one of the world’s largest economies, with more than a fifth of the Earth’s proven oil resources, Saudi Arabia’s dynamic shift to a more open economy has been nothing short of impressive. Having risen from 67th to 13th place in the World Bank’s Ease of Doing Business index in just four years, Saudi is outshining its competitors in attracting investment and looking for U.K. partners in growing sectors.

With a world-class investment environment that combines a welcoming business climate with low costs, Saudi offers untapped investment potential in a range of sectors, including health, construction, real estate and tourism.

Access to lucrative Middle Eastern markets and an economy that ranks third in the world for macroeconomic stability are major draws, while an increasingly deregulated environment supports a prominent private sector.

Robust growth in government revenues has seen double-digit increases in expenditure on social, infrastructure and other investment projects, and investors can enjoy increasingly well-developed business clusters and value chains that set the reforming nation apart.

Governed by King and Prime Minister Abdullah bin Abd al-Aziz Al Saud since August 1, 1995, who has pursued an incremental program of social, economic and political reform, Saudi is focused on becoming a knowledge-based economy by 2020.

A healthy nation
With sweeping reforms being carried in the health and education sectors, Minister of Health, Dr. Abdullah bin Abdul Aziz Al Rabeeah is eager to close the gap in service provision and skills. He is spearheading the drive to provide comprehensive quality health care at family, individual and community levels, while increasing bilateral exchange at an institutional level in health education, training, transfer of know-how and technology with the U.K.

“There are huge opportunities for R&D sponsorship—we are building a lot of research centers and could link with British investors in this area” Dr. Abdullah Al Rabeeah

One of the strengths, however, the Minister explains, is that

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government controls the health of the country, “which allows us to make better and stronger decisions. We interact a lot with the private sector—which provides 20% of Saudi’s health care—and are able to partner with major international investors in both pharmaceuticals and the health industry itself.”

The Ministry of Education, which recently overhauled the Saudi system at a cost of U.S.$3.1 billion, is also looking to equip the new generation of young men and women with the latest technological innovations to allow Saudi to face international competition at a scientific and technological level and participate meaningfully in overall growth.

The Saudi Food and Drug Authority (SFDA) operates rigorous monitoring of food and drugs in the country. More than 60% of Saudi’s food is imported and all of it is checked by the SFDA. Working to strict international benchmarks, the authority regulates efficiency, manpower and technology across the food industry, and boasts two major laboratories: one for pesticide-level testing and one that studies the migration of packaging materials into the foodstuff.

Ninety percent of drugs entering the country are regulated by the SFDA, which boasts a state-of-the-art I.T. system. As SFDA executive president, Mohamad A. Al-Kanhal explains: “We ‘over-benchmark’ because we don’t want to make any mistakes. Our real value is in the trust we hold. We have a very good relationship with the U.K. and a lot of our students are there because it provides many good programs.

“We are a one-stop shop. Our mandate, structure and regulations are on our website and all the information any company wishing to export to Saudi Arabia needs to know is clear and transparent.”

Meanwhile, as the agency responsible for the training of health practitioners and accrediting health institutions, the Saudi Commission for Health Specialties is investing heavily in its professional base, and is on a mission to establish more exchanges with the U.K. to boost the country’s human capital.

“This year, we have 3,600 doctors in training, many of them at a local level. We would however like to extend hands with our U.K. friends for more collaboration,” says Hussein Al Frehi, former secretary general for the Commission.

Regulating the health-insurance market and the provision of health care to those working in the private sector, including an estimated 5.5 million non-Saudi nationals, the Council of Cooperative Health Insurance is an independent government body established 10 years ago.

Tasked with ensuring private health plans are administered correctly by health care providers and the insurance companies themselves, the CCHI, headed by Dr. Abdullah I. Al-Hamed Al-Sharif, is interested in attracting U.K. know-how in this field. “The health care system in the U.K. is of a very high standard and we want to reach that standard for family practitioners,” says Al-Sharif. “There is huge demand and many opportunities here: we have a population that is growing at a rate of 2.8% a year and Riyadh has nearly six million people. While there are many hospitals under construction, people still need health services.”

The general insurance sector is growing exponentially, with a market size slated to be worth 10 billion Saudi Arabian Riyals (SAR) over the coming year. As Lutfi F. El Zein, execu-
tive president of Saudi’s second-largest insurance provider, Medgulf Mediterranean & Gulf Cooperative Insurance and Reinsurance Co., says: “Competition is thriving.”

