



# INVESTOR GUIDE



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# OVERVIEW



# OVERVIEW

Saudi Arabia is one of the **most populous** and **richest nations** in the Middle East, the heart of the Islamic and Arab world. Located at the convergence of Europe, Asia and Africa, the Kingdom is a natural bridge connecting people and goods around the world, representing a crucial logistic hub for both global trade routes and for business expansions.

The Saudi economy has experienced an **annual average growth rate of 4%** over the past 7 years, supported by a pro-business environment that quickly moves the investors to the heart of the Arabic market.

The Kingdom's commitment to **diversifying its economy and expanding the private sector**, improving the competitiveness and building a vibrant society, is under the **Saudi Vision 2030** which represents the country's roadmap to a prosperous future.



# 7 KEY REASONS TO INVEST IN SAUDI ARABIA

## SAUDI ARABIA'S DIVERSIFICATION AND REFORM JOURNEY



Strong and serious commitment about **reforming** the country and bringing the Kingdom into a new era

## INTEGRATED INFRASTRUCTURE



Integrated infrastructure enabling **well-interconnected transport networks** and **effective IT digital solutions**

## YOUNG AND SKILLED WORKFORCE



Young and skilled workforce supported by **educational programs** granted by the government

## LEADING FINANCIAL SECTOR



Supported by a large financial system and new reforms and initiatives

## GAME-CHANGING OPPORTUNITIES



Presence of **investment opportunities** for transformational projects

## ATTRACTIVE PROPERTY SOLUTIONS



Stimulating the creation of **advanced technology clusters** and diversified industries

## EXPANDING QUALITY OF LIFE



Ensuring safety and security, advanced health assistance, and even more enjoyable lifestyles

*Above all, Saudi Arabia is fully committed to **develop the Kingdom's investment environment:** tremendous efforts in advancing the business ecosystem have already been made, and new measures aimed at making it easier to do business are already planned.*



# STATISTICS AND FIGURES



# THE KINGDOM AT A GLANCE



**32.5 MILLION**  
Total Population



**5.7 MILLION**  
Saudi Labor Force

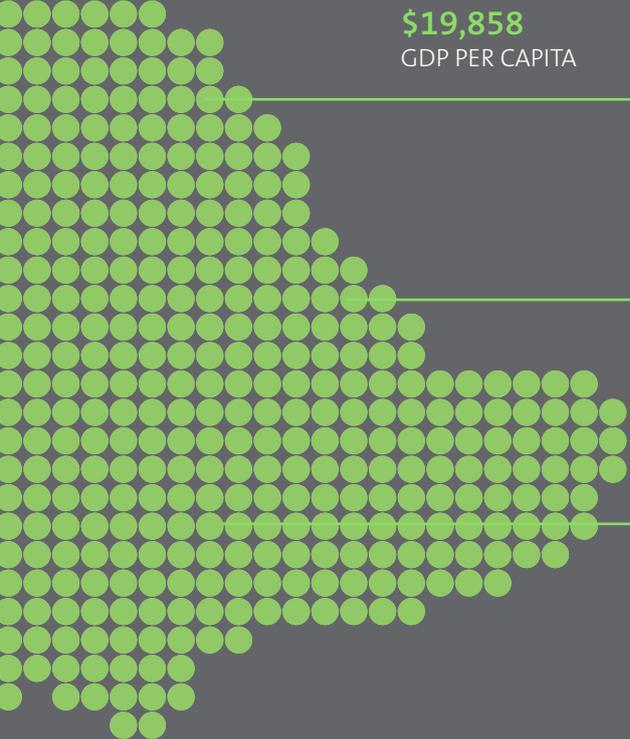


**\$231 BILLION**  
FDI Inward Stock



**\$646 BILLION**  
NOMINAL GDP





**\$19,858**  
GDP PER CAPITA



**6.7 MBPS**  
Internet Speed



**2.5%**  
Population Growth Rate



**50%**  
Percentage of Youth  
(Under 30)





# WHY INVEST IN KSA



# 7 KEY REASONS TO INVEST IN SAUDI ARABIA

## 1 SAUDI ARABIA'S DIVERSIFICATION AND REFORM JOURNEY



- Development of Vision 2030, with clear priorities and alignment amongst stakeholders
- Strong governance
- Clear 3-year planning, through 12 programs
- Undeniable initial **success across multiple themes** (ease of doing business, entertainment, social, cultural, localization of industries, women participation in the workforce, fiscal balance)

