



RECORD YEAR FOR BRITISH EXPORTS TO SAUDI ARABIA

By Richard Northern

1997 was the most successful year on record for British exports to Saudi Arabia. Our merchandise exports totalled £3.8 billion, an increase of 53% over 1996. Visible exports from the UK to Saudi Arabia have doubled over three years, making Saudi Arabia almost as big a market for British exports as Japan. Adding in service sector exports, Saudi Arabia is a £6 billion market for British companies.

The growing interest in this market was brought home to me, when I took part in two DTI-sponsored seminars about the Gulf in Durham and London in January. More than 300 companies attended these events. With the downturn in markets in the Far East and the problems which the strong £ poses for exporters to Europe, the Arabian Peninsula has risen up the list of priority markets for British exporters.

February and March saw visits by two senior British Cabinet Ministers, the Foreign Secretary and the Defence Secretary, to Riyadh. Both were well-received. We look forward to further high-level visits to consolidate the bilateral relationship at the highest levels.

Three trade missions visited Riyadh in February and March. Birmingham Chamber, the Northern Development Company and the Industrial Development Board of Northern Ireland were all pleased with the business picked up and the contacts made by companies in their missions. ECGD also brought a team to Saudi Arabia to give a series of seminars on project finance.

We are enjoying a brief lull over the Eid and Easter before the next series of business visitors rolls into town from mid-April onwards.

Michael Blandford, who has done sterling work as the Export Promoter for Saudi Arabia at the DTI for the past two years is moving on. His departure will be a real loss; but, fortunately, we have not seen the last of him. Michael has now joined the Arab-British Chamber of Commerce and will continue to visit Riyadh on their behalf. In fact he will be speaking at a seminar to encourage Saudi exporters to break into the European market in Riyadh on 25 April. Malcolm Pearson, hitherto Export Promoter for Kuwait, will be taking over Michael's responsibilities for Saudi Arabia. We hope to see him here and to be able to introduce him to the RGBB before long.

FINANCE FOR PROJECTS

By Richard Northern

Limited Resource funding was the theme of a seminar hosted by the Riyadh Chamber of Commerce on 11 March. A series of presenters, led by Martin Crane of the UK's export credit agency, ECGD, explained how this technique can be used to finance new industrial projects in Saudi Arabia.

Mr Crane explained that the technique requires projects to be assessed by the sponsors and the provider of the debt capital working in partnership to create a successful venture. Debt repayment is made primarily from the revenues of the completed project. Mr Crane described a number of examples in the Gulf, in which ECGD has been involved, such as LNG and petrochemical plants, independent process projects and infrastructure projects.

Mr Richard Cole, of HSBC London, confirmed that the presence of ECGD in such arrangements encouraged greater participation by commercial banks and helped drive the price down. HSBC are currently the UK's largest supplier of finance for contracts supported by ECGD.

Mr Richard Drummond of ECGD spoke about the legal agreements required to put together such packages. Mr Michael McMillen of White and Case, put these requirements into a local context by discussing Islamic financing and some solutions to the problems it posed.

The presenters also addressed seminars in Jeddah and Al Khobar. They plan to return to Saudi Arabia in the autumn to follow up some of the contacts made. Copies of their presentation slides can be obtained from the British Embassy Commercial Section.

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