

# GSBM

GERMAN-SAUDI BUSINESS MAGAZINE

December 2022

*GESALO News*

**VISIT OF  
GERMAN  
CHANCELLOR  
TO THE  
KINGDOM**

*GESALO News*

**DECARBONIZATION  
OF PETROCHEMICAL  
INDUSTRY**

*Tourism*

**TAROUT ISLAND**

*Top Stories*

**CEER SET TO  
CHARGE UP  
SAUDI ARABIA'S  
AUTOMOTIVE  
SECTOR**

*Top Stories*

# AUTOMOTIVE INDUSTRY KSA



Delegation der Deutschen Wirtschaft  
für Saudi-Arabien, Bahrain und Jemen  
German-Saudi Arabian Liaison Office  
for Economic Affairs (GESALO)  
مكتب الإتصال الألماني السعودي للشؤون الاقتصادية

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# EDITORIAL

Dear Business Community, Dear Reader,

Given the current trend of automotive innovation in the Kingdom – culminated in the launch of the e-car brand Ceer last month – this GSBM issue sheds light on the sector's supply chains and implementation on the ground. Ceer is estimated to create up to 30,000 jobs and to contribute \$8bn to Saudi economy by 2034.

The visit of Chancellor Olaf Scholz in September marked an important milestone in the Saudi-German relations and has sent out a strong signal towards the German business community. Consequently, more and more companies reach out to us to profit from our market entry services and to participate in our delegations. Within the last two months, we have welcomed two German delegations, one on Decarbonization of the Saudi Petrochemical Industry or Conversion to Hydrogen, shortly followed by Sustainable Wastewater Management for Municipalities and Agriculture in November. We thank both MENA Business GmbH and German Water Partnership for their kind support.

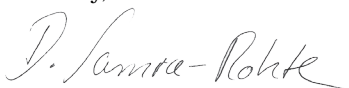
On 2<sup>nd</sup> November, GESALO in cooperation with the Dussmann Group, hosted the **Female Executive Leadership program** fostering fruitful discussions among outstanding female leaders. Those well-educated, motivated women are reflecting the trend since the opening of the job market: Within three years only, females are making up 35% of the Saudi labour force, thereby exceeding the goals of Vision 2030.

Like every year, the **AHK World Business Outlook** assesses the state of the art of international business activities all over the world and we are pleased that 65 Saudi firms participated in the survey this time. An overwhelming majority of 68% envision a positive trend for the national business, naming a good supplier network, legal certainty, and lower energy costs as main advantages of the business location Saudi-Arabia.

In February and March next year, we will have the opportunity to connect Saudi and German companies through our delegation visits about Solar Plants and Smart Cities. Moreover, our team continues to be present at pivotal trade fairs such as BAUMA, MEDICA or K-Show.

I hope you enjoy reading this GSBM issue.

Sincerely,



Dr. Dalia Samra-Rohte



**DR. DALIA SAMRA-ROHTE**

*Delegate of German Industry & Commerce for Saudi Arabia, Bahrain and Yemen*



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# KSA FOSTERS E- AND H2-MOBILITY

Electric Vehicles (EV) are still rare in Saudi Arabia, yet by 2030, the amount of them could rise up to 1 to 2 million. A first factory for electric cars is under construction.

**A**t this year's World Economic Forum in Davos, Saudi Arabia's Minister of Investment, Khalid Al Falih, announced the establishment of three EV production facilities in the Kingdom. While local production will initially serve domestic demand, in the medium- and long-run, the majority of Saudi-manufactured EVs could be exported.

## OVER 1 MILLION ELECTRIC VEHICLES UNTIL 2030

To date, the number of EVs (fully electric and hybrid plug-in models)

registered in Saudi Arabia is estimated at only a few hundred, but the Kingdom's targets are very ambitious. In the capital of Riyadh the EV share is targeted to rise to 30 percent by 2030. According to official estimates, the current count of 2.7 million vehicles on Riyadh's highways is expected to exceed 3 million by 2030. To achieve a target of 30 percent, the EV share in Riyadh alone would have to rise to over 1 million.

## SASO ISSUES LICENSING REGULATIONS

In 2017, the Saudi Arabian Standards, Metrology and Quality Organization (SASO) banned the import of electric vehicles (EVs) due to the lack of a legislative regulation of the import. The first licensing requirements were released in early 2018, with the publication of the "Technical Regulations for Electric Vehicles", applying to EVs up to 3.5 tons and

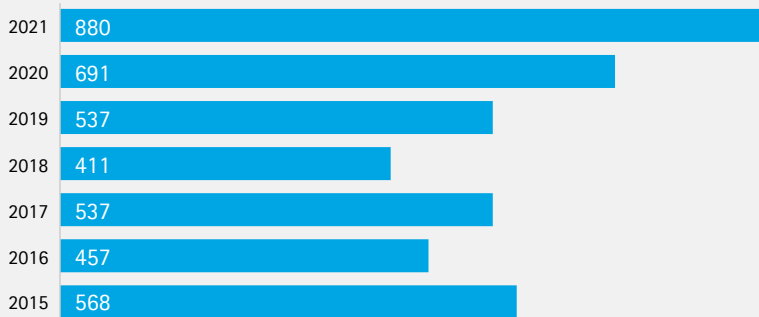
*“ The share of electric vehicles is targeted to rise to 30 percent by 2030 in the capital of Riyadh. ”*





Lucid Air

### SAUDI-ARABIA: NEW CAR AND SMALL TRUCK SALES FROM 2012 TO 2021 (IN ENTITIES OF 1000)



\*) the category of light trucks includes SUVs, pick-ups, etc.

maximum speeds from 25 kilometers per hour. However, commercial import of EVs remained prohibited until 2020.

According to a 2021 study, the number of cars will rise to 16.5 million vehicles nationwide by 2030. Hence, an EV share of 5 percent would require 800,000 EVs; a 30 percent share 4.9 million EVs. Most forecasts expect the amount of EVs to range between 1 million and 2 million in 2030.

*“ Forecasts expect the amount of electric vehicles to range between 1 million and 2 million in 2030. ”*

### LUCID MOTORS CONSTRUCTS EV-MANUFACTURING FACILITY

Saudi Arabia has long sought to establish a local automotive industry.

Now the California-based EV manufacturer Lucid Motors is setting up a manufacturing facility in King Abdullah Economic City (KAEC; 120 kilometers north of Jeddah). Saudi Arabia's state-owned Public Investment Fund (PIF) holds a 63 percent stake in Lucid Motors.

In February 2022, Lucid Motors signed agreements with the Ministry of Investment, Saudi Industrial Development Bank, KAEC (Emaar-The Economic City) and Gulf International Bank (GIB) to implement the manufacturing facility. The PIF holds a stake of over 97 percent in GIB. Over the next 15 years, Lucid Motors will receive financing and investment incentives of up to \$3.4 billion (US\$).

In May 2022, Lucid Motors awarded a US\$640 million contract to build the EV plant to local construction company Al Bawani. Construction is targeted for completion in 2025 or 2026.

Initially, kits (CKD or SKD) of the "Lucid Air" model supplied from the USA will be assembled. There will then be a gradual increase in local

value addition. The production facility will have an annual capacity of up to 150,000 vehicles.

Lucid Motors was founded in 2007 and has been producing EVs in Arizona since 2021 with selling prices ranging from \$87,400 to \$179,000 each. The company in February lowered its 2022 production target from 20,000 vehicles to 12,000 to 14,000.

In April 2022, the Saudi Arabian government signed a contract with Lucid Motors to purchase 50,000 vehicles over ten years, including an optional addition of 50,000 vehicles. Annual deliveries of 1,000 to 2,000 vehicles are planned for 2023 and 2024. Starting from 2025, annual deliveries of 4,000 to 7,000 are planned.

### LOCAL DEVELOPMENT OF AN ELECTRIC VEHICLE LAUNCHED

Taiwan's Foxconn Technology Group and PIF set up a joint venture to develop and produce electric vehicles under the name "Cheer" in Saudi Arabia. Foxconn would supply the vehicle's software, electronics and electronic architecture. The electric vehicle will use an old BMW platform.

### BATTERY PRODUCTION UNDER CONSIDERATION

The PIF wants to build a factory for EV batteries with an annual production capacity of 15 gigawatt hours by 2028. The project will supply batteries for Lucid and other EV manufacturers. Saudi Arabia's National Industrial Development Center (NIDC) proposes creating a production capacity of 28 gigawatt-hours. This includes renewable energy storage in addition to EV batteries.

In February 2022, Australia's EV Metals Group awarded a front-end engineering design (FEED) contract to build two lithium hydroxide

monohydrate (LHM) production lines. LHM is needed for EV battery cells and other applications. The US\$800 million plant is planned to be built in Yanbu on Saudi Arabia's west coast. Production capacity is expected to be 50,000 tons per year. The raw materials will initially come from Australia.

### EV CHARGING INFRASTRUCTURE UNDER CONSTRUCTION

Currently, there are only a few EV charging stations in the capital Riyadh, in Jeddah and along the Arabian Gulf. Now, the local company Electromin plans to install a total of 100 charging stations in two project phases. Electromin is a subsidiary of lubricant and automotive services company Petromin.

According to the company, the charging stations installed in the 1st phase will be compatible with all homologated vehicles approved by SASO with type 2 AC plugs. In a 2nd phase, additional AC charging stations will be installed, as well as DC charging stations with up to 360 kilowatts. In April 2022, France's TotalEnergies and local company Altaaqaa (part of the Zahid Group) signed a preliminary agreement to develop an EV charging infrastructure.

### FUEL-CELL VEHICLES AS AN ADDITIONAL OPTION

Along with the expansion of hydrogen production, the production of fuel cell vehicles is also being discussed in Saudi Arabia. In April 2021, Hyzon Motors (USA) and the local Modern Group signed a memorandum of understanding to examine a project for the establishment of a truck assembly plant with a potential annual capacity of up to 10,000 vehicles. The target location is the new Neom development zone in the northwest of the country.

### ARAMCO EXAMINES THE PRODUCTION OF HYDROGEN-POWERED VEHICLES

National oil company Aramco has commissioned its innovation center LAB7 to study the potential of fuel cell technology in Saudi Arabia. In December 2021, Aramco and the French technology company Gaussin agreed to evaluate the possibilities of producing hydrogen-powered vehicles in Saudi Arabia.

*This article is a translation by the German-Saudi Arabian Liaison Office for Economic Affairs (GESALO). The unabridged original version is in German, published by Germany Trade & Invest, the economic development agency of the Federal Republic of Germany.*

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# CEER SET TO CHARGE IT UP

This year has marked a shift in the automotive manufacturing sector, with the announcement of a number of firsts for the Middle East's car industry.

**T**he latest, and arguably most significant, news was the launch of Ceer Motor Company by Saudi Arabia's Crown Prince Mohammad bin Salman bin Abdulaziz. Ceer is the first Saudi electric vehicle brand and its portfolio of cars will be both designed and made in the Kingdom, for sale domestically as well as throughout the wider region.

By launching the first 'Made in Saudi' electric car, Ceer represents a pioneering foray for the Kingdom into the global automotive sector and offers a significant contribution to the nation's Saudi Green Initiative, as the country aims to become carbon-neutral by 2060. Electric vehicles (EVs) are the fastest-growing sector in

the car industry for a reason; they are seen to be technologically superior, are more sustainable, produce zero carbon tail-pipe emissions, and need less servicing than combustion-engine vehicles.


Ceer has partnered with BMW and Foxconn to produce a range of EVs that will usher in new technological expertise and manufacturing capability that will impact every facet of the Kingdom's economy and industrial base. The tens of thousands

of jobs that will be created through this new local automotive industry will serve as an important pillar for national development. Research shows that each percentage point of automotive industry growth results in 1.5% GDP growth.

