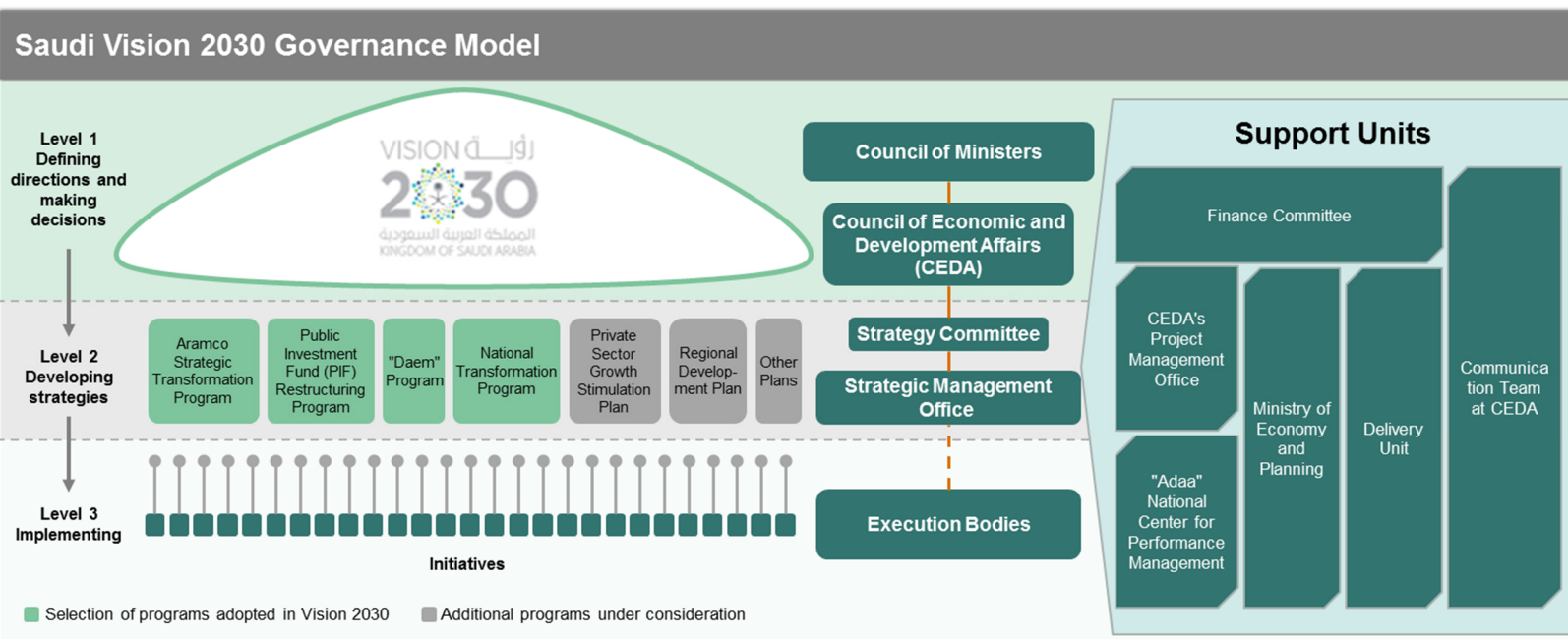


# Ambitious “Saudi Vision 2030”, with promising economic and investment prospects for the Dutch

The “Saudi Vision 2030” has been recently presented by the deputy crown prince of Saudi Arabia (KSA), Mohamed bin Salman, and is considered to be a start to transform the economy in KSA from a merely petrochemical focus to a diverse economy.

Saudi Arabia is located strategically, connecting Asia, Europe and Africa. With this new vision, it will be turn into a global hub connecting these three continents. As shown in Figure 1, the new governance model comprises many new programs, plans and initiatives, all very promising for future engagements for the Dutch enterprises. This vision is translating into the national transformation program (for 2020) and strategic objectives, resulting into national plans. We discuss here the national plan for the agro-food sector.



**Figure 1 - Governance model, from vision to initiatives**

## 1. Agricultural vision will transform the agro-food sector in a durable way

The vision 2030 for agriculture is focusing on privatization and the well-being of Saudi citizens. It includes the protection of national resources and providing food for the population.

