

Introduction to doing business in the Gulf

Why do business in the Gulf Region?

- **Opportunities**

The Arabian Peninsula, situated between Africa and Asia, is home to the six nations of the Gulf Cooperation Council (GCC). Powered by oil wealth, the countries of Saudi Arabia, United Arab Emirates, Qatar, Oman, Kuwait and Bahrain, have grown from poor desert states to modern economies in fifty years. Now they are driving to diversify their economies because they know that they cannot rely on oil in the long term.

After a hiccup when the oil price collapsed, their national incomes are enjoying steady growth which they are investing in new ventures to grow the private sector.

- **Ease of doing business**

Most people in the UK have heard of Dubai, long a trading hub, which has become the most cosmopolitan city in the Middle East. It has become a magnet for business and tourism, providing a reliable base for regional HQs for many international companies. It is a natural place to do business.

The ease of doing business varies between countries (as we will describe below) but in all of them English is the language of business and the UK is well-regarded for the quality of its products as well as for the way Brits do business.

Which countries to focus on?

- **United Arab Emirates (UAE)**

There are good reasons why Dubai is a regional hub: lots of flights, good hotels, use of English, easy to get around, critical mass of other businesses. Abu Dhabi, the capital of the UAE, is the centre for the government, defence and oil and gas industries.

The economy dipped with the fall in the oil price but is now steadily improving. Dubai is investing heavily in preparation for Expo2020 which will run from October 2020 to April 2021.

With exports from the UK to the UAE of £10.6bn in 2018, it was our 13th largest export market, 6th largest outside the EU.

If you are new to exporting and/or new to this Region, the UAE is a good place to look first.

- **Saudi Arabia**

Until recently, Saudi Arabia was considered a difficult country to do business with. It is still not straightforward but the reforms which have been implemented in the last few years are beginning to have an effect.

What cannot be argued is that it represents a significant market with many opportunities. Any business considering the Saudi market is strongly advised to take advantage of the local expertise which we can introduce.

- **Qatar**

Although it is immensely wealthy through its gas reserves, Qatar is a relatively small country. The big opportunity on the horizon is the FIFA World Cup which Qatar is hosting in 2022 for which preparations are being made already.

- **Oman, Kuwait, Bahrain**

Oman has less oil wealth so is less developed than the other GCC countries but it is, for historical reasons, pro-British, a lovely place to visit and investing in its tourism sector among others.

Kuwait is less accessible than some of the other countries so, unless a specific opportunity presents itself, it is one to leave until other GCC experience has been gained.

Bahrain, connected to Saudi Arabia by a causeway, is a small island with a strong financial services sector.

Which sectors to focus on?

There are opportunities for most products and services in the Region but here are some which we recommend you focus on.

- **Education**

With young populations, realisation that oil cannot be relied on and ambitions to be modern economies, schools, further and higher education are all sectors which are growing at a tremendous pace and which require expertise and investment. Examples of requirements are:

- new British schools and universities
- curriculum setting and capacity building
- qualified and skilled teachers and teacher training, particularly in Arabic
- assessment centres
- innovative educational resources and ideas to enhance local provision of education

- **Healthcare**

Growing populations, a desire to ensure provision of high quality healthcare for their citizens and increasing expectations of both citizens and residents, are causing a huge expansion in the provision of healthcare. Several notable UK institutions already have branches in the UAE. Examples of requirements in the region are:

- filling gaps in clinical provision
- high quality equipment supply
- healthcare facilities management
- infrastructure construction
- digital health solutions
- delivering high quality training and education programmes for medical staff

- **Creative Industries**

In the UAE, there is a drive to provide attractions in order to increase tourism. In Saudi Arabia, the incentive is to provide entertainment for locals so that they spend their time and money at home rather than going abroad.

A recent DIT-led trade mission to Saudi Arabia introduced a wealth of opportunities in the Kingdom. As new attractions are commissioned and built, opportunities for management, services, additional products and new ideas will grow.

- **Technology: Cyber Security**

While there is a demand for a range of technology products it is worth highlighting cyber security as a key concern. Not an easy sector to break into but for companies with specialist expertise it could provide an excellent opportunity

- **Construction, Infrastructure, Oil and Gas**

These are the sectors which the modern wealth of the Gulf Region is built on. All the big players have been there for years.

If you have an innovative product or service with applications in these sectors then there are opportunities. Again, it is not easy to get into them but they are constantly seeking to reduce costs and speed up processes.

- **Retail, Food and Drink**

A big element of the tourism offer (as well as serving the needs of the local populations) is an extensive retail offering which is constantly seeking new ideas, creative new products and top quality.

Many UK brands are well-established both as retailers and as product suppliers across the sector. As an example of how products can have surprising niches, it is impossible to avoid the marketing and sale of Vimto during Ramadan. It has become a firm favourite throughout the Gulf.

How to do business in the Region?

The advice on how to be successful in business in the Gulf Region is fairly straightforward.

Understanding that it is a sophisticated, competitive market place, then the priorities are:

- A competitive product or service. Not a prototype and not the end of the range.
- A competitive price. There is competition from around the world, including the Asian markets which may not provide the same quality of product. Bargaining is inevitable
- Patience. Do not imagine that sales will flow from a first visit.
- Relationships. Business will not flow without relationships, but you cannot rely on relationships to generate business. Relationships, product and price are all essential.

Bearing in mind that in every country in the GCC, the locals are a minority of the population, the business visitor must be prepared to engage with people of many different nationalities. That means you will have to adapt your approach, not just from country to country but from person to person.

Given such diversity, the advice is:

- Take your time. Get to know people as individuals. Respect each and every person you encounter. While everybody you deal with will speak English, accents can be so strong as to be difficult to understand, as can yours to them.
- Trade shows are a good way to test the market. We can provide further advice on how to make the best of them
- To follow up any initial communication, use email to provide information but don't assume that it has been read and do not expect to receive a reply. Follow up your email with a phone call and migrate quickly onto WhatsApp, both messages and voice messages which are becoming increasingly popular. Your ability to write emails in Arabic is probably limited so we cannot assume that, just because the person you are dealing with speaks good English, they are comfortable writing it.

How to make appointments, manage your visit schedule and conduct yourself in meetings are topics which are beyond the scope of this brief introduction. We are happy to provide detailed assistance with this when required.

Sources of advice and information

Department for International Trade: www.great.gov.uk has plenty of introductory information, links to trade advisors and an alerting service for relevant opportunities.

Your Export Department: www.yourexporthdepartment.com offers the full functionality of an export department, providing additional resources to new and experienced exporters alike. From research,



your **export** department

market entry plans and business development to practical assistance with documentation, logistics and letters of credit Your Export Department will create a bespoke service for you.



Manarat Consulting: www.manaratconsulting.com Advice and consultancy based on years of living and working in the Gulf plus a continuing strong network.