*“Ceer is projected to directly contribute US\$8 billion to Saudi Arabia's GDP by 2034.”*

Photo: CEER





Ceer is looking to make electric vehicles mainstream in the Kingdom and the wider region, with a focus on autonomy, connectivity, and infotainment.

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## TOP STORIES

In addition, Ceer will attract over US\$150 million of foreign direct investment. Those international and local investments will play a pivotal role in establishing a thriving ecosystem creating not only job opportunities but investment avenues through a variety of growth industries.

### **BUILDING AN EV HUB IN THE KINGDOM**

Through Ceer's strategic international partnerships, the company will design, manufacture and sell an innovative portfolio of EVs that will lead in the areas of e-mobility, connectivity and autonomous driving technologies. Ceer is a joint venture between PIF and Hon Hai Precision Industry Co. (Foxconn). The latter will develop the electrical architecture of the vehicles. A key partner, BMW will license component technology for use in Ceer's vehicle development process.

Saudi Arabia has long sought to create a national automotive manufacturing sector; the Kingdom is possibly the largest automotive market in the world without any sizable local manufacturing facilities. The move to manufacture cars in Saudi Arabia has long been anticipated. What may surprise some is the focus on EVs. In a wider context, this makes perfect sense. Global EV sales more than doubled in 2021, compared to the previous year, to 6.6 million. This



## TOP STORIES

represented close to 9% of the global car market. EVs are the future of mobility. Ceer aims to make electric vehicles mainstream by building and selling a diversified range of vehicles for consumers in Saudi Arabia and the MENA region, including sedans and sports utility vehicles.

PIF's launch of Ceer comes after the sovereign wealth fund's earlier investment in California-based EV manufacturer Lucid Motors. Both Ceer and Lucid will produce cars locally, creating a manufacturing base for the Kingdom to grow. Both plants will lay the foundations for the emergence of an industrial hub, including international suppliers. Ceer is poised to put Saudi Arabia on the global manufacturing stage through strategic partnerships and the development of the latest e-mobility technologies, such as battery technology.

Economies of scale matter to automotive brands, and the more manufacturing plants are implanted in the Kingdom, the more cost competitive the Kingdom can be for the wider industry. There can be up to 30,000 parts in a single car. That level of intricacy requires advanced techniques involving technologies such as robotics and concepts like Lean manufacturing. It also needs skilled people, engineers and technicians who can design new concepts.

Evidently, a major investment in the nation's electric charging infrastructure is required to support the adoption and growth of EVs in the Kingdom. This means providing local EV owners with the ability to power their vehicles at home, the office and a myriad of public spaces, such as malls, hotels and parks. The Royal Commission for Riyadh City has put down a marker here, with its aim of 30% of the capital's cars being electric by 2030 as part of the Saudi

Ceer will create thousands of highly-skilled jobs for Saudi nationals in what is effectively a new industry for the country.



*“EVs are the future of mobility.”*

Green Initiative.

While EVs represent the fastest-growing sector of the automotive market globally, there are few options for Saudi consumers. Ceer will change this, giving the public a home-grown brand they can be proud of. Ceer truly will be the start of Saudi Arabia's automotive sector by driving the adoption of EVs in the Kingdom and beyond, and setting the path for a sustainable future for generations to come. Ceer's vehicles are scheduled to be available in 2025.

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# CHEMISTRY IS NOW PART OF THE FORMULA

SABIC enters into long-term  
partnership with formula E.







**S**ABIC, a global leader in the chemical industry, has a broad portfolio of materials to enable the automotive industry achieve their sustainability ambitions and meet their requirements for today and the future. Its leading-edge material technologies have inspired breakthrough innovations in eco-friendly automotive design, aesthetics, functionality and performance.

Building on this reputation as a sustainability-focused solution-provider for the global automotive industry, SABIC has entered into a major long-term sponsorship deal and innovation partnership with Formula E, the world's first net-zero sport since inception. The deal is driving global visibility of SABIC as a brand that embraces sustainability as an integrated strategy for business and growth.

The 5 year partnership was launched in July with the title sponsorship of the 2022 SABIC London E-Prix, a double-header with 2 races at the ExCeL London exhibition centre in the ABB FIA Formula E World Championship. Since then, SABIC has been exploring the possibilities of collaborating with Formula E to integrate its sustainable solutions into their ecosystem and operations.

The Formula E partnership offers SABIC a unique opportunity to transfer its innovations from Formula E into the broader automotive and EV industries benefiting its customers and partners. It demonstrates its ability to support the world's transition to EV and a more sustainable future.

Elaborating on the deeper purpose of collaborating

with Formula E, Richard Crookes, Director, Global Brand & Marketing Communication, commented, "The partnership aligns fully with the company's broader sustainability strategy, which supports a circular carbon economy vision where all value chains of carbon-containing products loop back. It also resonates perfectly with electrification, one of the key pathways that SABIC has identified towards achieving carbon neutrality."

*“ The partnership aligns fully with the company's broader sustainability strategy. ”*

Season 9 of the ABB FIA Formula E World Championship is scheduled to launch in January 2023 in Mexico City, closely followed by SABIC's home town race in Diriyah, close to Riyadh. Season 9 will also mark the launch of the GEN3 car, the fastest, lightest, most powerful and efficient electric race car ever built.

#### CONTACT

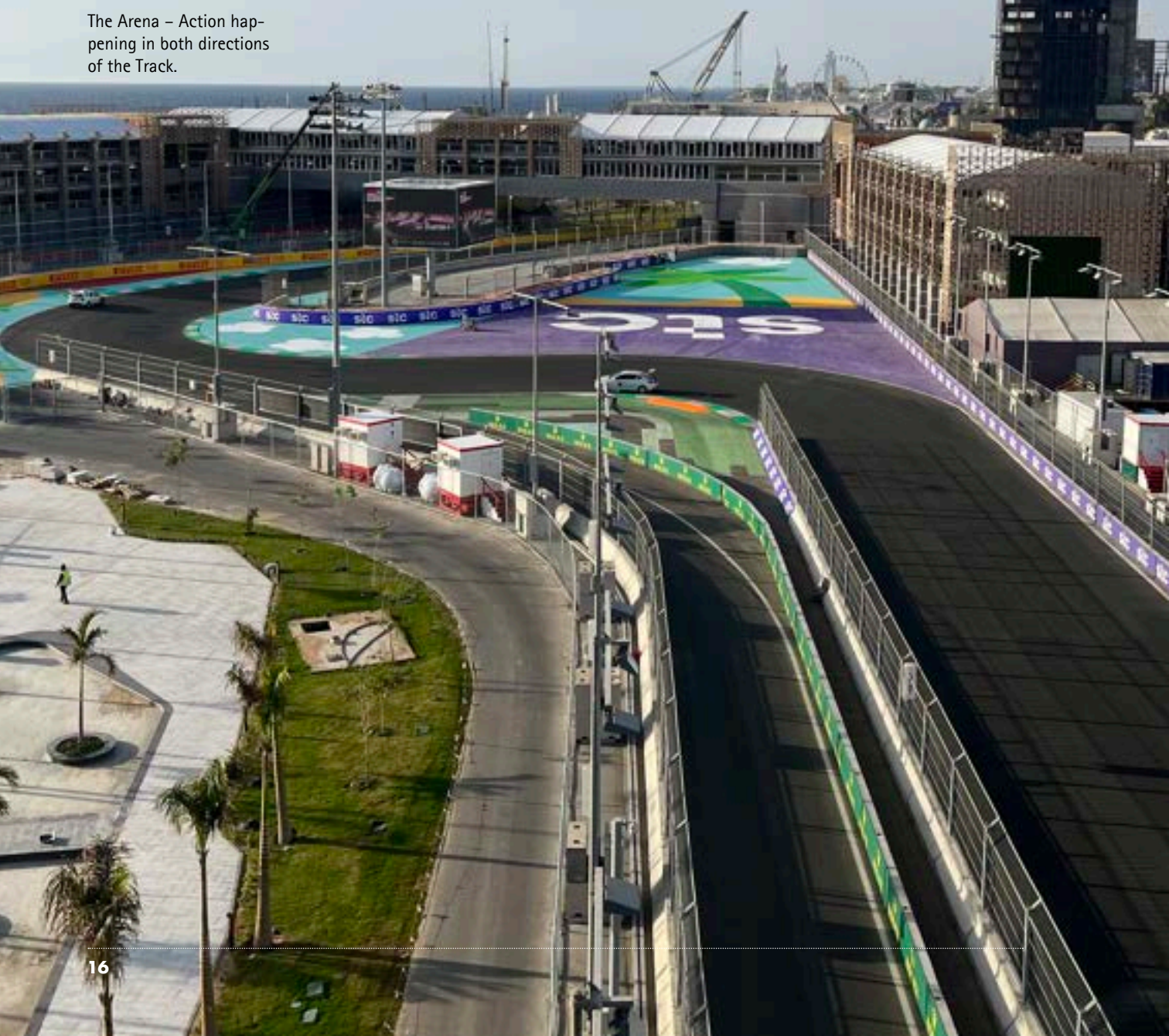


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# JEDDAH CORNICHE CIRCUIT

Track of Dreams

The Arena – Action happening in both directions of the Track.







An architectural landmark the floating mosque (Masjid Al Rahma) adjacent to the iconic T13 with a cross slope of 12 percent.

In line with Vision 2030 in the Kingdom of Saudi Arabia, the Jeddah Corniche Circuit is foreseen as a legacy project. Through this project, the Saudi Arabian F1 Grand Prix was born within a year, from April 2021 till December 3rd, 2021; design to construction completion in astronomical record time (8 months). With the cooperation of the governing entities such as the Ministry of Sport, Saudi Automobile and Motorcycle Federation, Saudi Motorsport Company,

F1, FIA and the youth of this country, the track of dreams at Jeddah Corniche was developed.

Saudi Arabian F1 Grand Prix has established itself as the pinnacle of international, world-class competition, amplifying state-of-the-art engineering across the globe. With 27 bends, and 6.175km in length, Tilke's Jeddah Corniche Circuit establishes its physical characteristics through rhythm; by the flow of its landscaping, signage, lighting, service roads, buildings, and other infrastructure. The Jeddah Corniche Circuit hosted 300,000 spectators from all over the world during the race weekend.

As the build-up progressed, a narrative emerged. Jeddah - The Grandmother - birthed an architectural marvel restoring a sense of wonder to the City of Jeddah, and its people with a spectacular playscape. Jeddah Corniche Circuit became a cultural circuit with three mosques in its vicinity and locally sourced aggregates from Mecca. With its intricate turns and impeccable speed, this track has challenged drivers and created a shrieking sound like no other which was heard globally.

The Jeddah Corniche Circuit contributes variety and diversity to

Jeddah's urban fabric aligned with Vision 2030. It is enhanced by its rich culture where people invest through government involvement. As the lead designers, architects, and engineers, Tilke has secured the following reportage in accordance with our objective and expertise.

In addition to the numerous projects in the region, Tilke is dedicated to shaping the motorsports and automotive landscape of the Middle East. This includes design and engineering services for racetracks, autonomous driving, proving grounds for all vehicle classes, and consultancy for the development of the Middle Eastern automotive sector.



T25 - Track lighting Horizon with a backdrop of the red sea and the moon.

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# AN EXEMPLARY RELATIONSHIP TO ADMIRE:

Juffali and Mercedes-Benz Celebrate 7 Decades of Strategic Partnership

**R**obert Frost once said: “I took the road less traveled, and that made all the difference”. From its inauguration in 1936, Juffali took the less traveled and often uneasy road. They wrote their story with a keen eye, focusing with critical thinking on the important needs of Saudi Arabia, which was in its 4th year of existence. The approach led to addressing vital opportunities that were instrumental to the kingdom’s growing infrastructure, placing Juffali among the pioneers of Saudi Arabia’s private sector. A company that has proudly and heavily invested in and contributed to the development of Saudi Arabia and its populations for decades, by partnering with international sector leaders and bringing global knowledge and technology into the local markets.

