its growth since then has been phenomenal, thanks mainly to the recent petroleum-fuelled development boom. Much of the city is less than 30 years old.

Today, although there are only two real skyscrapers – the Kingdom tower and the Al Faisaliah Centre – more and more high rise towers are springing up with five lane highways cutting through the city. The King Abdullah Financial District, with its many high rise buildings and modern aesthetic design was completed and functional in 2015, setting the contemporary skyline for modern Riyadh. An ambitious metro system is also under development to reduce traffic congestion.

### Eastern Province

The Eastern Province, with a population of around 4 million, is located along the Arabian Gulf Coast. The capital of the region is Dammam, which was originally a fishing village and is now the largest city to the east of Riyadh and the second largest

port. Dammam is a hub for commodity trading, wholesale trade and bulk retail sales. There is also some local agriculture with a focus on livestock and dairy products.

Dammam is surrounded by sprawling development, including the nearby cities of Al Khobar, Dhahran, Jubail, Hofuf (said to be the world's biggest oasis), and Abqaiq (a major oil centre through which 60% of Saudi oil production passes). The King Fahad Causeway, completed in 1986 connects Al Khobar in Saudi with neighbouring Bahrain.

The Eastern Province has been dominated by the development of the oil industry since 1933 and latterly by the petrochemical industry since the early 1980s. It is home to the world's largest proven, recoverable reserves of oil and gas, conservatively estimated at 260 billion barrels and over 200 trillion standard cubic feet respectively. The Ghawar Field southwest of Dhahran stretches 280 km by 25 km and is the largest onshore field in the world; while the world's largest offshore field, Safaniyah, lies some 200 km north of Dhahran.

Jubail Industrial City, 120 km to the north of Al Khobar, has seen investment of around US \$15 billion in less than 30 years and is now rated as the world's largest, fully integrated and most modern petrochemical city. Saudi Basic Industries Corp (SABIC) is the world's fourth-largest petrochemical company, and operates 15 of its 17 manufacturing subsidiaries in Jubail. Further expansion in Jubail is expected to attract a further £30 billion worth of investment, creating 55,000 new job opportunities.

In addition to massive oil and gas storage and loading facilities at Ras Tanura and Juaymah on the East Coast, there are two modern bulk cargo and container ports, with a total of 64 berths, at Dammam and Jubail, plus King Fahd Industrial Port to serve the petrochemical industries in Jubail. Dammam is also the headquarters of the Saudi Railways Organization, the Saudi Fisheries Company, and the GCC Interconnection Authority, with the remit to develop a Gulf-wide power grid.

Ras Az Zour Port is a new minerals industrial city on the Gulf coast. This multi-billion dollar city mainly serves the growing mining industry which is a major contributor to the Saudi economy. The seaport city's main activity is exporting alumina and aluminium, importing raw materials as well as serving the Phosphate Project for its exports and imports. An independent service company operates the port as well as the city's infrastructure, and a 2,400 km long railway linking the mining sites with the port has also been built.

## **Jeddah**

Jeddah, located on the Red Sea coast, is the second largest city in Saudi Arabia, and has been a port and trading city for centuries. It is the Kingdom's commercial capital, and is the main port of the Kingdom, responsible for half of the country's sea traffic. Jeddah is also the hub through which most Muslim pilgrims arrive by air and sea to perform Omrah and Hajj or to visit the two Holy Mosques in Mecca and Medina.

Thanks to its air, road and sea transport links and trading history, it has become one of the more ethnically diverse cities in the Kingdom.

Jeddah was originally very small, but spread rapidly during the 20th century. The city's corniche now stretches along the coast for 20 km and Jeddah sprawls over more than 1,500 km<sup>2</sup>. The population is around 4 million and it is considered to be one of the wealthiest cities in the Middle East. Many leading companies such as the Saudi Binladin Group and Saudia have their headquarters in the city.

Jeddah Municipality announced its plans to give the city a facelift, with 86 major projects at a total cost of some US \$600 million. The projects include the study and design of tunnels and bridges at intersections. The municipality has also prepared a list of some other 100 projects in the municipality's 20-year development programme. Some of these projects will be delivered under the Public-Private Partnerships (PPP) and others under build, operate and transfer (BOT) programmes.

Other projects in Jeddah include the Eastern Forest project, construction of bridges and tunnels at 12 intersections, rainwater drainage projects (worth more than US \$122 million), sewerage water projects (over US \$200 million), upgrading of the King Abdulaziz International Airport (costing about US \$5 billion), the Jeddah Islamic Port development projects (about US \$200 million) and the new King Abdulaziz International Airport (costing about US \$7.2 billion), Jeddah Metro (about US \$6 billion) and what will be the world's tallest building, the Jeddah Tower, formerly Kingdom Tower (estimated to cost about US \$1.5 billion).

DIT's trade specialists can help you identify local representatives for your products in Saudi Arabia. See: <https://www.gov.uk/overseas-customers-export-opportunities>.

DIT provides free international export sales leads from its worldwide network. Find export opportunities in Saudi Arabia at: <https://opportunities.export.great.gov.uk/>.

### Government tenders in Saudi Arabia

Foreign companies present in Saudi Arabia are permitted to bid for government contracts independently of a local agent, although their chances of success might be better if they submit a joint bid.

