

## SAUDI ARABIA

Monday 18th September 2006

# Prudent reforms usher in greater global role

## THE KINGDOM OF OPPORTUNITY

**D**uring his years as Crown Prince and acting regent of Saudi Arabia, King Abdullah's national policies have highlighted his commitment to leading his country onto the center of the world economic stage, while his activities at regional and international level have supported his steadfast promotion of peace and mutual respect among nations.

Coming to the throne after King Fahd's death in August 2005, King Abdullah has continued to champion economic reform through diversification away from oil, boosting the development of the private sector and channelling bonanza oil revenues into debt reduction and public and social infrastructure construction.

Outspoken in his condemnation of terrorism, and an appreciated ally of the U.S. in its global campaign to clamp down on its possible sources, King Abdullah is also a true humanitarian, quick to act whenever such help as he can offer is needed. He was behind an ambitious 2002 plan to bring about peace in the Middle East. In July



The Kingdom Tower in Riyadh, Saudi Arabia's tallest building, as seen from the Al-Faisaliyah skyscraper.

this year, King Abdullah held discussions with U.S. President George W. Bush, expressing his concern over the ongoing humanitarian crisis in Lebanon, and offering aid to the country's citizens in need.

Despite being monarch of a country larger than Western Europe, King Abdullah manages to keep informed of smaller-scale problems that can affect ordinary people, such as the plight of conjoined twins and their families. The king has per-

sonally financed life-enhancing separation surgery at some of Saudi Arabia's top medical centers for several children born with this condition.

But he will perhaps be best remembered for leading Saudi Arabia into the World Trade Organization (WTO). The journey has been a long one; under the direction of the kingdom's Chief Technical Negotiator and Deputy Minister of Commerce and Industry, Dr. Fawaz Al-Alamy, Saudi Arabia signed 36 bilateral market access agreements with other WTO members, including the U.S., in its run up to full membership in December 2005. "Saudi Arabia has always believed in free trade and the market economy prin-

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### Saudi Arabia

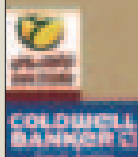
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## A Solid Pillar in the Saudi Real Estate Market

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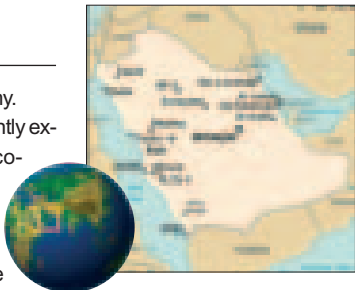
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principles," says Dr. Al-Alamy.

Saudi Arabia is currently experiencing a major economic boom thanks to the confluence of high oil prices, a steadily growing private sector, and the focus of public spending on human infrastructure, health-care, education and training. In order to ensure sustainability, further diversification away from oil remains a priority. "We need to define our objectives," states Dr Al-Alamy. "Once we select our objective, we can then build the adequate and relevant human capital".

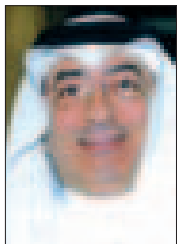
The general consensus seems to be that the country should focus on exports, services, and the creation and de-



velopment of a knowledge-based economy. "Economies are not rigid: we can be both service and export focused. We also have room for growth in ICT services," says Dr. Fahad S. Al-Sultan, Secretary General of the Council of Saudi Chambers of Commerce and Industry. Last year, non-oil exports amounted to \$19 billion.

Attracting investment and encouraging privatization of state-owned enterprises remain vital if this diversification is to continue

unabated, which is where the Saudi Arabian General Investment Agency (SAGIA) has a role to play. "Sixty percent of the investment licenses issued in 2005 were a direct result of SAGIA's proactive approach," says Dr. Al-Sultan.