The 1950’s witnessed the beginning of a long-term strategic relationship, as Juffali Automotive Co., the Automotive arm of Juffali, forged a solid partnership with Mercedes-Benz that has lasted for seven decades. In 1959, Juffali Automotive Co. became the sole distributor for Mercedes-Benz passenger cars across Saudi Arabia. From there, it has advanced from being an automotive distributor to becoming involved in almost every aspect of the automotive industry – including automotive retail, parts, and service.

Today, Juffali Automotive Co. continues its positive impact on the Saudi Automotive market through their strong partnership with Mercedes-Benz, providing consumers and businesses in Saudi Arabia with the latest automotive models, innovative technologies, and world-class after-sales care. The services provided by Juffali Automotive Co. aim at keeping people and commercial fleets moving across the kingdom and contributing to the advancement of Saudi Arabia’s development.

*“ I took the road less traveled, and that made all the difference. ”*

Robert Frost,  
Poet



Saudi Design Festival



Al-Thuraya Awards

Juffali Automotive Co. didn't only focus on commercial and industrial development. They invested heavily in developing Saudi youth and preparing them to contribute in building the future of their country. In association with Juffali Training Center, Juffali Automotive Co. established an education program to train young Saudis on Automotive and Maintenance Engineering.

Recently, Juffali Automotive Co. and Mercedes-Benz joined forces to build and develop their relationship further, aiming to maintain and sustain the relationship for more decades to come. Both companies put their efforts together to present Saudi customers with a unique and distinctive service that ensures their satisfaction. The first digitalized showroom was one of the initiatives that both companies worked together towards achieving. These showrooms are a modern and distinctive retail

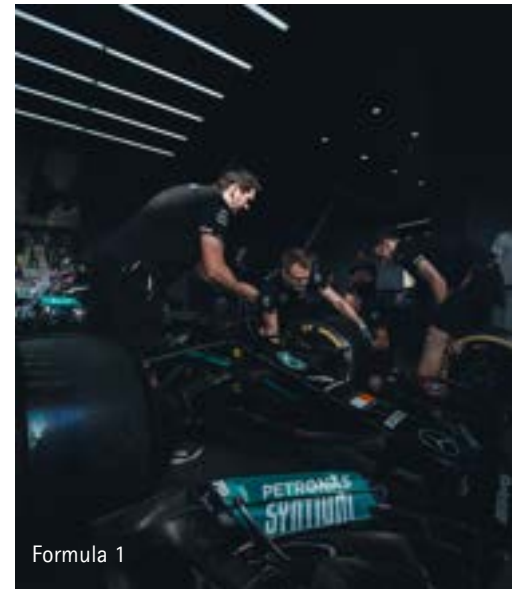
presentation format that offer a unique experience to customers, blending the physical and digital world to offer a seamless customer journey. Juffali Automotive Co. as well launched the "Strive for Five" initiative, which is a 5-Star rating program that ensures real time identification of customer satisfaction, enabling live reaction to assure customer loyalty.

Juffali Automotive Co. sought excellence outside of their day-to-day operations by supporting and sponsoring distinctive strategic events that strengthen the brand image of both Juffali Automotive Co. and Mercedes-Benz. One of the key initiatives that Juffali Automotive Co. supported was

**“She's Mercedes”,**

an initiative that celebrates women's achievements across the globe. Juffali Automotive Co. launched "Al Thurayya Awards" under the "She's Mercedes"

umbrella to celebrate Saudi women and empower them towards greater achievement. Juffali Automotive Co. has also been a strategic sponsor for the Saudi Design Festival, an event that celebrates culture, design, and creativity. The company has been part of Saudi Arabia's Grand Prix and Formula E, which are one of the biggest automotive events in Saudi Arabia, ensuring that both Juffali Automotive Co. and Mercedes-Benz brands appear in such major global events.



Formula 1

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General Manager

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# NEOM: DELIVERING AMBITION

Juffali Commercial Vehicles and Mercedes-Benz Trucks play a significant role in the new future at NEOM.

NEOM ... a  
\$500-billion  
development



Heiko Schulze, CEO,  
Juffali Commercial Vehicles

Ever since Crown Prince Mohammed bin, Salman announced plans for a \$500 billion mega-city dubbed 'NEOM' in Tabuk Province five years ago, the eyes of the world have been watching patiently to see progress on the mega-project. NEOM is a revolutionary plan to create the world's first genuinely 21st-century city. This mega-development is drawing on the finest minds globally to tackle issues of sustainable living and industries at an unprecedented scale of ambition.

We cannot ignore the livability and environmental crises facing our world's cities, and NEOM is at the forefront of delivering new and imaginative solutions to address these issues. HRH Crown Prince Mohammed bin Salman NEOM leads a team of the brightest minds in architecture. Engineering and construction to make the idea of building a reality upward. Nothing in the world can match the scope of NEOM in terms of its size or ambition. It is so vast that the development's land mass includes a massive swathe of the northwest territories of Saudi Arabia and could also eventually extend across the Egyptian and Jordanian borders, making it the first private zone to span three countries.

The site will also become the main entrance to the King Salman Bridge, linking Asia and Africa, adding to the zone's economic and geographical importance. The Crown Prince wants NEOM to focus on nine specialized investment sectors and living conditions that will "drive the future of human civilization," including energy and water, mobility, biotech, and food. Technological and digital sciences, advanced manufacturing, media, and entertainment "with livability as its foundation."

The focus on these sectors is



likely to create economic growth and diversification by fusing the drive of the Saudi government with international expertise to drive local industry, job creation, and GDR growth in the Kingdom. More than half a trillion dollars back NEOM in investment by the Kingdom of Saudi Arabia, the Saudi Arabian Public Investment Bund locally well as internationally NEOM is described as a vision of what a new future may look like: and the estimated \$500 billion regional development on the Red Sea is being built from the ground up as a hack living laboratory.

A place where entrepreneurship will chart the course for this new future. Playing a vital role with works now well underway, Juffali Commercial Vehicles is playing a crucial role as the construction and development of one of the world's most ambitious new mega-developments takes shape. Heiko Schulze, CEO of Juffali Commercial

Vehicles, explains: *“It is gratifying to see our Actros and Arocs working so hard for this world-class project.”*

“The scale and ambitions of NEOM are second to none and it is gratifying to see our Mercedes-Benz Trucks Actros and Arocs are working so hard for this world-class project. He continues: “The Mercedes-Benz Trucks brand is synonymous with reliability, top-of-the-range Heavy-Duty Trucks, and our customers receive a Truck with components designed to work together to deliver higher production levels and versatility.”

The new generation of Mercedes-Benz, Actros, and Arocs heavy-duty trucks, which are assembled at the National Automobile industry (NAI) Factory (Subsidiary of Juffali commercial vehicles) in Saudi Arabia, has added a new dimension of efficiency and strength, as they

were developed specifically for extreme weather conditions in Saudi Arabia and with specifications that make them bear the most demanding operating requirements.

“The Mercedes-Benz, Actros, and Arocs trucks have proven to be highly efficient and durable, making them a favorite for many customers around the world,” said Schulze; with the first phase of the development expected to be completed by 2025, NEOM will be a destination and a home for people who dream big and want to be part of building a new model for exceptional livability, creating thriving businesses, and reinventing environmental conservation.

NEOM will be the home and workplace of more than a million residents worldwide. It will include towns, cities, ports, enterprise zones, research centers, sports and entertainment venues, and tourist destinations. NEOM will be a hub for innovation; entrepreneurs, business leaders, and companies will come to research, incubate, and commercialize new technologies and enterprises in groundbreaking ways.

Residents of NEOM will embody an international ethos and embrace a culture of exploration, risk-taking, and diversity - all supported by a progressive law compatible with international norms and conducive to economic growth. Future technologies also form the cornerstone of the mega-development.



Mercedes-Benz Actros and Arocs trucks deployed at NEOM

The Kingdom is actively exploring the possibilities of cutting-edge and disruptive solutions for transportation from automated driving to passenger drones, new ways of growing and processing food, healthcare centered around the patient for their holistic well-being, and wireless high-speed internet (described as “digital air”) for everyone. Students, meanwhile, will be able to access free world-class and continuous online education. At the same time, the population benefits from e-governance that puts city services at their fingertips. Building codes stipulate that net-zero carbon houses must be standard, and the city layout is designed to encourage walking and bicycling. Perhaps, most importantly, all the power in NEOM will be sourced from renewable energy.

AUTHOR



**WALEED ALNUAYRI**

Marketing & Public Relations Executive  
Juffali Commercial Vehicles

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The year 2022 marks the 50th anniversary of diplomatic relations between the Kingdom of Bahrain and Germany.

**T**he two countries maintain strong diplomatic ties, which are constantly reinforced by frequent bilateral exchange, such as through the participation of German high-level delegations in the Manama Dialogue and the recent visit of H.E. Foreign Minister Rd. Abdullatif bin Rashid Al Zayani to Berlin.

Building on this good relation, German Ambassador Clemens Hach, who was newly appointed to office earlier this year, together with GESALO and the support of the German Business Roundtable Bahrain hosted the annual Bahraini-German Business Network Event. On November 29th, the German embassy opened its doors for the German and Bahraini business community. The event commenced with two panel discussions focused on hands-on experience from German companies entering the Bahraini market and insights into sustainability strategies of Bahraini-based businesses, followed by a joint dinner buffet. More than 150 people attended the event. After a two-year Covid-19-related break, the event was

a great success, celebrating not only the diplomatic anniversary and the appointment of the new ambassador, but also providing opportunity for fruitful business exchange.

Along with the political and cultural bilateral exchange, the two countries enjoy fruitful business relations. The German Saudi Economic Liaison Office (GESALO) is committed to support German companies in entering the Bahraini market. In the past years, German companies have increasingly invested into Bahrain and established local offices in the Kingdom. Bahrain's strengths lie in its highly skilled workforce, strategic location, liberal legislation, and a very strong start-up environment.

The ongoing economic transition of the Kingdom towards a sustainable economy further opens business opportunities for German businesses to join the Bahraini market. In

its Vision 2030, the Kingdom aims to achieve 10% renewable energy including green hydrogen development by 2035 and carbon neutrality by 2060. To achieve its ambitions, Bahrain is seeking to employ foreign companies and human capital to facilitate the transition.

