



وزارة الصناعة والتجارة والسياسة

# Saudi Investor Center

**V1, July 2017**

**Contents**

Introduction.....	2
Launch of the Saudi Investor Center .....	3
Saudi Investments in Bahrain .....	3
Facts about Saudi Investment in Bahrain .....	4
Comparative table showing a comparison of the economic sectors to the total number of registers and details of Saudi investment per sector .....	5
MOICT Vision.....	6
Saudi Investor Center Vision .....	6
Center Mission.....	6
Saudi Investor Center Objectives.....	6
Center Working Mechanism.....	6
Services rendered .....	7
Risk Analysis and Mitigation Measures.....	9
1. Difficulty of adopting GCC nationals’ ID cards in transactions in the Kingdom of Bahrain and the access to the eKey service .....	9
2. Marketing of the Center and the investment marketing campaign .....	9
3. Marketing of the Center within the Kingdom of Bahrain and involvement of the MOICT’s strategic partners .....	10
4. Limited staff of the Center and the Center’s headquarters .....	11

**Introduction**

The idea of the Saudi Investor Center was brought up in view of the positive outcomes of the recent visit of His Royal Highness Prince Salman bin Hamad Al-Khalifa, Heir Apparent, Deputy Supreme Commander, First Deputy Prime Minister and Chairman of the Economic Development Board (EDB), to the Kingdom of Saudi Arabia in February 2017. Following the visit, a number of important initiatives were announced, including an agreement on the implementation of a one-stop border crossing on the King Fahd Causeway to facilitate the movement of visitors and goods between the two countries and another agreement to further facilitate the procedures of Saudi investors by opening a center and forming a specialized team for the Saudi investor at the Ministry of Industry, Commerce and Tourism (MOICT) In the Kingdom of Bahrain.

### **Launch of the Saudi Investor Center**

The Saudi Investor Center was inaugurated at the Financial Harbor on May 7, 2017. The Center is one of the distinctive channels of services provided by MOICT. It aims at facilitating and expediting the procedures of Saudi investors for businesses in Bahrain and promoting investments through more facilities and incentives. MOICT seeks to provide all the services needed by the Saudi investor through this Center and a specialized management to provide all services and follow up with the government agencies licensing and approving commercial businesses. The Center provides Saudi investors and companies an opportunity to avail themselves of the listing services on the Bahrain Bourse (BHB) by establishing a linkage to the Saudi Stock Exchange (Tadawul) and facilitating procedures so that the Saudi investor can use his investment account and buy shares directly on the BHB.

The launch of the Saudi Investor Center in Bahrain will further strengthen investment and trade relations between Bahrain and Saudi Arabia in the context of its stated objectives. It also reflects the Bahraini markets' attractiveness and the decent legislative environment in Bahrain in the leading economic sectors. This Center will facilitate the general investment activities, particularly with regard to banking and commercial activities.

### **Saudi Investments in Bahrain**

The Saudi market is one of the important markets for the economy of Bahrain. Bahrain, owing to its geographical location and correlation, is also a gateway to investors to expand in the GCC market in general and in the Saudi market in particular. Bahrain is known for its diversified programs, investor attraction and Saudi tourists. Last year, 12.2 million tourists visited the Kingdom of Bahrain, of whom the Saudi tourists accounted for 70% (approximately 8 million tourists). About 10% of these visitors spend at least two nights in the Kingdom. The EDB estimates that the Kingdom possesses a high level of potential to raise this percentage to 15 or even 20%.

Bahrain's advantage lies not only on its strategic location near Saudi Arabia, but also as a gateway to the GCC countries as a whole. Also, the development of the business environment granted Saudi and Gulf investors the desire to look forward to a promising future in the Kingdom of Bahrain. Saudi investors constitute a significant proportion of global investors, and their investments in Bahrain are growing and have great importance in the national economy of the Kingdom of Bahrain.

**Facts about Saudi Investment in Bahrain**

The Saudi investor was ranked second following the Bahraini investor in the establishment of sole proprietorships, and the Saudi capital invested in the Kingdom of Bahrain was ranked fourth in the first quarter of 2017.

The Saudi capital invested in the Kingdom of Bahrain was ranked fourth, reaching BD 621 thousand, equivalent to 3.4% of the total capital invested during the first quarter of 2017. Thus, the size of capital invested by Saudi investors in the Kingdom of Bahrain came in second place with a value of BD 3.9 billion or 14.1% of the total capital invested until the first quarter of 2017.

