

SAUDI ARABIA



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Vision 2030: Creating strategic partnership with Japan

Japan stands ready to help Saudi Arabia implement its wide-ranging Vision 2030 plan and to reduce the country's dependence on oil.

Japan and Saudi Arabia have a 62-year history of strong diplomatic, trade and business relations, but the signing of the comprehensive investment and socioeconomic development blueprint Saudi-Japan Vision 2030, in March, signals a new exciting period as the two countries align to accelerate economic development in the kingdom.

Connections between the continental powerhouses are at an all-time high. Saudi Arabia is Japan's main investment destination in the Middle East, accounting for around 70 percent of its investments in the region; bilateral trade between the two reached a record \$56 billion in 2015 and Japan is Saudi Arabia's third-largest trading partner.

The new strategic alliance, the importance of which is seen as huge, aims to build on these successes. All signs are that it will succeed, as it brings together a strategically located, resource-rich country striving to diversify its economy, with an economic giant boasting an outstanding reputation for cutting-edge technology, innovation and dedication to quality.

The scale of the innovative Saudi-Japan Vision 2030 program is breathtaking and globally unique, with over 40 ministries, agencies and organizations pledging to increase cooperation and share knowledge and skills across nine themes.

These broad areas of focus for the next 13 years are: competitive industry; energy; entertainment and media; health care and medicine; quality infrastructure; agriculture and food security; culture, sports and education; investment and finance; and small and medium-sized enterprises (SMEs) and capability building.

Relations deepen from the top down

The official signing of the Saudi-Japan Vision 2030 plan was one of the highlights of Japanese Prime Minister Shinzo Abe's 2017 meeting with Saudi Arabia's King Salman bin Abdulaziz Al Saud in Tokyo.

The high-profile visit — the first by a Saudi Arabian head of state in nearly 50 years — "was significant," says Norihiro Okuda, Japan's ambassador to Saudi Arabia, "and reflects the priority the kingdom attaches to strengthening the relationship with Japan."

During the visit, the two leaders confirmed that the strategic partnership would propel their countries' relations to a new high, supported by initiatives such as the new Japan-Saudi Arabia investment agreement that will act as a catalyst for foreign direct investment from Japan and elsewhere.

At the signing, Abe said the alliance would promote ambitious cooperation and he welcomed the implementation of 31 priority projects and



Norihiro Okuda
Japanese Ambassador to Saudi Arabia

the idea of special economic zones, which present a model for Saudi Arabia's economic reforms. The kingdom is likely to establish special economic zones for Japanese companies, where leading Japanese vehicle manufacturers, such as Toyota, may choose to invest in new state-of-the-art plants.

Abe noted that the pact will strengthen coordination in political and security fields, and revealed he intends to hold dialogues between the two countries' foreign ministries soon.

He also plans to promote defense cooperation, based on the memorandum of understanding signed between Crown Prince Mohammed bin Salman, Saudi Arabian minister of defense, and

"Today, Saudi Arabia is Japan's main investment destination in the Middle East, accounting for around 70 percent of its investments in the region."

Norihiro Okuda
Japanese Ambassador to Saudi Arabia

Japan's minister of defense in September 2016.

Following the royal visit, business leaders in both nations immediately set to work on turning the first batch of plans into reality, as illustrated by several of Japan's largest banking groups agreeing to improve the exchange of financial information with their counterparts in the kingdom.

Officials at the Tokyo Stock Exchange hope to secure a listing from state-owned oil giant Saudi

Aramco, while telecoms giant SoftBank Group Corp. launched a huge technology investment fund in conjunction with the kingdom's Public Investment Fund (PIF).

Designed to target "meaningful, long-term investments in companies and foundational platform businesses that seek to enable the next age of innovation," according to SoftBank, the fund raised \$93 billion in its first major closing in May.

That impressive sum of capital commitments for funding delights Okuda, who feels PIF and SoftBank's Vision Fund sends a very positive signal to Japanese companies to build links with the kingdom.

"Saudi Arabia is a special country, with huge financial potential," he says, adding, "In the short term, it has challenges to overcome, but in the medium and long-term, there are tremendous opportunities for Japanese enterprises."

"Japan's domestic market is quite limited and we tend to be pessimistic about the future of the Japanese economy. We can conquer this pessimism by working strategically with Saudi Arabia and they know that, which is why they are moving closer to us."

Pillars of partnership

Overall, Saudi-Japan Vision 2030 aims to "achieve the national socioeconomic visions of both countries by building on commonalities, activating complementarities and maximizing synergies."

It highlights the fundamental shift in the pair's macroeconomic business models and an understanding that they need to adopt a proactive approach and work together, if they are both to reach their full potential.

The plan is underpinned by three core partnership pillars of diversity, innovation and soft values. Diversity relates to achieving sustainable growth by improving quality and productivity in public and private institutions, and by establishing a broader industrial landscape, wider economic diversity and access to new markets.

Innovation concerns enhancing the competitiveness of economic sectors by capitalizing on technology and innovation in order to increase quality and efficiency, while lowering costs of products and services.

With Saudi Arabia determined to continue investing heavily in technology development, as a route to optimizing key business sectors, Japan wants to use the alliance to secure its position as a global leader in technological research and development across a wide range of areas.

The innovation pillar will also provide a boost to SMEs, whose early involvement is intended to play an essential role in Saudi Arabia's planned digital transformation, by driving bottom-up innovation.

Saudi Arabia is keen to promote the role of SMEs in its economy, while Japanese SMEs will gain access to new growth and expansion opportunities that they have been seeking.

The soft values pillar aims to revitalize the social



Saudi Arabia's King Salman bin Abdulaziz Al Saud and Japanese Prime Minister Shinzo Abe shake hands ahead of fruitful talks in Tokyo.

and cultural landscapes of both countries by setting strong cooperation fundamentals. Through Saudi-Japan Vision 2030, the kingdom's position as the center of the Islamic world will be emphasized and various sociocultural elements will be highlighted, including education, sports and entertainment, as major areas of focus in the development of Saudi Arabia's young people.

Joint group turning vision into reality

Okuda highly commends the initiatives being taken by the kingdom to reform its economy and society, explaining that "Saudi Arabia is going through a large-scale, nationwide transition, which Japan experienced during the Meiji Restoration period in the 19th century."

"If you can join hands with the Saudi government and Saudi businesspeople, you can be remembered as strong promoters of successful reform efforts — which is very rare."

"The survival of Saudi Arabia is very important to Japan. To survive, they have to make some changes to the economy, and Japan is fully supportive of this strategy."

He is encouraging Japanese public and private sector bodies to actively cooperate with Saudi Arabia to achieve the goals outlined in the Saudi-Japan Vision 2030 developmental roadmap.

"It is my goal that Japanese companies reach out to Saudi Arabia and use their presence there to reach other markets in the Middle East. This reform has to be successful, and I am saying this because this goal is certainly in the interest of Japan," he says.

"Japanese companies can benefit immeasurably from the opportunities in Saudi Arabia, which is why we have established the Japan-Saudi Joint Group for Vision 2030, with five working subgroups, covering the major subjects: trade and investment opportunities; investment and finance; energy and industry; SMEs and capacity building; and culture, education and sports."

In order to continue improving the business environment, Hiroshige Seko, Japanese minister of economy, trade and industry, highlights the

"The private sector is now gaining importance with Vision 2030, which is good for a thriving economy. The future is very bright for the Saudi-Japanese relationship, moving forward into the long term."

Takashi Mitsuka, Managing Director,
Japan External Trade Organization, Riyadh

importance of joint efforts to promptly address the specific requests and challenges raised by private companies in different sectors.

As a part of these efforts, he has proposed setting up an "Enabler Showcase" plan, which will be a model for economic reform in Saudi Arabia.

Furthermore, Seko wants to establish a new "Enabler Subgroup" within the joint group, specifically geared toward enhancing the ease of doing business between the two countries and which would discuss cross-sectorial challenges.

He also wants to see the early establishment of "Saudi-Japan Vision Offices" in both Tokyo and Riyadh. This would help coordinate cooperation on, for example, the 2020 Olympic Games in Tokyo and he notes that Saudi officials are already making approaches about working together in areas such as karate and judo.

The Japan-Saudi Joint Group for Vision 2030 is on course to provide a win-win outcome for both countries. Japanese companies can now develop public-private partnerships, of any type, in all areas that Saudi Arabia is reforming and closely relate them to Japan's Abenomics program.

So far, 36 companies who are keen to establish a connection with the kingdom, together with the Japan External Trade Organization (JETRO) and the Japan Cooperation Center for the Middle East, have proposed projects to the joint group. The wide-ranging proposals include ones for energy savings, wastewater treatment, health care and industry.

Japan is prepared to contribute the maximum to Saudi Arabia's Vision 2030, as Takashi Mitsuka, managing director of JETRO Riyadh, explains: "The common feeling among Japan's private and public sector is that Saudi Arabia is definitely trying to transform into a more open country. We want to be of great assistance and help this country in its unique transformation."

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Collaboration for better investment and finance

Saudi Arabia is increasingly expanding its financial sector, as it looks to work with Japan to make high-value investments in both of their countries and further afield.

Saudi Arabia has been the main destination in the Middle East for Japanese investment for many years, with billions of dollars flowing east to west, traditionally in the areas of oil and gas, energy, infrastructure and utilities.

More than two-thirds of Japan's entire regional investment is centered on the kingdom and that figure looks set to grow under the new, long-term strategic development partnership. As part of this agreement, the countries intend to work together to make high-value investments in Saudi Arabia, Japan and other countries.

The showpiece joint project to date is probably Petro Rabigh, a joint venture between Saudi Aramco and Sumitomo Chemical that manufactures petrochemicals and is valued at more than \$10 billion — making Sumitomo's 50 percent stake the largest foreign investment of all time in the kingdom.

The partnership is already investing a further \$9 billion to expand its refinery, which will allow it to produce aromatics and ethylene. And there are plans for a state-of-the-art conversion facility, next to the existing plant, which is expected to attract at least \$1 billion of private sector investment.

The increasing collaboration between the two countries is extending to their stock exchanges — Saudi Arabia's Tadawul and Japan Exchange Group (JPX), which includes the Tokyo Stock Exchange (TSE), Osaka Exchange, Japan Exchange Regulation and Japan Securities Clearing Corporation.

In a memorandum of understanding (MOU) signed earlier this year, designed to strengthen the bilateral relationship between the exchanges and deepen collaboration on matters of mutual interest and benefit, the two agreed to "share knowledge and expertise, open the door to people development and explore future opportunities related to capital market development," according to Khalid A. Al Hussain, CEO of Tadawul.

The new MOU surely boosts the chances of Japan's government and finance chiefs succeeding in their desire for the TSE to win the forthcoming international battle for the coveted listing of the world's largest oil producer — Saudi Aramco — that is expected to be worth up to \$100 billion.

The state-owned oil giant is expected to spark a frenzy when investors are finally given the chance to own a slice of it. Aramco and the TSE are considering the launch of a joint group to study its listing. The MOU will also set the kingdom on its way to



Mohammed Al-Jadaan
Minister of Finance

building, what its Saudi Vision 2030 plan calls, "an advanced capital market that is open to the world." Something it is going to need, as the kingdom's trend toward less state control is set to trigger a wave of initial public offerings in sectors such as energy, utilities and health care.

"The MOU with JPX will enable the sharing of knowledge and expertise, open the door to people development and explore future capital market development opportunities."

Khalid A. Al Hussain
CEO, Tadawul

Saudi Arabia's Minister of Finance, Mohammed Al-Jadaan, is very upbeat about the exciting opportunities privatization will bring to the kingdom — and it is his office that is spearheading a drive to introduce a wide-ranging economic reform plan to steward the world's-largest crude exporter through an era of low oil prices and diversify its revenue

sources. "There will be a long list of privatizations," Al-Jadaan confirms. "These include energy companies (including gas and renewable), electricity and water utilities, health care, medical providers, sports clubs, mining firms and real estate companies.

"For example, we are moving forward with the Saudi Vision 2030 target to achieve 9.5 GW of production from renewables by the year 2023.

"Considering Japan's accelerating renewable energy boom, we see an unprecedented opportunity for Japanese firms with the technical and financial capabilities to execute projects of this scale, and to put forward a business case for the first round of investments."

As to why Saudi Arabia has decided now is the time to adopt a new approach to socioeconomic development, the ex-chairman of Saudi Capital Market Authority (CMA) explains that, "with a population increase of 50 percent since 2000, of whom a third are aged under 19, oil revenues cannot support our population in the medium and longer terms.

"Following Vision 2030 and the National Transformation Program 2020 will mean we can sustain the public finances without using a rial of oil revenues to 2030. We will do this by growing and diversifying the economy through the private sector, to become a world-leading country with more and better jobs for future generations."

Support available every step of the way
Helping Japanese companies take advantage of this plethora of investment opportunities in the kingdom, is the Japan External Trade Organization (JETRO), a government-related entity that promotes trade and investment around the world.

"Through the forthcoming privatization of major enterprises in key sectors of the economy, the Saudi government will improve levels of efficiency and competitiveness and act as a conduit for substantial new investment," says Takashi Mitsuka, managing director of JETRO Riyadh.

His organization gets busier by the day. While it used to be focused on bringing investment from Japan to Saudi Arabia, it is now also increasingly occupied with businesses from the kingdom looking to invest in Japan.

"We are helping them find good investment opportunities, as Japan has up to 4 million companies commercially registered. We can help Saudi companies find their way in the wide Japanese com-



Al Ra'idah Investment Company's state-of-the-art Riyadh Digital City development

mercial space," he explains.

As an example, he says JETRO has "a close relationship with Aramco Asia Japan, as well as Abdul Latif Jameel Japan from the private sector. They have their own subsidiaries in Tokyo, so we talk to them often to promote their strengths and cooperation."

With a capitalization of at least \$560 billion, the Tadawul exchange is set for an upgrade from frontier to emerging markets status by 2018, notes Mitsuka, who adds that "such a positive development is sure to encourage more asset managers to allocate funds to Saudi Arabia."

Setting the standards for others to follow
Tadawul's capitalization is almost as large as that of the other five Gulf states combined and forecasts are for \$30-50 billion of overseas money to penetrate the market over the next three to five years.

Boasting average daily liquidity of over \$2.3 billion, it is already the seventh-largest exchange in the world and grants direct access to overseas investors with more than \$5 billion in assets under management.

With retail investors currently dominating trad-

ing volume, the regulator hopes overseas institutions will foster predictability and make the bourse more attractive for domestic companies to list and expand.

Al Hussain is delighted with the recent MOU with JPX, which he sees as being an enabler for the strengthening of relations between the two exchanges, to support the development of both capital markets. "It will enhance cooperation between our markets and add a new dimension to our collaborations. And it will include joint marketing and promotion, as well as financial education," he states.

The CEO is keen to underline that Tadawul is already adopting common international practices to meet the expectations of global institutional investors. These include the implementation of a new settlement cycle, which will align the exchange with standard global clearing and settlement practices.

He also highlights the fact that the CMA has recently approved a set of rules allowing the formation of real estate investment trusts (REITs) — financial instruments that allow all types of investors to obtain investment exposure to the real estate mar-



Khalid A. Al Hussain
CEO, Tadawul



Ali M. Al Assaf
CEO, Al Ra'idah Investment Company

ket — on the Tadawul exchange. "This is achieved through collective ownership of constructed developed real estate," he explains. "REITs consist of units, where each unit represents ownership in the underlying real estate and they are traded just like equities during trading hours."

"Saudi Arabian REITs can invest locally, regionally and globally, when the total asset value outside the kingdom does not exceed 25 percent of the fund's total asset value."

Al Hussain is certain that, "The transition Tadawul is making will position it among the leading emerging markets, through enabling it to join MSCI, FTSE and S&P international indices — encouraging international institutional investors to increase their cash flows and investments with confidence."

