

Saudi Arabia Business Guide

Compiled by:

Swiss Business Hub ME - Saudi Arabia

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ARRIVAL AND DEPARTURE

Saudi Arabia business visas are issued to businessmen¹, investors, representatives of companies, managers, sales managers, sales representatives, accountants, production managers, administrative managers and consultants and other visitors who are visiting the country on a business basis.

Previous to their visit to Saudi Arabia, non- Gulf Cooperation Council (GCC) citizens are required to have a valid sponsor (private or governmental) in the country that should provide them with an invitation letter, certified by both a Saudi Chamber of Commerce and the Ministry of Foreign Affairs. Applicants can apply for their visas up to 3 months before their intended arrival date. All visitors to Saudi Arabia are required to have a valid passport with at least six months validity.

To live and work in Saudi Arabia, foreigners² have to obtain a working visa. After arriving in the country, the employer (sponsor) accomplishes the necessary steps for the issuance of the work/residency permit (Iqama). A Saudi Driving License is necessary to drive in Saudi Arabia and can only be granted after the Iqama is issued. As long as the foreigner is on a temporary stay in the country (on a business/visit visa), driving with the foreign driving license of his native country is allowed. Nevertheless, it is recommended to use the services of a local driver (the traffic is as safe as in Switzerland). Women are not allowed to drive or bike in Saudi Arabia.

LANGUAGES USED FOR BUSINESS

English is usually spoken in business circles, but Arabic is the official language. Generally, correspondence with the Saudi ministries and official organisations is in Arabic. Upon their requests, the commercial section of the Embassy of Switzerland in Saudi Arabia will provide Swiss companies with a list of some local translation offices.

Most road signs are in Arabic³, while major highways and streets in major cities display road signs in both Arabic and English.

¹ Businesswomen and women investors can get the Saudi business visa, but under certain conditions. However, it is easy to get as a member of a delegation or if the sponsor is a Saudi government/semi-government entity.

² Non GCC citizen

³ The signs are bilingual

PUBLIC HOLIDAYS

Saudi Arabia officially celebrates two religious festivals⁴: Eid Al-Fitr and Eid Al-Adha, which follow the Muslim (Hegira⁵) calendar. Information about the date of the local public holidays is available on the site of the Embassy of Switzerland in Saudi Arabia (www.eda.admin.ch/riad). Nearly two weeks of holidays are observed by the government and a few days by the private sector (flexible) for both public holidays. All government institutions and agencies/departments are closed during these holidays.

The Saudi national day (that marks the unification of Saudi Arabia into one state) is celebrated on 23rd September.

Usually, it is worth avoiding any business travel to Saudi Arabia during the holy month of Ramadan⁶. Unless, the meetings are previously confirmed with the decision makers and are a follow-up of earlier ones. During Ramadan, Muslims abstain from food and drink during daylight hours. Private sector hours are shortened and shifted to the evening, and people may be affected by the fasting and customary late night social gatherings. During Ramadan, business travellers should not drink, eat, or smoke in public during daylight or in the presence of fasting Muslims. Major hotels offer special daytime food services for their non-Muslim guests.

HEALTH AND INOCULATIONS

Several hospitals and health centres in major Saudi cities provide adequate medical care for routine care and minor surgery. Recently, medical care has witnessed a noticeable improvement with sophisticated types of treatment, such as open-heart surgery, kidney transplants and cancer treatment, being undertaken. Large part of medicines is available in Saudi Arabia. Many local hospitals and healthcare companies have partnership with American and European healthcare providers. There are several joint initiatives including e-health, teleconferencing, consultations and continuing education programmes.

Travellers coming from infected countries should provide a yellow-fever certificate. A meningitis vaccine is recommended for visitors to the western region (including Jeddah), especially during Ramadan and the annual pilgrimage ritual (Hajj period).

No inoculations are required for visitors, but for work visas a set of medical tests is required to be performed in the home country of the applicant, including one for AIDS.

TIME ZONES

Saudi Arabia's time zone is GMT+03:00. Saudi Arabia is a Muslim country that applies strict Islamic principles. Five times a day⁷, Muslims are called to pray. The prayer times come at dawn, noon, afternoon, sunset and evening. Stores and restaurants close for approximately 30 minutes at these times. During promotional events or product demonstrations, participants must anticipate these prayer breaks. Many sites including local newspapers and hotels provide prayer times for all Saudi cities.

