

# Growing Investment Opportunities for Saudi SMEs

## Big Potential for Networking with Large-scale Sector as Ancillary Industries

By

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**A** significant feature of the 3rd SMEs Forum held recently at the EPCCI was the vast array of investment opportunities for small and medium industries offered by 5 leading Saudi companies – Saudi Arabian Basic Industries Corporation (SABIC), Saudi Aramco, Saudi Electricity Company (SEC), Saline Water Conversion Corporation (SWCC) and Al Zamil Group. These five companies today depend on foreign sources for a part of their requirements of spare parts and other needs, which can be met by SMEs in Saudi Arabia. SMEs Forum has thus revealed possibilities of setting up hundreds of small and medium units in the Eastern Province. The importance of investment opportunities in improving the national economy can be summarized as follows: develop local industries, reduce imports from abroad, help Saudization process, and generate new jobs.

The annual average imports of spare parts for the three of these companies are as follows: (1) SEC: SR 173 million; (2) SWCC: SR 120 million and (3) Al Zamil Industries: SR 44 million. Saudi Aramco and SABIC import much larger volume of products from other countries. With big expansion plans on hand, these companies will need still larger quantities in future.

### Saudi Arabian Basic Industries Corporation

The Saudi Arabian Basic Industries Corporation (SABIC) was established in 1976 to add value to Saudi Arabia's natural hydrocarbon resources. Today, SABIC is among the leading petrochemical companies in the region in terms of sales and turnover product diversity.

**SABIC's manufacturing network in Saudi Arabia consists of 18 affiliates. Most of these are based in the Al Jubail Industrial City on the Arabian Gulf. SABIC is also a partner in three regional ventures based in Bahrain.**



The vision that led to the creation of SABIC was closely associated with the aspirations of Saudi Arabia as a fast developing nation. SABIC continues to play an important role in achieving some of those aspirations, including the development of the country's human resources. SABIC is owned by the Saudi Government (70%) and the private sector (30%). Private sector shareholders are from Saudi Arabia and other countries of the six-nation Gulf Cooperation Council (GCC).

At the SMEs Forum, SABIC representatives drew attention to the vast business opportunities in spare parts manufacturing by highlighting the commodity groups that might be manufactured locally.

## SABIC Imports of Spare Parts: Fast Moving Items of Foreign Sourcing

### Bearing

**Plummer Block Bearing** : inside diameter 1-15/16 in, ftt for centrifugal chillers; fan shaft, mnfr: Trane mnfr part no: brg-066e, mnfr: NTN mnfr part no: ukp311d1+h2311, mnfr: Sealmaster mnfr part no: SP31TC

**Ball Bearing**: Type Angular Contact, Row Single, Inside Diameter 70 Mm, Outside Diameter 125 Mm, Width 14 Mm, Style Open, Cage Material Glass Fiber Reinforced Plastic, lbi 14403, Standard Din 628, Fft: Can Be Mounted As A Pair, Mnfr: SKF Intertrade S.A. Mnfr Part No: 7214becbp, Mnfr: Fag Kugelfischer Mnfr Part No: 7214b.Tvp.Ua, Drawing: 1/7520820/07 D.9953 Rev: 0



### Gaskets, O-Rings & Seals

**Gasket, Spiral Wound**: type basic, shape round, ftt for steam guard 3/4"; type, tag # ST-005-006, ST 067 for use on LDPE; type/model : 3/4" SG-BC ###; carbon steel, mfr: engineering resources p/n: ZV 423n, drawing: sgs-003 item: UNK

**Packing**: shape square, material v#7137-S, size id 150 x od 188 x thk 19 mm, type gland, ftt for eqpt: jp-1122, 1123 & 1124, mnfr: Shimadzu Corporation p/n: unknown, mnfr: Valqua p/n: 7137-s



### Valves and Rupture Discs

**Gate Valve**: type wedge, valve size 3/4 in, design rating cl150, connection fpt, body material b62-c83600 bronze, style THD bonnet, stem design inside screw and stem, trim bronze b62-c83600, soft goods GP #2996 NA, operated hand wheel, face to face length 56 mm, ftt: mat & HYD test certificates required; body pressure and temperature rating cl300; fig no 209-a; standard ANSI b16 34, mnfr: Toyo Valve Co Ltd, p/n: toy 150-bsr (is) NPT fig 209a, Mnfr: unknown p/n: l03b01, drawing: t9209070 rev: 0 item: 1-11, spr: 2506 rev: 0 item: 007, reference no: 911-c20003 rev 2 mnfr: KITZ

