

Arab – Hellenic Chamber of Commerce & Development
3th Workshop on “Doing Business in the Arab World”



**Kingdom of
Saudi Arabia
KSA**

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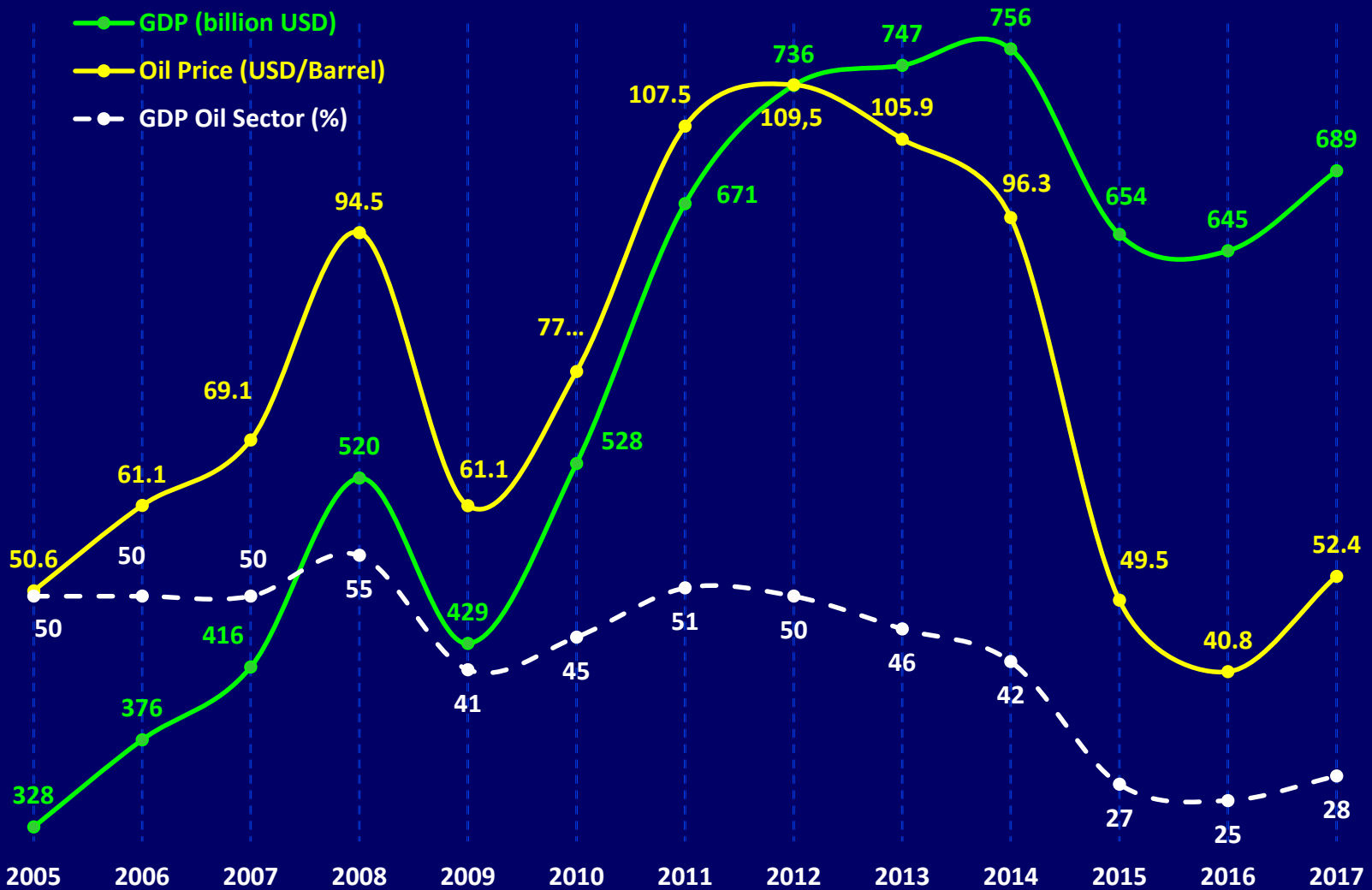
Country Profile 1

Name	Kingdom of Saudi Arabia (KSA)
Country Code	SA
cc TLD	.sa
Area	2.149.690 sq km
Population	33,4 million (= SA 20,8 + NSA 12,6)
Government	Islamic Absolute Monarchy
Capital	Riyadh
Major seaports	Dammam, Jeddah, Jubail, Yanbu
Major airports	Dammam, Jeddah, Medina, Riyadh
Currency	Saudi Riyal (SAR)
Exchange rates	USD / SAR = 3,75 (1985 till today) EUR / SAR = 4,49 (2017)

Country Profile 2

		2015	2016	2017
GDP	bil. \$	654	645	689
GDP annual change	%	-13,5	-1,4	6,8
GDP per capita	\$	21.180	20.289	21.057
Deficit % of GDP	%	-15,8	-12,9	-9,3
Public Debt % of GDP	%	5,8	13,1	17,3
Unemployment	%	5,6	5,6	6,0
Inflation	%	1,3	2,0	-0,85
Total Exports	bil. \$	204	184	222
Total Imports	bil. \$	175	140	135
Trade Balance	bil.\$	29	43	87

GDP & Oil Sector



Bilateral Trade KSA - GR

million \$	2015	2016	2017
Exports to Greece	1.035	865	976
Imports from Greece	275	440	863
Balance with Greece	759	425	113

Main Exports 2017	ml \$	%
Mineral products	823	84
Plastics and articles	106	11
Organic chemicals	17	2
Copper and articles	11	1
Inorganic chemicals	5	1

Main Imports 2017	ml \$	%
Mineral products	730	85
Preparations of vegetables & fruit	17	2
Animal or vegetable fats and oils	13	2
Machinery appliances; parts	11	1
Pharmaceutical products	9	1

Why do business in Saudi Arabia ?

