

Doing Business in the Saudi Arabian Market – a guide to exhibiting in the Kingdom



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Introduction

- Saudi Arabia is a country full of actual and potential business and investment opportunities. However, it should be noted that the Saudi Arabian market is highly competitive and business transactions take place on the basis of quality and cost.
- Exhibitions provide an extremely effective vehicle from which to approach the vast Saudi Arabian market. To ensure that the right lines are exhibited, adequate preparatory market research is crucial.
- Selecting a suitable event is important, and obtaining professional support from the organiser is even more so.
- Going it alone is possible but not advised. There are restrictions on what can be imported into the Kingdom, plus various legislative stipulations and procedures to be followed. There is no substitute for a professional support team working behind the scenes and guiding you through the procedures.
- As with any participation, preparation is the key to a rewarding event and return on investment. It's highly advisable to follow the recommendations of the organiser as set out in the event manual, as these include specific requirements for individual exhibitions and make participation as straightforward as possible.
- The manual covers all details for participating in the event including visa requirements, freight forwarding and legalities, as well as stand specifications, lighting, furnishings and special decorations.
- Manuals include forms for most exhibitor requirements and most organisers offer an online process that makes the process even easier.
- Event material, displays and exhibits need to arrive in the Kingdom at least four weeks before the exhibition.
- There must be no references to the State of Israel, alcohol or any other religion other than Islam in any literature intended for use in the Kingdom. The consequences are that it may get no further than customs.
- Promotional material must conform to the Kingdom's moral code and it is best advised to check with the organiser or preferred freight forwarder first.
- It is advisable to work with Reed Sunaidi to maximise publicity of your participation. They will have planned a targeted campaign and adding your marketing activity to it will maximise returns.
- Visas can be obtained for an event for exhibition staff only and not for visitors - it's important to ensure that male staff can be made available for the exhibition as visa applications for females are often more challenging to obtain. It is possible however to obtain them by working closely with Reed Sunaidi, as they have a well-connected local partner based in Saudi Arabia.

- If in doubt about anything to do with the event, it is advisable to consult Reed Sunaidi or their appointed contractors as they operate on the basis that your success is their success.

Doing Business in Saudi Arabia

Concerted efforts have been made to redefine the Saudi economy, and now Saudi can boast diversification rather than geographical serendipity as its headline act. It's all reforms and liberalisation, and for foreign investors this means entry-options aplenty. Energy, finance, education, construction, environment, ICT, and consumer goods are just a handful of sectors that are susceptible to investment.

Why do business in Saudi Arabia?

Saudi Arabia has not been affected by any regional turmoil. It has instead remained stable, and investors still view it as an extremely attractive place to do business.

The Saudi Riyal is one of the world's most stable currencies, and there have been no significant changes in its exchange value during the last three decades.

The key reasons for investing in the Kingdom, given by the Saudi Arabian General Investment Authority are:

1. Saudi Arabia is ranked 4th globally for 'fiscal freedom' and 7th for the most rewarding tax system in the world according to the World Economic Forum
2. The Kingdom has the 7th freest labour market in the world according to the World Economic Forum.
3. It is one of the world's 25 largest economies and the largest economy in the Middle East and North Africa Region – MENA
4. The Kingdom is one of the world's fastest growing countries per capita income – this is expected to grow to \$33,500 by 2020
5. It is the largest free market in the MENA region
6. Saudi Arabia represents 25% of the total Arab GDP
7. It has 25% of the world's oil reserves
8. The Kingdom is 11th out of 181 countries for overall ease of doing business, according to the World Bank's Doing Business report 2011
9. It is the largest recipient of foreign direct investment in the Arab world

The performance of both Saudi Arabia and MENA's economies have exceeded world growth. Meanwhile, Saudi's non-oil sector has delivered accelerating growth rates as the economy diversifies.

Saudi Arabia's economy ranks 6th in the world for macroeconomic stability as a result of "a healthy fiscal environment, relatively low interest rates, and inflation that has been kept under control."¹

Being one of the world's Top 10 most competitive economies makes Saudi Arabia the perfect investment opportunity, as it is the world's fastest reforming business climate.²

In addition to the availability of an advanced and continually upgraded infrastructure, the following factors facilitate foreign investments in Saudi Arabia:

- Free entrepreneurial spirit, respect for private ownership and an energetic private sector
- Availability of capital, convertibility of the Saudi Riyal to hard currencies and stability of exchange rate
- Protection of trademarks, patents and copy rights
- Absence of controls on capital movement and repatriation of profits
- Availability of an advanced and excellent banking system
- A liberal tax system

Getting into Saudi Arabia

Advance visas are required for all foreigners wishing to enter Saudi Arabia. The only significant exception is citizens of the Gulf Cooperation Council nations.