**Ball Valve**: valve size 1/2 in, design rating 125 lb, connection fnpt, body material bronze, style 2 way, trim ball/stem bronze/seat buna-n, operated lever, port type reduced bore, ftt: 400wog; conventional port, mnfr: smith p/n: unknown, drawing: fig t-580 rev: 0 item: UNK, fig 125r rev: 0 item: UNK, reference no: NL94g06 mnfr: NIBCO



### Control Devices/Valves

**Solenoid Valve**: style 4 way, electrical rating 24vdc 125ma, design rating 10-100 psig, pipe size 1/4 in, connection NPT, orifice size 2.4 mm, medium air/inert gas, standard FM; NW1.6, ftt: 1.6/orifice; size: 7bar type/model : wbis8345a301, mnfr: ASCO mnfr part no: wbis8345a301-24

**Pneumatic Regulator**: type pressure, outlet pressure 0.3-6 bar, ftt: with air filter 2295 c diaphragm actuator; for dn80/100/125/150/250/400; pn10/25 cont v/v; d306-640; replacement for 229 1f, mnfr: Pruss Waldemar mnfr part no: 2295 f6, drawing: f1a00195508303/53 rev: 0, MANDRG: d309-640-2, d309-340, d310-100-1a, d306-640 rev: 0, reference no: 5689e1300001001 mnfr: Lurgi



### Industrial Instruments & Parts

**Sensor**: type temperature, electrical connection (2) wire leads, mount direct, size LG 66 mm, ftt: with 19g THD connections; material: steel; protection: ip00; insert l45mm; Aerzener to be the mandatory manufacturer/supplier; no alternatives or substitutes are acceptable, mnfr: Aerzener Masch. Gmbh mnfr part no: 143574000, drawing: 1zg.1100/243 rev: 0

**Thermocouple**: type k, temperature range 0-1000 deg c, wire 2, sheath material ss 310s, junction single grounded, head with, connection mnpt 3/4 in, insert diameter 6.4 mm, design length 2850 mm, ftt: for m-3721, mnfr: mhi mnfr part no: 2850k, mnfr: Okazaki manufacturing co mnfr part no: UNK, mnfr: process Kiki Co. Ltd mnfr part no: unknown, drawing: 3570 U342-00841 rev: 0, 3570u342-00210(d-2043-401) rev: 0, t4-95629 rev: 0



### Pumps / Pump Spares

**Packing**: Shape v shape, material bronze, size id 14 x od 24 mm, type gland, ftt: intermediate, bronze, used for plunger sealing tag # 9408a/b, p-9412 a/b for use on ldpe; do not substitute, mnfr: Uhde Hochdrucktechnik p/n: 11-005586, mnfr: Uhde Hochdrucktechnik p/n: 11-005586-00-4, drawing: 11-008572 rev: 0 item: 225

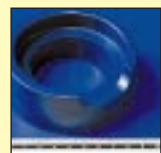
**Diaphragm**: material santoprene, ftt: for CGC condensate pumps zp-03a/b/c/d general purpose pump, wet end kit pump model#: lb-3m, type: n2-a, tag#: zdiaph-30a/b/c/d kop spare items, ref. Po#: 0tmbp01936, mnfr: Warren-Rupp p/n: 286-098-354



### Compressor / Comp. Spares

**Spring, valve**: mean diameter 7 x 8 mm, body length 15.5 mm, wire diameter 1 mm, material ss 304, ftt: conical type; for valve 1st to 3 rd stage; for compressor model: kjb-4; mfg# 20-83010, : Kobe steel : R06V000D101, drawing: kjv-155t-1 rev: 0 item: 13, kxj-155ts-4 rev: 0 item: 36, kxj-175ts-3 rev: 0 item: 36, SPR: 101 rev: 0 item: 018

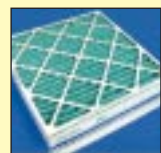
**Spacer**: type nut, ftt: for radial valve flange nut, 1st stage, tag # c-9402, for use on ldpe, do not substitute, mnfr: Nuovo Pignone p/n: sqq17968, mnfr: otip p/n: sqq17968, mnfr: Hoerbiger Origa ltd p/n: UNK, drawing: SOP65507/4 rev: 0 item: 5b, SOP20833-5B rev: 0 item: 5b, SPL: SNO 7758219 rev: 0



