

Overseas Market Information



A Country Profile - Saudi Arabia

Economic Overview

This is an oil-based economy with strong government controls over major economic activities. Saudi Arabia possesses 25% of the world's proven petroleum reserves, ranks as the largest exporter of petroleum, and plays a leading role in OPEC. The petroleum sector accounts for roughly 75% of budget revenues, 45% of GDP, and 90% of export earnings. About 40% of GDP comes from the private sector. Roughly five and a half million foreign workers play an important role in the Saudi economy, for example, in the oil and service sectors. The government in 1999 announced plans to begin privatizing the electricity companies, which follows the ongoing privatization of the telecommunications company. The government is encouraging private sector growth to lessen the Kingdom's dependence on oil and increase employment opportunities for the swelling Saudi population. Priorities for government spending in the short term include additional funds for education and for the water and sewage systems. Economic reforms proceed cautiously because of deep-rooted political and social conservatism.

India-Saudi Arabia Trade and Business Relations

India and Saudi Arabia are old business partners : Their trade relations go back tens of centuries. Today, the bilateral business ties are being steadily expanded and further strengthened by continuous interaction and cooperation, including regular exchange of business delegations. Besides being a major trade partner, India sees the Kingdom as an important economic partner for investments, joint ventures, transfer of technology projects and joint projects in third countries.

India is 4th largest trading partner for Saudi Arabia : The value of the two-way trade between the two countries in 2003-2004 exceeded US\$ 6.63 billion. Saudi Arabia is the 15th largest market in the world for Indian exports and is destination of more than 1.76% of India's global exports. On the other hand, Saudi Arabia is the source of 5.5% of India's global imports. For Saudi Arabia, India is the 4th largest market for its exports, accounting for 5.95% of its global exports. In terms of imports by Saudi Arabia, India ranks 9th and is source of around 2.96% of Saudi Arabia's total imports.

Major Countries of Import

The major sources of imports, other than India, are USA, Germany, Japan, UK and China.

Saudi Arabia's Global Imports in the Engineering Sector

Details of itemwise import in the engineering sector by Saudi Arabia during 2001 to 2003 are given in *Annexure-A*.

India's Engineering Export to Saudi Arabia

Saudi Arabia has remained second largest importer of engineering goods and services from India in WANA region for the last 5 years. Given below is a table showing India's engineering exports to Saudi Arabia for the last 5 years i.e. from 2000-2001 to 2004-2005.

Table

<i>Year</i>	<i>Total Engineering Exports (Value in US\$ million)</i>	<i>% Increase</i>
2000-2001	106.59	-
2001-2002	141.18	32.45
2002-2003	171.28	21.32
2003-2004	186.54	08.90
2004-2005	252.78	35.50

India's engineering export to Saudi Arabia during 2001-2002 was US\$ 141.18 million against US\$ 106.59 million during 2000-2001 showing an increase of 32.45%, where as export during 2002-2003 was to the tune of US\$ 171.28 million registering a growth of 21.32% over the performance during 2001-2002. Export during 2004-2005 stood at US\$ 252.78 million showing a growth of 35.50% over the performance during previous year. It is hoped that the upward trend in India's engineering export to Saudi Arabia will continue in the coming years.

Major Indian Engineering Products Exported to Saudi Arabia

- Primary Iron & Steel
- Non-ferrous Metal other than Aluminium
- Electric Power Equipment, Parts
- Heating & Cooling Equipment
- Bolts & Nuts
- Complete Vehicles
- Auto Parts
- Sanitary Castings
- Industrial Machinery other than Tractors & Agricultural Equipments
- Chemical plants other than Boilers, Parts.
- Ferrous Holloware
- S S Utensils
- Other Steel Products N.O.S.
- Electrodes
- Aluminium Products
- Air Compressors



Important Regulations for Exports

Only Saudi nationals and companies 100% owned by them may import goods to the Kingdom. Importers are required to be licensed by the Ministry of Commerce and should consult appropriate Ministry about goods or materials to be imported (for example, the Ministry of Agriculture and Water for agricultural products and Ministry of Health for medicines). Goods can be exported unless they are antiques, regional horses, livestock or subsidized goods and materials, such as food products. Depending on their products, exporters need an industrial or agricultural licence, or both.

