

Saudi Arabia Business Guide

Compiled by:

Swiss Business Hub Middle East - Saudi Arabia

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ARRIVAL AND DEPARTURE

Before visiting Saudi Arabia, non- Gulf Cooperation Council (GCC) citizens¹ 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 (in Saudi Arabia). Applicants can apply for their visas up to 3 months before their intended arrival date. Prior applying for the Saudi visa, applicants are required to have a valid passport with at least six months validity.

Saudi visas could be summarised as follows:

- ✓ Business visa
- ✓ Tourist visa
- ✓ Pilgrimage and Umrah visa
- ✓ Family visa
- ✓ Work visa
- ✓ Permanent residency programme

1. Business visa

Saudi business visa is granted to businesspeople out of GCC², 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.

2. Tourist visa

Tourists can obtain a visa to visit Saudi Arabia without facing the strict requirements that previously made it impossible. Anyone planning to attend an event in the country can get a tourist visa in three minutes or less. Once visitors buy a ticket, they can get an instant e-visa by logging onto the site and following the instructions. The visa gives visitors access to the event but also to the rest of the country.

3. Pilgrimage and Umrah visa

One of the most common reasons for a visit to Saudi Arabia is to undertake a religious pilgrimage (Hajj) to Makkah and visit Madinah. There are two types of Saudi visa issued for religious trips, the Hajj visa, and the Umrah visa.

The Umrah is an Islamic journey to Makkah which Muslims can undertake at any time of the year, while the Hajj is a pilgrimage that has specific dates, taking place during the last month of the Islamic calendar

¹ Since June 24, 2019, Qatari citizens also need a visa to enter Saudi Arabia.

² Men and women

(for 2019, it will take place from 09 to 13 August). Provided they are able financially and physically, Muslims have to undertake Hajj at least once during their lives. Eligible citizens wishing to apply for a Hajj visa or an Umrah visa required to do so through an accredited travelling agency by Saudi Arabia in their correspondent country.

4. Family visa

Family visas are available for relatives of residents in Saudi Arabia who wish to make a short-term visit to Saudi Arabia. Prior to applying for a visa, the applicant must obtain the visa issued by the Saudi Ministry of Foreign Affairs. Only certain category of residents is allowed to sponsor their wives/husbands and children. It is not allowed for wives/husbands accompanying their partners to work in the country. Unless, they receive a government approval. The short family visit visas do not grant the applicant the right to work or reside permanently in Saudi Arabia.

5. Work visa

To live and work in Saudi Arabia, foreigners³ 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 not as safe as in Switzerland). Since June 2018, women start driving in Saudi Arabia.

6. Permanent residency programme

In June 2019, Saudi Arabia has opened applications for a permanent residency programme designed to attract foreign investment to the country. It will cost 213'000 dollars. There is also a cheaper option called one-year renewable residency that is costing 26'667 dollars. The so-called premium residencies will allow foreigners to buy property, do business without a Saudi sponsor, switch jobs and exit the country easily, and sponsor visas for family members, according to the website for registrations.

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 interested Swiss companies with a list of some local translation offices.

PUBLIC HOLIDAYS

Saudi Arabia officially celebrates two religious festivals⁴: Eid Al-Fitr (Eid Al-Fitr, also called the "Festival of Breaking the Fast", is a religious holiday celebrated by Muslims worldwide that marks the end of Ramadan, the Islamic holy month of fasting. During the entire month, Muslims fast every day from dawn to sunset) and Eid Al-Adha (Eid al-Adha is an Islamic festival of the Sacrifice to commemorate the willingness of Ibrahim (also known as Abraham) to follow Allah's (God's) command to sacrifice his son as an act of obedience to God's command. Muslims around the world observe this event), 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 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.

