

REPORT:

Saudi-Arabia in Transformation Process

Meeting at the Council of Saudi Chambers

The Secretary General of the Austro-Arab Chamber of Commerce, **Eng. Mouddar Khouja**, was part of the Austrian Trade Delegation that visited the Kingdom of Saudi-Arabia from 22 to 26 April 2018. The delegation was headed by **Eng. Walter Ruck**, President of the **Vienna Economic Chamber**, and coordinated by the Austrian Commercial Counsellor for Saudi-Arabia **Dr. Kurt Altmann** with the support of **Dr. Gabriele Führer**, Director for Foreign Trade at the Vienna Economic Chamber. More than 15 Austrian companies were following the invitation to join the Trade Delegation.

The impressive program included meetings with high-level officials, decision makers, project leaders and representatives of the Saudi business community in Riyadh and Jeddah.



Left image: Eng. Khouja (right) with Eng. Ahmad Rajhi, Council of Saudi Chambers

Right image: Eng. Khouja with Dr. Saudi Almashari (left), Council of Saudi Chambers

According to the Secretary General **Eng. Khouja**, the Kingdom of Saudi Arabia is in a transformation process. With the “**Vision 2030**” initiated by **H.R.H. Crown Prince Mohammed Bin Salman**, the country seems clearly determined to reinforce and diversify the capabilities of its economy, turning key strengths into enabling tools for a fully diversified future.

Saudi Arabia’s image as “the global petrol station” shall be transformed into an open private economy: according to “Vision 2030”, the country will offer opportunities for partnerships with the private sector through the three pillars: its position as the heart of the Arab and Islamic worlds, its leading investment capabilities, and its strategic geographical position.

The Kingdom of Saudi Arabia has already launched many transformative programs to implement its comprehensive and ambitious vision for 2030, including programs for governmental restructuring, privatization, national transformation, fiscal balance, and many more.

The impact of the transformation process was already observable upon arrival at Riyadh International Airport, where officers would be prepared to welcome Austrian delegates in German language. The vision becomes even more evident with several new development projects in yet unexplored areas in the Kingdom, among them the **NEOM Project**, the **Red Sea Islands Project** and the **Al-Faisaliah Project**.

During the meeting at the **Saudi Public Investment Fund**, the Austrian delegates were briefed about the ambitious project: planned as a transnational city and economic zone of approx. 26,500 sq km, **NEOM** is to be constructed in Tabuk, Saudi Arabia, close to the border region of Saudi Arabia, Jordan and Egypt. According to the Saudi Crown Prince H.R.H. Mohammed Bin Salman, the city will operate independently from the “existing governmental framework” with its own tax and labor laws and an “autonomous judicial system”. Planning and construction will be initiated with \$500 billion from the Public Investment Fund of Saudi Arabia and international investors. The German Klaus Kleinfeld, former president and CEO of Siemens AG, will direct the development of the city. The “planned futuristic megacity” will be designed from scratch, and calls for robots to perform functions such as security, logistics, home delivery, and caregiving. It is planned for the city to be powered solely with wind and solar power.

The Red Sea Project is another mega-project in line with Vision 2030 and supported by the **Saudi Public Investment Fund**. Located along the western coast of the Kingdom of Saudi Arabia, between the cities of Umluj and Al Wajh, the Red Sea Islands Project is envisioned as an exquisite luxury resort destination built on 50 unspoiled natural islands that stretch along 200 kilometers of stunning coastline, on the site of one of the world's hidden natural treasures, the "Maldives of Saudi Arabia". It will be developed as an international tourism project in partnership with the world's leading hospitality firms. This will attract the world's leading names in hotel and tourism operations while contributing to Saudi economic growth. The project aims to generate SR15 billion (\$4 billion) annually to the Saudi economy and create 35,000 jobs. The initial groundbreaking of The Red Sea Project is expected in the third quarter of 2019, completion of phase one of the project is anticipated by the last quarter of 2022, which will include the development of hotels and luxury residential units, as well as all logistical infrastructure – including air, land, and sea transport hubs. Laws on par with international standards will govern the newly mapped semi-autonomous area. Most nationalities will not require a visa, while others will be able to obtain one online prior to arrival, since the regulatory framework that will apply to the governance of this private zone will differ from those applied in the rest of Saudi Arabia.