Visionary projects with innovative ICT

Real-estate megaprojects are on their way, led by Saudi Vision 2030, REITs, new legislation and the investment arm of the Saudi Public Pension Agency.

As part of Saudi Vision 2030, the country intends to invest significant funds into developing its real estate. One of the main bodies in charge of ensuring this happens will be Al Ra'idah Investment Company, the real estate investment arm of the Saudi Public Pension Agency.

The agency is entrusted with establishing, developing and managing many of the most important real estate projects in the kingdom, and the credibility and scale of these present a unique opportunity for any Japanese enterprises that might be eyeing the Saudi property market.

At the moment, its portfolio is worth about \$16 billion and it is currently overseeing three ambitious megaprojects, all of which are intended to leave a global footprint, that offer a multitude of opportunities to businesses — as suppliers of materials and services, potential tenants or investors.

Innovative digital city sets benchmark
Perhaps best suited to Japanese companies is the state-of-the-art Riyadh Digital City. This showcase development features a high-end and high-tech approach to architecture and master planning, and it is located at a prominent site in central Riyadh.

It boasts "the latest information and communication technology (ICT) infrastructure in a secure mixed-use environment, and addresses the technical and lifestyle requirements of sophisticated business leaders wishing to operate from the capital," according to Ali M. Al Assaf, the agency's CEO, who believes Riyadh Digital City is perfectly positioned to serve as a catalyst for Japan's role in helping to develop the Saudi Arabian economy.

The blueprint contains large numbers of residential villas of various sizes, commercial and retail units, restaurants, community buildings and landscaped avenues and plazas.

The huge project promotes the integration of digital media, ICT and data transfer throughout the site, with the aim of improving sustainability and promoting a more holistic lifestyle for its inhabitants.

Residents of all ages will be connected to their homes, office and leisure facilities via high-speed communication networks and advanced transport systems, as well as by more traditional physical community links.

Al Assaf is confident that the new development will be the right place to set up a modern business, explaining that "Japanese firms who invest to buy space in the digital city can benefit from a next-generation network offering internet protocols, where

all the technological services are passed through unified networks and highly accurate, smart systems that are run and controlled in high-level information centers."

Al Ra'idah Investment Company is seeking Japanese investors and vendors to integrate technologies and capital into the project, in order to ensure the impressive development sets the benchmark for a bustling digital hub, which blends exceptional quality of life with the latest technologies.

"Technology and innovation are among the pillars of the Japanese economy," says Al Assaf.

Commenting on the closeness of the two countries, he notes that "Japanese tech companies have been supporting the growth of the Saudi public and private sectors since the mid-1970s, through long-term partnerships and joint ventures in the fields of technology, petrochemicals, infrastructure and automotive industries."

"Riyadh Digital City boasts the latest ICT infrastructure in a secure mixed-use environment. Technology and innovation are among the pillars of the Japanese economy."

Ali M. Al Assaf
CEO, Al Ra'idah Investment Company

The agency's other two mega projects are the development of the 1.6-million-square-meter King Abdullah Financial District and the 2.5-million-square-meter Obhur Al Janoubia residential project in the north of Jeddah.

Now is the time to invest
Japanese investors are already showing an interest in Saudi Arabian real estate. For example, Mizuho Bank recently signed an agreement with the kingdom's National Housing Company that will provide help for Japanese entities wanting to invest in urban development projects in Saudi Arabia.

As well as opportunities in the agency's flagship projects, Al Assaf also sees plenty of openings for companies from Japan and beyond in the agency's other activities. "Besides the megaprojects under development, Al Ra'idah Investment Company

manages income-generating assets with a gross development value in excess of \$2.6 billion. These present a low-risk entry point for Japanese real estate investment trusts (REITs)," he states.

With Japanese REITs increasingly investing overseas, due to negative interest rates and expensive real estate in Japan itself, Al Assaf believes that the time is right for these funds to look at Saudi Arabia. "The scale of the construction sector in Saudi Arabia matches the size of its G-20 peers, but the real estate industry has lagged way behind when it comes to the regulatory environment."

"However, a lot has been achieved over the past two years, with the implementation of new capital market structure offerings for REITs, a new mortgage law and off-plan sales regulations, along with several other pieces of legislation. Now is an opportune moment for international investors to access the market," he insists.

He adds that the agency is "particularly interested in collaborating with specialized REITs that would bring added value to our existing operations on the strategic and managerial fronts."

"In addition to our current portfolio," Al Assaf points out, "Al Ra'idah Investment Company is actively seeking strategic partnerships with world-class developers and specialized consultants in the fields of infrastructure, development and investment management, as it positions itself to launch new projects that tackle some of the opportunities presented under Saudi Vision 2030."

Advancing technology
Al Ra'idah Investment Company wants to be at the forefront of real estate technology and engineering. For this reason, Al Assaf would like to incorporate more Japanese advanced technologies into projects and he specifically highlights "those relating to sustainability, such as solar and other alternative energies, power saving, cooling and water technologies."


Another area of focus for the agency and most local developers, he says, is the utilization of modern methods of construction, as the industry is gearing itself up to solve the kingdom's housing crisis, which is one of the goals of Saudi Vision 2030.


Al Assaf is proud to be playing such an important role in Saudi Arabia's development plans at all levels. "I am fortunate to be in a position to serve the best interest of the beneficiaries of the Saudi Public Pension Agency and safeguard the interest of future generations," he explains.

He is convinced that government and businesses are about to unleash the potential of the kingdom in various productive industries, including tourism, financial services, logistics, trade and industry. "It gives me a great sense of pride to witness this socioeconomic transformation that puts Saudi Arabia at the forefront of modernization, while preserving the conservative values of Islam upon which the kingdom has been established."

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Alsalam Aerospace Industries is preparing for take off

As Saudi Arabia and Japan strengthen their defense relations, Alsalam Aerospace Industries is "open to all collaborations."

Saudi Arabia has recently appointed the first defense attaché to its embassy in Tokyo, in a move seen as a symbol of the deepening relations between the two countries.

The appointment comes soon after the signing of a memorandum of cooperation by their ministries of defense last year — a signing that was closely followed by a meeting between the ministers: Japan's Tomomi Inada and Saudi Arabia's Crown Prince Mohammed bin Salman.

The countries intend to advance their bilateral defense exchanges at all levels — from high-ranking officials, through to industry, education and research. Collaboration on maritime security issues and defense equipment are also going to be expanded.

Both ministers see their commitments to future defense cooperation as important, with Inada saying the signing of the memorandum was a "major step" forward.

The crown prince stated that he hoped the meeting and memorandum would serve as an impetus to further promote defense exchanges between Japan and Saudi Arabia, adding, "I especially hope we can enhance our relations on defense equipment."

One Saudi Arabian company that is already focusing on building relationships with Japanese organizations working in defense is Alsalam Aerospace Industries.

Alsalam's core business is the maintenance, overhaul and upgrade of military, commercial and private aircraft, and it also provides technical support for military aircraft.

It was set up in 1988 as an economic offset program company, as part of the country's strategy to develop self-sufficiency in the aviation industry.

Planning for investment

Saudi Arabia has long been a major investor in its military equipment, with defense outlays representing a significant portion

of its national budget and the country is currently the world's third-largest military spender, just behind the U.S. and China.

While the recent drop in oil prices has had a short-term impact on the government's spending, defense funding continues to grow and multibillion-dollar contracts are still being signed.

And it looks like this growth will be maintained, with the government's 2017 budget, unveiled in December, including a 6.6 percent increase in the allocation for defense from \$47.8 billion to \$50.9 billion.

The rise in government spending on defense is a major part of the country's Saudi Vision 2030 economic development plan, which was announced last year and which aims to reduce Saudi Arabia's dependence on oil.

President of Alsalam, Yahya Al-Ghoriabi, says that the new plan will change the country in three core ways, by creating "a vibrant society, a thriving economy and an ambitious nation."

He is "excited and proud that Alsalam is supporting and playing its part in developing these areas" and says the company is already using the three pillars as a platform for its efforts to contribute to achieving the goals of Saudi Vision 2030.

Partnering for localizing

One of the goals of the plan is to localize 50 percent of total military equipment spending by 2030 — in 2015, by comparison, only 2 percent of spending was on equipment produced within Saudi Arabia. At the moment, the country's defense industrial sector is limited to just seven companies and two research centers.

So, the next few years are likely to see large changes taking place, as the kingdom continues its focus on both localizing production and advancing its military industrialization.

About \$100 billion in new arms procurement deals have been signed in the last few years.



Yahya Al-Ghoriabi
President, Alsalam Aerospace Industries

These high-value contracts could help achieve the 50 percent target for local production, by providing the country with new economic offset program opportunities, as well as with ongoing contracts for established companies like Alsalam.

As a result of all this planned growth, economic offset program cooperation between Saudi Arabia and partners such as Japan is likely to increase dramatically.

There could also be a significant increase in the number of strategic partnerships between Saudi companies and research institutions, and their Japanese counterparts in the near future.

Alsalam adds value

Alsalam is well placed to be at the forefront of both the development of strategic partnerships in Japan and the Saudi government's efforts to expand its defense industry's value chain.

An aim of the Saudi Vision 2030 plan is for the country to move from the manufacturing of basic items such as spare parts, to higher value and more complex equipment such as military aircraft.

Alsalam began its own process of creating added value in 2012, when it was awarded a contract by the Boeing Company.

With support from the Saudi Ministry of Defense, Alsalam was contracted to manufacture and assemble the new wings, forward fuselages and pylon adaptors for the conversion of the Royal Saudi Air Force's

(RSAF's) F-15S — a twin-engine, all-weather tactical fighter aircraft — to the more advanced F-15SA.

After successfully completing this project, the ministry made the company the sole contractor for converting its entire fleet of F-15Ss to F-15SAs. Again, the new wings, forward fuselages and pylon adaptors will be manufactured and assembled at Alsalam's own facilities.

According to Al-Ghoriabi, this is the first time an aviation project of this scale has taken place in the kingdom. He anticipates it will set the stage for the company to take on additional assembly and manufacturing work, and continue to provide high-technology jobs for Saudi nationals.

Manufacturing is now seen as a core function of the company and a way of ensuring its sustainability, contribution to the country's economy and the development of its aviation industry.

In light of this change, its management recently decided to create a new identity, changing the company name from Alsalam Aircraft Company to Alsalam Aerospace Industries. Al-Ghoriabi believes that "the rebranding has told everybody that there is a manufacturing capability available in the kingdom."

Partnering opportunities

Having been working with F-15 aircraft since 2002, Al-Ghoriabi sees many ways that his company can use its experience to benefit collaborations with organizations in Japan, which has a huge fleet of almost 200 F-15s.

He believes Alsalam can provide the "total package" for the model: it started by performing maintenance of all parts, then moved into manufacturing basic components and has now taken on plane conversion. The company is also going to be responsible for supporting the operations of F-15s at RSAF air bases.

But he's also enthusiastic about the experience Japanese organizations can bring to Alsalam and wants to learn from their techniques for maintaining the planes, especially in relation to extending the life of an aircraft.

Importantly, a number of Japanese companies have the approval of the original equipment manufacturer to carry out

some work on their own, which Alsalam doesn't.

Al-Ghoriabi thinks his company "can use this and leverage the capabilities that they have. We know that some of their aircraft are very old, but they still use them — so their capabilities in extending the operational life of aircraft is remarkable and if these could be shared with us they would be very valuable."

Alsalam is also the only Saudi Arabian aerospace company currently working with helicopters. Given the importance of this type of aircraft in Japan — it has the fourth-largest attack helicopter fleet in the world — Al-Ghoriabi sees this as an area for future collaborations.

"I especially hope we can enhance our relations on defense equipment."

Crown Prince Mohammed bin Salman
Minister of Defense

He would be interested in meeting Japanese entities interested in helicopters to discuss potential partnerships.

"If the will is there, there is always a way, but you need to know their capabilities and they need to know yours. By sitting down together we can leverage both and work together in the best way possible," he says.

Encouraging collaborations

Having helped create a good foundation for aerospace industries in the kingdom, Alsalam now wants to help the country develop a domestic aerospace industry that includes the complete value chain — all the way from component manufacturing to aircraft manufacturing, as that is where the added value will be.

It is aiming to be a supplier to original equipment manufacturers and to sell its parts, not only to its own Ministry of Defense and other local organizations, but also to the region — and the world.

Al-Ghoriabi is confident that this ambition is achievable and so his company is looking for international partners that can work with Alsalam to help make this happen. Partners that "have the capabilities

and can bring those capabilities here, and work with us to grow in this direction."

His confidence has probably been boosted by the announcement last year of the new \$100 billion SoftBank technology investment fund, one of the largest funds of its type in the world.

Whilst the SoftBank initiative is global in nature, its inclusion of up to \$45 billion from Saudi Arabia's own public investment fund opens up the possibilities for potential international partners to bring exciting new technologies connected with defense into the kingdom.

Alsalam is "open to all collaborations," says Al-Ghoriabi, and it is even looking at the option of partnering on the development of the F3, Japan's first radar-evading stealth fighter aircraft. The prototype of this model, the development of which is being led by Mitsubishi, made its first successful flight in 2016.

But he stresses that, in any partnership, "the coordination, collaboration and understanding of each other's capabilities are crucial" — and the company needs to be sure that it can add value.

If those factors are in place, Al-Ghoriabi says that the importance of the Saudi Vision 2030 plan to the country means that his government will offer no restrictions.

On the contrary, he is sure that "the government will encourage and support" any partnerships Alsalam makes, as both country and company share the same goal — bringing value-added capabilities into the kingdom, in order to become self-sufficient.

Al-Ghoriabi is "immensely proud of what Saudi Arabia is today and where it is heading in the future" and says he is especially proud of the care and support his company gets from the government, of the development the country is making and of the welcome all visitors to the kingdom receive.

He believes that nobody can really understand how the country is developing until they have experienced it firsthand.

With the country's drive for increased self-sufficiency in — and spending on — military equipment, and its focus on building collaborations with Japan, now might be a good time for Japanese companies to experience the Saudi Arabian welcome he is so proud of.



A leader in Aerospace Industries in the Kingdom of Saudi Arabia

Initiated to establish self-sufficiency in commercial and military aircraft maintenance, repair, modifications and upgrade through technology transfer and the development of Saudi nationals, Alsalam Aerospace Industries (AAI) is proud to be at the forefront of the aerospace industry in the Kingdom of Saudi Arabia. With state-of-the-art facilities and a highly qualified and skilled workforce, AAI is an expert provider of services ranging from manufacturing aerospace components, maintenance, repair and overhaul, to VIP interior design and refurbishment, as well as technical support services. We are committed to enhancing and developing the aircraft industry in the Kingdom of Saudi Arabia, in order to contribute to Vision 2030 and beyond.



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SAUDI ARABIA

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The rise of a 21st-century global technology powerhouse

Investing in science and technology is vital for Saudi Arabia's development. The King Abdulaziz City for Science and Technology is at the heart of making it happen.

Regardless of the industry or economic sector, innovation through science and technology lies at the heart of Saudi Arabia's socioeconomic development strategy, with new ideas and approaches encouraged, and funding readily available to transform the best concepts from ideas on the drawing board into reality.

Spearheading the country's transformation into a global science and technology powerhouse is the King Abdulaziz City for Science and Technology (KACST) — Saudi Arabia's national science agency.

This forward-thinking government agency supports and enhances applied research, as part of the drive to create a knowledge-based economy and industrial diversification.

Through its own research institutes and joint centers of excellence it has set up with leading international partners, it carries out cutting-edge research and development in fields seen as strategic for Saudi Vision 2030 and the National Transformation Program (NTP) 2020.

The latter program, NTP 2020, was set up in order to build the institutional capacity and capabilities the country needs to achieve Saudi Vision 2030's ambitious goals.