TIME DIFFERENCE BETWEEN SWITZERLAND AND

GMT+03:00

⁴ During which most businesses close for at least three working days and all government offices close for a longer period. During these holidays it is very difficult to make contacts or transact business.

⁵ The starting point of the Muslim era; the flight of Mohammed (from Mecca to Medina in 622 ad, regarded as being The starting point of the Muslim era

⁶ Unless you are invited by your local partner

⁷ The prayer times are published in the local newspapers

ELECTRICITY SUPPLY

Saudi Arabia's residential electric power system is 127/220 volts, 60 Hertz.

METHODS OF PAYMENT

An irrevocable letter of credit (L/C) is usually used in payment of imports. Open account, cash in advance and documentary collections are also acceptable if both parties agree. Maximum or minimum credit terms are not required. Debt collection is usually undertaken by a number of law firms. Upon a request, a representative list of layers might be provided by the Commercial Section of the Embassy of Switzerland in Saudi Arabia.

Finding a compromise to obtain payment may be difficult, time consuming and frustrating, but this is an essential phase when collecting debt. Compromise may be the best way to preserve existing business relationships because discussing issues and finding compromises is often an efficient alternative to contentious routes. Nevertheless, reaching compromise is often a demanding exercise. However, it will always be less costly than commencing legal proceedings which always remain complex.

Swiss Export Risk Insurance (SERV) offers insurance for exports to economically or politically unstable countries. Further information is also available at: www.serv-ch.com.

TRANSPORTATION

The major business centres⁸ in Saudi Arabia have international airports served by a variety of international airlines⁹. Air travel is preferred for domestic travel with the largest two national airlines (Saudi Arabian Airlines and NAS Air -private low-cost airline).

Short-term visitors may drive with their national driver's license. Resident in Saudi Arabia should obtain a local driver's license from the Department of Traffic Police. Women are not allowed to drive on public roads.

BY AIR

The country has many domestic airports and air travel is by far the most convenient way of travelling around the country. Saudia Airlines (SV) connects all main centres. The connection between Jeddah and Riyadh is in just over one hour. The Saudi economic private Airlines Company National Air Services (NAS) connect the main Saudi cities including the main regions of Saudi Arabia: the Central Province (Riyadh), the Western Province (Jeddah) and the Eastern Province (Dammam).

In 2012, Saudi Arabia has bolstered its aviation industry with two new airline licenses (Full-service carriers). The new domestic licenses were awarded in 2013 to help meet growing demand for internal flights in the developing country. It would be the first time a foreign airline could operate domestic services. Had been due to start services in 2014, the new airlines didn't meet the regulatory requirements to receive their operating licences. Lately, it has been announced that they will begin services by the end of the year (2015). It's widely expected that their presence will lead to a greater liberalisation of the entire market.

The first of the airlines, Al Maha Airways, is a subsidiary of Qatar Airways and will start linking the two largest cities: Jeddah and Riyadh. Its aircraft will carry a green version of the Qatar Airways oryx logo. The second new entrant "SaudiGulf Airlines" will be mostly funded by Abdel Hadi Al Qahtani Group. SaudiGulf Airlines will operate from Dammam

The new airlines will compete against state-owned Saudi Arabia Airlines (Saudia) and privately-owned low cost carrier FlyNas.

⁸ Riyadh, Jeddah, and Dammam/Al-Khobar/Dhahran

⁹ Since 1st February, 2010, Swissair lines ended all its flights from and to Saudi Arabia

BY SEA

Saudi Arabia has the largest port network in the Middle East. Saudi Ports Authority (SEAPA) supervises development, management and operation of the major seaports located on the two coasts of Saudi Arabia (Jeddah Islamic Port, King Abdul Aziz Port Dammam, King Fahd Industrial Port Yanbu, Yanbu Commercial Port, Jizan Port, Dhiba Port). These ports have together.

Currently three ports are under development in the country, Ras Al-Kair Port on the Gulf and two other ports inside the Economic Cities King Abdullah and Jizan Economic City. It is worth knowing that 95% of cargo trade is through ports that form a link between local importer and foreign manufacturers.

BY ROAD

Road-based transport is a major form of freight and passenger transportation in Saudi Arabia. By the end of the Eighth Development Plan in 2008, the total length of roads in the country had reached 183,900 km.