The main objectives for the strategy comprise:

- Achievement of vital resource security for the Kingdom.
- Maintain security of vital resource of the KSA.
- Support and promote recreational activities.
- Expand privatization of government services.
- Improve performance, productivity and flexibility of public authorities.
- Support national companies.
- Safeguard the environment and natural resources.
- Enhance the livability of Saudi cities.

The Ministry of Agriculture has been changed into the Ministry of Environment, Water and Agriculture (MEWA) in order to accompany this transition. This means that water and agriculture are again under one roof, as years ago, and will provide a suitable platform to tackle water scarcity which is greatly endangered by agricultural activities. Land utilisation for agriculture will be further improved by less horizontal expansion and more emphasis on certain water-saving techniques and sectors. The strategic objectives for MEWA for 2020 are:

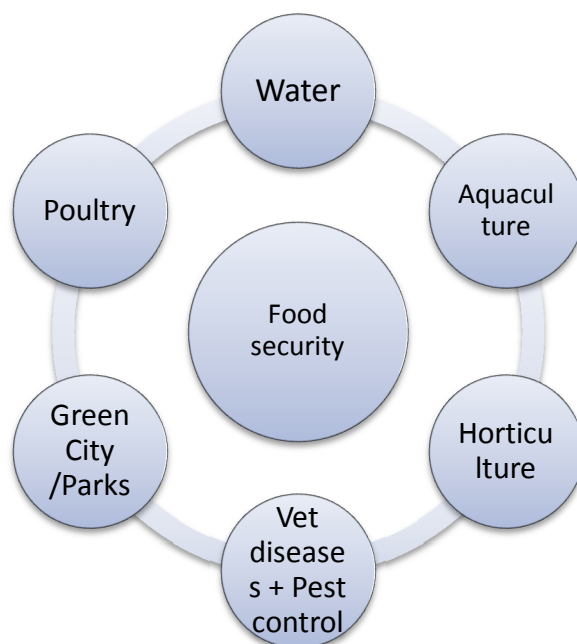
- 1) Contribute to ensuring sustainable food security for the kingdom: 100% completion of the national strategy for food security.
- 2) Monitoring and controlling spread of cross-border veterinary diseases: top 21 animal diseases under control; 70% of livestock and fish resources covered by veterinary services (now 30).
- 3) Monitoring and controlling spread of cross-border agriculture pests: 1% palm trees infected with Red Palm Weevil (now 10); 50% of farms with pest prevention and control (now 25).
- 4) Optimize the use of renewable water resources for agriculture purposes: 191% of renewable water used for agriculture (now 416); 35% of all water in agriculture from renewable resources (now 13).
- 5) Develop sustainable highly efficient production systems for plants, livestock and fishery and increase the value added of these target products to contribute to diversification of the kingdom production base:

Key performance indicator	Baseline	Target	Unit	Regional benchmark	Global Benchmark
Production volume aquaculture farms	30	100	1000 ton	235	1100
Self-sufficiency broiler production	42	60	%	80	140
Vegetable productivity	21	22.8	ton/ha	37	57
Agricultural cooperatives	0.02	1.4	%	n.a.	37.2

contributing to national production					
Sales volume in date production	8	9.2	bln SAR	9.3	n.a.
Farms transforming from fodder farming to target products	0	100	%	n.a.	n.a.