**FAWAZ AL ALAMY**  
Deputy Minister of  
Commerce & Industry



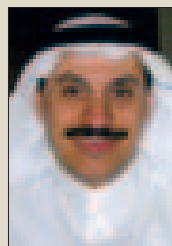
**AMR DABBAGH**  
Governor and Chairman  
of the Board of SAGIA

# A banking system for the 21st century

Saudi Arabia is riding the crest of global economic growth, thanks to its judicious application of a significant economic reform process in recent years. Though the country's wealth has always been linked to oil production, the current focus on diversification is giving the private sector unprecedented confidence and solidity. The economy is steadily growing larger and more complex, presenting new opportunities for investors.

sector through expansion and reform programs, acting not only as supervisor but as partner of the banks.

"We learnt from countries like the U.S. and the U.K. what a



**MUHAMMAD S. AL-JASSER**  
Vice Governor of SAMA

modern banking system should look like," adds Dr Al-Jasser. New technology forms a large part of the developments in the sector, with the aim being to exceed international standards.

Thanks to the strong private sector, the demand for invest-

"The banking system gives a very important view of the heart of the economy," says Muhammed S. Al-Jasser, Vice Governor of the Saudi Arabian Monetary Agency (SAMA). Since the economic boom of the 70s, SAMA has steered the banking

ment banks is increasing. Recently, ten new licenses were granted to institutions that will be concentrating on investment banking activities. Insurance, leasing and the arrival of foreign banks on the market are also on the rise.

## Consumers drawn to Islamic banking

BANK AL JAZIRA MAY be one of Saudi Arabia's smaller banks, but over the past few years its progress in terms of expansion and profits has been outstanding. The bank declared H1 06 profits totalling SAR 1,347m (\$359 million)— representing a 430 percent increase from H1 05, which had already marked a 277.92 percent earnings growth on the previous year.

Bank Al Jazira entered more than successfully in 1998 and which is on the increase thanks to rising petrochemical prices. Mishari Ibrahim Al-Mishari, the bank's CEO, acknowledges that without the infrastructure built by SAMA, current rewards from share trading would be unattainable.

Sources of this continued growth can be traced to income from share trading, a market which

However, the trend towards profitability is also the direct result of several years' worth of intensive

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restructuring and product development. Since becoming a fully Sharia-compliant operation, Bank Al Jazira has become well-known for its innovative and constantly increasing range of Islamic banking products, including the Takaful, a one-of-a-kind insurance product, and a Sharia-compliant equivalent of the time deposit.

Having seen the bank downsize from 600 to 200 employees for the initial restructuring, followed by the subsequent pro-

gressive employment of 1,000 new staff, Mr Al-Mishari cites human resources investment and the ability to select the right people as a key element of the bank's success. Once again,



**MISHARI IBRAHIM  
AL-MISHARI**  
CEO of Bank Al Jazira

SAMA's assistance has proved invaluable, this time in the use of its excellent Institute of Banking training facilities.

Bank Al Jazira is currently exploring mortgage finance and asset management as potential new growth areas.

"We always welcome alliances, and we are constantly in dialogue with potential partners," says Mr Al-Mishari.

## Defense sector imports Greek technology

With more than forty years of experience, Nik Kioleides S.A. is Greece's premier manufacturer of vehicle super structures, trailers and truck bodies. Specializing in heavy duty tank transporters, military shelters, railway freight and passenger wagons, the company has been involved in the defense industry since its inception in 1974 when it produced the first 100 percent Greek low bed trailer for the Greek air force, which is still in use today.

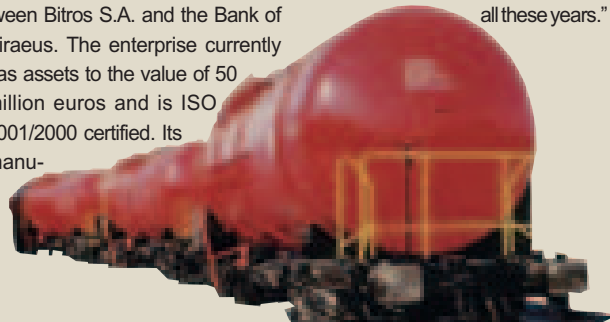
Since 1986, with the launch of its NK 35T tank transporter for heavy machinery, Nik Kioleides S.A. has assumed a vital role in the Greek defense industry, emerging as the national leader in military vehicle production. Today it manufactures the NK 1000-76 tank transporter, which has a payload of 76 tons, and the company has broadened its military low bed semi trailer range to provide for the transportation of S-300 parts. Additionally, it produces various truck superstructures, such as radar room shelters and field operation armored trailers, as well as general military shelters.