KACST also funds research and innovation, both nationally and globally. For example, its Badir technology incubator program aims to attract, support and mentor entrepreneurs in telecommunications and information technology, mobile applications and digital media.

Based in Riyadh, the organization also works closely with the government and other stakeholders to identify national priorities and policies in technology and science, coordinate the activities of government institutions and research centers, and oversee Saudi Arabia's patents office.

Prince Dr. Turki bin Saud bin Mohammed Al Saud is president of KACST, in addition to being chairman of the Saudi Technology Development and Investment Company, TAQNIA, set up in 2011 to localize technology in Saudi Arabia and commercialize the output of its research and development (R&D) centers.

In the following interview, he gives his view on the many opportunities available for collabora-



H.H. Prince Dr. Turki bin Saud bin Mohammed Al Saud
President, KACST

tions in science and technology between Saudi Arabia and Japan.

How will Saudi Vision 2030 and the National Transformation Program (NTP) 2020, both based on innovation and R&D, shift Saudi Arabia toward a knowledge-based economy in partnership with Japan?

Saudi Vision 2030 provides the basis and mandate to successfully incorporate science, technology and innovation into the national transformation process.

To address national innovation challenges and barriers, KACST has fundamentally aligned its initiatives within the NTP 2020, to promote innovation and drive increasing localization and development of technology in large domestic spending sectors.

KACST is also supporting R&D to ensure the sustainability of the local content development system — that means developing our local industrial output and manufacturing, supporting emerging technology companies with added value and strengthening the capability of national small and medium-sized companies.

KACST established the Joint Centers of Excellence Program, to expand and strengthen

its international collaboration with leading institutions in academia and industry.

The Center of Excellence in Astronautics and Aeronautics with Stanford University, the Center of Complex Engineering Systems with Massachusetts Institute of Technology, the Center of Excellence for Advanced Materials and Manufacturing with the University of Cambridge and the Center of Excellence for Green Nanotechnologies with the University of California, Los Angeles, are examples of our recently established centers.

Furthermore, the creation of TAQNIA, a technology company owned by the Saudi Arabian Public Investment Fund and a strategic partner, serves as the commercial arm for Saudi research institutions, including KACST, and provides venture capital funding services to industry.

Both KACST and TAQNIA believe in the significant role of international collaboration, such as our very important pact with Japan, and are eager to form alliances and establish joint cooperation with Japanese partners.

How would KACST and TAQNIA like to partner with the SoftBank Vision Fund, to develop technology-based industrial opportunities, transfer know-how and grow these technologies into sustainable businesses in Saudi Arabia?

There are a number of potential opportunities where KACST, TAQNIA and SoftBank can collaborate and where we believe a mutually beneficial partnership can be created. These areas can be grouped under two categories.

Firstly, global leadership in sectors where Saudi Arabia has a competitive advantage, which include water, energy, advanced materials, petrochemicals, oil and gas.

Secondly, sectors where the kingdom seeks self-reliance and sectors with large government spending, such as health and medicine, information and communication technology (ICT), transportation and construction.

The SoftBank Vision Fund can provide a growth path for companies we create, or partner with, which are aligned with Saudi Vision 2030 and have the potential for very high return on investment. An example is a company we own in the U.S.'s Silicon Valley called Solar Junction. It has the highest solar efficiency in the world and is pioneering products for space applications.

How can KACST and TAQNIA cooperate with Japanese small and medium-sized enterprises

(SMEs) in renewable energy, to harness solar power for the production of desalinated water? What other fields of manufacturing would be suitable for KACST and TAQNIA cooperation with Japanese partners?

Saudi Arabia recognizes that Japanese companies have continuously been pioneers in design and R&D, as well as in manufacturing. Based on this, the kingdom assigns great value to partnerships with Japanese companies.

There are many possibilities that both KACST and TAQNIA are focused on, and intend to establish partnerships in, which include robotics, advanced and nanomaterials, biotechnology and energy.

With regards to the Saudi Electricity Company, it plans to install millions of smart meters as a substitute for the electromechanical ones currently installed. KACST and TAQNIA will work together with a suitable Japanese partner to design and produce a commercially based smart meter.

As for renewable energy, Saudi Arabia is planning to introduce about 10 GW of power by 2023. A large portion of this capacity will be from solar energy and water desalination is an ideal application for solar energy in the kingdom. KACST and TAQNIA can cooperate with suitable Japanese SMEs in this vital area.

KACST has embarked on an ambitious journey to desalinate seawater using solar energy at low cost, to contribute to the kingdom's water security and support the national economy.

The objective of the first phase is to build a solar plant for reverse osmosis water desalination in the city of Al Khafji, with a capacity of up to 60,000 cubic meters per day.

We also aim to build a solar power plant with a capacity of 20 MW to supply electricity to the desalination plant. The Advanced Water Technology Company, a subsidiary of TAQNIA, is currently constructing the solar water desalination plant in Al Khafji, which will be commissioned this year.

With the national direction of diversifying away from the kingdom's oil dependence, TAQNIA will continue with such projects and is interested in establishing partnerships with Japanese companies that are known for their outstanding engineering capabilities, in order to expand the introduction of new innovations.

In addition, TAQNIA has partnered with Riyadh Capital to launch the kingdom's first venture capital fund approved by the Capital Market

Authority. The fund size is about \$135 million and it is directed at SMEs within the sectors of sustainable energy, material science and ICT, both locally and globally.

Japanese SMEs with world-class technologies and craftsmanship have a great deal to offer and we believe TAQNIA is the right partner to enable expedient and successful technology transfer to Saudi Arabia.

How important is KACST and TAQNIA is attending Japan-Saudi Joint Group for Vision 2030 meetings in order to build synergies with Japanese counterparts?

We are very much looking forward to our next Joint Group for Vision 2030 meeting and to creating collaborations. Commercial partnerships supported by government cooperation allow for fruitful outcomes and increase dramatically the success of such cooperation.

"Japanese SMEs with world-class technologies and craftsmanship have a great deal to offer. TAQNIA is the right partner to enable expedient and successful technology transfer."

H.H. Prince Dr. Turki bin Saud bin Mohammed Al Saud
President, KACST

KACST and TAQNIA's presence in the joint group meetings is essential, and will naturally bring unique synergistic opportunities for both exceptional countries. As an example, the opportunities may include joint collaborations in water technology, with a focus on water desalination, as well as in advanced materials including composites.

In the field of energy, renewable energy storage system technologies, single and dual-axis sun-tracking systems, solar energy, nanotechnology, concentrated solar power and concentrating photovoltaic technologies are all good candidates.

Also, the biotechnology sector is of great importance to KACST and TAQNIA and we are looking to explore the right opportunity with the right strategic partners. Japan's historically

strong achievements in the field of ICT are expected to drive many Saudi-Japanese joint projects in areas including space utilization and cyber security.

In addition, Badir, a technology incubator program launched by KACST, can participate in the Japan-Saudi Joint Group in the context of entrepreneurship, innovation, incubation and acceleration.

KACST thrives on working and partnering with Japanese entities such as the Innovation Network Corporation of Japan. It sees the resultant exchange of information and expertise as driving the growth of the entrepreneurial ecosystem.

KACST has also reached out to the University of Tokyo and the National Institute of Advanced Industrial Science and Technology, one of the largest public research organizations in Japan, to collaborate in establishing and developing joint research and innovation centers.

On a side note, we are willing to have further discussions with the Japan Cooperation Center for the Middle East and Japan Bank for International Cooperation to explore and facilitate investment opportunities relevant to Saudi Vision 2030, to expand the scope of activities in technology-based industries and to accelerate the transfer of knowledge.

What is your final message to Japan's trading houses, private businesspeople and SME's, about developing knowledge-based industries and high-end technology through joint ventures and strategic partnerships?

I would like to take this opportunity to mention that Crown Prince Mohammed bin Salman, first deputy prime minister, minister of defense and chairman of the Council of Economic and Development Affairs, has stated in his foreword of the Saudi Vision 2030 plan that "we will encourage our major corporations to expand across borders and take their rightful place in global markets."

KACST and TAQNIA are ready to do that. We are open, with great willingness, to cooperate with R&D centers, universities, industry corporations and SMEs in Japan.

We look forward to exchanging views and exploring the areas of possible cooperation that are of mutual interest to all parties, and hope to create collaborations that will improve the welfare, sustainable growth and prosperity of both of our people.



Empowering Investments with State-of-the-Art Science, Technology, and Innovation...




KACST, along with its national partners, is helping create an attractive environment for both local and international investors and seeks to localize and develop technology in high domestic spending sectors, facilitating large opportunities for local and international industrial collaborators.

KACST is developing technologies for global leadership in the special sectors of: Energy, Water, Oil, Gas and Minerals, as well as Advanced Materials. Other high priority sectors include: Space and Aeronautics, and Defense and Security.

KACST is also supporting the development of a range of sectors that promise a large increase in local manufacturing and industrialization. These include: Information and Communications Technologies, Building and Construction, Health and Medicine, Transportation and Logistics, and Agriculture and Environment.

www.kacst.edu.sa






TAQNIA, your collaboration partner in the Kingdom, invites you to a world of high-growth industrial opportunities supported by our two countries...

TAQNIA invites Japanese firms to join forces toward the creation of various collaborations and joint ventures across high-growth strategic sectors. The collaborations seek technology transfer, commercialization, and the creation of sustainable, competitive, world-class business.

www.taqnia.com

Powering the economy in partnership with Japan

With Saudi Arabia already having the highest demand for energy in the Middle East and growth in demand forecast at 7 percent a year, the sector offers increasing potential to Japanese investors.

As its expanding economy and rising population place greater demands on Saudi Arabia's energy infrastructure, the government has responded by announcing a series of projects to boost power generation capacity, in order to meet the increasing needs of millions of industrial, commercial and residential users.

Already the largest power generator in the Middle East, Saudi Arabia is investing substantial sums in primary state-of-the-art infrastructure, including power plants and renewable energy projects, while optimizing private sector involvement to accelerate bringing the huge developments online.

The government has earmarked billions of dollars for these new energy projects, as it looks to take advantage of cutting-edge technologies in the renewables sector, particularly in the solar and wind power sectors.

Japanese companies are being encouraged to participate in the tenders for these projects. And there is an additional opportunity for Japanese manufacturers to set up renewable component manufacturing companies in Saudi Arabia.

This is because, due to the government's aim of increasing localization in the country's manufacturing sector, specific targets will be set for the percentage of components that will have to be produced within Saudi Arabia.

At least 10 GW of electricity created by next-generation renewable energy technology is expected to emerge in the next few years as the pace of privatization picks up, adding to the approximately 75 GW of production capacity that already exists.

To give that figure some context, it represents around 70 percent of the energy creation capacity of the entire Gulf region.

To complete the kingdom's energy system, there are nearly 70,000 kilometers of transmission lines and around 565,000 kilometers of distribution lines — networks that are continuously expanding as up to 4 GW of new production capacity is added every 12 months.

One of the main driving forces behind the power revolution is Saudi Electricity Company (SEC), the utility that currently has a monopoly



Ziyad Bin Mohammed Al-Shiha
Engineer, President and CEO
Saudi Electricity Company

over generation, transmission and distribution of electricity — although generation is soon to be privatized, to encourage competition.

SEC is working with the government to redesign the domestic energy market and make it fit for purpose.

Not such an easy task, when demand is increasing by 7 percent — around 500,000 customers — on an annual basis, although it certainly underlines just how rich and attractive the potential returns on investment could be.

Building bonds with Japan

The company already deals directly with the Japan Bank for International Cooperation (JBIC), with which it has a successful relationship and financing options.

Meanwhile, memorandums of understanding between the two countries have been signed by the likes of Mitsubishi Corporation, Tokyo Electric Power Company, and JGC Corporation.

Over the long term, SEC is seeking to liaise with pension funds from Japan that wish to diversify their portfolios, in an effort to boost returns, by using some of their cash reserves to buy into investments like renewable energy projects.

As well as the investment openings offered by the country's new energy projects, capital can also be invested in one of the operating and already profitable projects, in order to replace the early stage funding that got these projects started.

This strategy would be mutually beneficial, as pension funds prefer the guaranteed rate of returns they get from low-risk investments that involve governments or major enterprises.

On top of investments, SEC also believes that many Japanese businesses would be ideal partners to help build the kingdom's new energy sector.

"When SEC scanned the globe to find technology companies we could partner or do business with, Japan stood out as a provider that would bring more efficiency to the company, as well as being a major help on the engineering side or on a revamp of our systems," comments Ziyad Bin Mohammed Al-Shiha, engineer, president and CEO of SEC.

"Japanese companies also stand out on the manufacturing side, with the quality that we aspire to have and want to achieve on the operational side. We can utilize their technology, efficiency and vast experience in our facilities to improve operations.

"And with privatization coming, competition is the name of the game. I believe Japanese companies, coupled with Japanese financing options and structures, will provide a competitive advantage to the new private firms that will be emerging," he explains.

Whether joining one of SEC's projects as a contractor or investor, the chances of failure appear low.

Japanese pension funds and mutual funds putting money into large-scale Saudi Arabian solar and wind projects will see good, dependable returns that they can count on.

And by adding significant new pools of liquidity to the power generation sector, they will be supporting overseas business expansion, in line with Abenomics.

Japanese companies, on the other hand, can be confident that the new projects will come with reliable long-term operating contracts.

Blend of skills and technology

Specific projects and skillsets SEC is seeking from private sector enterprises in Japan include those from emerging small and medium-sized enterprises offering renewable and solar technologies; services, transmission and distribution equipment; decarbonization know-how; energy security technologies; and energy efficiency products and services.

It is also looking for skills in smart power and grid systems, as "we are introducing a smart grid and 12.5 million smart meters, so there is huge business potential," states Alshiha.

"I would like to see participation by Japanese pension funds and institutional investors to invest into renewable projects because they provide a steady, inflation-adjusted income stream gaining interest as an asset class."

Ziyad Bin Mohammed Al-Shiha, Engineer,
President and CEO, Saudi Electricity Company

Some of the smart systems it needs to introduce this effectively are system monitoring and outage management, substation automation, network management systems, distribution automation, demand response technology platforms and software services, smart metering technologies and battery storage systems.

SEC also has a strong focus on the recruitment of Japanese specialists to help the development of the Saudi Arabian workforce, which it sees as key.

"Japan is an island nation with no oil or gas resources, yet it is considered one of the world's most energy-efficient countries, driven primarily by the most important resource: human capital," he says. Engineers, consultants, service technicians for design and construction, and management specialists are all highly sought after by the utility.

"The youth of Saudi are the true engine of



Skyguard UAV

psatri.ksu.edu.sa

development and prosperity," Alshiha believes, "and the government will strongly support young engineers by cooperating with Japanese firms for human capital development.

"Japanese firms, with their work ethic, culture, and advanced research and development assets, will be the base of cooperation for transferring knowledge and capabilities to our youth.

"Whether on consultation, engineering or adding value to renewable products, there are a lot of opportunities for Japanese companies. Knowing the sector will be privatized presents a whole series of openings for businesses and they are welcome to participate in any of our tenders or to set up component manufacturing companies in the kingdom."

Energizing the global economy

In an attempt to convey the potential of what is on offer, Alshiha provides a reminder that "the Saudi economy and energy market are by far the largest in the Middle East and North Africa region, the opportunities are substan-

معهد الأمير سلطان
للأبحاث والتقنيات المتقدمة
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tial and the model for future development is public-private partnerships.

"The regulation is in place, the capital markets are fully developed and the process of investing here is now opening up.

"Our cooperation with Japan can only become stronger and more robust, with both sides entering win-win relationships. Saudi Arabia is in a transition phase and the support it gets now will be reflected by strong relationships when the country has achieved its goals."

