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JEDDAH - SAUDI ARABIA

In just four years the ambitious plan to reshape Saudi Arabia's economy is triggering a strong economic revival in this dynamic coastal city



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JEDDAH SHIFTS INTO HIGH GEAR

STRATEGIC LOCATION AND VISION 2030 HAVE PUT JEDDAH'S REAL ESTATE SECTOR IN THE SPOTLIGHT

Four years ago, Saudis learned that a deep economic shock was on its way and their country, which already was a key player in the global economy, was going to be transformed almost beyond recognition.

Announced by Crown Prince Mohammad Bin Salman in a nationwide televised interview, the ambitious plan known as Vision 2030 is designed to slash the country's heavy reliance on oil, thrust the Kingdom into the 21st century and place it on par with the leading nations of the world in many ways.

The reforms' goals include the initial public offering for the giant state-owned oil company Aramco, moving the Kingdom from being the 19th largest world economy to placing it in the top 15, cutting the jobless rate from almost 12 per cent to 7 percent and raising the country from its current 25th position in the Global Competitiveness Index to be among the top 10.

Other targets are increasing foreign direct investment from almost 4 per cent of GDP to around 6 per cent, boosting the private sector's contribution from 40 per cent to 65 per cent of GDP, and raising the share of non-oil exports in non-oil GDP from 16 per cent to 50 per cent.

But it's not just about the economy. There are also plans to allow women to drive already in effect and boost female participation in the workforce, provide more entertainment options in the Kingdom such as opening cinemas, achieve environmental sustainability, fund cultural projects and attract foreign tourists to the country's stunning Red Sea coast.

Along with the rest of the economy, real estate and construction are recovering in Saudi Arabia as government plans to get citizens to enter the housing market, a rising demand for offices and a number of mega-projects across the Kingdom drive these related sectors.

Under Vision 2030, the official target is to increase local home ownership by 70 per cent over the next decade through an affordable housing programme and regulatory



initiatives to expand the mortgage market.

And Jeddah, the country's second-largest city, is benefitting as it is undergoes a surge in growth from young people who are buying their first home there, lured by the seaside location, a vibrant economy and a more tolerant attitude than much of the rest of the country.

Indeed, residential transactions in Jeddah rose by more than 80 per cent in the third quarter of last year, with that momentum expected to continue in 2020 and beyond.

At the same time, high-end office space and other commercial real estate is benefitting from companies and businesses created thanks to generous government incentives.

While the current situation regarding the Covid-19 pandemic is affecting growth, analysts are confident that Jeddah is well positioned to rebound in the second half of 2020.

Strong Recovery

One veteran company involved in both the residential and commercial real estate sector is integrated property management firm Intimaa which handles a broad range of prestige projects.

And real estate veteran and company CEO Maher Farooq Luqman argues that the city is definitely on a winning streak after the recent downturn.

"I took a look around the northern part of the city recently and I was shocked by the speed of construction going on which signals there is a real recovery. In certain areas rental pricing is 20 to 30 per cent higher than last year with very high demand," he says.

"That's in stark contrast to the challenge of just two years ago. Our own portfolio



MAHER FAROQ LUQMAN

CEO OF INTIMAA

"AS VISION 2030 MADE CLEAR, FOREIGN INVESTORS IN REAL ESTATE ARE VERY WELCOME"

suffered a slowdown with rents declining and vacancies rising," he recalls.

"But the slowdown gave companies, including Intimaa, the chance to restructure, consolidate, cut costs, upgrade and offer new services. To us, 2018 was a healthy wake-up call!"

Intimaa's services include property and facility management, project management, real estate advisory and mall management.

"Our property management services, for example, cover marketing, leasing, collection, upkeep and overall health management to make sure that the client's property leasing is kept up to date," the executive explains.

Its project management team offers a variety of tasks such as providing engineering proposals for the development and improvement of existing buildings based on studies of economic feasibility, and valuation to ensure a profitable rental return for clients.

This department also qualifies contractors, manages the contracts of development contractors and directly supervises their work on site from the start of the project to the handover to the owners.



And for clients looking for help in buying or selling in the Jeddah real estate market, Intimaa prepares studies, offers analysis and consulting services, as well as real estate brokerage services.

"We have a department that specialises in managing regional malls and now have four such properties, including Red Sea Mall, where since 2010 we have handled aspects like marketing, leasing, strategy, collection and others," says Mr Luqman.

"Last year we began concentrating more on what consumers want at the malls we manage and we have had to increase entertainment space which goes along with the government's encouragement of more such activities in the Kingdom so the tenant mix is changing."

The CEO says that he would advise developers and investors to look into income-generating assets related to retail and entertainment, and join in the trend for e-commerce stalls so shoppers can purchase online while at the mall.

"We're seeing platforms where the kids are playing video games while the parents are checking what's available on Amazon.com," he explains. "This is an area of interest for sure."

Looking ahead, Mr Luqman sees what he calls "very positive trends" in the Saudi sector with residential assets quickly recuperating and commercial property on a roll.

"And there is a positive trend in prices in both sales and rents with an aggressive demand across the board. And as Vision 2030 makes clear, foreign investors in real estate are very welcome!"



"AT RED SEA MALL WE ARE ON THE LEAD IN THE NEW QUEST FOR CUSTOMER SATISFACTION"

Entertainment Upgrade

Alrayan A. Gadouri, the General Manager of Red Sea Mall, stresses that foreign tourists will also be welcome at the commercial centre which is embracing Vision 2030's new encouragement of the tourism sector.

"Jeddah has for centuries been a destination for religious tourists on their way to and from Makkah and now with the government opening the Kingdom to leisure tourists we're ready to show both groups a unique experience at Red Sea Mall," he says.

"We have contracts with tour operators handling religious tourists to visit us for shopping and we're in contact with a major cruise line which wants to bring its 4,000 passengers to the mall when their ship is in Jeddah."

This year alone the mall will spend millions of riyals to upgrade its common areas at the mall to heighten the tourism experience as part of its emphasis on providing visitors with entertain-

ment and dining options as well as shopping.

"We opened the first cinemas in Jeddah and we've started to change our tenant mix so there are more food and beverage options," the executive general manager says.

Currently, the Red Sea Mall boasts 49 food court outlets, 19 dine-in restaurants and a number of cafés inside the mall. Some of the international brands doing business there include Applebee's, Nando's, Burger King, Starbucks and many others, along with a wide range of local restaurants providing Arab cuisine.

"And soon we will have Saudi Arabia's largest virtual reality park measuring 3,700 square metres. This is all part of our efforts at providing excellent entertainment facilities for families."

"Our own Vision 2030 is to be recognized as a super regional mall which allows people to enjoy every possible experience whether it's catching a film, having a great meal or spending hours browsing through our shops."

And it appears to be working. Last year, retail sales grew by 20 per cent over 2018 and all indications are that with the economy improving and consumer confidence on the rise, commercial centres like the Red Sea Mall have a bright future.

"There is this new trend in customer satisfaction," Mr Gadouri says, "and we're doing all we can to be in the lead."

State-of-the-Art Market

Other changes are coming to Jeddah's commercial sector with the city's new wholesale fruit and vegetable market in the planning stages under the direction of real estate developer and its twin construction contractor M.O. Wali & Bait AlArab.

"We have just obtained a 400,000-square-metre plot of land from the city council for 25 years for Jeddah's new Fruit and Vegetable Market, which will be operated by an international outfit. We are in charge of the design and working as the contractor, partner and company chairman," says General Manager Mohammed Omar Wali.

"It will replace the old market in the centre of Jeddah and will be important for distribution of fresh produce not only the to the city but the whole Kingdom, as Jeddah is the main trading city in Saudi Arabia providing 55 per cent all goods to the country."

Scheduled to be finished in three years, the Jeddah Fruit and Vegetable Market will have professional, state-of-the-art facilities and be fully air conditioned. An expanse of land measuring 2.6 million square metres surrounding the site will be used for logistics.



**MOHAMMED
OMAR WALI**

CHAIRMAN OF
M. O. WALI &
BAIT ALARAB

“JEDDAH’S NEW MARKET WILL PROVIDE 55% OF ALL FRESH PRODUCE TO THE COUNTRY”



“We’re looking for both Saudi and international companies to handle the logistics. Experienced operators and straight shooters,” he adds.

A huge project but one that should be easy for the general manager who started his career in a local design office almost 40 years ago and has worked with a British engineering company, was a developer in London for five years and then returned to Saudi Arabia as a constructor and developer.

Four years ago, Mr Wali designed and developed a premium hotel in Al-Ula managed by French hospitality giant Accor as a Sofitel Galley property, and is now planning an apartment hotel which will operate under the Novotel Living brand.

The executive says he is taking advantage of the real estate market recovery now that prices have returned to their logical level after land was hugely overvalued before the downturn in the petroleum sector brought it back to earth.

“The government is providing lots of support for opportunities in the hospitality, health care and education sectors and this is valuable,” he explains. “All this opportunity is especially vital for our young people who make up more than 70 per cent of our population because the future is for them.”

International Partners

Executives in other sectors concur on the issue, with President and Board Chairman of Advanced Construction Company and PC Marine Services Mohammed Ali ALGheithy noting that the government is strongly backing foreign investment.

“There are all these big projects coming up and the government is looking for foreign companies to either come as investors or to cooperate in these mammoth tasks,” he says.

“In fact, foreign investment in Saudi Arabia has increased by 54 per cent over last year so it’s a good time.”

Mr ALGheithy’s sister companies work with a number of prestigious foreign partners with proven track records as he says they boost professionalism and help on very big projects or ones in which Advanced Construction and PC Marine Services don’t have much experience.

“In the Red Sea project we’re hoping to work on, for example, we have submitted bids on some projects in cooperation with foreign companies.”

According to the executive, performance is key to success in the Saudi construction sector which means delivering the contract on time and turning in top-quality work.

“I’VE SEEN A DEFINITE UPTURN IN THE ECONOMY AND ITS EFFECTS ON CONSTRUCTION”

He cites one example of a tunnel in Jeddah built by a Chinese company which he describes as a “disaster” and says there are hundreds more like that in the Kingdom.

While based in Jeddah, Advanced Construction and PC Marine Services work all over the country in civil engineering and construction, transport infrastructure, residential and commercial buildings, electro-mechanical works, dredging, port construction and a host of related activities.

