

# [Analyze the saudi arabia essay](https://assignbuster.com/analyze-the-saudi-arabia-essay/)

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Tour of the World Paper: Saudi Arabia This profile on Saudi Arabia is intended to provide important information on a number of relative subjects that will help you consider establishing a business or considering investing in the Kingdom of Saudi Arabia. The Kingdom of Saudi Arabia is the largest country in the Arabian Peninsula and occupies about 2, 149, 690 square kilometers. It is the 13th largest country compared to the world and is slightly more than one-fifth the size of the United States.

It is bounded to the west by the Red Sea, to the north by Iraq, Jordon, and Kuwait, to the east by the Arabian Gulf, the United Arab Emirates, Qatar, and Bahrain, and to the south by Omen and Yemen. Most of the country is desert, so its climate is harsh, dry and with great temperature extremes. Its capital is Riyadh and has 13th other provinces, which are presided over by governors. Based on the World Fact book, the Kingdom has a population of 26, 534, 504 people and that includes 5, 576, 076 expatriates. Saudi Arabia is a stable Monarchy.

The head of state is King Abdullah bin Abdul Aziz Al-Saud, whose official title is the Custodian of the Two Holy Mosques. He was preceded to the throne after the death of King Fahad in 2005. The King, who is the Prime Minister and a council of Ministers form the executive and legislative branches of the government. They are responsible for the policies and guiding the development of Saudi. The council of Ministers is supported by the “ Shura,” which is 150 distinguished men as the members that are appointed by the King.

The Kingdom’s legal system and laws are based on “ sharia” Islamic principles. The laws and regulations applicable to all businesses are propagated by the Royal Decrees (online. " Middle East: Saudi Arabia. "). Saudi Arabia has grown to be amongst the wealthiest nations of the world since the discovery of oil. The kingdom has the largest oil reserves in the world outside the United States and the Soviet Union. It possesses about one-fifth of the worlds petroleum reserves, is the largest exporter of petroleum and the petroleum sector accounts for about 80% of the Kingdoms udget revenues, 45% of the GDP and 90% of the export profits. Saudi Arabia joined the World Trade Organization in 2005, and is optimistic about the private sector growing to help it expand its economy (online. " 2012 Index of Economic Freedom. "). Saudi Arabia purchasing power parity GDP is about $676. 7 billion in 2011 and it is 24th in the world. The official exchange rate GDP is $560. 3 billion. The real growth rate GDP is 6. 5% and GDP per capita is $24, 000. The GDP compositions by sector are 2. 1% for agriculture, 67. 6% for industry and 30. 4% in services in 2011(online. Middle East: Saudi Arabia. "). Even though Saudi Arabia’s economy is trying to diversity, it is almost dependent on the products produced from oil. Saudi Arabia is one of the founding member’s of the Organization of Petroleum Exporting Countries (online. " 2012 Index of Economic Freedom. "). The Kingdom’s exports make up 30% of the organization yearly total exports. The diversification efforts are focusing on telecommunications and petrochemical sectors. In the oil and service sectors 6 million foreign workers play important roles in the economy of the Kingdom.

But Saudi’s own people are unemployed. The officials are working hard to reduce unemployment by increasing spending oneducationand job training. The government is also establishing six “ economic cities” in different regions of the country to promote foreign investment and plans to spend $373 billion between 2010-2014 on infrastructure projects and social development to move forward Saudi Arabia’s economic expansion (online. " Middle East: Saudi Arabia. "). With the agriculture sector contributing 2. 1% to the country’s GDP, there are not a lot of products.

Saudi’s products consists of wheat, barley, tomatoes, melons, dates, citrus, chickens, eggs and milk. The 67% GDP of the industries are from crude oil production, petroleum refining, basic petrochemicals, ammonia, industrials gases, cement and construction. The industrial production rate in 7. 7% in 2011 (online. " Middle East: Saudi Arabia. "). Saudi Arabia’s exports contribute to 350. 7 billion to the economy during 2011. 90% of the commodities are petroleum and petroleum products. The Kingdom’s main export countries are Japan at 14. 3%, China at 13. %, United States at 13%, South Korea at 8. 8%, India at 8. 3% and Singapore at 4. 5% since the 2010 census. Saudi’s import system spends $106. 5 billion since 2011. The main import commodities are machinery and equipment, foodstuff, chemicals, motor vehicles, and textiles. Their import partners are United States at 12. 4%, China at 11. 1%, Germany at 7. 1%, Japan at 6. 9%, France at 6. 1%, India at 4. 7% and South Korea at 42% since 2010 census (online. " Middle East: Saudi Arabia. "). The United States is the Kingdom’s largest trading partner and is the number 1 source of FDI.