- ❖ Stable country, stable economy, stable currency
- ❖ One of the world's 25 largest economies and the largest economy in the Middle East and North Africa region (MENA region).
- ❖ Member of Gulf Cooperation Council (GCC) Custom Union (Bahrain, Kuwait, KSA, Oman, Qatar, UAE).
- ❖ Member of the Great Arab Free Trade Area (GAFTA) or Pan-Arab Free Trade Area (PAFTA). Algeria, Egypt, Iraq, Jordan, KSA, Lebanon, Libya, Morocco, the Palestinian Territories, Sudan, Syria, Tunisia and Yemen.
- ❖ Low domestic cost of energy and industrial land

Investment Opportunities

- ❖ **Investment Opportunities:** Energy & natural resources, Education, Construction, Transportation, Healthcare, ICT, Financial services, Security, Consumer goods etc
- ❖ **Vision 2030.** A broad socio-economic reform plan launched in 2016, aiming at diversifying the economy away from oil and gas dependency, spurring market liberalization and private sector growth, developing capital markets, building a renewable energy sector, privatizing government entities, developing public transportation and railway network, reforming educational system etc.
- ❖ **Saudi Arabian General Investment Authority (SAGIA)** www.sagia.gov.sa is the gateway to invest in KSA.

Investment Incentives 1

- ❖ No personal income tax, no sales tax, no land tax and no property tax (religious tax “Zakat” only to Saudis and GCC nationals).
- ❖ 20% tax on corporate profits, with any losses carried forward indefinitely to offset future taxes.
- ❖ Tax concessions to six less – developed regions for ten years from the start of any project.
- ❖ Full repatriation of capital, profit and dividends allowed, subject to a 5% withholding tax.
- ❖ Low-cost sites in 32 industrial cities, four economic cities (Rabigh, Hail, Madinah, Jazan) and in Jubail and Yanbu.

Investment Incentives 2

- ❖ Customs duties exemption on imported machinery, equipment, raw materials and spare parts if they are for industrial use.
- ❖ Duty drawback, a customs refund for raw material imports that are processed and exported as finished goods.
- ❖ Preferential treatment for national products in Saudi government procurement.
- ❖ Foreign companies can benefit from specific schemes to help them export, recruit employees and grow such as Saudi Export Program, Human Resources Development Fund, the Saudi Industrial Development Fund, Public Investment Fund etc.

Establishing a company in KSA

- ❖ All companies operating in Saudi Arabia have:
 - to register for a Trade Name
 - to register to the Commercial Register of the Ministry of Commerce and Investment (MCI)
 - to register to the local Chamber of Commerce
- ❖ All companies with annual turnover over 375.000 SAR are liable to Value Added Tax (VAT, 5%) and they have to register to the register of taxable persons at the regional branch office of the General Authority for Zakat and Tax (GAZT).

Types of Businesses

1. General Partnership (Ο.Ε.)
2. Limited Partnership (Ε.Ε.)
3. Partnership Limited by shares (Ε.Ε. κατά μετοχές)
4. Joint Venture (Συνεταιρισμός)
5. Corporation (ΑΕ)
6. Commercial Agency (Εμπορικός αντιπρόσωπος) ⚠
7. Branch (Υποκατάστημα)
8. Limited Liability Company (ΕΠΕ)
9. Joint Stock Company (Μικτή Επιχείρηση)

⚠ A “sole” commercial agent has the right to charge commission to a transaction even if he did not broker it.

Import requirements 1

- ❖ Only Saudi owned companies or Saudi nationals are allowed to import goods.
- ❖ Generally, it is not required an official agent or distributor to import goods, except for certain products which are subject to health and sanitary regulations.
- ❖ A Certificate of Conformity (CoC) from the export country is required for the most of the importing products (authorized authorities).
- ❖ A fixed and irremovable indication (label) of the country of origin is obligatory for all the importing products (on the body / container / packaging).

Import requirements 2

- ❖ Temporary importation is allowed with an invoice stating that the goods will be re-exported. Commercial samples have to have the indication “Not for sale – No commercial value”. Refundable deposit is required by the Customs.
- ❖ Customs value is, usually, calculated on the basis of the CIF Value, plus the insurance cost.
- ❖ General and specific requirements, tariffs and statistics per product code (TARIC) to exports in Saudi Arabia are available at MADB, the Market Access Database of the European Commission <http://madb.europa.eu/madb/indexPubli.htm>

Import Prohibition

- ❖ Goods originating in Israel
- ❖ Swine, pork and their products
- ❖ Alcoholic beverages and foodstuff containing alcohol
- ❖ Chewing or snuffing tobacco, e-cigarettes
- ❖ Palm trees of any type (date, coconut etc)
- ❖ Natural soil & fertilisers of animal origin
- ❖ Christmas trees, religious literature and symbols
- ❖ Face masks, video games (47)
- ❖ Gambling machines, tools and equipment
- ❖ Self balancing scooters (hoverboards)
- ❖ Used vehicles and spare parts older than five years
- ❖ etc.

Securing Exports

Securing export does not mean that:

- ❖ my potential customer is registered in the register of a ministry or/and a chamber of commerce.
- ❖ my potential customer “exists” as he has address, phone, fax, email, tax number, vat number, I.D. number etc.

Securing export means “I see the payment to my bank account” and has some prerequisites:

1. Detailed description of the transaction terms (price, quantity, shipping date, shipping costs, redemption, handling of defective products).
2. Secured method of payment:
 - Cash in Advance for the whole amount or
 - Irrevocable Letter of Credit or
 - Export Credit Insurance or
 - Non-recourse Factoring