## 2 GAME-CHANGING OPPORTUNITIES



- Privatization program to unlock state-owned assets and increase private investors participation
- Localization of value chain cooperating with both local and international investors
- Giga projects to create integrated economic ecosystems
- Large commitment to attract investors by improving overall business environment



## INTEGRATED INFRASTRUCTURE



- **Strategic natural location** linking three different continents
- **Largest seaport on Red Sea**, capturing 80% of maritime flows
- Internal **transport network** well-interconnected
- Efforts to **optimize logistics** for turning Saudi Arabia into a leading logistic hub
- **Digital infrastructure** development with private sector

## ATTRACTIVE PROPERTY SOLUTIONS



- **>35 industrial and economic cities**, strategically positioned
- Many of those creating cluster-effects (e.g., chemicals, mining, maritime) **leveraging synergies and fostering system productivity**
- Presence of **ready-built supporting infrastructure**
- Land at very **competitive prices**



# 7 KEY REASONS TO INVEST IN SAUDI ARABIA

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## 5 YOUNG AND SKILLED WORKFORCE



- **~50%** of Saudi **working age population** is below 30 years old
- **~400k** young Saudis entering the labor market every year, contributing to strengthen the **development of workforce capabilities**
- **Education** is the second largest area of government spending
- **Leading universities** growing scientific research activities

## 6 EXPANDING QUALITY OF LIFE



- **Tax free salaries**  
Among the world's lowest levels of tax
- **High safety and security**  
One of the safest places in the world
- **Advanced healthcare systems and facilities**  
Ranking 26<sup>th</sup> worldwide
- **Expanding lifestyle**  
Women driving, entertainment, plan for culture, alternative tourism



## 7 LEADING FINANCIAL SECTOR



- ▶ **Large financial system**  
192% financial sector total assets to GDP in 2016
- ▶ **Well-capitalized and resilient banking sector**  
15% bank capital to assets in 2016
- ▶ **Biggest capital market in Middle East, North Africa and Turkey**  
\$450B market cap
- ▶ **New reforms and initiatives**  
T+2 settlement cycle, qualified foreign investors framework, International Financial Reporting Standards





# SAUDI ARABIA'S REFORM JOURNEY

## A VIBRANT SOCIETY

Recreation, religious tourism, lifestyle reforms at the heart of societal progress



Since Sept-16, entertainment events attended by **2.3M** visitors, generated **20,000 jobs** and returned **SAR 2.05 on every SAR 1** spent<sup>1</sup>



Up to **85% reduction in wait time** for Hajj pilgrims for some nationals<sup>2</sup>



Legal reforms allowing **physical education** for females in schools and **female-only gyms** to open across the country

## A THRIVING ECONOMY

Private sector growth recovering, more women in the workforce, and the Public Investment Fund diversifying investments



**10% increase** in women participation in private sector workforce in 2016 vs. 2015<sup>3</sup>



Growth in non-oil revenues by **14.2%** in 2017 expected versus 2016<sup>4</sup>



Public Investment Fund co-invests with Softbank to form a **\$ 93 Bn** fund to invest in Saudi technology sector

## AN AMBITIOUS NATION

Fiscal balance improving, governance efficiency and transparency increasing



Reduced budget deficit by **~50%** vs. planned spending in 2017<sup>5</sup>



KSA issues **quarterly budgets** for the first time to boost transparency



**Increased administrative efficiency** via e-governance initiatives (e.g., Ministry of Commerce and Investment web portal, customs clearance)

1. General Entertainment Authority 2. National Information Center of the Saudi Ministry of Interior  
3. MLSA, July 2017, 4. 9.6% growth in 2016 vs. 2015, SAMA report, 5. SAMA

# GAME-CHANGING OPPORTUNITIES

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## PRIVATIZATION PROGRAM

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Unlock state-owned assets program aimed at making selected government properties available to the private sector

- Private sector to provide services and government to refocus its legislative and organizational role
- Privatization VRP (Vision Realization Program) to clearly identify targeted assets and to develop related implementation plans
- **Program launched with a clear governance**  
Aimed at attracting FDIs and improving Saudi Arabia's balance of payments