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

³ Non GCC citizen

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

Ramadan, Muslims abstain from food and drink during daylight hours. Private sector hours are shortened to six hours a day and some companies shift part of the working day to the evening. Many 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 providers have partnership with American and European healthcare entities. 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. However, for a work visa 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. Five times a day⁷, Muslims are called to pray in a country that applies strict Islamic principles. The prayer times come at dawn, noon, afternoon, sunset and evening. Stores and restaurants close for approximately 30 minutes at these times. During the prayer time, some coffees and restaurant continue serving their customers with closed doors. 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

ELECTRICITY SUPPLY

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

METHODS OF PAYMENT

Obtain payment may be difficult, time consuming and frustrating action. Therefore, it is recommended to find a compromise with the local company. 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. Although, reaching compromise is often a demanding exercise. 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 SERV's website (www.serv-ch.com).

⁷ The prayer times are published in the local newspapers

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: Saudi Arabian Airlines, National Air Services (NAS), Nesma, Flydeal and SaudiGulf.

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. Since June 24, 2018, women are driving in Saudi Arabia.

BY AIR

The aviation sector is one of the main pillars of the Saudi Vision 2030. Over the last two decades, the Saudi aviation sector has grown substantially. The Saudi's airports in 2018 handled more than 100 million passers compared to 91.8 million passengers in 2017. There are currently 28 airports in the country (six are international, nine are regional and 13 are domestic). The top main Saudi four airports are in Jeddah, Riyadh, Dammam, and in Madinah. They are amongst the busiest in the GCC, transporting the bulk of more than 100 million passengers.

To improve the infrastructure of airport facilities, the Saudi government has approved an expansion plan that contemplates both the upgrade of the existing airports and the construction of new airports. The General Authority for Civil Aviation (GACA) had formulated some plans to assess the feasibility of a new airport in the Makkah province, which would be business-based as opposed to the new Taif Airport whose primary objective is to serve the profitable religious traffic segment (Saudi Arabia is targeting 30 million Muslims visitors by 2030). GACA has announced to privatise all its 28 airports by 2020 to raise revenues (unfortunately, the Saudi government is still struggling to implement the privatisation of its airports), encourage best in class international operators, manage the passenger travel chain, and seek private sector investments to fund capital expansion plans. This could be translated into business opportunities for Swiss companies specialised in air navigation and IT functions.

Privatised airport will be transformed into an operating company with its own board responsible for all operational and financial performance. For instance, Riyadh Airport Company (RAC) manages King Khaled International Airport in Riyadh. All Saudi airports will be transferred to companies wholly owned by the Saudi Civil Aviation Holding Co., then transfer ownership of the holding company to the Public Investment Fund (PIF).

To achieve its strategy, GACA has created several state-owned companies during the years 2016-2018 to foster the aviation business in Saudi Arabia such as Riyadh Airport Company (RAC), Saudi Aviation Information Technology Company (SAVIT), Saudi Air Navigation Services (SANS) and Dammam Airport Company (DACO). In 2016, Swissport won the second license to offer ground services across the Kingdom's airports.

BY SEA

Saudi Arabia has the largest port network in the Middle East. The Saudi maritime network consists of 10 primary harbours for non-oil trade, 200 piers, 216 berths and six leading container ports located along a critical intersection of the East-West shipping routes. Saudi ports dominate the regional transit market, handling more than 90 percent of Red Sea trade transits and 30 percent of the East African trade transits. The commercial and industrial ports include various ports¹⁰.

Saudi Arabia is heavily investing in its seaports to modernize its infrastructure and increase their capacity. Several projects worth USD 1.6 billion are already underway and are designed to boost the maritime transport sector by transforming it into one of the most technologically advanced and functional systems of the world. In 2018, Saudi Ports Authority sat aside USD8 billion as a strategic investment for the equipping and modernisation of all of ports. Efforts are underway to improve seaport efficiency and service quality through increased port specialisation, governance reforms, and updated concession

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

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

¹⁰ Jeddah Islamic Port, King Abdulaziz General Port, King Fahd Industrial Port in Jubail, King Fahd Industrial Port in Yanbu, Jubail Commercial Port, Yanbu Commercial Port, and the ports of Jazan, Dhaha, and Ras Al-Khair

frameworks. The recently established port regulator Mawani (ports in English) is leading the efforts for cooperating and privatising the port sector.