- 6) Develop national parks: 5.6 mln people visiting parks (now 3.5); 14.9 m<sup>2</sup>/person national park area (now 2.9).
- 7) Improve land utilization and management in the agricultural sector: 100% land holdings surveyed (now 6).
- 8) Organizational development and privatization: 52% desalinated water production through strategic partners (now 16); 20% treated water production through strategic partners (now 0); 70% of cities covered with water and sewage services (now 42).
- 9) Preserving vegetation of pastures and forests: 0.11% of forest land area rehabilitated annually from total forest area (now 0.06); 60,000 ha of annually rehabilitated forest land out of total eligible forest land (now 0).
- 10) Improve financial efficiency: 100% of tariff to actual water cost (now 30).
- 11) Improve service quality: 15% of water loss (now 25).
- 12) Boost water storage resources and security: 6.1 bln m3/day capacity of surface and underground water (now 4.1); 7.3 bln m3/day available capacity (designed) of desalinated water (now 5.1); 3 days of strategic water storage (now 0.4).
- 13) Improve the efficiency of municipal and agricultural consumption: 10 bln m3 renewable water consumption for agriculture (now 17); 200 l/capita/day municipal water consumption (now 256); 30% of agricultural wells with metering gauges installed (now 0).
- 14) Increase local content: 40% of local content in capital and operational projects (now 30).
- 15) Expand service coverage: 92% of citizens covered by water services (now 87); 65% of citizens covered by sewage services (now 60); 35 % of reused sewage water (now 17).
- 16) Reduce service connection time: in 30 day fulfill a sewage service connection (now 44); in 30 days fulfill a water service connection (now 68).

When it comes to food security, the national program is focusing on mainly six topics / areas, according to the objectives: water, green city, animal diseases / pest control, and three subsectors: poultry, aquaculture and horticulture (Figure 2). The focus is in line with what has been started some years ago. However, the hands-on approach of the new government is promising in implementing and reaching the objectives. The new MEWA includes a reshuffling of existing departments and directorates, besides the integration of agriculture and water in one ministry, with environment. Focus on target crops and sub-sectors are all geared toward sustainability in the sector, especially when in concerns water-for-food.



**Figure 2 - Six largest priority sectors and areas for food security in KSA (agricultural vision 2030)**

## 2. Dutch priorities match the KSA vision

The Dutch GCC-agro-food team from the Ministry of Economic Affairs has developed strategic priorities for its activities since 2012 (Figure 3). These focus on three themes: water-use efficiency, food safety and supply chain management) in three sectors: fisheries / aquaculture (including saltwater agriculture), horticulture (in particular protected cultivation and also including dates), and poultry. In addition, international agricultural investment from the GCC for food security is a topic in which the Dutch private and public sector can play a role. Also, capacity and institution building including green education and training is viewed as promising for cooperation between the Netherlands and KSA. This has been developed in line with the Saudi strategic vision. The present priorities laid down in the Vision 2030 are very much in line with our priorities. For water, fisheries and horticulture, this is very clear. For veterinary diseases and pest control, these are at the crossings of “improving food safety” and “horticulture” and “poultry”, but a more general attention will be given to these strategic objectives. The concept of the green city can be further pursued.

