



مجلس الأعمال السعودي الأمريكي
U.S.-Saudi Arabian Business Council



DOING BUSINESS in Saudi Arabia

March 20, 2019

www.us-sabc.org

Housekeeping: How to Participate in Today's Webinar



Please mute your phones!



Questions will be taken by the Chat feature, please send in questions often



Council Members and registered non-member participants will receive the recorded presentation and slides by email



For our non-members who didn't register, a downloadable presentation will be available for purchase at our website, www.us-sabc.org



About the Council

Overview

Membership-based organization that has informed, counseled and connected thousands of U.S. and Saudi companies over our 25-year history to increase cross-border trade and investment.

- **250+** member companies in Saudi Arabia & U.S.
- Our members are part of our **extensive network** of business entities with access to:
 - ✓ Market intelligence
 - ✓ Member-to-member connections
 - ✓ Logistical support
 - ✓ Visa Services and more

Trade and Investment



Events and Services



Council Programs and Services



Programs

Exclusive networking events on industry-specific opportunities in the Kingdom:

- Business Development missions
- Sector-Focused Conferences
- Business Opportunities Forums

Publications

Information products on recent developments and business opportunities in U.S. and Saudi markets:

- Industry Sector Reports
- Weekly Market Briefs
- Monthly Business Bulletin

Business Advisory Services

Customized quality business advice and support to U.S. and Saudi companies:

- Market Entry Strategy
- Partner Identification and Introduction
- In-country Appointments

