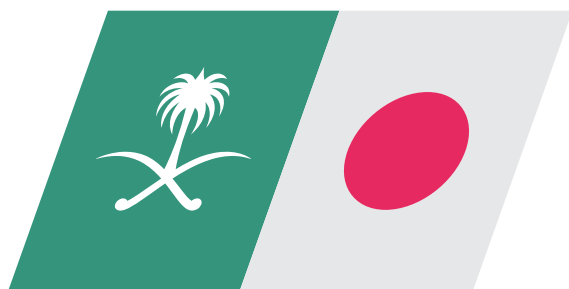


COMPASS OF NEW PARTNERSHIP

March 2017



Saudi Japan VISION 2030

الرؤية السعودية اليابانية 2030

Building Strategic Partnership

The Kingdom of Saudi Arabia and Japan have developed strong diplomatic relations since 1955, when both countries first established political ties. The two countries have gained mutual benefits as Saudi Arabia has been the largest and stable oil supplier for Japan, and Japan has been one of the largest customers for Saudi Arabia. Similarly, strong mutual ties were developed through trade and transfer of high quality products, technologies and projects.

Today, both countries are building on their mutual trust developed through understanding of each other's culture to deepen and broaden the existing bilateral relations and establish a solid strategic partnership.

In the spirit of mutual benefit and co-prosperity, both countries have recognized the importance to cooperate to realize their respective visions. In September 1st, 2016, HRH Deputy Crown Prince Mohammed bin Salman and Prime Minister Shinzo Abe decided to set up the Joint Group for "Saudi-Japan Vision 2030 (SJV 2030)", heralding a new era of partnership between the two countries.



"The exchange of visits between the Kingdom and Japan contributed to closer cooperation between the two countries, based on mutual respect to promote true partnership"



"Japan is ready to help with the implementation of the Vision 2030 plan by reducing Saudi dependence on oil"

"Cooperation will now move onto a new strategic phase that is not confined to oil"



"The visit to Japan confirms continued coordination and consultation between the two countries, to best serve bilateral interests"

Sources: Japan Imperial Household Agency
<http://www.kunaicho.go.jp/chaigo/qa/press/172022>
Ministry of Foreign Affairs of Japan
http://www.mofa.go.jp/mofaj/ine_at/mc2/na/page4_002309.html

The Joint Group is chaired by five ministries:

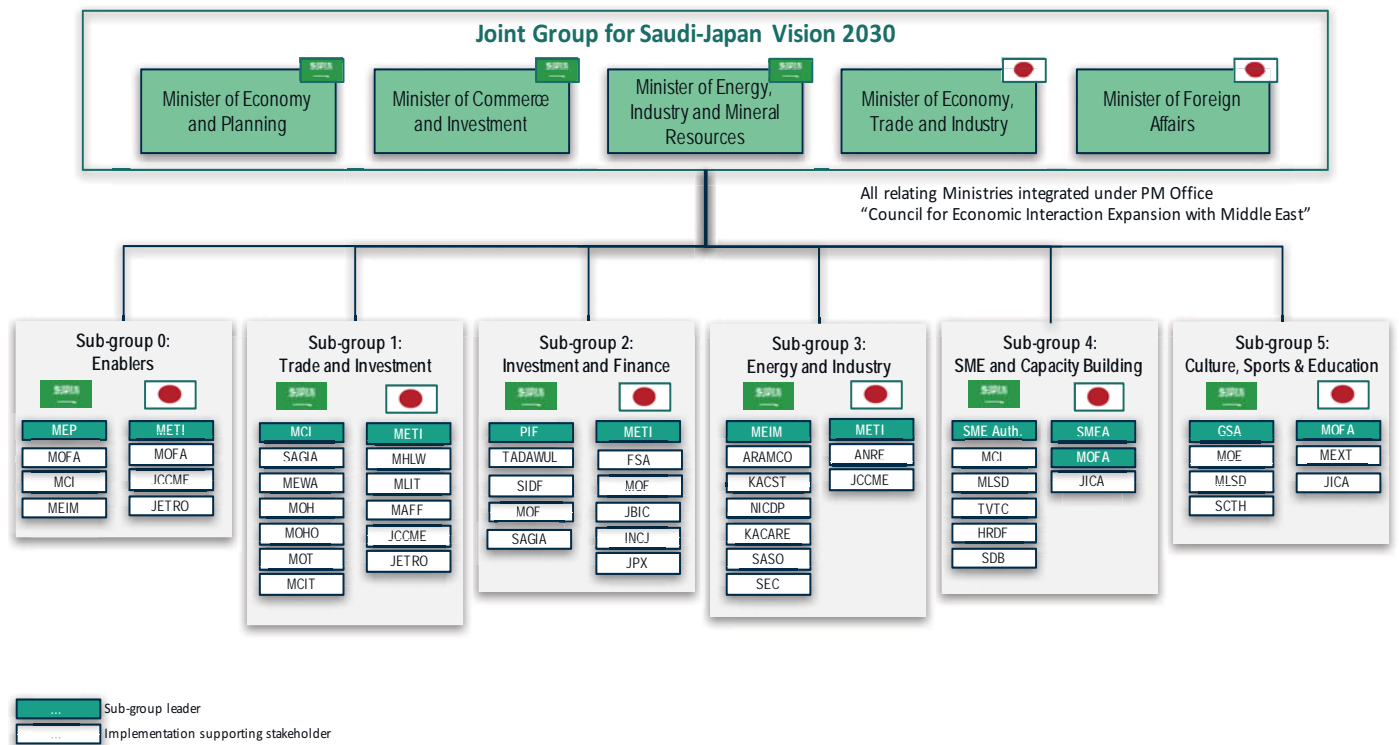
Saudi Arabia's Ministry of Economy and Planning (MEP), Ministry of Commerce and Investment (MCI), and Ministry of Energy, Industry and Mineral Resources (MEIM), and Japan's Ministry of Economy, Trade and Industry (METI) and Ministry of Foreign Affairs (MOFA). The first Joint Group meeting was held in Riyadh, on October 9th 2016, headed by Eng. Adel M. Fakeih, Minister of Economy and Planning, Dr. Majid Bin Abdullah Al Kassabi, Minister of Commerce and



Investment and Eng. Khalid A. Al-Falih, Minister of Energy, Industry and Mineral Resources from the Kingdom of Saudi Arabia and Mr. Hiroshige Seko, Minister of Economy, Trade and Industry and Mr. Kentaro Sonoura, State Minister for Foreign Affairs from Japan.