Some of those goals are very ambitious, he reveals: "We will provide interconnection both regionally and globally: power to Egypt and to Europe, and fiber optics to the region. In short, we will become one of the 20 economies that energizes the global economy."

Blue-sky thinking in defense technology

Ensuring the protection of its people and territory is a key aim of any country. For Saudi Arabia, it starts with being at the forefront of defense research and development.

As part of the new Saudi-Japan Vision 2030 alliance, public and private enterprises in the kingdom are being encouraged to utilize the latest advanced technologies from Japan to boost performance, maximize potential and generate revenue.

Among the industries set to benefit from more partnerships with Japanese companies are the defense and security sectors, with regional instability meaning the kingdom is investing huge sums in state-of-the-art systems for aerial, marine or land deployment, should the need arise.

One organization that would like to collaborate with Japanese partners in this area, as it works to build modern defense capabilities as part of its mission to become a leading developer of intellectual property, is Prince Sultan Advanced Tech. Research Institute (PSATRI).

Based in the College of Engineering at King Saud University in Riyadh, PSATRI is an independent, scientific governmental organization, concentrated on technology transfer in the defense and security sectors to support the development of new products and services for the armed forces.

The brainchild of King Saud University and the Royal Saudi Air Force, it performs advanced research in defense and security technologies.

Its focus on intensive applied research, innovation and invention, with the aim of self-sufficiency, sets it apart from other technology-focused entities in the kingdom, as it strives to commercialize and industrialize its cutting-edge hardware and software.

Flying high with unmanned aircraft

PSATRI's most exciting creation to date is undoubtedly the Skyguard unmanned aerial vehicle (UAV) — Saudi Arabia's first indigenous unmanned aircraft, which was debuted at the International Defense Exhibition and Conference in Abu Dhabi this year.

Developed by PSATRI's Autonomous Vehicles Laboratory, which also constructed the prototype and carried out successful flight trials, the flagship UAV is currently undergoing extensive rounds of testing, prior to manufacture by Military Industries Corporation (MIC).

Boasting a wingspan of 7.5 meters, the Skyguard can fly for up to 12 hours at altitudes of 18,000 feet, powered by a two-stroke engine, and is able to receive datalink commands and transmit imagery back to a ground control sta-



Dr. Sami Alhumaidi
Managing Director, PSATRI

"We are open to collaboration with Japanese entities that would like to work with us and help develop capabilities in different fields of defense."

Dr. Sami Alhumaidi
Managing Director, PSATRI

tion (GCS) at distances of up to 200 kilometers.

It has autonomous takeoff and landing capability, but can also be controlled manually from its GCS. And it has a payload capacity of 50 kilograms and an L-3 Wescam MX-10 electro-optical turret in its nose, although it can also carry the larger MX-15 turret under its belly. The UAV is intended for a range of civilian missions, including security duties, but has the potential to be developed further for military roles.

"Skyguard is a great achievement and, by the end of this year, we hope MIC can start manufacturing units," PSATRI Managing Director, Dr. Sami Alhumaidi, says proudly, explaining that, "As it is a research institute, PSATRI does not have mass production capabilities, which is where MIC becomes involved."

Collaborating for hi-tech success

The institute specializes in a number of differ-

ent areas — all of which it would be interested in working with Japanese partners on, in order to keep it at the forefront of selected scientific spheres.

PSATRI has six fully fitted research labs, each dedicated to one of the institutes specialisms and each with its own staff and vision, tailored to its area of interest.

For the Signal and Image Processing Laboratory, the goal is the implementation of a mission system capable of presenting fused data from radar, electronic warfare signal data and video sensors.

The Autonomous Vehicles Laboratory, which created Skyguard, aims to build indigenous capabilities in unmanned autonomous systems. Current activities include flight control units, communication systems, ground control systems and payloads such as gyro-stabilized platforms.

The Communications and Networking Laboratory balances theory, modeling and performance analysis, with the implementation of advanced algorithms and networking architectures.

Meanwhile, the Electro-Optics Laboratory designs, manufactures and tests infrared and electro-optical sensors, focal plane arrays and camera systems.

The Microwave, Antenna and Radar System Laboratory fosters research in applied electromagnetics, antennas, radar and imaging by addressing the needs of industry, military, government and scientific communities.

Finally, the Center for Applied Research in Electronic Warfare Armed Forces is dedicated to preparing the kingdom's armed forces with a high degree of operational readiness by providing scientific and technical evaluation, research and consultation that is related to electronic warfare.

The results being achieved by the institute have convinced Alhumaidi that "Saudi Arabia has the brainpower. My dream now is to see young Saudis take over research and development in the kingdom and be brave enough to design their own things."

The country also wants this to happen and he stresses that his government is very committed to supporting the advancement of military research and development. To make sure his researchers are provided with everything they need to progress, he says, the institute is "open to collaboration with Japanese entities that would like to work with us and help develop capabilities in the kingdom in different fields of defense."

With so much scope for partnerships with Japanese universities and enterprises, it would appear PSATRI can move ever closer to reaching its objectives and reinforcing its reputation as a technology development organization recognized for innovation.

The Saudi Electricity Company (SEC)
The leading energy company in the Middle East and North Africa
opening the way for international partners in power generation
and renewable energy projects

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An attractive environment for investors in education

Saudi Vision 2030 brings significant opportunities for investment and international partnerships in the education sector, as the role of educational development and its outcomes are aligned with labor market needs.

The Saudi Vision 2030 plan, and the National Transformation Program (NTP) 2020 that flows from it, set out an ambitious road map for educational reform in Saudi Arabia.

The success of these plans depends in large measure on reforms in the education system generating a better basis for employment of young Saudis.

One of the major goals of Saudi Vision 2030 is to "attract and retain the finest Saudi and foreign minds, and provide them with all they need," as the country believes that gaining and keeping its best talent will contribute to economic development and attract additional foreign investment.

In order to develop its talent, the government is reshaping its curricula — to modernize them and focus them on rigorous standards in literacy, numeracy, other skills and character development.

It also intends to closely monitor improvements in its education system, by tracking the progress of students and regularly publishing a sophisticated range of education outcomes.

Importantly, Saudi Vision 2030 states that the country will work closely with the private sector to ensure that the higher education outcomes it achieves are in line with the requirements of the current and future job market.

The scope of private sector involvement in the financing and construction of education infrastructure is clear; whether the same access will be given to the actual delivery of educational services is less so.

However, the potential for joint ventures around items like technical curriculum development and teacher training is significant. The franchise model, adjusted as necessary to accommodate the specific traditions of the kingdom, also has the potential to play a role.

With over 50 percent of Saudi Arabia's university graduates being female, Saudi Vision 2030 recognizes its women as one of the kingdom's best assets.

According to the plan, Saudi Arabia will "continue to develop their talents, invest in their productive capabilities and enable them to strengthen their future and contribute to the development of our society and economy."



Dr. Haifa R. Jamal Al-Lail
President, Effat University

"My dream is to see a globally recognized 'Made in Makkah' brand. I'm excited to watch and contribute to our society being more of a producing society than a consuming society."

Dr. Haifa R. Jamal Al-Lail
President, Effat University

People with disabilities will also be encouraged to reach their full potential by being provided with the education, facilities, tools and job opportunities they need to ensure their independence and integration as effective members of society, and to put them on the path to commercial success."

Higher education to hit new heights

The Saudi Arabian Ministry of Education is keenly aware that higher education, in particular, contributes significantly to building the type of societal transformation the kingdom wants.

To boost this area, it has set up the long-

term Afaq Project, under which it is implementing multiple initiatives that are based on strategic planning methods and mechanisms, complemented by investment in technology.

"We need to transform traditional education into a comprehensive system that will enrich the education process with the goal of building an integral knowledge-based society," the ministry explains.

One of the ministry's initiatives for achieving this is the new National Center for e-Learning and Distance Learning, which will promote the widening of access to education, while supporting and contributing to advanced, high-quality digital and distance learning that is based on state-of-the-art technologies.

In terms of traditional education, in 2015 there were 28 state universities in Saudi Arabia and six private higher education institutes, which in that year oversaw 1.3 million students. There are also a number of technical colleges and training institutes offering a range of specialist vocational training.

Effat University: educating women

A key component of the kingdom's higher education system for women is Effat University in Jeddah, in the west of the country. It is a leading private, non-profit institution, operating under the umbrella of the King Faisal Foundation.

Founded by Queen Effat Al-Thunayyan, Effat University aims to qualify tomorrow's competitive female leaders with a world-class education, by providing an interdisciplinary environment conducive to research, community service and life-long learning.

The university's students have consistently scored highly respectable grades in various categories and, overall, it is regarded as a three-star institution. Notably, however, it has achieved five stars in employability and facilities, and four stars for teaching and learning.

Its students benefit from a holistic learning experience, with a focus on developing them personally, intellectually, professionally, socially and ethically.

"We started as a college and excelled to



University of Business and Technology, main campus in Dhaban, North Jeddah.

www.ubt.edu.sa

become a university. Subsequently, our programs have been accredited both nationally and internationally," explains Dr. Haifa R. Jamal Al-Lail, President of Effat University.

The university contains four colleges: engineering, which includes electrical engineering, computer science and information technology; architecture and design; business, including entrepreneurship; and humanities and social sciences.

It also provides master's courses in Islamic financial management, urban design and translation studies.

In addition, the university includes a Research and Consultancy Institute. Al-Lail states that "our main goal is our development into a research university, recognized in that perspective by the world. This is a very important part of Effat's 2017-2022 Vision strategic plan."

Aligning with Saudi Vision 2030

But, she clarifies: "While I really want to see Effat University become a research university, that status is not just about publishing numbers — I want us to carry out

society of users to a society of producers — which needs to happen if Saudi Arabia wants to fully diversify its economy from oil.

It is a hugely important policy that is changing mindsets, Al-Lail says: "It will take time, but the concept and culture of producing things has just begun. People are really starting to think from that perspective, which was never the case."

For too long, she thinks, Saudi Arabians were busy solely using technologies, but now, there is increasing interest in participating in the production of those technologies, including from many women.

She believes that the information age is helping to teach people how to become inventors. That, coupled with the creativity she sees in Saudi Arabia, "is really pushing us toward the goal of production. I see myself pushing our students toward this," she enthuses.

She gives the example of a female optical lens researcher, who is raising funds to open the first lens manufacturing base in the kingdom, in order to reduce costs and delivery times for consumers.

"My dream is to see a globally recognized 'Made in Makkah' or 'Made in Saudi Arabia' brand. An entrepreneurial spirit has just started now and I'm excited to watch and contribute to our society being more of a producing society than a consuming society," Al-Lail says.

The development plan states that the country "will invest in strategic partnerships with apprenticeship providers, new skills councils from industry and large private companies. We will also work toward developing the job specifications of every educational field."

Effat University is already working in this area, with a new project that is seeing it partnering with successful Saudi Arabian businesses such as leading pharmaceutical company the Tamer Group.

These partnerships are focused on providing internship, joint research projects and work practices that will prepare students for the labor market when they graduate.

Creating Japanese partnerships

To further support the development of its students, education and research programs, the university has built strong relationships and agreements with world-renowned international institutions and universities.

These include Syracuse University, Georgetown University, Duke University, Pratt School of Engineering, the University of Miami and the University of Southern

California in the U.S., as well as the American University of Cairo and the French General Consulate.

Effat University now wants to deepen its relationships with Japanese institutions. It already has a partnership with Tokai University and a memorandum of understanding with another university, but "teaming up with the Japanese business community or other universities in Japan is an important target," Al-Lail stresses.

Excited by Japan's knowledge in areas like technology and robotics, she recently visited a number of universities in the country and witnessed many cutting-edge research projects in sectors including health care and solar energy that the university would "love to partner with," she says.

Al-Lail's vision of a partnership that would excel involves research that incorporates invention and production — and the establishment of her dream "Made in Makkah" brand.

UBT: Educating for employment
Prof. Hussein M. A. Al Alawi, Rector of Saudi Arabia's University of Business and Technology (UBT), agrees that research in

"UBT is distinguished by its mission — education is for employment opportunity. No program is introduced at UBT unless the job market has a specific demand for the skills obtained."

Prof. Hussein M. A. Al Alawi, Rector, University of Business and Technology

the country should be related to production, but adds that "the challenge is how to transfer knowledge into implementable added-value products."

This is a focus of UBT, a leading private university in Jeddah that offers internationally recognized, high-quality undergraduate and graduate education in the areas of business, engineering and media, especially advertising.

Al Alawi says it is "distinguished by its mission: education is for employment opportunity. No program is introduced at UBT unless the job market has a specific demand for the skills obtained."

He feels that education's job is not just to create intellectuals, engineers, academics or executives, but also plumbers, electricians, and technicians, for example.

To fill this gap, "We offer courses in subjects like supply chain management, which is unique in the kingdom. There is more and more demand for this course as students become aware of its importance in industry and other sectors," says Al Alawi.

The university has set up a research center and many of its flagship areas of research are related to local, Saudi Arabian environmental issues, including water desalination and, especially, desalination technology.

Desertification, pollution and alternative energies are also specializations. "There is no other country in the world that receives more sunbeams than Saudi Arabia every day. It is deplorable that we haven't started utilizing this source of energy," he explains.

UBT already has established relationships with many universities worldwide and Al Alawi hopes that "Japan will be added to that list shortly. We are interested in cooperating and partnering with any well-accredited Japanese university."

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"I really want Effat University become a research university for meaningful research that helps Saudi Vision 2030. Teaming up with the Japanese business community or universities is an important target."

Dr. Haifa R. Jamal Al-Lail
President, Effat University

meaningful research, that helps attain the goals of Saudi Vision 2030.

"We want to be part of the world's discussion on the different issues and problems that are happening right now. That will not happen without research."

Effat University has aligned itself with both Saudi Vision 2030 and NTP 2020 and has integrated their goals and strategies into its own strategic plan.

Al-Lail believes that "this kind of alignment will help the university in different areas like education, training and development, serving society and the employment of our graduates."

She highlights, in particular, NTP 2020's plan to transform the kingdom from a

- Quality education
- Training and development

- Scientific research
- Fulfilling the labor market needs

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Health care is transforming for Saudi Vision 2030

The kingdom's Saudi Vision 2030 development plan includes major changes for health care, which will set the sector on a fast trajectory to growth.

Despite a young and relatively healthy population, the Saudi government plans to inject more than \$72 billion into the kingdom's health care sector by 2030, as well as introduce a raft of reforms and procedures that will attract greater private sector participation.

The government is determined to create one of the finest health care systems in the world — one capable of providing first-rate care to people of all ages and backgrounds, whether they are newborns, children, adults or pensioners.

With nearly 300 hospitals and around 2,400 primary health care centers and clinics, the system is already in great shape, but there is always room for improvement — and major capital expenditure and investment in human resources is about to lift the kingdom's health care provision to a whole new level.

Progress over the past few decades has been impressive and the prognosis is even more positive, given the huge investment program now underway.

Official data shows there are now 2.2 hospital beds for every 1,000 people, while life expectancy has jumped from 66 years to 74 years in the last 30 years.

As the Saudi Vision 2030 plan pledges: “we are determined to optimize and better utilize the capacity of our hospitals and health care centers, and enhance the quality of our preventive and therapeutic health care services.”

An infusion of technology is set to play a huge role in the development of a modern health care industry.

Just a few of the things the kingdom will be investing in include “machine-to-machine talking, telemedicine, advanced mobile applications and the automation of batch processing in laboratories, which will yield faster and more accurate results,” says Dr. Haitham Al Falah, CEO of King Saud Medical City (KSMC).

And new, technology-led analytics will allow people requiring treatment to make an informed choice as to which location they wish to be seen in, with health care providers being assessed on aspects such as quality, efficiency, productivity and speed of decision-making.