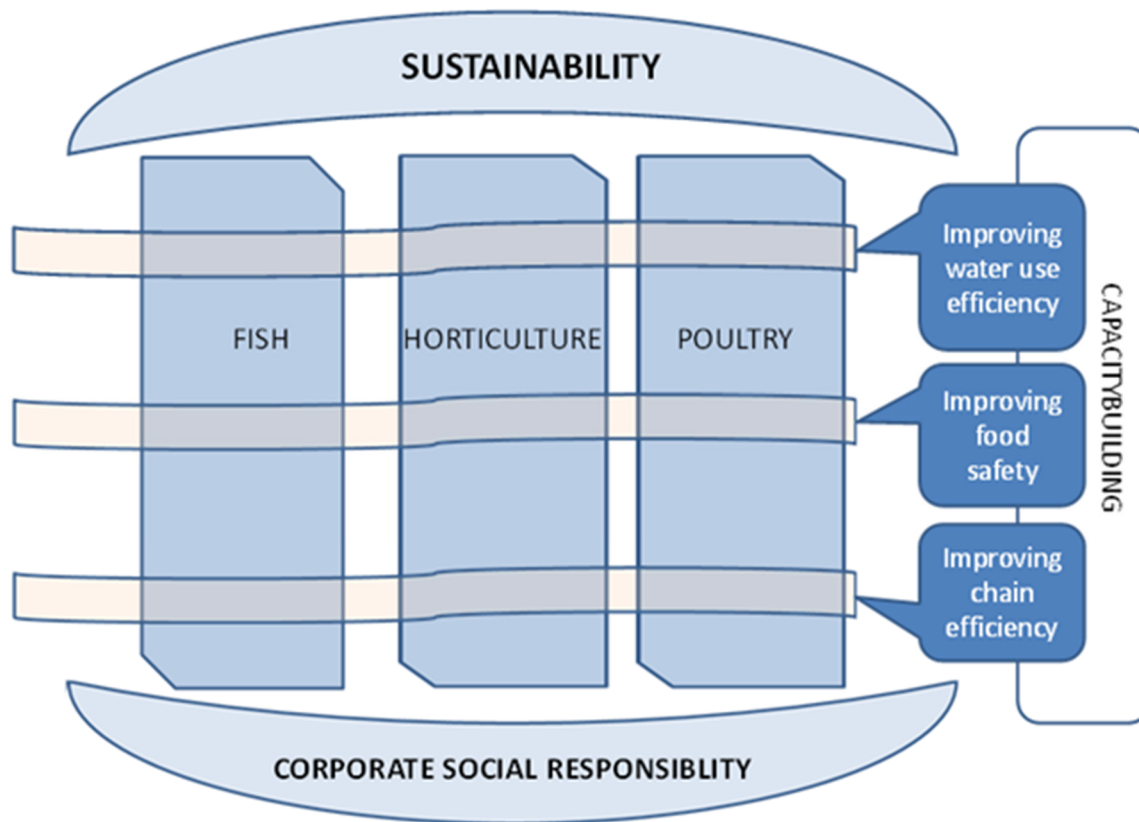


Figure 3. Priorities for the Netherlands in the agro-food sector in the GCC

### 3. The Dutch private sector can greatly benefit from the new vision

The Dutch private sector has been active in KSA since a long time, in several subsectors of the agro-food complex. Successful projects have been developed, e.g. in poultry and in potatoes. This successful cooperation continues and is expended until today. Three examples of successful projects are given here below. Saudi Arabia has sometimes a somewhat negative perception in Western countries, because of what appears in the news. Much of that negative perception is probably also based on the unknown. The three examples show that very successful business is possible in Saudi Arabia. The objectives in the Vision 2030 give a further opportunity for new initiatives in KSA. The Embassy of the Kingdom of the Netherlands in Riyadh is as a spider in the web in the agro-food network. The Embassy is capable to assist you in market access in this land of opportunities. KSA is ranking 82 for “ease of doing business” in 2015, which is before China, Brazil and India. We will mention here some facts related to doing-business in Saudi Arabia.

### **3.1. SAGIA:**

Firstly, we should know what is SAGIA in KSA?

SAGIA is Saudi Arabian General Investment Authority. SAGIA was mandated as a central agency for inward investment in Saudi Arabia and to help attract investments to serve the development goals and participate in the diversification of the Saudi economy.

They facilitate introductions for investors to key stakeholders that include access to capital, industrial land, commercial premises and funding support. We can organize fact-finding visits to possible locations/ partners/contacts,

They offer advice and services to support companies from the initial planning stage through to after care once establishment in the kingdom.

SAGIA has created a network of dynamic Business Centers throughout the country in Riyadh, Jeddah, Dammam, Hail, Al Madina, Jizan, Tabuk, and Abha. Each center provides resources to help companies set up quickly and efficiently by providing representatives of all related government departments such as the Ministry of Labor, General Directorate of Passports, Ministry of Commerce and Industry, Zakat and income taxation department and notary public.

For more information you can follow up with this link:

<http://www.sagia.gov.sa/en/Pages/default.aspx>

SAGIA is sometimes experienced as a difficult organization to deal with. Although this is true, the authorities are aware of this and try to improve procedures all the time. Recently, a Dutch company went through all the procedures in order to establish their own branch in KSA, which was not easy, but with a successful result.

### **3.2. KSA Chambers of Commerce:**

The mission of Saudi chamber of commerce comprises: representing, protecting and developing commonwealth of the labor sector in Riyadh which harmonizes with the national economic common goods and society service. Strengthening the relationship and communication among the private and public sectors and their joint co-operation along with coordinating with the other chambers in developing the Kingdom's economy and enhancing the investment environment and presenting added services to its members and society.

There is a national council of chambers, under which there are a large number of local chambers. Some of them, like the Riyadh Chamber of Commerce, have an active agricultural department.