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# THE CHANGING LANDSCAPE OF STRATEGIC MRO PROCUREMENT

## How V-LINE supports companies in rethinking their MRO procurement

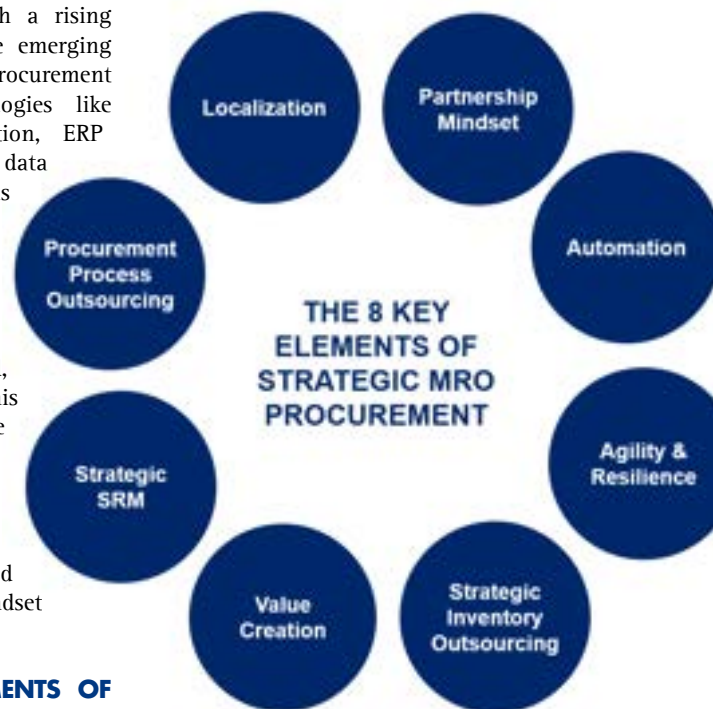
**W**e are living in times of high uncertainties and unprecedented changes. We thought we had built robust businesses and were focused on innovation & growth – then the pandemic hit and exposed many of our vulnerabilities,” Hasnain Jamil, CEO of V-LINE MIDDLE EAST, states. “The crises massively affect global supply chains. We are at a point to completely rethink the way of doing supply chain business.” The V-LINE GROUP, with its more than 250 employees and 10 locations worldwide, can well be called the reliable partner during such volatile times. More than 40 years of business experience makes V-LINE the expert for overseas MRO procurement for the Kingdom, especially with its local entity V-LINE MIDDLE EAST. At that time, Detlef Daues, founder and nowadays active chairman of the V-LINE GROUP, began sourcing and supplying European spare parts for Saudi desalination plants, bridging the gap for process plants in Middle

East needing European spare parts. “The business met the needs of the customers. It still does, adapted to our clients’ ever-changing needs,” explains Jamil. “Procurement has evolved a great deal from reactive buying to business innovation. With a rising level of maturity, we see emerging capabilities as well as procurement adopting newer technologies like robotic process automation, ERP integrated solutions, data analytics, etc. This means procurement at this point has arrived at systems that are innovative, excellent and optimum,” says Jamil. “At the same time, they are isolated, niche and insecure. This has come through the concentration on the own needs and benefits for the organization. To handle the current and potential future crises well, we need to overcome this mindset ‘What’s in it for me?’.”

### THE EIGHT KEY ELEMENTS OF STRATEGIC MRO PROCUREMENT

While MRO (Maintenance, Repair and Operations) itself has some specific inherent challenges like a

huge vendor base, unreliable lead times or unpredictable demand, the unprecedented volatility in the recent past has forced MRO procurement to deal with exponential challenges.



The eight key elements of strategic MRO procurement defined by V-LINE.

Through their learnings, V-LINE thus has developed eight key elements tailored to strategic MRO procurement. A partnership mindset towards collaboration is the base which succeeds when finding the right partner and defining joint goals and KPIs. While companies have adopted varying degrees of automation specific to their own organizational needs, automating procurement processes by collaborating with partners can lead to enhanced, significant reduction in cost, etc. It maximizes the benefits for all parties involved.

Procurement agility is most important, meaning collaborating with partners in decision making, leadership, planning and responsiveness to make the ecosystem more efficient and resilient. Strategic MRO inventory outsourcing, currently being practiced through self- or vendor stocking and resulting in blocked capital or missing transparency, can be transformed into smart inventory management through collaboration. Here, objectives like reducing working capital and improving material availability can be aligned with partners. Local value creation and empowered teams can also result from a collaborative approach. Previously, the focus was on the price, then shifting towards reduction of the total cost of ownership. Collaboration leads to intangible value creation like supplier relationships and knowledge acquisitions.

Strategic supplier relationship management creates not only competitive edge for the company by building strategic alliances & strong relationships within the ecosystem, but also leverages all parties sharing a common vision leading to continuous improvement. A collaborative procurement outsourcing brings added capabilities like better knowledge of the market or risk mitigation,

resulting in short cycle times and lower item prices. Localization also benefits from collaboration. Without it, every company formulates their own localization strategies based on authority regulations, the factors concerning their specific business operations and their clients' strategies. With a partnered approach, sustainable localization can be implemented with increased competitiveness, economically viable targets and aligned objectives serving multiple industry clusters through an MRO procurement integrator like V-LINE.

A good example for such a partnership is a pioneering project for vending machines with a big Saudi petrochemical company. Vending machines, distributing consumables, tools and more directly where it is needed, let the clients benefit from 24/7 availability, efficiency and easy to manage and trace demand. "Outsourced procurement and vendor managed inventory help the client to concentrate on his core business while V-LINE cares about the whole process behind. We can eliminate stock outs and down time, while the client keeps full control and transparency through defining the needed material and regular reports," explains Mubeen Navaz, Business Development Manager. "Moreover, it creates local value as we localize the procurement for the client through V-LINE MIDDLE EAST in Jubail. It is a high level of

collaboration, sharing the same goals and objectives."


Jamil resumes: "We noticed that the mindset needs to change from 'What's in it for Me?' into 'What's in it for We?'. Our Why reinforces our partnership approach to business: *With every step we take, we strive for strong partnerships. We believe in growing together.* We incorporated all eight key elements into our solutions, services and expertise. We know that every situation is individual, and so is our approach. All elements can be mixed to find the right combination for each of our clients.

Let us all change the mindset and the way of doing strategic MRO procurement – because it is necessary in this volatile world. Are you ready to convert your procurement into a collaborative strategic alliance as well?"



"With every step we take, we strive for strong partnerships. We believe in growing together." Executive Board V-LINE GROUP. Copyright: V-LINE EUROPE





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# FEMALE EXECUTIVE LEADERSHIP WORKSHOP

Participants of workshop organized by Dussmann & GESALO

The Workshop aimed for empowering Saudi females in executive positions through training on application and leadership tools.

**A**s part of Vision 2030, Saudi Arabia is taking big steps towards the inclusion of women in the labor market. Given the sharp increase of female workforce to 35% within three years, the outlook is promising. GESALO together with the Dussmann Group contributed to this human capital development efforts by facilitating a targeted training for Female Executive Leadership on November 2nd, 2022.

The full-day program commenced with an inspirational speech of Catherine von Fürstenberg-Dussmann, Chairwoman of the Board of Trustees of Dussmann. She encouraged the female participants to use their unique characteristics as an advantage to foster female leadership in Saudi Arabia. Her speech stimulated a lively exchange on working in management positions as a female in Saudi Arabia

*“ Every woman on her own is a power, but together we make an impact!” ”*

Workshop participant



Female Executive Leadership Workshop participant

and the US among the participants and was followed by interventions of other Dussmann representatives.

The training session was concluded by an intercultural exchange module on German Business Culture dealing with potentials and challenges of cultural diversity within the working environment.

The workshop ended with a certificate ceremony and closing remarks from Dr. Dalia Samra-Rohte, the Delegate and Head of GESALO and Hakan Lanfredi, Member of the Board, Dussmann.

Overall, the workshop was an immense success as the female executive leaders feedbacked to have



Lively discussions during the Workshop

learned a lot from the qualified input but more importantly from the fruitful exchange with their peers. As one of the participants stated: "Every woman on her own is a power, but together we make an impact!".

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# DECARBONIZATION OF PETROCHEMICAL INDUSTRY

German Business Delegation  
at the Digital City

On the topic of "Decarbonization of the Saudi Petrochemical industry and conversion to hydrogen" GESALO conducted a German Business Delegation Visit in light of the ongoing transition of the Saudi petrochemistry and hydrogen market.

**T**he transition of Saudi Arabia's petrochemical sector prompts great opportunities for businesses and market entry in the Saudi Market. Despite high oil prices and the current effort to increase the development of the fossil fuel industry, the Kingdom puts great emphasis on creating a Circular Carbon Economy. The Kingdom's strategy centralizes on the development of blue and green hydrogen plants, such as the world-scale plant in NEOM, as well as projects to recycle and reuse CO<sub>2</sub> for the petrochemical industry, like "Co<sub>2</sub> to Chemical". The four-day delegation visit aimed at exploring this ongoing market transition along with the

emerging market opportunities for German companies.

From the 9th to the 13th of October 2022, the business trip was organized on behalf of the Federal Ministry for Economic Affairs and Climate Action (BMWK), in cooperation with MENA Business GmbH and with the support of VDMA (German Association of Mechanical and Plant Engineering).

## DAY 1

Commencing in Saudi-Arabia's capital Riyadh, the delegation visited the Public Investment Fund (PIF), one of the largest state funds in the world, Saudi Basic Industries Corporation (SABIC), a Saudi Aramco subsidiary specialized in (petro)chemicals, and the National

Industrialization Company (TASNEE), the world's second largest producer of titanium dioxide. The last visit in Riyadh took the delegation to ACWA Power, the main driver of renewable power generation in the kingdom.

During these visits, the Saudi representatives gave insides into the Saudi market and encouraged the German participants to establish a local presence to meet the kingdom's target to localize foreign companies.

After a successful day of high-level exchange, the delegation traveled by train to Dammam, experiencing the country's efforts to advance sustainable mobility.

## DAY 2

On the second day the participating companies met with Saudi-Aramco, the world's largest oil corporation. During the consecutive meeting with representatives of King Salman Energy Park (SPARK), German companies learned about the industrial zone.

Thereafter, the German companies



were accompanied by GESALO Staff to individual, in-house B2B meetings with local Saudi companies from the targeted sectors in the Eastern Province. The B2B meetings provided the German companies with the opportunity to explore and engage with potential future business partners to facilitate their market entry.

Lastly, the delegation visited Air Products Qudra, operating in the sectors of low carbon hydrogen and Carbon-Capture-Utilization-and-Storage (CCUS). In succession to a roundtable, the delegation was given a tour through Air Products Research and Development facilities. After this very informative visit, the delegation ended the day with a joint dinner.

### DAY 3

On the third day of the trip, the German delegation participated in a Symposium on Decarbonization of the Saudi Petrochemical Industry and the conversion to Hydrogen hosted at the Asharqia Chamber. After introductory remarks of the Chamber and GESALO, speakers of the Saudi Ministry of Investment, SABIC and the German Association of Mechanical and Plant Engineering outlined market opportunities to the audience. The speeches were followed by a brief presentation of each

company, introducing its products. At the subsequent networking event attendees of the symposium had the chance to get in touch with the companies. An opportunity that found ample resonance, as indicated by the up to 30 brief discussions each German representative had with Saudi businessmen.

### DAY 4

On the last day Linde Saudi Industrial Gas Company (SIGAS) gave a quick overview over their operations in Saudi Arabia and shared some lessons learned.

Subsequently, followed another round of B2B-Meetings between Saudi- and German companies before the delegation gathered for the last group visit of the day at MODON. The company offers both plug-and-play infrastructure like workshops and ready-to-build landsides. The final day concluded with another round of B2B meetings and the individual departure of the German companies.

Overall, the delegation visit was a great success as at least two participating companies are now planning to establish a Saudi branch. Additionally, two other German companies reported to GESALO that they will discuss Market Entry opportunities with their German team and will refer to GESALO shortly. We would like to thank our Saudi partners

and German participants for this successful business exchange and are looking forward to assisting the German companies in embarking the Saudi petrochemical and hydrogen markets.

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Far left: Business presentation at Symposium event  
Left: High-level meeting of representatives of VDMA, GESALO, and the Asharqia Chamber Board





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**SAUDI ARABIA**

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# UPCOMING DELEGATION



## Energy Business Delegation Saudi Arabia

Saudi Arabia has set the ambitious goal of meeting 50% of its energy needs with renewable energy by 2030. Saudi Power Procurement Company (SPPC) is in charge of the implementation.

February 05 - 09, 2023, Riyadh

### Power generation from solar & wind energy incl. CSP

The Renewables Academy (RENAC) AG together with GESALO invites to the energy business delegation to Saudi Arabia on the topic of energy generation from solar and wind energy incl. CSP within the framework of the export initiative energy of BMWK.

At the conference on February 6, 2023, German companies can present their products and services to Saudi business professionals. GESALO will organize individual appointments with decision-makers and potential local business partners.

The business delegation is aimed in particular at companies from sectors like engineering services, suppliers of CSP technologies, component manufacturers of wind and PV plants, or suppliers of energy storage systems.