Citing professionalism as its competitive advantage, Medgulf was one of the first firms on the market and provides a full range of insurance to firms arriving to do business in Saudi. “We want to show we are serious, that we are professionals,” he says. “We want to provide a service and insure people up to the highest possible standard. This is the main core of our mission, and we have come a long way with it.

“We invest a lot in staff and I.T. When you grow your client base each year by 30%, you have doubled your numbers very quickly, so the challenge we have is in servicing this number without failing or appearing to be another gimmick.”

With strong links to Lloyd’s of London and the Chartered Insurance Institute in the U.K., Medgulf takes its training very seriously. “We send staff to the U.K. on follow-up seminars and courses and they come back with a great deal of knowledge. We have our own monthly training course that is open to the whole industry. We are committed to making insurance something that is respectable. It’s a huge market, with 90% of the potential untapped.”

Malath Cooperative Insurance and Reinsurance Co. was founded by an élite Saudi investment consortium in April 2007 with a paid-up capital sum of SAR 300 million. The firm has established itself as a leading provider of innovative and competitively priced insurance products and services for the corporate and individual markets. Focused on steady and sustained growth, Malath is open to U.K. partnerships, particularly in the areas of know-how and technology transfer or mergers and acquisitions.

Malath CEO, Ali S. Al-Ayed, says: “We are a first-rated company by Standard & Poor’s, so clients have complete confidence when trading with us. We fulfil the needs of the local market through an ideal insurance concept and total professionalism. I visit international markets on a regular basis and we attend all the worldwide insurance events. Expats coming here will find we are focused on the price of the service.”

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**Tamer’s experience and resources provide immense possibilities to international companies seeking to build a competitive advantage in Saudi Arabia.**

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_A New Era_
“Education and health care are the right areas to invest in if we wish to improve the quality and standard of our future generations,” says Ayman M. Tamer, chairman and managing partner of Tamer Group. “The King Abdullah University of Science and Technology (KAUST) is the only one of its kind in the world.

“I believe this center of excellence will become the standard for education. In the private sector, you find excellent institutions like the International Medical Center which has some of the best quality health care in the country. Tamer Group is an investment partner and has a seat on the board.”

“We see a lot collaboration between the public and private sector to improve health care. Public Private Partnerships (PPP) are at an infant stage and must gain confidence to work well in the future. Without trust, PPP cannot succeed.

“Many multinationals have selected us because we provide the right service level and support. When you work with multinationals, you learn a lot about what is required to succeed in delivering your overall service. If you commit yourself to this learning process and allow your organization flexibility, you will create an environment where change is healthy.”

Driven by excellence
As the first name in car hire and with a presence in over 162 countries, multi-award-winning Europcar is enjoying hugely successful operations in Saudi Arabia. Fresh from a restructuring, the business concern is now wide open for expansion and looking for U.K. investors with which to conduct future joint projects.

Owned by Al-Farabi Investments Company, a Kuwaiti shareholding closed firm, Europcar Saudi is driven by a passion for excellence, offering unrivaled customer service and tailor-made products for all its corporate customers, including limousines, chauffeur-driven services and leasing contracts for one, two and three years. Thanks to its reputation for delivering the very best in quality and care, Europcar Saudi enjoys outstanding customer loyalty.

“Last autumn, Europcar secured local and global partnership agreements with some of the 50 largest companies in the world, including SABIC, Saudi Airlines, Saudi Oger and many others. It is undertaking collaborative ventures with numerous operators of five-star hotels such as Hilton Worldwide, Le Meridien, Accor and InterContinental Hotels Group. Such endorsements bode extremely well for the Saudi franchise.

As dynamic executive vice president of Europcar Saudi, Mohamed Adel Nassar, says: “Europcar provides an industry-leading car-rental service, self-imposed quality initiatives to constantly improve and monitor customer services and service-level agreements with key performance indicators. The franchise guideline and controls ensure we achieve a consistent standard of service throughout the network.

“No other brand can boast such strident customer loyalty, and no one else matches our values, which are defined as: integrity, respect for the individual, quality, teamwork, growth and profitability. Europcar Saudi offers all corporate clients a superior, globally backed service with the personal and
individual touches that make all the difference, such as meet and assist, delivery/collection and 24-hour stations for ultimate convenience.”