Majority-owned by founder and Managing Director Nikolaos Kioleides with 67.5 percent, the company's remaining interests are split between Bitros S.A. and the Bank of Piraeus. The enterprise currently has assets to the value of 50 million euros and is ISO 9001/2000 certified. Its manu-

facturing plant, located in the Greek seaport of Volos, is considered to be one of the largest and most modern industrial complexes of its kind in Europe.

Since 2000, the group has expanded its international reach within the global defense industry, manufacturing Jet A1 refuelers for the Jordanian Army and trailers for shelter transport for the United Arab Emirates. It has also produced three-axled trailers for the French defense company Thales Air Defense Systems and entered into agreements with companies from the Czech and Slovak Republics after their entrance into NATO.

"We have a strong presence in the Middle East, Africa, Europe and eastern Europe," says Mr. Kioleides. "We are not a mass producer. We sit down with the customer and then build exactly what the customer wants, so we are quite flexible. We can build from one to one thousand of the same product and therefore we have a niche market of specialized products." He adds that the company is especially strong in fuel tankers, water tankers, tippers and low bed trailers, and says that their customers keep coming back for more as "our trailers are the only ones that remain in operation after all these years."



**Growth is not achieved by coincidence...**

Year	Net Profit
2001	20.4
2002	25.3
2003	31.1
2004	40.2
2005	874.1

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- Tadarruq Program:** Saudi share online trading service.
- Thus leaving nothing to coincidence.**

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Member of the Islamic Finance Group

## SAUDI ARABIA



Saudi Research and Marketing Group has a significant share of regional readership and distribution, through a variety of publications that cater to the tastes and needs of the community.

## SMRG creates new opportunities in Saudi publishing sector

**T**he Saudi Research and Marketing Group (SRMG) operates in four main business segments—publishing, distribution, printing and media sales and advertising—and has been going from strength to strength since its restructuring. In April this year, following two phases of capital increases in 2005, from SAR 600m (\$160 million) to SAR 800m (\$213.3 million), SMRG saw its initial public offering (IPO) of 24 million shares (30 percent of its total shares) oversubscribed fourfold.

Group Chairman Prince Faisal Bin Salman Bin Abdulaziz believes this move could mark the birth of a new media and publishing sector in the Saudi economy, and open the way for other companies to go public. “I think we have opened a whole new sector in Saudi Arabia,” he says.

SMRG is the holding company of the largest publishing enterprise in the Arab world, the Saudi Research and Publishing Company (SRPC). This subsidiary owns 15 leading titles published in a range

of formats and covering a variety of interests - including the English-language daily Arab News - which has an estimated total readership of 180 million in the kingdom and worldwide. Last year it held an aggregate market share of 46.1 percent.

Company restructuring, which began in 2002, has been thorough. In a bid to change the family-oriented approach - and separate ownership from management and management from editorial - high profits were given secondary priority for a two-year period during which cost control measures were implemented, bad debts written off, unprofitable businesses closed and areas of inefficiency dealt with. Management was injected with new blood, recruiting from outside and promoting younger staff into higher positions. The result was a marked improvement in operational performances and a 12

percent year-on-year increase in consolidated revenues.

Prince Faisal believes that the media market is growing as a result of higher demand for publications in the Saudi and Gulf region markets. Supportive demographic, economic and social trends in the region should ensure healthy and sustainable growth in the years to come, with the resulting positive knock-on effect on advertisement revenues.

The group’s development strategy aims to include both organic and non-organic growth. “We look at every opportunity on its own merit,” says Prince Faisal. “We will be growing organically by establishing a new company dealing with specialized publishing, as we believe that this will be a growth market in print media. We have invested in building printing presses in the UAE and in other parts of Saudi Arabia.”