King Abdullah Port, Saudi Arabia's first port to be fully developed and operated by the private sector, is currently the fastest-growing and most advanced port in the region.. It is worth knowing that 95% of cargo trade is through ports that form a link between local importer and foreign manufacturers.

BY ROAD

With more than 200,000 kilometres of roads, Saudi Arabia has one of the largest road networks in the world. Saudi Arabia has 66,000 kilometres of roadways connecting major cities and providing access to railways, ports and airports. Under Vision 2030, Saudi Arabia is investing in creation and renovation of the country's roadways, particularly inner-city roads, intersections and bridges. Several ambitious projects are starting to take shape and others are planned in connection with the new gigaprojects like Neom and Red Sea Project.

BY RAIL

The Saudi railway sector is composed of multiple stakeholders, amongst which the main stakeholders are the Ministry of Transport (MoT), the Public Investment Fund (PIF), the Public Transport Authority (PTA), the Saudi Railways Organization (SRO) and the Saudi Railway Company (SAR).

Saudi Arabia is currently investing 25 billion dollars in three mega projects as part of a combined 3,900-kilometer rail expansion plan. The North-South Rail Project is the largest railway in the region spanning 2,750 km stretching from to Al Haditha, near the border with Jordan. Once it is up and running, the 3.5 billion dollars project is projected to transport annually four million tons of commodities and two million passengers. SAR is a private-sector entity and is owned by the Public Investment Fund (PIF), which was created to develop and operate the 2,750- kilometer North-South Railway (NSR) network. NSR includes freight and passenger services using international best practices of performance and safety.

The Saudi Land-bridge Project is providing the first direct link between the Red Sea and the Arabian Gulf. The project includes plans to construct 950 kilometres of new rail line between Riyadh and Jeddah and another 115 kilometres of track between Dammam and Jubail, costing in the region of 7 billion dollars. The project is planned to be implemented and operated on build, operate and transfer basis for a period of 50 years.

The ongoing state-of-the-art metro Riyadh is a 22 billion dollars project with six main lines with total track length of 176 kilometres and 85 stations that will connect the city to commercial and retail areas, the financial centre, and the airport.

Four metros are planned for Makkah, Jeddah, Madinah and Dammam. Metro projects start a new procurement strategy and the plan is to turn them into PPP/BOT projects. The total cost of the four metro projects is expected to be about 55 billion dollars.

HOTELS

Hotels in Saudi Arabia range from excellent international hotels to basic accommodations. It is possible to book hotel rooms on line or by calling. 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, etc.

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: HRH Prince Mansour Bin Nasser bin Abdulaziz, Ambassador

Saudi Arabian Consulate General in Geneva, Switzerland

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

ADDRESSES OF THE SWISS EMBASSY

Embassy of Switzerland

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Office hours:
Sunday-Wednesday: 7:30-16:30
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 (JVs),
- Foreign Trading company registered in Saudi Arabia (100% foreign owned company), and
- Nationals from the Gulf Cooperation Council countries (GCC)¹¹.

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

¹¹ Saudi Arabia, Kuwait, Qatar, Oman, Bahrain, and the United Arab Emirates. Since June 2017, Qatari companies and foreign companies established in Qatar are facing challenges to do business in Saudi Arabia.

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. At least one cup 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). During the break, some freshness and coffee are offered.

Many Saudi executives and managers (men and women) 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. sitting crossed-legged with a foot pointing towards the other person is considered offending.

Business meals¹² 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 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 and Investment bans any signs placed on imported products that could indicate another faith¹³ 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

Although it has been soften, 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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¹² 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.

¹³ Many Swiss products with the Cross are imported and sold in the Saudi market. Although, it is conscious to be careful.