KSMC in Riyadh is one of the biggest players in



Ayman M. Tamer
Chairman and Managing Partner, Tamer Group

the Saudi Arabian health industry and is heavily involved in the transformation of the system that is taking place as part of Saudi Vision 2030.

The award-winning, internationally recognized center for training in medicine and surgery was the first, and is now the largest, hospital in the country.

It has 1,500 beds, of which 180 are reserved for the intensive care unit, and currently cares for 1 million patients every year. And the modern facility is at the forefront of the future of Saudi Arabia's health care industry.

That future involves the private sector. Public-private partnerships (PPPs) are a good model for facing the challenges of the kingdom's 21st-century health sector, Al Falah believes, adding that his organization “is looking to be in the first wave of creating this PPP program.”

“KSMC has compiled ambitious plans for a series of infrastructure modernizations and for expansion,” he states. “These plans look more achievable today through non-conventional methods — via good partnerships with private sector companies for building and for providing services to the community.”

Japanese firms sought to show the way

Major development plans like those of KSMC are



King Saud Medical City in Riyadh, Saudi Arabia in 2020

precisely the sort of projects for which Japanese technology is highly sought, while doctors and consultants from Japan are also on the government's radar as they look to raise standards across the health care service spectrum.

The government's ultimate aim is to become a regional health care hub and it has created a favorable climate for local and foreign investors to help achieve this.

Its focus is on attracting Japanese entities, in particular, to the Saudi Arabian health care sector, as it recognizes that Japan is a leading provider of health care systems, with its people enjoying an enviable life span, exceptional health care and cutting-edge medical devices and technologies.

Under the Saudi-Japan Vision 2030 initiative, the two countries will collaborate in areas such as research and medical training, exchange of experts, and exchange of knowledge and experience in various health care fields.

The alliance will also see Saudi Arabia's Ministry of Health working closely with Japan's Ministry of Health, Labor and Welfare.

KSMC “views the Saudi-Japan partnership, in

the context of Saudi Vision 2030 and the Ministry of Health's strategy, as fundamental,” says Al Falah.

His organization has pledged to raise the standard and expand the scope of health care in the kingdom and he is, therefore, “hopeful and extremely keen that KSMC's development projects will involve Japanese companies, experts and technology.”

Implementing state-of-the-art technology is important, according to Al Falah, because “there is a great opportunity for us to face the increasing demand in patient services by approaching them in both conventional and non-conventional ways. “We believe that technology is our tool in moving toward a digitalization and innovation-enabling environment, and bridging the gap in human service,” he explains.

He also sees transfer of knowledge as one of the key solutions to the issues KSMC faces. “We are looking to train medical staff in highly specialized fields within Japanese institutes.

“And the presence of Japan's expertise in Saudi Arabia would enrich medical research. So we are



Tamer Group began manufacturing pharmaceuticals in Saudi Arabia in 2001.

“Saudi Arabia is moving in the right direction with Saudi Vision 2030 and its objectives will be reflected in the Tamer Group's business and future plans.”

Ayman M. Tamer
Chairman and Managing Partner, Tamer Group

looking for opportunities to transfer knowledge about Japanese methodologies for research and development to the kingdom.

“We would also like to augment our research center with Japanese expertise and use the opportunity of this exposure to address the big variety of pathologies that are treated at KSMC,” says Al Falah.

Localizing pharmaceuticals is vital

Meanwhile, the kingdom is also working hard

to persuade major pharmaceutical companies to establish manufacturing operations in the country.

International businesses are responding. U.S.-based Pfizer, for example, received a trading investment license for its subsidiary, Pfizer Saudi, from the Saudi Arabian General Investment Authority (SAGIA) last summer.

SAGIA describes the company's new \$50 million plant as a concrete example of its contribution to the expansion of a localized pharmaceutical industry.

“The localization of the pharmaceutical industry is very important to ensure the availability of treatment at all times, to help us achieve health objectives in the medium and long run, and to create quality jobs for Saudis,” comments Minister of Health, Tawfiq bin Fawzan Al Rabiah.

Meanwhile, a spokesperson for SAGIA notes that the setting up of the Pfizer plant was “the result of our ongoing and effective PPP approach, which is driving towards achieving the development goals of the kingdom, crystallized by Saudi Vision 2030.”

The key to success in pharmaceuticals

Companies wanting to access Saudi Arabia's growing pharmaceuticals market should consider partnering with its leading supplier: the Tamer Group.

The Saudi pharmaceutical industry has made great strides in recent years, but one company has more reason than most to be proud of the sector's impressive success and progress, amid strong international competition: the Tamer Group.

Now in its 95th year, the Tamer Group started life as just one pharmacy and has grown to become Saudi Arabia's leading supplier of pharmaceuticals, including ethically branded, over-the-counter and generic products.

It is also a major distributor of medical equipment and supplies, as well as operating in the beauty care and fast-moving consumer goods markets.

Serving the growing needs of, not just Saudi Arabia, but other Middle Eastern countries as well, the group's core activities are manufacturing, importing, distribution, promotion, marketing and third-party logistics services.

The diverse group has witnessed many major industry milestones in the past couple of decades and is confident many more are on the horizon, thanks to the integrated development strategies featured in Saudi Vision 2030 and the National Transformation Program 2020.

It has an outstanding reputation and track record of firsts: including being the first pharmacy in the country and the first firm to receive the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) certification — for its semi-automated logistics distribution center in Jeddah.

“Our multi-storage facility at Jeddah handles all of our products — pharmaceutical, medical, food, beauty and prestige — for distribution to pharmacies, hospitals, polyclinics, supermarkets, wholesalers, shops, perfumery chains and boutiques,” explains Chairman and Managing Partner of Tamer Group, Ayman M. Tamer.

Manufacturing with Japanese partners
The firm was also the pioneer for pharmaceutical partnerships and industry joint ventures with Japanese enterprises, through the creation of a successful manufacturing player called Saudi Arabian Japanese Pharmaceutical Company (SAJA).

Since its inception in 1995, SAJA partners

Astellas and Daiichi Sankyo, two of the top three pharmaceutical companies in Japan, have invested millions of dollars and brought the latest technology and research into the kingdom, and it now serves countless customers in the Middle East and North Africa (MENA) with its high-quality products.

The joint venture recently completed the strategic expansion of its plant, in order to leverage its capabilities in pharmaceutical production. It has also extended its secondary and primary packaging facilities, making it the ideal partner for industry players needing the option of local manufacturing in Saudi Arabia.

Having experienced the increasing success of SAJA in pharmaceuticals, the Tamer Group would be very open to similar partnerships with Japanese companies in the other markets it is active in.

“I wish to thank our Japanese partners for the trust they bestowed on us. Joining leading Japanese organizations in a joint venture was a milestone in the history of our group.”

Ayman M. Tamer
Chairman and Managing Partner, Tamer Group

In addition to its SAJA venture, the Tamer Group also works with many of the world's other leading companies, through agreements, partnerships and joint ventures. And it is now seeking new opportunities through its Japanese counterparts, as it boasts significant opportunities in licencing, generics and patented drugs, due to the strong fundamental drivers for pharmaceuticals in MENA.

With its experienced government liaison staff, the Tamer Group can also act as an effective link between its partners and Saudi Arabian institutions. Which means it can help ensure fast registration of companies and products, and manage tenders.

Creating a future workforce

The Tamer Group views the training of the

Saudi Arabian population as vital for the country's future development. Over five years ago, it founded the Tamer Academy, with the objective of increasing the success rate of Saudi Arabians joining the workforce.

“Our key observation was that academia is producing graduates with talents, but not necessarily the ability to obtain and retain jobs. Specialization in every industry is required.

“The private sector has to partner with the public sector to fill that gap and ensure that Saudis are enabled to gain and retain their job opportunities in the coming years,” says Tamer. Additionally, the Tamer Group was “one of the pioneers in empowering women to join the workforce. Currently we have more than 100 female employees and we plan to increase this to 300 female employees within the next five years,” he adds.

In recognition of his excellent track record, and the potential benefit of utilizing his talent and experience for the private sector's prospects, Tamer was chosen by the government to represent the private sector on its Job Creation and Employment Committee, which is overseen by the Ministry of Economy and Planning.

That department has been tasked with creating 500,000 new jobs by 2020, and 2.4 million by 2030 — challenging targets that should also help achieve another important aim — to reduce the national unemployment rate from 12 percent to 7 percent by 2030.

Updating for Vision 2030

“Saudi Arabia is moving in the right direction with Saudi Vision 2030 and its objectives will be reflected in the Tamer Group's business and future plans. We are working closely with the government to update our internal initiatives to match the country's goals,” Tamer states.

He believes that, with the adoption of Saudi Vision 2030, “We are witnessing a major initiative that will improve the future opportunities and security for our next generations, and which will put the kingdom on the front line with the leading economies in the world.”

The Tamer Group's head also has a special message for his associates in SAJA from Japan: “I wish to thank our Japanese partners for the trust they bestowed on us,” he says, “joining leading Japanese organizations in a joint venture was a milestone in the history of our group.”

“The dream of the late Dr. Mohammed Said Tamer, my grandfather, who established the first pharmacy in the kingdom in 1922, was to establish manufacturing facilities producing medicine in the kingdom. I'm proud to say his dream has become a reality for the Tamer Group.”



From First Pharmacy in The Kingdom



To Leading Group In The Region

In 1922, the late Dr. Mohammed S. Tamer established the first pharmacy in the Kingdom of Saudi Arabia. Today, Tamer Group is a leading healthcare, beauty care, prestigious products, and fast moving consumer goods company (FMCG), responding to the growing needs of the Saudi and Middle-Eastern communities. The group's core activities are import, distribution, promotion, marketing, manufacturing, and third party logistics services.

Headquartered in Jeddah, Saudi Arabia, Tamer Group serves many of the world's leading companies through various agreements, partnerships, and joint ventures.



www.tamergroup.com

SAUDI ARABIA

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Saudi Arabia is the world's desalination juggernaut

With one of the driest climates in the world, Saudi Arabia is spending tens of billions of dollars on projects such as desalination plants to guarantee water security.

Saudi Arabia has recently increased its daily production of desalinated water to 5.1 million cubic meters from 3.8 million cubic meters, with the government-owned Saline Water Conversion Corporation (SWCC) supplying 70 percent of that amount, according to Ali bin Abdulrahman Al-Hazmi, engineer and governor of SWCC.

But even so, the kingdom still faces real challenges in water security, due to its booming population and surging demand from agricultural and industrial users.

With no lakes or rivers, residents and businesses rely entirely on groundwater reserves and output from desalination plants on the coastlines of the Arabian and Red seas.

Already the largest producer of desalinated water in the world, producing nearly a quarter of the global total, up to \$53 billion of fresh investment is expected to flow into the sector over the next few years, as the kingdom looks to quench its thirst for fresh water.

Partnerships with the private sector will be at the heart of this investment, as mandated by Saudi Vision 2030. And by 2020, the government wants over half of its desalination capacity to come via strategic partners.

Japanese companies are already playing a major role in developing the Saudi Arabian desalination sector and this is set to expand.

Among the memorandums of understanding signed earlier this year between the two countries, as a result of the Saudi-Japan Vision 2030 alliance, were agreements to provide the latest desalination technology and commercialization expertise to the kingdom.

Deals included materials manufacturer Toyobo's work on water treatment membranes, and JFE Engineering's plan to develop desalination systems. Other firms, like Sasakura Engineering, are set to provide support on the commercialization of the desalination units.

These firms will be eager to repeat the success of many other Japanese companies, including engineering giants, that have already played an integral part in the development of the kingdom's water infrastructure.

Sasakura Engineering, for example, has a long history of success in Saudi Arabia, having worked on several desalination plants in the region, including a facility at Jubail, which it worked on in collaboration with SWCC.

The Saudi government anticipates that the upcoming wave of desalination projects will boost employment, especially in the technical area, and create lucrative openings for small and



Ahmed M. Gashlan
Engineer and CEO, AIKawther

medium-sized enterprises providing services like water transportation to large firms. And the need to maintain and service the new plants will also generate new business opportunities.

Growing force in desalination

For the past 43 years, SWCC has worked to increase desalination output and boost the amount of electricity generated through the reverse osmosis (RO) water purification process for return to the national grid.

It operates 28 plants, which provide over two-thirds of the national desalination capacity, on the kingdom's east and west coasts. One of these is the largest desalination plant in the world — the organization's showcase facility at Ras Al-Khair on the Arabian Sea.

The state-of-the-art, award-winning plant transforms over 1 billion liters of seawater into potable water each day, with a lengthy water transportation pipeline delivering the huge volumes to millions of consumers in Riyadh.

But, with demand for water increasing by at least 5 percent a year, SWCC plans to increase its daily desalination capacity by 43 percent to 7.3 million cubic meters in the next three years.

The company is also moving ahead with its plans for privatization. "SWCC is keen to privatize and align with Saudi Arabia's 2030 strategic objectives, and has decided to invest in the transformation of its operations," according to Al-Hazmi.

This means there is currently a plethora of opportunities for international investors and enterprises to play a pivotal role in developing the fast-growing industry, while experiencing



Jeddah (Airport 1) sewage treatment plant

robust returns on investment, says Al-Hazmi.

Among the openings for Japanese companies is cooperation on forward osmosis technology, which uses a semi-permeable membrane to separate water from dissolved solutes.

Examples of Japanese firms taking up opportunities in desalination include Doosan Heavy Industries and Construction, which signed a contract with SWCC in March 2017 for the fourth stage of its desalination plant at Shaibah.

Total water production from public and private desalination plants in Shaibah has already reached almost 2.4 million metric tons per day.

But when completed, SWCC's plant alone will produce 400,000 metric tons of water a day and will provide the local area with sufficient potable water to meet its growing demand.

Another exciting project is the Mega-ton Water System initiative, which involves SWCC, Toray and Hitachi, among others. The goal here is the development of a desalination technology that will produce 1 million cubic meters of fresh water a day, at minimal cost and with little impact on the marine environment.

Privatization to trigger investment flood

Apart from SWCC, the other key player in the kingdom's water industry is the National Water Company (NWC), a government-owned Saudi joint-stock company that provides water and wastewater treatment services meeting strict

international standards.

The company's responsibilities include the provision of quality drinking water, ensuring all households are fitted with safe water and wastewater connections, preserving natural water resources and the environment, and sewage.

"SWCC is keen to privatize and align with Saudi Arabia's 2030 strategic objectives, and has decided to invest in the transformation of its operations."

Ali bin Abdulrahman Al-Hazmi, Engineer and Governor, Saline Water Conversion Corporation

In July of this year, Saudi Arabia announced the first steps in the privatization of its sewerage industry. With Japan's Mizuho Bank's involvement, new wastewater plants will be entirely financed and operated by the private sector.

This came as a result of a comprehensive strategic study of the kingdom's water sector by the Ministry of Environment, Water and Agriculture, which aims to ensure the sustainable provision



Reverse osmosis technology to produce treated water

of high-quality water and sanitation services at fair prices, in accordance with Saudi Vision 2030.

Dr. Abdulrahman bin Mohammed Al-Ibrahim, CEO of NWC, says that a 500,000-cubic-meter capacity wastewater treatment plant at Jeddah airport's new terminal will be the first to be financed, implemented and operated by the private sector, with the same model then being followed at plants in Dammam, Taif, Arar and Skaka.

The first step in the privatization process will be the preparation of contract documents by international specialists, after which a build-operate-transfer contract for the plants will be awarded through a trio of consultants, which includes Mizuho Bank.

More opportunities in water

A few weeks before the privatizations announcement, NWC revealed that in 2016 it launched 48 projects worth nearly \$1.5 billion for the development of its water and wastewater services and infrastructure.

Around two-thirds of this has been allocated to water projects, as it seeks to increase operational efficiencies, expand urban coverage, meet rising water demand and provide a world-beating full-service portfolio.