### **3.3. Doing business in Saudi Arabia:**

Saudi Arabia has an oil-based economy with strong government controls over major economic activities. The Kingdom possesses around 25% of the world's oil reserves, and plays a leading role in

[Organization of the Petroleum Exporting Countries](#) (OPEC). The petroleum sector accounts for roughly: 80% of budget revenues, 45% of GDP and 90% of export earnings. It is in the Vision 2030 to diversify the economy and privatize some governmental institutions.

There are several general reasons to do business with, and to invest in Saudi Arabia:

- massive government investment in transport, infrastructure, healthcare, education and energy, which is serving the privates sector;
- common use of English in business;
- no taxation on personal income;
- proximity to European, African and Asian markets, and especially to other Gulf markets;
- key member of the [Gulf Cooperation Council](#) (GCC);
- largest economy and population in the Gulf region.

### **3.4. A new system of green card in KSA:**

Currently, foreigners are only allowed to come in KSA via sponsorship or through SAGIA. The expatriate workers status now is bound to one sponsor or individual for a certain period of time which is stated in the contract.

With a new system of the green card that was launched by the deputy crown prince Mohamed bin Salman in June 2016 for the expatriates to allow them to invest and to stay without sponsoring. Once the card has been issued, it would allow expats to become their own sponsor. The procedures are currently developed and will hopefully be operational at the end of 2016.

The benefits of the new Saudi green card are:

1. The sponsor system will come to an end and expatriates would become their own sponsor.
2. The worker would get permanent residency in Saudi Arabia; the Saudi green card will only be given to foreign investors and highly qualified experts among the expats.
3. All expatriates can engage in any and all business in KSA, without having a local Saudi partner.
4. The worker will get to enjoy free medical treatment just like the locals Saudi nationals.
5. If the resident expatriate pays fees to the GOSI (General Organization for Social Insurance), they will receive a pension upon their retirement.
6. Expatriates would be able to apply for any loans which had so far been limited to nationals.
7. Expatriates would be allowed to buy property in Saudi Arabia.

### **3.5. Netherlands Enterprise Agency and the Ministry of Economic Affairs:**

The Netherlands Enterprise Agency (RVO; [www.rvo.nl](http://www.rvo.nl)) is part of the Dutch Ministry of Economic Affairs. The agency encourages entrepreneurs to develop sustainable, innovative and international business. It helps with grants, finding business partners, know-how and compliance with laws and regulations. RVO focuses on providing services to entrepreneurs. It aims to make it easier to do business

using smart organization and digital communication. The agency works in The Netherlands and abroad with governments, knowledge centers, international organizations and countless other partners.

The Ministry of Economic Affairs in the Netherlands established agricultural representations worldwide in 40 countries, to support and facilitate the Dutch agro-food sector outside the Netherlands, especially in market access ([www.landbouwraden.nl](http://www.landbouwraden.nl)). These representations abroad also function as a liaison between Dutch agriculture, food, agri-business, fisheries, nature management organizations and agricultural research institutions and their counterparts all over the world.

The Dutch agricultural representation in the GCC countries is ready to assist Dutch SME in the agro-food sector, in their activities on foreign markets. Any request or remark can be made to [RIY-LNV@minbuza.nl](mailto:RIY-LNV@minbuza.nl).

We encourage Dutch companies to pay regular visits to the GCC, if you are seriously considering in doing business. Although contact through email and by telephone is common, it is still highly appreciated to talk face-to-face. In doing business in the GCC, a good relationship between the two parties often crucial in having a business agreement, more so than in Western countries. It is therefore recommended to visit the companies, especially during large exhibitions, like Saudi Agriculture (KSA), GulFood (Dubai), GFIA (Abu Dhabi) and AgraME (Dubai); see our websites for the agenda of activities in the GCC ([www.dutchagrofood.com](http://www.dutchagrofood.com); [www.agroberichtenbuitenland.nl](http://www.agroberichtenbuitenland.nl)).