## VALUE CHAIN LOCALIZATION

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Localization of technology and know-how through setup of strategic partnerships with global investors

- New government procurement law aimed at introducing local content requirements (e.g., offset agreement)
- Creation of local content development units to promote building of capabilities and to raise awareness on localization
- Public Investment Fund to encourage knowledge transfer (e.g., Saudi Arabian Military Industries partnering with foreign investors)
- Private sector to contribute (e.g., Saudi Aramco and SABIC to procure materials from domestic suppliers)

## GIGA PROJECTS PROGRAM

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Transformation initiative aimed at developing mega projects, unique in their scope and ambition, into integrated economic ecosystems

- Neom project: the “land of the future”, a hub for manufacturing, renewable energy, biotechnology, media, and entertainment
- Red Sea project: sustainable and luxurious tourist destination consisting of islands, nature and distinctive cultural landmarks
- Qiddiya project: the new iconic entertainment destination, home of activities, discoveries and engagement

## BUSINESS ENVIRONMENT IMPROVEMENT

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Large government efforts to attract investors by improving the overall Saudi business environment

- Public-private partnerships to facilitate flows of private investments
- Capabilities development program to increase quality and reliability of government service
- Review of current regulations and adoption of international frameworks
- Enablement of banks and other financial institutions to adapt products and services to needs of each sector
- Improvement of licensing procedures and movement of goods and people



# INTEGRATED INFRASTRUCTURE

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## DEEP DIVES ON TRANSPORT NETWORK

### OVERVIEW

- ▶ Saudi Arabia located at the convergence of three different continents
- ▶ Large efforts to optimize transport network and logistics for transforming Saudi Arabia into a global logistics hub
- ▶ Digital IT infrastructure under development with private sector
  - Collaborating on telecommunications, information technology network, high-speed broadband
  - Establishing a clear governance for digital transformations



## >200,000 km OF ROADS

- 66,000 km of roadways connecting major cities and providing access to railways, ports and airports
  - Maintained by the MoT<sup>1</sup>
  - 5,000 km highways
  - 6,000 km bridges
  - 11,000 km double-lane
  - 49,000 km single-lane
- >140,000 km of dirt roads
- 12,000 km of roads connecting Saudi Arabia's regions to international borders

## >1,700 km OF RAILS

- Passenger line: 733 km connecting Riyadh to Dammam
- Cargo line: 556 km starting at King Abdul Aziz Port in Dammam and ending in Riyadh
- Branch lines: 486 km connecting industrial sites and facilities
- >1.3 M passengers travelling annually
- Approx. 700 thousand containers handled every year

## 10 MAIN HARBORS

- Largest marine network in the Middle East
  - 6 leading container ports
  - >240 million tons of cargo handled in 2017
- King Abdullah Port at KAEC with 4 million TEU<sup>2</sup> annual capacity
  - Fastest growing port in world
  - Port throughput increased by 14% in first half of 2017
- Main harbors located on Red Sea and Arabian Gulf
  - King Abdulaziz Seaport, Jubail Commercial Port, King Fahad Jubail Industrial Port, Ras Al-Khair Port, Jizan Port, Jeddah Islamic Port, Dhiba Port, Yanbu Commercial Port, King Fahad Yanbu Industrial Port, King Abdullah Port at KAEC

## 27 AIRPORTS

- Connecting Saudi Arabia with 81 airports in 45 countries
- >80M passengers hosted every year
- 1.2M tons of cargo crossing the airport facilities in 2015
- King Abdulaziz International Airport in Jeddah is the third largest airport in the Middle East by passenger traffic
  - **Undergoing project for capacity expansion**
  - From 55 to 100 million passengers potentially handled annually
  - New area to start-up in Q1 2018

1. Ministry of Transport; 2. TEU stands for twenty-foot equivalent unit;

# ATTRACTIVE PROPERTY SOLUTIONS

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## ECOSYSTEM

- ▶ Industrial and economic cities setup to grow local regions and to contribute in diversifying the national economy
  - Many of those to create cluster-effects, leveraging synergies and fostering the overall system productivity
- ▶ Integrated supporting infrastructure and tailored shared services
  - Ready-built factories, central business districts, diverse residential options, world-class educational institutions
- ▶ Diversified industries hosted including petrochemical, mineral, alternative energy, synthetic material, maritime and shipbuilding
- ▶ Land at very competitive prices
  - \$0.27 – \$4.40 per sqm/year