The Joint Group strives to serve as the platform for cooperation and exchange among subgroup representatives from the Kingdom of Saudi Arabia and Japan. While subgroups themselves display the national platforms for cooperation and exchange on projects, the individual subgroup leaders and project managers cooperate with their respective counterparts from the partner country to oversee the development of opportunities to be explored in both countries. During the first Joint Group meeting, it was decided that all cooperation opportunities shall be allocated to one of five theme-based subgroups (SG 1,2,3,4, and 5). An additional subgroup (Subgroup 0) was established to provide an enabling platform for the implementation of the partnership projects.





Source: Ministry of Foreign Affairs of Japan
http://www.mofa.go.jp/mofaj/ine/almc21/wjpage4_002200.html

Saudi Sub-group members

MEP: Ministry of Economy and Planning
 MCI: Ministry of Commerce and Investment
 MEIM: Ministry of Energy, Industry and Mineral Resources
 MOFA: Ministry of Foreign Affairs
 SME Auth.: SME Authority
 SAGIA: Saudi Arabian General Investment Authority
 MEWA: Ministry of Environment, Water and Agriculture
 MOHO: Ministry of Housing
 MOT: Ministry of Transport
 MCIT: Ministry of Communications and Information Technology
 TADAWL: Saudi Stock Exchange
 SIDF: Saudi Industrial Development Fund
 MOF: Ministry of Finance
 ARAMCO: Saudi Aramco
 KACST: King Abdulaziz City for Science and Technology
 NICDP: National Industrial Clusters Development
 KACARE: King Abdullah City for Atomic and Renewable Energy
 SASO: Saudi Standards, Metrology and Quality Organization
 SEC: Saudi Electricity Company
 MLSD: Ministry of Labour and Social Development
 TVTC: Technical and Vocational Training Corporation
 HRDF: Human Resource Development Fund
 SDB: Social Development Bank
 MOE: Ministry of Education
 SCTH: Saudi Commission for Tourism and National Heritage

Japan Sub-group members

METI: Ministry of Economy, Trade and Industry
 MOFA: Ministry of Foreign Affairs
 JCCME: Japan Cooperation Center for the Middle East
 JETRO: Japan External Trade Organization
 MHLW: Ministry of Health, Labour and Welfare
 MLIT: Ministry of Land, Infrastructure, Transport and Tourism
 MAFF: Ministry of Agriculture, Forestry and Fisheries
 FSA: Financial Services Agency
 MOF: Ministry of Finance
 JBIC: Japan Bank for International Cooperation
 INCJ: Innovation Network Cooperation of Japan
 JPX: Japan Exchange Group, Inc.
 ANRE: Agency for Natural Resources and Energy
 SMEA: Small and Medium Enterprise Agency
 JICA: Japan International Cooperation Agency
 MEXT: Ministry of Education, Culture, Sports, Science and Technology



Saudi-Japan Vision 2030 Statement, Pillars, Themes and Enablers

Background

Overview of Saudi Vision 2030

Recently, the Kingdom of Saudi Arabia has unveiled Vision 2030, an economic and social blueprint aiming to reinforce and leverage the Kingdom's capabilities and unleashing its full strengths to build a diversified and sustainable economy.

In Vision 2030, the Kingdom emphasizes its objective to be the heart of Arab and Islamic worlds, utilize its investment power to create a more diverse and sustainable economy and to capitalize on its strategic geographic location to be an integral driver of international trade by connecting three continents. Saudi Arabia aims to accomplish these strategic objectives by focusing on three themes:

A vibrant society –

Protected by caring families and supported by empowering social and healthcare systems, a vibrant society living in moderation and proud of its national identity is a strong foundation for economic prosperity.

A thriving economy –

By focusing on building an educational system aligned with market needs, providing opportunities for entrepreneurs and SMEs and developing promising economic sectors, the Kingdom seeks to ensure a thriving and diversified economy

An ambitious nation –

Building an effective, transparent, accountable, enabling and high-performing government helps develop the adequate environment for all stakeholders in the Saudi society

Vision 2030 will shape the future of Saudi Arabia by transforming the Kingdom's national economy through a multitude of implementation progress initiatives across various economic sectors. Furthermore, the Kingdom aims to revitalize its socio-cultural landscape by focusing on ambitious initiatives in education, tourism, sports and entertainment.

Overview of Japanese Growth Strategy

Overview of Japanese Growth Strategy In early 2013, the Government of Japan unveiled a comprehensive economic policy package under the name "Abenomics" to sustainably revive the Japanese economy while maintaining fiscal discipline. The program is centered on the three "policy arrows"; Japan introduced an aggressive monetary policy, a flexible fiscal policy as well

as the "Growth Strategy" including structural reforms to boost economic growth.