At the meeting with **Makkah Region Development Authority**, the Austrian delegates were briefed about the **Al-Faisaliah project**, to be built on an area of 2,450 sq. km., as one of the largest development projects in the Makkah region. A governmental complex, including the Governorate of Makkah Region, an Islamic centre for all Islamic organisations and foundations, an Islamic research centre, facilities for meetings, symposiums, and conferences, will be developed as part of the project. The Al-Faisaliah city project is expected to provide 995,000 housing units and accommodate 6.5 million people by 2050. It will also aim to attract 10 million visitors, including Haj and Umrah pilgrims.

At their courtesy visit to the **Council of Saudi Chambers** in Riyadh, President Ruck and the Austrian delegates were warmly welcomed by **Eng. Ahmed Rajhi**, the Chairperson of the Council and Chairperson of the Riyadh Chamber of Commerce & Industry.



Eng. Walter Ruck (left) / Eng. Rajhi (right) at the Council of Saudi Chambers

Present were also **Dr. Saud Almashari**, Secretary General of the Council; **Mr. Waleed Alorainan**, Assistant Secretary General for International Affairs; **Mr. Hamad Al-Showair**, Vice-Chairman of the Board of Riyadh Chamber; and other representatives of the Saudi Council and Saudi companies, such as **Mr. Abdullah Al Melehi**, CEO of Saudi Excellence Company; **Dr. Amin Al-Shanqiti**, CEO of ITEAC; and **Mr. Abdullah Almojel**, President and Managing Director of Global Dimension Group. The Austrian Ambassador to Saudi-Arabia, **H.E. Mr. Gregor Kössler**, was also participating in this meeting.

The Austrian trade delegation's program included many other meetings and appointments with official institutions and authorities, including the **Saudi Arabian General Investment Authority (SAGIA)**, the **Riyadh Development Authority (ADA)**, and the **Jeddah Development & Urban Regeneration Authority** (Metro Jeddah Company).

The delegates also paid a visit to prominent Saudi companies such as **Al Nesma Holding Co Ltd.**, a privately owned Saudi Arabian company, with corporate headquarters in the Red Sea port city of Jeddah and branch offices in all major cities around the Kingdom. In addition to its local operations, Nesma maintains an active international presence through several joint ventures and partnerships both regionally and globally.



Left image: Eng. Khouja (right) with Mr. Saleh Alturki, President and CEO Nesma Holding

Right image: Eng. Khouja with Abdullah Zaid AL Melehi, Saudi Excellence Company

The Austrian trade delegation was also welcomed at **Saudi Binladin Group**, a multinational construction conglomerate headquartered in Jeddah. SBG was founded in 1931 by Sheikh Mohammed bin Laden Sayyid, whose relationship with the country's founder, Abdel Aziz al Saud, led to important government contracts such as refurbishing the mosques at Mecca and Medina.



Eng. Khouja (middle left) and Dr. Führer (middle right) with Eng. Ahmad Anees (right), Executive Director at Saudi Bin Ladin Group

Visits to Austrian companies with representations in Saudi Arabia like **ILF Saudi Arabia** and **Rosenbauer** were also included in the delegate's program, together with briefings about the legal situation and tax system in Saudi Arabia. Another highlight of the trip were invitations and networking activities, such as a networking lunch initiated by the Austrian Ambassador **H.E. Dr. Gregor Kössler** in the presence of high-level Saudi businessmen and decision makers.

Conclusion

According to AACC Secretary General **Eng. Mouddar Khouja**, the Kingdom of Saudi-Arabia with its ambitious new Vision 2030 and mega-projects like **NEOM**, **Red Sea Island** and **Al-Faisaliah** is offering many prospective business opportunities. Interested Austrian companies and partners should seize this transformation process to establish new partnerships and possibilities for business in Saudi Arabia.