#### When

February 5th to 9th, 2023

#### Where



Saudi Arabia,  
Riyadh

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Register here



Delegation der Deutschen Wirtschaft  
für Saudi-Arabien, Bahrain und Jemen  
German-Saudi Arabian Liaison Office  
for Economic Affairs (GESALO)  
مكتب الإتصال الألماني السعودي للشؤون الاقتصادية





# GERMAN DELEGATION ON WASTEWATER MANAGEMENT



Visit Nada Farms

Saudi Arabia's ambition to establish a sustainable water management system prompts great opportunities for business to German companies from the industrial water and wastewater sector.

**T**he non-generative nature of Saudi Arabia's depleting ground-water reservoirs together with its accelerating demand for freshwater led the country to place sustainable water management as a core issue of Vision 2030. To date, 90 percent of the Kingdom's water demand is met by non-renewable sources, complemented by advanced desalination technologies. The strong Saudi commitment to developing sustainable water management and the lack of sufficient national experience in this field prompts great opportunities for business to German companies.

To introduce these business opportunities to the German wastewater sector and engage them in the Saudi Market, the German Saudi Liaison Office for Economic Affairs together with the German Water Partnership (GWP) and Mittelstand Global facilitated a business delegation visit to Saudi Arabia on behalf of the German Ministry of Economic Affairs and Climate Action (BMWK). From the 7th to the 10th of

November 2022, the delegation visit allowed the German manufacturers and service providers to explore the Saudi (waste)water market and introduce their technologies and solutions to potential partners and customers.

Throughout the four days, the delegation visited important institutional and private actors of the municipal and agricultural wastewater sector and learned about ongoing infrastructure projects in Riyadh, Hofuf, and Dammam. At ACWA power, the biggest Saudi developer of desalination plants, the participants got insights into state-of-the-art technologies to generate freshwater and their role in the Saudi Market. Representatives of the National Water Company (NWC), a private freshwater provider, highlighted the demand for a comprehensive water management system that ranges from mega projects and big cities to small rural communities and farms.

Additional to the private water market shareholders, the delegation met two public sector entities, Roshn and



Diriyah Gate Development Authority, focused on creating community-centered, sustainable real estate development in the Kingdom. The representatives highlighted the demand for sustainable wastewater technologies to complement their development projects and engaged in a detailed discussion with the delegation members on room for collaboration based on their individual solutions.

During in-house B2B meetings in Riyadh, the German companies engaged individually with local wastewater treatment plant operators and manufacturers. The exchange enjoyed ample resonance among the German companies, as it allowed the representatives to explore potential local partners.

After two fruitful days in Riyadh, the German delegation traveled to the Al-Ahsa Region, the most fertile oasis in the country. In Hofuf, the German representatives visited the NADA farms, one of the leading producers of fresh dairy, juices, and agricultural products in the Kingdom. The visit augmented the companies' awareness of the wastewater market demands of municipalities with the demand of big agricultural actors. At Al-Hassa Chamber, local authorities further elaborated on the possibilities of German companies to engage in agricultural wastewater treatment and recycling.

The delegation trip concluded with a business symposium at the Asharqia Chamber of Commerce and Industry in Dammam. Following the speeches of representatives from the Chamber, Gesalo, BMWK, and GWP, the Saudi Ministry of Investment (MISA) outlined the Kingdom's investment targets in the Water sector and highlighted emerging opportunities for the German participants. Thereafter, each German company briefly pitched their company's core solutions and technologies,



Inhouse B2B meeting

followed by an open networking event with representatives of the Saudi water and wastewater industry.

In summary, the business delegation was a great success. The German companies not only gained on-the-ground insights into the Saudi wastewater industry and market demands but could also explore potential local partners. Following their visit, some German representatives already initiated follow-ups with businesses they met during the delegation trip. One German company expressed serious ambitions to establish a local presence in Saudi Arabia soon. GESALO would like to thank all local and international partners for the successful implementation of the business delegation and is looking forward to assisting the German companies further on their path of embarking into the Saudi wastewater industry.



High-level meeting at Asharqia Chamber

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# UPCOMING DELEGATION



## Business delegation visit to Saudi Arabia

for German manufacturers and service providers in the field of innovative smart city solutions with a focus on transport infrastructure and logistics

March 05 - 09, 2023, Riyadh and Western Province

### Smart City Solutions

Saudi Arabia is reinventing its cities. In addition to mega projects such as NEOM, King Abdullah Economic City (KAEC), Yanbu and Jubail City, various development projects are being initiated.

From March 5th to March 9th, 2023, the German-Saudi Arabian Liaison Office for Economic Affairs (GESALO) together with MENA Business GmbH and with the support of the Logistics Alliance Germany (LAG) organizes a business delegation trip to Saudi Arabia on behalf of the Federal Ministry for Economic Affairs and Climate Action.

This is a project-related funding measure of the market entry program targeting small and medium-sized German companies (SMEs).

### When

March 5th to March 9th, 2023

### Where



Saudi Arabia,  
Riyadh & Western Province

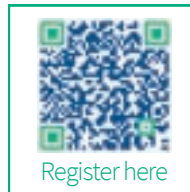
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[Register here](#)

# SAUDI ROYAL COMMISSION EXPLORES GERMAN TRADE FAIRS

From October 24th to 28th, GESALO facilitated a delegation visit of the Royal Commission to Germany to explore German-Saudi business opportunities.



German Saudi Business exchange

**T**he Royal Commission for Jubail and Yanbu (RCJY) is a Saudi government entity that carries out strategic development projects and seeks to successfully integrate international stakeholders into its projects. The delegation's visits to important German trade fairs and big German companies aimed at introducing the Royal Commission to the German business community and identifying business opportunities between the two countries.

During a visit to the K Show in Dusseldorf, the Saudi delegation had B2B meetings with eleven trade fair presenters from the German petrochemical sector. After an intensive day of business exchange at the K Show, the German Chamber of Commerce and Industry (IHK Duesseldorf) welcomed the RCJY representatives for a dissemination event. The event commenced with an introduction of the Saudi Market by GESALO and the Saudi Ministry of Investment. Thereafter, RCJY members

*“ High-level B2B meetings with important industry representatives. ”*

held focused presentations to a broad German business audience on the Mining and Metals Sector, Investment opportunities, and the investors' perspective on the Saudi market. On the third day, the delegation split into

two groups to meet the SMS Group and Aachen Bach, two important players in the German steel industry. The last two days of the trip took the delegation to Munich, to visit the BAUMA trade show and engage in high-level B2B meetings with important industry representatives from PAUS Hermann, Siemens, Bosch, Rexroth, Aumund, and Bruschi.

The Royal Commission was very content about the fruitful delegation visit to Germany and reported to have already embarked on further discussions on collaboration with the German companies. GESALO would like to thank all Saudi and German partners for supporting this successful business exchange and is looking forward to continuing to promote German Saudi business relations.

IHK Duesseldorf and GESALO



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# GERMAN CHANCELLOR VISITS SAUDI ARABIA



Exchange with  
Saudi female  
executives

Business delegation of German companies accompanied the visit

**O**n September 24th, German Chancellor Olaf Scholz visited Saudi Arabia. He was accompanied by a high-ranking German business delegation and Dr. Franziska Brantner, Secretary of State of the German federal Ministry for Economic Affairs and Climate Action.

The company representatives met with high-level Saudi businessmen from the energy, automotive, aviation and finance sector; thereby enhancing Saudi-German business cooperation. One of the highlights of the delegation was an exchange with Saudi female executives from business, research and art. Women make up 33 percent of Saudi Arabia's workforce while Vision 2030 is striving to reshape the Kingdom's economy and enhance female participation.

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*Delegate*

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*“ It was a great honor to join my fellow female business leaders in welcoming German Chancellor Olaf Scholz to Saudi. ”*

Dana Al Juffali,  
Board Member, Juffali Group



Left:  
Inspirational  
meeting with  
Saudi female  
executives

---

Saudi Arabia's Crown Prince Mohammed bin Salman welcomed Germany's Chancellor Olaf Scholz in Jeddah.

*“ It was exciting to meet German Chancellor Olaf Scholz in Jeddah and share with him the great achievements that women in Saudi Arabia have made over the past few years. Women are more empowered than ever before.” ”*

Asma Alsharif,  
Head of Communications,  
Siemens Energy Saudi Arabia





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# RICH LEARNING EXPERIENCE ABOUT THE GERMAN-SAUDI ARABIAN ECONOMIC PARTNERSHIP

The GESALO team gave me an insight into the inner workings of the field of International Relations.

**A**s a student who is looking to pursue the study of the vast field of Politics, International Relations and History, the German Saudi Arabian Liaison Office for Economic Affairs was the perfect environment for me to have a first-hand experience of the cooperation of both countries and companies.

The team at the GESALO welcomed me with a hospitality that was emblematic of the Saudi people. The team members were more than happy to explain to me their roles in the workplace and answer my many questions. I was given many opportunities to learn about the different tasks that the GESALO performs. GESALO is the linking organ between German and Saudi Business, connecting companies on both sides and assisting them with market entry. I was able to assist with organizing

B2B meetings and learned much about German trade fairs. GESALO supports Saudi companies attending and exhibiting at these fairs, an advantageous opportunity supporting the innovation of Saudi Industry.

Through these opportunities I got a well-rounded introduction in the field of business discussion, and I learned much about how companies can cooperate and work together across borders and language barriers. My week as an intern at the GESALO was an invaluable experience for me, providing me with a great start to my career in International Relations. I have nothing but gratitude and appreciation for the GESALO team.

*“ The GESALO offers internships with invaluable experiences for a great start into international careers. ”*

## AUTHOR

Abdulkareem Almadany

Intern

British International School of Riyadh

# AHK WORLD BUSINESS OUTLOOK

October 2022

Every year, the AHK World Business Outlook surveys the state of the art of international business activities all over the world. The AHK network together with the DIHK invites the business community to outline reflections and prospects on the economic situation of their company as well as national trends.

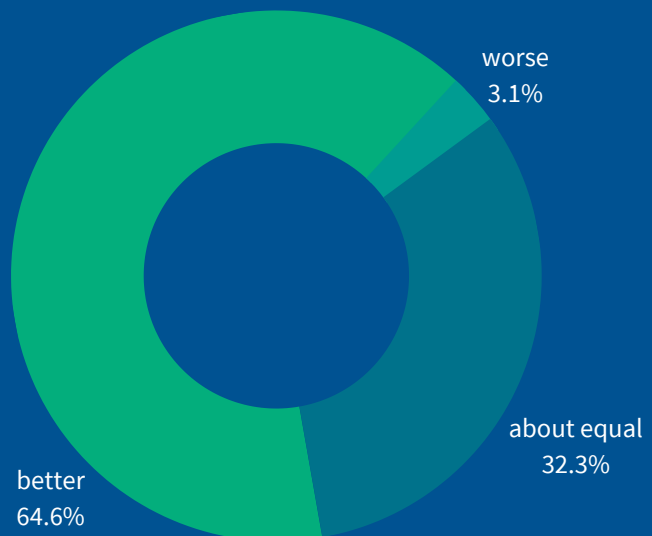
More than 3,100 companies worldwide took part in the survey. We are pleased that 65 replies were submitted from companies located in Saudi Arabia. The results of the latest survey from October 2022 can be accessed online: [saudiarabien.ahk.de/en/themes/ahk-world-business-outlook-autumn-2022](https://saudiarabien.ahk.de/en/themes/ahk-world-business-outlook-autumn-2022).