When reaching the "Growth Strategy", which targets an annual GDP of JPY 600 trillion per year, in 2016, the country defined three requirements to achieve its ambitious growth:

1) Strategic expansion into additional "promising markets"

2) Boost employee productivity to overcome supply regulations and workforce shortage resulting from a decrease in population

3) "Enhancing the capabilities of individuals" to facilitate a transformation of the industrial structure
Ten strategic public-private

projects are defined as “promising markets” by the Japanese government, namely:

1. Facilitating the transition towards the 4th Industrial Revolution
2. Moving towards a world leader in healthcare research and development
3. Overcoming environmental and energy-related constraints while boosting sector-related investments
4. Developing the sports sector into a prospering industry
5. Introducing reforms to revitalize the local real estate market

6. Facilitating productivity increase in the service industries
7. Modernizing SMEs to comply with global standards
8. Fostering expansion into and export from the local agricultural, forestry and fishery sectors
9. Reinforcing tourism as the centerpiece of regional revitalization
10. Fostering public-private cooperation to stimulate domestic consumption.

The Japanese government in parallel aims at providing a favorable environment for the realization of these strategic projects by:

- a) Introducing the necessary regulatory and institutional reforms
- b) Fostering innovation and promoting the development of human resources; and
- c) Supporting the economic expansion into growing markets outside the country.

Leveraging Synergies through the Saudi-Japan Vision 2030

Both countries are currently undergoing a paradigm shift to realize robust economic growth under the banner of Saudi Vision 2030 and Japan’s Growth Strategy, both of which are comprehensive reform agendas with considerable level of commonalities.

In view of the mutually complementary relationship developed over the years, enhancing cooperation between the two countries has a substantial potential to yield benefits which each country alone would not be able to realize.

As Saudi Arabia seeks opportunities to diversify and strengthen its economy by capitalizing on advanced and cutting-edge technologies, Japan is the ideal partner to comprehensively contribute to this development with its knowledge capital, and technological

competitiveness. Similarly, the Saudi-Japanese cooperation would help the Japanese economy identify and develop opportunities to further upscale Japanese investments in Saudi Arabia, thereby enabling an accelerated spin of the positive economic cycle in Japan.

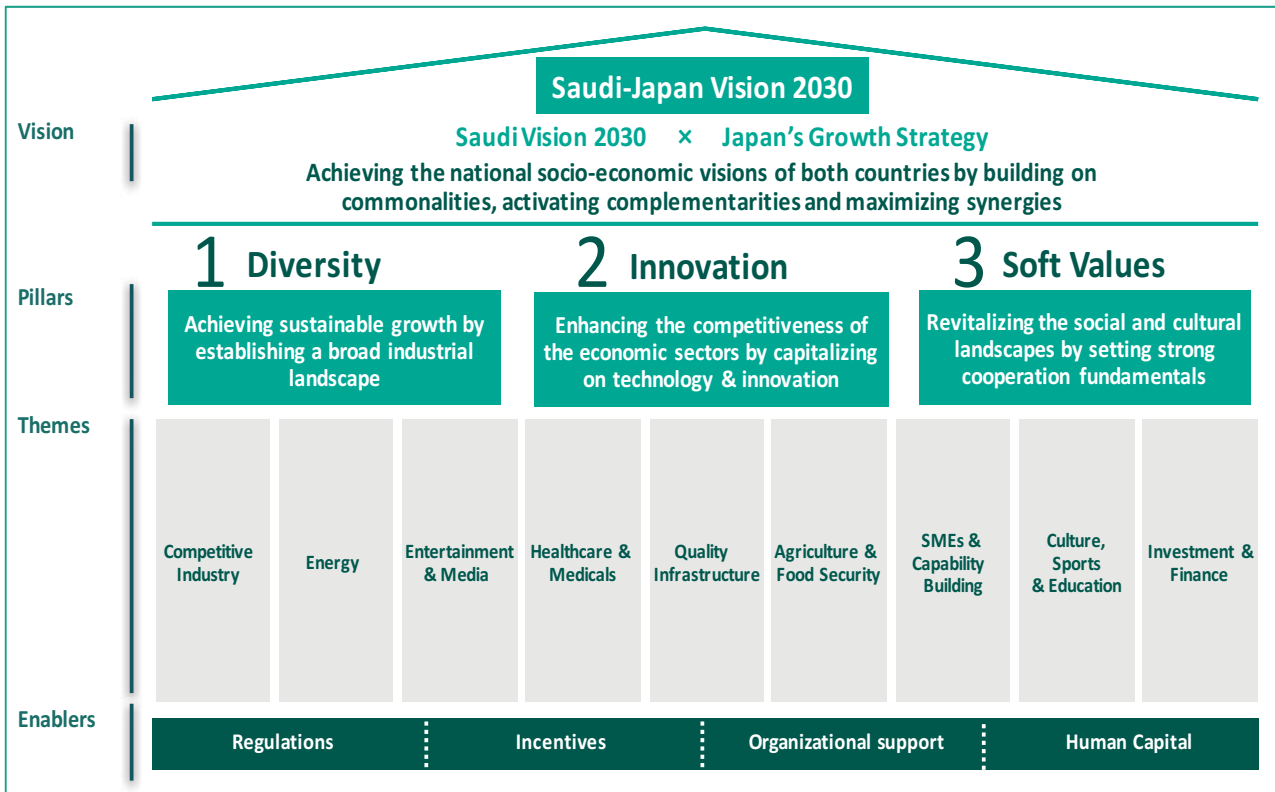
The mutually-beneficial economic relationship would also inspire the two countries to explore untapped opportunities in third countries, particularly in MENA, Africa and Asia. Both nations aspire through such comprehensive collaboration to boost their bilateral strategic partnership to the next level.

Driven by these fundamentals, Saudi Arabia and Japan have decided to pursue a joint “Saudi-Japan Vision 2030”, which aims to achieve the national socio-economic visions of both countries by capitalizing on commonalities, activating complementarities and maximizing synergies.



