



# ***SAUDI ARABIA***

## ***THE BUSINESS GATEWAY TO THE MIDDLE EAST***

**November 2014**

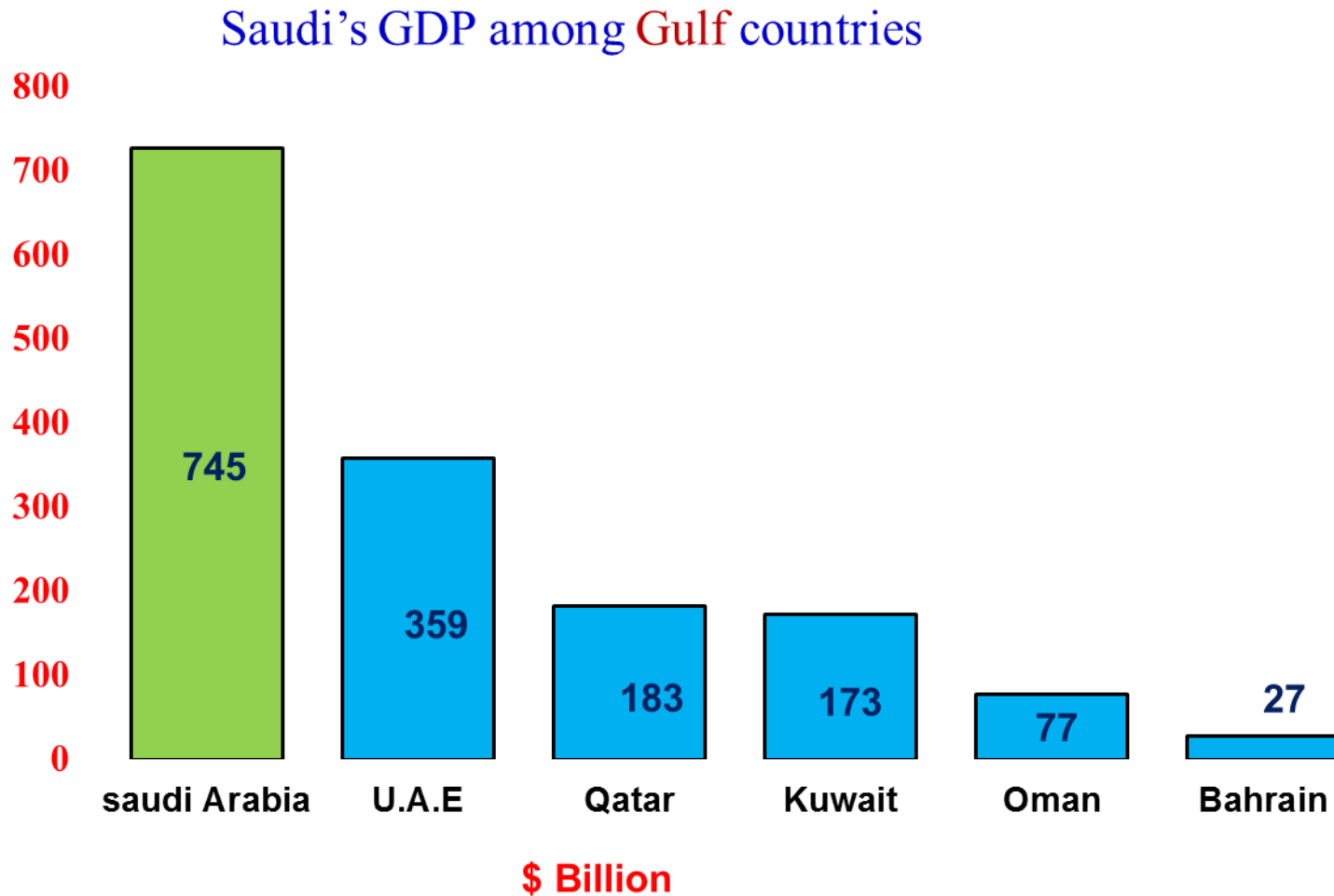
# SAUDI ARABIA – Quick Facts



- Area 2,250,000 km<sup>2</sup>
- Population 29 million.
- GDP : \$770 billion (2014, 19<sup>th</sup> in world).
- GDP per Capita : @ \$25000.
- Inflation: 3.3%
- GDP Growth : 6.8% (10 yr avg.)
- Non Oil sector GDP Growth: 9% (10 yr avg.)
- 2014 Budget: \$230B (\$280B proj.)
- Govt. Spending: \$1.4T (total 2006-2013)

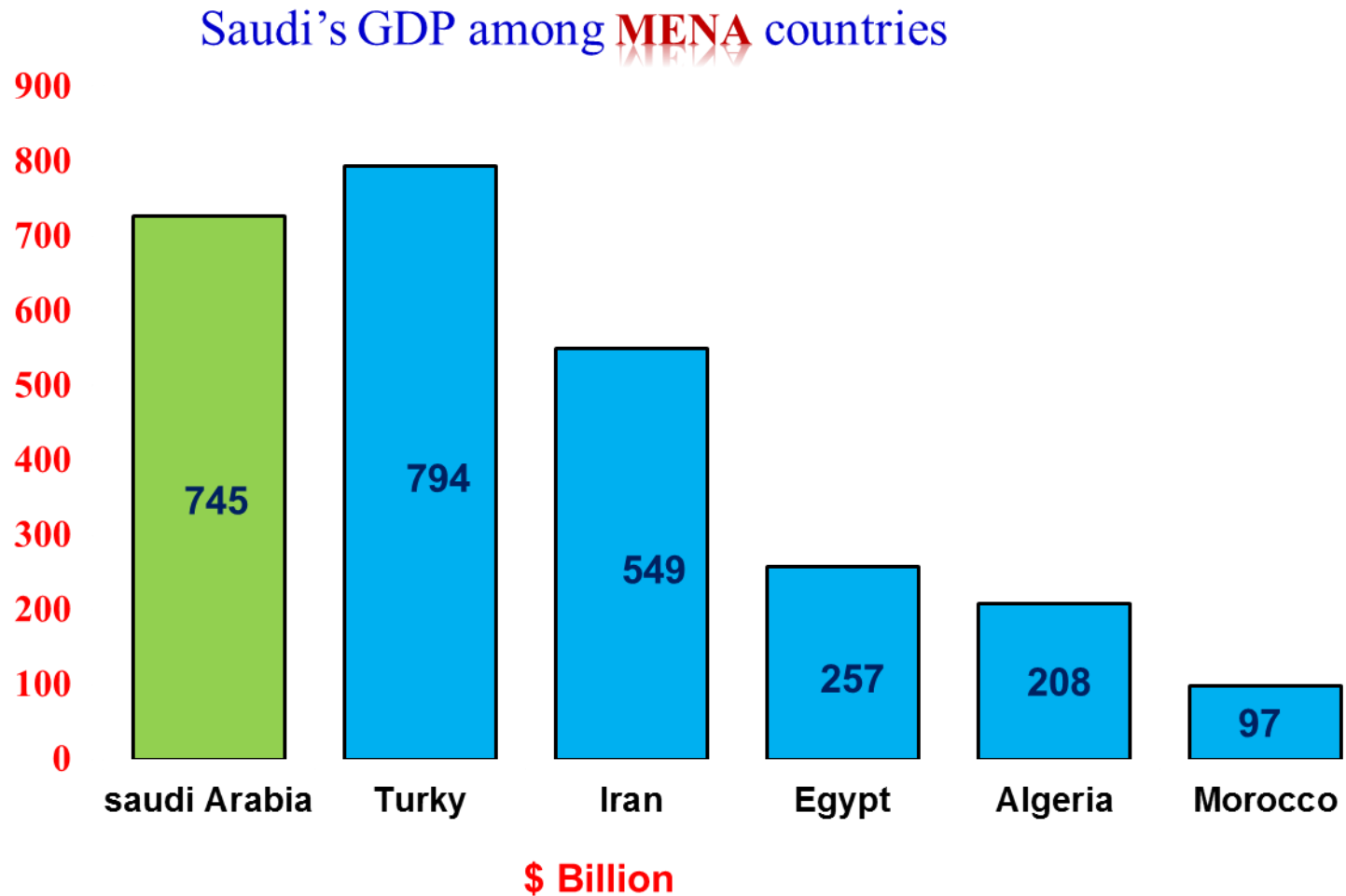
# ***SAUDI ARABIA – UNDERLYING STRENGTHS***