Webinar Speakers

Moderator



Lisa Leander
Capture Manager

***U.S. Saudi Arabian
Business Council***

Panelist



Osman Qureshi,
Director of Business Support
Solutions

Proven SA

Respondent



Keith Butler,
Practice Leader
Oil + Gas

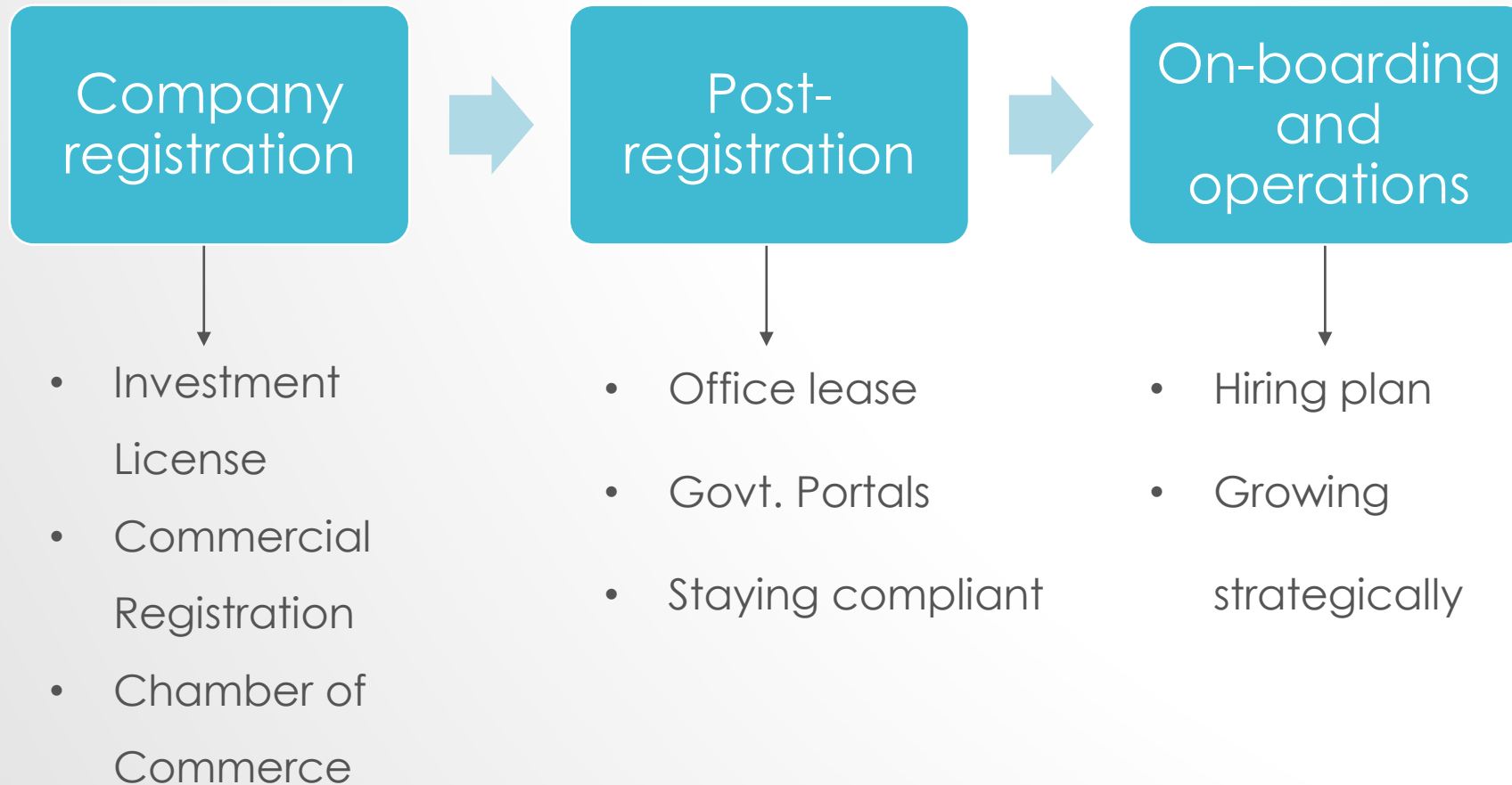
Jensen Hughes



WHO WE ARE

- **Head quarters:** Riyadh, Saudi Arabia
- **Branch offices:** Dubai, Bangalore, Toronto and London
- **Established:** 2009
- **Parent Company :** Proven Arabia
- **Employees:** 150+
- We support over 200 businesses in Saudi Arabia by managing their non core functions so that they can focus on their primary business activities.
- We assist our clients with services such as:
 - Business process outsourcing
 - Business support services
 - Corporate Immigration
 - Taxation and Bookkeeping
 - Human resources functions
 - Payroll administration
 - Recruitment & PEO
 - Compliance & Governance

MILESTONES



COMPANY REGISTRATION

- Investment Authorization : Saudi Arabian General Investment Authority
- All foreign companies must register through SAGIA

Initiatives:

1. Transfer and localization of technical knowledge to the requests of the license in the industrial activities.
2. Diversifying sources of income in the Kingdom of Saudi Arabia.
3. Increase exports.
4. Privatization of Public entities (Airport, Hospitals and School)
5. Mega City project
6. Enhance the competitiveness of the economy and its products in the local and global markets.

TYPES OF LICENSES AND LEGAL ENTITIES

1. Industrial Activities

2. Services Activities

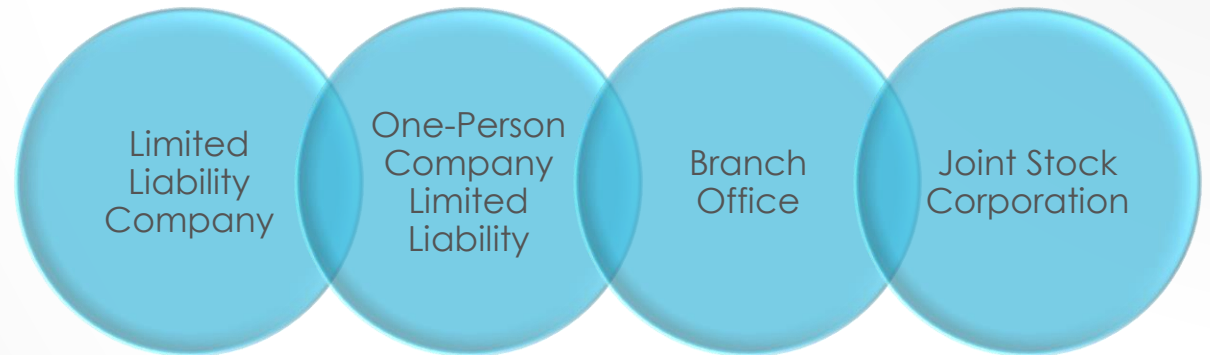
- (Specialized Activities)
- (Unspecialized Activities)
- Temporary Licenses