Saudi-Japan Vision 2030

“Achieving the national socio-economic visions of both countries by building on commonalities, activating complementarities and maximizing synergies



Three Partnership Pillars: DIVERSITY, INNOVATION and SOFT VALUES

The partnership under the Saudi-Japan Vision 2030 is based on three pillars: DIVERSITY, INNOVATION AND SOFT VALUES



Source: Japan Imperial Household Agency
http://www.kunaicho.go.jp/naip/qa/naip/000001/000001_13022

DIVERSITY: Achieving sustainable growth by establishing a broad and reliable industrial landscape

Both Japan and Saudi Arabia are undergoing a fundamental shift in their macro-economic business models. Saudi Arabia on the one hand is targeting to diversify its economy and reduce its reliance on oil by fostering growth and job creation across various non-oil related industry sectors. Under Saudi Vision 2030,

the Kingdom has also set out clear goals for the development and privatization of its vital industries such as education, healthcare, entertainment and tourism. Japan on the other hand is aiming to boost exports, investments and tourism in particular by exploring new growth markets beyond its domestic and neighboring markets. Consequently, the envisaged partnership provides an ideal platform for achieving the goals of economic diversification and new markets access. The

collaboration covers a highly-mixed portfolio of projects, where the two countries could co-invest. Saudi Arabia and Japan will also utilize the world-renowned Japanese "KAIZEN" principle which lays down the sustainable basis for improvement of quality and productivity in public and private institutions thus contributing to diversifying the industrial landscape in the Kingdom. All these efforts by the two countries will help achieve sustainable growth across various economic sectors.

INNOVATION: Enhancing the competitiveness of the economic sectors by capitalizing on technology & innovation

With the increased adoption and integration of technology and innovation, various sectors are undergoing major transformations and enjoying significant competitive advantages resulting in enhanced quality and greater efficiency with lower costs of products and services. Such innovative endeavors also help Small

and Medium Enterprises (SMEs) play a more active role across the economy.

Japan aims to secure its position as a global leader in technological research and development across a wide range of economic sectors, including healthcare, manufacturing, tourism, and agriculture. On the other hand, determined to optimize key economic sectors, the Kingdom of Saudi Arabia continues to invest heavily in technology development "The 4th Industrial Revolution" technologies. This complementarity is key to underpinning the

innovation aspect of the joint vision of partnership.

In addition, SMEs in both countries have a crucial role to play in the innovation aspects of this partnership. While Saudi Arabia is aiming to promote the role of SMEs in its economy, Japanese SMEs are seeking new growth and expansion opportunities in the Saudi market. The early involvement of SMEs will play an essential role in the planned digital transformation by driving bottom up innovation.

SOFT VALUES: Revitalizing the social and cultural landscapes by setting strong cooperation fundamentals

Both Saudi Arabia and Japan value cultural and social aspects including people's wellbeing as a basis for a sustainable economy.

In fact, Japan's "Cool Japan" initiative primarily aims to promote the Japanese culture worldwide thereby boosting the tourism industry and contributing to helping Japanese businesses overseas. On the other hand, Saudi Vision

2030 emphasizes the Kingdom's position as the center of the Islamic world while stressing various socio-cultural elements including education, sports and entertainment as main areas of focus for fostering an adequate environment for the development of the Saudi youth. Also, through "Warm Saudi" concept, the Kingdom is seeking to promote its hospitable identity and culture to the world. The envisaged partnership will capitalize on the soft values of Saudi Arabia and Japan to unleash the potential of revitalizing both countries' respective social and cultural values.

Nine Themes to Explore **The identified pillars will be achieved along nine main themes.**

Competitive Industry

Saudi Arabia has not only one of the fastest growing manufacturing industries worldwide, but also several areas of excellences such as the petrochemical industries. To fuel and enable this growth, the Kingdom has been investing heavily in technology. On the other hand, Japan is the third largest economy in the world sustained by diverse sectors out of which automotive, heavy industry, and electronics hold special significance to the economy. Private entities within each sector have managed to attain global ranking and secure pole positions.

Developing the Saudi local manufacturing industry by leveraging Japanese capabilities and technologies will boost the Kingdom's localization initiatives while strengthening its position as a regional technology development hub. On the other hand, Japan will reinforce its footprint in the Saudi market and a range of other satellite markets in the region where Japanese presence is still limited. The benefits of such collaboration could be extended beyond manufacturing to cover the services sector.

Energy

Saudi Arabia plays an outstanding global role in the energy sector, leveraging its rich resources and well proven knowledge and expertise. Saudi Arabia and Japan will continue to gain mutual benefits which have been already achieved through close partnership, as Saudi Arabia continues to be the largest and stable oil supplier for

Japan and Japan continues to be one of the largest customers for Saudi Arabia. Strengthened partnership between both countries, through continuous exchange of expertise and technical cooperation, could be leveraged to maximize the benefits of enhancing energy security, building on the Memorandum of Cooperation for Energy Sector between Japan METI and Saudi MEIM concluded in

September 2016. In its quest to further develop its oil and gas sector and to diversify its energy sources including renewables and alternative energies, Saudi Arabia can venture into win-win collaborations with Japan.

Entertainment & Media

Saudi Arabia aims to increase household spending on cultural and household entertainment activities inside the Kingdom from the current level 2.9% to 6.0%. Moving forward, the Kingdom aims to develop its own content under the concept of "Warm Saudi", which will portray the Kingdom's cultural values and its projects under Vision 2030. Japan's entertainment sector is well-established.

Animation and more specifically Manga are known worldwide; global gaming consoles are produced in Japan, and Japanese entertainment expos are anticipated across the world. Japan's ambition is to further strategically promote its culture and entertainment industries under the concept of "Cool Japan".

under the themes "Warm Saudi" and "Cool Japan".

This partnership presents a perfect platform for the collaboration to develop both entertainment industries and cultural exchange

Healthcare & Medicals

The Kingdom is aiming to become a regional hub for healthcare and pharmaceutical solutions by creating an attractive environment for both local and international investors. On the other hand, Japan is

among the world's leading countries in healthcare as reflected by its record life span globally, high quality healthcare services and world renowned healthcare devices/ technologies.

The two countries seek the collaboration in the areas of medical training and research, exchanging of experts in the medical sectors, and exchanging of experience in healthcare.

