



**Breakfast Roundtable: Insights Into Saudi Arabia**  
**08.40am, 10 October 2018**  
**Marx Room, Quo Vadis Club**  
**Soho, London**



**Meeting Notes**

**Attendees List**

Chris	Innes-Hopkins	UK Executive Director	Saudi British Joint Business Council
Chris	Lewis	Director	Clareville Consultancy
Harsha	Harjani	Former Corporate Communications Lead, Asia	Aviva
John Paul	Yetton	Partner	Touchline





Marine	Roux	New Business Manager	Creative Culture
Matt	Cartmell	Deputy Director General	PRCA
Melanie	Chevalier	CEO and Founder	Creative Culture
Michael	Thomas	Chairman and MENA Strategic Adviser	Pathfinder
Patrick	Hanson-Lowe	Marketing Consultant	Drakefield Marketing
Paul	Duncanson	Managing Partner Non-Executive Director	Creativebrief Creative Culture
Richard	Hammond	Partner and Founder	HMS16
Rob	Morbin	General Manager	ICCO
Tom	Allen	International Relations Officer	ICCO

### **Introductions**

Paul Duncanson opened the event, welcoming all, presenting the topic and asking everyone to introduce themselves. He underlined the importance in focusing on Saudi Arabia, with all the major political and cultural changes happening in the country at the moment.

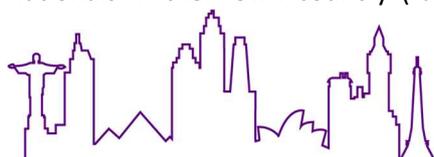
He then asked Michael Thomas, Chairman and MENA Strategic Adviser of Pathfinder, who has 40 years of experience working in the Middle East and Chris Innes-Hopkins, UK Executive Director at the Saudi British Joint Business Council, to share some of their knowledge and insight on Saudi Arabia.

### **General Discussion Points**

The situation is rapidly changing in Saudi Arabia, which is causing problems internally but also with the country's business partners globally. Oil prices have been very low (below \$60 a barrel, when \$90 is considered to be a good level) and therefore, oil producers were not reaching their budgets. As a result, KSA has experienced budget shortfalls and this means often they simply stopped paying their bills. This payment issue had spread throughout the country, with locals not paying healthcare bills, thus leaving their Ministry of Health with an overspent budget.

This had a negative impact on foreign SMEs, trying to do business within KSA as they cannot support funding operations and activities for long without payment. At the moment however, oil prices are going up. One of the main changes currently happening in the country is the Crown Prince's initiatives to shake the old order, which includes enabling women to work and to drive and expanding global business opportunities with Saudi Arabia. However, the Prince has arrested a number of influential personalities, which has made him more vulnerable, and the country still suffers from a high unemployment rate.

For businesses, education and training are key, as more opportunities have to be created for Saudi nationals in their own country (rather than for local companies to hire ex-pats). Although some





businesses are doing very well, like Aramco, most of them still have a long way to go. The Saudis have developed infrastructures and buildings in big cities which still need to be populated, and there is a crucial need to make the country more attractive to foreign investors and advisors. It is still very difficult to obtain a visa to visit Saudi Arabia (which requires to have a letter of invitation and to buy health insurance), when competitors like Qatar, the UAE and Kuwait have implemented much easier processes and do not require the same level of entry approval.

The main issue with the Crown Prince's initiatives is the implementation, which is meant to be finalised by 2030. One of its main aspects is to move the economy away from oil and to develop initiatives such as the GEA (General Authority for Entertainment), established in May 2016. Some of the industries that will be developed in the next few years will include sports and (women's) gyms, entertainment, cinemas and museums. As an example, Formula E will be held in Riyadh in December 2018 for the first time. He underlined that when he lived in Saudi Arabia between 2011 and 2014, the situation was very different and men and women were not working together. Furthermore, more and more Saudis are now working in hotels, or starting their own business, when they used to try to work for public companies. Saudi Arabia is also a very tech-savvy country, and 40% of new start-ups are developed by women.

The country needs help from practitioners in key ministries to implement its new vision. Economic reforms will entail social ones, such as allowing women to work and drive when a third of salaries used to be spent on foreign drivers. Regarding the historical late payment issue, the government is addressing it now to make processes more transparent.

From a UK point of view, it is still challenging for SMEs to develop a local presence in Saudi Arabia, even from Dubai, as it is crucial to build trust first. This is a stark contrast with the fact that in the Middle East, only 18% of office space is occupied, as there is not a big enough skilled workforce or SMEs. Although there has been a negative perception of Saudi Arabia, things are changing and the government is making it easier for foreigners to get visas. Additionally, the UK has always had good relationships with Saudi Arabia, so now is a great opportunity to get more involved, despite the challenges.

The conversation then turned to neighbouring countries, like Bahrain or Qatar, which are not as strict regarding visas as Saudi Arabia; and to Oman, which is one of the few Gulf countries to have good relations with Iran. Oman sees itself as a gateway to the Gulf countries and as a major port of arrival for containers, thus competing with Abu Dhabi. Additionally, Saudi Arabia has conflicting relationships with both Oman and Qatar, since the latter is investing in the former to develop ports.

Saudi Arabia has a very young population of 32 million, with an average age of 25, which is also very tech-savvy and is a key market for Social Media platforms. Saudi women who stay at home are the biggest Instagram users in the world. Many Saudi students go to the US or the UK to study, with the UK welcoming just under 9,000 students a year. This opportunity makes them more open to Western cultures, and more likely to make them pioneer for change in their own country.

Media channels are generally pretty open in Saudi Arabia and it appears not to be a problem to develop PR and advertising programmes. Social Media platforms are also widely used by brands. However, news channels are more restrictive and more heavily monitored, light touch.

Regarding tourism, the country still relies heavily on internal travel, religious and business tourism, but is hoping to change things in the upcoming years. However, it is not aiming at competing with the UAE and Dubai in that regard. Religious tourism does represent big opportunity in the future.





In terms of doing business, the country is still very bureaucratic and hierarchical, since decisions must be taken at the highest level, sometimes even approved by the Crown Prince, and often they are taken at the last minute. ICCO is helping their members doing business in Saudi Arabia through training and best practice advisory online and also face to face. This is a similar initiative as the one the government is implementing in developing training for Saudis in new roles and industries, such as hospitality. The country has a good pool of students, which just need to be given good opportunities in return.

To become more successful in Saudi Arabia, SME businesses are urged to change their perspective, establish relationships with partners and communicate frequently, as Saudis are unlikely to do business with people they do not know well. Organisations like the Saudi British Joint Business Council are engaged in a dialogue with the Saudi authorities to improve the business environment for SMEs.

Saudi Arabia is one of the UK's most important markets in the Middle East, although there are some issues with the business environment which are being addressed. There is now a huge opportunity for the young in Saudi, who have studied in the US or the UK and know the kind of lifestyle they are looking for in their own country, which is what the Crown Prince is trying to change.

Paul Duncanson concluded by saying that global markets are looking to invest in Saudi Arabia, including in the entertainment, media and leisure industries for the first time, when it used to be the other way around.

### **Conclusion**

Paul Duncanson thanked all for attending, and hoped all found this engaging, useful and stimulating.

The meeting concluded at 10.15am.