“We’ve seen a definite upturn in the economy and the resulting effect on our industry,” Mr ALGheithy says. “Over recent weeks we’ve had to apply for new visas for foreign workers because the market for both companies is turning the corner.

“Last week we were the lowest bidder for a project in Riyadh, last month we were the lowest bidder for work on the Jeddah Corniche and we’re looking forward to signing a contract for another project in Obhur, north of Jeddah.

“I’m sure that from this year we’re certainly going to see a lot of improvement.”



“OPPORTUNITIES IN HOTELS AND HOSPITALITY IN MECCA ARE VERY LARGE FOR US”

Tourism Opportunities

Opportunities in the local travel and hospitality sectors are also the focus of executives at the Diary Group Company and its subsidiary Universal Caravan Aviation, both of which have vast experience in the Kingdom’s religious tourism business.

“Diary Group is a holding company that offers services, we have 16 hotels in Makkah, the Jet Wings Gambia airline and Universal Caravan Aviation as a support service, as well as cargo and catering,” explains its Executive Chairman Muadh Suliman Bilal.

Founded in 2012 and now with a staff of some 500 employees, the group enjoyed sales revenue of around \$50 million last



A delegation of the Universal Caravan Aviation met with President Barrow of Gambia recently to discuss the launch of the new Jet Wings Gambia airline by mid-2020



year. The executive says business can only increase with the government’s new pro-tourism policy.

“Visitors can now go to Makkah with a regular tourist visa and leisure travellers can also now see all the interesting places around the Kingdom,” Bilal says. “So tourism isn’t seasonal anymore structured around just the Umrah and Hajj pilgrimages.”

Government officials say they want to triple the number of Umrah pilgrims to 30 million by 2030 but sector analysts and businesspeople say there are challenges ahead.

“We need more capacity, new hotels and new infrastructure as every year the numbers will grow,” argues the group chairman. “For

example there is a real need for some kind of metro system in Makkah to ease the traffic congestion.”

Some of that needed investment could come from foreign firms forming partnerships with local operators like Universal Caravan Aviation, says its founder and CEO Essam A. Martaa.

“In our case we have the airline, the contracts with aircraft owners and the market because of our business in Makkah,” he explains. “I would tell potential foreign investors that this is their chance and that they should not wait.

Recently Bilal met with the President Barrow of Gambia, while presenting their



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With sixteen hotels and over fifty thousand beds in Mecca, as well as catering, air transport and support services, the Diary Group Company is on its way to become an International Hotel and Transportation Group with a global reach

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plans for the new airline Jet Wings Gambia.

The airline will connect all West African cities and subsequently expand to international destinations like Barcelona, Brussels and the UK.

After completion of registration, the airline will begin the acquisition of an operator's certificate to fly by mid-2020.

It will launch operations with three Boeing 373 aircrafts that will connect Banjul to Duala, Monrovia, Dakar, Lagos, Accra, Freetown, among others.

By the second year, the plans to extend services to cover the UK, Barcelona and Brussels among other destinations.

Yet the Diary Group remains fully committed to the local opportunities that the expected increase in visitors to Mecca will provide to the local hotel operators.

"The opportunity in hotel accommodation is especially huge and in five years' time those who let this chance pass them by will regret it," Bilal adds.

First in Site

When construction recovers in any economy, amongst the earliest to note the change are companies like Jeddah-based Soil & Foundation Co Ltd, or SAFCO, which carries out surveys and testing to ensure that planned structures are being built on a solid, and safe, surface.

"We are the first ones to register activity in the sector because we start with the surveying and the foundations," explains founder and General Manager Dr Abdul Karim El-Rousstom.



ABDUL KARIM EL-ROUSSTOM

GENERAL MANAGER OF SAFCO - SOIL & FOUNDATION CO.

"WITH OUR SURVEYING AND FOUNDATIONS WORK WE'RE THE FIRST TO SEE GROWTH"

"And there has been a definite improvement since Vision 2030 was announced which is why we have opened three more offices in the Kingdom over the past several years for a total of 22."

SAFCO offers a range of geotechnical-related services including investigations, quality control assurance on soil, aggregate, concrete and asphalt, topographical surveys, structural analysis and pile load tests and pile integrity.

The company also carries out temporary shoring, dewatering, anchoring and other tasks and since its foundation in 1977 has worked on 100,000 projects including 1,000 bridges, 5,000 mosques and 2,000 schools and universities.

Amongst some of the companies more iconic projects are the Riyadh metro, the Galleria Hotel in Jeddah, the Jamarat Bridge in



Makkah and the Haifaa Mall in Jeddah.

"As the population increases there is a higher need for more schools, mosques, hospitals, etc. And now we're entering a new phase which is the entertainment industry so buildings housing leisure activity venues are safe on the engineering side," the executive explains.

"Four years ago I started a new business called Geotechnical and Environmental Company, or GECO, which concentrates mainly on environmental studies."

Dr El-Rousstom says he is optimistic that the Saudi economy is entering a new phase of sustainable growth as the local population grows and the government mounts its mega-projects, many of which SAFCO is involved in.

"This is a blessed country and all are welcome to come here to work with us. Crown Prince Mohammed bin Salman is changing the country for the best."

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JEDDAH BETS BIG ON ITS INDUSTRY

THE MANUFACTURING SECTOR DUSTS OFF THE CRISIS AND FACES A NEW PERIOD OF HIGH DEMAND

Steering Saudi Arabia's economy away from its overreliance on the petroleum sector will not be possible unless the government and the private sector work hand-in-hand to expand the Kingdom's industrial sector - a key goal for Vision 2030.

Along with economic diversification, the plan calls for a range of tasks including developing human capital, increasing productivity in key sectors and creating quality employment for Saudis, all of which should trigger unprecedented growth for industry.

The government has pledged "to support promising sectors and foster their success so that they become new pillars of our economy. In the manufacturing sector, we will work towards localising renewable energy and industrial equipment sectors."

In addition, the government vowed "to create suitable job opportunities for our citizens by supporting small and medium-sized entrepreneurship, privatisation and investments in new industries."

Under Vision 2030, the private sector's contribution to GDP is targeted to grow from 40 per cent to 65 per cent.

And Saudi Arabia is already on its way. Analysts argue that the Kingdom boasts the largest industrial output in the Middle East and North Africa and has an existing manufacturing base producing construction materials, cement, military aircraft, plastics, food



and beverages and much, much more.

Just take a look at the statistics: between 1974 and 2018, the number of factories in the country increased from 206 to 7,630, while invested capital, non-oil exports and the number of industrial workers made correspondingly significant gains. And these figures will certainly grow significantly under Vision 2030.

Among the many bold steps the scheme envisions are developing a local automotive and parts industry, localising pharmaceutical manufacturing and biotech development, building production centres for light industry, developing a Saudi military manufacturing capability and establishing industry clusters around the Kingdom.

Saudi Arabia's western region, centred especially in Jeddah, is and will remain a major focal point for industrial growth as evidenced by the number of existing manufacturers operating there and those planning on launching new industrial enterprises.

National Champion

A case in point is 3P Gulf Group, one of the Middle East's leaders in plastic packaging, which carries out its extensive export operations thanks to the convenience of its location in Jeddah.



HASHIM ALI HASHIM (RIGH)
GENERAL MANAGER OF
3P GULF GROUP

"WE HAVE TO BE FOCUSED ON EXPORTS AS OUR LOCAL SAUDI MARKET'S STILL LIMITED IN SIZE"

"Our turnover is around \$500 million with most of our revenue coming from exports. In fact, 70 per cent of our markets are from outside Saudi Arabia," explains General Manager Hashim Ali Hashim.

"One example is that we ship something like 300 containers of stretched plastic film to Europe where we have a major market with big distribution channels."

3P Gulf Group has benefited from government help and was short-listed by the NCPP, the National Companies Promotion Program, created to enable more than 100 Saudi companies



Within the Preform industry, 3P Gulf Group is one of the most powerful market participants. Co-operating closely with the system suppliers, 3P Gulf Group has built a range of products consisting of 45 different PET preforms for bottle volumes between 250 ml to 10 liters. This includes standard preforms weighing from 10.5 gm to 200 gm as well as the customized articles, satisfying the individual customer needs.

3P Gulf Group focuses mainly on the food and beverage sector of the PET market, which includes preforms for CSD, mineral water, juices, Carbonated Beverages and Mineral Water are currently the dominating areas.



3P Gulf Group is the most modern and dedicated packaging facility, covers an area of 160,000 Sq.M, in the industrial city of Jeddah. It was established specially to cater to the plastic packaging requirements of Food & Beverage, Pharmaceutical, Personal & Home care Industry within and around the kingdom. The main products of 3P Gulf Group are PET preforms, PET Bottles & Jars, Plastic Closures and Laminate Tubes, in different sizes and design, using the most modern technology.



www.3p-gulf.com

to transform from a local to a regional company or from a regional company to a global one.

"We're glad we were selected as the government can see how we can grow internationally, give us support to penetrate foreign markets and help us handle any economic or political obstacles," the executive says.

"It's great that under Vision 2030 the government is pushing us on how we can stand out internationally and compete with companies in the United States, Europe and China."

Operating for more than 50 years, the group manufactures plastic packaging for the food and beverage, pharmaceutical, personal products and home products sectors with products like bottles, caps and tops, packaging film, disposables and tubes.

Its international clients include such names as Pepsi, Unilever, Coca-Cola and Nestlé, while it also supplies a wide range of Saudi and regional consumer goods companies.

Its beverage bottles are manufactured using PET, or polyethylene terephthalate, a petroleum-based product hailed as a lightweight, safe and flexible material which, more importantly in this age of alarms being raised about plastics use, is also 100 per cent recyclable.

"It's clear that we have to focus on exports as we are limited to what we can supply in the local market," the General Manager says. "Europe and Africa have the biggest potential for us and we've already started up a manufacturing facility in Sudan.

"And we have a sister company under the same ownership which moved some of the production capacity to Egypt so we can stamp it as an Egyptian-made product which helps in exporting to some markets, in Europe for example, which has restrictive quotas for products from the Kingdom."

With these operations in place and more on the horizon Mr Hashim predicts long-term growth beyond the immediate region and sees China has an example to emulate.

"We have to explore other markets like the Chinese who are opening factories outside their country. This is what we have to do: take our know-how to the wider world, learn to become customer centric based on their requests and grow!"