Bahrain's economy is one of the most diversified economies in the GCC, with the hydrocarbon sector accounting for 21% of GDP, the financial sector 17% and the industrial sector 14%. The tourism sector contributed 6.3%, including the sub-sectors such as hotels, real estate and hospitality.

<b>Total commercial registers and Saudi investors' shareholding in the Kingdom of Bahrain</b>			
	<b>Total commercial registers</b>	<b>Saudi investors' registers</b>	<b>Shareholding</b>
<b>Sole proprietorships</b>	56551	1773	3%
<b>Businesses</b>	29945	1565	5%
<b>Total</b>		3338	

<b>Total registers and share capital</b>	
<b>Saudi investment</b>	2,296,047,410.00
<b>Total investment</b>	20,388,209,934.00

**The following comparative table shows a comparison of the economic sectors to the total number of registers and details of Saudi investment per sector**

Economic Sector	Registers held by Saudis			Commercial registers		
	Grand total	Sole proprietorships	Companies	Grand total	Sole proprietorships	Companies
Real estate activities	87	13	74	2819	1070	1749
Professional, scientific and technical activities	318	178	140	6981	2640	4341
Financial and insurance activities	279	34	245	2399	283	2116
Human health and social work activities	90	23	67	1116	401	715
Construction	709	408	301	13008	9055	3953
Mining and quarrying	0	0	0	49	9	40
Education	62	38	24	882	515	367
Personal services and repair activities	97	86	11	5008	4499	509
Agriculture, forestry and fishing	4	3	1	116	83	33
Manufacturing industry	118	47	71	7020	5358	1662
Arts, entertainment and recreation services	13	12	1	438	270	168
Information and communication	40	7	33	1407	480	927
Transport and storage	51	32	19	1279	800	479
Electricity, gas, steam and air conditioning supplies	2	1	1	17	4	13
Water supply, sanitation activities and waste management and treatment	1		1	117	63	54
Trade activities, and vehicles and motorcycles repair	883	503	380	32004	22674	9330
Administrative and support services	430	317	113	7485	5415	2070
Accommodations and food services	151	70	81	6179	4482	1697
<b>Grand total</b>	<b>3335</b>	<b>1772</b>	<b>1563</b>	<b>88324</b>	<b>58101</b>	<b>30223</b>

**MOICT Vision**

To lead Bahrain to become a competitive international market, driven by a knowledge-based economy, innovation and rapid delivery of services.

**Saudi Investor Center Vision**

Guided by the MOICT's vision, the Center's vision is to facilitate and expedite the procedures of Saudi investors for business in Bahrain and to promote investments through more facilities and incentives.

MOICT seeks to provide all the services needed by the Saudi investor.

**Center Mission**

to create a one-stop shop for the Saudi investor to complete all the services required with a high level of efficiency and professionalism.

**Saudi Investor Center Objectives**

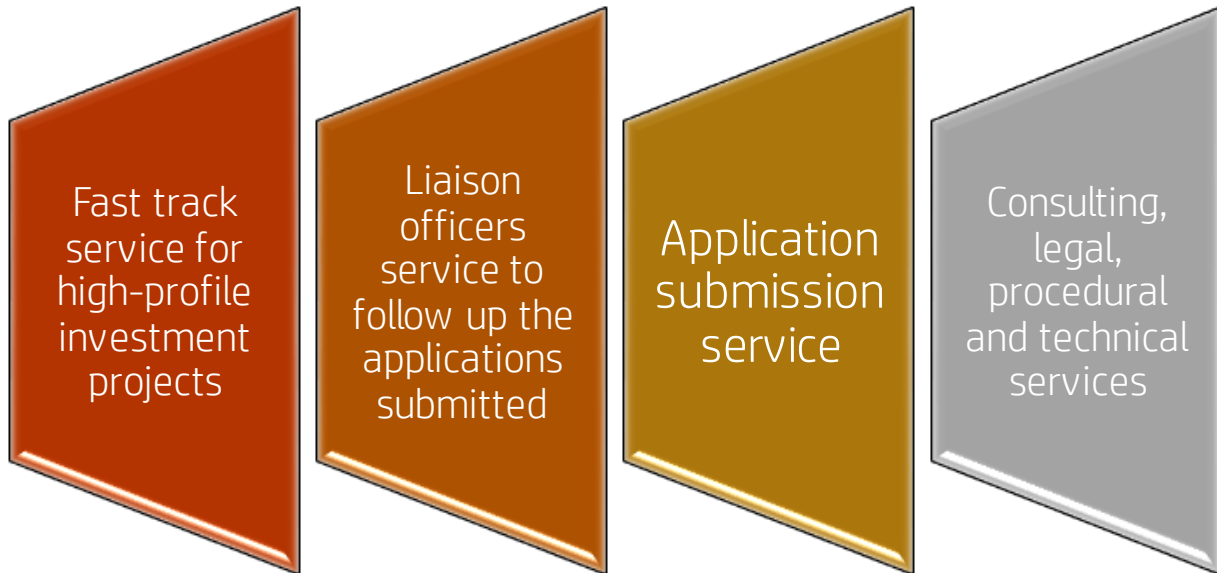
1. To attract Saudi investments in general and other value-added investment projects to the Kingdom of Bahrain such as ICT, healthcare, education, training, tourism and financial services within the fast track services.
2. To facilitate the procedures of Saudi investors, whether individuals or companies, and to simplify the process of obtaining commercial registers, to put the Kingdom of Bahrain in its rightful place as an ideal choice for Saudi investors and capital.
3. To help Saudi investors find investment opportunities and to develop local partnerships to improve the country's investment capabilities and compete with fast-growing economies in the GCC and Middle East.
4. To provide all types of legal services to enable the Center's clients to carry out their transactions in the Kingdom of Bahrain through a legal framework that protects their investments.
5. To achieve effective performance by providing best practices and appropriate solutions, while maintaining contact with other licensing third parties.