Foreign suppliers to the government, if not already registered to do business in Saudi Arabia, are required to obtain a temporary registration from the Ministry of Commerce and Investment within 30 days of contract signing.

Companies interested in bidding for a government tender must make themselves known to the specific government agency/ministry offering the project.

There is no central tender board in Saudi Arabia. However, the Saudi Government and Procurement Law affirms that all government bids will be announced in the official gazette Umm al-Qoura (in Arabic), in two local newspapers, and online. The Ministry of Finance operates a central government procurement portal where all government tenders are listed.

If you choose to have your tender bids submitted by a domestic company or consultant, you can check with DIT in Saudi Arabia first, at: <https://www.gov.uk/world/organisations/department-for-international-trade-saudi-arabia#contact-us> for assistance and information about third-party advisers.

Saudi Arabia is a high-growth market, which offers significant opportunities for UK companies across a range of sectors. Record oil revenues have allowed the Kingdom to increase public spending on infrastructure and welfare. This includes major projects in:

- power
- water
- oil and gas and petrochemicals
- communications
- transport
- mining
- construction
- social infrastructure (including healthcare and education)

These High Value Opportunity (HVO) projects will make up an estimated US \$1,000 billion of investment over the next 20 years. In addition to the HVO projects there are many opportunities in the construction, security, financial services and retail sectors.

*[Source – DIT/gov.uk]*

## Airports

New terminals in Riyadh, Jeddah and 33 other airport development projects all provide major opportunities for UK companies.

The UK is seen as a prime source of knowledge and support for this programme.

Contact the Department for International Trade (DIT) Jeddah for more information on airport and general transport opportunities.

*[Source – DIT/gov.uk]*

## Education

Saudi Arabia is investing heavily in the public education sector, particularly in further education and vocational training. Saudi Arabia represents the biggest education industry in the region.

Opportunities for the UK education and training sector include:

- teacher training and development
- curriculum development
- developing kindergartens
- Special educational needs (SEN)
- hospitality and tourism/hospital management/logistics management/healthcare training
- marine training/International Maritime Organization (IMO) accreditation

Contact the Department for International Trade (DIT) for more information on education opportunities.

*[Source – DIT/gov.uk]*

## Healthcare

The £60 billion healthcare development programme will lead to large scale investment in:

- infrastructure
- workforce
- systems development

Opportunities for UK companies include:

- commissioning of facilities and clinical services
- training for nursing staff and Accountable Health Partnerships (AHPs)
- design and construction of smart hospitals and health centres
- health centre equipment
- ICT
- facilities management
- delivery of clinical services

Contact the Department for International Trade (DIT) for more information on healthcare opportunities.

*[Source – DIT/gov.uk]*

## Nuclear

Saudi Arabia will invest US \$100 billion in 16 new reactors over the next 20 years.

Opportunities for UK companies include:

- project management
- engineering and technical consultancy
- legal advice
- regulatory and licensing consultancy
- skills and training
- local capability building
- uranium enrichment

Department for International Trade (DIT) Al Khobar for more information on nuclear sector opportunities.

*[Source – DIT/gov.uk]*

## Railways

The total project value of the railways development programme is likely to exceed £14 billion. The Saudi Railways Organization (SRO) has an ongoing requirement for material, equipment and service providers. See: <https://www.saudirailways.org/sites/sro/Pages/home.aspx>.

There are additional opportunities for light rail systems in Jeddah, Mecca and Riyadh.

There are opportunities for UK companies throughout the supply chain.

Contact the Department for International Trade (DIT) for more information on railway and general transport opportunities.

*[Source – DIT/gov.uk]*

## Red Sea natural gas

Saudi Aramco plans to exploit natural gas reserves during this decade off the Red Sea coast to support increased domestic demand. This will involve the use of deep water technologies for drilling below 1,000 m. US \$25 billion capital expenditure is expected.

This programme offers opportunities for UK engineering and service companies with experience in deep water regions, such as the North Sea.

Contact the Department for International Trade (DIT) for more information on natural gas opportunities.

*[Source – DIT/gov.uk]*

## Sadara Petrochemical project

A joint venture between Dow Chemicals and Saudi Aramco will establish a major petrochemical complex. The complex from this US \$20 billion development programme is producing:

- 1.3 million tonnes per year of ethylene
- 400,000 tonnes per year of propylene

Although the 'first stage' of this project was completed in 2015 there are still opportunities for UK firms involved with engineering and procurement. UK Export Finance (UKEF) has signed a finance guarantee of £450 million for UK companies involved.

Department for International Trade (DIT) Al Khobar for more information on petrochemical opportunities.

*[Source – DIT/gov.uk]*

### Urban transport projects

Five major cities have developed public transportation master plans. These are at various stages of planning and implementation. They involve development of major rail networks, including tram, monorail, light rail and metros.

The UK has established capability in the planning and implementation of mass urban public transit systems. Major opportunities exist in exports of consultancy, products and services.

Contact the Department for International Trade (DIT) for more information on transport opportunities.

*[Source – DIT/gov.uk]*

### Water

The £30 billion water and wastewater upgrade programme is made up of a number of projects that will be undertaken between 2012 and 2020. These include:

- building 20 new desalination plants
- new sewerage treatment plants

Contact the Department for International Trade (DIT) for more information on water and wastewater opportunities.

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## Case Study



## Education



## Shipping/Logistics



## Case Study



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