## **Saudi's GDP among Gulf countries (2013)**

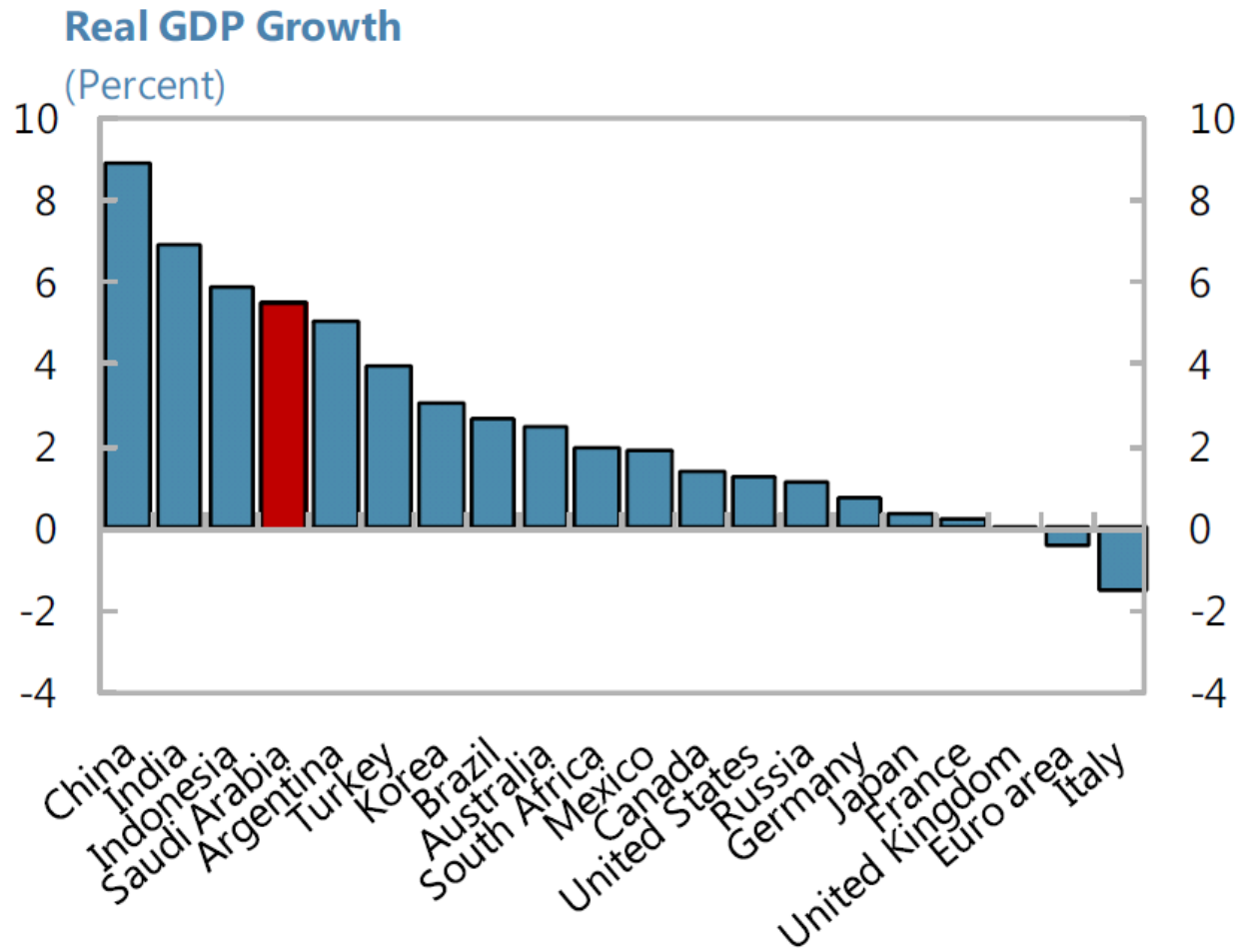


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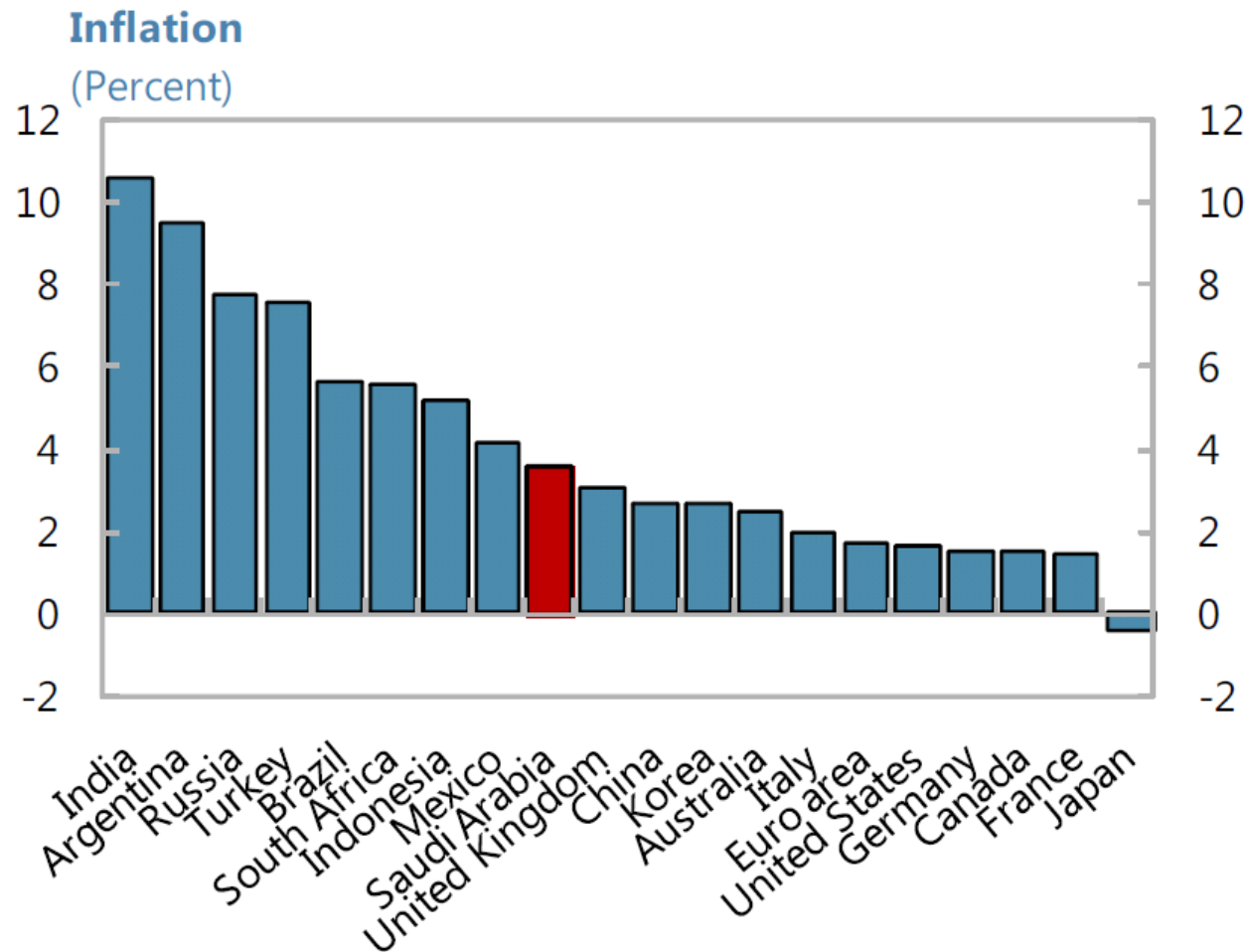
## **Saudi's GDP among MENA countries (2013)**