Building up assets
With a population that is set to double within the next 10 years, Saudi is facing increased demand for housing and real estate projects to support new communities. The second-largest sector after oil, the property sector is worth SAR 2200 billion with an annual trading figure close to SAR 200 billion.

Working hard to develop a professional real estate sector, Hamad Al-Showair Group for Investment and Real Estate Development covers investment in the buying, selling and leasing of real estate investment and land development, through direct marketing, mediation and its website.

With 25 years of experience, Al-Showair Group has gained the confidence of dealers and attracted many of the most well-known contractors in the market and is open to partnerships with international developers and investors.

Hamad A. Al Showair, President of Al-Showair Group, who also heads the National Committee for Real Estate, says: “Growth in this sector has reached unprecedented rates in Saudi and the Middle East in general, and is expected to reach 7%. Investment volume in the contracting services sector will be SAR 227.3 billion, which is 21% of the total targeted investment in the different sectors.”

Recently restructured and with 20 years’ local experience in the market, Tasweegar is another local company looking to be the partner of choice for U.K. and other international investors wishing to fill the gaps in financial solutions, building and construction technology, know-how in developing mortgage programs, as well as finance funding.

Having recently entered the residential housing market, the construction firm provides affordable housing within the Kingdom. Starting cautiously, with 20 villas in Riyadh, it has increased its projects steadily to meet demand and build up an impressive portfolio.

Tasweegar CEO, Saleh M. Al-Fawaz, states: “We are open to discussion because we believe that we cannot continue to work individually. We have to share our knowledge and resources with others for mutual benefit.

Saudi’s tourism sector has huge potential.

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APOLOGY: In our Special Advertising Section on Turkey, published 28th June, we wrote that Has Çelik ve Halat San Tic. A.D manufactured steel tubes and bars and had six warehouses in various cities in Turkey. This information was incorrect and refers to another Turkish company with a similar name. Business Outlook apologizes unreservedly to Has Çelik ve Halat San Tic. A.D for the error.

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“You cannot import a ready-made project and implement it in Saudi without customizing it to suit the Saudi market. The real estate business in Saudi is not like other businesses. It is related to the culture and micro-economy, so it is very important to look for the right local partner.”

Meanwhile, leading real estate developer and engineering-consultant group Zaki M. A. Farsi prides itself on bringing innovative solutions to the Saudi market.

Specialists in building tower blocks, like the magnificent “Farsi Seven” in the Jeddah area, the company is bracing itself for greater growth as investors flock to take advantage of this untapped market.

“Saudi Arabia is a goldmine for real estate,” says Zaki Farsi. “Some 60% of the population is under 30 years of age, the new mortgage law is about to be put into place, and there are new trends.”

“SAUDI ARABIA is a goldmine for real estate. Some 60% of the population is under 30 years of age, we have a new mortgage law about to be put into place, and there are new trends” Zaki Farsi

Tourism takes off

A major up-and-coming sector, tourism is benefiting hugely from the impressive infrastructure being built in every facet of the economy, according to President of the Saudi Commission for Tourism and Antiquities, Prince Sultan bin Salman bin Abdul Aziz.

The number of air passengers to the Middle East grew by 11.2% in 2009, driven by the larger share of long-haul activity being attracted to the region’s strategically placed hubs. With the region’s largest economy and a fast-growing population, Saudi has the potential to achieve remarkable growth in this sector.

Flagship carrier Saudi Arabian Airlines (SAA) boasts an outstanding 60-year history. Two years ago, it reached a major deal with Airbus and Boeing to purchase 82 new aircraft, and in May this year, shifted to a sophisticated passenger-management system that allows clients to access all their booking needs online.

Operating more than 450 flights a day to over 80 destinations, SAA achieved an on-time performance rate of 85%—one of the highest in the industry. The company’s privatization program, which began in 2006, is slated for completion within two years.

With a “New Era” slogan, the airline is modernizing and upgrading many facets of its service to become more customer-responsive, and has given top priority to the safety of its passengers and aircraft.

According to a company spokesperson, SAA “is now in a strong position in terms of finance, business and quality of service. We hope that privatization will further strengthen our position to become one of the world’s top airlines.”