Some Tips for Indian Exporters

The following points should be kept in mind while you plan to export to Saudi Arabia :

- Foreign individuals/firms contemplating business in or wishing to export their products to Saudi Arabia should consider appointing an import agent or local representative in Saudi Arabia. The local agents appointed and the market coverage they provide are extremely important for success in exporting to Saudi Arabia.
- The Commercial Wing of the Embassy can be contacted to find out a representative, distributor, partner or agent in Saudi Arabia. The addresses of Saudi importers of various products can be obtained from the Commercial Wing. Such details can also be obtained directly from anyone of the Saudi Arabian Chambers of Commerce.
- Individual Chambers of Commerce publish Trade Directories for their members. The Council of Saudi Chambers of Commerce and Industry publishes a comprehensive Trade Directory. The Directories can be obtained from the respective Chambers.
- Various advertising agencies and newspapers in the Kingdom can be contacted if the product/service need to be advertised. Additionally some of the major Chambers of Commerce and Industries have their own periodicals and may publish the information relating to commercial offers/advertisements.
- Market should be constantly reviewed for product adaptation and change.
- Exporters should ensure regular supplies as per specifications, at the specified time and place already agreed upon and the stipulated prices.
- Exporters should check with Saudi importers or directly with Saudi Arabian Standards Organization about the precise implementation of Saudi Standards pertaining to their exported products to the Kingdom. For obtaining information about SASO standards, SASO may be contacted at www.saso.gov.sa.
- Products to be exported should be properly branded and labeled both in English and Arabic.

- In case of machinery and equipment; after sales service, including warranties, maintenance and the provision of spare parts, should be prompt and efficient.

Customs Duties

- Most of the consumer products are duty free, e.g., rice, tea, un-roasted coffee, cardamom, barley, corn, livestock and meat (fresh or frozen), etc.
- Customs Duties imposed on some commodities for the purpose of the protection of Saudi industries are 20%.
- Import Duty on other items is 12% ad valorem on the c.i.f. (cost, insurance and freight) value.
- A limited number of items are subject to Customs Duties calculated on the basis of metric weight or capacity, rather than ad valorem. However, the rates for these items are fairly low.
- Detailed information about Custom Duties can be obtained from <http://www.customs.gov.sa>.
- Members of the Arab League who are signatories to the Agreement to Facilitate Trade and Exchange and to organize Transit between the Arab League States are granted special concessions. Imports from the Arab states with which Saudi Arabia has bilateral trade agreements are entitled to further reductions of duty.

Customs Valuations

Customs Duty is calculated on the CIF value of imports, which is converted to Saudi riyals at the exchange rates published by SAMA applicable on the date of the declaration. Customs Duty is payable in cash or by a certified cheque drawn on a local bank.

Tariffs

To encourage local production, the Government grants tariff protection from competing imports to locally produced, quality goods. Rates can be as high as 20%.

Major Engineering Fairs in Saudi Arabia

A number of specialised trade fairs are held in Saudi Arabia throughout the year. List of selected specialised engineering fairs is given as under :-

City/Location	Exhibition Name	Cycle	Next Date
Jeddah International Exhibition & Convention Centre	Saudi International Motor Show for Motor Vehicles, Motor Cycles, Auto Parts, Accessories and Garage Equipment	Once a year	November 13-18, 2005

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City/Location	Exhibition Name	Cycle	Next Date
Riyadh Exhibition Centre	Riyadh Motor Show - Intl. Exhibition for Motor Vehicles	Once a year	November 27 - December 01, 2005
	Saudi Autoshow - Intl. Exhibition for Auto Repair Equipment, Tools, Parts and Accessories	Once a year	November 27 - December 01, 2005
	Saudi Medicare - Medical Equipment and Supplies in the Middle East	Every 2 years	April 2006
	Saudi Pack - Intl. Packing Machinery and Materials Show	Every 2 years	March 2007
	Saudi Plas - Intl. Plastics Technology Show	Every 2 years	March 2007

Riyadh Chamber of Commerce & Industry
P.O. Box 596
Riyadh 11421
Tel. : 966-1-4040044, 4040300
Fax : 966-1-4401103
Website : www.riyadh-chamber.org

