

Building links with Saudi Arabia



Abdallah Y. Al-Mouallimi

Photo: Steve Eastwood

The Saudi-Luxembourg Business Chamber was inaugurated on 19 January at an event attended by the Minister of the Economy and Foreign Trade, Jeannot Krecké and the Saudi Arabian ambassador to Belgium, Abdallah Y. Al-Mouallimi. The mission of the new chamber is to help companies take advantage of economic opportunities in the country's rapidly growing economy. In its turn, Saudi Arabia wants to attract technology companies and financial services to the country.

Benjamin Seille a development expert of international business at GBN Europe, a company based in Bertrange is already doing business in Saudi Arabia. He said that he has found it easier to do business with the kingdom than with the BRIC countries. Seille appealed to Luxembourg businesses to realise the potential for doing business in Saudi Arabia.



Jeannot Krecké

Photo: Steve Eastwood

More focus on the Gulf

Since 2004, the government has intensified its efforts to attract the Gulf countries to do business with Luxembourg. Together with visits to the region, the Ministry of Economy has opened a permanent office in Dubai, which serves mainly as primary contact for domestic firms wishing to explore the region and also to promote the Luxembourg economy. Then there was the recent announcement of the opening of an embassy in Abu Dhabi.

"We took the right train at the right time and that train is travelling at top speed" said Krecké. He went on to say that the opening of this new business chamber will build on the relations already established and will assist Luxembourg companies wishing to develop their activities in Saudi. He had just returned that day from a visit to the country and he had also taken in the World Future Energy Summit held in Abu Dhabi from 16 to 19 January.

Saudi wants to diversify too

The oil sector accounts for a considerable part of the Saudi economy: 45% of GDP, 90% of export earnings and 75% of budget revenues. For several years, the Saudi government has been looking to reduce its dependency on the oil sector by diversifying its economy and developing economic activities mainly in the sectors of agriculture and industry.

According to Pierre Gramegna, director of the Luxembourg Chamber of Commerce, the Saudi market could be lucrative for companies active in the areas of finance, telecom, construction, food, industry and logistics.

"We are keen to attract technology and financial services companies to our country technology and financial services" said Abdallah Y. Al-Mouallimi, Ambassador of Saudi Arabia in Brussels. After Malaysia, the Kingdom is the second biggest global player in the Islamic finance market in terms of volumes of funds. Luxembourg has made a strong play in this direction. For example, the Stock Exchange currently has 14 listed Islamic "Sukuk" bonds and there are about 40 different listed Islamic investment funds as well.

Tax treaty in the pipeline

Marc Theisen, President of the new Saudi-Luxembourg Chamber, said that Islamic finance represents a growing niche in which Luxembourg must be prepared to position itself. If Saudi Arabia is to be a land full of opportunities there are certain outstanding issues to be resolved. The Saudi Arabian Ambassador would in the very near future like to see the signing of an agreement on the avoidance of double taxation between the two countries.