Changing Mentality

Saudi businesses at first struggled under the new rules and regulations of Vision 2030 and at the same time had to contend with the sharp drop in oil prices but those days are over, argues Nasser Saleh Al Sorayai, the Managing Director of Pioneer Industrial Investment Company, or PIIC.

"Between 2016 and 2018 people didn't accept the changes. Also when oil income went down the government had new rules for the market and costs rose so a lot of companies went out of business," he recalls.

"It was not easy for us to absorb all these problems but we cut our expenses, restructured with the banks and worked to open new markets abroad for our exports."

PIIC's exports are petrochemical products and also makes paper and aluminium as the manufacturing division of Al Sorayai Group, which is part of SNASCO Holdings with interests in real estate, restaurants and other investment channels.

Last year, the group's manufacturing operations enjoyed sales of \$32 million.

"Our petrochemical markets at the moment are Jordan, Kuwait and the GCC and we expect further expansion because the government is giving us a lot of support in exporting.

"And I believe it's headed in the right direction as it is doing its best to support the business sector," the executive says.

The government is also helping PIIC by attempting to have Saudis switch over from using plastic for items like shopping bags to paper. In response, the company is ramping up manufacturing paper packaging products.



NASSER SALEH AL SORAYAI

MANAGING DIRECTOR OF PIIC - PIONEER INDUSTRIAL INVESTMENT CO.

"OVER THE LAST THREE YEARS MANY POTENTIAL RIVALS HAVE DROPPED OUT OF THE MARKET"

PIIC is in its first year of aluminium production which is mostly used in construction and that market is recovering.

"Those three difficult years put a brake on that sector but it also meant that many of our potential rivals dropped out of the market. And with demand on the increase as the economy improves we'll certainly grow," Mr Al Sorayai explains.

"So this year will be good for us and I'm hoping for at least 20 per cent growth across all sectors. If that doesn't happen then it will mean that we have some kind of problem with the organization."

That growth will come through increasing the market share for PIIC's products and perhaps the acquisition of a paper manufacturer in Saudi Arabia.

"We have accepted the changes here and that's the way to succeed now under Vision 2030: one needs to understand the new investment rules and always give priority to providing quality goods and services to one's customers," he says.





**MAJED
SULAIMAN
AL NAFIE**

GENERAL
MANAGER OF
NECE &
AL-NAFIE STEEL

**“WE KNEW THAT VISION 2030
WAS GOING TO CHANGE THE
DYNAMICS OF THE MARKET”**



New Opportunities

Many Saudi executives knew what to expect when Vision 2030 was announced and looked forward to the impact it would have on the economy, according to Mr. Majed Sulaiman Al Nafie, the General Manger of NECE and Al-Nafie Steel.

“When we heard about Vision 2030 we knew that the market was going to change because of the dynamics of the business in the Kingdom and in our areas,” he says.

“We also knew that there would be many opportunities in the industry coming along.”

NECE is a trading and contracting company handling the construction, installation, testing and maintenance of electrical power stations and substations. It also supplies

sector components.

Sister company Al-Nafie Steel began as a supplier of imported steel products and other metals from Europe, the United States and Japan, and now has branched out into steel structure formation and other steel services.

“We’ve definitely seen in the improvement in business since the last quarter of 2019 while the first months of this year have begun well,” the CEO says. “We expect turnover to grow by 15 percent in 2020.”

And further growth is on the horizon as the demand for alternative energy sources increases and the mega-projects launched as part of Vision 2030 takes off.

“NECE is now moving in the direction of providing solar solutions for our clients, there are lots of opportunities out there in housing as well as industrial plants,” he explains.

“And all those mega-projects are very focused on solar power which we hope to participate in. And at the same time, the expected improvement in the construction business will

impact favorably on our steel business.”

The group, which includes the technology company IT Pioneers, employs around 400 people and Mr. Al Nafie says he is happy to see more skilled Saudis entering the job market thanks to government support for education and programs aimed at training young people.

“We don’t see Saudization as a problem anymore. Five years ago it wasn’t easy to find locals to work in the industry but over the past two years that has all changed and you can now find Saudi engineers, machine operators, technicians, designers, and welders.”

“The Saudi economy appears to be enjoying sustainable growth again and there are opportunities out there in these new sectors like entertainment and the hospitality industry,” he argues.

“Foreign investors should take a close look and our group, for example, would be open to foreign partners if they can bring added value to our operations and help us gain market share in our sectors.”


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**SULTAN
ALAMOUDI**

CEO OF
ENERGY CARE
HOLDING

“BY 2019 TWO MILLION SMART METERS HAD BEEN INSTALLED FOR SAUDI ELECTRICITY CO.”



Exponential Growth

Saudi Arabia’s new policies regarding energy use is also fuelling business growth at Energy Care Holdings which in the eight years since its founding has become a major manufacturer of energy monitoring technology and LED solutions, says CEO Sultan Alamoudi.

“We started out in 2012 with the idea of improving energy generation, transformation and distribution as these were not being efficiently managed at the time,” he recalls.

“So we came up with smart meters to monitor and manage consumer energy consumption and began development with the Saudi Electricity Company (SEC) to find the right specs for the local market. That took about two years.”

At first, the SEC and Energy Care focused on the commercial, government and industrial sectors as they were the largest energy users with some 2.5 million users. Next, the partners began planning for the Saudi residential sector of some seven million households.

“By the end of last year we had installed and began running almost two million meters and now we are entering the residential market,” the executive says.

The company’s advanced metering infrastructure, or AMI, is a new generation

of technology designed to provide remote measurement, monitoring and control of customer energy loads.

This enables Utilities to have a real-time view of distribution feeders which helps them achieve higher levels of energy efficiency.

Energy Care’s main manufacturing partner is a Chinese company with which it worked along with the SEC to ensure the correct specifications for the Saudi electrical grid.

“The SEC’s goal is for ten million meters to be installed, integrated with the system and remotely controlled within a year. The target is to install 3.5 million in the first quarter of 2020, another five million by November and the remaining two million by March 2012,” says the CEO.

“It’s a huge challenge.”

But a profitable one as the company is expected to rack up \$150 million in sales. Current annual turnover, including the LED manufacturing division, is around \$20 million.

Over the next three years, Mr Alamoudi hopes Energy Cares will go public and be amongst the ten top companies in the Kingdom’s energy business sector and perhaps make a move into energy-related IT operations once the meters are fully installed.

“The country now is moving in a very highly systematic manner and now we need to study what Saudi Arabia needs. The economy is now healthy, it’s time for growth and more open to investors,” he says. “It’s a great time for business.”

24/7 Production

A veteran in energy conservation is another Jeddah-based company, Insulation Factory LTD, which for more than a quarter century has been turning out polystyrene products for insulation and a range of other items.

“This is a family business started by a relative of mine on his return from Germany to make thermal insulating panels, and now we have two factories using expanded polystyrene and extruded polystyrene produced locally,” explains Executive Manager Abdulrahman S. Alobaid.

The company’s early operations employed just 60 people but now the staff has expanded to almost 200, with annual turnover at around \$16 million.

Along with heat-insulated polystyrene panels for ceilings, girders, walls, floors, heat insulation tubes, gypsum walls and similar





ABDULRAHMAN S. ALOBAID

EXECUTIVE
MANAGER OF
INSULATION
FACTORY LTD

“NOW THERE ARE SO MANY OPPORTUNITIES THANKS TO THE ENERGY EFFICIENCY EMPHASIS”



products, Insulation factory LTD also makes stationary and mobile refrigerators, buoys, jetties and packaging materials.

“Construction companies are our main customers and we also work with Carrier air conditioning, but there are so many other opportunities now thanks to the economic recovery and the new emphasis on energy efficiency,” says the executive.

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“We had over 20 per cent growth in 2019 and it looks good for this year and beyond ,with all the big mega-projects like Neom City, the Red Sea complex and so many plans for Riyadh. All of this has had a very positive effect on us.”

Another positive development benefiting Insulation Factory LTD and other Saudi businesses is the government's reduction of visa fees for the foreign workers so many depend on.

“This was a good step by the government as it will greatly help us reduce costs and so increase our turnover,” he says. “We’ve just introduced a third shift at our plants so we’re working 24 hours a day now to meet the growing demand.”

“Over the short-term, I'd predict we'll have a third factory in Jeddah which is the perfect place for an operation like ours for receiving raw materials and exporting. Everything looks good for our company and the country.”

Export Markets

Exports are the current major earner for Gulf Elevator & Escalator Co. Ltd (GEEC) which is the only regional producer of mechanical people movers of all types for commercial, office and residential use, explains General Manager John Vasileiou.

“Our main export market for the construction sector is in Egypt from where we're getting huge orders,” he says. “As the economy here slowed down we moved quickly to boost sales abroad and we've succeeded.”

GEEC, part of Mayar Holding group, was established 21 years ago to meet Saudi and Gulf market demand by partnering with Fuji for marketing, manufacturing, installing and servicing the Japanese company's regional elevator and escalator business.

From its state-of-the-art production facility in Jeddah, over the years the company has positioned itself as one of the best in its sector in providing elevators for every type of structure, plus escalators, inclined travelators and dumbwaiters.

“We're the only Saudi company that manufactures elevators and other equipment locally as everyone else imports these things from abroad. So we have foreign competitors and that can make this business challenging,” the general manager explains.

Mr Vasileiou sees the Kingdom's massive investment in new housing for Saudis as an exciting opportunity for the company as along with elevators for shopping

“WE ARE THE ONLY COMPANY IN SAUDI ARABIA THAT LOCALLY MANUFACTURES ELEVATORS”



centres and multi-storey structures, it also makes small elevators designed for residential units.

“This is a potential market for us and would be a good sign of support for the local industrial sector which the government needs to help out as much as it can,” he says. “There is this big effort to get the country off the dependence on oil but there is still a long way to go.”

Amongst other challenges the executive lists are the codes and regulations applying to GEEC's products. But he praises other government initiatives designed to help business.

“Reducing the cost of renewing foreign workers' permits is saving us a lot of money and importing and exporting is much easier so the government is opening things up and it's all moving a lot better,” he says.

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INTERVIEW WITH MR. IBRAHIM FANJ

CEO of Gulf Coverage Insurance & Reinsurance Brokers

The period of adjustment to the new economic reality seems to have brought the fittest to the front of the insurance and reinsurance market, as the CEO of Gulf Coverage Mr Ibrahim Fanj explains. While some challenges still remain, it is clear that the new positive outlook of the Saudi economy will be enjoyed by those who bet on staying put

What is Gulf Coverage, and what exactly is your business model here in Saudi Arabia?