Shipping and logistics activity relies heavily on road transport services. The market is heavily fragmented, with only a handful of large trucking companies providing services, which compete head-to-head with leading regional and global logistics providers in the Middle East. In the coming years, road haulage will benefit from a number of road development projects, including a proposed motorway from the Saudi border with the United Arab Emirates to Abu Dhabi, which will also link with the new railways.

The more important inter-city highways are:

- Riyadh - Dammam Highway (383 km)
- Riyadh - Sدير - Al Qasim Highway (317 km)
- Riyadh - Taif Highway (750 km)
- Dammam - Abu Hadriya - Ras Tanura Highway (257 km)
- Makkah - Madinah Al Munawarah Highway (421 km)
- Taif - Abha-Jizan Highway (750 km)
- Khaybar - Al Ola Highway (175 km)

It is important to drive with extreme caution at all times. Women are not allowed to drive vehicles or ride bicycles on public roads. According to the Saudi regulations, non-Muslims are not allowed to enter the holy cities (Makkah and Madinah).

BY RAIL

Saudi Arabia is improving its transport infrastructure, with plans for metros in Jeddah and Riyadh. It is also planning the Landbridge, a 950 km railway from Jeddah to Dammam, and the Haramain High Speed Rail linking Mecca, Medina and Jeddah to facilitate the movement of pilgrims. These four rail projects are together expected to cost over USD 50 billion.

Demand for the development of transport infrastructure has also been bolstered significantly by the annual hajj, the Muslim pilgrimage to the holy cities of Mecca and Medina. The actual number of Muslims performing the pilgrimage (Omra & Hajj) is estimated at almost six million a year. To accommodate this level of demand and capitalise on the full potential of the religious "tourism industry", Saudi Arabia expenditure on transport infrastructure for this subsector has grown 10-15% on an annual basis.

HOTELS

Hotels in Saudi Arabia range from world-class international hotels to basic accommodations. It is possible to book hotel rooms via internet or by fax. The following link provides the room reservation possibility: http://destinia.com/hotels/hotels--in-saudi-arabia/middle-east--north-africa/saudi_arabia/en

COMMUNICATION

a. Telephone

Saudi Arabia has a sophisticated telecommunications network. Outgoing international: 00 + country code + city code + phone number to reach (i.e. to call Switzerland Global Enterprise from Saudi Arabia dial the number: 00 +41+ 44+ 365 5719).

Incoming international code dial: 00 + 966 + the city code + the phone number to call (i.e. to call the Embassy of Switzerland in Riyadh, Saudi Arabia: 00+966 +11 + 488 12 91).

b. Fax

Major hotels provide fax facilities (receiving and sending).

c. Internet

Major hotels provide internet access. Many websites featuring sensitive political, religious, and/or social content, or content that is deemed obscene and anti-Islamic are blocked.

d. Telegram

Telegrams can be sent from all post offices.

e. Post

Internal and international services are available from the Central Post Office and private companies as DHL, Ramex, UPS, Fedex....

CELL PHONES

GSM 900 band networks are available over a large part of the country. International roaming agreements exist with some mobile phone companies. Coverage is mostly good. Main Saudi network providers are:

- Saudi Telecom Company: www.stc.com.sa,
- Etihad Etisalat (Mobily): <http://etihadetisalat.com.sa>, and
- Zain (www.zain.com)

BUSINESS HOURS

Business hours vary in different parts of the country and by sectors. Saudi companies usually close for 2-4 hours in the afternoon and remains open throughout the early evening. Retail stores and malls close for the noon prayer and reopen around 16:00.

The normal workweek starts from Sunday through Thursday. Some companies also work a half or full day on Saturday. Friday is the Muslim holy day. Since 1st July, 2013, the weekend in Saudi Arabia is Friday and Saturday.