Some of these initiatives were among the 116 projects inaugurated one month earlier by the Minister of Environment, Water and Agriculture, Abdulrahman bin Abdulmohsen Al-Fadhli, engi-

neer. All of which will improve drinking water and sanitation services across the kingdom.

These projects include purification and pumping stations, the expansion and enhancement of existing treatment plants, the implementation and completion of household and other network projects, pipelines for the distribution of drinking water and sewage, and the establishment of new water tanks in various regions.

"The cost of implementing the water and wastewater networks, which cover over 1,400 kilometers, is around \$650 million," says Al-Fadhli, adding, "These projects include the installation of more than 61,000 sanitation connections with a treatment capacity of 225,000 cubic meters."

His ministry is keen to hear from companies that wish to explore opportunities in the water sector — especially coming from desalination, building, operating and managing the new waste plants, surface and ground-water purification plants, and the expansion of existing water supply systems in major urban areas.

"We are effortlessly willing to address the problems and failures of water supply services by delivering scheduled projects on time, implementing preventive maintenance operations, upgrading customer services centers, improving treatment plants and increasing their efficiency and capacity," explains the minister.

AIKawther: The perfect partner for investments in the water sector

The Saudi Arabian water projects and products provider is set to take advantage of the huge investment into water infrastructure, support services and operations.

According to official data, Saudi Arabia is, not only the world's largest producer of water through desalination, but one of its biggest users of water overall.

The kingdom consumes about 70 gallons of water per person every day — double the individual daily consumption in the European Union, for example. And demand is growing quickly.

Japanese companies seeking experienced and professional partners to take advantage of the resultant increasing opportunities in the kingdom's water sector need look no further than

AIKawther, a fully integrated provider of turn-key water projects and products, and part of the giant Al Murjan Holding business group.

Ahmed M. Gashlan, engineer and CEO of AIKawther, is very upbeat about his industry's prospects, with demand continuing to outstrip supply and the sector being of vital importance to the health of the economy and tens of millions of people.

"In some neighboring countries, over 70 percent of the population are expats. If there is a problem, they will go back to their original countries. But here in the kingdom, the

water demand is local and the current growth in that demand is beyond anything ever seen elsewhere.

"There is a shortage of 1 million cubic meters of water and a capacity deficit of over 3 million cubic meters of sewerage systems. That is just to cover the current market," he says.

He expects the Saudi Arabian water industry's privatization rollout to act as a powerful catalyst for massive local and foreign investment into new water infrastructure, support services and operations.

This is because, he explains, "in the past, we were limited to a few big projects at a time, as government processes were slow."

The time is right for getting into the market and reaping the full benefit, he says, "now is the real start to being a pioneer in the industry. If you are among the first to enter and contribute to the kingdom's water sector, you will have a

major strategic advantage in the future.

"The government will share its thoughts with you first and this will open doors to pioneering opportunities, not just in building plants, but in related industries like technology, education, training, research, manufacturing, chemicals and exports." Gashlan does not see the opportunities stopping at Saudi Arabia's borders. "The end goal is not just to control the Saudi market; we have the capacity to expand to all Gulf Cooperation Council countries," he states.

A pioneering partner in water

AIKawther has been setting the standard for activities and operations in the water industry throughout the region for nearly 40 years.

It was the first provider of water treatment equipment and services in Saudi Arabia, and has since participated in more than 500 water treatment plants across the Arabian Gulf.

The company's turnkey projects have included major new infrastructure initiatives, desalination plants and sewage treatment works. Its subcontracting portfolio is extensive and includes filtration plants, tank farms, industrial wastewater treatment plants, disinfection units and sludge separation plants.

"We have long been regarded as industry pioneers," says Gashlan, "because we built the giant reverse osmosis (RO) desalination plant at Ras-Tanajib on the shores of the Arabian Sea in the early 80s. It has a capacity of more than 6 million cubic meters a day."

Since then, AIKawther has been the recipient of numerous industry awards and certifications recognizing its highly reliable products and services, along with its contribution to the growth of the water industry in the kingdom and wider region.

Operating from gleaming headquarters in Jeddah, AIKawther is the leading supplier of specialized equipment to operators of water and sewerage plants, with a product portfolio that includes metal fabricators for sand filters, storage tanks, filtration systems, booster pumping equipment and chemical dosing systems.

Near AIKawther's headquarters is its modern 18,000-square-meter manufacturing and fabrication facility, which is able to produce packaged and modular systems with capacities of 1,000 to 100,000 gallons a day.

All materials are thoroughly inspected before leaving the factory to ensure premium quality

and over 320 qualified engineers and technicians are employed in the development and implementation of optimum process and system designs.

The company also has a well-equipped water analysis and testing laboratory that serves in-house requirements and also provides testing services for clients.

With the benefit of these facilities, AIKawther is able to design desalination plants based on comprehensive feed water analysis reports, with extensive temperature and pressure data ensuring each client's requirements are met and adhering to the World Health Organization's guidelines for water quality.

By using the latest computer-aided design and modeling techniques, the company also has the ability to carefully select the best membrane design for any given application, taking into consideration optimum performance and system economics.

"If you are among the first to enter and contribute to the kingdom's water sector, you will have a major strategic advantage in the future."

Ahmed M. Gashlan
Engineer and CEO, AIKawther

Japanese allies for growth

Japan's unrivaled experience and talent for technology, combined with the kingdom's rich potential for major new water-oriented partnerships and consortiums, appears like the ideal match — and AIKawther is at the head of the queue for such promising alliances in infrastructure development.

The company is actively pursuing partnerships with firms from countries like Japan, in order to maintain its upward growth trajectory through mutually beneficial relationships, reveals Gashlan.

"As specialists in water treatment, we are positioned as a total sustainable-solutions provider and are open to collaborations in manufacturing for water-related products, process and design, funding, and financing arrangements like build-operate-transfer (BOT)," he states.

He also points out that all the new desalina-

tion plants in Saudi Arabia use RO technology, with the old plants gradually being changed over to the same system.

"We already represent world-class Japanese brands within the kingdom and the wider region for RO-plant components like pumps, ultra-filtration membranes and chlorination systems, as well as treatment-plant components like blowers, diffusers and for activities like dewatering, odor control and sludge treatment," he stresses.

Financing the future of water

AIKawther regards build-own-operate and BOT contracts as among the best long-term solutions for financing the projects that will ensure a reliable water supply in Saudi Arabia for the future.

And it has recently proposed two initiatives to upgrade plants for the National Water Company, one under a BOT arrangement and the other under a build-finance-transfer deal.

Gashlan thinks that this partnership approach to projects allows the client and service provider to guarantee water delivery at a specific price, quality and quantity.

It also adheres to the company's mission and vision, which are centered around innovation and partnerships with stakeholders for the development of sustainable communities across the Gulf region.

"The most popular trend for the transformation of Saudi Arabia's water sector to privatization is BOT arrangements," he says. "Public-private partnerships will be the second step, because that requires concessions. The government wants to see the result of a BOT arrangement with an investor and then evaluate the project before this happens."

"On the water side there have been privatization success stories, but not on the sewage side yet. This is because converting sewage into something commercially viable is more complicated," he explains.

He is excited by the upcoming developments in the Saudi Arabian water industry, saying, "we are a stable country with a young population. The demand is there and the land is here. If not Saudi Arabia, then where?"

"There are many opportunities and if we can form partnerships with Japanese companies for future projects, there will be great added value in our sector, leading to successful businesses and a successful country."

Come and make a splash in the Saudi water sector

AIKawther is a sustainable, total water solutions provider, working in contracting, operations and maintenance, manufacturing and the trading and supplying of materials with chemicals. As a pioneer and multi-award-winning company in the water sector in the Kingdom of Saudi Arabia, we are now open to Japan for partnering and collaboration. With AIKawther's comprehensive know-how of the local market and KSA being the largest producer of desalinated water in the world, collaborations will open new horizons for AIKawther and its partners both professionally and commercially.

We invite proposals from future business partners.

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SAUDI ARABIA

Building opportunities in petrochemicals and beyond

As the Saudi Arabian economy diversifies, the oil sector continues to offer significant investment potential, while leading players are also moving into new sectors, like water.

The Saudi Vision 2030 strategy to restructure the kingdom's oil-dependent economy involves diversification and the privatization of massive state assets, including the energy giant Aramco.

Nevertheless, the kingdom is the world's largest exporter of petroleum — as well as the main supplier to Japan — with nearly a quarter of the planet's proven petroleum reserves. And the oil and gas sector generates almost half of gross domestic product and more than 90 percent of export earnings.

While the government is committed to reducing its dependency and diversifying its economy into manufacturing and service sectors, the vast oil industry will always be a prominent part of the national landscape and a strong magnet for investment.

Countless companies of all sizes have played a role in the upstream and downstream oil sector over the past eight decades, with many Japanese enterprises, technologies and workers involved in the extraction, refining and transport of the precious material.

As Saudi-Japan Vision 2030 notes: "Saudi Arabia plays an outstanding global role in the energy sector, leveraging its rich resources and well-proven knowledge and expertise. Saudi Arabia and Japan will continue to gain mutual benefits."

"Strengthened partnership between both countries, through continuous exchange of expertise and technical cooperation, could be leveraged to maximize the benefits of enhancing energy security."

"This will build on the memorandum of cooperation for the energy sector between Japan's Ministry of Economy, Trade and Industry and Saudi Arabia's Ministry of Energy, Industry and Mineral Resources (MEIM) concluded in September 2016."

"In its quest to further develop its oil and gas sector and to diversify its energy sources, including renewables and alternative energies, Saudi Arabia can venture into win-win collaborations with Japan."

Potential energy sector opportunities between the pair include the enlargement of crude oil storage capacity at Okinawa, promotion of energy efficiency and conservation, and infrastructure development for petroleum and natural gas.



Sheikh Saad A. Alkhorayef
Chairman, Alkhorayef Group

Officials behind Saudi-Japan Vision 2030 describe these initiatives as "front-runner projects," with oil giant Saudi Aramco, the Japanese government and private companies agreeing to extend cooperation by 36 months and boost storage capacity at Okinawa by 2 million barrels.

Minister at MEIM Khalid A. Al-Falih, comments, "As we seek to realize Saudi Vision 2030 and to forge an even more prosperous tomorrow for our citizens, the spirit of partnership and the shared values between our nations and our peoples will further flourish in the years to come, while offering tremendous new opportunities to foreign companies and investors."

This view is echoed by Saudi Aramco President and CEO, Amin H. Nasser, who has signed a number of memorandums of understanding with local Japanese institutions, ranging from crude oil storage agreements to commitments to jointly explore opportunities in chemicals, technology, manufacturing, finance and investment, and solar energy.

The advanced technology specialist

Providing clients and customers with the basic needs for survival — water, food and fuel — for more than half a century, Alkhorayef Group is a specialist in the advanced technology involved in many major infrastructure projects in the Middle East and on other continents.

With more than 5,000 employees, the diversified group offers complete and innovative solutions for projects ranging from farming to irrigation, sewage treatment plants to power generation and extracting oil to lubricants, in addition to printing solutions.

The firm, not only manufactures, supplies, operates and maintains the latest equipment, but is a byword for excellent customer service. Alkhorayef firmly believes the company's outstanding growth and success is due to a focus on long-term relationships — with clients, business partners, staff and communities.

The fusion of this partnership approach and cutting-edge technical excellence has created an international force to be reckoned with, while its impressive domestic achievements include successful water and wastewater projects, such as desalination plants, along with construction schemes.

Mixing oil with water

Alkhorayef Group believes that Japanese companies have the know-how and technologies it needs going forward.

It wants to take advantage of the deepening relations between the two countries, arising from the Saudi-Japan Vision 2030 agreement, to build collaborations with businesses offering the skills it is lacking.

"We are specifically interested in attracting a partner for research and development, and a partner to develop the oil sector," reveals Sheikh Saad A. Alkhorayef, Chairman of Alkhorayef Group.

"Our second objective is to enhance the potential of our water treatment plant and electricity development, as part of our group. In our water department, we are looking for a partner who is capable of developing projects for the Saudi Electricity Company, as well as a desalination plant."

"We have our experience in this area, but are also looking to attract know-how and technology."

More than 40 percent of Alkhorayef Group's operations are localized in Saudi Arabia. For example, it manufactures electric submersible pumps in the industrial area in Dammam.

As the only company making this type of pump in the kingdom, it has contracts to supply all the major oil companies, including



Saudi Arabia's Alkhorayef Group specializes in advanced water and power technologies.

Exxon, Saudi Aramco, Kuwait Oil Company Shell and British Petroleum (BP).

Although seen as important, its focus is not limited to sales within Saudi Arabia and it competes with all the biggest of its counterparts around the world.

In fact, 60 percent of its largest contracts in this area are currently outside Saudi Arabia. "In Sudan, one of our pumps has been running for more than 10 years and we are one of the main producers of electric submersible pumps in the area," says Alkhorayef.

"We also have experience of building early production facilities. For example, in Kuwait we built a plant for steam injection for heavy oil."

"We are now transferring that know-how outside of Kuwait, to deploy it everywhere in the region. That makes us an attractive partner for the Japanese investor interested in the oil and gas sector in the area," he states.

In terms of the group's other recent projects, Alkhorayef highlights Saudi Aramco's plans to develop a new gas field in a remote area with his group's support.

"We have the capability to service upcoming

"My message to the Japanese is that Alkhorayef Group is a flexible service company looking for growth that is open for joint ventures with Japanese businesses."

Sheikh Saad A. Alkhorayef
Chairman, Alkhorayef Group

and existing facilities of Saudi Aramco and other big players in the oil and gas sector," he adds.

Future opportunities with Vision 2030
With the upcoming privatization of Aramco, Alkhorayef explains that many more opportunities will be emerging to work for the oil giant.

"It will be more important for Aramco to consider the cost of projects, so it will subcontract an increasing amount of work in the

future. This will be especially beneficial for Saudi Arabian companies like Alkhorayef Group and any international partners they may have, notes Alkhorayef.

In order to meet the localization of industry goals of Saudi Vision 2030, Aramco has introduced a new initiative: the in-Kingdom Total Value Add Program.

Through this, Aramco intends that 70 percent of the materials and services it uses will come from within the kingdom by 2021.

Overall, the chairman of Alkhorayef Group says: "my message to the Japanese is that we are a flexible service company, looking for growth and we focus on our businesses."

"Alkhorayef is already involved in two joint ventures — one with BP and one with Abu Dhabi Islamic Bank, through our finance division. Both of these have been very successful, with all parties benefiting from the relationships."

"We have ideas to develop our business following a clear strategy. In summary, our company is open for joint ventures with Japanese businesses."

Transforming the digital landscape

Saudi Arabia wants information and communication technologies to drive its future economy and is looking to Japanese companies to help achieve its ambitious plans.

A vital component of the Saudi-Japan Vision 2030 partnership is for the two countries, and their companies, to find mutually beneficial opportunities from working together in information and communications technology (ICT).

Both sides are set to gain from this. Saudi Arabia is planning major investment in advanced and cutting-edge technologies, in order to diversify and strengthen its economy, and sees Japan as the ideal partner. And Japanese companies will gain by securing their position as global technology leaders, while increasing their markets and profits.

The Saudi Arabian ICT sector has developed significantly, but the government knows that it is going to have to invest continuously, if it is going to reach its goal of being a knowledge-based economy and an active member of the global digital community.

It intends to make sure that happens, with the Saudi Vision 2030 plan saying, "we will increase our investments in, and lead, the digital economy."

Saudi Arabia is going to strategically invest in technologies that will help it meet the priority goals of Saudi Vision 2030. For example, technologies that deliver real value and impact to key industry sectors — like energy, health, education, transportation, logistics and water.