### Turbines / Turbine Spares

**Governor**: type assembly, ftt: spare parts for steam turbines model cyrt-510; includes spare parts for lube oil unit and over speed trip valve and linkage; 4000 rpm; s/n 10008219; type "tg" Ebara part ref# 2; for steam turbine, s/n rs04553-01; ref p6-301-001 pg 8, mnfr: Ebara corporation mnfr part no: a8516-039, mnfr: Woodward mnfr part no: a8516-039

**Element**: type disposable, size sq 24 x 4 in, ftt: med-efficiency; FARR type: 4 in 30/30; for gas turbine driven ELEC generator no 1; model/size: 5001la; SI no: 179275; po no: 1692-1; eqpt no: 30-r301, mnfr: Camfil Farr mnfr part no: 059-413-001, mnfr: ge (general electric co.) Mnfr part no: unknown

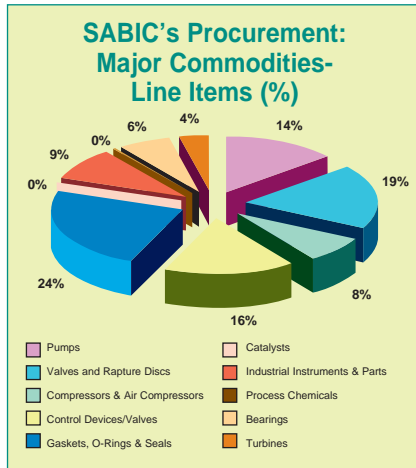


SPECIAL FEATURE

The data analysis is based on:

- Top 10 commodities in number of stocked line-items.
- Fast moving items (highly consumed) per commodity.
- Items with foreign sourcing.

The following tables show the major commodities purchased by SABIC:



SABIC Procurement: Top 10 Commodity Groups and Their Line Items

Commodity MTL Group	Commodity Group/Class	Total Line Items (Nos.)
ME01	Pumps	38,674
GM04	Valves and Rapture Discs	51,310
ME02	Compressors & Air Compressors	20,966
IC01	Control Devices/Valves	44,881
GM06	Gaskets, O-Rings & Seals	65,951
CH07	Catalysts	284
IC02	Industrial Instruments & Parts	25,748
CH01	Process Chemicals	718
GM03	Bearings	17,957
ME08	Turbines	9,814

SABIC: Fast Moving Items of Foreign Sourcing

Commodity MTL Group	Commodity Group/Class	Total Line Items (Nos.)
ME01	Pumps	472
GM04	Valves and Rapture Discs	298
ME02	Compressors & Air Compressors	321
IC01	Control Devices/Valves	535
GM06	Gaskets, O-Rings & Seals	519
CH07	Catalysts	9
IC02	Industrial Instruments & Parts	152
CH01	Process Chemicals	19
GM03	Bearings	379
ME08	Turbines	20

SABIC's expectations from SMEs are given below:

1. Gather and analyze required data, which will enable SMEs to make particular item in predetermined quantities.
2. Compliance to SABIC supplier qualification requirements and policies.
3. Visiting end-users to get buy-in for the produced alternative items.
4. On-time delivery.
5. Collaboration with the Original Equipment Manufacturers (OEMs) to get necessary certificate & license.

Saudi Aramco

Saudi Aramco has established a new administrative section called "Local enterprises development". It has embarked on new initiatives that could produce many opportunities for SMEs. Aramco contributions to SMEs can be summarized as follows:

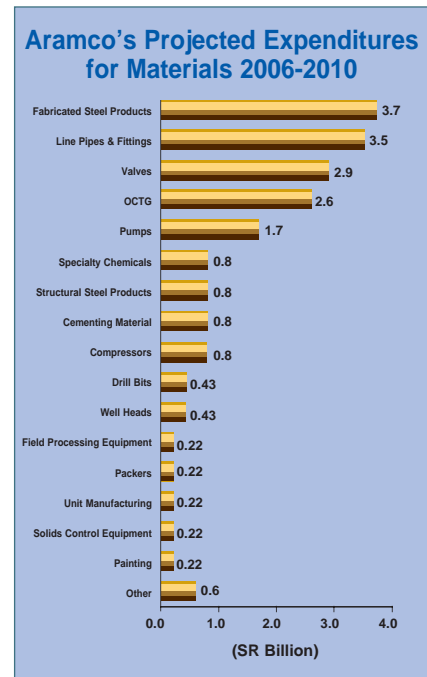
1. Help create employment for Saudi nationals.
2. Maximize value of hydrocarbons to the Kingdom's economy.
3. Develop diverse new revenue generating streams for the Kingdom.
4. Facilitate localizing production of materials consumed by the Company.