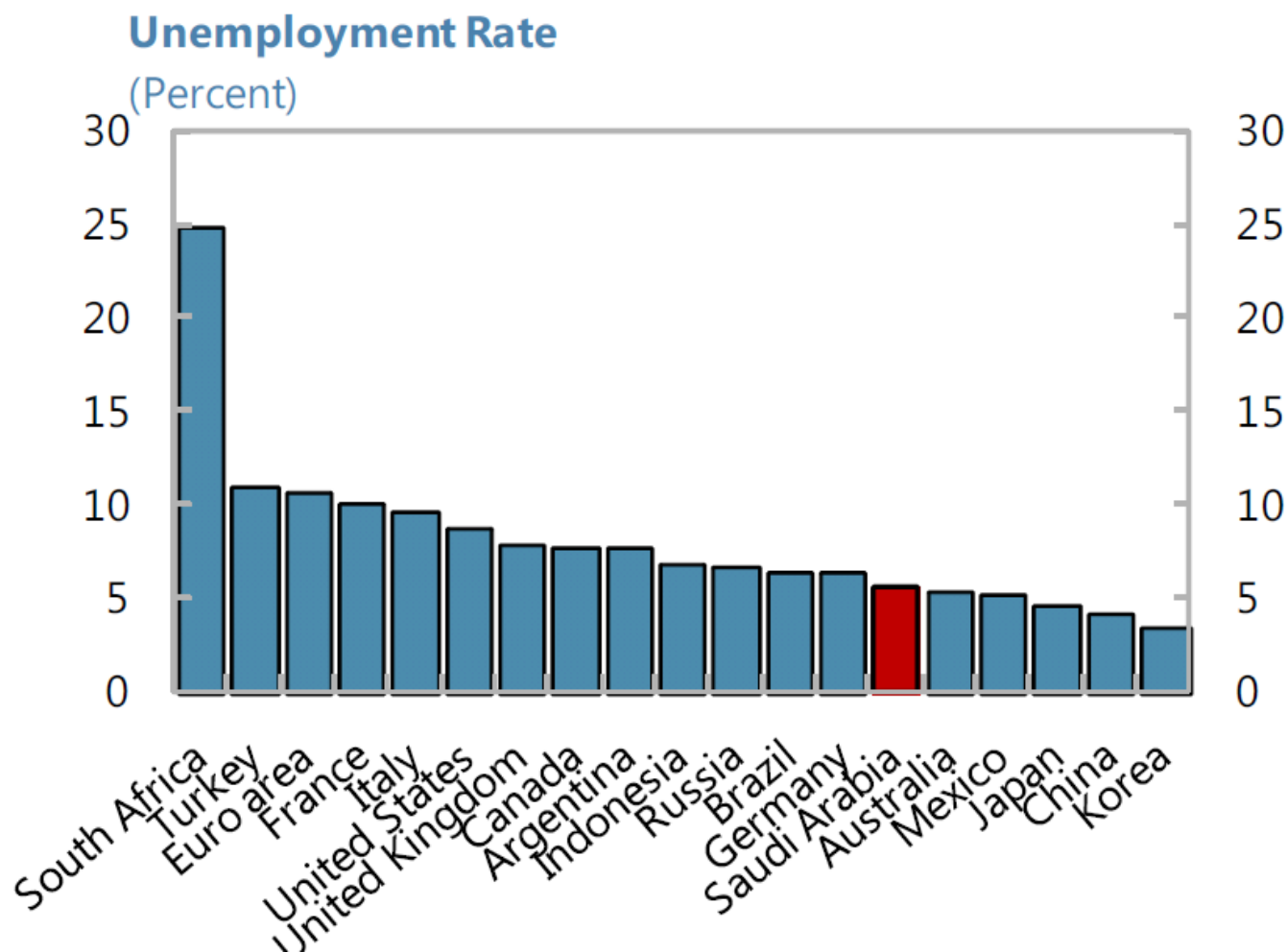
# ***Saudi Arabia and G-20 Comparators: Selected Economic Indicators, 2009–13 Averages***



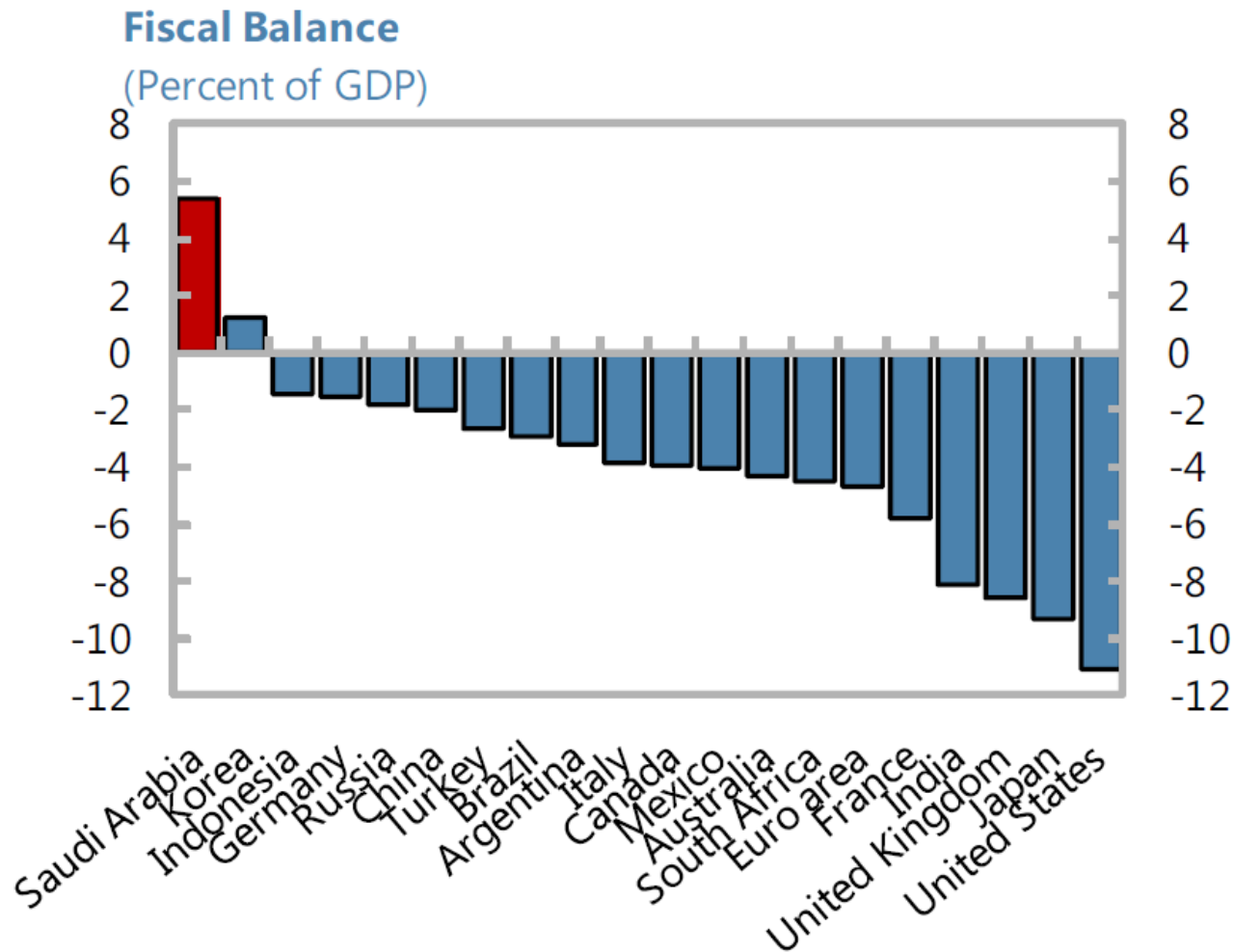
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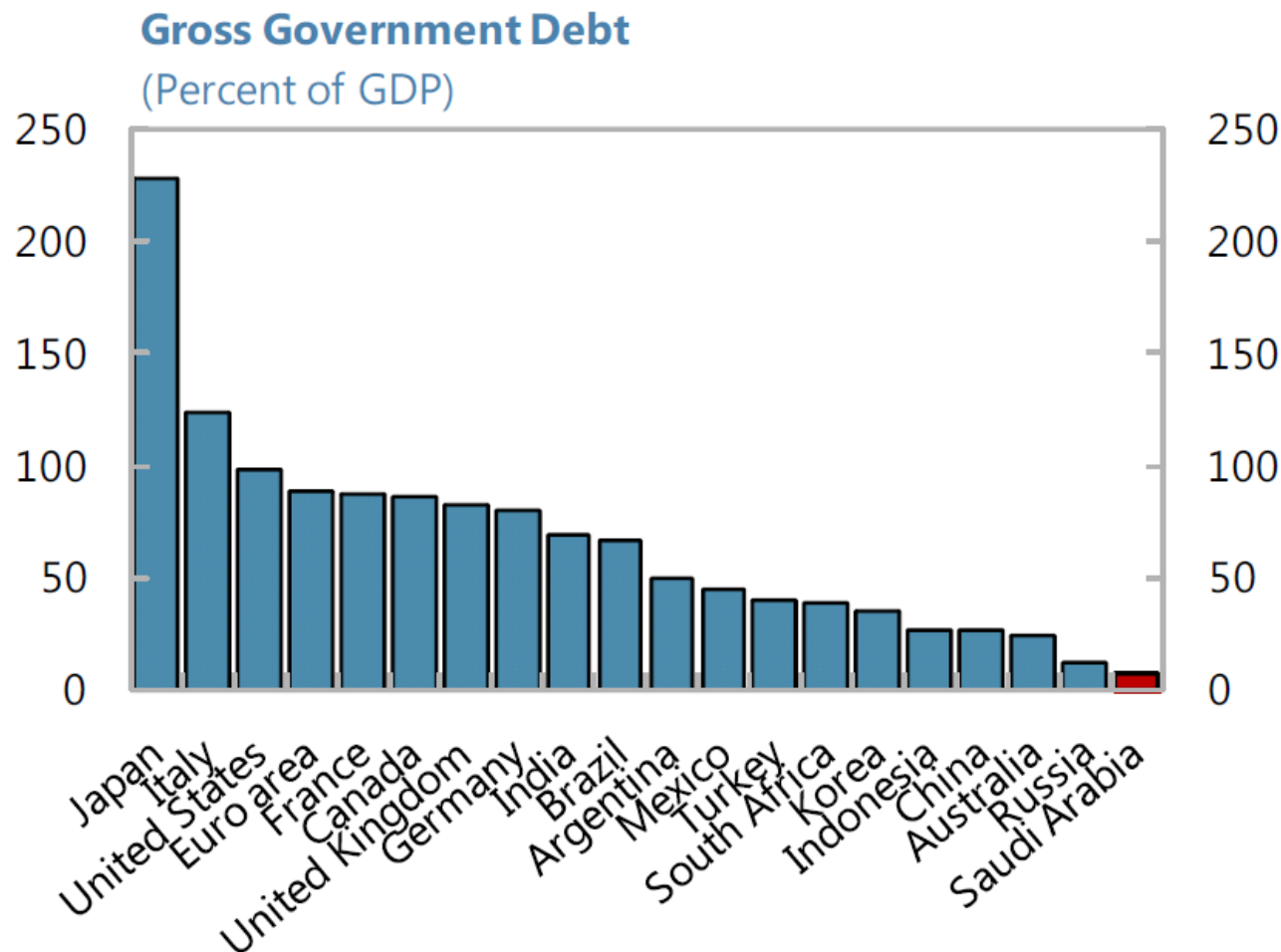