Saudi Arabia is among the top 20 recipients of the FDI in the world and is the 15th largest trading partners with the United States Saudi Arabia has a stable and profitable banking system and it is regulated by the Saudi Arabia Monetary Fund (SAMA). The banks follow Islamic law, by keeping out interest payments. No bank has ever failed in the Kingdom. The banking industry is the safest in the Middle East. Saudi Arabia received a Banking Industry Country Risk Assessment rating of 2 in 2011. The banking sector is composed of 13 Saudi owned banks and 8 foreign banks.

The National Commercial Banks is the country’s largest bank, which is controlled by the government and follows Islamic laws. As well as commercial banks, there are 5 government credit establishments to help the private and corporate financing requirements. The currency is Riyals, so 1 U. S. dollar equals 3. 75 Riyals. The Saudi stock exchange is the largest in the Arab world (online. " Country Profile: Saudi Arabia. "). In Saudi Arabia, Arabic is the official language but English is spoken in business settings and schools. The religion is 100% Muslim.

Islam is practiced by all Saudis and controls their political, legal, economic, and person lives. The Quan and the action of the Prophet are used as basic principles for Muslims. Muslims pray at least 5 times a day, at dawn, noon, afternoon, sunset and evening. The holy day for Muslims is Friday and everything is closed and most business have Thursday off also making the weekend Thursday and Friday. During Muslim holy month Ramaden, all Muslims fast from dawn to dusk and are only allowed to work 6 hours a day. Expatriates are not required to fast but they must eat, drink, chew gum or smoke in public.

Familyand or tribe are the most important and the basis of their social life. Saudis take their responsibilities and pride in their family seriously. Families tend to be large and extended family is close. Businessmen tend to hire family and friends because trust is the greatest importance. The Kingdom’s etiquette is quite unique. Men shake hands when greeting one another but they will shake and kiss a close friend when meeting. Men and women do not greet each other public. When Saudis meet they take their time and talk about general things. Gift giving is not the norm just like in other countries.

If you are invited to a Saudis house bring something small to say thank you, flowers are only given from a women her hostess. Never bring alcohol unless you are positive they partake and gifts are never opened when received. Take off your shoes, arrive on time and accept Arabian coffee even if you don’t drink coffee. If the meal is on the floor, sit cross-legged or on one knee, eat only with your right hand since the left is considered unclean, try a little bit of everything served and meals are served family style. Saudis socialize in restaurants and hotels when meeting foreigners they do not know well.

Generally entertainment is separate for men and women if both sexes are included. Always greet the elder first to showrespect, dress conservatively and arrive on time (online. " Saudi Arabia”). Saudi Arabia’s economic freedom score is 62. 5, making it 74th freest in the 2012 index. Forming a business has become less time consuming, and the licensing necessities have become simpler. With no minimum capital required, starting a business takes only three procedures and five days. There is no governmentminimum wage, but wage increases have improved the production (online. " 2012 Index of Economic Freedom. ). The 1st step in starting a business in Saudi Arabia is to find a Saudi sponsor to enter the country. The sponsor acts as the middleman and arranges appointments with the right individuals in the business world. Saudis prefer to work with people they know and trust and will spend a lot of time getting to know you. Most Saudis will judge you on your appearance so dress and present yourself well. Most Saudis wear long white thobes. You will be expected to wear a suite. Businesswomen should make certain that their collarbones and knees are covered and that their clothes are not form fitting.

Make sure appointments are several weeks to one month in advance, try to schedule in the morning, arrive on time, although it is accepted to keep a foreigner waiting, and it is not uncommon to have the meeting cancelled once you have arrived. Meetings are never private until a relationship of trust is acquired. That means you will expect interruptions and make sure you do not bring the topic back to the original discussion until the new person has left. Business meetings never start with talking about business first, there will be inquires abouthealthand family.

Never ask about a Saudis wife. Decisions are made slowly and do not rush the process. Saudis are great negotiators and the highest-ranking person makes the decisions (online. " Saudi Arabia”). Women rights and sponsorship are two main issues in Saudi Arabia that are seen as disadvantages with doing business in Saudi. Women are treated differently in the Kingdom compared with the United States and Europe. Saudi women and foreign women are not allowed to drive a car, sit in the front seat of the car and have to be covered from head to toe basically.

They have to travel with a male at all times. The male is usually the husband, father or brother or whomever makes the important decisions on behave of the woman. There are no current women in office for the government. The most influential women today in Saudi Arabia believe that the Kingdom will never progress with the real and full participation of women. Sponsorship of foreign labor has reportedly had a few problems with the way they have been treated. The system is no longer conventional to the life in the 21st century and fails to provide foreign workers with basichuman rights.

Today foreign worker want a new system that integrates a comprehensive and flexible legal framework for employer and employee (online. Alnowaiser, Dr. Khalid. ). In the end doing business in Saudi Arabia has positive and negative situations. The good out shines the bad. The best businesses to get into right now would be involved with power generation, telecommunication, natural gas exploration and petrochemical sectors. As long as you see patients as a virtue and are willing to make deals, doing business in Saudi Arabia is the right place to start or branch out your company.