Saudi Aramco is envisaged to evolution of in-Kingdom oil & gas industry clusters. These clusters are geographic concentrations of inter-connected companies, specialized suppliers, service providers, firms in related industries and associated educational institutions in particular fields that compete but also cooperate and collaborate with each other in the field of oil and gas.

It is expected that Saudi Aramco's projected expenditures for the purchase of materials for the period 2006 to 2010 will exceed SR 20 billions, which most of them are fabricated steel products, line pipes



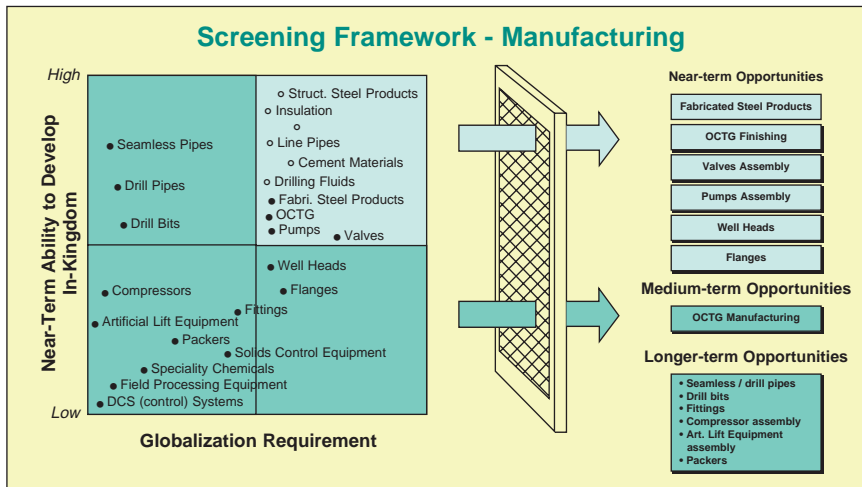
& fittings, valves, pumps, Oil Country Tubular Goods (OCTG) and others, as shown in the following table:





SPECIAL FEATURE

The following graph shows the screening framework- manufacturing, and summarizes the near, medium and longer-term opportunities according to the globalization requirements and the near term ability to develop in the Kingdom.



**Demand Calculations**

Saudi Arabia Total Market	\$ 340 Million
GCC * Total Market	\$380 Million

**Investment Details**

Minimum Scale Plant	\$ 100 Million/yr
Required Saudi/GCC Market Share	20% / 8%
Total Jobs Required	880
Capital Investment	\$36 Million

**Profitability Calculations**

Estimated Operating Margin	6-10%
Estimated Return on Investment (Investment Hurdle Rate)	16-20% (10-12%)

**Economic Impact**

Expected Saudi Economic Impact	\$170 Million
Expected Saudi Employment Impact	1500 jobs

**Fabricated Steel Business Case**

- Heat exchangers, higher thickness pressure vessels
- Large Market Applications
- Predominantly customer tailored products (not dependent on scale)
- Capital Investment costs are low, basic technology, engineering know-how is medium
- Successful Saudi examples already exist

Note (\*): Excluding Saudi Arabia

The following graphs show some evidence to establish medium projects to provide Aramco and the Kingdom's market with fabricated steel, valves, pumps and wellheads.

**A fabricated steel plant will require a \$36 million investment and is expected to generate 16-20% return.**

Saudi Aramco has plans to help potential investors to take advantage of identified opportunities by providing them the following assistance:

1. Available relevant Saudi Aramco consumption data.
2. Information memorandum for each opportunity.
3. Approved manufacturers for each product type.
4. Joint venture partner selection criteria.
5. Solicitation of interest document.
6. Early engagement by relevant Saudi Aramco organizations
7. Fast-track approval and trial orders.
8. Preferential treatment to qualified manufacturers.