Saudis prefer not to grant visas to unaccompanied women, but work permits are common in some fields — especially nurses, teachers, maids — and possible for anyone if your sponsor has enough connections. As a female traveller to Saudi Arabia however, you are more likely to obtain a visa if you are older and you are married.

All business travellers require a business visa for entry into Saudi Arabia. Business visas are issued to the following individuals: business people, investors, representatives of companies, managers, sales managers, sales representatives, accountants, production managers, administrative managers, and consultants.

Visitors to Saudi Arabia who arrive on business visas also require an invitation from a local sponsor that has been approved by the Saudi Chamber of Commerce. In this case, the local sponsor is Reed Sunaidi, who will issue you with an invite letter. You then need to take the letter along with your passport to the Saudi embassy or consulate in your country. If you would like to access the list of relevant embassies and consulates, please email naomi.barton@reedexpo.ae for further information.

Once this invitation is secured and certified, the actual process of issuing the visa is relatively fast and painless, taking anything from one day to two weeks.

¹ Saudi Arabian General Investment Authority, www.sagya.gov.sa

² mile – Madinah Institute for Leadership & Entrepreneurship, www.mile.org

Importing into Saudi

The following is an indication of the documents required for importing goods into Saudi Arabia. This list is subject to change so please consult the Ministry of Commerce Website for up to date details - www.mci.gov.sa

- Certificate of Origin authenticated at a local Chamber of Commerce and translated into Arabic
- Saudi Arabian Customs Invoice (in triplicate) - this is required by the majority of imports entering Saudi Arabia (except those of low pecuniary value)
- An authenticated invoice (in triplicate), clearly stating the country of origin, name of the carrier, brand and number of goods, and a clear description of the goods, including weight and value
- A bill of Lading
- Insurance documents if shipments are sent. Original documents must be accompanied by an Arabic translation
- Saudi Arabian Standards Organisation (SASO) Certificate of Conformity, issued by an approved certification body. For further information on how to obtain this certificate please contact Reed Sunaidi's official freight company DB Schenker. The contact person is Edward Gillo, and his number is +971 4 2956111 or you can email edward.gillo@dbschenker.com.

Import Controls

There are many goods which you are not allowed to bring into the country. These include weapons, alcohol, pork, pornographic materials and many others. There are also some products which require approval and/or registration, for example; pharmaceuticals, wireless equipment, veterinary medicines, pesticides, and military uniforms. To ensure you don't bring anything into the country which is restricted or prohibited, please get further details from your relevant embassy in Saudi Arabia.

Customs and Regulations

Customs tariffs on most imported goods is 5%. There is also a protective tariff of 12 or 20% on some imports to support some national industries. Saudi Arabia has been implementing the Brussels Harmonised Commodity Description and Coding System (H.S.) since 1991. For more information on Saudi customs, please check the web site of the Saudi Customs Office at www.customs.gov.sa

Getting Exhibits into Saudi Arabia

The following information is a brief guide on how to make exhibiting in Saudi Arabia easy. Follow these general rules and you shouldn't have any problems getting your freight into the Kingdom.

- Firstly, always use the recommended forwarders in your country. They have been recommended to you as they all have extensive knowledge about sending exhibition freight into Saudi Arabia
- Goods without a Certificate of Origin CANNOT be cleared in Saudi Arabia, speak with your local Chamber of Commerce about obtaining one
- ALL goods MUST have a serial number and country of origin EMBOSSED on them or attached with a PERMANENT sticker that cannot be removed
- If you intend to ship electrical items and or components, please note that these could be subject to SASO Certification. The Chamber of Commerce at origin will be able to inform you of the requirements. Should your items arrive in Saudi Arabia without this certification it will have to be transferred to the Saudi Customs Laboratory for testing. This takes weeks to complete and is VERY expensive
- Catalogues, Brochures and Literature will be referred to the Ministry of Information for verification and screening. DO NOT SEND any material showing women, women at work, alcohol or pork produce
- Completing customs clearances in Saudi Arabia is a very delicate and time consuming exercise, so to avoid disappointment please adhere to the arrival deadlines. Please note that customs in Saudi Arabia only work from 8am – 2pm Saturday to Wednesday
- There is NO temporary importation into Saudi Arabia for Exhibitions, all cargo MUST be cleared on a permanent basis by paying customs duties outright, these range depending on product from 5% CIF – 22% CIF. Please take this into consideration when deciding on what is to be shipped
- Event material, displays and exhibits need to arrive in the Kingdom at least **four weeks** before the exhibition