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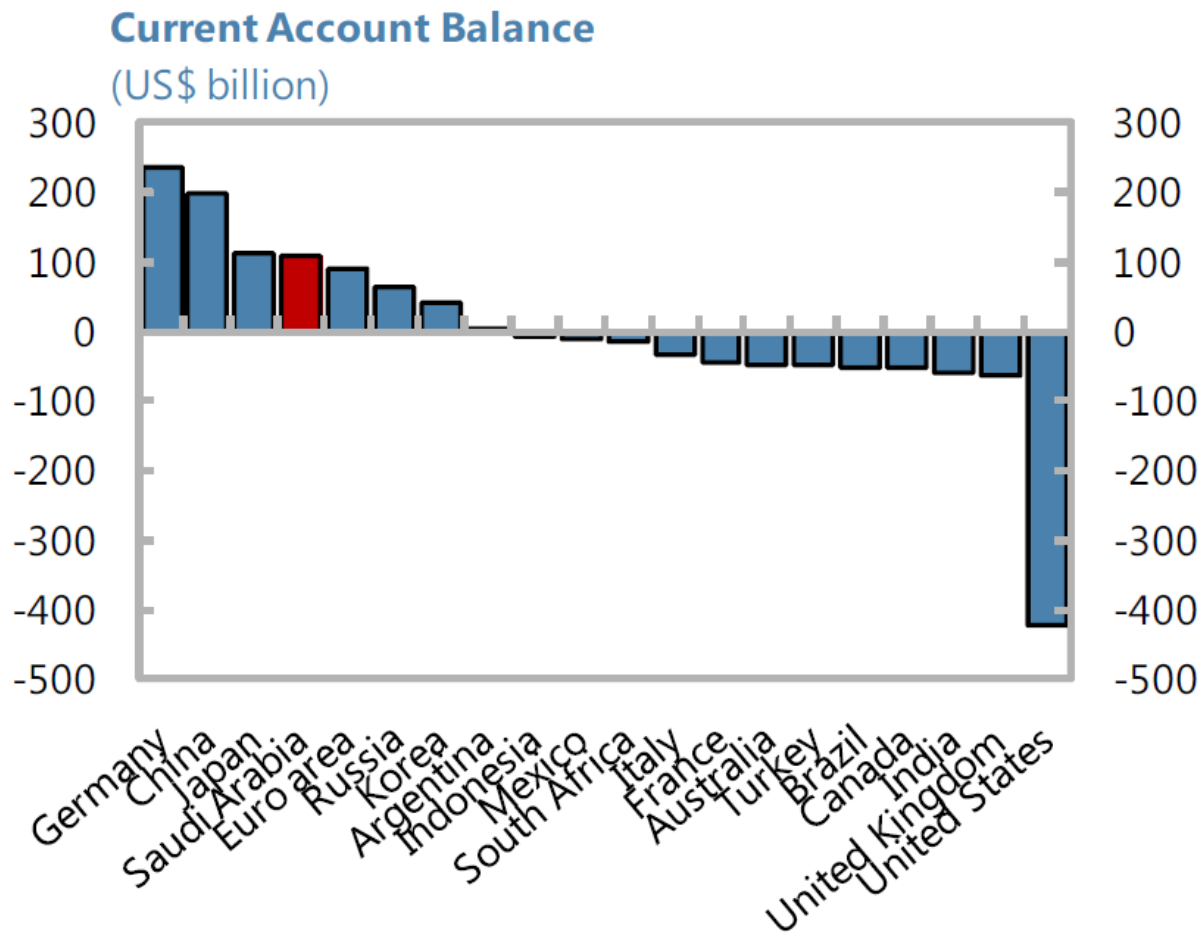




