

Frequently Asked Questions

No	Question	Answer
01	Is it necessary for us to have a Saudi Partner to establish a manufacturing facility in the Kingdom?	No a Saudi Partner is not a prerequisite to establish a manufacturing facility. It is possible to establish a wholly foreign owned entity.
02	We have heard that registration and approval of our new facility by Saudi Aramco can take up to a year, is this true?	This may be true for manufacturers located outside Saudi Arabia. While there are exceptions, for Saudi manufacturers the approval process takes, on average, two months. We are currently reviewing the complete approval process with a target of one month for approval of Saudi manufacturers.
03	If we invest in Saudi Arabia what guarantees of business do we have?	<p>Saudi Aramco offers incentives to support local manufacturing, including:</p> <ul style="list-style-type: none"> • A local manufacturing premium up to 10%, subject to manufacturers meeting predefined conditions related to objectives, such as Saudization requirements. • Exclusive bidding for local manufacturers, subject to predefined criteria, along with Saudization requirements. <p>Local manufacturers that are able to take advantage of these incentives currently win a significant portion of Saudi Aramco's business.</p> <p>In addition, where applicable, Saudi Aramco awards long-term agreements (5-10 years) to local manufacturers (new or existing) that commit a portion of Saudi Aramco's business over the life of the agreement, in return for localization commitments.</p>
04	Does Saudi Aramco's incentive program apply to business awarded by Saudi Aramco's Contractors?	<p>The incentive program applies to all business related to Saudi Aramco, including that awarded by its Contractors.</p> <p>Contractual documents are currently being updated to ensure full compliance with the program.</p>
05	What, if any, support is available from the Saudi Government?	<p>Firstly the Saudi Arabian General Investment Authority (SAGIA) was established as a one-stop shop to support potential investors.</p> <p>In addition, support is available from the Human Resource Development Fund and the Saudi Industrial Development Fund.</p>
06	As a local manufacturer we will need to source many items locally. Do adequate support industries currently exist in the Kingdom?	There is a program called Saudi Arabia's Industrial Clustering Development program — which Saudi Aramco supports — that is designed to aid the establishment of support industries around industrial clusters.

		<p>Saudi Aramco launched Wa'ed to nurture start-up companies established by budding entrepreneurs (web site).</p> <p>In addition, Saudi Aramco is developing initiatives to support the development of Small and Medium Enterprises as suppliers to local manufacturers, as well as potential suppliers to Saudi Aramco.</p> <p>Finally Saudi Aramco is happy to support potential manufacturers in identifying potential sub-suppliers in the Saudi market, by sharing information on approved manufacturers, etc.</p>
07	Why should we invest in Saudi Arabia in preference to other countries in the region?	<p>First, the scale of the opportunities available in Saudi Arabia makes a compelling argument for investment.</p> <p>Second, Saudi Arabia represents the largest market in the region with easy access to other regional markets, through a well-developed infrastructure and regional blocs such as the Gulf Cooperation Council (GCC).</p> <p>Third, the Kingdom has a young, highly educated workforce and low costs for such basics as energy and land.</p> <p>Finally, both the Government and Saudi Aramco offer a range of incentives to support investments in the Kingdom, and as stated in my presentation, Saudi Arabia has made significant progress in areas such as ease of doing business. It is now ranked 12th out of 183 countries, which compares favorably with other countries in the region.</p>
08	What is the acceptable starting level for the Saudization plan? What constitutes an acceptable starting level?	Currently the acceptable starting level for doing business with Saudi Aramco is 30% Saudization, with 5% annual increments to reach Saudi Aramco's target Saudization level of 70% by 2020.
09	How can we be considered for a long-term agreement with Saudi Aramco?	Saudi Aramco is currently developing category based strategies for its strategic commodities. Where long-term agreements form a part of these strategies, all local manufacturers will be given an opportunity to participate in the process of developing these agreements.