It is particularly interested in ICTs that can be

commercialized and transformed into private sector businesses, with Japanese partners, as it wants its local population to master the technologies and contribute to advancing them.

This all means there are substantial opportunities to invest across a wide range of ICT sectors, with data centers, e-commerce, e-health, e-education and more.

"Without hesitation, BTC is open to cooperation with any leading Japanese companies to deliver the technologies Saudi Arabia needs."

Alawi M. Baroum
Executive Director, BTC Networks

commercialized and transformed into private sector businesses, with Japanese partners, as it wants its local population to master the technologies and contribute to advancing them.

Technologies to drive the future
Other areas of potential interest to Japanese companies include open government data, to allow

individuals and the private sector to co-create innovative and value-adding services and information. And there is a need for new tools to help engage citizens with the government.

Data analytics is another sector seen as ripe for investment, as Saudi Arabia wants to start using big data to advance knowledge in the kingdom and drive the economy.

Technologies associated with the "internet of things" (IoT) are of increasing importance the world over. Saudi Arabia is not just interested in adopting them in manufacturing and distribution, but also in working with partners to adapt them to other industries, such as the power sector for energy efficiency.

It also wants to be at the forefront of future uses of these technologies, for activities like customer analysis and remote management of industrial equipment.

Cloud computing represents a major shift in business models — one that the kingdom's businesses are increasingly adopting, with the cloud-based applications market growing rapidly. They are keen to adopt the best: Japanese cloud-native applications, which will allow Saudi Arabian companies to create new services.

In order for businesses to take full advantage of the efficiency and cost gains from cloud computing, Saudi Arabia also needs to attract cloud service providers and companies providing enterprise resource planning software.

The government also wants to set up strategic partnerships with Japanese companies to increase its own cybersecurity capabilities. It views this as a vitally important investment — in 2016, around 39

percent of cyberattacks on the kingdom targeted the government's own digital assets and data.

Additionally, it plans to strengthen cybersecurity in other sectors, both public and private, especially in mission-critical areas like energy.

Alliances delivering the future

The best route for Japanese ICT companies looking to benefit from the opportunities opening up in Saudi Arabia, is probably through alliances with established local operators. And the kingdom's government is encouraging exactly this type of partnership.

Alawi M. Baroum, executive director of BTC Networks, one of the kingdom's leading providers of integrated solutions, explains why. "Not only is Saudi Arabia increasing investment in the digital economy, but it also wants to create more jobs, in order to build national expertise in manufacturing,

maintenance, repair, research and development."


BTC represents an ideal partner for Japanese companies. It is one of the largest integrated ICT solution providers in the Middle East, with branches in six countries, and it intends to stay in this position by continuously deploying innovative technologies and keeping ahead of trends. It is also proactive in finding and capturing opportunities, driving market development and building end-to-end solutions.

The company has the advantage of a deep understanding of the kingdom's two development plans, the National Transformation Program 2020 and Saudi Vision 2030, and will be a key player in bringing in the technologies needed to meet their goals. It is aiming to "partner with all governmental organizations in order to identify the unique challenges faced by each in fulfilling the targets," he reveals.

BTC also understands the local private sector. Taking the example of oil and gas, he details that clients want "more efficiency, security and safety. So, they will be focusing on areas like big data, cybersecurity, automation, real-time analytics, control networks and process safety."

Some of the technologies BTC would most like to work with partners on include "smart solutions, unified e-services, cybersecurity, cloud-based services, managed services, low-current solutions, data centers, virtualized and multi-tenant intelligent networking, big data, disaster recovery systems and IoT," says Baroum.


The company already has experience of working with Japanese businesses to implement cutting-edge ICT solutions. As a result, says Baroum, "Without hesitation, BTC is open to cooperation with any leading Japanese companies to deliver the technologies Saudi Arabia needs."




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Alkhorayef Group

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Success through partnership

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Success through productive partnerships

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SAUDI ARABIA

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World-class marine facilities and port services create top logistics hub

Ports are central to Saudi Arabia's plan to become the regional logistics hub — so the Saudi Ports Authority is investing to make sure that their facilities and services are state-of-the-art and up to the task.

Ensuring the fluid marine movement of a diverse range of goods — not just millions of barrels of precious oil — into and out of the kingdom, the Saudi Ports Authority (SPA) is a vital cog in the fast-growing logistics sector, and is guardian and regulator of an industry on the crest of a wave of expansion.

Around 95 percent of Saudi imports and exports pass through the kingdom's modern and well-equipped seaports, representing more than 5 million twenty-foot equivalent units (TEU) and involving the arrival and departure of more than 11,000 vessels a year.

Operating costs have been slashed from \$40 per ton to just \$1 per ton and, two decades ago, SPA started passing responsibilities of ports management, operation and maintenance to the private sector, so as to provide services capable of regional competition.

Today, the kingdom's ports are fully managed and operated by the private sector on a commercial basis, although SPA retains its supervisory role and is a key figure in the comprehensive strategy to

transform Saudi Arabia into a world-class logistics hub connecting the three continents of Asia, Africa and Europe, in line with the powerful goals of Vision 2030.

Assets include several major container terminals on the Red Sea and on the Arabian Gulf, ship repair yards at Jeddah and Dammam with floating docks for each, transshipment facilities, re-export facilities, passenger services and transit services.

Opportunities abound for Japanese companies and other foreign investors. For example, Tokyo-headquartered international logistics provider NYK Group signed a joint-venture agreement with the Ports Development Company in late 2015 for the first exclusive roll-on/roll-off terminal operating company at King Abdullah Port on the Red Sea coast.

Investing in services

"Saudi Arabia has invested a lot into the development of sea-side infrastructure over the past 40 years and it is sufficient to last us for the medium to long term," states SPA President, Dr. Nabeel



Dr. Nabeel M. Al-Amudi
President, Saudi Ports Authority

M. Al-Amudi.

"Where we lose efficiency is in our processes, procedures and people skills. Our hardware is in place, but our software is lacking in terms of speed of processing our paper work and getting goods into the country.

"We are now implementing an aggressive plan with the Saudi Customs Agency to speed up the clearing of our imports and exports.

"We are also concentrating on the connectivity of the ports to the hinterland. At some ports, we need better rail and road connections. We need optimization,

improvement of our processes and better connectivity.

Planning logistics zones

"The other element we are working on is the establishing of logistics zones that support the ports. We have plans to develop areas around our larger ports to increase the stickiness of products and to have value-added services in the logistics space.

"I am very optimistic that, with the changes in processes and procedures, our citizens, companies and investors will see a rapid decrease in how long it takes to get products into the kingdom," he adds.

The senior executive is eager for small and medium-sized enterprises (SMEs) to follow in the footsteps of multinational operators, but is also keen to attract international investors, to help streamline operations and boost capacity.

"Large companies have, and always will, invest here, but there is a need for SMEs. Things are changing quickly on the ground and now is the time to come on this journey with us. The Japanese can help SPA a lot on the technology side, as they have cutting-edge technologies that can be implemented.

Enabling Japanese investments

"What is important for a Japanese investor is our role in reducing transportation costs and increasing efficiencies through-

out the supply chain. If the supply chain is more efficient, inventory costs reduce and the kingdom as a whole becomes a more attractive place to invest.

"We are an enabler of investment in the transport sector and many other industries. Japanese companies have yet to really invest in the engineering and construction space when it comes to competing for our contracts.

"Large companies have, and always will, invest here, but there is a need for small and medium-sized enterprises. Things are changing quickly on the ground and now is the time to come on this journey with us."

Dr. Nabeel M. Al-Amudi
President, Saudi Ports Authority

"The port of Ras al Khair has been operational for four to five years, which is a major investment. We just finished another four berths, which means we have a lot of capacity. We are happy to explore ideas for investors at this port, or any other port under my jurisdiction."

Al-Amudi continues by saying: "We

have three of the world's top-four container shipping handling companies operating in the kingdom and a bunch of private port operators, ranging from purely international, to international with local players and purely local players.

"We also have a revenue-sharing model, that has been in place for a long time, that aligns the interest of the government with the private investor to increase volumes. The next phase will be the renegotiation of some of the concession agreements.

"Some of them will be restructured in terms of their legal requirements. When you merge that with the plans on corporatization, there is a much more robust and commercial relationship between the infrastructure investor and the superstructure investor. This is a multi-year project, but it is something that can unlock a lot of hidden potential and financing opportunities for the ports."

The logistics expert says there are many reasons why the kingdom is far more attractive to investors and enterprises than other countries in the region. "Saudi Arabia is a big market, with a large, growing population that is very tech savvy — we have one of the highest penetration rates on social media globally," he says.

"With Saudi Vision 2030, there are ambitious and aggressive targets that will change how we operate. The oil, gas, petrochemicals and mining sectors will really develop over the next decade."

Rapid growth predicted for Saudi Arabian logistics

As the kingdom transforms into a regional logistics hub, opportunities emerge to benefit from new facilities in Saudi Arabia and to invest in building more.

Saudi Arabia can become the logistics hub of the Gulf, according to a recent report from marketing strategy company Solidiance, and it is already well on its way to achieving this. Solidiance estimates that the Saudi Arabian logistics market was worth \$19 billion in 2015 — 43 percent of the total Gulf Cooperation Council

(GCC) countries' market.

Analysts expect this figure to soar. Reasons given are wide ranging, but include improving infrastructure, increasing imports and exports as consumption increases and the country diversifies from oil, the development of a borderless GCC customs union and new free trade

zones. But the main competitive advantage fueling the growth of the logistics industry is its strategic location. "We have a long coast on the Red Sea, one of the main corridors for global trade, and Saudi Arabia is the biggest market in the region," explains Dr. Abdulaziz Y. Al Babbain, president of a leading local logistics company Himmah Holding.

Saudi Vision 2030 intends to build on this advantage and transform the country into "a global hub connecting three continents, Asia, Europe and Africa," says Crown Prince Mohammed bin Salman, adding that the kingdom's location makes it "an epicenter of trade

and the gateway to the world."

Al Babbain believes that Japanese companies in particular could benefit from using Saudi Arabia as a trade hub. "We are ideally located for manufacturing and logistics, both basic and added-value. And from here, they can export their products to the region and the African market. I think any hub in the west of Saudi Arabia would be ideal to use as a gateway," he says. To transform the country into a logistics hub, the government is investing heavily in infrastructure, both inside Saudi Arabia and across borders. It is also improving regulations, strengthening links with existing trade hubs and opening new trade routes.

"All government entities are working in an integrated way to reach the goal and we've already seen good results," says Al Babbain. "One of the main improvements is the new, dynamic customs reform, which gives a strong signal to investors that the sector is developed, to encourage investment in the supply chain," he expands.

There are currently few professional logistics service providers in Saudi Arabia. That means there is a gap in the market and, as he puts it, "Now is the right time to invest or expand in supply chain management and services in Saudi Arabia." Himmah Logistics is doing just that. The company is one of the kingdom's leading suppliers of integrated end-to-end supply chain solutions — including logistics, warehousing and transportation — across the GCC region. It works with all types of industries, but specializes in vehicles, and cold chains for health care, pharmaceuticals and food.

Another specialism is e-commerce, including "last mile delivery," which is increasingly important to Japanese companies looking to build an online shopping network in Saudi Arabia and use it as a gateway to over 600 million people in the regional common market.

"E-commerce is growing — it's one of the fastest growing sectors in Saudi Arabia. So we are focusing on the "omnichannel" supply chain. The backbone of e-commerce is logistics," says Al Babbain.

As well as providing services, Himmah Logistics is a developer of much needed large-scale, modern logistics infrastructure in GCC, alongside its partner, Al Muhaidib Group, one of the Middle East's biggest construction companies. As well as building facilities for itself, Babbain says the company has "the capabilities to work with international companies and build any infrastructure they want."

It has already proved this to be true, by constructing a 12,000-square-meter warehouse, which is leased to Japan's Kintetsu World Express. "We built to their specifications. We build these quality warehouses, because it is hard to find them."

Not only warehouses, but any part of a logistics hub, like truck yards, dry ports and facilities for automotive parts, which is of increasing importance, with Toyota and Nissan already very active here," notes Al Babbain.

He points out, "Most of the global service providers don't like to put big investment in any foreign country, especially in infrastructure, unless they have a strong local partner — like us." But, he thinks, "This is the right time to have a global player come in and take the lead with us."

"Now is the right time to invest or expand in supply chain management and services in Saudi Arabia."

Dr. Abdulaziz Y. Al Babbain
President, Himmah Holding

Warehouse construction is one area offering opportunities for investors, both directly and through real estate investment trusts (REITs). Only 15 percent of the kingdom's logistics market spend goes on warehousing, while the figure for the GCC overall is 25 percent. Globally, logistics REITs are outperforming other REIT categories, due to e-commerce. With the recent introduction of REITs in Saudi Arabia, Himmah Logistics, for one, sees them as a very important



Dr. Abdulaziz Y. Al Babbain
President, Himmah Holding

tool for developing its capabilities in the future.

It is planning further investments, many of which it thinks would be of interest to potential Japanese partners. Al Babbain sees major opportunities in special economic zones, central to Saudi Vision 2030, by providing added-value facilities to enable activities like packaging, repackaging, assembly and export to regional markets.

"We have already started working on this by buying a huge plot of land in King Abdullah Economic City, very near the country's most efficient seaport. We have also bought land banks all around the kingdom. Over 1 million square meters, qualified as logistics land, but with a focus on developing added value," he says.

Himmah Logistics is also working closely with the government on possible public-private partnerships in transportation and logistics, and the company would like to explore these potential opportunities with Japanese investors as well.

But, cautions Al Babbain, "Japanese companies need to act quickly. Saudi Arabia is open for business and is developing into a dynamic market. Companies have to select, evaluate and test the opportunities, but they will have to move faster than they did in the past."

Details

Port No

Berths

Cargo handled in tons

Capacity in tons

Capacity of containers

2015

(4)

(33)

(97) Million tons

(10) Million tons

2017

(9)

(224)

(240) Million tons

(560) Million tons

(13) Million tons

Unique regional logistical hub

Port Type	Count
Industrial Port	(3)
King Fahd Industrial Port Jubail	(34) Berths
King Fahd Industrial Port Yanbu	(24) Berths
Ras Al-Khair Port	(11) Berths
Commercial Port	(6)
Jeddah Islamic Port	(62) Berths
King Abdulaziz Port Dammam	(43) Berths
Jubail Commercial Port	(16) Berths
Jizan Port	(12) Berths
Yanbu Commercial Port	(10) Berths
Dhiba Port	(6) Berths

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SAUDI ARABIA



Real estate set to double

The real estate sector looks set to soar as the implementation of Saudi Vision 2030 boosts both the housing and hotel markets.

If the Saudi Vision 2030 plan achieves its aims, it will mean a "doubling of the contribution of the real estate sector to gross domestic product from 5 to 10 percent in just three years," says Abdulrahman Abdulkader Bajunaid, CEO of Rafal Real Estate Development Company, a developer of integrated high-end residential communities in Saudi Arabia.

Saudi Arabia has a housing shortage, with a shortfall of 100,000 to 200,000 homes a year. Minister of Housing, Majed Al-Hogail, says the government plans to deliver 1 million residential units to satisfy demand.

It also wants to increase home ownership from 48 to 52 percent by 2020. Bajunaid is certain that these are "key drivers for real estate development, which we believe represent a major opportunity for developers and investors."

Increasing tourist numbers is another major focus of Saudi Vision 2030. The kingdom's travel and tourism sector was the world's 24th largest in 2015, according to the World Travel and Tourism Council, but it should go up the list as reforms take place.

For example, airports and a high-speed railway are being built or expanded, coastal areas are being invested in, and resorts and attractions are being developed—all of which means that new hotels are needed.