Please find below key figures that capture some results for the Kingdom of Saudi Arabia:

## Which business development does your company expect for the next twelve months?

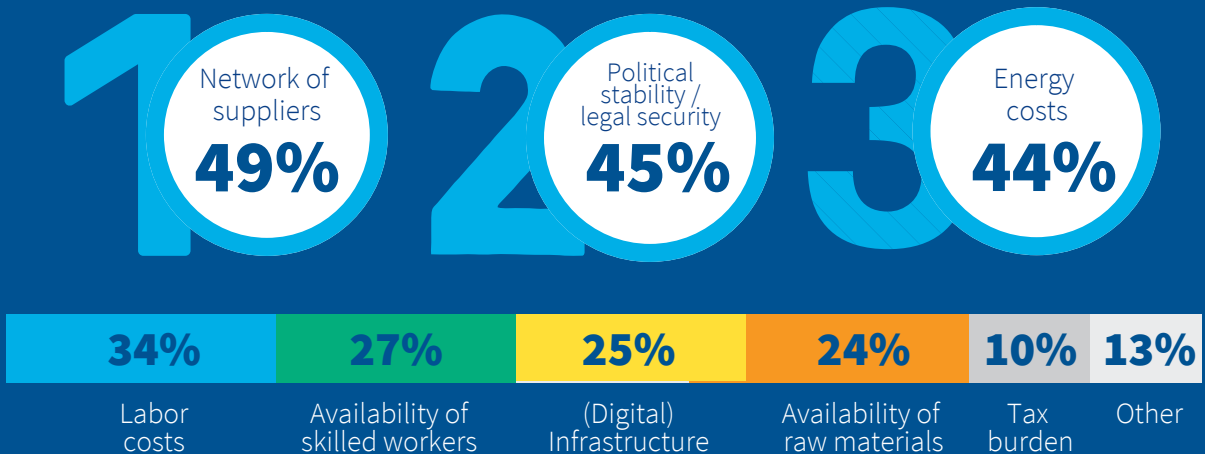
**65%**

of companies do expect a "better" development in the next twelve months (42 out of 65).

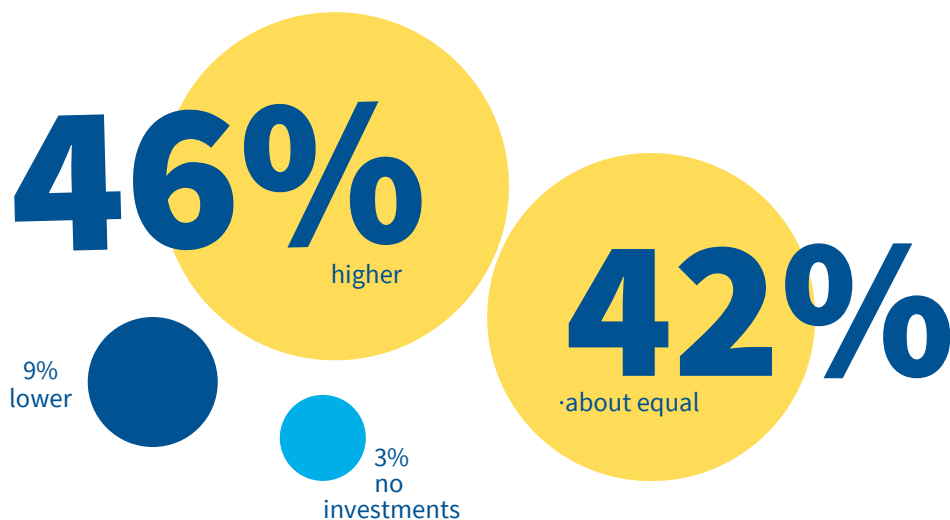


21 companies out of 65 do expect the business development with "about equal", and 2 out of 65 companies do expect a "worse" development.

## What do you currently see as the advantages of your current locations?

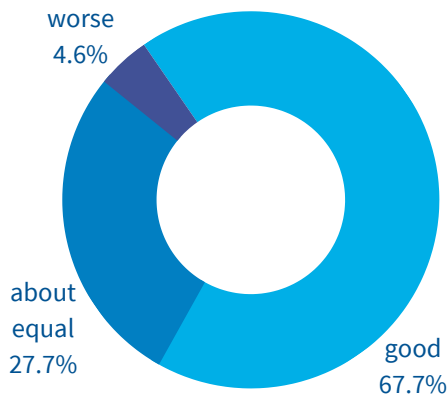


## How do you think local investments of your company are likely to develop in the next twelve months?





## How do you judge the local economic development in the next twelve months?



# 68%

of companies expect the local economic development in the next twelve months to be "good" (44 out of 65).

### CONTACT



Pauline Raabe  
Assistant of the  
Delegate /  
Project Manager

[raabe@ahk-arabia.com](mailto:raabe@ahk-arabia.com)

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Digital Service: EUR 1.360 | On-Site Service: 3-5 Meetings, EUR 2.000 | 5-7 Meetings, EUR 3.000 | excl. VAT

03



### INDIVIDUAL MEETINGS & ROADSHOWS

We arrange and accompany you to individual meetings with competent business partners, distributors or customers of your choice.

Digital Service: EUR 360 per Meeting | On-Site Service: EUR 450 | excl. VAT

04



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05



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06



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07



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08



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@germanschoolriyadh



# OVERVIEW OF THE NEW CONSUMER PROTECTION DRAFT

The Saudi Ministry of Commerce (MOC) announced that a designated consumer protection law will be issued. This constitutes a considerable change in the Kingdom's consumer protection regime.

**P**rior to the new consumer protection law coming into force, consumers' rights in Saudi Arabia were regulated under a variety of laws and regulations; most notably the anti-commercial fraud law, and the e-commerce law. The new draft will supersede both laws in respect to consumer rights and protection and is expected to come into effect in mid-2023. The new draft outlines substantive provisions aiming to provide a sustainable consumption culture that attains a balance between the rights of consumers and business, as well as targeting fair market practices by enhancing the efficiency of market monitoring.

## SCOPE OF APPLICATION

The new draft provides extensive protection to consumers regardless of

how they procure goods or services. The law will apply to contract with consumers residing in Saudi Arabia regardless of whether these are concluded with Saudi or foreign business and regardless of the form of contract—whether verbal, written or electronic.

## CONSUMER'S RIGHTS

Consumer rights under the new law are like those granted in the EU. They include inter alia protection from threats to life, health, and safety, privacy and personal data protection, entitlement for compensation, and obtaining the needed correct information.

## INFORMATION OBLIGATIONS

Furthermore, the law requires that businesses contracting with consumers provide them with certain information. Such information must be in Arabic and clear and comprehensive. It shall include information on components, country or origin. Furthermore, prices shall be in Saudi Riyal including taxes and other duties.

## COMMERCIAL PRACTICES

Furthermore, the new law provides a law of what would constitute unfair commercial practices. These include advertisement for goods and services that are unavailable, artificially reducing

the lifecycle of goods, adhesion clauses, discrimination between customers and providing misleading information on goods and services.

## PENALTIES

Minor violations may be sanctioned with fines of up to SAR 5000. In more severe cases sanctions may include fines of up to SAR 100,000, attachment of products, prohibit businesses from providing services, and temporary or permanently closing a business. The most severe violations may be sanctioned by fines of up to SAR 3,000,000 and additional behavioral sanctions such as suspension and revocation of business licenses and closure of businesses.

### AUTHOR



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# THE KINGDOM'S NEW COMPANIES LAW

Saudi Arabia's new companies law has taken its final shape and is enacted.

**T**he Kingdom of Saudi Arabia (KSA) enacted a new Companies Law (CL) by Royal Decree M/132 dated 01/12/1433 H (30 June 2022), entering into force in January 2023.

Of the envisaged new company types, the simplified joint stock company (SJSC) was implemented. It requires less capital, provides for easy negotiability of stocks & allows for a single manager or a board.

The anonymous or silent partnership (Stille Gesellschaft) has been repealed from the CL.

The CL incorporates the anticipated recognition of shareholder / joint venture agreements. This can help in clarifying legal issues between foreign investors and their Saudi joint venture partners.

The law clarifies on auditing requirements generally removing them for small and micro sized enterprises.

It expands its provisions on mergers and acquisitions, e.g., shareholders or creditors can now object to a merger under circumstances.

The CL also provides for easier restructuring of companies by allowing them to split into two or more entities, with the new entity being free to take up a new corporate vehicle as per the CL.

Squeeze out rights have also been recognized by the new CL wherein shareholders owning 90% or more of the total voting shares can compel the owners of the remaining 10% to sell their shares for a fair value.

As the most popular corporate vehicle for foreign direct investment, **Limited liability companies (LLC)** underwent significant reforms, e.g.:

- Unlimited shareholders,
- Elimination of restrictions for single-shareholder-LLCs (i.e., now single-shareholder-LLCs and individuals can hold several other single-shareholder-LLCs); enabling project vehicles in the type of an LLC,
- Removal of prohibited activities (e.g., banking),
- Possibility to issue bonds, allowing LLCs as special purpose vehicles for further transactions,
- Elaborating on rules for shareholders' assemblies, thus clarifying time frames and procedures as well as responsibilities,
- Detailing managers' duties and their liability, and
- Vesting the management by default to represent the LLC in litigation and arbitration instead of requiring special powers of attorney.

Certain provisions such as, Partnership on Stocks (KGaA) & a centralized register for ultimate beneficial owners did not materialize.

In some of these reforms, KSA corporate legislation is now spearheading GCC initiatives to

*“ The simplified joint stock company (SJSC) was implemented. ”*

adopt to global standards and to integrate into an international business environment. KSA corporate vehicles should now be considerably more attractive for foreign and local investors alike through the enactment of the new CL.

## CONTACT



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# VAT REFUND PROCEDURE IN BAHRAIN

This article will inform about the possibilities of VAT refunds in Bahrain. Analogous to Section 18 (9) of the German VAT Act, it is also possible for a foreign company to obtain a refund of VAT paid.

Since 1 January 2019, taxes have been imposed in Bahrain for the first time (except for excise tax). As in most tax systems, the first step was the introduction of VAT. The VAT rate was initially set at 5%. Two years after the introduction, the decision was made to increase the VAT rate to 10%, which came into effect on 1 January 2022.

Foreign companies are entitled to apply for a refund of VAT under Article 67 of the GCC VAT Framework Law, provided that the taxable supplies were obtained within the scope of the company and from a GCC member state.

The application for VAT refund must be submitted in Bahrain by 31 March following the end of the year in which the VAT was paid. Only those companies that cumulatively fulfil the following conditions are entitled to apply:

- The applicant must not be registered or required to register for VAT purposes in Bahrain,
- The applicant is registered for tax purposes in his country and can provide evidence of a registration certificate,
- The taxable supplies have been received within the scope of the business,
- If the applicant belongs to a Tax Group, a certificate of all members of the fiscal unity is required,
- The applicant has not yet submitted a refund application for the period applied for (calendar year),
- The requested refund amount is at least BHD 200.

If a company does not have a registered office or permanent establishment in Bahrain and meets all the requirements, it can benefit from the VAT refund procedure, provided documents such as invoices, proof of payment, etc. are available.

Since the so-called "Electronic Services System" has not yet been introduced in the GCC region, GCC-countries are not treated as Implementing States for tax purposes yet. Consequently, companies based in the GCC region, which pay VAT in other GCC Member States are also entitled to apply for a VAT Refund in the other GCC Member State.

The refund applications are processed within 3 months after submission. We will be happy to assist you in checking whether you are entitled to a VAT refund and also prepare as well as submit the application to the Bahraini Tax Authority on your behalf.

*“ The VAT rate was initially set at 5%. ”*

## CONTACT



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# NEW FORMS OF SHAREHOLDING OFFERED FOR PROFESSIONAL COMPANIES IN KSA

A special form of establishment for the foreign investor is the formation of a professional partnership, which is of particular interest to freelancers such as architects, civil engineers and management consultants. To this end, the Professional Companies Law of 2020 ("PCL") represents a fundamental change to the previous manner in which freelancers can establish their companies. Previous restrictions are lifted by the possibility of establishing limited liability companies and joint stock companies, as well as the possibility of shareholdings, and allowing succession.