Contact details of Indian Mission in Saudi Arabia

Embassy of India
P.O. Box 94387
Riyadh 11693
Tel. : 966-1-4884032/4884144
Fax : 966-1-4807764/4884189
E-mail : comwing@shabakah.net.sa

Consulate General of India
P.O. Box 952
Jeddah-21421
Tel. : 966-2-6520101/6520112
Fax : 966-2-6533964/6533748
E-mail : commercial@cgjeddah.com

Saudi Arabia's Mission in India

Royal Consulate General of Saudi Arabia
Maker Towers - F
Cuffe Parade
Mumbai 400005
Tel. : 91-22-2181598, 2187272, 2182341, 2182737
Fax : 91-22-2180171, 2180193

Royal Embassy of Saudi Arabia
2 Paschimi Marg, Vasant Vihar
New Delhi-110057
Tel. : 011-26144102, 26144073
Fax : 011-26144244

Addresses of Chambers of Commerce & Industry/Trade Associations

Council of Saudi Chambers of Commerce & Industry
P.O. Box 16683
Riyadh-11474
Tel. : 966-1-4053200, 4057502
Fax : 966-1-4024747
Website : www.saudichambers.org.sa

Eastern Province Chamber of Commerce & Industry
P.O. Box 719, Dammam 31421
Tel. : 966-3-8571155
Fax : 966-3-8570607
Website : www.chamber-ep.org.sa

Jeddah Chamber of Commerce & Industry
P.O. Box 1264, Jeddah 21431
Tel. : 966-2-6515111
Fax : 966-2-6517373, 6473026
Website : www.jeddah-chamber.org

Madinah Chamber of Commerce & Industry
P.O. Box 443
Madinah Al-Munawarrhah
Tel. : 966-4-8268965
Fax : 966-4-8268964

Makkah Chamber of Commerce & Industry
P.O. Box 1086
Makkah Al-Mukarramah
Tel. : 966-2-5343838
Fax : 966-2-5342904

Annexure - A**Saudi Arabia's Global Imports in Engineering Sector**

Product Group	Value 2001 (US\$ '000)	Value 2002 (US\$ '000)	Value 2003 (US\$ '000)
671 - Pig Iron etc. Ferro Alloy	17,298	20,046	23,361
672 - Primary/Prods Iron/Steel	49,222	84,420	245,975
673 - Flat Rolled Iron/St. Prod	307,957	164,803	325,611
674 - Rolled Plated M-Steel	177,391	102,587	221,869
675 - Flat Rolled Alloy Steel	42,048	34,869	42,555
676 - Iron/Steel Bars/Rods/etc.	246,743	269,236	401,529
677 - Iron/Steel Railway Matl.	8,502	13,707	9,726
678 - Iron/Steel Wire	9,451	7,460	24,725
679 - Iron/Steel Pipe/Tube/etc.	393,952	563,343	498,717
681 - Silver/Platinum etc.	969	1,694	1,277
682 - Copper	298,209	301,681	325,414
683 - Nickel	1,640	1,753	2,657