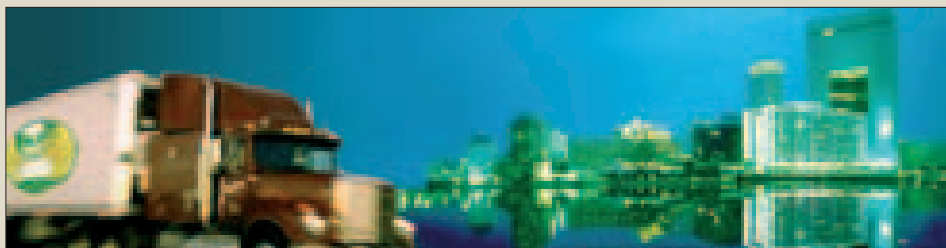


**HRH PRINCE FAISAL BIN SALMAN BIN ABDULAZIZ**  
SMRG Group Chairman

### Moving with the times to stay ahead

The rise of the internet provides new challenges such as managing the impact of online competition, but Prince Faisal is unfazed by this. “Our main priority is content. Whatever we have in terms of publication are delivery systems, such as internet and mobile services, magazines, papers. We therefore focus mainly on improving our content and investing in people who provide quality content, which can be sold directly or syndicated,” he states. “We have established a company with Dubai Holding called Moutamarat, which handles events, exhibitions and conferences, and we have bought a printing press here, complementing our business.”

## SAUDI ARABIA



Saudi Post is recognized as the leading market innovator by postal unions around the world, developing technologies of global interest.

## State-of-the-art, innovative postal system addresses delivery conundrum

Communications are changing dramatically in the kingdom with a strategic reorganization of the postal service, its expansion into new sectors, and establishing a sophisticated address system, zip codes and mailboxes

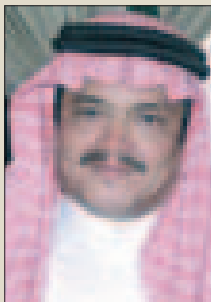
Up until now Saudi Arabia has had a less than perfect postal system. The kingdom has lacked a proper standardized addressing technique that can be used by the international community and Arabic often gives rise to multiple spellings of a name or destination. Likewise, the absence of zip codes has proved difficult for efficient mail delivery.

To rectify these problems, Saudi Post Corporation (SPC) has implemented a strategic plan which begins with establishing a strong postal infrastructure and developing competitive postal services. In the second stage, the company is looking at regulating the postal services market and outsourcing and insourcing postal services. In the final stage, SPC sees a liberalized postal sector and privatized postal services, all occurring within the next ten years.

The SPC is also focused on diversification by creating and

privatizing strategic business units within the company. Instead of looking at the postal service as just one unit, its plan divides the sector into individual units by function: distribution, direct mailing services, etc. Each unit would then be a separate company and separate profit center, as is now the case with mail transport and hybrid mail.

Another project is the state-of-the-art Wasel System, a highly sophisticated postal program made possible by a multi-million dollar investment by four Saudi consortia. Wasel is a pick-



**MOHAMMED SALEH BENTEEN**  
President of Saudi Post Organization

up and delivery process which codes and labels buildings with a new postal addressing system based on satellite imagery and a new zip code network. Under Wasel five million mailboxes have been installed throughout the kingdom, which are equipped with radio frequency identification (RFID) chips to control and optimize the process.

Subscribers to Wasel will benefit from a range of services, not just sending and receiving mail items. The service, which costs \$80 per year, or about 20 cents

a day, can be put on hold for up to three months a year, in case of travel plans for example. Also, subscribers can have mail sent to their own P.O. box or forwarded to any other address in Saudi Arabia free of charge. New Siemens sorting machines in Riyadh, Jeddah and Dammam have a sorting capacity of 40,000 items per hour and will take care of subscription management.

The system will be the catalyst for the development of e-commerce and e-government, as well as delivery services and online shipping, which will ultimately enable economic development by providing reliable mail infrastructure. Dr. Mohammed Benteen, President of SPC, says, "A good postal service will help the economy, security and society. It gives a positive image of the country and inspires confidence for international business houses."

Thus far SPC has made progress with the new system. It has completed the full satellite mapping of the Riyadh region, published the zip code areas, installed 500,000 mailboxes in Riyadh as of June 2006, and signed up hundreds of subscribers. Also, the recruitment and training of a new delivery organization is underway.