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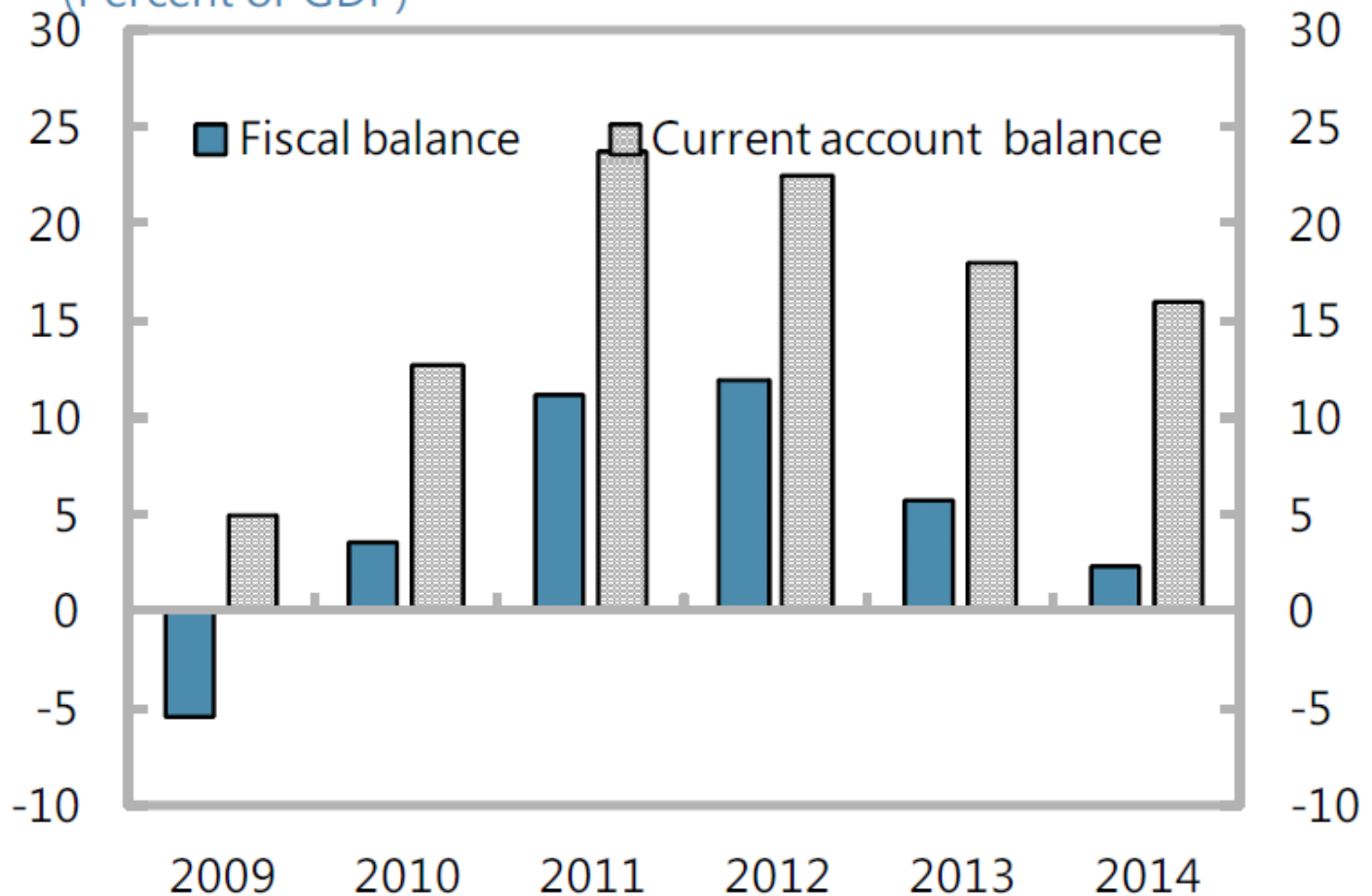
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# Saudi Arabia Fiscal and External Sector

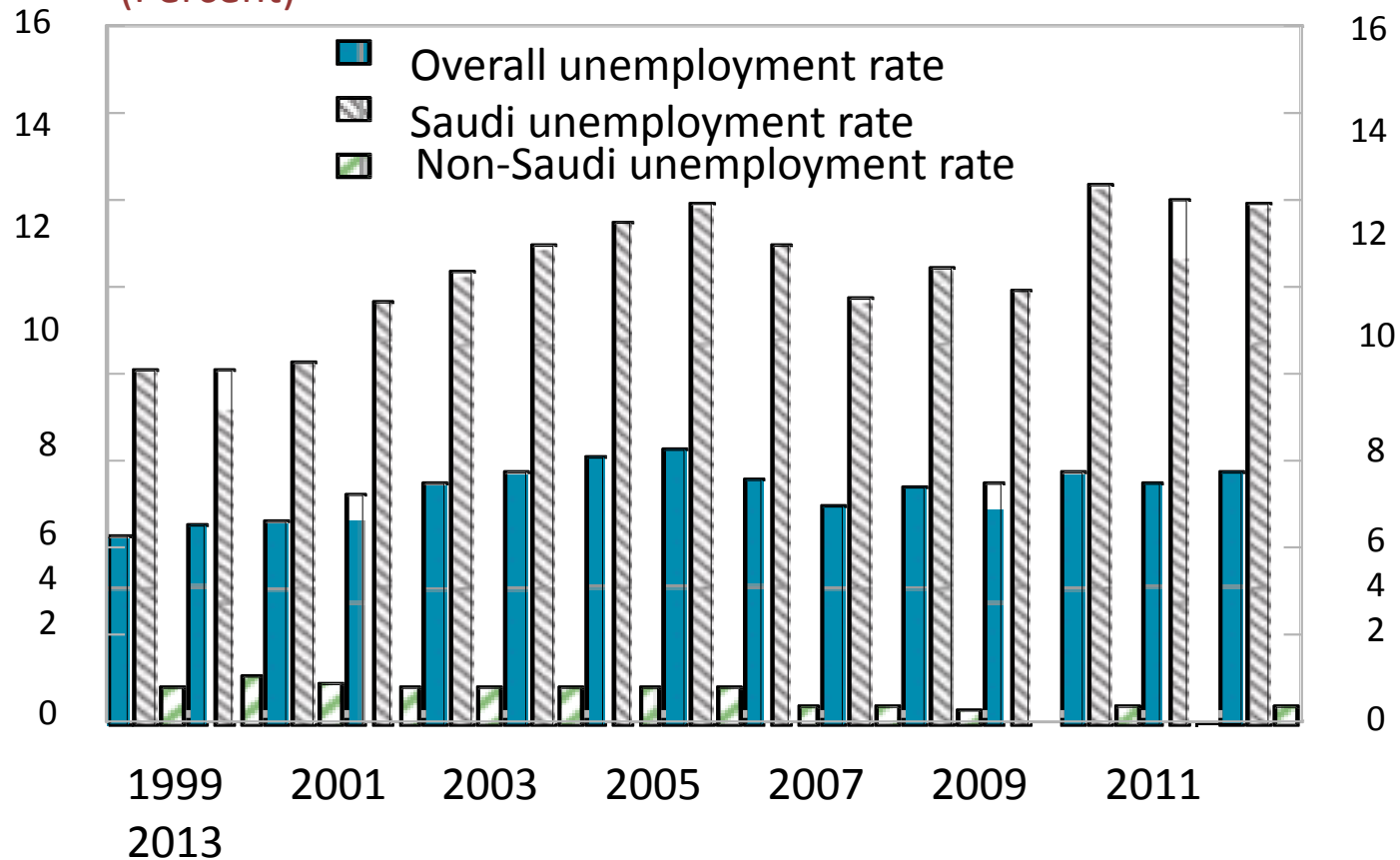
## Fiscal and Current Account Balances, 2009–14

(Percent of GDP)



# Labor Market and Education Indicators

## Unemployment Rate, 1999–2013 (Percent)



## ***SAUDI ARABIA-UNDERLYING STRENGTHS***

### **Saudi Arabia's Ranking in Global Competitiveness 2013/2014**

<b>Indicator</b>	<b>Ranking Among Arabic Countries</b>	<b>Ranking Among World Countries</b>
Ease of doing businesses	1	22
Global competitiveness	3	20
Institutions	4	20
Infrastructure	4	31
Macroeconomic environment	2	4
Property rights	5	27
Health and primary education	5	53
Higher education and training	3	48
Goods market efficiency	4	27
Financial market development	3	27
Technological readiness	3	41
Market size	1	23
Business sophistication	3	28
Innovation	3	30

