

Saudi Arabia is Haven for Investments

Netherlands is second among the European countries in FDI in Saudi Arabia

SAUDI ARABIA is offering enormous investment opportunities for Dutch companies in its various economic sectors. These include water, health care, infrastructure, airport design, logistics, dredging, education, marine, oil & gas, food and agriculture.

Mr. Ron Strikker, Ambassador of the Kingdom of Netherlands to Saudi Arabia, observed this in an exclusive interview with the Saudi Commerce and Economic Review. He pointed out that Saudi Arabia is now witnessing an era of strong economic development with government's plan to invest more than \$400 billion in various development projects within the next five years. "Saudi Arabia attracts many overseas investors," he said.

Major Investor

The Netherlands is a major investor in Saudi Arabia. According to Saudi Arabian General Investment Authority (SAGIA), the Netherlands is ranked 6th worldwide and second among the European countries in Foreign Direct Investments in Saudi Arabia. Until the end of 2008, Dutch total cumulative investments amounted to around \$7.5 billion representing 6.6 percent of the total FDI stock in the Kingdom. The Netherlands currently has over 119 investment projects in Saudi Arabia.

A number of Dutch companies and their joint ventures have become a household name in the Saudi market. Most popular among them are Royal Dutch/Shell, Saudi Hollandi Bank and Philips, AirFrance-KLM, Unilever Arabia, Friesland-Campina Middle East, A.Hak, Van Oort and NACO. Netherlands Airports Consultants has earned a reputation here for its design of the King Abdulaziz International Airport in Jeddah and did the master planning of many other airports in the Kingdom.



Mr. Ron Strikker

Gas Discovery

Royal Dutch Shell has large investments in the Kingdom. It has also been engaged in the Saudi gas development initiative. The company is in partnership with Saudi Aramco in their 50:50 joint venture, the South Rub Al-Khali Co (SRAK), for the exploration and development of natural gas in the Empty Quarter. SRAK has already confirmed a significant flow of sour gas from its fourth exploration well called Kidan 6.

Mr. Strikker described the recent announcement from SRAK quite encouraging to help meet the growing demand for gas from the Kingdom's power plants and other industries. Energy consumption has risen in Saudi Arabia noticeably in recent years, especially when record oil export revenues fuelled the country's economic development.

ABIC Activities in Netherlands

The Dutch Ambassador talked about Saudi investments in the Netherlands particularly SABIC's (Saudi Basic Industries Corporation) purchase of petrochemical part of DSM and its other activities. SABIC recently established a new company, SABIC Capital Ltd., based in the Netherlands. The de-



cision to locate SABIC Capital Ltd. in the Netherlands was announced during the visit of Dutch Minister of Economic Affairs, Mrs. Maria van der Hoeven to Saudi Arabia in 2008. The office of SABIC Capital Ltd. in Amsterdam is operational since the end of 2008. "The Netherlands welcomes this renewed sign of confidence by SABIC and sees it, more generally, as proof that the country is and remains a good place for business with an attractive fiscal, financial and logistical infrastructure," said Mr. Strikker. He also observed that many renowned global enterprises have their headquarters for Europe & Middle East based in the Netherlands.

Strong Trade Ties

Mr. Strikker highlighted age-old trade relations between Saudi Arabia and the Netherlands. He said: "Economic relations between the two countries date back a long time, are strong and going



Saudi-Dutch Trade: 2004-08 (SR Billion)

Dutch imports from Saudi Arabia (SR Billion)					Dutch exports to Saudi Arabia (SR Billion)				
2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
14.771	20.462	21.944	16.303	17.461	4.698	5.777	7.432	7.425	7.766

Source: Trade figures provided by the Netherlands Embassy in Riyadh



upwards. Concerning our history, let me give you an example. Dutch support was, some decades ago, crucial to the introduction here of the large scale growing of potatoes. Saudi Arabia is now self-sufficient in this very important crop as it is in the dairy sector where Dutch involvement has also traditionally been strong”.

He noted conspicuous presence of Dutch companies in Saudi Arabia and vice versa. “Dutch companies have been involved since many years in the Saudi oil & gas, infrastructure and petrochemical sectors. On the other hand, Saudi Aramco Overseas Company has been based for more than 50 years in the Netherlands, nowadays in The Hague. SABIC Europe is based in Sittard, a city in the southern part of the country.

Reciprocal Visits

The Netherlands envoy has come up with a host of suggestions to further ex-

pand trade and commercial ties between the two countries. He observed: “To further build on our relations, business people from both sides should know more about the trade and investment opportunities in each other’s countries. More visits from the Netherlands to Saudi Arabia and vice versa would be a major instrument, not only by official trade delegations but also by individual visits of businessmen and women”.

Mr. Strikker noted the recent visits of a number of Dutch trade delegations and high-ranking ministerial tours to Saudi Arabia. Reversely, SAGIA Governor, Mr. Amr Dabbagh made a two-day tour to the Netherlands a few weeks ago to underline the business opportunities in Saudi Arabia. In addition, a large Saudi delegation headed by the Deputy-Minister of Agriculture was recently in the Netherlands to look at how to modernize the Kingdom’s horticultural sector.

There are at least three Saudi trade missions being organized to visit the Netherlands very soon. These trade missions will represent companies in the fields of health care, water, energy and logistics. Asharqia Chamber will organize a trade mission, which will comprise companies engaged in the energy and logistics sectors. To reciprocate this, a Dutch oil and gas mission will come to the Kingdom in the 2nd week of next February.

World-Class Education

In the education sector, relationship between Saudi Arabia and the Netherlands have developed strongly in the last couple of years, said the Dutch envoy adding that there are now in total more than 200 Saudi students in the Netherlands studying in medicine, dental health care, water and food safety.

Mr. Strikker focused on the high standard of Dutch education system, which, he said, is world-class. At present, a huge number of 1,462 bachelor and master

programs are fully taught in English, offering foreign students a plenty of choice. All Dutch universities are accredited by the Saudi Ministry of Higher Education, which means that they are eligible for receiving Saudi students.

The universities of Groningen and Maastricht receive most of them. Each year over 70 students attend these universities to study medicine taking the total number of students to around 170 at this moment.

Besides, some 20 Saudis from the Saudi Food and Drug Authority have started their study in food safety at the Wageningen University and Research Center. In addition, some 20 more Saudis from the King Saud University will commence their postgraduate training at the International Institute of Hydraulic Engineering in Delft. There is now increasing cooperation between Saudi and Dutch universities which will result in more Saudi students going to the Netherlands for higher education, said Mr. Strikker.

Tourism Attraction

When asked, the Dutch ambassador pointed out that tourism is an important sector for the Netherlands. “Due to our common European visa system, we can only give rough estimates on the number of Saudi tourists going to the Netherlands. There must be some tens of thousands, every single year, visiting Amsterdam, Rotterdam and other major cities – and naturally the tulip fields – being among the favorite destinations. We are fortunate of having the Schiphol International, a world-class airport with a wide range of connections to anywhere on the globe including Dammam”. The airport recently opened “Holland Gateway” to provide information and a service center specifically to assist foreign businessmen.

– Shamsul Huda