SPC is also looking to expand into logistics and transportation by acquiring companies specializing in these two fields to better serve the needs of the firm. Having acquired 51 percent of the delivery company Hala Express, for example, SPC has re-branded it Naqel, which now operates as a separate joint venture and establishes SPC's presence in the logistics market. It also provides all mail transport services for the company as the organization's activities were previously outsourced to three contractors.

### TRANSFORMING INTO A HIGHLY DIVERSIFIED COMPANY

#### SAUDI POST STRATEGIC PHASES

- 3** - LIBERATE THE POSTAL MARKET  
- PRIVATIZE ALL POSTAL SERVICES
- 2** - REGULATE THE POSTAL SERVICES MARKET  
- OUTSOURCE AND INSOURCE POSTAL SERVICES
- 1** ESTABLISH ROBUST POSTAL INFRASTRUCTURE  
- DEVELOP COMPETITIVE POSTAL SERVICES  
- KICK OFF MARKET REGULATION

#### SAUDI POST STRATEGIC VISIONS





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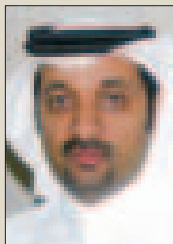
## SAUDI ARABIA

# Population boom heralds an era of unprecedented property development

**R**eal estate and construction are cyclical in Saudi Arabia, surging when oil prices and therefore revenues are high, and slowing down at less prosperous times. Given that the kingdom is enjoying a Golden Age of oil-based prosperity, it is not surprising that the national construction market is now the largest in the whole of the Middle East.

There is little fear that demand will suddenly slump, however, as it is fuelled for the most part by current demographic trends within the kingdom. Saudi Arabia's population rose in absolute terms by 5.7 million between 1992 and 2004. This means an increased demand for utilities and social infrastructure. Education, health and housing are high on the government's agenda, while the private sector is engaging in real estate, office and shopping mall investments, and tourism-related projects. Of these, housing is fast becoming the overwhelming priority in the construction business overall. In value terms, the housing sector comprises 75 percent of all real estate activity in the kingdom.

Dr Bader Ibrahim Bin Saedan, Chairman of the Olaya Real Estate

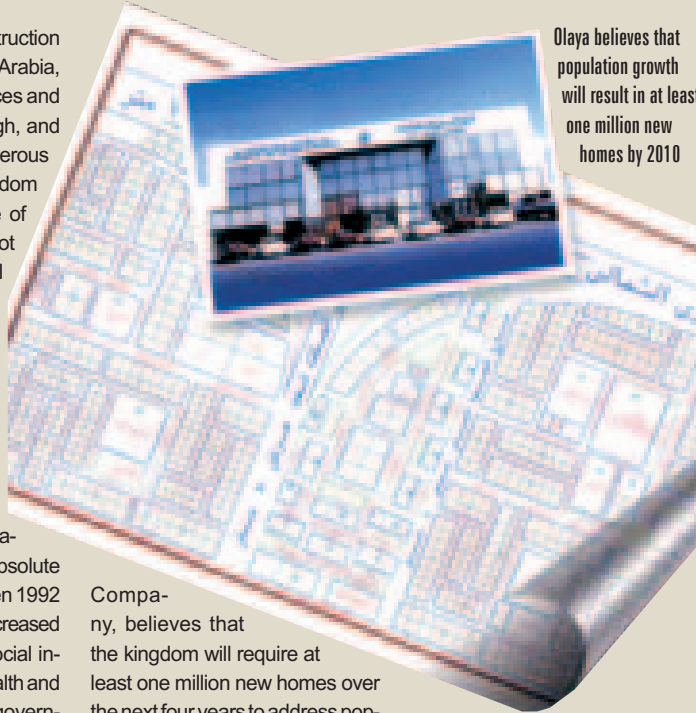


**DR. BADER IBRAHIM  
BIN SAEDAN**  
Chairman of Olaya

Company, believes that the kingdom will require at least one million new homes over the next four years to address population growth needs. Despite the scope of the challenge ahead, he points out that the main hindrance to the real estate market is that the legal infrastructure does not yet support commercial bank mortgage lending, although legislation is under way and should be in place within the next few years.