## SAUDI INDUSTRIAL PROPERTY AUTHORITY

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- ▶ Responsible for development/supervision of 35 industrial cities
  - Area of >180M sqm of which approx. 50% rented
- ▶ Land allocated within 20 days from date of application submission
- ▶ Current investments supervised <\$ 133 Bn
  - >528k workers

## ECONOMIC CITIES AUTHORITY

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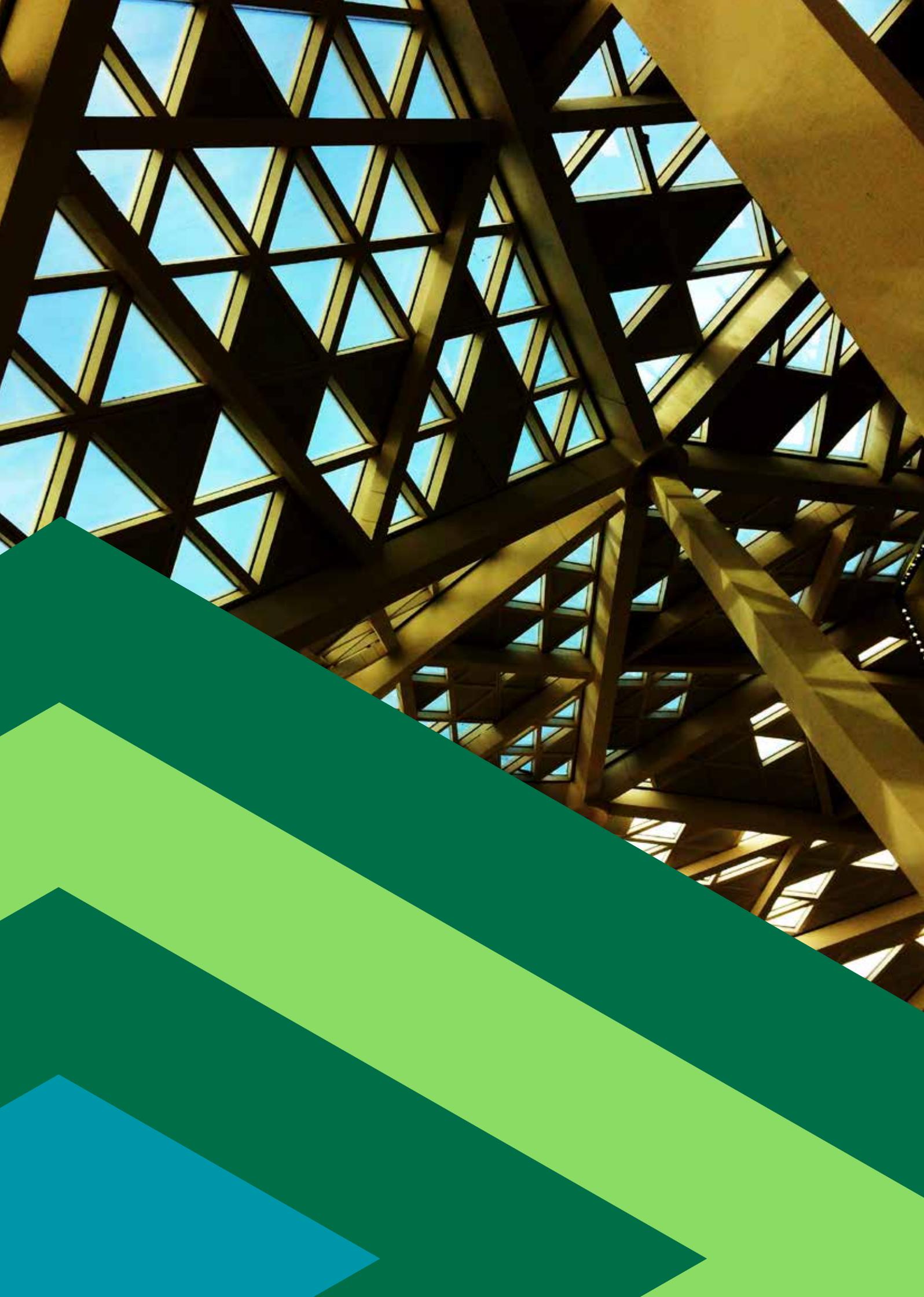
- ▶ Sole regulator of King Abdullah Economic City (KAEC)
  - Strategically located on the Red Sea coast
  - Access to >750M consumers
  - Diverse residential options
  - >120 global, regional, and local companies