Patents/Trademarks/Copyright

The Saudi Arabian General Investment Authority - www.sagia.gov.sa - has all the up to date details regarding patents, trademarks and copyright laws within the Kingdom. The Acts and Laws relating to each can be found under 'Investment Climate, Some things you need to know, Laws'.

The Ministry of Commerce is responsible for providing protection for trademarks and also has information on their website about what can and cannot be protected - www.mci.gov.sa

It is also worth noting that not all Middle Eastern countries offer this security, nor do they have any major copyright laws, so Saudi is fairly special in terms of providing this.

Local representation

Saudi law does not require foreign companies to appoint a commercial agent to do business in the Kingdom. Companies can make direct sales to the private sector from outside Saudi Arabia. But in practice, appointing an agent or distributor is the most common procedure for companies wishing to enter the Saudi market. Virtually all government purchasing is conducted by local tenders and in the majority of cases only Saudi Arabian companies may bid. Foreign companies need a Saudi agent to bid for Saudi government tenders. The relationship between a foreign contractor and his Saudi agent is regulated by the Ministry of Commerce. (www.commerce.gov.sa)

Key Region for Business - Jeddah

All of the Reed Sunaidi events that currently take place in Saudi Arabia are currently based at the Jeddah Centre for Forums & Events. 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. 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.

Top Tips for successful business in Saudi Arabia

Tip 1: All aspects of life in Saudi are governed by an absolute belief in the teachings of Islam and an adherence to its tenets. No business deal will ever be discussed without reference to the Almighty and His Prophet Mohammed

Tip 2 It goes without saying that the utmost respect must be given to such devoutly held religious beliefs and accommodations made to allow people to observe religious rituals of prayer and fasting

Tip 3 As all things emanate from the will of Allah, a degree of fatalism and acceptance are inherent in the Saudi character. Things will or will not happen according to the will of God and not because of the actions of man. The meeting will take place tomorrow at nine o'clock - God willing

Tip 4 Business is usually family-based with all senior positions filled by family members. Nepotism is the natural order of things and not something that needs to be explained to visitors

Tip 5 This family-orientation leads naturally to the development of strong hierarchies with the oldest male relatives being at the head of the organisation

Tip 6 Age is worthy of respect and honourable visitors will display respect to older people - therefore it is good to have some older heads amongst any delegation going to Saudi

Tip 7 Try to find out the relationship tree of any company you wish to do business with. Power may not reside with a functional head if that head is not a family member or has poor relationships at the top

Tip 8 Managers tend to lead through instruction and subordinates are not expected to show initiative. If is not requested, it may not get done

Tip 9 Meetings can involve sitting in rooms with unknown people who are simultaneously meeting your contact. In effect, several meetings may take place at the same time

Tip 10 Initial meetings can be very time-consuming and appear to deliver very little in terms of tangible returns, but patience will often pay off, leading to business transactions later

Tip 11 Time is very flexible and meetings may start very late and last for many hours, so it may be best not to schedule a series of meetings on the same day

Tip 12 Teams work well if birth or kinship associates everybody in the team. Teams of strangers rarely gel effectively

Tip 13 It is important to offer lavish compliments to your host and that you are prepared to receive them in return

Tip 14 Saudis do not like to say no or deliver negative news. It can be very difficult to fully understand exactly how interested people are in your propositions. Only perseverance and patience will reveal the true picture

Tip 15 Loud and aggressive discourse denotes engagement and interest - not anger or hostility. Do not be frightened or worried if the noise levels in meetings start to grow

Tip 16 Levels of eye contact are very strong and strong eye contact denotes sincerity and trustworthiness

Tip 17 Avoid touching anybody with your left hand or pointing feet at people as both of these are seen as extremely rude behaviour

Tip 18 Do not comment on the political situation in the Middle East or make any adverse comments about the influence of Islam

Tip 19 Women play little or no active role in business life and it can be difficult for women to even get a visa to enter the country on business. However, it can be done providing you have a good Saudi partner who is able to exert influence in this area

Tip 20 Dress conservatively, but very smartly. You will be judged partly on your appearance

What are the other essentials to know?