At the moment, the law only makes provisions for large investors, such as Emaar Properties of Dubai, which is investing in

Olaya believes that population growth will result in at least one million new homes by 2010



## Building on solid, high-tech foundations

ENGINEERING consulting firm Saudconsult has been successfully managing projects in Saudi Arabia for more than 40 years. The exponential growth of the country's wealth in recent years, echoing the original oil boom of the 70s, and the accompanying demographic explosion have allowed the firm to expand its scope of activities from small building design to major infrastructure projects.

The capacity to adapt to circumstances has been invaluable, says Dr Tarek Shawaf, the company's founder and chairman. "We have looked at how similar U.S. and U.K. companies carry out work, we have computerized our systems and moved into hi-tech design," he explains. Projects have been getting consistently bigger, with the power sector now featuring as the firm's main area of activity.

The current surge in public spending makes the home market ideal territory for the firm. "There is nothing as interesting as the Saudi Arabian market," states Dr Shawaf. "The jobs are at our doorstep, and these are huge projects," he adds. Omar Shawaf, who will be taking over as chairman when his father retires, is nonetheless keeping his eye on broader horizons. "We are in the process of developing our market standing in other countries such as Bahrain, Qatar and Lebanon," he says.

the King Abdullah Economic City. With an excellent track record of bringing successful projects to co-investors, Olaya Real Estate is ready to work with smaller investors once the Saudi Arabian real estate market is opened to them. "We are keenly aware of the phenomenal investment opportunities that are appearing on the horizon, and we will be there to take full advantage of them and help investors do the same," says Dr Bader Saedan.

The company plans to create a financial arm to cover the mortgage market, presenting further opportunity for foreign investment companies. Another change in the pipeline is to go public. As a start in its move away from being wholly family-run, Olaya has hired a CEO from outside; an IPO is likely to happen sometime in 2007.



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# A rich and diverse economic base

Saudi Arabians are very family oriented; families also tend to be large, which means that when different members employ their own particular skills and interests, and apply these to business ends, the result is a series of different companies operating under one banner but providing a diverse range of products and services.

As Husain Al-Athel, Governor of the Riyadh Chamber of Commerce and Industry, says: "Saudi Arabia's competitive advantages lie in the petrochemical field and in energy-intensive industries." One such sector providing interesting results is construction, which currently contributes \$12 billion annually to the Saudi economy and is the kingdom's largest non-oil industry, making Saudi Arabia

the largest producer of construction materials in the Middle East. Many of these products are exported regionwide.

The country's pharmaceutical market is worth \$1.2 billion and should continue to grow at 15 percent annually – Saudis consume more pharmaceuticals than any other country in the Gulf region.

One family business embracing both these sectors is The Al-Jabri Group, which generates around \$133 million annually. "We are involved in construction, the pharmaceutical and medical fields, the energy sector, and Information Technology" says Hassan Al-Jabri,

Chairman of the Group and General Manager of Jabria Construction.

Jabria Construction has always

worked with its own capabilities and manpower. However, recent moves into larger projects have led to strategic partnerships, something which the company is keen to pursue. "We have started to see the potential of being involved in partnerships for certain types of projects,"

says Mr Al-Jabri.

Jabria Construction benefits from a good knowledge of the national market, as well as access to local resources in terms of subcontractors, IT and the like. As well

as welcoming partners for current construction activities, it is looking to enter the petrochemical business. "If there were an American company willing to come in with us for this type of construction and the prices were acceptable to the clients here we would be most interested," says Mr Al-Jabri.

Like many family-run enterprises, Al-Jabri Group considers social involvement a constituent part of the business. The group participates in a royal initiative to provide computers to Saudi families, is involved in the creation of an Arabic Internet search engine and takes part in a project to train young Saudis in various trades, such as carpentry or plumbing, and then incorporate them into a construction contract.