# ***SAUDI ARABIA – UNDERLYING STRENGTHS***

- **Strong GDP growth.**
- **Significant budget surplus.**
- **Price level stability.**
- **Owns 25% of world's Oil reserve.**
- **Fourth Largest Natural Gas reserve.**
- **The largest economic in the Arab World, and among the top 20 Economies in the world (G20).**
- **The largest producer of Petrochemicals in the Arab World.**
- **Open economy, a member to WTO.**

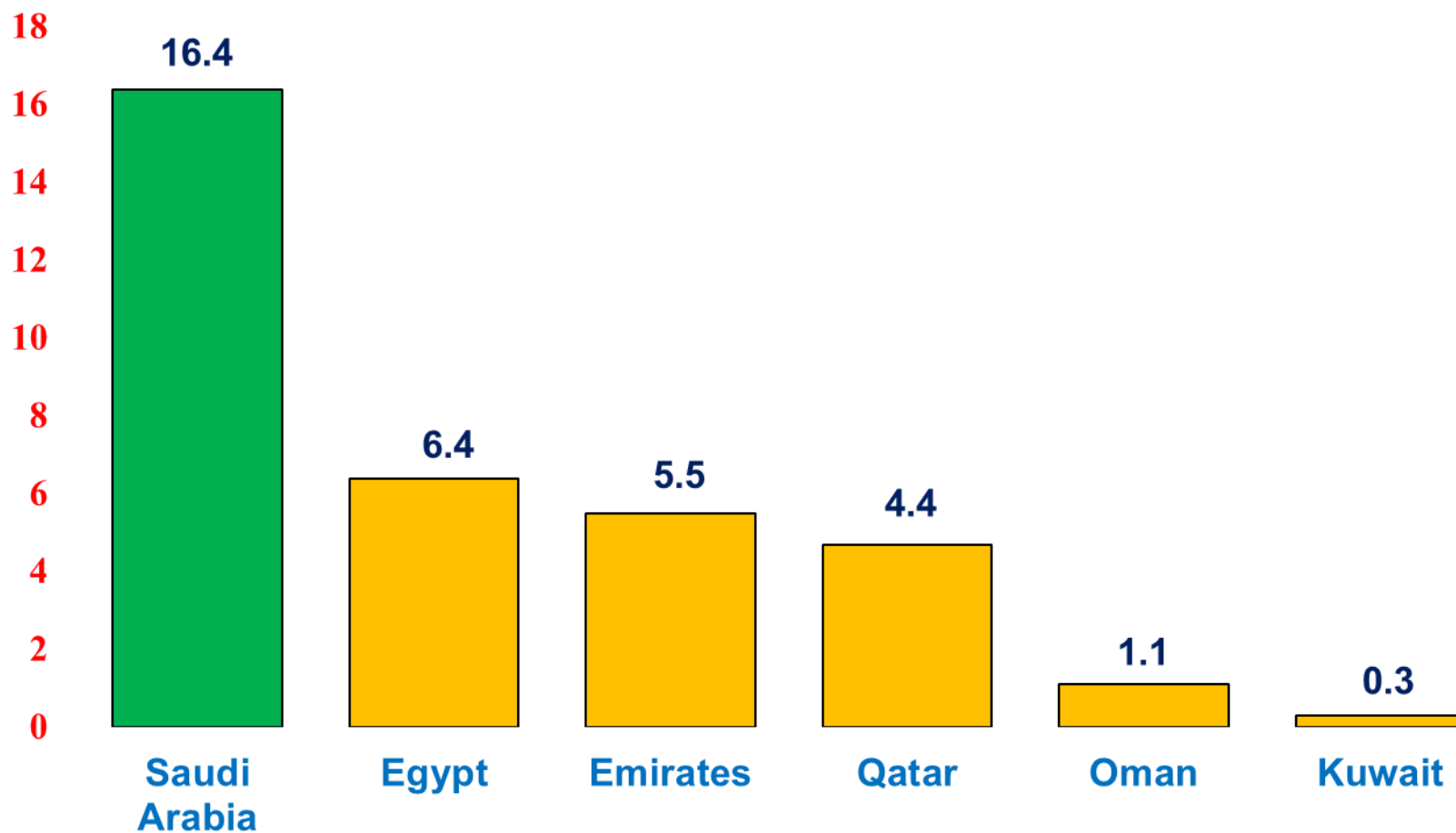
# ***SAUDI ARABIA- UNDERLYING STRENGTHS***

- **Political stability, member of many Arab & International Organizations.**
- **An attractive environment for investment, among the top 20 recipients of Foreign Direct Investment in the world.**
- **Investment incentives, Income tax free, financial facilities.**
- **Ranked 12<sup>th</sup> in ease of doing businesses in 2012.**
- **10<sup>th</sup> largest worldwide Exporter (excluding intra-EU(27) trade).**
- **21<sup>st</sup> largest worldwide importer (excluding intra-EU(27) trade).**

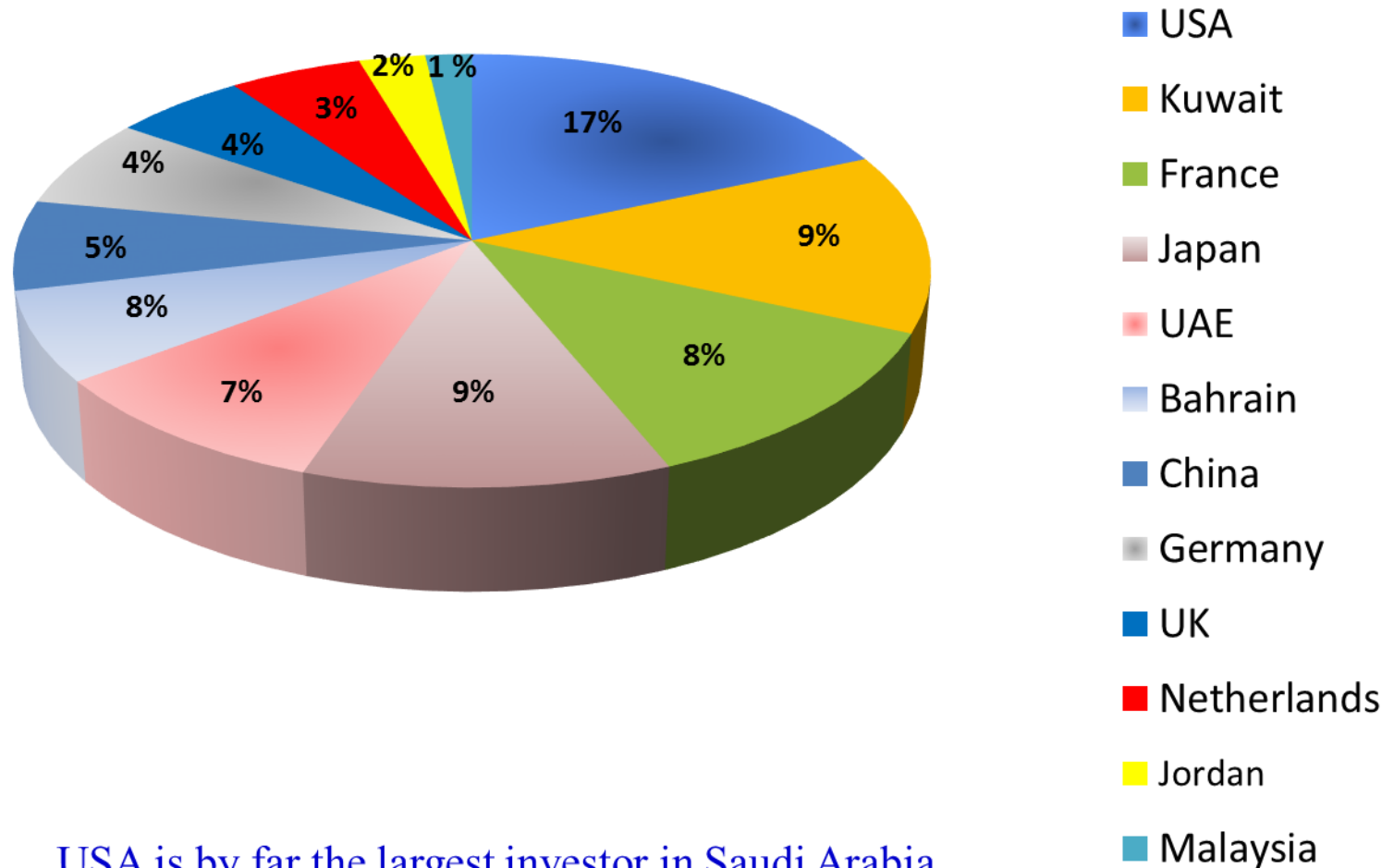
# ***INVESTMENTS IN SAUDI ARABIA***



# FDI (Inflows) Bn US\$ - 2011



# FDI TO SAUDI ARABIA BY COUNTRY - 2011



USA is by far the largest investor in Saudi Arabia.