In deviation of the previously longstanding requirement of multiple shareholders, the PCL now allows licensed professionals to establish partnerships with individuals or legal entities. Even Sole proprietors can form a limited liability company with only one shareholder. The currently valid company law contains a reference that it also applies to limited liability companies in the form previously described. This allows to combine various professional activities in one company, which leads to an increase in the diversity and complexity of the services offered and thus to an increased versatility and attractiveness for the investor as well as an increased competition.

The implementing regulation of the PCL provides for detailed specifications as to how such a company must be structured. For example, the maximum permissible percentage of a non-professional participation is 30 percent. Further, at least 25 percent Saudi participation in a professional company with participation of a foreign shareholder is mandatory.

Of course, there is a regulatory body for each profession: legal services are regulated by the Ministry of Justice; engineering services are supervised by the Council of Engineers; auditing and accounting services are under the Saudi Organization of Certified Public Accountants. The relevant ministry also imposes specific requirements for professional liability and other insurance policies for

defined activities. Non-compliance with the requirements stipulated in the PCL is sanctioned with penalties set forth therein. The purpose of introducing this insurance coverage for regulated activities is to provide greater security to the clients of these entities and to therefore requires registered professionals to present comprehensive professional liability insurance policies. In the event of non-compliance, this may result in the temporary suspension of the license by the licensing authority or even the complete withdrawal and subsequent closure of the company within six months.

Succession is generally a complex issue under Saudi law. Under the former law, the heirs of a deceased physician were not allowed to continue his share in the company. The rule was that the share was valued, and a sum of money was paid to the heirs. The PCL now allows heirs to inherit shares (in a limited liability company) and maintain an interest in the company.

## CONCLUSION

The introduction of a flexible methodology for the establishment of professional companies, which is of interest to the foreign investor, has an impact on the entire market. Although the individual company is subject to greater supervision, it offers local and foreign freelancers the opportunity to combine professional expertise and financing to be able to better serve and support the market.

### CONTACT



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# COMPETITION LAW REGULATING THE SAUDI AUTOMOTIVE SECTOR

The art of thinking and contemplating is the foundation of all everlasting inventions. If we go back in time and look at all the inventions that have shaped our lives, we will forcibly conclude that it must have taken days or weeks of thinking, and months or years to complete their development. One of the most significant and most visible inventions in the world today is the automobile and the expansion of the industrial sector around it. In a fastmoving world, it has become a synonym of strength and success, for many nations even a matter of national pride. For this very reason, competition between manufacturers has always been fierce to the extent that very early, lawmakers in the traditional industrial markets such as the US, Japan and in what is today the EU, felt the pressing need to enhance competition by prohibiting certain practices and regulating distribution agreements. In Saudi Arabia, the legislator has also always heeded the importance of protecting the market, protecting agents and distributors, as well as the consumer from possible competition hurdles and other legal impediments. The law needs to be interpreted considering the prevailing administrative practices and the applicable penalties.

It is the right of both the seller and the buyer of an automobile to enjoy comprehensive legal protection. The first monopolistic practices that were prohibited are price fixing agreements,

imposing prices, agreements to fix the size, weight, or quantities of goods, the performance of services, 'dumping', artificial trade barriers, customer sharing agreements, and collusion in tenders. In Saudi Arabia today, one can often find agreements amongst enterprises prohibiting the sale of key components of a product to one or more competitors to lock them out of the market. The penalty for such an act, according to Article 19 of the Saudi Competition Law 2019, is a financial penalty of up to ten percent of the total value of the annual sales concerned by the violation, or ten million Saudi Riyals when it is impossible to estimate the sales, or a fine not exceeding three times the gains achieved by the violator through the violation. Furthermore, the decision must also be published at the expense of the violator.

The Competition Law also regulates acquisitions, mergers, and other transactions causing economic concentration. Taking a pragmatic approach, Article 22 of the Implementing Regulations to the Competition Law 2019 considers as factors the structure of the relevant markets, the available alternatives to specific goods, and the potential impact of economic concentration on the level of prices, quality, the potential benefits, or harm, as well as the historical trends.

## CONCLUSION

In conclusion, the Saudi Competition Law in its present form (2019) aims to

minimize any obstacles to a healthy competition in the Saudi market and thus ensures that the benefits of everlasting inventions, such as the automobile, are being rightfully protected. Due to the sheer volume of the sector in Saudi Arabia, can we expect future amendments to the law that are specifically reserved to the automotive sector i.e., triggering the emergence of a Saudi automotive competition law?

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# SAUDI EXPORT AT MEDICA TRADE FAIR

Saudi Export Authorities hosted the "Made in Saudi" pavilion with 16 local companies showcasing their high-quality products at the world's leading medical trade fair in Dusseldorf, Germany.

**T**he pavilion was well attended by visitors as well as representatives from business entities such as Bayern International. Bayern International, in close cooperation with the Bavarian Ministry of Economic Affairs and the Free State of Bavaria, supports Bavarian companies in the tapping of promising foreign markets. Dr. Joerg Traub from Bayern International and the Saudi company representatives had very fruitful discussions fostering the bilateral relation between Saudi Arabia and Germany in the medical sector.

H.E. Eng. Sulaiman bin Abdullah Al-Humaidan, Commercial Attaché in Germany, also visited the "Saudi Industry" booth to learn about the group of Saudi companies and their products. He also met with our trade fair officer Ms. Rasha Moslem who is based in our main office in Riyadh, supporting Saudi companies exhibiting in Germany.

**75%**

International trade visitors attended: More than 81,000 visitors altogether came to MEDICA 2022

More than 81,000 visitors from various sectors of the global healthcare industry came to Dusseldorf, Germany, to attend MEDICA and COMPAMED from 14



Dr. Joerg Traub from Bayern International visited the Saudi Arabian Pavilion


- 17 November 2022. Here, a total of more than 5,000 exhibitors from 70 nations offered them a variety of innovations for modern outpatient and clinical care – including all components, products and processes for their development and production. The share of international trade visitors was 75 percent.

Registration for MEDCIA 2023 (13.-16. November 2023) is already open, please contact [moslem@ahk-arabia.com](mailto:moslem@ahk-arabia.com) for inquiries.



Ms Rasha Moslem, Trade Fair Officer at German Saudi Liaison office for Economic Affairs, Mr Adel Baraja, Vice President Promotion & Brand at Saudi Export, H.E. Eng. Sulaiman bin Abdullah Al-Humaidan, Commercial Attaché in Germany

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# K – THE WORLD'S NO. 1 TRADE FAIR FOR PLASTIC AND RUBBER



Al Barrak Plastic



Saudi Delegation



SipChem

**W**hat an amazing event in Düsseldorf Germany and congratulations to all our exhibitors! Besides our long-lasting partners at K Show SipChem (Al Khobar) and Astra Polymere Compounding (Dammam), we had 5 new companies exhibiting for the first time at K Show: Abdullah Al Barrak Plastic Products (Jubail), Al Sharq Flexible Packaging Factories (Riyadh), Alwashim Polymers Industrial (Sudair), Astra Polymer Compounding (Dammam), Filling & Packing Materials (FIPCO, Riyadh) and Star Plastic Groups (Jeddah).

It was also a pleasure accompanying our Saudi Delegation from the Royal Commission for Jubail and Yanbu, Ministry of Industry and Mineral Resources, Dussur, SDIF and Ministry of Investments on the fair ground meeting with representatives from Siemens, Rexroth, Wacker and Evonik. Overall K Show exceeded all expectations. It continuous to be the most international, complete, and innovative trade fair of the global plastic and rubber industry. 3,037 exhibitors and 176,000 trade visitors from all continents travelled to their most relevant sectoral event in Düsseldorf. At over 70% the proportion of international guests at K 2022 remained at a constantly high level. See you at K Show 2025!

*Next K Show  
October 2025*

## CONTACT

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# TRADE SHOWS 2023

Germany is the world's No. 1 trade fair location when it comes to holding international trade fairs. GESALO is the official representative of some of the most renowned German trade fair companies. We help companies from Saudi Arabia, Bahrain and Yemen to exhibit their products and services and thereby to establish and strengthen business connections.

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## MESSE BERLIN

**JAN 20-29**     **INTERNATIONAL GREEN WEEK**  
[gruenewoche.de/en/](https://gruenewoche.de/en/)

**FEB 08-10**     **FRUIT LOGISTICA**  
[fruitlogistica.com](https://fruitlogistica.com)

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## MESSE DÜSSELDORF

**JAN 21-29**     **BOOT DÜSSELDORF**  
[boot.com](https://boot.com)

**MAY 04-10**     **INTERPACK**  
[interpack.com](https://interpack.com)

**JUN 12-16**     **BRIGHT WORLD OF METALS**  
**METEC**  
[metec-tradefair.com](https://metec-tradefair.com)  
**THERMPROCESS**  
[thermpoces-online.com](https://thermpoces-online.com)  
**NEWCAST**  
[newcast.com](https://newcast.com)  
**GIFA**  
[gifa.com](https://gifa.com)

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## MESSE NÜRNBERG

**FEB 01-05**     **SPIELWARENMESSE**  
[spielwarenmesse.de/en/](https://spielwarenmesse.de/en/)

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## MESSE MÜNCHEN

**JAN 13-15**     **OPTI**  
[opti.de/en/](https://opti.de/en/)

**APR 17-22**     **BAU**  
[bau-muenchen.com](https://bau-muenchen.com)

**MAY 09-12**     **TRANSPORT LOGISTIC**  
[transportlogistic.de/en/](https://transportlogistic.de/en/)

**JUN 27-30**     **LASER WORLD OF PHOTONICS**  
[world-of-photonics.com](https://world-of-photonics.com)

**JUN 27-30**     **AUTOMATICA**  
[automatica-munich.com](https://automatica-munich.com)

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## MESSE HANNOVER

**JAN 12-15**     **DOMOTEX**  
[domotex.de/en/](https://domotex.de/en/)

**APR 17-21**     **HANNOVER MESSE**  
[hannovermesse.de/en/](https://hannovermesse.de/en/)

---

### CONTACT

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Feb 01 - 05

### SPIELWARENMESSE

As the largest and most important event of the year, the toy fair in Nuremberg brings together all international decision-makers.

Well-known brands, trendy start-ups, independent retailers and large numbers of media representatives combine to make the Spielwarenmesse a unique event for all players in the toys and games market.

**WHERE** Messe Nürnberg

**WEB** [spielwarenmesse.de/en](http://spielwarenmesse.de/en)



Feb 08 - 10

### FRUIT LOGISTICA

Go Future: FRUIT LOGISTICA as global platform for new ideas, new input and new solutions.

Exhibitors from 86 countries and trade visitors attend FRUIT LOGISTICA every year to realize their full business potential within the international fresh produce trade – and to write their own success story! FRUIT LOGISTICA covers every single

sector of the fresh produce business and provides a complete picture of the latest innovations, products and services at every link in the international supply chain. It thus offers superb networking and contact opportunities to the key decision-makers in every sector of the industry.

**WHERE** Messe Berlin

**WEB** [fruitlogistica.com/en/](http://fruitlogistica.com/en/)



Apr 17 - 21

### HANNOVER MESSE

Industrial Transformation – Making the difference. Topics such as Industry 4.0, Logistics 4.0, Artificial Intelligence, 5G and CO2-neutral production are just as much on the agenda at HANNOVER MESSE as lightweight construction solutions or the further development of electric drives. With the diversity

and expertise of our exhibitors from different sectors, HANNOVER MESSE, under the guiding theme of Industrial Transformation, is a signpost and source of inspiration for a globally and digitally networked industry.

**WHERE** Messe Hannover

**WEB** [hannovermesse.de/en/](http://hannovermesse.de/en/)

### BAU

BAU, the World's Leading Trade Fair for Architecture, Materials and Systems, takes place every two years. Everyone involved in the international community for planning, building and designing buildings comes together here—i.e. architects, planners, investors, representatives of the industrial and commercial sectors, the building trades, etc.