1. Commercial Activities

2. Agriculture Activities

3. Real Estate Activities

4. Scientific and Technical Offices



SAGIA QUALIFICATION HIGHLIGHTS

- The initial process should be handled by a legal representative
- Each category requires capital investment
- Business plan
- Saudization plan
- Company experience (years in business)
- Financial statements
- Some business activities require a Saudi partner (insurance, public transport, telecom)
- Some business activities require an approval from authorized government entities (insurance, public transport, telecom, healthcare, media)

RECENT REFORMS FOR INVESTORS

- Year 2018 Statistics show 99% increase in foreign investment license
- 100% increase in expansion applications
- 100% ownership permitted: Manpower, Engineering, Commercial licenses
- Entrepreneur license (SME's)
- Currently ranked at no. 92 out of 190 on the World Bank's ease of doing business ranking
- Only 1 year financial statement required
- License renewals are just a click away
- SAGIA business centers
- Tayseer program
- 2 – 5 days approval turnaround from SAGIA

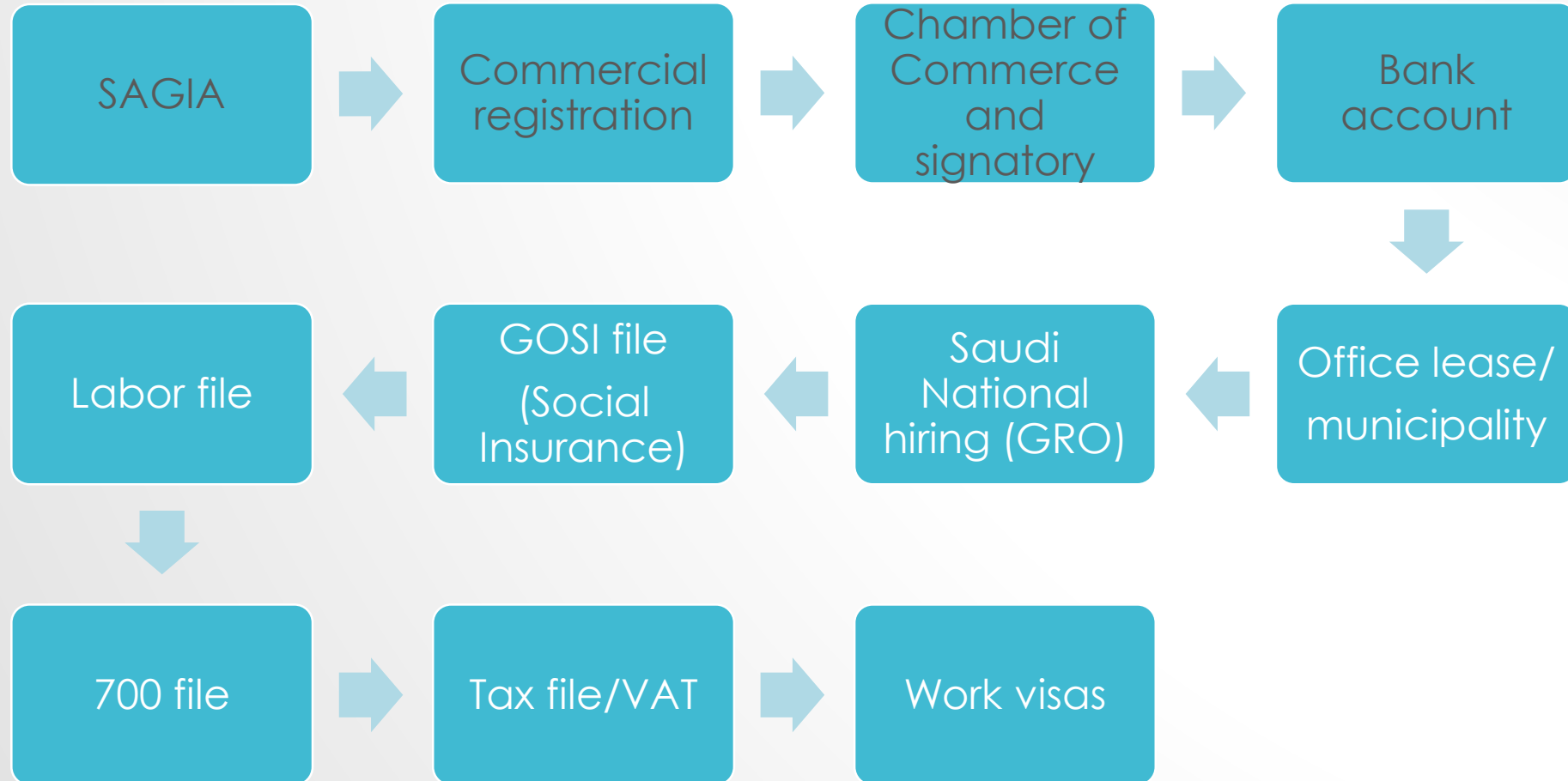
REQUIRED CAPITAL AND PERCENTAGE OF SAUDI PARTNERSHIP

No	Type of License	Minimum Capital (SAR)	Minimum Saudi Participation %
1	Commercial with Saudi Partner	26,666,667 Foreign capital shareholding not less than twenty million (SR 20,000,000) and partnership not more than % 75.	25%
	Commercial 100% Foreign	30,000,000	Nil
2	Communications	---	40%
3	Communications Value Added	---	30%
4	Insurance	---	40%
5	Reinsurance	---	40%
6	Property Financing	---	40%
7	Property Investment	The value of each project is not less than 30,000,000 (covering land and construction) ; the land and building will be outside the perimeter of the two Holy Mosques	---
8	Management of Construction projects, detailed engineering design and EPC contracts	----	25%
9	Public transport (bus transportation within cities) 500,000 % 30	500,000	30%
10	Public transport (metro transportation within cities)	500,000	20%
11	Joint Stock Company.	500,000	---

SPECIALIZED ACTIVITIES

Competent Government Entity	Activities
Ministry of Health	Construction, operation and management of hospital including all health services except exclusions of foreign investments
Ministry of Power, Industry and Minerals	Mining license services Metal manufacturers Utilization license for industrial purposes
Civil Aviation Authority	Freight companies transporting goods, Aviation training centres, Airlines, Airplanes maintenance and training centres
