

## **Amazon and Apple in talks to invest directly into Saudi Arabia**

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Global technology groups Apple and Amazon are close to unveiling plans to invest directly into Saudi Arabia as the kingdom seeks to pull itself out of an economic recession and diversify away from oil.

Both companies have been in talks with the government for more than a year, people briefed on the discussion said.

Deals for Apple to establish flagship retail outlets and for Amazon to expand cloud-computing services could be announced as soon as the first quarter of next year, they said.

Apple and Amazon declined to comment.

The potential agreements, first reported by Thomson Reuters, would be a validation of the kingdom's drive to attract global technology companies and bolster the role of private enterprise.

Last year, China-based Huawei became the first overseas retailer to be granted a licence to operate in the kingdom without a local partner.

Apple, which was first reported to be in Saudi discussions in June 2016, is looking to open one or two of its "town square" stores in 2019, one of the people said. Its popular products are currently available via third-party sellers.

Apple has already opened similar retail outlets in Dubai's two leading malls. Amazon is also about to lead a charge into the kingdom, eyeing a deal to expand its cloud-computing arm, Amazon Web Services, the people said.

AWS has already unveiled plans to open data centres and a regional base in Bahrain in 2019. It already provides services to local companies such as low-cost airline Flydubai. One of the people briefed said plans to open a data centre in Saudi Arabia could be announced as early as the first quarter of 2018. Amazon already provides ecommerce retail to the kingdom from abroad and may seek to expand within Saudi Arabia. It faces direct competition from \$1bn government-owned joint venture start-up, Noon.

Amazon in March acquired regional ecommerce player Souq.com for around \$680m. Talks have intensified since Amazon founder Jeff Bezos visited Riyadh in November 2016, meeting the king's son, Mohammed bin Salman, who has since been elevated to crown prince. Prince Mohammed has been courting major Silicon Valley firms, hoping to coax investment as part of his plans to wean the economy away from its dependence on oil and create jobs for a large youth population hooked on smartphones.

Saudi Arabia's sovereign wealth fund spent \$3.5bn on a 5 per cent stake in car-hailing app Uber and this year became the largest anchor investor in SoftBank's \$100bn tech-focused Vision Fund.

"Saudi Arabia aims to have technology as a key enabler and driver of the numerous changes envisaged by [Prince Mohammed's reform programme] Vision 2030, with the goal of developing the nation's digital infrastructure and stimulating related economic sectors, industries and businesses," said Sam Blatteis, chief executive of The MENA Catalysts, a public policy advisory firm.

The deals, if completed, would come amid concerns about the investment climate since the crown prince launched an anti-graft purge in early November, detaining more than 150 royals and businessmen on suspicion of corruption.

Saudi officials say the drive highlights the prince's determination to root out corruption that has hampered economic development. But some foreign executives fear the purge is a politically-motivated, revenue-generation exercise that exposes the risks of investing in the kingdom. One person close to Amazon said the crackdown was not affecting the talks.