EEPC INDIA

<i>Product Group</i>	<i>Value 2001 (US\$ '000)</i>	<i>Value 2002 (US\$ '000)</i>	<i>Value 2003 (US\$ '000)</i>	<i>Product Group</i>	<i>Value 2001 (US\$ '000)</i>	<i>Value 2002 (US\$ '000)</i>	<i>Value 2003 (US\$ '000)</i>
684 - Aluminium	300,605	388,502	407,263	745 - Non-Electr Machines NES	125,124	112,458	162,909
685 - Lead	2,999	2,920	2,063	746 - Ball/Roller Bearings	27,991	31,034	39,060
686 - Zinc	23,219	22,221	32,294	747 - Taps/Cocks/Valves	257,603	324,151	343,831
687 - Tin	796	1,335	1,270	748 - Mech Transmission Equipment	76,181	93,191	87,955
689 - Misc. Non-Ferr Base Metal	1,463	1,458	1,404	749 - Non-Elec Parts/Acc Machn	160,139	148,638	174,431
691 - Iron/Stl/Alum Structures	77,541	71,905	103,957	759 - Office Equip Parts/Accs.	252,364	235,798	236,004
692 - Metal Store/Transpt Cont	34,970	42,971	47,463	764 - Telecomms Equipment NES	759,277	731,292	847,087
693 - Wire Prod Exc Ins Electr	53,633	20,637	26,934	771 - Elect Power Transm Equipment	143,875	139,360	149,215
694 - Nails/Screws/Nuts/Bolts	68,525	63,349	78,648	772 - Electric Circuit Equipment	442,692	400,490	445,163
695 - Hand/Machine Tools	55,989	65,047	72,619	773 - Electrical Distrib Equip	158,005	108,882	121,418
696 - Cutlery	27,022	28,205	33,855	774 - Medical etc. El Diag Equipment	111,661	90,817	125,469
697 - Base Metal H'hold Equipment	129,725	138,829	146,053	775 - Domestic Equipment	225,451	283,269	347,153
699 - Base Metal Manu- facture NES	200,578	227,963	251,658	776 - Valves/Transistors/etc. NES	45,091	32,768	28,173
711 - Steam Generating Boilers	76,163	38,279	49,552	778 - Electrical Equipment NES	257,213	258,452	322,549
712 - Steam/Vapour Turbines	42,025	48,405	27,986	781 - Passenger Cars etc.	3,362,515	3,274,954	3,408,727
713 - Internal Combust Engines	445,945	401,192	481,857	782 - Goods/Service Vehicles	896,079	910,038	1,177,050
714 - Engines Non-Electric NES	188,785	193,235	298,955	783 - Road Motor Vehicles NES	240,858	240,152	297,389
716 - Rotating Electr Plant	151,089	179,909	223,279	784 - Motor Veh Parts/Access	576,800	894,033	991,821
718 - Power Generating Equipment NES	18,614	34,589	30,165	785 - Motorcycles/Cycles/etc.	35,366	39,263	40,400
721 - Agric Machine Ex Tractor	63,044	73,846	82,575	786 - Trailers/Caravans/etc.	29,926	52,710	61,905
722 - Tractors	34,871	53,784	43,477	791 - Railway Vehicles/ Equipment	10,780	18,699	21,443
723 - Civil Engineering Plant	377,752	491,368	449,418	792 - Aircraft/Spacecraft/etc.	1,413,033	1,431,937	1,382,874
724 - Textile/Leather Machinry	39,416	49,170	63,386	793 - Ships/Boats/etc.	69,724	117,495	194,300
725 - Paper Industry Machinery	27,453	56,673	63,580	812 - Sanitary/Plumb/Heat Fixt	34,116	36,739	44,684
726 - Printing Industry Machinery	105,438	72,037	58,491	831 - Trunks and Cases	77,224	90,476	92,919
727 - Food Processing Machines	34,069	57,395	49,047	871 - Optical Instruments NES	11,936	12,384	12,402
728 - Special Industrial Machinery NES	169,253	276,097	248,667	872 - Medical/etc. Instruments	147,786	180,611	246,162
731 - Mach-Tools Remove Material	33,329	33,929	37,857	873 - Meters and Counters NES	11,220	12,208	13,631
733 - Mtl M-Tools W/O Mtl-Rmvl	38,111	32,843	53,213	874 - Measure/Control App NES	352,370	383,230	392,771
735 - Metal Machine Tool Parts	11,618	11,252	24,254	881 - Photographic Equipment	40,110	57,658	59,557
737 - Metalworking Machine NES	28,940	30,662	53,067	885 - Watches and Clocks	156,785	158,616	191,062
741 - Indust Heat/Cool Equipment	365,791	490,767	634,265	891 - Arms and Ammunition	533,965	291,008	398,944
742 - Pumps for Liquids	180,597	225,624	270,330	898 - Musical Instrums/ Records	124,760	143,703	90,052
743 - Fans/Filters/Gas Pumps	291,090	435,926	452,729	Total	16,641,464	17,487,212	19,870,395
744 - Mechanical Handling Equipment	219,604	222,775	296,838	Or Total			
				(Value in US\$ Million)	16,641.46	17,487.21	19,870.39

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