I.F.- Gulf Coverage is an insurance and reinsurance broker, we work with different insurance companies and directly with the final clients, and we deal as well with the reinsurance companies abroad. We have been in operation since 2007 and I have been at the company since the beginning. In 2011 we were registered under our current name, as we started dealing with all insurance companies in Saudi Arabia.

How has the implementation of Vision 2030 influenced your business?

I.F.- The insurance business is licensed by SAMA -Saudi Arabia Monetary Authority, and since the launch of Vision 2030 SAMA has started applying a new set of regulations and compliance rules for all brokers and insurance companies.

These new regulations and compliance rules have greatly affected the growth of the insurance sector, and we have also had challenges with the introduction of Saudization.

All this has introduced additional costs for the extra positions that we needed to create to comply with these new regulations, at a time that the whole insurance sector in Saudi Arabia was slowing down and the business climate was very challenging.

Growth seems to have resumed in 2019 and 2020, how will this affect your company?

I.F.- Since the end of 2019 to date we have been feeling that there is growth again in the market and that the business environment has improved, so in 2020 we expect to make up for the revenue lost in the last three years.

You have said that Saudization is a challenge, how are you dealing with it?

I.F.- By recruiting young Saudi talents with experience from the market, with medium to high salaries, which is an extra cost to us. Even though these new employees have a good talent and indeed a bright future, we need to adopt training programs to integrate them, and this will take us time and investment in order to reach the level where we need to be.



As the market is picking up, what sectors have you seen with potential for growth?

I.F.- Indeed the food & beverages sector is one of them, and the entertainment sector is another. They are doing very well now and they are already booming, as they are investing both in their personnel and in the business itself.

Is it the time for the insurance sector to go back to its long-term growth trajectory?

I.F.- We may be behind our initial expectations, but we are now on the right track taking into account the crisis that we all went through, as most insurance companies were profoundly affected, specially because of the slowdown in construction.

Some companies that used to have up to 800 employees downsized their staff to 200 employees. Their insurance needs in-

deed were affected, but we did not lose our clients, even if those companies sold their cars, houses and many of those contracts were lost, and many foreign employees left the country for good.

We have already started to see a major improvement, for example I have a lot of foreign friends who left the country and since late last year they are coming back as there are opportunities everywhere.

So the decision to confront the crisis and stay in the market was the right one?

I.F.- We are lucky that we never closed our company, but instead we decided to comply with the new regulations and stayed committed to Saudi Arabia, since we believed in Vision 2030. We always thought that in three years the economy would pick up, and that's exactly where we are right now.

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LOGISTICS SURGE AS TRADE GROWS

JEDDAH'S LOGISTICS & TRANSPORT SECTORS ARE SURGING TO MEET STRONG TRADE GROWTH

During centuries camel caravans crisscrossed the Arabian peninsula carrying such precious goods as gems, pearl and frankincense and the people inhabiting the land that became the Kingdom of Saudi Arabia were known for their skills in trade and logistics.

And with the region's location on the shores of both the Red Sea and the Arabian Gulf, as well as its position near Asia and southern Europe, it was, and remains, a natural bridge facilitating maritime trade between East and West.

Now with the strongest economy in the Middle East, world-class transport infrastructure and its own rapidly growing domestic market, Saudi Arabia has become a global trade superpower.

Indeed, Saudi Arabia is the 20th largest exporter of goods and the 32nd largest import market in the world. Last year foreign trade represented 67 per cent of GDP, with petroleum and petrochemical products accounting for most of the export value. On the import side motor vehicles were the leader followed by telecommunication devices and medicine.

And both exports and imports are expected to increase dramatically thanks to the effects of Crown Prince Mohammad bin Salman's Vision 2030 which aims to liberalise the Saudi economy.

At the same time, transport and logistics companies in Jeddah are getting a slice of the mega-projects business, many of which require special haulage services to the shores of the Red Sea.



Complex Logistics

"We'll gradually be getting involved in some of these projects, especially when the equipment starts coming in," says Syed Abbas Ali, Managing Director of NATCO Saudi Arabia, a firm that specialises in all forms of transport, logistics and related services.

"Our work is complicated and technical, so we're called when great levels of expertise are needed which other forwarders can't do. Recently, for example, we handled the moving of two 1,000-tonne cranes for a foundation being built in the middle of the sea."

At the moment, the company's is involved in the Riyadh metro project, the biggest and most prestigious in the Kingdom, and the executive says NATCO Saudi Arabia has successfully carried out all its work over the past two-and-a-half years.

"We're also very skilled in transporting transformers which are very delicate and specialised with a lot of engineering involved," he adds. "So you need a lot of knowledge to handle this equipment. We've successfully carried out between 400 and 500 big deliveries like this."

NATCO Middle East's services include air, sea and land freight transport, customs clearance, warehousing and distribution, offering a one-stop solution to small and medium-sized companies as well as for global conglomerates.

Based in Jeddah and with branches in Riyadh, Dammam and Dubai, the firm has a sister company, TowerPro Logistics GmbH located in Bremen, Germany, and the two are set to merge.

"The new name will be Towerro Logistics and the merger will make things easy in terms of Saudization, man-power, licensing and other things," the executive explains.



SYED ABBAS ALI & HEINER SOMMER

PARTNERS OF TOWERPRO LOGISTICS & NATCO SAUDI ARABIA

"WE' RE CALLED WHEN A GREAT LEVEL OF EXPERTISE IS NEEDED, WHICH OTHER FIRMS CAN'T DO"

"We're also looking at expanding to Kuwait, Bahrain and Jordan over the next several years. In this business you can't just focus on one country and we'd be interested in working with the right partners with experience in these new territories.

Last year, NATCO Saudi Arabia posted \$27 million in turnover and Mr Abbas Ali says the tide has definitely turned regarding the Saudi economy, partly due to the new regulations and requirements of Vision 2030. But many companies didn't make the cut.

"Whenever new rules are imposed on businesses it takes a bit of time to adjust and fully understand what the new system is, the licenses, etc. Before, there were small firms which couldn't handle the changes and disappeared.

"What was left in our industry were the capable and financially-strong companies, like ourselves, which also have the knowledge to survive and prosper," he says.



www.towerpro-logistics.de

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"We were also fortunate in that we don't just count on handling incoming freight but exports as well such as locally-produced food and beverages. For example, we do between 1,300 to 1,500 TU's of these export products every month"

Looking ahead, the managing director expresses confidence that 2020 will be a good year with the economy moving back into healthy territory. "There is growth," he says, "and now is a good time to invest in Saudi Arabia."

Fast Growth

Diversity is the key word at Mamco Group and Al-Afdal Global, which are active in a range of sectors from electrical energy to transport, from solar power to wholesale and retail.

"Generators and logistics are two of our main activities," explains CEO Mutlaq Abdullah. "But we also have a big factory in Jeddah dealing in edibles like sugar and that's been operating since almost the beginning."

"Our primary business, though, is generators that we both import and export. We ship generators to anywhere in Saudi Arabia working with our manufacturing partners in India, China and the United Kingdom."

MAMCO handles a broad range of both new and used generators whether for continuous operation or as backup to a client's existing power source. Company experts carefully study the client's needs and financial requirements to find the perfect fit of whatever type and offers generator maintenance, servicing and rentals.

The company also sells commercial and residential solar panels and installations which are becoming increasingly popular in sunny Saudi Arabia as the government embraces a greener energy policy.

Al-Afdal Global is a new company dealing with wholesale and retail of specialized vehicles such as jeeps, minibuses and ambulances, including their parts and accessories.



MUTLAQ ABDULLAH

CEO OF

MAMCO GROUP

AL-AFDAL GLOBAL



"Actually, the logistics sector is growing very fast for us. We want to carry on with that while we are already well advanced in plans for getting into cooking oil with our own factory which should be operating here in Jeddah very soon," Mr Abdullah says.

The executive plans to visit China and other countries to gauge the cooking oil market. Syria and Libya also offer opportunities once those countries sort out their problems, he adds.

"This year has been pretty good for us and we expect that will continue with the cooking oil factory coming on line. At the same time, we'd be interested in forming partnerships in our other endeavours like logistics and solar energy."

"The new Saudi Arabia is the mother of the Middle East," the CEO claims. "It's the safest place in the whole region to do business!"



ABDULHAFEEZ A. NOORWALI

GENERAL MANAGER OF NMS NOORWALI MEDICAL STORE

"WE HAVE SEEN A BIG BOOST IN DEMAND FOR DISPOSABLE MEDICAL & HEALTH PRODUCTS"

Strategic Location

One of the most welcome changes brought about through Vision 2030 is the government's new emphasis on modernizing healthcare which is a right for all the Kingdom's citizens and is providing opportunities for importers.

"Vision 2030 certainly helped us, grow" says AbdulHafeez A. Noorwali, the General Manager of NMS-Norwali Medical Store, which imports medicines and medical products. "There are many projects coming up and we're growing."

"We've seen a real boost this year compared to 2019 in sales of our disposable products used in hospitals, clinics and pharmacies. All these items are doing very well, along with medicines."

NMS sources its imports from the United States, the United Kingdom, Spain, France and other countries. A new line was recently introduced from China and the executive is keen to explore partnership deals with other foreign suppliers.

For an importer, Jeddah is strategic city for its logistics and as the second largest city in Saudi Arabia has received a lot of attention from the government as Vision 2030 progresses, Mr Noorwali says.

"This city's economy is just getting better and better and investors should take a close look as there are so many new projects being developed with investment coming from all over the world."



INTERVIEW WITH MR. AHMED M. J. KOUTHER

President and Founder of MindStream

As the construction sector leads the way of the strong economic recovery, companies with varied and different skills are growing from the many opportunities that the market offers. But as the experienced founder of MindStream group points out, it is the first-comers that are set to benefit the most from the new economic cycle



What is MindStream?

A.K.- Mindstream is a holding company with multiple businesses in construction, we are also active in trading of building materials. It was founded about 15 years ago.

Would you say that there are clear signs of recovery in the Saudi construction sector?

A.K.- Yes, we feel there is a recovery, since we can see many mega-projects being developed, such as Neom, the Red Sea project, the Metro in Riyadh and others all over Saudi Arabia. In the private sector, there are many real estate developers that are working on public housing projects. According to the ministry of housing, there are now more than 1.5 million housing requests.