## ROYAL COMMISSION FOR JUBAIL AND YANBU

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- ▶ Owner of managing 4 world-class industrial cities
  - Jubail & Ras Al-Khair
  - Jazan Economic City
  - Yanbu Industrial City
  - Jubail Industrial City
- ▶ Main objectives include expanding the industrial base, attracting new investments, and developing financial sustainability and efficiency





# YOUNG AND SKILLED WORKFORCE

## OVERVIEW

- ▶ Approx. 50% of the population is under the age of 30, with access to leading universities and education programs
- ▶ 7.3 million students in the Saudi education system
  - 50-50 the male-female proportion
  - **>70 thousand foreign students**
  - Approx. 100 different nationalities
- ▶ 27 state universities
  - Of which 4 ranked in the top 500 according to the academic ranking of world universities
  - 9 private institutions
- ▶ Saudi youth aged between 20-29 years make up 31% of the total Saudi working-age population
- ▶ 400,000 young Saudis enter the labor market every year strengthening the development of workforce skills and capabilities

## EDUCATION SECOND LARGEST AREA OF GOVERNMENT SPENDING

- ▶ \$ 192 bn budget approved for 2018
- ▶ Approximately 5% of Saudi students studying in universities and institutions abroad
  - Compared to global average of 0.6 percent
- ▶ The King Abdullah Scholarship Program is the world's largest government sponsored scholarship
  - >180k Saudi students covered, providing them the opportunity to study/develop research activities at the best universities abroad
  - 23 countries reached with the US as the most popular destination
  - 75% undertaking degrees in social sciences, law, business, engineering and technology
  - Mawhiba provides scholarship programs for talented students to support building capabilities, creativity and innovation

## LEADING UNIVERSITIES WITH WORLD-CLASS RESEARCH ACTIVITIES

- ▶ Country's rapid progress in scientific research driven by few institutions
  - **The King Abdullah University for Science and Technology (KAUST)**
  - One of the fastest growing research and citation records in the world
  - The second largest endowment of any university in the world
  - King Abdulaziz University (KAU)
  - Ranked in the top 150 universities
  - King Abdulaziz City for Science and Technology (KACST)
  - King Fahd University of Petroleum and Minerals (KFUPM)
- ▶ Universities' approach is to link research to needs and opportunities in the market
  - E.g., through the Innovation and Economic Development Department
  - Between industry collaborations, technology office, research and parks

# EXPANDING QUALITY OF LIFE

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## TAX FREE SALARIES

Among the world's lowest levels of tax



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## SAFE AND SECURE COMMUNITY

One of the safest places in the world

- e.g., few natural disasters, government efforts in terms of security and intelligence



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## WORLD CLASS HEALTH FACILITIES