Ministry of Education	Construction, management and operation of elementary, intermediate and secondary schools (All languages) (currently activity is suspended due to ministerial council resolution)
	Construction, management and operation of institutes, colleges, or universities for higher education and graduation (All languages)
Capital Markets Authority	Financial activities including consulting, book keeping and guaranteeing coverage
Saudi Arabian Monetary Agency	Insurance, lending, banks, Real estate finance
Ministry of Interior	Manufacturing of civil explosives (removed from exclusion list)
Ministry of Defence or any other military or semi government entity	Temporary license for the execution of contracts of a specific duration
Foods and Drugs	Manufacturing of human and animal medicines Companies in the cosmetics industry
Ministry of Transportation	Marine (cargo) transportation, Operation and management of Saudi flagship fleets, High way service centers
SASO	Laboratories
Ministry of Culture and Media	Advertisement and media agencies, Printing press, Photographing,
Conferences and Exhibitions National Program	Conferences and exhibitions organization and management
Ministry of Municipalities and Power Efficiency Saudi Centre	Highways service centres, Cement, steel and petrochemical products, Power efficiency projects management activities, Auditing and review of data activities in buildings including power efficiency related, Engineering design services activities for power efficiency standards, Measurement and power verification services
Ministry of Commerce and Investment	Industrial activity

POST- REGISTRATION STEPS



AFTER SET-UP OVERVIEW



INTERIM OPERATING MODEL

- **Commercial Representation Agreement** - provides a quick and compliant solution to establish a presence in Saudi Arabia
 - Cost effective
 - Market knowledge
 - Logistical support
 - Timelines

ON-BOARDING AND RUNNING OPERATIONS

- Recruitment Plan
- Saudization and local workforce
- How can we hire non-Saudi workers
- Things to consider before signing a business contract
- Budget planning Saudi vs Non-Saudi workers

Did you know?

Unemployment rate increased to 12.6% in year 2018 creating an opportunity for private sectors to fill in the gap

SAUDIZATION

- What's Nitaqat?
- Types of Nitaqat classification and color bands
 - Platinum (Excellent)
 - Green (Good)
 - Yellow (Hazard)
 - Red (Non-compliant)
- How companies can prepare for Saudization with consulting and Saudi recruitment
- Why Saudization is important

Did you know?