The government is encouraging home ownership by making buying more affordable, with the Saudi Arabian Monetary Agency announcing that it will allow specialized mortgage companies to increase their home financing contribution to 85 percent.

Bajunaid thinks this is a "wonderful move. This is definitely going to open up the market and make it more dynamic."

He reveals that Rafal "will also be launching some unique products to help make the Saudi real estate consumer's aspiration of owning their own property a reality, without much hassle."

The REIT move

To encourage investors and developers, in all real estate sectors, a number of new real estate investment trusts (REITs) are about to be listed on the capital market.

Bajunaid sees these as being an important stimulant to enable the diversification of funding sources for projects. "Early on, we would have key investors come in with us on projects, then the capital companies or Capital Market Authority started investing with us."

"And now, even the individual investor can invest in our yielding projects. We are very excited about this," he says, adding that the ultimate goal for Saudi Arabia's real estate market is for REITs to be buying in to a development before it starts.

He is confident that Rafal is in a very good



Abdulrahman Abdulkader Bajunaid
CEO, Rafal Real Estate Development Company

position to benefit from REITs, in comparison with other developers, because, "we have yielding assets like hotel buildings and commercial offices, and we are evaluating proposals to use REITs as an exit for our projects."

Rafal is a fast-growing company that is set to gain from the booms in both housing and tourism. It has been developing innovative, integrated high-end residential communities, increasingly in partnership with world-renowned hotel brands, since 2007. It is a closed joint-stock company and was, according to Bajunaid, "specifically developed to attract Japanese institutional investors."

"A guaranteed, attractive return on investment, that probably no other developer can match."

Abdulrahman Abdulkader Bajunaid
CEO, Rafal Real Estate Development Company

Its most prestigious project to date is probably the Burj Royal, a luxury vertical residential and self-contained community, built on 70 floors in a 20,000 square-meter plot and opened in 2014.

Right in the center of Riyadh, it includes the five-star Burj Rafal Hotel Kempinski, recipient of many awards, including "Saudi Arabia's Leading Hotel 2016" and "Middle East's Leading New Hotel 2015" from World Travel Awards.

Bajunaid puts the success down to "our efforts to make Rafal a top-notch player in the luxury properties landscape."

"It is a reflection of our pioneering innovation, not just from a development perspective, but also from the hospitality we provide our clientele and the innovative techniques we adopt in marketing,

facilities and asset management."

Since its inception, Rafal has aimed to be creative, with projects that change the horizon. Burj Rafal, for example, "is designed within the context of Saudi culture, but it offers an integrated lifestyle. People visiting the hotel will enjoy adjacent high-end shopping and fine dining in eight restaurants, while the hotel facilities are also available to residents," Bajunaid explains.

Future development

In 2017, Rafal inaugurated another luxury integrated community, the 27-floor Rafal Residence, just minutes from the King Abdullah Financial District. The tower will include 172 apartments, most already sold, and 234 five-star hotel apartments, operated by Ascott.

Next year, says Bajunaid, "We will launch Rafal Sky Garden, a residential project managed by Kempinski, which will have an urban design, a sanctuary feel, and which will introduce pool rental as a concept."

Rafal's successful, pioneering record, which has attracted a wide range of local and regional investors, including ones from Japan, strongly suggests it would be a good partner for future Japanese investors interested in Saudi Arabian real estate development.

"We are open to Japanese investors in both existing and upcoming projects. We are able to deliver, not just consistent quality, but also a guaranteed, attractive return on investment (ROI), that probably no other developer can match," asserts Bajunaid.

"In our business, gaining trust from the investor is critical and this is developed from delivery—in terms of timing, quality and, most importantly, ROI and yield."

As well as intending to partner with more carefully selected hotel operators to further penetrate the branded service residences sector, Rafal is also looking at moving into food and beverages, to increase its vertical hospitality chain. "We believe that if we align with the right partners, the sky is the limit when it comes to gaining market share."

"We have seen some amazing brands from Japan, such as the Nikko group, and we would be really interested in partnering with Japanese businesses, especially in the areas of hospitality and sustainable developments."

Sustainability is part of the company's ethos and it gives top priority to conserving energy, design materials and waste management, which will be a key facet of its new projects.

"Our primary vision is to help create a meaningful difference in the lives of all our stakeholders," says Bajunaid, "we would be proud to associate with individual or institutional investors who are aligned with our vision."

Developing the future

As all sectors of real estate see growth, one developer discusses their portfolio, synergies with transportation and a need for technology.

The HAKA Group, a well-established and diversified group of companies based in Saudi Arabia, operates in many sectors, including real estate, transportation and logistics.

Its real estate portfolio covers residential, commercial, retail and hospitality projects all over the kingdom, and it has a strong pipeline of current and future developments.

Here, Khalid H. A. Al Gahtani, president and CEO of HAKA Group, explains some of the group's projects, many of which he sees as providing opportunities to investors and to Japanese businesses that form partnerships with HAKA.

Can you describe HAKA's activities in Saudi Arabia's housing, office and hotel real estate sectors? Would any of these activities offer opportunities to Japanese investors?

The HAKA Group has been active since 1967 and has built its reputation and progress on quality partnerships. We are headquartered in Al Khobar, right at the heart of Saudi Arabia's petrochemical industry and work daily with the market leaders in the oil and gas industry, that are clustered around Saudi Aramco.

In conjunction with a real estate investment fund, being managed in accordance with the Capital Markets Authority of Saudi Arabia's regulations, HAKA has an ongoing hotel development—a four-star hotel in Al Khobar in the Azizia area, which will be operated by an internationally recognized hotel brand.

HAKA has also developed over 40 million square meters of land projects and has an ongoing development subsidiary plan to build and operate high-quality Grade A offices that will be pre-leased to the oil and gas industry. This project is at the advanced planning stage and we would welcome equity partners in this exciting new venture.

In terms of residential real estate, HAKA is involved in, and is committed to, the development of housing in Saudi Arabia. For example, our Wahat Al-Sharqiya Project is a development of 2 million square meters in the eastern province and it is expected to be finished very soon.

The kingdom's housing requirements are large, immediate and challenging. In addition, these requirements are often in remote regions, that are vulnerable to climatic and seismic activity.



Khalid H. A. Al Gahtani
President and CEO, HAKA Group

But one of the advantages we have in this area is that GH Transport is also part of the HAKA Group. It has 50 years of experience in transporting large units to remote areas of the kingdom and is currently developing construction tech-

"HAKA is involved in, and is committed to, the development of housing in Saudi Arabia. The kingdom's housing requirements are large, immediate and challenging."

Khalid H. A. Al Gahtani
President and CEO, HAKA Group

niques in flexible steel-framed buildings.

Partnership in the development of housing, particularly in locations far from the metropolitan cities of Saudi Arabia, is something that would be particularly welcomed.

The HAKA Group is also a major player in Saudi Arabia's transportation and logistics sector—how important is this area to the group?

Logistics is at the heart of the HAKA Group's

long-term success and one of our companies, Gahtani International Maritime Agency, has been providing logistics, speedy custom clearance and associated services for over 28 years.

We have an impressive array of long-term partners who we service and they continuously reward us with ongoing repeat business.

GH Transport has been successfully supplying transport services to the oil and gas, and construction industries for 50 years and was the first business startup success of our founder, the late Sheikh Hasan Al Gahtani.

Your group is known for the importance it puts on state-of-the-art technologies. Are there particular technologies of interest to you now that Japanese expertise could provide?

The HAKA Group is extremely focused on progress in new technologies. We would be particularly interested in discussing the subject of automated robotic parking systems, which we see as a major opportunity in the development of urban infrastructure.

Through another of our subsidiaries, RADIAN, we are very active in sustainable energy saving developments and products.

We have also established an educational development company, Imodias, that is successfully providing e-learning solutions and new technologies.

Why do you think Japanese businesses should invest in Saudi Arabia now? And if they do, why should they partner with the HAKA Group?

Saudi Arabia is a rapidly growing country with a population now exceeding 30 million. The future of our country and its success will be in our youthful development and the creation of a modern, innovative economy—and the kingdom has an ambitious plan to achieve this, Saudi Vision 2030.

The HAKA Group is a close, family-orientated firm, we are very proud of our history and the future prospects for our young people, and we advocate Saudi Vision 2030.

If Japanese companies want to invest and build a long-term partnership in Saudi Arabia with the HAKA Group, I can assure them that the group has made a commitment to progress—and to lasting partnerships.



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Closing the housing gap through rapid expansion

Real estate is one of the main drivers of Saudi Vision 2030. Opportunities worth \$100-billion exist in the Saudi housing market for the private sector and foreign investors.

Right now, the Saudi Arabian housing market is in an ideal position to attract major investment. And space is not a problem — up to half of the land in Riyadh, Jeddah and Dammam is not developed and is completely untapped.

This, combined with the fact that the kingdom has made key changes to the business environment for developers and investors, as part of a program to create more housing and increase home ownership, means that there are abundant investment opportunities.

Ultimately, the government's housing program aims to contribute to an improving lifestyle in Saudi Arabia for the current, as well as future, generations — and that is also what Al Akaria (Saudi Real Estate Development Company) is aiming at, when developing major projects in line with Saudi Vision 2030.

With a history dating back to 1976, Al Akaria (Saudi Real Estate Development Company) is a trusted name in Saudi Arabian real estate. It has put its mark on the capital city of the kingdom, Riyadh, and intends to keep on steering innovation and growth in the future.

With a new groundbreaking project, Al-Wedyan, announced earlier this year, Abdulrahman M. Almofadhi, chairman of Al Akaria (Saudi Real Estate Development Company), talks about his firm's contribution to and vision of the kingdom's real estate sector, now that Saudi Vision 2030 has been announced to the public.

With the recent launch of the Saudi Vision 2030 manifesto, how is Al Akaria (Saudi Real Estate Development Company) actively participating in the change program across the Kingdom?

It certainly is an exciting time in the Kingdom of Saudi Arabia, a time of great change and transition. The recent announcement of Saudi Vision 2030 signals the intent of the nation to undertake historic and significant transformation which focuses on the development of new economies, human capital and market competitiveness beyond the comfort and rising prosperity of the oil boom from 2003 to 2013.



Abdulrahman M. Almofadhi
Chairman, Al Akaria (Saudi Real Estate Development Company)

The changing face of the global energy market, the emergence of a growing cluster of working-age Saudi nationals and the continued evolution of strong competitive country propositions within the region and neighboring countries has forced the kingdom to reevaluate its economic growth model, with the focus on integrating Saudi Arabia's economic, labor market and fiscal perspectives to create a productivity-led economic transformation beyond oil.

To enable this transformation, Saudi Arabia will need to shift from the historically government-led economic model to a more market-based approach.

This needs greater participation from Saudi nationals (male and female) to drive higher household income; better business regulation and openness to competition, trade and investment to improve ease of doing business and attract foreign direct investment; and finally, more efficient government spending and new economy revenue sources to help fiscal sustainability.

The team at Al Akaria (Saudi Real Estate Development Company) is committed to pioneer, lead and sustain the new generation of real estate concepts, systems, practices and

developments across the kingdom of Saudi Arabia.

This will involve a fundamental shift from the "business as usual" operating models and practices; the recruitment, training and development of high-potential Saudi nationals throughout our organization; and the timely delivery of our projects, which aim at enhancing the lifestyle experiences for individuals, their families and for the community in general.

What are the major challenges facing Al Akaria (Saudi Real Estate Development Company)?

Change is never comfortable. The quality of our change management program, both internally within our organization and externally among our key stakeholders, will represent our major challenge.

Aligning all the forces for success will require our organization to assess whether our operating model is fit for purpose; our team to gain insight and find the appropriate means of crafting world-class communication to be fit for growth; and for the leadership team to recruit, train, develop and incubate the emerging young Saudi talent to create a sustainable, regenerative organization which is fit for life to 2030 and beyond.

What are the major opportunities for Al Akaria (Saudi Real Estate Development Company)?

With change comes the opportunity to create a legacy organization which not only aspires to be the pioneer and leader within the greater real estate sector, but has reshaped its organization to meet the demands of the Saudi population.

The development of high-quality, integrated residential communities, surrounded by world-class retail environments, health care and educational facilities, leisure, entertainment and hospitality venues, and beautifully manicured and orchestrated public spaces, coupled with cutting-edge, future-focused infrastructure provisions for energy, water, waste, transportation and connectivity is a powerful and compelling value proposition.

At Al Akaria (Saudi Real Estate Development Company), we are combining the very best of our local management talent with premier thought leadership, and global best-of-breed consultants and corporations to conceptualize and deliver these emerging new economies through our master-planned communities.

How is Al Akaria (Saudi Real Estate Development Company) reshaping its business to meet the demands of Saudi Vision 2030?

Our team has commenced a review of our operating model, with the intent of crafting our short, medium and long-term corporate strategic thrusts and key initiatives to deliver against our vision.

Once we have defined the strategic plan, the next step to reshape our business to meet the demands of Saudi Vision 2030 will be to restructure our organization, allowing us the visibility to understand the talent required through an integrated approach of recruitment, retraining and partnerships to gain the skills and capabilities needed to meet the challenges within our development program.

Developing the strategy is 5 percent of our challenge, execution and implementation represents the core 95 percent of this effort, and this is where our resources of time, people and money will be focused.

What differentiates Al Akaria (Saudi Real Estate Development Company) from other real estate developers across the kingdom?

We are proud of our 40-year operating history in the kingdom of Saudi Arabia and understand our role in the ongoing future development of our nation. Our pride extends from our Saudi Arabian roots, culture, leadership and customers, yet it is not enough to bring success in what we have planned to achieve across the organization.

We incubate and promote the spirit of innovation and entrepreneurship, and sense of shared ownership among our entire ecosystem of employees, partners and consultants. We openly seek the support and embrace the role of our governing bodies in legislating and providing overall guidance to the future direction of our cities and society.

And we recognize the impact we will have in the economic, social, cultural, religious and professional lives of our stakeholders.

For Saudi Arabia to deliver against the three major objectives of Saudi Vision 2030 of creating a vibrant society; delivering a thriving economy; and pride in the nation, we continue to work alongside and in collaboration with our peers to create the Saudi Arabia that our people deserve — a nation that is globally



"The team at Al Akaria (Saudi Real Estate Development Company) is committed to pioneer, lead and sustain the new generation of real estate concepts, systems, practices and developments across the kingdom of Saudi Arabia."

Abdulrahman M. Almofadhi
Chairman, Al Akaria (Saudi Real Estate Development Company)

competitive, with a diversified revenue stream from the emerging new economies and employment opportunities for our young population.

Finally, what are your major projects for 2017?

Our major projects for 2017 include both greenfield projects and regeneration-based

projects. Our major projects include:

1. The signature, destination-based, 7-million-square-meter Al Wedyan project along the emerging northern corridor of Riyadh, where we are currently finalizing our groundbreaking master plan which will incorporate the "best-in-class" concepts for residential, leisure and entertainment, retail, hotels and hospitality, health care, education and public space.

The project both celebrates the beauty of our land and topography, and weaves a lifestyle enhancement found nowhere else in the kingdom.

2. The mixed-use, semi-gated Al Dhahia community located in the dynamic and emerging Al Remal district of northwest Riyadh, where we have master-planned and commenced construction of 580 villas and duplexes around a central spine of public space; a community which will also be served by retail and educational facilities for young Saudi Arabian families.

3. The regeneration of our historic Akaria Mall and Plaza within the heart of Riyadh along Olaya Street.

2017 will be a defining year for all of us at Al Akaria (Saudi Real Estate Development Company), and one which I am very proud to be part of.

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Al Akaria was established by royal decree in 1976 and has been the leading Saudi Arabian real estate development company since its inception, committed to pioneering, leading, sustaining, and delivering a new generation of real estate concepts, including residential, commercial, and retail across the Kingdom of Saudi Arabia.

www.al-akaria.com