**Valve assembly also appears to be feasible in the Kingdom...**

**Demand Calculations      Assembly**

Saudi Arabia Total Market	\$ 260 Million
GCC * Total Market	\$360 Million

**Investment Details**

Minimum Scale Plant	\$ 50 Million/yr
Required Saudi/GCC Market Share	15% / 3%
Total Jobs Required	280
Capital Investment	\$45 Million

**Profitability Calculations**

Estimated Operating Margin	10-14%
Estimated Return on Investment (Investment Hurdle Rate)	9-13% (10-12%)

**Economic Impact**

Expected Saudi Economic Impact	\$85 Million
Expected Saudi Employment Impact	475 jobs

**Valve Assembly Business Case**

- Large and diverse market in KSA and GCC region
- Wide spectrum of valves
- Partnership with reputable foreign manufacturers will provide flexibility to assemble a wide range of valves for oil & gas service

Note (\*): Excluding Saudi Arabia

**Pump assembly is also potentially feasible...**

**Demand Calculations      Assembly**

Saudi Arabia Total Market	\$ 150 Million
GCC * Total Market	\$320 Million

**Investment Details**

Minimum Scale Plant	\$ 50 Million/yr
Required Saudi/GCC Market Share	20% / 9%
Total Jobs Required	330
Capital Investment	\$33 Million

**Profitability Calculations**

Estimated Operating Margin	6-10%
Estimated Return on Investment (Investment Hurdle Rate)	9-13% (10-12%)

## SPECIAL FEATURE

### Economic Impact

Expected Saudi Economic Impact	\$85 Million
Expected Saudi Employment Impact	560 jobs

### Pump Assembly Business Case

- Large Market
- Variety of pumps for different applications, e.g., crude oil pipeline, water injection, or petro-chemical process.
- Pump manufacturer are primarily located in the United States, Europe and Japan

Note (+): Excluding Saudi Arabia

**Additionally, wellheads and flanges represent other assembly opportunities...**

Demand Calculations	Wellheads	Flanges
Saudi Arabia Total Market	\$ 20 Million	\$28 Million
GCC * Total Market	\$35 Million	\$25 Million

### Investment Details

Minimum Scale Plant	\$ 50 Mln/yr	\$25 Mln/yr
Required Saudi/GCC Market Share	100% / 85%	71%/20%
Total Jobs Required	100	90
Capital Investment	\$60 Million	\$35 Million

### Profitability Calculations

Estimated Operating Margin	8%	11%
Estimated Return on Investment (Investment Hurdle Rate)	9%-11% (10%-12%)	8%-10% (10%-12%)

### Economic Impact

Expected Saudi Economic Impact	\$85 Million	\$40 Million
Expected Saudi Employment Impact	170	150

Note (+): Excluding Saudi Arabia

### Longer-term Potential

- Grow into major assembly and manufacturing clusters:
  - Broadening number of assembled products
  - Expand into manufacturing of specific parts
  - Increasing level of Saudization
- Economic Impact:
  - \$500 Mil. in GDP
  - 3,000 total jobs

### Saudi Electricity Company

The Saudi Electricity company (SEC) is also encourages the national feeding industries. SEC has done a detailed study on the requirement of the quantity and value of spare parts according to the real procurement of these items of the period 1999 to 2003. They've selected the top 50 items which represent the majority of the total imported items. This is shown in the following table:



### SEC: Top 50 Purchased Items – 2003

#	Description	Foreign purchases SR million	Local purchases SR million	Local purchases (%)
1	CABLE, ELECTRICAL	0.00	618.10	100.00
2	SUBSTATION, COMPACT	0.00	409.30	100.00
3	POLE, POWER	53.21	150.71	73.91
4	METER, ELECTRICAL SERVICE	0.02	118.49	99.99
5	BOX, SERVICE METER	0.00	99.75	100.00
6	TRANSFORMER, DISTRIBUTION	2.47	78.09	96.93
7	ADDITIVE	3.64	45.50	92.60
8	KIT	42.85	4.31	9.14
9	BREAKER, CIRCUIT	0.04	46.69	99.91
10	BLADE, TURBINE	13.73	27.52	66.72
11	ASSEMBLY	11.87	25.82	68.50
12	CABINET	0.00	37.43	99.99
13	KIT, TERMINATION	0.00	23.98	100.00
14	KIT, SPLICE	0.09	14.02	99.35
15	INSULATOR	10.53	0.31	2.87
16	EXCHANGER	0.02	10.30	99.80
17	FILTER, ELEMENT	3.73	4.51	54.75
18	INSULATOR, DISC	8.11	0.00	0.00
19	CUTOUT, FUSE	0.00	7.40	100.00
20	BOX, ELECTRICAL	0.00	7.24	100.00
21	PIECE	2.18	4.50	67.37
22	SET	1.77	4.91	73.48
23	MOTOR, ELECTRIC	1.95	4.62	70.27
24	BASE	1.79	4.22	70.17
25	ARRESTER, ELECTRICAL	0.05	5.16	99.13
26	DETECTOR	0.00	4.68	100.00
27	DIVIDER, FLOW	0.46	4.20	90.19
28	MODULE	1.75	2.90	62.34
29	TRANSFORMER, INSTRUMENT	1.62	2.94	64.48
30	HOUSING	0.34	4.16	92.44
31	RING	1.63	2.60	61.48
32	REGULATOR, VOLTAGE	0.00	4.10	100.00
33	CARD, ELECTRONIC	1.84	2.05	52.69
34	WIRE, GUY	0.00	3.84	100.00
35	SEGMENT	0.82	3.01	78.63
36	CLAMP, PARALLEL GROOVE	0.56	3.23	85.29
37	VALVE	0.87	2.89	76.83
38	ELEMENT	0.14	3.38	95.99
39	BEARING, SLEEVE	0.33	3.13	90.49
40	SEAL	0.62	2.76	81.64
41	CLAMP, STRAIN	0.06	3.05	98.08
42	BEARING	0.58	2.46	80.88
43	FILTER, AIR	0.05	2.88	98.44
44	CHEMICAL	0.00	2.70	100.00
45	IMPELLER, PUMP	0.88	1.82	67.43
46	CASING, PUMP	0.00	2.69	100.00
47	SEPARATOR	2.06	0.37	15.14
48	CROSS ARM, POLE	0.00	2.29	100.00
49	BOARD, SERVICE METER	0.00	2.19	100.00
50	PUMP	0.32	1.69	84.25

**SEC: Selected top purchases commodities for 2003**

Description	Foreign Purchases	Foreign Purchases (%)	Local Purchases (SR Million)	Local Purchases (%)	Total Purchase
POLE, POWER	53.21	26.09	150.71	73.91	203.92
KIT	42.85	90.86	4.31	9.14	47.16
INSULATOR	10.53	97.13	0.31	2.87	10.84
INSULATOR, DISC	8.11	100.00	0.00	0.00	8.11
PIECE	2.18	32.63	4.50	67.37	6.69
IMPELLER, PUMP	0.88	32.57	1.82	67.43	2.70
SEPARATOR	2.06	84.86	0.37	15.14	2.42

The top 50 items in 2003 represented a 86.56% of the total purchased items, with a value of SR 1997.88 millions, compared to the total purchases amounting to SR 2,308 millions. I've selected seven purchased items for which the share of local purchase is the least. They are worth SR 120 millions, which represent 70% of the top 50 purchased items, as shown in the following table:

Those who would like to find out the possibility of exploiting new investment opportunities in these fields, the Chamber's SMEDEC (Small and Medium Enterprises Development Center) can extend a helping hand.

There is a special form, which is available with SMEDEC and SEC. The interested SMEs have to fill it and submit to SEC with the following documents:

1. Copy of commercial registration.
2. Copy of Chamber of Commerce & Industry Membership certificate.
3. Copy of Zakat (Tax) certificate.
4. Copy of Social Insurance membership certificate.
5. Copy of industrial license.
6. Copy of ISO certificate (If available).
7. A list of the major delivery items and products of the last 12 months enclosed with catalogues and specifications.
8. List of authorized signatures accredited by chamber of commerce & industry.
9. A letter of the bank, indicating credit history.

10. A layout of the enterprise location.

**Saline Water Conversion Corporation**

The saline water conversion corporation (SWCC) is a Saudi government corporation responsible for desalinating sea water, in order to augment the supply of potable water to coastal and inland cities in the Kingdom. SWCC is also the second largest electric power producer in the Kingdom. SWCC started its works by constructing single purpose plants (to produce potable water only) and later dual purpose plants (to produce water and power). Within its activities, SWCC gained tremendous achievements in field of sea water desalination. Supplying high percentage Saudi nationals and expatriates requirements of drinking water in the main cities through 30 station with capacity 3.35 million cubic meter per day, electricity energy more than 5.11 mega watt, pipes long 3000 kilometer, with 10257 employees and 2359 billion Saudi Riyals budget for the year 1424/1425H. SWCC has new vision and mission statement and restructuring for the purpose of privatization.