ADDRESSES AND OPENING HOURS OF THE EMBASSY OF THE COUNTRY IN SWITZERLAND

Saudi Arabian Embassy in Bern, Switzerland

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Head of mission: Mr Hazem M. S. Karakotly, Ambassador

Saudi Arabian Consulate General in Geneva, Switzerland

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chcon@mofa.gov.sa
saudiarabia@bluewin.ch

Office hours
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Head of Mission
Mr. Salah Abdullah Al-Muraiqeb, Consul General

ADDRESSES OF THE SWISS EMBASSY

Embassy of Switzerland

Diplomatic Quarter
P.O. Box 94311, Riyadh 11693
Saudi Arabia

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rya.vertretung@eda.admin.ch

Office hours:
Sunday-Wednesday: 7:30-16:00
Thursday 7:30-14:00

The Embassy of Switzerland in Riyadh is open to the public from Sunday to Thursday from 08:00 to 11:30. It is closed on weekends (Fridays and Saturdays).

TIPS FOR INITIATING BUSINESS CONTACTS

Swiss exporters are not required to appoint a local Saudi agent or distributor to sell their products or services to Saudi companies. However, commercial regulations restrict importing for resale and direct commercial marketing within the country to:

- Saudi nationals,
- Wholly Saudi-owned companies,
- Saudi-foreign partnerships where the foreign partner holds up to 75% equity,
- Foreign Trading company registered in Saudi Arabia (100% foreign owned company), and
- Nationals from the Gulf Cooperation Council countries (GCC)¹⁰.

For trading activities, it is strongly recommended to Swiss companies/investors to consider partnering with a local company.

Although the Saudi Government encourages foreign investment, a Swiss company/investor is strongly encouraged to seek in a country legal advice on the best approach. Switzerland Global Enterprise in partnership with the Commercial section of the Embassy of Switzerland in Saudi Arabia can assist interested companies by providing them with a list of some local lawyers, which are associated with European/American law firms.

BUSINESS PRACTICES

a. General overview

Generally, business will only be conducted after a degree of trust and familiarity has been established. Considerable time may be spent exchanging courtesies, and several visits may be needed to establish a business relationship. Business visitors should arrange their itineraries to allow for long meetings as appointments often are not highly respected in the private sector. Meetings can be interrupted by subordinates and colleagues entering in the office in which the meeting is being held, even other businessmen can come in unexpectedly and “participate” in the meeting. Tea and traditional Saudi coffee are usually offered. One to three cups of Saudi coffee should be taken for politeness, after which the cup may be wiggled between thumb and forefinger when returning it to the server to indicate that you have finished.

A meeting can possibly be interrupted by a prayer time. Many Saudis (all Saudis are of the Muslim faith) and non-Muslims could excuse themselves to attend a prayer if a long meeting crosses into a prayer time (the hotel can provide information relating to the five day prayer times since the prayer time change according to sunrise and sunsets around the year).

Many Saudi businessmen have been educated or have travelled widely in the West and are sophisticated in dealing with western. Nevertheless, many cultural differences remain. As a conservative society, it is advisable to respect local traditions, i.e. not to offer or receive an object with the left hand and sitting crossed-legged with a foot pointing towards the other person is considered offending.

Business meals¹¹ are highly appreciated although Saudis tend to invite their business partners or guests to their homes for a traditional meal. Hospitality is high on their agenda (sometimes in tents either in the back yard of houses or simply in the desert). If you are invited to the home of a Saudi for a party or reception, a meal is normally served at the end of the evening, and guests will not linger long after finishing. Be observant and adapt your behaviour to the customs of your host. There is strict gender separation in Saudi Arabia and restaurants maintain separate sections for single men and families. Wives are often excluded from social gatherings or are entertained separately. Hotel swimming pools and public exercise/gyms

¹⁰ Saudi Arabia, Kuwait, Qatar, Oman, Bahrain, and the United Arab Emirates

¹¹ Before having any business partnership with a potential partner, it is not recommended to accept any invitation at his home. Doing so, the Saudi will consider such attendance as a commitment of the Swiss company to partnering with him in the market.

centres are not opened to men and women in the same time. Amusement parks and zoos are open to men and women under some restrictions.

The Ministry of Commerce bans any signs placed on imported products that could indicate another faith other than Islam, or the picture of a pig (pig meat and by-products are banned in Saudi Arabia). Importation of alcohol, narcotics, pornography, religious books except the Koran, pork products, and firearms is strictly prohibited among others.

SPECIAL FEATURES ON THE MARKET

Mixing men and women in the same area is strictly controlled:

- For business meetings, it is recommended to inform the Saudi partners about the presence of a woman/women among the delegation members, and
- If women join the meal in the restaurant, it is necessary to inform the restaurant about their attendance to lunch/dinner.

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