Quality Infrastructure

Saudi Arabia is heavily investing in its primary infrastructure (especially power and water) and worked to improve its logistical capabilities and ultimately become a regional logistical hub for the Gulf and wider

MENA region. Moreover, Saudi Arabia plans to maximize the private sector participation in infrastructure development in order to accelerate the achievement of the Kingdom's ambitions. Today, Japan is globally recognized for its high quality infrastructure. With

projects such as "the last mile", Japan offers great opportunities for partnering to enhance the Saudi efforts to transform the Kingdom's infrastructure. The will of both countries in enhancing their infrastructures greatly contributes to support other themes of the collaboration.

Agriculture & Food Security

The arid nature of the land of Saudi Arabia drives the Kingdom to import 70% of its food needs. As such, the Kingdom is seeking better control of its supply by partnering with foreign

governments and investors in farming projects. On the other hand, Japan houses many public and private entities with advanced knowledge and technologies, producing high quality and innovative agricultural goods and services. Through this collaboration,

Saudi and Japanese government agencies and investors will be identified to work together to upgrade agricultural production and food supply to Saudi Arabia.

SMEs & Capacity Building

A significant portion of Saudi Arabia's workforce is employed by the public sector. In an effort to vitalize the private sector participation and reduce dependence on the government

expenditure, the Kingdom aims to actively support SME entrepreneurship, privatization and investments into new industries. Japan's economy is prosperous by SMEs, where more than seventy percent of the workforce today is employed.

Today Japan's government is seeking to increase the international footprint of its SMEs and the Saudi-Japan partnership could be leveraged for that purpose as well as to empower Saudi Arabia in developing its SMEs sector

Culture, Sports & Education

Saudi Arabia has one of the youngest populations globally, and, therefore, has developed ambitious aspirations spanning culture, sports and education. For example, as part of the Saudi Vision 2030, several initiatives are underway to improve the quality of education in Saudi Arabia (e.g. DAEM, Noor, and Hassen).

Moreover, in order to position itself at the heart of the Muslim world and promote its culture globally, the Kingdom is planning to develop the concept of "Warm Saudi" locally and internationally.

Japan, on the other hand, has progressively introduced the concept of "Cool Japan" and is focusing its cultural development on identifying attractions to further engage its citizens and tourists.

Investment & Finance

Today, Saudi Arabia is Japan's main investment destination in the Middle East (around 70% of investments in the region). Historically, Japanese investments in Saudi Arabia have focused on oil and gas, infrastructure, water, and power generation. Going

forward, the two countries will work together to make high-value investments in Saudi Arabia, Japan or third countries. A recent example of the partners' will to engage in such deals is the conclusion of a memorandum of understanding ("MOU") between SoftBank group and the Public Investment Fund (PIF) under which PIF will consider

investing in a 100 billion USD joint tech fund and become the lead investment partner. With the establishment of the SoftBank Vision Fund, PIF will step up investments in technology companies globally.

Enablers to Facilitate the Vision

The cooperation themes will be further supported by enablers to create a more conducive environment, along four main dimensions (regulations, incentives, organizational support and human capital). Both countries will jointly identify the challenges and areas of improvement to facilitate the execution of cooperation projects.

Regulations

Regulatory reforms are considered critical to enable businesses between both countries. Initiatives aiming to streamline companies' registration process, visa procedures, and required licenses would help ensure a business-friendly environment that would encourage business entities (specifically SMEs) to expand into new markets. Other regulations including labor regulations and customs clearance are also being revisited to attract foreign direct investment in both countries.

Incentives

Providing financial incentives enhances the motivation of Japanese companies to expand into the Saudi market. For example, the Saudi Industrial Development Fund (SIDF) provides medium to long term loans for manufacturing and supporting industries. This helps in increasing job creation, supporting economic diversification, boosting GDP, and attracting more foreign direct investment (FDI). Much of the incentives can be in the form of special business-awarding to investors that provide more local value in their operations.

Organizational Support

Enhanced cooperation and communication between agencies of Saudi Arabia and Japan would help the business in both countries to seize opportunities in mutually-beneficial ways. Practical and effective solutions for this purpose are worth examining by both countries. Also, more efficient administrative operations by organizations/agencies/public office would be helpful for Japanese and Saudi businesses in order to reduce time and complexity associated with the overall implementation of various projects.

Human Capital

Helping to build up the competitiveness of the human capital in both countries would be a major enabler to the establishment of businesses. Intensified capability building, including training and review of educational programs, would support this process. Japan JICA, for example, is working with several government entities in Saudi Arabia to sharpen the overall human capital development framework in the Kingdom.

Other Incentives

Other suggestions include hosting joint events and launching joint initiatives in all themes of this partnership. Such efforts are vital to raise awareness around opportunities in Saudi Arabia and Japan.

Enablers supporting the themes of the Joint Vision 2030

Regulations



Business Regulations / licenses



Labor Regulations



Customs Clearance



Visa Issuance



Energy and water

Incentives



Localization Benefits



Financial Incentives



Infrastructure Advantages

Organizational support



Communication with Saudi Officials



Quality Administration of Public Offices



Transaction Rules and Cultures

Human capital



Education



Knowledge exchange / Transfer Platforms



Labor Management

Other Incentives



Opportunity Finding / Match Making



Awareness Building



Living and Transportation

Regulations

Business regulations / licenses

- Ensure regulations are clearly communicated (in both Arabic and English) and are readily available
- Minimize changes in regulations and license requirements
- Increase validity of licenses
- Ensure no overlap between licenses
- Align commerce law with international standards (e.g. set clear penalties for breaching confidential information)
- Expedite and simplify the process for import tax exemption and its reward

Labor regulations

- Optimize conditions for hiring female workers (i.e. take special measures to accommodate female employees such as transportation, dedicated workplaces, etc.)