#### 4. **Three success stories in Saudi Arabia**

Three, somehow randomly chosen, success stories are mentioned in this article, in order to show that it is very well possible to achieve a thriving business relationship with Saudi companies and organizations. The examples have been chosen from various agro-food disciplines and different times of experience in KSA. All three companies came with the conviction that their product would be beneficially for the Saudi market. The process of becoming established in the market may be difficult in many cases, and perseverance is needed to become successful.

##### 4.1. **AACE's story in Saudi Arabia**

Arabian Agriculture Consulting & Engineering (AACE) Saudi is a branch-established Dutch company in Saudi Arabia through the Saudi Arabian General Investment Authority (SAGIA). It is operating under the AACE head quarter office in The Netherlands and working in the food industry in Saudi Arabia. AACE is serving integrations in various disciplines in the Agri-Horticultural, Animal husbandry, and Food industries, mainly on projects carried out in Saudi Arabia.

AACE is a service coordinating entity from the Netherlands founded in 1985. The founder of AACE, Mr. Gregory Caspani, came to Saudi Arabia and started implementing the first greenhouse project in Laylah Al Aflaj in 1975 and has been active in the KSA ever since.



AACE is and will continue to be a stable, constant and trustworthy component for our partners made out of our customers and principles. One of our many roles is to be the binding ingredient for mutual successful business operations, by for example bridging the many company and local cultures.

Our contact with the Embassy is strong. The Dutch agriculture team of the Embassy is a valued source of support for successful business operations in the Kingdom.

AACE is responsible to connect the requirements of our Saudi customer base to the solutions available with our partners. Over the years the activities of AACE expanded into a more multi-disciplined organization in the agriculture and food industry. AACE and its associated principals are forming a close team. Our aim is bringing together the best the agro-food industry has to offer, with experienced, reliable, and committed partners. This allows AACE to provide our trusted clients full system integrations and individual services.

Contact person:

Giuseppe Caspani, Consulting & Engineering B.V. ( AACE)



#### 4.2. Dacom's story in Saudi Arabia

Dacom develops and supplies specialized hardware, software, online and mobile advisory services to arable farms around the world. The Dacom system offers growers practical solutions for profitable and sustainable agriculture. By combining sensor technology, internet and scientific knowledge, growers can continuously monitor and fine-tune their production process throughout the growing season which leads to yield optimization and more effective use of water and fungicides.

We are active in Saudi Arabia since 2009. Our soil moisture sensors have been used for several years now and they have proven to be very profitable. There are cases where the use of our sensors enabled 30% to 70% reductions in water use. The combination of water being scarce and the quality of our sensors are major reasons why we are successful in Saudi Arabia.

The government of Saudi Arabia supports the use of our soil moisture sensors, because they recognize that water scarcity is a problem that needs to be dealt with. Our contact with the Embassy is very good; they proactively help us doing business in Saudi Arabia.

Contact person:

Janneke Hadders, CEO Dacom



### 4.3. TEC-IB's story in Saudi Arabia

TEC-IB B.V. is a precision agriculture information services provider to the date farming sector in the Kingdom of Saudi Arabia (KSA).

TEC-IB's DateGIS information service uses innovative satellite, aerial, drone and in-situ remote sensing technology and is used by the KSA date farming sector for the monitoring, control, prevention and eradication of the Red Palm Weevil (RPW). The RPW is considered to be the most damaging insect pest of (date) palms in the world.

The DateGIS information services are delivered through a DateGIS web-portal with access to the date farm and Palm Register and Geo-Information System (GIS).

TEC-IB main clients for DateGIS information services in the KSA are the Ministry of Environment, Water and Agriculture (MEWA) and commercial date farms.

For the MEWA, DateGIS information services supports the development and the operations of an Integrated RPW Management program enabling effective deployment of RPW control measures and quick response towards RPW hazard areas in the Kingdom.

For commercial date farms, DateGIS information services reduces yield losses caused by RPW infestation increasing annual profit, improving date quality and to sustain date farms business continuation and growth.

TEC-IB B.V. is successfully active in the KSA for more than 3 years with the support of the Agriculture Counsellor of the Netherlands Embassy.

The Saudi Vision 2030 encouraged TEC-IB to expand its operations locally in the KSA to enable further synergy between KSA organizations and TEC-IB through business cooperation, co-developments and technology transfers.

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