**Center Working Mechanism**

The establishment of an executive office, specializing in Saudi investors with a specialized staff and within an advanced working mechanism, is based on the principle of comprehensive care of all applications, starting from submission through follow-up and various stages of progress and course of business, subject to the nature of activity or advanced activities, and the procedures for licensing and registration with all licensing and approving government agencies.

In addition, the fast track service mechanism provides all required outstanding services to the target investors, starting from submission of applications till issuance of commercial registers , as well as other post commercial registration services such as work permits and residence permits. The Fast Track Service Section appoints a dedicated account manager to address all difficulties and obstacles and communicate with all relevant public and private sector entities.

### Services Rendered



1. Providing all legal, procedural and technical services and responding to queries related to the registration and licensing of businesses for Saudi citizens, Saudi investments in the Kingdom of Bahrain and the associated services pre-, during and post-application for registration and licensing.
2. Providing full assistance in the application process by the Center's staff.
3. Appointing employees as "liaison officers" to follow up the applications submitted by Saudi investors with licensing and approving government agencies, intervening to solve some problems and difficulties within the legal framework and coordinating the approved procedures with these agencies.
4. Allocating the fast track service for high-profile investment projects. The fast track service may involve six sectors: ICT, health care, education and training, tourism, financial services and manufacturing. In order to access to the fast track service, a minimum capital of BD 1,000,000 shall be required for manufacturing projects and BD 250,000 for other projects.

The fast track service provides all required outstanding services to the target investors, starting from submission of applications till issuance of commercial registers as well as other post commercial registration services such as work permits and residence permits. The Fast Track Service Section appoints

a dedicated account manager to address all investor's inquiries and concerns and to communicate with all relevant public and private sector entities. The account manager ensures that high-value social and economic projects are served by a high priority service within a time frame of five business days. Furthermore, the Labour Market Regulatory Authority reviews the work permits for these projects on an ad hoc basis.



**Risk and Challenges Analysis at the S I C and Mitigation Measures**

Risk management is an essential part of any organization's strategic management, which is systematically followed to address the risks associated with their activities, in order to achieve sustainable advantages of each activity. The primary focus of risk management is to identify and address these risks.

The objectives of this analysis are to take full cognizance of the risks affecting the Saudi Investor Project, their types, their adverse impacts and ways to pre-treat them by adopting a scientific approach and getting decision makers involved.

<b>1. Difficulty of adopting GCC nationals' ID cards in transactions in the Kingdom of Bahrain and the access to the eKey service</b>	
The problem of adopting GCC nationals' ID cards in e-transactions still persists in the Kingdom of Bahrain, including the Saudi national ID card and the associated definition of the Saudi (GCC) investor in the statistical system and thus accessing to the eKey service.	
<b>Risk level:</b>  Extreme	<b>Risk impact:</b> 1. Difficulty of accessing to the eKey service for the Saudi investor and thus the inability to apply directly in Sijilat system. 2. Duplication of ID cards for some Saudi investors who are holders of the Bahraini national ID card.
<b>Future scenarios and mitigation measures</b> 1. To seriously follow up with statisticians in the Information and E-Government Authority (IGA) and find appropriate solutions. 2. To create an inventory list of all businesses belonging to Saudi investors with Bahraini national ID cards and replace them with KSA national ID cards in order to avoid duplication of identity and prevent exploitation.	
<b>Process owner: MOICT &amp; IGA</b>	