Would you say that the growth of Saudi Arabia's economy is now sustainable?

A.K.- Saudi Arabia's economy is always firm and sustainable, I think it just went through the typical cycle of ups and downs like in any other country, and the upwards cycle just started in construction. This is very clear on the rising price of the very basic elements of construction. Cement and steel

prices are going up in the local market, and all these are the first indicators that there is strong growth in the construction sector.

What role is MindStream taking in this whole process?

A.K. - In MindStream we have several arms, we have an IT arm, an entertainment arm, and also a construction one. These three arms are working now in the public housing projects. We also have a financial and business consulting arm, involved in getting the land and doing the feasibility study and design for each project.

What sector is leading the way of the economic recovery?

A.K.- Entertainment is leading now with a very strong growth. This sector was already there in a small scale, but now it's becoming a large-scale sector, as Vision 2030 wants to place Saudi Arabia as a tourism destination.

It is good to see that Vision 2030 is being translated into concrete goals and objectives, and these objectives are given to every government, semi-government and private players to align themselves with them.

What are you doing in the IT sector?

A.K.- IT is something I've had for a very long time, as it started within our construction arm. This is one area in which new technologies have created a major market shift, as now we have firms like Uber, Amazon, booking.com, and Agoda, and these leading business models have really changed the industry.

We used to be more focused on offering technical support and networking services, but now we have entered into the application development of business models. As of now, we are working on a couple of projects that can change some business models in retail and healthcare.

Do you think this is the right time to invest in the Saudi Economy?

A.K. - I think the best time was last year, but it's not too late. In Saudi Arabia there is a good atmosphere for foreign investors, since the country has a very solid economy, and we are the largest producer and exporter of oil in the Middle East. Last year it was the end of the downcycle, yet costs are still reasonable, but two years down the line it will be a lot more expensive to come in.

Trading Tradition

A more delicate product, but just as vital to health, is imported by Almoatasem Trading Corp. which has been in business more than 100 years making it older than Saudi Arabia itself.

"My great-grandfather began our company dealing in fruit and vegetables all those years ago," explains CEO Moatasem A. Abuzinadah. "We import from all over the Middle East, Africa, China, India and Europe."

"Locally, we're one of the biggest buyers of Saudi-grown vegetables. We've been based in the main market here in Jeddah over the past 60 or 70 years and have around 50 employees on our staff."

As the Kingdom's population increases along with opportunities for growth, the executive is exploring further business ties abroad such as partnering with a local company on a farming venture in Sudan.

"Sudan is a great place for agricultural production because the land is excellent there," he explains. "And we've picked a



MOATASEM A. ABUZINADAH

CEO OF ALMOATASEM TRADING CORP.

"I'D LIKE THE GOVERNMENT TO ENCOURAGE BUSINESSES IN LOCAL FOOD PROCESSING"

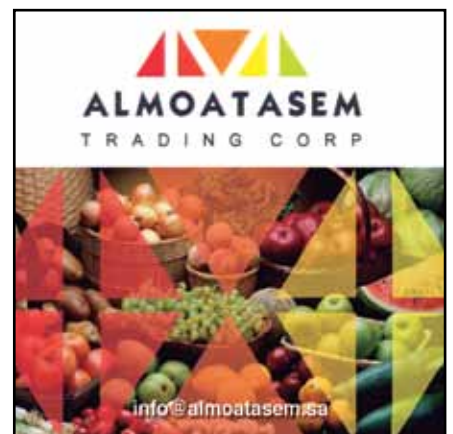
manager for operations in Spain because of all the fruit and vegetables grown there plus the Spanish understand our mentality."

Mr Abuzinadah sees other opportunities closer to home where he says Vision 2030 could be instrumental in helping increase the number of food processing companies.

"I think with Vision 2030 we are growing and I'd like to see the government encourage businesses which process and bottle orange and tomato juice, for example.

"Another idea may be to use locally-grown potatoes, which are excellent, to process and freeze for the Dutch market. With these projects you provide jobs and boost exports," he says.

"Vision 2030 is a great idea but it is going to take time. It's like when you redecorate your home and take everything out and put in all new things. It's chaos at first but then it's wonderful."



INTERVIEW WITH MR. FARIS E. ALSAADY

Chairman of Ishada, Gulf Coverage & The Saudi Shooting Federation

As a leader in both business and sports, Mr Alsaady has taken the unusual step to start the transition from construction to the new sectors that Vision 2030 is bringing to Saudi Arabia. He explains where he wants to be and in what business he will be present as he slowly leaves construction behind



How did you react to Vision 2030 when it was announced four years ago?

F.E.A. - It was a bit of a surprise for everyone, and even if it was a very positive announcement, a lot of people were not big believers in the plan at the beginning. I was one of the believers from day one. In general I am a positive person and I know how Prince Mohammed bin Salman works, he is very positively aggressive with his plans, and a lot of them have worked so far.

Was the Saudi economy affected by the downturn in construction activity?

F.E.A. - The construction industry is one of sectors that was hurt the most by the low oil prices and changes in the business environment. Yet one of the big challenges of Prince Mohammed bin Salman's Vision 2030 is to tackle corruption. In order to do that, you have to be very strict at the beginning.

Projects above a 100 million Riyals now need special approval, so things naturally start to work more slowly. Definitely, construction from my own point of view suffered, turnover went down, payments were delayed, many construction companies closed down and people suffered.

When did you start noticing that the market was recovering, particularly in construction?



F.E.A. - I would say at end of 2018 and in early 2019 things started becoming clearer as projects started coming to the market. I will not say that we have fully recovered yet, we are far from it, but today the direction has shifted. We have new projects like the Red Sea project, Downtown Jeddah, Neom City... All these projects have already started to need work.

What is your prognosis for 2020 in the construction sector?

F.E.A. - I think it's going to be much better, and I can already see it. And every year it's going to get better. Projects are coming in and today we are depending less and less on oil. We are diversifying the portfolio of Saudi Arabia's income, and we are trying to depend less on the oil revenues.

Would you say this is the right time for new investors to come into the Kingdom?

F.E.A. - Definitely, I think so, and we already see them coming, as there are so many opportunities. The nice thing about today is that it's not only about the business that was here four years ago. Confidence plays a critical role, and when a dynamic leader opens up the entertainment and sports sectors, it's a completely new industry, coupled with hospitality and tourism. Today, nationals from fifty countries don't need visas and many industry leaders now are completely changing their business models.

Are you open to share some opportunities in these sectors with foreign investors?

F.E.A. - Yes, I am. I am already in the sports industry. I am in the tourism industry. I am in the food and beverages sector. Guess what? All these sectors only really happened in the last two years. I was a pure contracting guy before, but I already started diversifying two years ago.



Will you still be active in your traditional sectors of construction and insurance?

F.E.A. - I am definitely not going to be in the construction sector in the future. That's a personal decision I have taken, and it has nothing to do with the market. I am trying to phase out my construction business, or at least my involvement in it. But I am committed to my business in the insurance and reinsurance sector through Gulf Coverage.

What other sectors do you think will be interesting to develop in the near future?

F.E.A. - Right now I am very excited about food & beverage and sports as well, but the latter is a bit conflicting as I sit on a few boards and I am the chairman of the Saudi Shooting Federation. I will find other areas where I can invest in sports that are not conflicting with my current position.

You said that you are a believer in Vision 2030 from day one, what's your take now?

F.E.A. - I believe in it more and more because I am seeing it. I am a huge believer in the Vision and a huge believer in its leadership. Maybe I am fortunate enough to have dealt with most of the leaders of the different programs, due to my work. This is the work environment that I want. It suits me perfectly; transparency, goals, opportunities for everyone, and a young leadership. And I think it's proving that it's going better than it was even planned.

Some people are saying that these projects are not coming out as quickly as announced. I disagree, as I have worked with many of them in some of the bigger projects. I have met with their teams and they are creating something that is really brilliant. These projects are happening. Prince Mohammed bin Salman is involved in every single one of them. It's not something that is just in the air. I am a believer.

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RETAIL POTENTIAL TO BE UNTAPPED

RETAIL IN LUXURY GOODS, TEXTILES AND BUILDING MATERIALS ALL ENJOY A SUSTAINABLE REBOUND

Jeddah's old quarter is known as Al-Balad, or "The City", where magnificent mansions of several storeys fronted with intricately carved wooden balconies that once belonged to wealthy merchants remind the visitor that this city has been a major business hub for centuries.

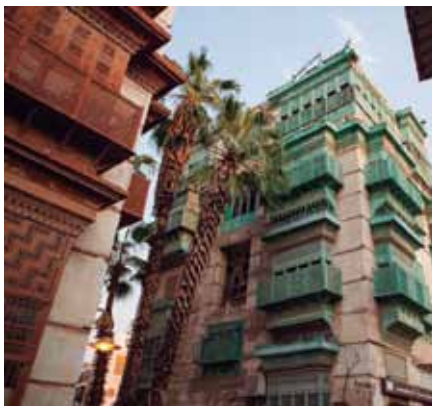
In fact, long before Jeddah became the main gateway for Muslim pilgrims on their way to Makkah, the city on the Red Sea was already an important regional entrepôt, a vital hub for the trade in frankincense carried out by the ancient Nabataeans some 2,000 years ago.

Over the centuries, Jeddah attracted travellers and traders to become the Arabian Peninsula's major seaport, famous for its hodgepodge of nationalities, amazing merchandise on offer from half the known world and the acumen of its businessmen.

Today, that entrepreneurial spirit still thrives and Jeddah, recognized as the most "open" of Saudi cities, is the headquarters for many domestic companies which are pillars of the country's economy whether in manufacturing, services, import-export or retail.

Geographic Expansion

And being Saudi Arabia, the number of luxury goods purveyors is indeed high with one of the most prestigious, Al-Hussaini Trading Co., selling watches, leather goods and high-end accessories not only in Jeddah but across the Kingdom.



"We opened our first retail shop in Al-Balad in 1976 and now employ 300 people with a sales turnover of around \$13 million," says Managing Director Mohammed O. Al Hussaini.

The retail company handles some of the most distinguished watch brands in the world, including Longines, Omega, Montblanc, Baume & Mercier and Patek Philippe, with accessories, leather goods, jewellery, writing instruments and other items by many of the same luxury manufacturers.

"And we are now not only in the major cities but also in smaller cities like Taif, Yanbu and Al Qassim. We invested in these new branches because we wanted to expand sales as profits were down several years ago."