What is the time difference?

The time in Saudi Arabia is GMT + 3

What is the currency?

Saudi Arabia uses the Saudi Arabia Riyal

Etiquette

The business and cultural environment of Saudi Arabia is highly conservative. Astute readiness, and a fundamental knowledge of the Saudi culture, can make the difference between a successful business deal and a failed negotiation. Conversely it is vital to remember that a wealth of Saudi executives and government officials are familiar with

international culture and customs. They are therefore comfortable with the West's approach to business, provided respect is shown both ways.

Businesswomen in Saudi - conducting business in Saudi Arabia is rather more challenging for women. There is still gender segregation, despite its progression in other areas. Many public places like hotels and restaurants will have communal rooms where women are served with their husbands. It is fairly rare for Muslim men to shake hands with women or adopt the familiar body contact that is common when speaking in the West. This is not exclusive: Saudis familiar with the West may act contrarily.

Religion

No public religious expression is permitted other than that of Islam.

Food and Alcohol.

The import or possession of alcoholic beverages and pork products is not allowed. This is religious law. Offenders are open to penalties.

Public Holidays

The Saudi weekend falls on Thursday and Friday. Public holidays are taken for the two yearly Eid Festivals. During this period, all government and corporate offices are closed.

Communications

The best way to communicate with businesses is by telephone or fax. The use of e-mail is expanding, but it is still not a very reliable method of business to business communication and they often go unanswered. Any postal material should be sent by courier.

Advertising

Marketing has garnered much popularity and momentum in recent years. Helped by the overturn of the ban on television spots, businesses now utilise all the advertising avenues available, including TV, newspapers, trade magazines and billboards.

Transport

Women are not allowed to drive in Saudi Arabia. The best way to get around for men and women is to use a chauffeured car supplied by the hotel or to use taxis. Many local business contacts will be happy to send a car to pick up foreign visitors from their hotel.

Modes of Address

The most common greeting between men is a handshake and the phrase as Salaamu 'Alaykum (peace be upon you). Males sometimes follow this by kissing the right and left cheeks.

It is not normal for women to shake hands with men, unless the man offers his hand first.

Gift Giving

It is not obligatory to give gifts when visiting a Saudi - either at the office or at home - but gifts can be helpful in the relationship building process. When offering a gift, it is likely that the gift will not be opened in front of the giver.

Saudi Arabian Dress Code

Visitors to Saudi are expected to dress in a conservative, smart fashion. Men should wear suits and ties for business meetings, despite the heat and women should wear business suits (not trousers) which leave as little flesh showing as possible. Skirts should be well below the knee and preferably ankle-length. It is also advisable for women to carry a headscarf.

Further information

If you require further information about anything, or there is a topic that isn't covered here, please be aware that you can ask for more detailed information about a variety of topics, including:

- Finance
- Law
- How to operate in Saudi Arabia
- Full list of embassies and consulates with contact details
- Documentation required
- Getting exhibits into Saudi Arabia
- Shipping procedures
- General exhibiting tips and advice
- The A-Z of exhibiting overseas

Please contact Naomi Barton at naomi.barton@reedexpo.ae or telephone +974 554 60924 if you need further help or assistance.

Ultimately, your exhibition organiser should be able to guide and advise you every step of the way should you wish to take advantage of Saudi Arabia's excellent business opportunities and choose to participate in an exhibition there. Reed Exhibitions is the largest exhibition organiser in the world, and you can feel confident that you will receive the care and attention from your event team that will allow you to feel comfortable and safe in the knowledge that they will 'hold your hand' throughout the process, from booking your stand right up to the show itself and beyond.

Saudi Arabia is a land of strong economic opportunities, and for those who are keen to embrace new markets and discover how to grow their businesses, it is an excellent choice in terms of participation at your relevant industry exhibition, as this will help you to achieve growth at a time when the Saudi Arabian economy is booming.