SWCC offers opportunities in four major areas. The first area is the investment opportunities for joint projects. This single area offers opportunities for investment of SR 30 billions for the period 2004-2010. This will cover consultations, engineering, construction and civil works, operating, maintenance, equipment and spare parts. The following table summarizes the capacity of joint projects (water & electricity) as follows:

The second area is investment opportunities in water pipelines. The value of investment in this area is SR 13.7 billions for the period 2004 - 2009, covering different pipes diameters and lengths. These opportunities are applicable for designing, producing, delivering and fixing water



pipes, plants, and equipments. The following tables shows the locations, lengths and diameters of the required pipelines:

**SWCC: Projects Under Study**

Project	Cost (SR Billions)	Date of Starting Production	Date of Bidding	Plant Installed Capacity & Power	
				Electricity (MWH)	Water (m <sup>3</sup> /day)
Shuaibah Plant (3rd Phase)	9	5/2/2009	312/07/2004	900	880,000
Shuqaiq Plant (2nd Phase)	4.5	2nd quarter 2010	4th quarter 2005	850	212,000
Ras Az Zour	11.25	3rd quarter 2010	2nd quarter 2006	2,500	800,000
Jubail Plant (3rd Phase)	5.25	4th quarter 2010	4th quarter 2006	1,100	340,000



SPECIAL FEATURE

## SWCC Projects Under Study

### Pipelines' Projects Under Construction

Project Name	Capacity of Reservoirs (Thousand of m3)	Number of Reservoirs	Number of Pumping Stations	Pipeline Diameter (mm)	Pipeline Length (km)
Riyadh-Sudair, Washim and Qassim Pipeline	520	17	2	400-2,000	366 double 152 single
Buraydah City Feeder	-	-	-	1,100	145

### Pipelines' Projects Under Study

Project Name	Length (km)	Pipeline diameter (mm)	Number of Pumping Stations	Beneficiary cities
Al Kharj Water Transmission System	88	1,000	Under Study	Kharj
Al-Jubail (3)-Eastern Region Cities Water Transmission System	72	1,500	1	Eastern Region Cities
Shuaibah (3) Water Transmission System	80 120 95 44	1,500 1,800 1,700 1,100	Under study	Makkah, Taif and Jeddah
Al Baha - Sarrah Water Transmission System	Under study	Under study	Under study	Sarrah Region Cities
Ras Az Zour Water Transmission System	2x320 2x145	1,600 1,700	4	Riyadh
Thahaban and Qahmah Pipe Line	49	300	1	Thahaban and Qahmah from Al-Birk plant
Alternative Heavy Fuel Oil Pipe line to Jeddah plants	40	400	1	Supply Jeddah with heavy fuel oil
Natural Gas Pipeline To Al Khobar Plants from Abqaiq	44	700	-	To supply Al-Khobar Plants with Natural Gas

### Pipelines' Projects Under Study - updated in Nov. 2005

Project	Beneficiary cities	Pipeline diameter (inch)- Length (km)
Shuaibah (Phase 3) Water Transmission System	Jeddah	60 inch - 80 Km
	Mecca	76 inch - 109 Km
	Taif	80 inch - 112 Km
Shuqaiq (Phase 2)	Aseer and Jizan	56 to 14 inch - 835 Km
Ras Az Zour	Riyadh/Sadeer Al Washm	68, 64 inch - 984 Km
Jubail (Phase 3)	Dammam	68 inch - 110 Km
	Qatif	
	Safwa	
	Sihat	
	Ras Tanoura	
	Jubail	

### Investment Opportunities in Spare Parts Manufacturing

Total SWCC items in inventory	278,344 items
No of items, which can be manufactured locally	89,000 items
Percentage of items, which can be manufactured locally	31%
Annual investment rate in spare parts manufacturing	SR 120 millions



The third area relates to investment opportunities in existing SWCC projects, which cover two parts:

- Maintenance and services contracts: the annual investment is about 250 SR millions, including regular maintenance, installing new machines a
- Delivery of spare parts: the annual investment is about SR 300 millions, including mechanical, electrical and machines spare parts.