The executive blames the profit drop partially on the new VAT introduced in 2018 to raise fresh revenue under Vision 2030. But now he says the government scheme has helped the business see its earnings increase again.

"In the first two months of 2020, our sales were up 20 per cent over the same period last year after sales gained 18 percent from 2018 to 2019 so there is certainly an upward movement," he says.

"We are still not achieving our full potential but that will happen once the new shops take off"

Another positive effect Mr Al Hussaini expects from Vision 2013 is the government's new effort at attracting tourism, not only



MOHAMMED O. AL HUSSAINI

THE MD OF AL-HUSSAINI TRADING OPENS THE FIRST OMEGA BOUTIQUE IN RIYADH

"WE HAVE NOT ACHIEVED OUR FULL POTENTIAL AS MANY OF OUR SHOPS JUST OPENED UP"



non-Muslims but also more Hajj and Umrah pilgrims, many of whom pass through Jeddah.

"Already we get a lot of pilgrimage business at our Jeddah and Makkah shops and with the government planning on hosting 30 million Hajj and Umrah visitors, that will be a great boost.

"And the new non-Muslim tourists will also drive sales. For instance, before Chinese visitors would not come to our country but now it's open. The government is also urging Saudis to vacation at home and spend their money here as they travel from city to city to enjoy the new entertainment opportunities," he notes.

In discussing his long-term goals, the managing director says he would like to see his company become the best and most



respected watch retailer in the country, and amongst the top 100 Saudi firms.

“That’s why we’re opening shops in every city and town with an aim to have \$100 million annual turnover within five years. It looks bright for us and I would urge foreign investors to come and join in!”

Business Opportunities

Along with a fine watch any well-dressed Saudi man will be turned out in an elegant thobe, the ankle-length, high-necked tunic also worn in the other Gulf countries.

Supplying a wide-range of fabrics used in the making of thobes is Abousafi Commercial Company which began 44 year ago as a textile and fabric wholesaler and then moved into retail,” according to General Manager Safi Sindi.

“This business was started by my own grandfather and passed down. Now we have 11 shops around the Kingdom.”

“We think 2020 will be a good year. Last year saw in improvement in our business over 2018. Businesses like ours are adjusting to the new fees by controlling expenses and implementing good marketing plans,” he says.

“So sales are going up even while consumers are managing their expenses better.”

Abousafi Commercial Company offers a broad range of very fine fabrics including English and Italian wool, cashmere, cotton, synthetic and blended fibres of all colours, thicknesses, textures and prices.

Abousafi Commercial Company has retail outlets in Makkah, Madinah, Riyadh, Jeddah and Khobar.

“We sell almost exclusively in Saudi Arabia and although we do get enquiries from the United Arab Emirates and other Gulf countries, we’re not expecting any big growth in exports,” the executive adds.

But challenges remain. Competition is growing from other fabrics’ retailers, in addition to ready-made thobes, where customers go directly to buy a thobe instead of



“SALES OF TEXTILES ARE GOING UP EVEN WHILE CONSUMERS MANAGE THEIR EXPENSES”

first purchasing the fabric from companies like Mr Safi’s.

“On-line sales are also causing retail outlets concern, as well as in many other sectors. That’s why we are planning to launch our own on-line store very soon,” the General Manager says.

“However, I think this new tourism policy of the government’s will bring in people from all over the world and they will buy fabric not for thobes but for whatever clothes they prefer. That will be a good business opportunity just as there are many others now in the new Saudi Arabia.”

Right Track

New opportunities are also opening up for construction suppliers as the sector takes off, especially with the government programme and private initiatives to dramatically increase the number of homes for the Kingdom’s rising demographic of young people.

Which is warmly welcomed by Malik B. Khan, the Managing Director of Filemban Co, which has been dealing in pipes, bathroom fixtures and items and other materials for construction since 1979.

“More than 20 years ago we started distributing PVC pipes and fittings for a local manufacturing company, AGM, and then began importing from foreign producers,” he says.

Currently, the company imports from such international brands as American Standard, Grohe, Johnson Bathrooms, Roca, Reinbach and others providing all types of pipes, faucets, bathtubs, sinks, shower heads and other products.

Filemban has a turnover around \$53 million but has face recent trials, the executive explains.

“We faced problems in 2018 when the government introduced forced Saudization, a lot of foreigners left and business dropped between 30 and 40 per cent,” he recalls.



“IT’S A GOOD TIME TO INVEST AS THE ECONOMY IS MOVING FORWARD WITH VISION 2030”

“But last year business rebounded as the construction industry regained strength again with a lot of private sector projects and the government began pumping money into its own projects.”

With the rebound, the market recovery that began in 2019 recouping 25 per cent of the company’s former sales will continue this year, Mr Khan predicts, with further growth in the cards.

“I’ve seen so many projects that have come up. Some will take two to three years to complete so I’m optimistic regarding growth especially as under Vision 2030 the government plans even more projects and it’s spending big.”

“Saudi Arabia is on the right track, it’s a good time to invest, the economy is moving forward especially thanks to Vision 2030,” he says.



INTERVIEW WITH MR KHALED SHARBATLY

Managing Partner of Desert Technologies

Renewable energy and Vision 2030 go hand-in-hand, and one of the market leaders in solar power in the Middle East prepares to take advantage of the new opportunities unfolding from the aggressive Saudi plans. After conquering smaller markets in the GCC and Africa the young company is ready to turn its attention to its home turf, Managing Partner Khaled Sharbatly explains



How did you get involved with Desert Technologies and what's your responsibility within the company?

K. S. - I launched my own start up back in 2016, called Icon Shared Energy. In its first year we managed over seventeen different partnerships and we took the company to twenty-two different countries. My main partner in 2017 was Desert Technologies, and they offered to take my project, so I came on board in 2018 when both companies merged.

Back then our factory was beginning to be commissioned and we were expanding the company in the Middle East. We had just finished our project in Jordan with 50 mega watts and in Egypt with 115 mega watts. I came in when the company was very busy, but most of the operations were out of Saudi Arabia.

What we have focused on since then, together with our CEO Nour Musa, was on building a strong local engineering team here in Jeddah, composed of Saudis and non-Saudis as well, while we built our capabilities abroad.

So you are focused in Saudi Arabia and in the whole of the Middle East?

K. S. - Yes, in the whole of the Middle East, but mainly we are now focusing on Saudi Arabia and Egypt, as these two are the largest markets in the region. Dealing with these markets is different than with smaller countries, because competition is not yet very intense, barriers of entry are still high and the potential is extremely promising. We are looking at a grid which in Saudi Arabia handles 64 giga watts, while in Egypt is around 45 giga watts, and that will need to expand by 5-10 per cent every year.

How's the company growing to keep up with these markets?

K. S. - At the end of 2016 we were 25 people, towards the end of 2019 we are past 80 and hopefully by the end of 2020 we are going to be 150 employees. By the end of 2021 we are looking forward to 1,500 employees, that's a ten-fold increase. Yet Saudi Arabia is currently only 10 percent of our portfolio, but with the new projects we aim to get it should become 70 percent of our total portfolio.



That's a complete turnaround...

K. S. - Yes, last year the Saudi authorities announced 1.5 giga watts and this year they will be announcing another 1.6 giga watts in four different projects. We are looking at installing a capacity of 3 to 5 giga watts per year over the next ten years, which would accumulate eventually to 80 giga watts. It's an aggressive plan overall, and renewable energy should be 30 to 40 percent of the total grid of Saudi Arabia, as the population is expanding and we are becoming an industrial nation.

Do you think that Saudi Arabia has the competitive advantages to become a big manufacturing site for solar panels?

K. S. - We do have a history of managing large industrial corporations, such as Aramco, and this is one thing people tend to miss about Saudi Arabia, but it was particularly limited to petroleum and petrochemicals.

There are two factors to look into; Saudi Arabia is the gateway to Africa, Europe and a bridge to the USA, and we have signed multi-lateral trade agreement with most developed countries. Also, automation is the future of manufacturing, with internet of things and Industry 4.0, so in the future we will not need the type of cheap labour and raw materials that you need today to be competitive. So I think we are starting now with a very big competitive advantage because we are dealing with a new technology, renewable energy, and the whole concept of manufacturing is changing.



Is it going to be challenging to find the needed engineers and IT specialists?

K. S. - I don't think it's going to be a major concern of ours, but we'll always have to train our people. There will always be more and more brilliant young Saudis educated to be hired. Yet in the first steps you always need a mix between the experienced and the inexperienced, and we don't have many experienced professionals in the manufacturing industries.

Is Vision 2030 making Saudi Arabia an interesting market for investors?

K. S. - Vision 2030 is larger than what people expected, it's a detailed Vision that is evolving with time. Initially the solar program for the next five years was only 12 to 15 gigawatts, and now it's around 20. We have already seen a cultural shift, new talents are coming to Saudi Arabia, and these people are of a much higher calibre. I think Saudi Arabia is still an untapped market in multiple industries, and to have a part of your portfolio in Saudi Arabia will be almost automatic to all investors around the world.

INTERVIEW WITH MR MOHAMMED A. KABLI

Chairman of Al Watan Newspaper / Executive Board Member of Desert Technologies

As an experienced newspaper and business veteran who can spot a good investment opportunity, Mr. Mohammed A. Kabli took the chance to enter into solar energy by becoming the seed investor in Desert Technologies. Only a few years later, the launch of Vision 2030 only confirms that the Saudi economy is undergoing a tectonic shift to an exciting new economic model



At the end of 2016 Vision 2030 was launched. What was your first impression?

M.A.K. - *The main thing that I liked about the Vision was that we were finally trying not to depend on oil as we did before. We have to find other ways and other sources of income in our economy. That was a perfect move and I think it came late; we should have done this before.*

Do you agree with the way that it has been developed and its effects on the economy?

M.A.K. - *I said this publicly before: I think not all the decisions were correct or were rightly implemented during this time. Some of them were good, but we had to suffer a little bit to get the economy back on the right track, to make better life in the future. Some pain was to be expected, but I think in 2020 and going forward we will notice better economic conditions.*

Do you think that these difficult economic times are already behind?

M.A.K. - *Yes. I think we will start seeing changes and a better economy at the start of the second quarter of 2020.*

In what particular sectors would you recommend investors to look into in 2020?

