

The competition of southern countries of the Persian Gulf to participate in the automotive industry and trade

Written by; Kamran Talebi Fard, PhD in Marketing, Market Research

The southern Persian Gulf countries, especially the United Arab Emirates and Oman, have played the role of regional hubs for the automotive trade for several decades, around the early 1990s. The country's ports have always been the distribution point for imported cars and automotive accessories to Middle Eastern countries from Iran to North Africa. Also, the main offices of most major European, Southeast Asian and American automotive companies in the Middle East are located in Dubai or Abu Dhabi. However, in the past two years, two new players have entered this field, each of which is trying to create significant added value for itself by being present at the top level of the automotive industry and trade. These new players include Saudi Arabia and Qatar. With this introduction, we will examine the activities of these countries in the automotive industry and trade;

Saudi Arabia attempted to enter the automotive market about fifteen years ago by establishing an automotive engineering school and ordering the construction of an SUV concept car, but failed due to the lack of the necessary industrial infrastructure. However, over the past three years, the company has used a new strategy, which is direct investment in the world's leading automotive companies. Saudi Arabia first

tried its luck by investing in Tesla and buying shares in the company, but after a short period of time, Tesla managers apparently became aware of the country's intention to control Tesla and forced Saudi Arabia to sell Tesla shares through various pressures. However, the Saudis did not sit idle and in the shortest possible time allocated several times the investment made in Tesla to buy shares in Lucid. Lucid, like Tesla, is an all-electric car manufacturing company in Silicon Valley, California. The founders of this company are former Tesla engineers and designers who, after leaving Tesla, founded Lucid and presented the Lucid Air concept, which posed a serious challenge to Tesla. According to many experts and also reputable and top-tier automotive publications, Lucid Air is a superior car in all respects to Tesla Model S, which is its direct competitor. However, Lucid's problem was not having enough capital to launch a production line, which was easily solved by Saudi Arabia investing more than ten billion dollars in it, and Saudi Arabia became the owner of forty percent of Lucid's shares. Now, the Saudis are trying to increase their share in this company to sixty percent next year and effectively become the main owner of Lucid. In light of this, the second Lucid assembly line was recently launched in one of the new industrial cities in Saudi Arabia, and Saudi Arabia was officially recognized as the second assembly center of this brand. But the Saudis have not stopped there, and using Lucid's experience and previous investments in the School of Automotive Engineering, they have also established a local brand to produce cheaper all-electric cars called Ceer, the first product of which will be launched in 2025. Perhaps because of these efforts by Saudi Arabia to enter the forefront of all-electric car production, Tesla's main owner, Elon Musk, is currently discussing the establishment of a third Tesla production factory outside the United States and in the Middle East, and there is heavy competition between the United Arab Emirates and Turkey to attract Elon Musk's attention.

But these efforts are not only related to the automotive industry, and the countries bordering the Persian Gulf have also started a fierce competition in the automotive trade. Recently, Qatar has started to hold the Geneva Motor Show in Doha to compete with the Emirates. Over the past two decades, the most important and prestigious automotive exhibition in the Middle East has been held annually in the Emirates almost regularly. This exhibition is held in odd years in Dubai and in even years in Abu Dhabi. But now, by obtaining a license to hold the Geneva Motor Show, which is one of the most prestigious automotive exhibitions in Europe and the world, and by holding the 2023 Geneva Motor Show in Qatar, the Qataris have revealed their decision to become one of the regional hubs of the automotive trade. Thus, it can be said that the countries of the southern Persian Gulf, especially the three countries of Saudi Arabia, the UAE and Qatar, are each rapidly developing their presence in the automotive industry and trade, given their strengths, infrastructure and resources. Thus, the automotive industry and trade will have a significant impact on the annual income of these countries, or in other words, on their GDP growth, in the not-so-distant future.