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[Saudi Arabia] is undergoing a truly remarkable transformation, unlike anything seen globally

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Dr Dalia Samra-Rothe highlights the role of AHK in facilitating German companies' entry into the Saudi market, the significant economic transformation and opportunities in Saudi Arabia, and the importance of cultural awareness and preparedness when doing business in the country.

Could you please introduce the German Saudi Arabian Liaison Office for Economic Affairs (AHK Saudi Arabia) and explain its unique model?

AHK Saudi Arabia serves as the official representation of German industry in Saudi Arabia. We are a nonprofit organization, partly supported by the German Ministry of Economic Affairs and Climate Action, partly by the German Chamber of Commerce and Industry in Berlin, and by German industry. Our presence in Saudi Arabia extends back 45 years, and we offer various services for market entry to German companies. Our activities include acting as a networking platform, organizing sector-specific roundtable discussions, supporting German delegations, and representing trade fairs such as Medica in Dusseldorf, which is a major healthcare exhibition. Healthcare is a significant focus of our work due to the presence of strong healthcare companies in Germany, and we actively engage with the Saudi market in this sector.

Our primary objective is to facilitate the entry of German companies into the Saudi market and support their operations here. We serve as a bridge between German industry and the Saudi

market, offering various services and support mechanisms. Additionally, we aim to strengthen economic ties between Germany and Saudi Arabia by promoting collaboration, facilitating trade, and representing German interests in the Saudi business landscape. Our focus sectors include healthcare, automotive, energy, entertainment, tourism, among others, with healthcare being particularly significant due to the robust presence of healthcare companies in Germany and the opportunities present in the Saudi healthcare sector.

Can you provide a brief overview of the current market dynamics and economic opportunities in Saudi Arabia?

I feel incredibly fortunate to be operating within the Saudi market at this juncture. It's undergoing a truly remarkable transformation, unlike anything seen globally. As the fastest-growing economy within the G20, Saudi Arabia presents a plethora of opportunities for companies, particularly those from Germany. Over the past one to two years, there's been a noticeable surge in interest from German companies, recognizing the immense potential of this market. When I first arrived four and a half years ago, the transformation had already begun, albeit in its early stages. However, the landscape has since evolved significantly. For instance, I was among the first female delegates sent to Saudi Arabia, witnessing a shift in attitudes, particularly towards female entrepreneurs and business representatives. Saudi Arabia's commitment to increasing female participation, with a target of 30% by 2030, is already exceeding expectations, reaching 33% by 2023.

This progress has not gone unnoticed, particularly in Germany, where perceptions about doing business in Saudi Arabia are changing positively. Across various sectors, including healthcare, Saudi Arabia is undergoing one of the most extensive transformations globally, offering ample opportunities for German companies to establish themselves. Having witnessed the transition firsthand over the past four and a half years, it's evident that what once existed primarily on paper in terms of mega projects and developments is now materializing into tangible progress. This shift has instilled a sense of optimism and confidence in the market's trajectory, with projects being initiated and reaching fruition, contributing to a more positive outlook on Saudi Arabia's development. Overall, there's a palpable sense of enthusiasm, with the market's growth poised to benefit not only Saudi Arabia but also its international partners, including Germany.

Can you highlight some key milestones and advancements across industries in the past four years, particularly in healthcare and beyond?

Undoubtedly, the journey from witnessing the initial stages of transformation to experiencing the tangible progress achieved has been truly remarkable. Reflecting on the past four and a half years, there have been several standout moments that underscore Saudi Arabia’s emergence as a prominent international player. Notable among these achievements is Saudi Arabia’s growing presence on the global stage, exemplified by securing the rights to host Expo 2030 and the upcoming FIFA World Cup in 2034, marking significant milestones in the realm of entertainment and sports.

Additionally, the awarding of substantial contracts in mega projects, with some German companies being recognized or securing contracts, stands out as a significant highlight. Furthermore, our active involvement in fostering a positive energy dialogue between our two nations, particularly in supporting Saudi Arabia’s energy transformation journey, has been particularly gratifying. As Saudi Arabia diversifies its economy beyond oil and gas, setting up robust value chains within the country, it signals a pivotal milestone in their journey towards realizing the goals outlined in Vision 2030.

Moreover, the exchange of high-profile political visits and business delegations between Germany and Saudi Arabia further reinforces the importance of bilateral relations and provides firsthand insights into the remarkable progress unfolding within the Kingdom. Each interaction serves as a testament to the transformative changes taking place, leaving a lasting impression on visitors and instilling a newfound appreciation and understanding of Saudi Arabia’s evolving landscape. In essence, these milestones collectively reflect Saudi Arabia’s trajectory towards achieving its vision for the future, underscoring the importance of firsthand experience in comprehending the dynamic shifts underway within the market.

Could you provide insight into the role of German investments within Saudi Arabia’s transformative journey?

The role of German investments within Saudi Arabia’s transformation is evolving significantly, particularly in key sectors like energy and healthcare. While German presence in the country is notable, the overarching strategy of many German companies, particularly SMEs, tends to prioritize exports before considering substantial investments. However, in line with Saudi Arabia’s economic framework, which emphasizes local value chain establishment and localization, German companies are gradually realizing the importance of committing to these requirements to sustain their participation in the market’s growth. This realization is leading to a gradual but notable shift

towards investment and value chain expansion by German entities already established in the region.