Ranking 26th worldwide for healthcare

- e.g., coming before UAE, Finland, US, Canada



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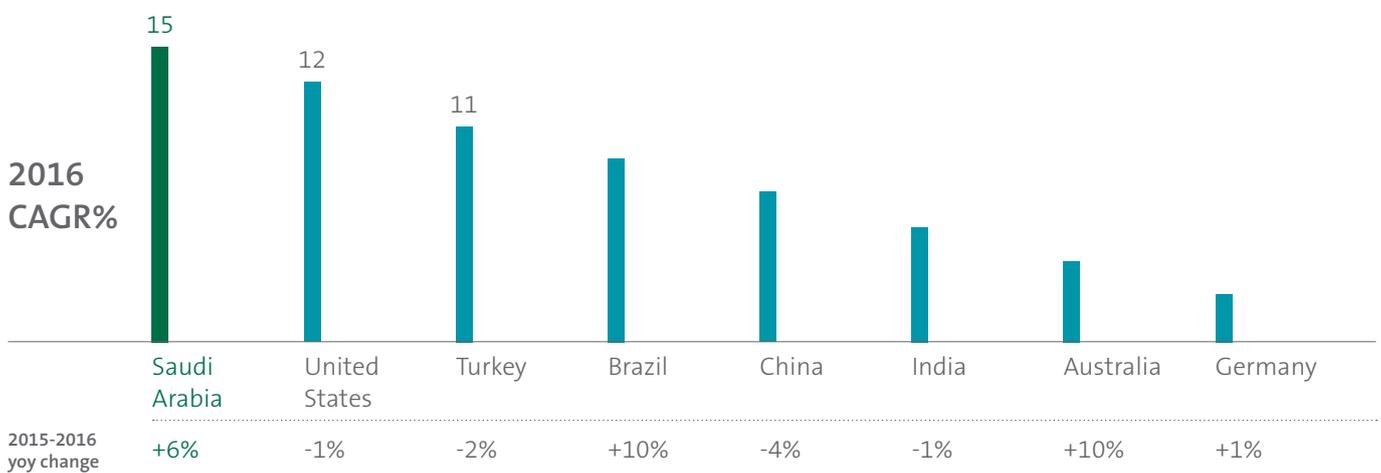
## EXPANDING LIFESTYLE

Women driving, access to entertainment, sport events and museums, plan for cultural projects and alternative tourism

## LEADING FINANCIAL SECTOR

### AMONG THE STRONGEST BANKING SYSTEMS WORLDWIDE IN TERMS OF RESILIENCE AND CAPITAL ADEQUACY

BANK CAPITAL-TO-ASSETS RATIO (%) FOR SELECTED G20 COUNTRIES, 2016 VALUES



**126%**

NET STABLE FUNDING  
RATIO<sup>2</sup>

**1.4%**

NON PERFORMING  
LOANS ON TOT GROSS  
LOANS

**7.6%**

FOREIGN CURRENCY  
DEPOSITS ON TOT  
DEPOSITS

**192%**

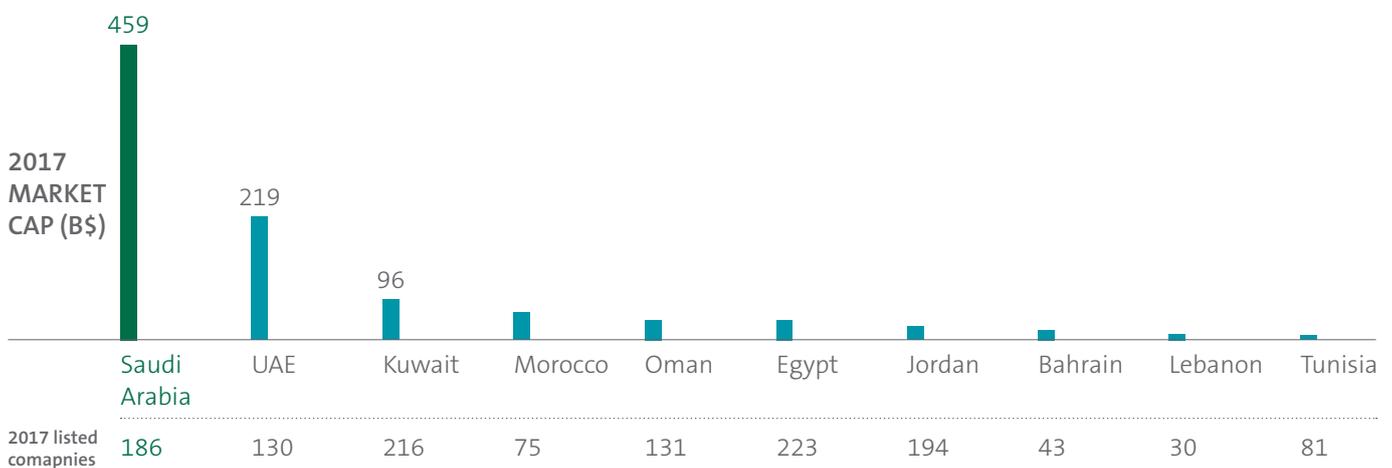
FINANCIAL SECTOR  
TOTAL ASSETS<sup>3</sup> TO GDP

