



IN DIALOGUE WITH HE. CHRISTOPHE FARNAUD, AMBASSADOR, DELEGATION OF THE EUROPEAN UNION TO SAUDI ARABIA, BAHRAIN & OMAN



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As Ambassador to the Kingdom of Saudi Arabia, Bahrain, and Oman, you're in a unique position to observe the economic landscape across these nations. Could you share any common trade and investment opportunities that are emerging within the GCC that might be particularly appealing to our European stakeholders?

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There are many! Historically, the Gulf region is known as an energy region. Indeed, the majority of exports from most Gulf countries are hydrocarbons while the EU's exports are mainly machinery, transportation and heavy equipment. Through the various Vision programmes of the Gulf countries, there is a prospect that this economic landscape is becoming increasingly diversified.

This is a great opportunity for EU companies that have experience and know-how in areas such as construction, tourism, culture, sports and entertainment, digital transformation, green technologies, logistics, or mining. The European brands have a very good name in the GCC and they are welcomed in the region. The Gulf countries also have placed a lot of emphasis on quality and are less price sensitive. This is a real advantage for European products and services.

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Given the significance of the Saudi market, could you elaborate on how it stands as a beacon for generating investment and trade opportunities, especially for EU-based SMEs? How do you envision these opportunities evolving in the near future?

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Saudi Arabia is the only Arab country in the G20 and it is home to the biggest economy in the Middle East. The EU is one of Saudi Arabia's major trading partners, representing approximately 15 percent of the Kingdom's global trade. To date, over 1,300 companies originating in the European Union have invested in the Kingdom. In 2022, European investment stocks amounted to EUR 30.8bn, a great leap from the year before. There is no doubt that the economy in KSA is growing and I would invite all European companies to see first-hand the opportunities that are being created. Saudi Arabia is therefore a most interesting partner for European companies. It has a vision and, in particular, the financial means to make things happen. For this reason, I am confident that Saudi Arabia is a good platform for companies that come here to invest and do business.

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The establishment of the first European Chamber of Commerce in the Kingdom of Saudi Arabia (ECCKSA) marks a pivotal moment for EU-GCC relations. In your view, how will the ECCKSA contribute to shaping policies that enhance the business environment in Saudi Arabia, and what impact do you foresee on the broader EU business community?

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We are very pleased to see the creation of the European Chamber of Commerce in KSA. This is the first in the whole MENA region! The European Chamber will offer a direct contact point, provide information and advocacy, and facilitate a network within the market. These features are as essential for established companies as for new ones, in particular SMEs which often find the entry burden much higher.

One of the main roles of a Chamber is to act as a voice for the private sector. The ECC will bring together top EU and international companies that work in the same industry sectors. It will also add expert knowledge and expertise to put forward position papers which will serve as the basis for what the industry sees as best practice for the businesses. This in itself is a treasure trove for policymakers as it makes their jobs easier in drafting business-friendly policies that ultimately will attract even more investment.

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With each GCC member country guided by its own developmental 'Vision', the EU's role in supporting these ambitions is crucial. Could you highlight how the EU plans to contribute to the realisation of these visions, particularly in areas where our priorities align?

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Each GCC country has developed its own economic development plan. These all defined a path of growth, identifying specific sectors of comparative advantage. GCC Vision statements are an important element in establishing a forward-looking direction of economic diversification away from hydrocarbon-dominated economies.

The EU has the opportunity to contribute to the programmes and initiatives each GCC country designs to assist the countries in their work towards the Vision. In 2022, in the Joint Communication on "A strategic partnership with the Gulf", the EU picked up the thread of the vision programmes and identified many sectors where the EU is ready to cooperate. The economy plays a central part in these efforts and this is why the strengthening of economic ties between private sector companies is crucial. For instance, we are very pleased to see that the Saudi government is also actively seeking closer cooperation with Europe, as was demonstrated by the very successful, first-ever Saudi-EU Investment Forum last year for which over 1400 companies registered.

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The Kingdom's giga-projects present unique opportunities for European investors. Could you discuss these opportunities and suggest how they can be effectively promoted to ensure maximum interest and participation from EU investors?

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The giga-projects are the flagship initiatives of the new Saudi Arabia. I am impressed by the audacity and visionary concept of these projects. Just take NEOM and The Line as an example. For European companies to successfully participate in these projects, information sharing and transparency is key. Many European companies have a lot of expertise and know-how but they are not always aware of the projects, their works, timelines and their opportunities. This is something we need to promote further, in particular for those that are not here. The perception in Europe about Saudi Arabia is lagging behind the reality. I would invite Europeans to come to KSA and to see with their own eyes how this country is changing. I strongly believe that closer cooperation between Saudi Arabia and Europe is in our mutual interest and to our mutual benefit.