**HASSAN AL JABRI**  
Chairman of Al Jabri  
Group

## LPG: An expanding market

THE PRODUCTION of oil and gas from its extensive reserves is the linchpin of Saudi Arabia's economy, but other energy-related industries hold significant economic potential.

Liquefied petroleum gas (LPG)

is currently the exclusive domain of the National Gas & Industrialization Company (Gasco), which was created in 1975 out of a merger of existing LPG retailers. The government owns 15 percent, while the remainder is public stock. The firm has full rights on



**ABDUL AZIZ AL-HEDAITHY**  
General Manager of  
Gasco

the market until 2008, when it will be opened to competition. Abdul Aziz Al-Hedaithy, Gasco's General Manager, is not worried. "Based on what has hap-

pened to similar markets we have studied, such as in Turkey, Italy and Spain, even after liberalization the operating companies still retain more than 90 percent of the business," he says. Indeed, any potential new-

comer would face a daunting initial outlay in order to match the infrastructure that Gasco has built up over the years.

Market growth, centered in domestic use, is around 3.5 percent; not hugely attractive for newcomers but sufficient for Gasco. And other avenues may yet open. "As industrial activity continues to boom, there may be some growing demand from that segment," says Mr Al-Hedaithy.

## A Benchmark For The Future!

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## SAUDI ARABIA

# Kingdom gears up for tourism

In its efforts to diversify the economy away from oil, Saudi Arabia is focusing on an economic sector that provides many other countries with a significant source of revenue: tourism.

Since 2000, the Supreme Commission for Tourism (SCT) has been working intensively on development strategies, with the aim of promoting places of cultural, historical and aesthetic interest; establishing new activities; training professionals in the trade and extending the existing infrastructure. The secretary general for the SCT, Prince Sultan bin Salman bin Abdul Aziz, expects visitor numbers to rise to 45.3 million by 2020, which will require substantial investment from the private and public sectors, and could cre-

ate jobs for around 1.7 million Saudis.

"New activities are being promoted, such as parachuting, mountain climbing and various kinds of adventure tours," says Nassir A. Al Dossari, General Manager of the Intercontinental Hotel Riyadh. There is even a national scuba program underway, which will train 2,500 amateur divers and 250 professional divers for free over the next five years, helping to maximize the potential of Saudi Arabia's beautiful coastal areas on both the Arabian Gulf and the Red Sea.

As far as training goes, the

Prince himself recently set the pace by becoming the kingdom's first accredited tourist guide: this new step will help organize the sector and maintain services to top international standards.

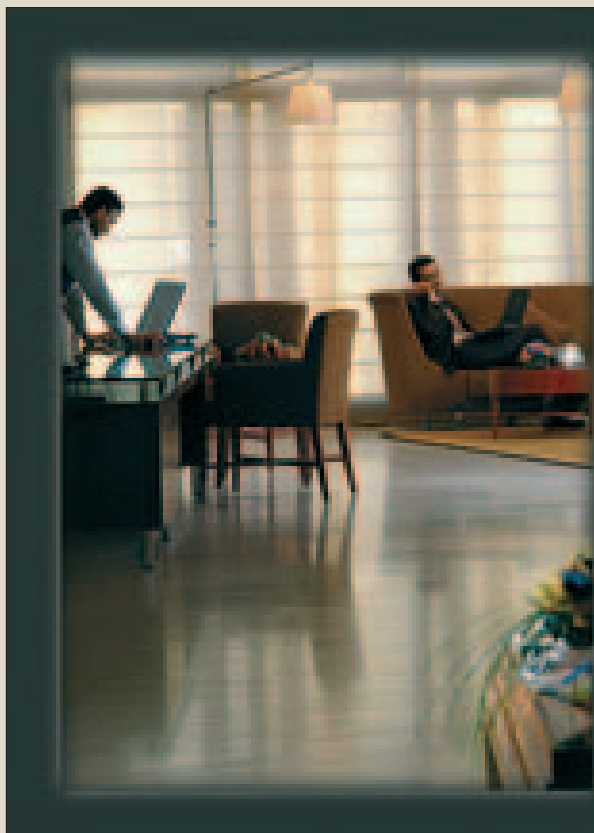
There are other standardization moves under way. Mr Al-Dossari expects new regulations to simplify tourist visa applications to be implemented by September 2006 or before, which should also contribute to improving the tourism business in the kingdom. The hotel, voted the best business hotel in Riyadh for five consecutive years, has welcomed top-

level delegations from nations worldwide over the past months, as more people are encouraged to hold their business meetings and conferences here. "We offer the most secure location and have more facilities than other hotels. We also provide the best service and environment for business people," he states.