M.A.K. - *I would recommend first artificial intelligence, IT and other businesses that depend on new technologies. I think those are the best areas to get into right now.*

Is that why you had decided to invest in Desert Technologies?

M.A.K. - *Well, the story of Desert Technologies goes back to 2012, when King Abdullah*



City started the push for renewable energy. At that time my good friend Nour Musa, the founder of Desert Technologies, came to me and introduced to me the idea of having a local factory here in Saudi Arabia for solar panels.

I liked the idea and I think at that time I saw that 'this is the future', so I was the first Saudi to be with him in the company before many other investors came along.

Would you say that your time has come now for growing in the Saudi market?

M.A.K. - *Yes. I think that time is finally coming, as I believe we might be winning some of the big projects that were just launched lately. Until now, we have concentrated outside of Saudi Arabia as we've worked mostly in Jordan, Egypt, Niger and Mozambique.*

How difficult do you think it has been for Jeddah's entrepreneurs to adapt to the new mentality of doing business?

M.A.K. - *I think we are adapting very well in Jeddah and across Saudi Arabia; people who could not adapt may be suffering, but people who have adapted are doing well.*

Is adaptation to Vision 2030 the secret to thrive in these new conditions?

M.A.K. - *Yes. Every businessman now has to rethink of the way he is doing business, because it's a new era for everybody, and Vision 2030 is creating a whole new business environment.*

So you think that this is the beginning of a new era of growth for Saudi Arabia?

M.A.K. - *I think so, and the main indicators, such as the new car sales in Saudi Arabia in 2019, are clearly showing that. As we all know, new car sales is one of the best indicators of economic growth of a country.*

Are you now more optimistic now than you were in 2016?

M.A.K. - *Yes, because I am seeing the changes and I think that they are going in the right direction. I have also noticed that when they see that they have done something wrong, they go back and correct it, which is very good and gives me confidence.*

What message would you send to potential investors in the Saudi economy?

M.A.K. - *Well, I think this is like a major new wave coming, and you cannot swim against it. You either go with it or you will drown. So I think that everybody has to go with it and change with this new wave.*

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SMEs TO GROW WITH VISION 2030

INDUSTRIAL COMPANIES ARE MUSHROOMING IN JEDDAH THANKS TO NEW GOVERNMENT ASSISTANCE

As Saudi Arabia embarks on an exciting new economic path by diversifying away from the petroleum sector and seeking to boost local employment especially amongst its growing youth demographic, small and medium-sized enterprises will play a vital role.

And there is plenty of opportunity for SME's in the Kingdom to take off. According to government figures while SME's contribute to 70 percent of GDP in some countries that figure is only around 22 percent in Saudi Arabia.

And the sector only accounts for some 5 percent of exports.

But at the same time, Saudi SME's make up 90 percent of all businesses, mostly in construction and trade, followed by industry, so there is a solid base from which to grow.

In a bid to ensure that SME's will become an even stronger pillar of the Kingdom's economy in the future, the government is taking giant steps to see that the sector helps in meeting the goals of Vision 2030 which include slashing unemployment, dramatically increasing the number of jobs for women, creating a new generation of entrepreneurs and boosting local innovation.

Two major endeavours are the establishment of the General Authority for SME's which aims to encourage the contribution of the sector to the overall economy, and the setting up of a \$1 billion fund to invest in venture capital and private equity funds for SME's.

Another is the creation by the Saudi Authority for Industrial Cities and Technology Zones, known as MODON, of dozens of new industrial estates for private businesses including a number of these devoted exclusively to women workers.

All clear evidence that the Saudi government is serious about weaning the economy off its heavy reliance on the oil and gas sectors and giving Saudi entrepreneurs the chance to have a stake in the Kingdom's future. And Jeddah and Makkah are two of the most dynamic industrial cities in the country.



Booming Demand

One of those young entrepreneurs being helped by the government is Anas Alharbi, the founder and General Manager of ARW Factory which last year opened production lines manufacturing alcohol swabs and medical face masks.

"We're working side-by-side with the government as it understands there is a real future in the industrial sector and that's why I branched out from my previous businesses in watches, accessories and a small construction firm," he explains.

"We began our medical products operations in 2017, building a 3,500-square-metre factory and importing the machinery from abroad. Now we have just signed a contract with MODON so we have the government's backing."

The coronavirus crisis has fuelled demand for ARW's face masks at the local level and Mr Alharbi says he has plans to expand internationally once the company receives permission in foreign markets.

"We're looking at the end of this year for our export efforts to pay off and, God willing, we looking at around \$4 million dollars in sales by the end of this year if all goes according to plan," he says. "That includes getting in more machines from our foreign suppliers to deal with the surge in demand we're beginning to see now."

Along with MODON, the Saudi Industrial Development Fund is also supporting the company through purchasing its locally-made products instead of importing. Working with the government is now easier than in the past, the executive adds, as everything can be done online.

"Before it would take five or six days to get through all the bureaucratic red tape for companies like ours. Now it takes just two minutes. But there are still some areas which could see improvement, like in hospital procurement, for example."

Along with entering the export market, future plans include securing long-term con-

"ONLY 2 OR 3 COMPANIES ARE MAKING MEDICAL MASKS AS WELL AS ALCOHOL SWIPES"

tracts with both the private and public sectors in Saudi Arabia, primarily with the ministries of Health and Defence.

"There are only two or three other companies in the Kingdom making medical masks and alcohol swabs so there is definitely room for growth both here and regionally," Alharbi says.

Supply Chain

Expansion with government assistance was also instrumental in launching International Lighting Factory- ILF-, a Jeddah-based firm that began as a trading and contracting company, then moved into manufacturing LED lighting solutions.

"In 2011 we started making just one type of light but after a year the government gave the green light for our land application in an industrial city," recalls CEO Ahmad Al Bakri. "So we built a plant and began producing a wide range of lights in 2018.

"So 2019 was a test for us and 2020 will be our first fully operational year. It looks good so far as the Saudi economy is improving and we are getting a lot of business enquiries."

The executive says that as part of the Vision 2030 initiative, he is sourcing and in-





AHMAD AL BAKRI

CEO OF INTERNATIONAL LIGHTING FACTORY

“OUR MAIN CHALLENGE IS THAT THE SUPPLY CHAIN IS WEAK IN THE MIDDLE EAST”

vesting in green energy solutions. Key to its future growth are the megaprojects that the Kingdom is planning to develop in the whole country, which will boost demand for exactly those products that the company makes.

These include indoor and outdoor LED screens and indoor and outdoor LED bulbs, downlights, tube lights, panel lights and filament lights.

Along with domestic sales, the young company is counting on exports. For 2020 ILF is planning to open new distributors in East Africa, with the assistance of the Jeddah Chamber of Commerce and Industry. As for the rest of Africa and the GCC, Mr Al Bakri is looking for partners to sign up new deals and widen its geographic footprint.

“This is a bit challenging for us as these markets have different requirements and ways to target customers,” Mr Al Bakri says. “And here at home the challenge is getting parts as the supply chains in the Middle East are very weak compared with a competitor like China.”

“Therefore we’d like to see more of these components we use manufactured locally and we’re very interested in forming joint ventures with foreign partners not only in supply but manufacturing as well.

“Our dream is to become a leader in the world of lighting technology,” he concludes.



HASSAN H. ALSHEHRI

MANAGING DIRECTOR OF CREATIVE WINDOWS

“THANKS TO VISION 2030 WE SAUDIS ARE CREATING OUR OWN LOCAL INDUSTRY”

Domestic Manufacturers

Seeking out and working with foreign partners helped Saudi firm Creative Windows get started in the business of manufacturing, selling and installing state-of-the art UPVC windows and doors for residential and corporate buildings.

“Our partners are the German companies VEKA, Winkhaus and Elumatec which provide the environmentally-friendly products and machinery we use to make windows and doors which are customised for the Saudi climate,” explains founder, partner and Managing Director Hassan H. Alshehri.

Thanks to Vision 2030, the fledgling company also received vital government financial support to cover half the cost of building a factory when it started up in 2014 with just four employees.

“I did just about everything at first. I went out to the client sites to take measurements, then back to the factory to make the windows and doors, then back out again for the insta-



llation,” the executive recalls.

“Now we have 60 people working for us and every year we take on new employees as demand grows. There was a dip in the economy in 2017 but it never really affected us and last year we had sales of around \$2.4 million.”

Creative Windows handles a range of windows and doors from tilt and turn, tilt and slide and fold and slide systems to casement and slide technique in a variety of colours all made from tough, eco-friendly UPVC materials.

The company’s main market is Saudi Arabia although it is beginning to export to Dubai and Bahrain.

“What we’re doing right now is meeting with Saudi Aramco to produce UPVC domestically as we are a major producer of the raw material but until now we sold it overseas at a cheap price then had to import it back,” Mr Alshehri says.

“My dream is to produce products of high, German quality here with reasonable prices for the Gulf Cooperation Council markets. Thanks to Vision 2030, we Saudis are creating our own local industries. It’s the right time to invest in Saudi Arabia.”



Local Demand

Another young, Jeddah-based company making giant strides in the domestic market is Kayali Factory of Disinfectants and Detergents, which operates its own research and development laboratories to produce detergent, shampoo, soap, oils and cosmetics, says owner and General Manager Ahmed Nabil Kayali.

“THERE’S A GROWING MARKET FOR CONSUMER PRODUCTS LIKE OURS IN SAUDI ARABIA”



“Our aim when we started six years ago was supplying the huge local market in which there were Saudi competitors. But they largely disappeared because of the economic crisis so we pretty much have the domestic market to ourselves and there is little international competition.”

Last year turnover was some \$2.6 million which the executive says is “just a start.”

“Our area technical and sales managers, who are all experienced in detergent operations, recommend the most appropriate products from our extensive range to achieve the best and most cost effective results for our customers, he adds.

This year should be a good one for Kayali Detergent as the economy takes off but Mr

Kayali says there are challenges ahead.

“Marketing is one of those, as well as introducing new products into the market,” he explains. “We also have to learn how to reduce production costs while still maintaining our high standards which are so important in our sector.”

“Another challenge is the Saudization requirement by the government and to be frank, it is very difficult to find Saudi workers with experience in this field. So our employees are mostly from countries like Pakistan, Bangladesh and Egypt.”

One of Vision 2030’s reforms, reducing the costs and fees of hiring foreign employees, has helped and the company was able to bring in new workers from India which allowed the manufacturing facility to meet rising demand.