1. Risk-Weighted Assets; 2. Non Performing Loans; 3. Foreign currency;

# LEADING FINANCIAL SECTOR

## LARGEST STOCK MARKET IN MENAT REGION, WITH DEEP AND HIGHLY LIQUID DOMESTIC DEBT AND EQUITY SEGMENTS

### STOCK MARKET CAPITALIZATION (B\$) FOR SELECTED MENAT COUNTRIES, 2017 VALUES



**65%**

EQUITY CAPITAL  
MARKET<sup>4</sup> VALUE  
TO GDP

**179**

LISTED COMPANIES  
ON TADAWUL AT END  
2017

**\$223B**

VALUE OF SHARES  
TRADED ON TADAWUL  
FOR 2017

4. Ratio of market capitalization to GDP; 5. 2016 value; 6. Managed by domestic investment funds;

Source: The World Bank on "Bank capital-to-assets ratios"; Saudi Arabian Monetary Authority on "Financial Soundness Indicators for Banking Sector", 2017; Arab Monetary Fund on "Arab Capital Markets 3rd quarter bulletin, 2017"; Tadawul on "Annual Statistical Report, 2016"





# SAUDI ARABIA'S VISION 2030



# VISION 2030

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## SAUDI ARABIA'S VISION 2030 HAS BEEN ACHIEVING REMARKABLE INITIAL SUCCESS



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### SAUDI ARABIA'S VISION 2030

- Introduced in April 2016 by Crown Prince Mohammed Bin Salman Al Saud, with the aim of **diversifying and expanding the economy's competitiveness**
- Vision 2030 builds on Saudi Arabia's **pillars** of competitive advantage to deliver on three key themes
  - **A vibrant society**
  - **A thriving economy**
  - **An ambitious nation**
- Its narrative sets forth the ambitions of the Kingdom over the next years and highlights a selection of **commitments, goals, and aspirations** which are being pursued

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### 12 VISION REALIZATION PROGRAMS

- **12 Vision Realization Programs** developed to deliver impact against strategic objectives, each with specific mandates, owners, targets
  - Enriching the Hajj and Umrah experience
  - Lifestyle Improvement Program
  - Privatization Program
  - National Transformation Program
  - National Companies Promotion Program
  - Saudi Character Enrichment Program
  - Public Investment Fund Program
  - Strategic Partnerships Program
  - Fiscal Balance Program
  - National Industrial Development and Logistics Program
  - Housing Program
  - Financial Sector Development Program



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### REMARKABLE INITIAL SUCCESS

- Already achieved **remarkable initial success** along multiple themes, attesting the seriousness of the country's transformation into a global and modern nation
  - Increased women's participation in the workforce, through initiatives and reforms
  - Reduction of budget deficit, from 15% to 8% of GDP between 2015 and 2017 (a reduction of > SAR 160 bn in two years)
  - Enhanced access to entertainment, with 2.3 million visitors between October 2016 and April 2017 from 100+ events in 21 cities

# VISION 2030 AS AN AMBITIOUS YET ACHIEVABLE BLUEPRINT FOR A VIBRANT, THRIVING, AMBITIOUS SAUDI ARABIA

## SAUDI ARABIA TODAY

HEART OF THE ARAB  
AND ISLAMIC WORLDS

GLOBAL INVESTMENT  
POWERHOUSE

HUB CONNECTING  
THREE CONTINENTS



Vision 2030 builds on Saudi Arabia's pillars of competitive advantage to deliver on three key themes



# VISION 2030: A VIBRANT SOCIETY



## OUR DIRECTION

## OUR GOALS

### ...WITH STRONG ROOTS



- ▶ Focusing our efforts to serve Umrah visitors
- ▶ Living by Islamic values

- ▶ Taking pride in our national identity

- ▶ Serve 30 Million Umrah visitors

### ...WITH FULFILLING LIVES

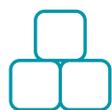


- ▶ Promoting culture and entertainment
- ▶ Achieving environmental sustainability