One significant factor driving this shift is the array of opportunities emerging across various sectors, particularly those previously untapped. For instance, we're witnessing significant progress in sectors such as tourism, with a focus on sustainable hotel concepts, and entertainment, where demand for infrastructure and services is burgeoning. The emphasis on sustainability, epitomized by initiatives like the circular carbon economy, further underscores the alignment of German expertise with Saudi Arabia's developmental goals.

Moreover, the burgeoning automotive industry, fueled by Saudi Arabia's ambition to produce 1 million electric vehicles by 2030, presents a lucrative avenue for collaboration between Saudi Arabia and German automotive suppliers. This newfound interest in the market signifies a shift in perception, with companies recognizing the potential for value chain integration and localized production.

In the healthcare sector, Saudi Arabia's ambitious healthcare transformation offers a wealth of opportunities for German companies. From large global players excelling in healthcare equipment to niche innovators seeking partnership opportunities, the landscape is ripe for collaboration. Initiatives such as the privatization of hospitals and the introduction of accountable care organizations highlight efforts to enhance healthcare efficiency and innovation, presenting avenues for German expertise to contribute significantly.

Furthermore, Saudi Arabia's receptiveness to innovation in healthcare is evident, with initiatives such as the establishment of the first digital hospital in the country featuring German technology. Additionally, investments in biotechnology, exemplified by the Public Investment Fund's support for German biotech companies, underscore Saudi Arabia's commitment to fostering an innovative and conducive business environment in the healthcare sector.

Overall, German investments are poised to play a pivotal role in Saudi Arabia's ongoing transformation journey, contributing expertise, innovation, and value creation across key sectors, thereby fostering mutually beneficial partnerships and propelling both nations towards their respective economic objectives.

Could you elaborate on the incentives and frameworks put in place by the Saudi government to attract investment and foster development in the healthcare sector?

The Saudi government has been proactive in catalyzing growth and innovation within the healthcare sector, implementing a range of incentives and frameworks to attract investment and support industry development. One notable initiative is the promotion of startup ecosystems through events like the prominent trade fair LEAP from the 4th to the 6th of March, which provides a platform for startups, including those specializing in areas such as holistic medicine and artificial intelligence, to showcase their innovations and forge partnerships. Additionally, the government facilitates partnerships between startups and local players, offering an attractive framework for collaboration and investment.

Moreover, the government's emphasis on emerging technologies like artificial intelligence has created opportunities for partnerships and investment in healthcare innovation. This proactive approach not only fosters economic growth but also positions Saudi Arabia as a hub for cutting-edge healthcare solutions. The receptiveness of Saudi partners to innovative concepts further enhances the appeal for international companies seeking to invest and develop within the Saudi market.

The Saudi government's commitment to fostering a conducive environment for healthcare innovation is evident through initiatives aimed at facilitating partnerships, providing incentives, and promoting collaboration between local and international stakeholders. These efforts not only benefit the healthcare sector but also contribute to Saudi Arabia's broader economic diversification and development objectives.

What are the primary challenges that companies, particularly German ones, typically seek assistance with when approaching your organization, and how do you support them?

When companies, especially German ones, approach our organization, their primary objective is often to gain insights into the market and establish a reliable point of contact to evaluate information received about Saudi Arabia. We provide services that facilitate meetings with relevant counterparts, both within government institutions and the private sector. Our role during these meetings is to offer guidance and later debrief the companies, ensuring they have a comprehensive understanding of the market landscape. While digital interactions have become common, many companies still prefer in-person visits to witness the evolving landscape firsthand. Our presence in key cities like Riyadh, Jeddah, and Dammam allows us to accompany companies and provide on-the-ground support.

Additionally, we assist with inquiries ranging from import regulations to networking opportunities. Addressing import regulations and navigating bureaucratic procedures is crucial for companies seeking to enter the Saudi market. We liaise with relevant government entities to provide clarity on regulations and facilitate smoother market entry. Furthermore, companies often seek inclusion in networking platforms to benefit from shared experiences and insights from other businesses operating in the region.

In recent times, we've observed a significant increase in inquiries related to investment opportunities and support from entities like the Ministry of Investment. Our organization offers specialized packages to assist companies in understanding the market landscape, estimating timelines, and overcoming obstacles they may encounter.

Establishing a presence in Saudi Arabia requires patience, personal relationships, and a thorough understanding of the market dynamics. We advise companies not to rush into finalizing contracts but instead to invest time in building relationships, conducting multiple visits to the region, and leveraging platforms like WhatsApp for effective communication, ensuring a successful entry into the market.

In a market like Saudi Arabia, where cultural factors play a significant role, what advice would you offer to businesses, including those unfamiliar with the cultural nuances of the region?

Cultural awareness is indeed crucial when conducting business in Saudi Arabia. However, my personal experience has shown that Saudis, regardless of their age or level, are generally open-minded, well-traveled, and accustomed to dealing with international business people. My advice is simple: approach meetings and interactions with Saudis as you would in a professional setting in Germany. While there may be slight differences in customs, such as handshakes, it's essential to be respectful and attentive to cultural cues. From a female perspective, I've found Saudis to be welcoming and respectful, particularly in professional settings.

Preparation is key when engaging in business discussions, especially during meetings with government officials or other stakeholders. Expect to receive numerous questions and be ready to provide detailed responses. Saudi counterparts are often well-prepared and knowledgeable, so it's important to match their level of readiness to ensure productive discussions and build credibility. Overall, demonstrating cultural sensitivity and being well-prepared are essential for successful business interactions in Saudi Arabia.

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