# **INVESTMENT INCENTIVES IN SAUDI ARABIA**

- **One gate to investment “General Authority for Investment Arabia (SAGIA)”.**
- **100% land and corporate ownership to foreigners.**
- **No restrictions on the re-transfer of capital.**
- **No taxes on personal income, taxes 20% of the benefits on foreign companies.**
- **The possibility of loss carry over to later years rather than factoring them into tax settlements of profitable years.**
- **Low cost financing and incentives by government and non-government bodies.**

## ***ADVANTAGES OF INVESTING IN SAUDI ARABIA***

- **Liberalized Market.**
- **Domestic market of over 29 million people.**
- **Proximity to big markets.**
- **Low labor costs.**
- **Major source of energy (low cost).**
- **Guarantee of transfers.**
- **Reliable Investment Environment.**
- **Over 40 worldwide bilateral agreements (investment incentives and tax agreements)**

# ***ADVANTAGES OF INVESTING IN SAUDI ARABIA***

## ***Cost Of Doing Business***

### ➤ **Commercial and industrial Rent:**

- **Inside Industrial Cities:** SAR 1 – 2 (US\$ 0.26 - 0.53) / Sq.M / year
- **Elsewhere:** SAR 20 – 1000 (US\$ 5 - 270) / Sq.M / year

### ➤ **Electricity (industrial consumption):**

- **Progressive consumption brackets:** SAR 0.10 - 0.26 (US\$ 0.02 – 0.07) / KWh

### ➤ **Water (industrial consumption):**

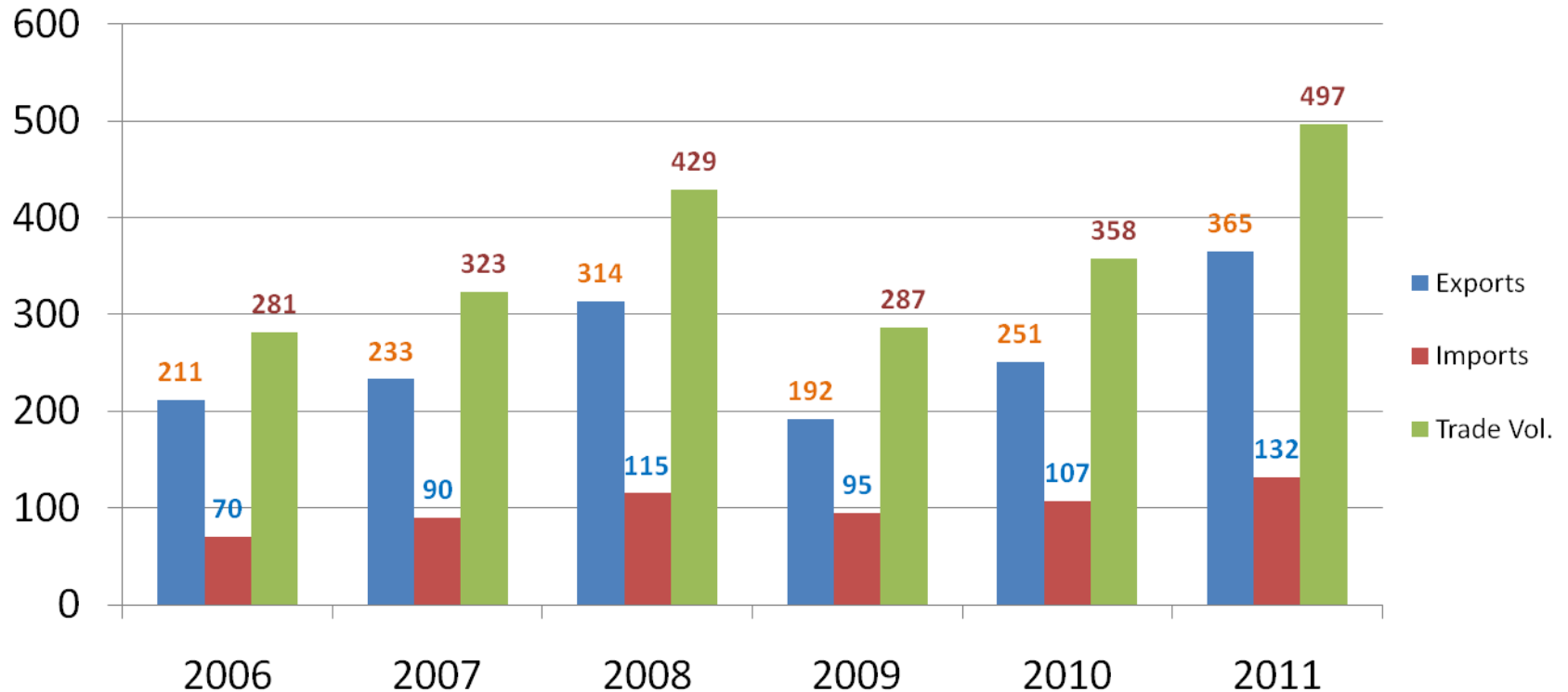
- **Progressive consumption brackets:** SAR 0.10 – 6.0 (US\$ 0.26 – 1.60) / Cu.M

# PLANNED SAUDI INVESTMENTS UPTO 2020

\$ 200 Billion	Physical Infrastructure
\$ 92 Billion	Petrochemical Expansions
\$ 90.7 Billion	Electric Power Generation
\$ 88 Billion	Water Desalination
\$ 70.7 Billion	Telecom and I.T
\$ 53.5 Billion	Tourism and Leisure Development
\$ 50 Billion	Natural Gas Production
\$ 28.3 Billion	Agricultural Expansion
\$ 10.7 Billion	Educational and Training
\$ 99 Billion	Railways and Metro

# ***FOREIGN TRADE OF SAUDI ARABIA***

# ***DEVELOPMENT OF SAUDI ARABIA'S FOREIGN TRADE***



**Today, Saudi Arabia is the 10<sup>th</sup> biggest exporter and the 21<sup>st</sup> largest importer in the world. (excluding intra-EU(27) trade).**



# ***TOP (10) FOREIGN TRADE PARTNERS - 2011***

## **❖ SAUDI ARABIA EXPORTS TO :**

❖ USA	14%
❖ Japan	13%
❖ China	13%
❖ S. Korea	10%
❖ India	8%
❖ Singapore	4%
❖ Taiwan	3%
❖ Italy	3%
❖ UAE	3%
❖ Bahrain	3%