Additional 400,000 to 450,000 job opportunities were opened for women in the retail industry after the lift of driving ban

HIRING EXPATS

- Work residency visa (IQAMA/MUQEEM)
 - HR and Mobility team should to be aligned
 - Secondments/ Deputations
 - Legalization and consular visa processing
- Commercial visit visa
- Work visit visa

Did you know?

US nationals are eligible to obtain a 5 years long-term commercial of work visit visa

CASE STUDIES

Case study 1

- Management consulting client
- Already have a presence in Saudi Arabia
- Cannot fulfil vendor registration due to poor Saudization percentage
- Government relations services management



CASE STUDIES

Case study 2

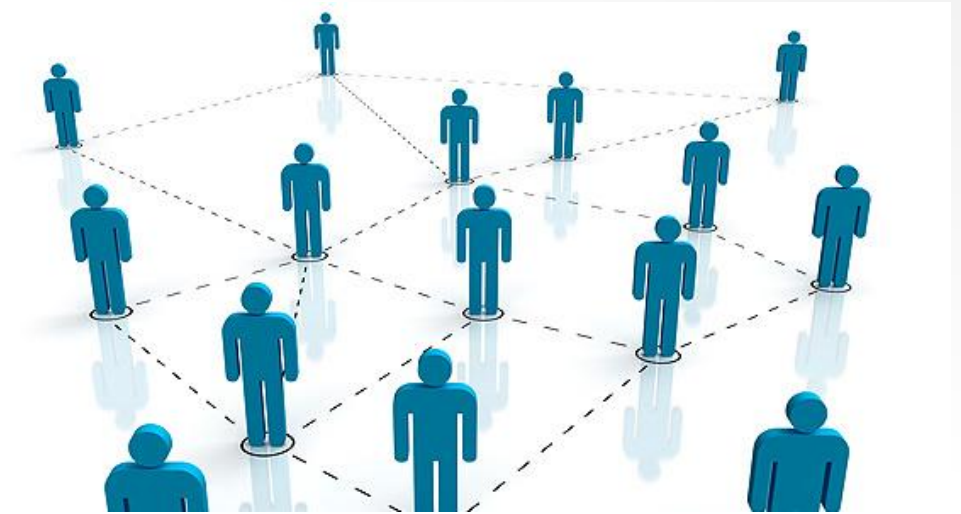
- Industrial Investment license holder
- Struggled to find a suitable manufacturing facility
- Support from MODON



CASE STUDIES

Case study 3

- Difficulty in managing the Saudi distributors
- TSO License
- Based in a serviced office, having independent setup has provided freedom to manage distributors





Q & A

KEY CONTACTS

Osman Qureshi

Director of Business Solutions

+1 437 333 3301

osman@proven-sa.com

Waqas Kidwai

Business Development Manager

+971 52 944 5072

wkidwai@proven-sa.com

Zaid Al Mashari

CEO

+966 55 905 6266

mashari@proven-sa.com

Omer Saleem

CCO

+966 55 666 4178

osaleem@proven-sa.com

COMPANY CONTACT DETAILS



+966 11 411 11 27



info@proven-sa.com



www.proven-sa.com



Floor 3, Moon Tower, Kind Fahad Road, Ar Rahmانيyah District,
Riyadh, Saudi Arabia

Q&A

Please send in your questions to the Panelists
via the Chat Function.

Moderator



Lisa Leander
Capture Manager

***U.S. Saudi Arabian
Business Council***

Panelist



Osman Qureshi,
Director of Business Support
Solutions

Proven SA

Respondent



Keith Butler,
Practice Leader
Oil + Gas

Jensen Hughes



Thank You!

Upcoming Events

Webinar: Employment Visas, April 2019 (Member's Only)

Spring Networking Events in Washington, DC and Houston (Member's Only)

www.us-sabc.org

U.S. Office

8081 Wolftrap Road

Vienna, VA 22182

Tel: 1-703-962-9300

Saudi Office

Urouba Street

Riyadh 12334

Tel: 966-11-474-3555



مجلس الأعمال السعودي الأمريكي
U.S.-Saudi Arabian Business Council