<b>2. Marketing of the Center and the investment marketing campaign</b>	
The urgent need to launch an investment marketing campaign of the Kingdom of Bahrain, including a systematic media campaign on an ongoing basis or for a couple of months in the local or Saudi press, and the adoption of the principle of going to the Saudi investor rather than waiting for him to come.	
<b>Risk level:</b>  Extreme	<b>Risk impact:</b> 1. Possibility of the Center being stalled in the event of failure to carry out the investment marketing campaign of the Kingdom of Bahrain for marketing of the Center and the services rendered to the target groups of investors in Saudi.

	2. Failure to achieve the objectives of the Center and the directives of His Royal Highness, the First Deputy Prime Minister.
<b>Future scenarios and mitigation measures</b>	
<ol style="list-style-type: none"> <li>1. To carry out an investment marketing campaign of the Kingdom of Bahrain, including a systematic marketing and media campaign on an ongoing basis or for a couple of months in the local or Saudi press.</li> <li>2. To adopt the principle of going to the Saudi investor rather than waiting for him to come and to open representative offices for the Center in different regions in Saudi. The best place to start is the common border (King Fahd Causeway).</li> <li>3. To rely on the MOICT's strategic partners in the registration process, which are the professional intermediaries registered and approved by MOICT, and to seek to attract and approve a limited number of large law and consulting firms in Saudi and grant them the status of professional intermediaries after development of certain requirements.</li> <li>4. To cooperate between the Bahrain Chamber of Commerce and Industry (BCCI) and the Saudi Chambers of Commerce in this regard.</li> <li>5. To cooperate with the EDB (they have an office in the Eastern Province).</li> </ol>	
<b>Process owner: MOICT</b>	

<b>3. Marketing of the Center within the Kingdom of Bahrain and involvement of the MOICT's strategic partners</b>	
<p>The need to involve the MOICT's strategic partners, including the government agencies directly related to licenses or approvals, as well as the professional bodies registered with regard to the activities of this Center and its great importance in marketing the Center within the Kingdom of Bahrain.</p>	
<b>Risk level:</b>  Extreme	<b>Risk impact:</b>  The non-involvement of government agencies in the Center can reduce and weaken their response and interaction with the context, procedures and mechanism of the Center. The Center therefore can be stalled.
<b>Future scenarios and mitigation measures</b>	
<ol style="list-style-type: none"> <li>1. Marketing of the Center:                     <ol style="list-style-type: none"> <li>1.1. To demonstrate the importance of the project to all government agencies as a national project which the political leadership in the country is keen to implement.</li> </ol> </li> </ol>	

<ol style="list-style-type: none"> <li>1.2. To hold periodic meetings with the licensing entities, addressing all challenges and obstacles and finding solutions.</li> <li>2. To develop KPIs for the desired results.</li> <li>3. To periodically appreciate the efforts of the licensing entities.</li> <li>4. To cooperate between the Bahrain Chamber of Commerce and Industry (BCCI) and the Saudi Chambers of Commerce in this regard.</li> <li>5. To hold periodic meetings with the professional bodies.</li> </ol>
<b>Process owner:</b> MOICT & all government licensing entities.

<b>3. Limited staff of the Center and the Center's headquarters</b>	
<p><b><u>Note: This challenge will be significant when the Center works effectively</u></b></p> <p>According to the MOICT's vision, the Center will facilitate and expedite the procedures of Saudi investors for business in Bahrain and promote investments through more facilities and incentives. And by the proposed mechanism, which is to provide all the services required by the Saudi investor within the "liaison officers" service.</p> <p>After the marketing campaign for the Center and the services provided in Saudi, the Center's limited staff (the Center consists only of one head and four employees) and limited space (the place is too small for the expected number and there is no place for the fast-track service) would pose a major challenge to the Center's activities.</p>	
<b>Risk level:</b>	<b>Risk impact:</b>
Extreme	Stalling of the Center and difficulties in providing the proposed services and the "Liaison Officer" service as well as affecting the quality and efficiency of the services rendered.
<b>Future scenarios and mitigation measures</b>	
<ol style="list-style-type: none"> <li>1. To find a bigger and wider place within the Harbor.</li> <li>2. To increase staff as needed.</li> </ol>	
<b>Process owner:</b> MOICT & all government licensing entities.	