Customs clearance

- Streamline customs clearing process to reduce waiting time
- Reduce number of damaged goods during customs clearance process

Visa issuance

- Simplify visa application, streamline the process and minimize associated fees
- Increase number of multiple entry visas issued

Energy and water

- Encourage energy savings through regulation changes and by incentivizing new players to enter the market

Incentives

Localization benefits

- Clarify and increase benefits of complying with the nationalization programs (e.g. fast track visa issuance)
- Ensure nationalization requirements are in line with market maturity level (current requirements are too aggressive)
- Provide added benefits to companies with a long track record
- Provide added benefits to companies with a high percentage of female workers
- Reduce import tariffs on components which cannot be produced locally

Financial incentives

- Increase financial incentives across industries (i.e. tax exemptions, guarantees, grants, loans, etc.)
- Establish investment funds targeting specific themes and sectors – fashion, SMEs, etc.
- Jointly incentivize Saudi and Japanese companies to set up in the other country
- Put higher priority on technical and value-add factors in tendering process

Infrastructure advantages

- Ensure consistent supply of electricity network, water and sewage, fire protection, and security in industrial zones
- Provide investors with advanced infrastructure across multiple locations (e.g. KAEC)



Organizational Support

Transaction rules and cultures

- Set rules for timely payment (reduce payment delays for cash management purposes)

Quality administration of public offices

- Reduce overall time and complexity of mobilization processes (work permit, residence permits)
- speed up government response to inquiries and requests

Communication with Saudi officials

- Create a stable platform for enhancing the ease of doing business in both Saudi Arabia and Japan
- Allow investors to participate in regulatory reforms related to their respective industries
- Set clear governance structure to ensure new reforms are implemented
- Establish open communication channels between various stakeholders

Human Capital

Education

- Reform mandatory education systems to ensure basic skill sets are acquired and elevate professional ethics
- Launch exchange programs for capacity building

Knowledge exchange / transfer platforms

- Establish joint R&D programs across different fields
- Establish agreements to exchange know-how and resources
- Establish / upgrade existing institutes for advanced industries

Labor management

- Revise wage levels of nationals
- Create flexible working hours to accommodate more segments of the available workforce

Other Incentives

Opportunity finding / match making

- Establish joint expos, exhibitions in both countries focusing on unique themes

Awareness building

- Launch initiatives to promote cultural exchanges in both countries (e.g. exchange of news, students, etc.)

Living and transportation

- Improve living conditions of expats by local promotion of the other country's culture and value.
- Enhance the logistics infrastructure, especially the access to economic and industrial cities.

Possible Opportunities

Under the nine themes, Saudi and Japan will jointly carry out concrete cooperation projects and initiatives. Examples of possible opportunities are listed below.

Competitive Industry

1. Set up a partnership to co-develop the 4th Industrial Revolution in Saudi Arabia through Japanese technology

2. Develop an innovative and efficient supply chain system to enable e-commerce platforms and trading in Saudi Arabia

3. Knowledge Sharing from Japanese Industrial Zones / Business Parks

4. Feasibility Study of Automotive Manufacturing in Saudi Arabia

5. Formulation of the domestic supply chain in the manufacturing sector

Energy

6. Joint crude oil storage capacity in Okinawa

7. Cooperation in the IPO of Aramco

8. Infrastructure for the development of petroleum and natural gas

9. Promotion of energy efficiency and conservation

10. Promotion of renewable energy

11. Human resource development in the nuclear energy sector

12. Power generation and grid

13. Collaboration in studies on technologies toward low carbon energy system (e.g. CCS and hydrogen)

Entertainment & Media

14. Knowledge sharing and content customization to develop the Saudi Arabian Entertainment Sector to serve broader markets in the Arab and Islamic Worlds

Healthcare & Medicals

15. Cooperation in the Field of Healthcare

16. Effective participation of the private sector which contributes to extending life expectancy

Quality Infrastructure

17. Cooperation on Desalination and Reclamation of Water

18. Megaton Water Project

19. Cooperation on Forward Osmosis technology

20. Exchange of expertise and technology in Logistics to further develop the infrastructure and capabilities of Dammam

1st Industrial City

21. Local manufacturing of eco-friendly houses in Saudi Arabia

22. Introduction of enabling technologies and systems for the housing sector in Saudi Arabia

Agriculture & Food Security

23. Agriculture and Food sector survey in Saudi Arabia

SMEs & Capability Building

24. SME Policy Implementation and Capacity Building

25. KAIZEN Dissemination

26. Business Matching

27. Cooperation for Social Development

28. Joint Contributions in International Development Efforts

Culture, Sports and Education

29. Cooperation in Tourism and National Heritage

30. Cooperation in the Improvement of Education

31. Japan Cultural Week

32. Cooperation for the "Roads of Arabia" exhibition in 2018



33. Form a partnership to maximize synergies in international sports (Karate, Judo and related fields)

34. Elite sports exchange

Investment and Finance

35. Collaboration on investments

36. Cooperation between Saudi Tadawul and Japan JPX

Enablers

37. Establishment of an overarching and sustainable structure - Enabler Subgroup, Saudi-Japan Vision Office & Producer Concept

38. Launch of joint initiatives to enhance the ease of doing business between Saudi Arabia and Japan

39. Implementation of anti-counterfeit measures

40. Cooperation in the field of trade and investment between Saudi MCI and Japan METI

41. Improving visa convenience

42. Investment treaty

43. Setup a committee to coordinate between various stakeholders in Saudi Arabia and Japan to identify key topics for expos and exhibitions focused on unique opportunities

Front Runner Projects

The Kingdom of Saudi Arabia and Japan will place special attention and enhanced support for projects with significant policy priority, strong socio-economic impact and high feasibility. As a result, 31 out of the 43 possible cooperation opportunities have been selected as so-called front runner projects.