Saudi Arabia is well-known as a destination for the top-level traveller. The Intercontinental Hotels Group itself has 11 eponymous hotels, covering every major Saudi city, and has plans to expand into hotels on the highway, European-style. It also owns Holiday Inns and Crowne Plazas. "Competition is healthy. Without it, there is the risk of becoming complacent," says Mr Al-Dossari.



**NASSIR A. AL DOSSARI**  
General Manager  
Intercontinental Riyadh



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## SAUDI ARABIA



With the self-ticketing service, passengers can easily purchase their tickets and also print out their boarding passes from one of the many terminals installed in Saudi airports.

## Saudi Arabian Airlines: top-notch technology and customer care

**S**audi Arabian Airlines (SV), born out of the vision and wisdom of the late King Abdulaziz Bin Abdulrahman Al Saud, founder of the Kingdom of Saudi Arabia, has always played a dynamic role in the national, regional and international arenas.

As the kingdom required a fast, comfortable and effective means of transport to link its distant areas, SV was formed to strengthen the country's economy by carrying passengers and goods across its vast reaches and to the rest of the world. The late King Abdulaziz decreed that the kingdom's first Douglas DC-3 would become the nucleus of a national carrier.

Throughout its history, Saudi Arabian Airlines has been at the forefront of modernization, embracing technology and expanding its domestic and international networks while maintaining quality service through well-planned and innovative programs.

As the largest airline in the Middle East, Saudi Arabian Air-

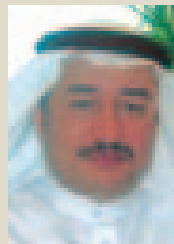
lines flies to 56 international destinations while its domestic network links Saudi Arabia's 26 major cities and towns.

The company has a duty to serve the Muslim population from all over the world by offering them services to visit the kingdom's holy places. Furthermore, people of more than 100 nationalities reside in the kingdom, and Saudi Arabian Airlines provides them with comfortable and convenient transportation to their homelands.

With increased profitability, which has more than doubled since 2003, Saudi Arabian Airlines continues to play a significant role in the socio-economic development of the kingdom. It strives to be a world-class, customer-driven airline with a dis-



**KHALID ALMOLHEM**  
Director General  
Saudi Arabian Airlines



**YOUSSEF ATTIAH**  
Vice President  
Customer Services  
Saudi Arabian Airlines

tinctive Saudi character.

The airline is also one to break records. In terms of passenger transport, on December 11, 2004, for the first time in its 60-year history, the company reached the 15 million passengers milestone. By the end of 2004, the airline had served 15,772,248 passengers, an increase of 1,250,000 compared to the previous year. For five decades, the number of passengers has never exceeded the target of 12 million; however, since 1991 the number of customers has increased by 61 percent.

SV has also launched a process of privatization which will be implemented in three stages. The first stage has already been finalized and includes a complete scientific study

based on reports submitted by privatization consultants. It also includes SV's preliminary studies on the financial, administrative, operational and organizational situation as well as studies on the work force and administrative, financial, legal and operational reorganization. The results of the consultants' findings were submitted to Crown Prince Sultan Bin Abdulaziz, Deputy Premier, Minister of Defense and Aviation and Inspector General and Chairman of the Board of Directors of Saudi Arabian Airlines. He, in turn, will submit the findings to the Custodian of the Two Holy Mosques, King Abdullah Bin Abdulaziz. The report will eventually be sent to the Supreme Economic Council for their evaluation.

The second stage has likewise been finalized with recommendations which require government approval. Meanwhile, the third phase, which requires three to five years for completion, includes the execution of the recommendations which come under the jurisdiction of the Airline's Board of Directors.

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