The firm is open to foreign partnerships and is already in talks with a company in Malaysia on possible cooperation.

“There is a new and growing market for consumer products like ours in Saudi Arabia so we need more investors, both foreign and domestic, to realize the vast potential here,” he says.

Export Markets

Rising consumer demand is also benefiting REEF GLASS POT CAPS Co., which manufactures jar lids mainly for the food and beverage packaging industries both at home and abroad.

“We’ve noted growth in our local market and we’re hoping to see increasing stability in the neighbouring countries like Iraq, Syria and Lebanon where our sales have been affected because of unrest,” says General Manager Saleh Sanad.

“Egypt, where we had a big market, is recovering again, so that is good news. And we have started exporting to Algeria and Sudan.”

The company was founded in 2000, part of the Alreef Trading and Industry Co., and over the years has developed state-of-the-art turnkey production lines with updated techniques to achieve a superior product and optimize delivery time.

An in-house graphics department and technical collaboration with a German partner ensures a sophisticated lettering and colouring process for the lids which are offered in a variety of sizes and styles, including several with safety buttons.

“Last year we had a turnover of more than \$11 million from our two production sites located about 30 kilometres from Jeddah on land which we were able to obtain through



“VISION 2030 HAS PROVIDED IMPORT AND FINANCE SUPPORT PLUS REDUCED HIRING FEES”



government help,” the executive explains.

“Along with land, under Vision 2030 businesses are helped with government start-up loans, support in importing raw materials, reduced fees and expenses for hiring foreign workers and other assistance.”

Mr Sanad argues that Jeddah, with its location on the Red Sea and its port facilities, is an excellent place to do business for companies like REEF GLASS POT CAPS Co.

“It’s a real advantage as we are able to import our raw materials from Europe in just 12 to 15 days and export our products to some places in Africa in as little as three days.”

“And with our sales abroad hopefully growing again and with the Saudi economy apparently back on track, we’re looking forward to a fine future in our industry.”





MOHAMMED AL-SHARIFF

GENERAL MANAGER OF GRANDEUR FOODS FACTORY

“WE ARE NOW INTERESTED IN FOREIGN DISTRIBUTORS & PRIVATE-LABEL PARTNERS”

International Partnership

Long before oil became the chief export earner for what is today Saudi Arabia, its dates were famous throughout the region making merchants trading in the tasty fruit rich.

Today, Grandeur Foods Factory has capitalised on that reputation, harnessed it to the growing demand for natural products and brought the fruit new fame on the international scene.

“We originally set up business in 2015 based in Makkah as food importers from Europe and the United Kingdom but with the downturn in the economy I decided to switch from import to export,” recalls General Manager Mohammed Al-Shariff.

“I saw what natural resources we had in Saudi Arabia - petroleum products and dates - and as the former were not doing so well I decided to open a food factory for exporting dates and we moved to Jeddah where we now operate.”

And it was the right moment as the government began providing a range of services, loans and grants to get Saudi businesses up and running.

Grandeur Foods Factory now makes around 65 different date-based products. Along with the fruit itself and date palm products, it turns out date-based biscuits, cookies, chocolate candies and other items.



This year sales are expected to reach \$4 million. Currently, exports to Europe, Asia and Turkey account for 70 per cent of that figure, which the general manager says proves that Saudi products, not just oil and its derivatives, can be competitive internationally.

“Direct overseas sales aside, we are also interested in working with foreign distributors and dealers and even private-label partners,” he says. “We’ve started producing more value-added items like cappuccino-flavoured dates and others which are attractive to those consumers looking for healthy, tasty sweets.”

Locally, Grandeur Foods products are available in around 170 supermarkets and the company is looking to open its own chain of shops throughout the Kingdom.

“Over the next three years, we want to be the best and biggest factory of its type in the Middle East and we’re expecting 100 per cent growth by 2023,” Mr Al-Shariff predicts.

“Consumption is turning to natural products and we’re open to new international partnerships with bright ideas so we can work together to satisfy this growing demand.”

Business Model

Dates certainly appear to be a growing Saudi industry. Advance Bunood, which was established five years ago. After finding success in the construction sector the company is also launching into the date business.

“We are involved in some new construction work coming up at the King Abdulaziz Airport in Jeddah. But lately construction work has been reduced and we’ve halved our workforce from 180 employees to around 90,” explains General Manager Salman Al-Barrak.

“So we’re embarking on a new business model. We have our own date plantation farms and as there is high demand for dates in the domestic market we’re



“WE DECIDED ON A NEW BUSINESS MODEL, WE HAVE OUR OWN PLANTATIONS”



going to concentrate on that potential while we also want to enter the foreign market,” he adds.

“Production and exporting will most probably begin this year as we’re in the initial stages of establishing the company, coming up with a logo and a website. Plus, we’re dealing with all the registrations of our trade name, BSR Dates.”

Government programmes under Vision 2030 have provided company employees training courses on how to package food products to meet international standards, how to find and secure foreign markets and how to set up export operations.

“There is also assistance regarding financial support through loans and other help,” he says.

“After the launch of Vision 2030 a lot has changed and it’s like a new country with many opportunities. And, of course, the government is also inviting foreigners to invest in the Kingdom.”

One highlight of the new government position on foreign investment is the offering of permanent residence in the Kingdom for non-Saudi investors with the right to own land and a residence, Mr Al-Barrak notes.

“We’re expecting a lot of response to that and we’d certainly entertain any proposals for joint ventures or other partnerships with foreign investors!”

Perfect Timing

Vision 2030 was the impetus for Dar Tibah International, an office, home and hotel furnishings company which started out just two years ago but has already expanded beyond its original product line.

“I worked for my father’s office furniture company which has been operating for 35 years and handled imports. Then in 2018, when the economy was at its lowest I decided to open a factory here in the industrial area of Jeddah to manufacture office furniture,” recalls Chairman Radi Abdullah A. Al Sayari.

“A lot of people told me that it was the wrong time to do such a thing but I was thinking of Vision 2030 and how that would transform the Saudi economy.”

“I had visited a lot of furniture factories in Europe, in Portugal, Spain and Italy to see how they made their furniture, how to machine finish wood. Later I opened up our factory here in Jeddah,” he says.

Before launching, the company did extensive market research, explored how



“OUR NEXT GOAL NOW IS TO OPEN A PROPER SHOWROOM FOR OUR BRAND TALA ROSA”

to sell on social media and carefully planned its future regarding landing big contracts and expanding its labour and equipment needs.

The Chairman’s first customer was his father’s company but then he decided to move into other types of furnishings to widen his customer base. Dar Tibah International now manufactures hotel furniture and wooden furnishings such as cabinets, shelves and wardrobes for residential use in bathrooms, bedrooms and kitchens. Its two registered brands are TALA ROSA for kitchens and DOY TICK for wardrobes.

“My father’s company is in the south of the country but I decided to open the factory in Jeddah because it is our home, the local wood suppliers are here and so there are lots of opportunities,” he says.

“I have many years of experience in the sector. Our next step is to open a proper showroom for our line of kitchen furnishings called TALA ROSA so we can show off our quality.”

“Our final goal is to become famous in Saudi Arabia for our designs as well as our quality and our prices,” he says. “This will happen, Inshallah!”



INTERVIEW WITH MR HAMZA AHMAD AL-BAKRI
Founder of H.A.B. - Hamza A. Bakri Accountant & Auditor

A life time of business and consulting experience has made Mr Hamza Al-Bakri an acute observer of many years of the Saudi economic life. Armed with his deep hindsight he is convinced that the best is yet to come thanks to Vision 2030



Four years ago Prince Mohammed bin Salman explained his vision for Saudi Arabia in 2030. What was your first reaction?

H.A.B. - Prince Mohammed Salman had very good oversight of things and this is shown in his Vision. And all these plans that he made are very positive for the country, and I believe that the results will start to show in 2020.

What makes you think that 2020 is the year that the economic results of the Vision are beginning to show up?

H.A.B. - This year we have started to see and feel some positive movements, such as the growth in real estate prices in Jeddah. In the beginning of this year real estate prices began to go up, consequently in some related sectors we started to feel the reaction, such as in construction and many other relevant sectors. So I believe that by mid-2020 we will start to see the results of Vision 2030.

What sectors do you think are going to benefit the most from this new era of growth?

H.A.B. - The industrial sector and the real estate sectors, those two in particular will benefit the most. Also a new sector will come into play with much force, the new tourism sector.

Jeddah has sought to always be very strong in hotels and hospitality; do you think there is still growth happening in the sector?

H.A.B. - Yes, because the government has the ambitious plan to host more and more people for the Hajj and Umrah pilgrimages, up to thirty million pilgrims by 2030.

That's why hosting all these visitors from Hajj and Umrah can help Jeddah, Mecca and Medina increase the number of hotels, as more and more people will need accommodation. But they are doing it step by step.

What do you think are the biggest challenges that the private sector is facing to realize the potential of Vision 2030?

H.A.B. - The biggest challenge for the private sector is how to replace the foreign workers with Saudi workers, as we all need time to develop the skills of our local employees, in order to make them more adequate to the new market needs.

This will take some time, but if this is what the government has planned and I believe it is the perfect time for it. I believe that the private sector should play an active role in this plan. We should help the government in its plan by hiring more local Saudi people.

Do you think that the private sector is aware of the importance of Saudization?

H.A.B. - During that time of the foundation of Saudi Arabia, with King Abulaziz, we didn't have any foreign workers. All the workers here were Saudis at that time, so we operated with a hundred per cent local workforce. Then it all started changing after that time, and we started getting more and more employees from abroad.

Now we have started going back again to having all workers being our local Saudi people. These young Saudi people have already proved themselves in many sectors of activity, and we believe that they have the capability



to replace the foreign workers in whatever function they may desire.

Are you then optimistic that the main objectives of Vision 2030 are achievable?

H.A.B. - My conscience is very optimistic about Vision 2030. I believe that the Saudi government will reach its goals, and Saudi Arabia will be one of the most powerful and leading economies in the Middle East. Our government is already supporting the private sector a lot in many different ways.

Do you have a message that you would like to convey to our readers in the GCC about Vision 2030?

H.A.B. - My message to the readers in the GCC, the Middle East and the whole world is that we strongly believe that our country is one of the great places for foreign investment and for visitors from all over the world. All those who come and invest in Saudi Arabia now will have very positive results for their investments, thanks to Vision 2030.

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