Competitive Industry

Set up a partnership to co-develop the foundation for the 4th Industrial Revolution in Saudi Arabia through Japanese technology

Saudi Arabia's national R&D centers, including Saudi KACST and Japan METI will jointly carry

out a feasibility study to assess opportunities for the introduction of The 4th Industrial Revolution in the Kingdom of Saudi Arabia. The feasibility study aims at identifying areas bearing synergy effects for joint investment from Saudi Arabia and Japan.

Develop an innovative and efficient supply chain system to enable e-commerce platforms and trading in Saudi Arabia

Japan Post will develop a proposal for a cross border e-commerce platform in cooperation with e-commerce entities in Saudi Arabia and Saudi Post.

Formulation of the domestic supply chain in manufacturing Sector

Under a Memorandum of Cooperation signed in September 2016, Saudi MEIM and Japan METI will facilitate the formulation of domestic supply chains for the manufacturing sector in Saudi Arabia. The initiative will build on the accomplishments of the Japan-Saudi Arabia Industrial Cooperation Task Force established in 2007, which has supported 11 direct investment projects by 13 Japanese companies currently operating in Saudi Arabia. The objective is to strengthen the "win-win" relationship between Saudi Arabia and Japan by promoting local manufacturing and infrastructure projects implemented by Japanese companies, which contributes to Saudi Arabia's

development. The two sides will Exchange knowledge and support to enable Japanese companies to expand Saudi Arabia industrial capabilities.

Ebara Corporation and Toho Titanium Co.,Ltd. establish and start a new factory in Saudi Arabia.

Energy

Joint crude oil storage capacity in Okinawa

Saudi Aramco and Japan METI revised the existing basic arrangement for cooperation in the field of crude oil storage in October 2016. Under this revised basic arrangement both countries decided to extend the cooperation among Saudi Aramco and Japan METI / Japan Oil, Gas and Metals National Corporation (JOGMEC) for three years and expand the storage capacity in Okinawa by 2 million barrels.

Cooperation in the IPO of Aramco

Japan ANRE as well as Saudi MEIM discussed the potential listing of Saudi Aramco on Tokyo Stock Exchange (TSE). As Saudi Aramco and TSE will evaluate the establishment of a joint study group for the IPO, Japan ANRE and Saudi MEIM decided to continue following up on the development of the discussions among both stakeholders.

Promotion of energy efficiency and conservation

Saudi Energy Efficiency Center (SEEC) and Japan METI will continue their cooperation in ongoing initiatives in the Kingdom of Saudi Arabia under the respective Memorandum of Cooperation for the energy sector signed in September 2016. Both Saudi MEIM and Japanese METI will follow up on the cooperation activities of Saudi SEEC and the Energy Conservation Center, Japan (ECCJ) to promote energy efficiency and conservation in Saudi Arabia.

Promotion of Renewable Energy

Saudi MEIM and Japan METI decided, under the Memorandum of Cooperation signed for the energy sector in September 2016, to continue sharing knowledge and following up on the communication between Japanese and Saudi Arabian companies in the field of renewable energy. In particular, the Saudi Renewable Energy Project Development Office (REPDO) and the Japan METI will cooperate in the promotion of renewable energy usage.

Power generation and grid

The National Grid Saudi Arabia (NG) and Japanese counterparts will cooperate in the areas of electricity infrastructure development in the Kingdom of Saudi Arabia for long term basis in the following areas with the support of MEIM, Saudi Electricity Company (SEC) and Japan METI:

- Developing the Standards and Specifications.
- Optimization of Engineering and Design
- Asset Management according to the international standard ISO55000.
- Training & Development of Staff Skills
- Localization of Industry in Saudi Arabia.
- Technical Exchange Forums.
- Technology Road map.

Healthcare & Medicals Cooperation in the Field of Healthcare

Japan MHLW and Saudi MOH will cooperate in the field of healthcare such as medical training and research, exchanging of experts in the medical sectors and exchanging of experiences of healthcare.



Quality Infrastructure

Cooperation on Desalination and Reclamation of Water

Saudi MEWA and Japan METI will cooperate in the field of water desalination and reclamation. Both countries will intensify their efforts towards the implementation of demonstration projects for an efficient desalination and a reclaimable water plant using Japanese technology. In addition, both sides will establish a platform to exchange expertise and experiences on desalination in Forward Osmosis (FO) technology.

Megaton Water Project

Saudi Water Conversion Cooperation (SWCC) and Japan New Energy and Industrial Technology Development Organization (NEDO) will cooperate in the implementation of a demonstration project of an energy saving seawater Reverse Osmosis (RO) system ("Megaton System") which includes dissemination of the Megaton technology in the Kingdom.

Cooperation on Forward Osmosis (FO) technology

Saudi SWCC and Japanese counterparts will cooperate in the development of a FO water desalination technology and system with the support of Saudi MEWA and Japan METI.

Introduction of enabling technologies and systems for the housing sector in Saudi Arabia

Saudi MOHO and a Japanese technology provider will cooperate in the study of house selling services through the application of Virtual Reality (VR) technology for customer support.

SME & Capability Building

Policy implementation and Capability building on SMEs

Saudi SME Auth. and Japan SMEA will cooperate to establish a platform to exchange best practices pertaining to SMEs and focusing mainly on regulations, policies, procedures and support for SME establishment and development. Furthermore, both sides will cooperate to exchange knowledge and provide training in SME Authority staff capability building.

Saudi SME Authority and Japan SMEA recognize the importance of existing cooperation of human resource development for

SMEs in Saudi Arabia and will expand it in future. This cooperation would be built on the effort/ opportunities by Japan JICA. Both sides will continue the close coordination to formulate cooperation projects and to take necessary procedures for their implementation through diplomatic channel.

KAIZEN Dissemination

Saudi SASO and Japan JICA will jointly conduct a KAIZEN pilot project to improve organizational capacity and efficiency by applying KAIZEN methodology. JICA will provide functional experts from Japan experts (by July 2017) to supervise KAIZEN activities at SASO and other counterpart organizations.