The fourth area is concerning investment opportunities in spare parts manufacturing. The annual investment is 120 SR millions. The following table summaries the investment opportunities in spare parts manufacturing

### Zamil Air Conditioners

Al Zamil Air Conditioners offers some items, which can be produced in Saudi Arabia. Imported items for the previous five years can be classified as shown in the table.

At last, the big question is, how can we make sure that the previous opportunities go to the real target group of SMEs and start up entrepreneurs not to the giant investors?

One can say that giant investors will establish big factories that offer employment to Saudis. I see that SMEs are capable of taking up a large number investment opportunities, which are outlined in this article.

In SMEDEC, we have devised a mechanism, which I hope will help SMEs to take advantage of these opportunities. The mechanism includes implementation steps and the

### Zamil Air Conditioners: Imported Products

Ser.	Commodity	Total value/ 5 years (SR million)	Annual average value/year (SR million)	Annual growth rate (%)
1	Thermal regulators	53	10.5	10-15
2	Thermal and humidity insulating materials	45	8.8	10-15
3	Electrical conductors	34	6.7	10-15
4	Electrical condensers	30.3	6	10-15
5	Metal parts	28	5.5	10-15
6	Electrical control switches	20.8	4.2	10-15

### SWCC: Projects Under Study

Project Name	Beneficiary Cities	Plant Installed Capacity & Power	
		MWH	(m3/day)
■ Shuaibah Plant (3rd Phase)	Makkah, Taif and Jeddah	700	800,000
■ Shuqaiq Plant (2nd Phase)	Aseer Province cities	700	106,000
■ Ras Az Zour	Riyadh	700	800,000
■ Jubail Plant (3rd Phase)	Eastern Province cities	1,100	340,000
❖ Qunfudah Plant (1st Phase)	Al Qunfudah and Haii	–	9,000
❖ Rabigh Plant (2nd Phase)	Rabigh, Mastorah, Thuwal and Al Qatheemah	–	22,000
❖ Al Leeth Plant (1st Phase)	Al Leeth	–	6,000
❖ Al Wajh Plant (3rd Phase)	Al-Wajh And Al-Olla	–	20,000
Farasan Plant (2nd Phase)	Farasan Island	–	12,000
Ummuluj Plant (3rd Phase)	Ummuluj and around villages	–	9,000
Al Khafji Plant (3rd Phase)	Al-Khafji and Nu'airiah	–	30,000
Yanbu-Madinah (3rd Phase)	Madinah and Yanbu	▲	200,000
Jubail Plant (4th Phase)	Riyadh	▲	450,000
Jubail Plant (5th Phase)	Sudair, Alwashim, and Qassim cities and towns	▲	100,000
Shuaibah Plant (4th Phase)	Makkah, Taif and Jeddah	▲	450,000
Al Baha Plant (1st Phase)	Al Bahah, Baljurashi, Almandag, AlmuKhwah, Fulwah, and Al Sarat region cities from Al Baha to the north of Abha.	▲	182,000
Al Birk Plant (2nd Phase)	Al Birk and around villages	–	4,500
Tabuk Plant (1st Phase)	Tabuk	▲	113,636
Haql Plant (3rd Phase)	Haql	–	4,500
Duba Plant (4th Phase)	Duba and around villages	–	9,000

■ Projects to be built with the private sector participation according to the resolution of the Highest Economic Council No.5/33 Dated 23/3/1423H.

❖ Projects which monetary funds for execution have been accepted in the SWCC budget for the financial year 1423-1424H.

▲ The production of Power will be generated in the amount that makes the water production more economical.

role of the related institutions and stake holders as given below:

- Detailed information of the new opportunities are available with the SMEDEC of the EPCCI, which can be made use of SMEs.
- Interested SMEs can arrange a formal meeting with SMEDEC to have exchange of view on problems and prospects for investment proposals.

- A special format has designed to document information on those SMEs who are on the look-out for new ventures.
- SMEDEC keeps database not only on investment opportunities including large companies which can offer new on potential investors.
- SMEDEC follows up the annual licenses issued to new factories and companies, comparing their products to the previously filled format and documents.
- SMEDEC facilitates meetings of potential investors with SMEs sector with large units which offer scope for marketing products of the small sector.

SMEDEC thus provides a unique service so that potential opportunities, as outlined above, are translated into reality.