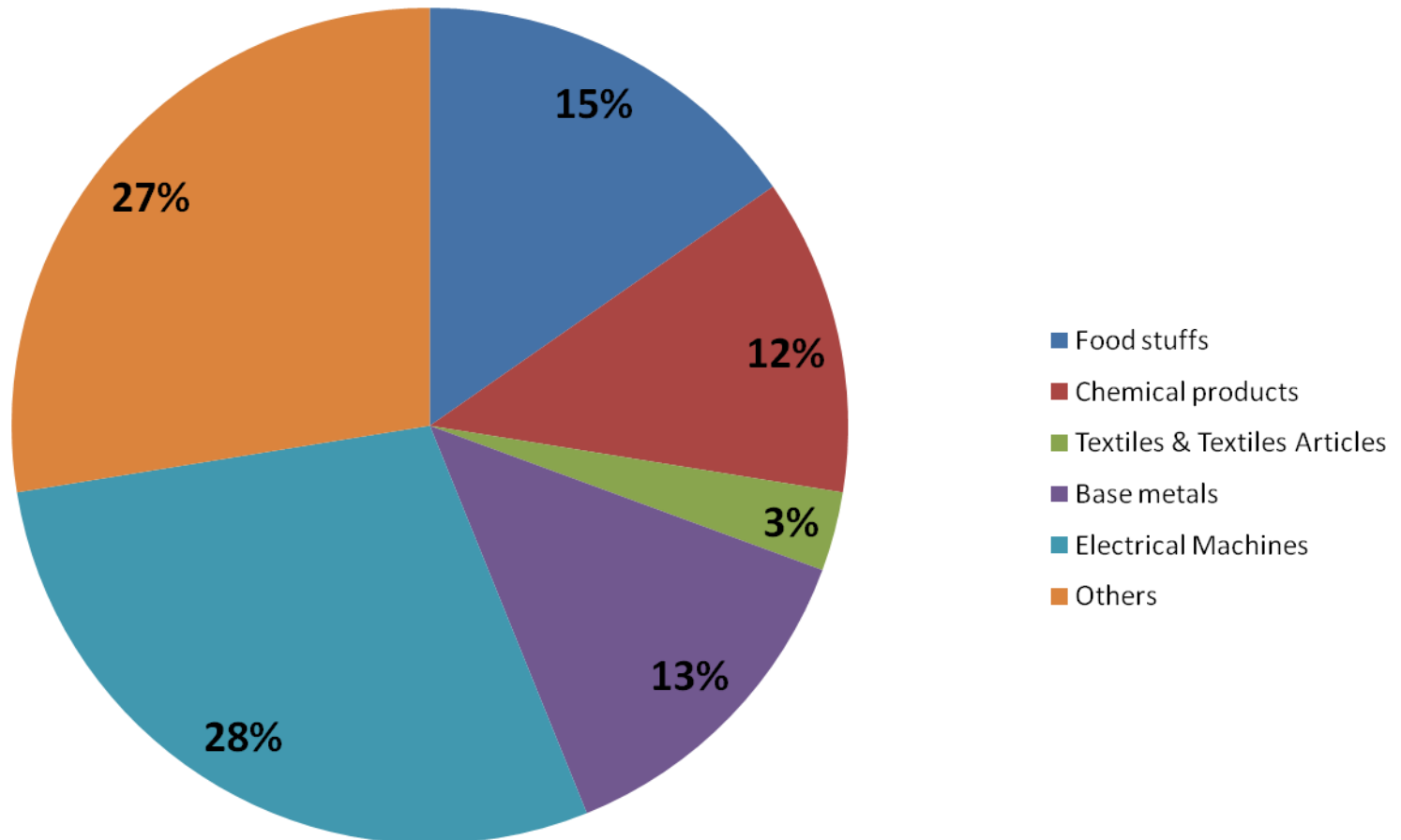
## **❖ SAUDI ARABIA IMPORTS FROM :**

❖ China	13%
❖ USA	13%
❖ Germany	7%
❖ Japan	6%
❖ S. Korea	6%
❖ UAE	4%
❖ France	4%
❖ Italy	4%
❖ India	3%
❖ UK	3%

# ***MAIN EXPORTS OF SAUDI ARABIA***

- **Petrochemical products**
- **Electric power towers (high tension)**
- **Paper industries.**
- **Medicine**
- **Prefab, steel structure buildings**
- **Air conditioning materials**
- **Cleaning materials**
- **Plastic textiles**
- **Insulating materials**
- **Plastic pipes and fittings and bottles.**
- **Miscellaneous Plastic Material**
- **Electric Cables**
- **Irrigation Industries**
- **Electric Poles**
- **Steel angles for electric power towers**
- **Transparent Glass**
- **Carpets**
- **Cement**
- **Foodstuff**
- **Copper wire, bars and jewelry**

## ***SECTORAL BREAKDOWN OF SAUDI'S IMPORTS-2011***



**Electrical machines have the biggest share in Saudi's imports with 28%.**

## ***ADVANTAGES OF SAUDI'S EXPORTED PRODUCTS***

- More than 2000 commodity within 17 groups.
- Applying international Standard & Specification.
- Accessibility to more than 148 international markets.
- High Quality of packaging.
- Suitable & Competitive price.
- Financing programs.
- Ease of Transport.
- Air, Sea & Land cargo from various ports.

# ***REFORMS TO ENHANCE SAUDI'S ECONOMY***

- **Re-evaluation and issuance of new laws.**
- **Developing IT and Communication platforms.**
- **Attention to sectors in which Saudi Arabia has comparative and competitive advantages.**
- **Creating more jobs for Saudi youth.**
- **Enhance PPP Private/ Public partnership.**
- **Accelerating Privatization Program.**
- **Support SME's and family business.**
- **Promotion of Non-Oil export.**

# 2014 MACRO ECONOMIC DATA (Estimated)

## The Heritage Foundation and Wall Street Journal

Country	Over all Score	Tariff Rate	Income Tax rate	Corp Tax rate	Populatio n Millions	GDP Billions	GDP Per Capita	Unemplo yment Rate	Inflatio n Rate	FDI Inflow (Millions)	Tax Burden % GDP	Govt. Expen diture % GDP
Hong Kong	90.1	0.0	15.0	16.5	7.2	369.4	51494	3.3	4.1	74584.2	14.2	18.4
Singapore	89.4	0.0	20.0	17.0	5.4	326.5	60410	2.0	4.6	56650.9	13.8	17.1
Australia	82.0	1.8	45.0	30.0	22.8	970.8	42640	5.2	1.8	56958.9	25.6	35.3
USA	75.5	1.6	39.6	35.0	314.2	15684.8	49922	8.1	2.1	167620	25.1	41.6
UK	74.9	1.1	50.0	24.0	63.2	2336.3	36941	8.0	2.8	62350.8	35.5	48.5
Taiwan	73.9	2.1	40.0	17.0	23.3	903.5	38749	4.2	1.9	3205	8.8	22.6
Germany	73.4	1.1	47.5	15.8	81.9	3197.1	39028	5.5	2.1	6564.5	37.1	45.4
S. Korea	71.2	8.7	38.5	24.2	50	1613.9	32272	3.3	2.2	9904	25.9	30.2
Turkey	64.9	2.7	35.0	20.0	74.9	1123.4	15001	9.2	8.9	12419	25.0	34.9
France	63.5	1.1	45.0	34.3	63.4	2254.1	35548	10.2	2.0	25093.3	44.2	56.1
S. Africa	62.5	4.5	40.0	28.0	51.2	582.4	11375	25.2	5.7	4572.5	27.3	32.1
<b>Saudi Arabia</b>	<b>62.2</b>	<b>5.5</b>	<b>2.5</b>	<b>2.5</b>	<b>29</b>	<b>906.8</b>	<b>31275</b>	<b>10.6</b>	<b>2.9</b>	<b>12182</b>	<b>3.7</b>	<b>35.1</b>
Italy	60.9	1.1	43.0	27.5	60.8	1832.9	30136	10.6	3.3	9624.9	42.9	49.8
Brazil	56.9	7.9	27.5	34.0	198.4	2355.6	11875	5.5	5.4	65271.9	34.8	39.1
India	55.7	7.2	30.9	32.4	1223.2	4684.4	3830	8.5	9.3	25542.8	7.0	27.2
Russia	51.9	5.2	13.0	20.0	141.9	2513.3	17709	6.0	5.1	51416	29.5	35.8

***Come share our Future with us!***

***Thank you***

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**Email : [bc@scs.org.sa](mailto:bc@scs.org.sa)  
[cit@scs.org.sa](mailto:cit@scs.org.sa)**