Their primary interests include

the latest techniques, materials and applications that can be put to use in actual practice. The industry's leading manufacturers and innovative newcomers showcase their products and services for commercial and residential construction and interior work for both new-building and modernization.

**WHERE** Messe München

**WEB** [bau-muenchen.com/en/](http://bau-muenchen.com/en/)



Apr 17 - 22





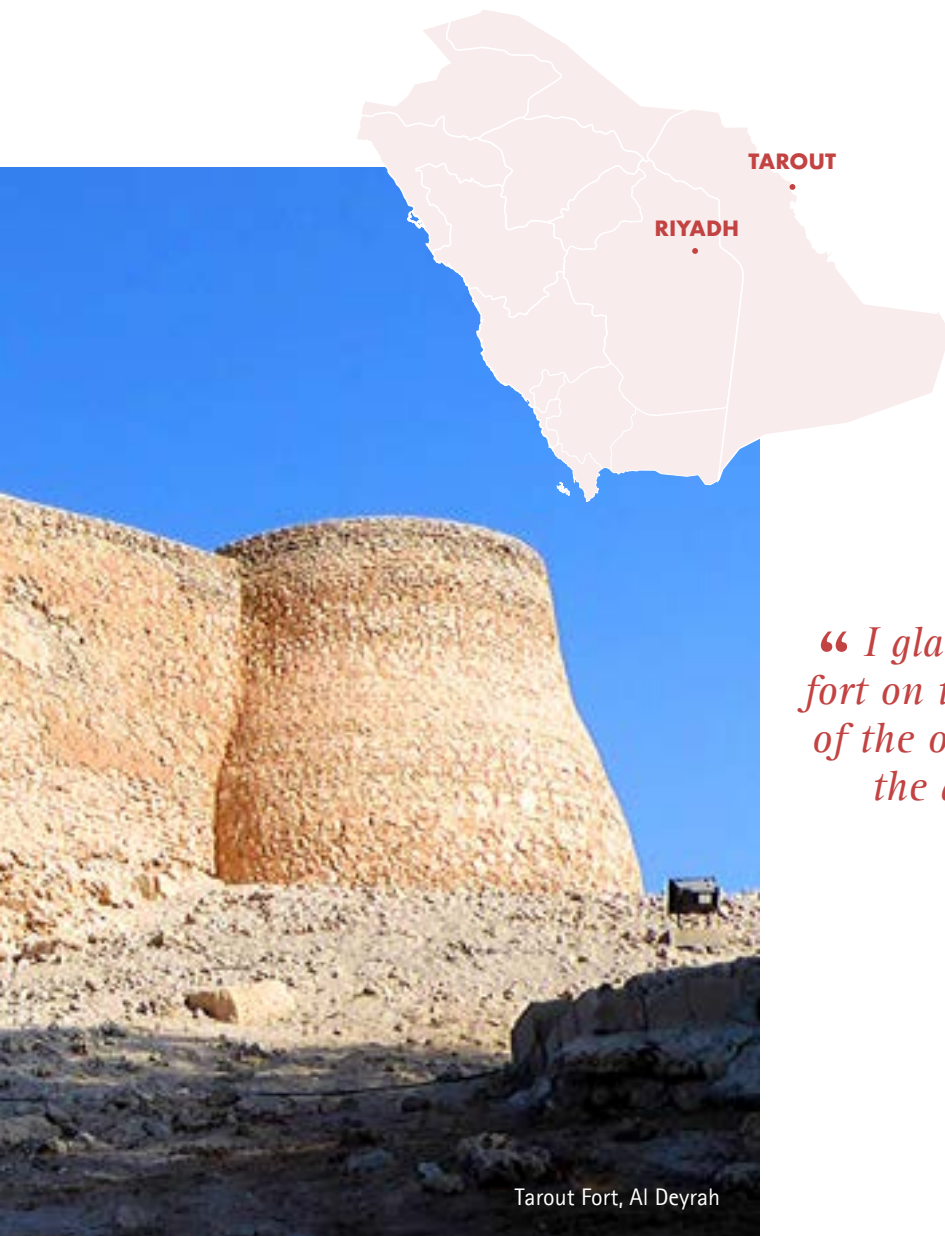
# TAROUT: PORT IN ANCIENT DILMUN

## EXPLORING FORT AND MUSEUMS IN HISTORIC DARIN

We are on a day trip from Dammam northward with the destination of Tarout Island, which is connected to Al Qatif by two short causeways. About halfway across the island - near a roundabout and a mosque - Mamdouh, our guide for the day, is waiting for us at the foot of Tarout Fort.

## TAROUT - THE CENTER OF THE DILMUN EMPIRE

While Mamdouh introduces us to the history of the island, I have my eye on the fort, which sits picturesquely on the only hill in the area: "Tarout's history goes back 5,000 years, as it was a center of the Dilmun Empire, as archaeological findings show. The island was an important seaport for



Tarout Fort, Al Deyrah

ships from the Arabian Gulf and the Indian Ocean. It was a central point for trade between Mesopotamia and the coastal regions to the east of the Arabian Peninsula. Tarout was an island metropolis that took its name from its fort surrounded by small villages. In the Middle Ages, the name of the island was Darin. It was named after the main. The island

was the scene of the Treaty of Darin signed between King Abdulaziz and the United Kingdom in 1915. To this day, there are still signs on the island bearing this name."

#### THE PRAYING SERVANT

In response to my question about archaeological finds, Mamdouh says, "Among the finest finds were

statues, including a gold statue of the goddess Ashtaroot. In addition, copper and ceramic vessels and traditional weapons were excavated. Among the ancient statues is that of a man without clothes made of gray stone, called "the praying servant" - about 1 m high. The statue, dated by archaeologists to 2,500 BC, has been restored and is now in the National Museum in Riyadh, as are all the other finds."

#### TAROUT FORT - ON THE OUTSKIRTS OF AL DEYRAH

On the way inside the fort, we pass a small ancient mosque and the remains of the foundation walls of a former Phoenician temple dedicated to Astarte. Mamdouh tells us, "Fort Tarout is located on the

outskirts of the village of Al Deyrah. The fort has many mysteries, as experts' opinions about its origins differ widely. One version goes like this: The fort was built in the period from 1515 to 1521. So far it is not known who built it, although some archaeologists assume that it was built by the inhabitants of Al Qatif and Tarout to protect them from Portuguese attacks."

I am curious to see the interior. "The fort has an oval, irregular internal layout with a total area of about 600 square meters and is surrounded by a wide wall made of sea mud, gypsum and Fouroush rocks. Originally there were four towers, one of which was destroyed during a battle". Inside, the construction of the walls is impressive. The first tower near the entrance has an old wooden beam, still preserved. Only in this tower, up high, we can still see embrasures as tiny recesses", Mamdouh explains.

We continue and explore the grounds of the fort - not easy with



the sloping terrain. Palm trees, some old houses in good condition, many ruined houses and narrow streets, surround the fort. "Next to the fort there used to be a spring called "Ain Aloudda" (the old spring), which was once the main source of water supply for the people on the island," Mamdoh explains as we descend.

### **AL DEYRAH AND MATEHAF ALFERIJ MUSEUM.**

In the adjacent village of Al Deyrah we carefully explore some of the around 50 abandoned old houses and ruins of houses, whose former beauty of traditional architecture can still be clearly seen.

After the extensive tour, the last stop is a surprise. Right at the foot of the fort there is an intact traditional house with a large sign above the

*“ All the exhibits I bought myself, they come from my own collection ”*

entrance door: Matehaf Alferij Museum. The private museum is open and owner Alferij warmly welcomes us. "I completely renovated the inside of the house for 200,000 Rial," he says.

All rooms are tastefully decorated with antiques, traditional furniture, and many traditional crafts. A staircase leads to the second floor. Columns also here surround the high interior, and wooden balustrades, arched passageways and niches in the walls determine the interior design.

Old British aerial photographs show the fort and the adjacent village next to a wide palm oasis. Very impressive is a large library with books in different languages dealing with the history and culture of the area. Alferij shows me beautiful,



Matehaf Alferij Museum, owner Alferij

illustrated books. A painting of the spring "Ain Aloudda" at the foot of the fort is so well done that you can imagine the life of people and animals that benefited from the spring.

### **RUINS OF DARIN ISLAND AIRPORT AND PALACES**

On the way to our next destination, we pass the old airport, of which only the fenced ruins of the nondescript terminal building remain. "Darin Island Airport had been built by the British in 1911. It was in operation until 1932," Mamdouh explains. It is hard to imagine that this was once the second largest airport (after Bahrain)

in the GCC states.

"Before I invite you to my museum, let me show you another historic site," Mamdouh says. We stop and look out over a fenced area where only a few ruins remain. "We are now in the southeast of the island. On this huge area stood the fortress of Al-Sheikh Mohammad bin Abdul Wahhab Al Fayhani, the fortress of Abu Al-Leaf, which was right between Tarout and Al Qatif, and three mosques on the old road to Al Qatif." A sign reads "Mohammad bin Abdul Wahhab Palace, called Abdul Wahhab Pasha Palace, was built in the 16th century and renovated in



1303H (1885) by Sheikh Mohammed Bin Abdul Wahhab Al Fayhani, one of the most famous pearl merchants in the Arabian Gulf, who also made his name as a poet.”

### FATHI AL BINALI HERITAGE MUSEUM

A short time later, we reach Mamdouh's house and "Fathi Al Binali Heritage Museum". Mamdouh unlocks the door of the white building in typical Gulf architecture. The house has a special feature: a historic watchtower made of coral stone turned brown at one corner of the house.

"This is my grandparents' house," Mamdouh explains. "Since it is immediately adjacent to the area of the Abdul Wahhab Pasha Palace, I see the puny ruins every day and always wonder how it came to pass that these prominent structures disappeared almost without a trace. The memory is kept alive only by historical b/w photos and paintings."

A large photo of his father catches my attention and Mamdouh explains, "My father was called Admiral. He



Mamdouh and his friends in the airy courtyard

owned several pearl diving dhows and so the pearl trade defined his life. Here in the maritime area, you can see all the equipment that was necessary for diving for pearls and doing business with pearls." In fact, you can see not only the diving suits made of cotton, the divers' nose clips made of bird bones, weights, etc., but also small pearl sieves with real pearls, pearl scales, etc. I get one pearl as a gift.

Walking through the spacious house, there is really everything you can imagine in terms of antiques and handicrafts from the areas of daily needs, fishing and agriculture, along with an antique shop. In the bridal room, there is not only the bed, but also many of the chests for clothes and jewelry that were common in those days. Women's dresses in all colors are testimony to the times before the black abaya. Commodities such as ancient Singer sewing machines, old telephones, fax machines, radios, televisions, etc. are not missing, as well as traditional furniture and all the utensils for the traditional coffee ceremony.

In the airy courtyard, there is seating in the shade of green trees and a large aviary. A staircase leads to a

part of the roof. From here, we have the best view over the whole area of the former palace. I thank Mamdouh for the great tour, the valuable information and for the time he took.

As we leave, I discover the typical bench integrated into the wall of the house near the entrance, formerly an important place for the men to communicate. Mamdouh and his friends, who had joined us all the time, like to recreate such a scene for the farewell photo. Happy about a day packed with history, culture and exciting conversations, we head back to Dammam.



Fortress ruins, southeast of Tarout island

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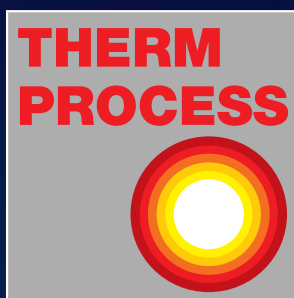
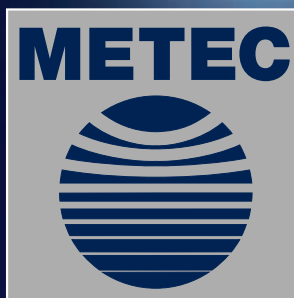
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