Business Matching

Saudi SME Authority will take the lead in initiating and designing Saudi Japanese SMEs matching program. The aim of this program is to open the opportunity for Japanese companies to enter the GCC market and to Saudi counterpart to explore add value services and industries. Japan JETRO will cooperate with this program.

Cooperation for Social Development

Saudi MLSD and Japan JICA decided to cooperate in the area of social development by exchanging information, knowledge and trainings in the areas of volunteerism, social investments and the development of non-profit capabilities.

Joint Contributions in International Development Efforts

Under the Memorandum of Cooperation signed in September 2016, Saudi SFD and Japan JICA are cooperating in the identification of opportunities targeting developing countries. In addition to training purposes, SFD staff will visit JICA for knowledge exchange and discussion on matters of mutual interest.

Culture, Sports & Education

Cooperation in Tourism and National Heritage

Saudi SCTNH and Japan JICA will cooperate in the fields of tourism and national heritage. Under this cooperation, SCTNH executives will visit Japan on April 2017 - followed by providing sector experts for the potential identification of further cooperation projects. In addition, JICA will offer training programs for Saudi Arabia with regards to museum management and tourism promotion.

Cooperation in the Improvement of Education

Saudi MOE and Japan MEXT will cooperate in the area of education by encouraging



the exchange of education officials, academic staff and researchers. JICA will provide a senior advisor for the sector by the end of March 2017 to exchange knowledge on "Lesson Study", a long-established professional development strategy in Japan which is currently under trial in Saudi Arabia, and to possibly identify further cooperation opportunities.

Japan Cultural Week

Saudi Ministry of Culture and Information (MOCI) and Japan MOFA will cooperate in the initiatives targeting the promotion of Saudi Arabian art and culture as part of the country's National Transformation Program. In this context, Japan will conduct a

'Japan Cultural Week' in Riyadh mid-April 2017.

Cooperation for the "Roads of Arabia" exhibition in 2018

Saudi SCTH decided to cooperate with Tokyo National Museum (TNM) to hold the exhibition Saudi Archaeological Masterpieces through the Ages, which is known as "Roads of Arabia" exhibition, one of the most important traveling Saudi exhibitions highlighting the cultural heritage of the Kingdom, in 2018 at TNM.

Form a partnership to maximize synergies in international sports (Karate, Judo and related fields)

Saudi Arabian General Sports Authority (GSA), Japan MOFA and Sports Agency (MEXT)

will cooperate in the development of Karate, Judo and related fields by utilizing the "Sports for Tomorrow initiative" on the route towards Tokyo 2020 Olympic and Paralympic Games. In this context, Japan initiated the cooperation by sending 4 Karate experts to Saudi Arabia mid-January 2017.

Elite Sports Exchange

The objective is to ensure the exchange of athletes between Japan and Saudi Arabia to reach a higher level in:

- Information exchange
- Experience of athletes in competitions
- People Training

Investment & Finance

Cooperation between Saudi Tadawul and Japan JPX

Saudi Tadawul and Japan JPX will enter into a memorandum of understanding, which will serve to strengthen the bilateral relationship between the two exchanges. The agreement will enable the two parties to share knowledge and expertise, open the door to people development, and explore future opportunities related to capital market development. Together, the two exchanges will strengthen alignment and collaboration on matters of mutual interest and benefit.

Enablers

Establishment of an over-arching and sustainable structure - Enabler Subgroup, Saudi-Japan Vision Office & Producer Concept

The Governments of Saudi Arabia and Japan will establish a sustainable, overarching structure to ensure effective and smooth implementation of various opportunities, to maintain the momentum between both countries and to contribute to a continuous improvement of the business environment. The structure will consist of three major elements:

1) Establishment of a new “Enabler Subgroup” under the ministerial Joint Group which is led by Saudi MEP and the Japan METI responsible for addressing overarching opportunities and challenges.

2) Setup of the Saudi-Japan Vision Offices in Riyadh and Tokyo and deployment of Vision Coordinators authorized by both governments to facilitate and coordinate joint projects and opportunities and identify new potential opportunities

3) Designation of an organization – the Producer, with chairs from Saudi Arabia and Japan to support in the materialization and implementation of the proposed projects.

Launch of joint initiatives to enhance the ease of doing business between Saudi Arabia and Japan

As an overarching initiative to be addressed by the Enabler Subgroup, Saudi MEP and Japan METI will, with support from multiple related ministries and entities, launch a joint initiative to enhance the ease of doing business between both countries. The initiative may be comprised of a study on current business environments, the identification of key priority sectors, a draft of infrastructure and city development plans including possible setup of dedicated industrial zones (Enabler Showcase Zone) and the preparation of a 50-year success plan as well as a 5-year roadmap.

Implementation of anti-counterfeit measures

Under the Memorandum of Cooperation signed in September 2016, Saudi MCI and Japan METI decided to strengthen their cooperation in the field of anti-counterfeit measures. Both sides share the action plan on (1) intensive market inspection, (2) anti-counterfeiting edification and (3) launching a seminar on identification of counterfeit products. Japan side thereby intends to invite Saudi side for the facilitation of these activities.

Cooperation in the field of trade and investment between Saudi MCI and Japan METI

Saudi MCI and Japan METI decided to cooperate in the field of trade and investment as both sides seek to raise the level of intra-regional and international activities and to exchange expertise and information in the field.

Improving visa convenience

The Ministries of Foreign Affairs of both countries decided to facilitate multiple visa issuances and a change in visa fees to an appropriate level for the promotion of people-to-people exchange between both countries.

Investment treaty

The Ministries of Foreign Affairs of both countries have completed the final procedures to put a Saudi-Japan investment agreement in force. This agreement is expected to contribute to the creation of an investment-friendly environment by improvising legal stability while further promoting the economic relationship between the two countries.