- ▶ Developing our cities
- ▶ Living healthy, being healthy

- ▶ Increase household spending on culture and entertainment to 6%

### ...WITH STRONG FOUNDATIONS



- ▶ Caring for our families
- ▶ Empowering our society

- ▶ Developing our children's character
- ▶ Caring for our health

- ▶ Increase the average life expectancy from 74 years to 80 years

# VISION 2030: A THRIVING ECONOMY



A THRIVING ECONOMY

## OUR DIRECTION

## OUR GOALS

### ...REWARDING OPPORTUNITIES



Boosting our small businesses & productive families

Learning for working

Attracting the talents we need

Providing equal opportunities

➤ Lower the rate of unemployment from 11.6% to 7%

### ...INVESTING FOR THE LONG TERM



Maximizing our investment capabilities

Privatizing our government services

Launching our promising sectors

➤ Increase the Public Investment Fund's assets to over SAR 7 trillion

### ...OPEN FOR BUSINESS



Improving the business environment

Establishing special zones

Rehabilitating economic cities

Increasing the competitiveness of our energy sector

➤ Increase the private sector's contribution to 65% of GDP

### ...LEVERAGING ITS UNIQUE POSITION



Supporting our national companies

Building a unique regional logistical hub

Integrating regionally and internationally

➤ Raise the share of non-oil exports in non-oil GDP from to 50%

# VISION 2030: AN AMBITIOUS NATION



## OUR DIRECTION

## OUR GOALS

### ...EFFECTIVELY GOVERNED



- Embracing Transparency
- Engaging everyone
- Protecting our vital resources
- Organizing ourselves with agility
- Committing to efficient spending and balanced finances

- Raise our ranking on the E-Government Survey Index from our current position of 36 to be among the top five nations

### ...RESPONSIBLY ENABLED



- Being responsible for our lives
- Being responsible in business
- Being responsible towards society
- Living healthy, being healthy

- Rally one million volunteers per year

# VISION REALIZATION PROGRAMS (VRPS) DEVELOPED TO DELIVER IMPACT AGAINST STRATEGIC OBJECTIVES



**Enriching the  
Hajj and Umrah  
Experience**



**National  
Transformation  
Program**



**Public  
Investment Fund  
Program**



**National Industrial  
Development  
and Logistics  
Program**



**Lifestyle  
Improvement  
Program**



**National  
Companies  
Promotion  
Program**



**Strategic  
Partnerships  
Program**



**Housing  
Program**



**Privatization  
Program**



**Saudi  
Character  
Enrichment  
Program**



**Fiscal  
Balance  
Program**



**Financial  
Sector  
Development  
Program**

# THREE SUCCESS STORIES TO SUPPORT VISION PROGRESS

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## KEY ACHIEVEMENTS

## PROBLEM ADDRESSED (AND SUPPORTING EVIDENCE)

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1

**INCREASED  
WOMEN IN THE  
WORKFORCE**

**LOW PARTICIPATION OF WOMEN IN THE  
WORKFORCE ACROSS ALL LEVELS**

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- ▶ 1.27% women in public sector above grade 11

2

**REDUCTION OF  
BUDGET DEFICIT**

**SAUDI ARABIA FACING 4TH CONSECUTIVE YEAR  
OF BUDGET DEFICIT**

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- ▶ Deficit of SAR 297B in 2016 driving the need for urgent fiscal balance

3

**IMPROVED  
ACCESS TO  
ENTERTAINMENT**

**LACK OF ENTERTAINMENT OPTIONS IN  
SAUDI ARABIA DRIVING SAUDIS TO SPEND  
DISPOSABLE INCOME ON TOURISM ABROAD**

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- ▶ Saudi Arabia ranked in top 20 countries for national expenditure abroad



# SUCCESS STORY: INCREASED WOMEN IN THE WORKFORCE

## 1 INCREASED WOMEN IN THE WORKFORCE

### SUMMARY

- Over the past few years KSA has achieved tremendous progress in sending women to colleges and encouraged women to take up private sector jobs
- But the Kingdom still trails behind globally in a number of women employment indicators
- Under Vision 2030, there have been landmark legal reforms and initiatives that have begun to show early results and quick wins for Saudi women

### PROBLEM

- The number of unemployed women in Saudi Arabia reached 439,600 by the end of Q3 2016, representing 33%<sup>1</sup> of the total percentage of unemployed people in the country. Total employment stands at 11.6% in Q2 2017
- Limited participation of women in leadership positions in both the workforce and society: in the case of the civil sector, women at the top positions (in Grade 11 and above) represented only 1.27% of the total in the baseline year (refers to 2020 objectives)

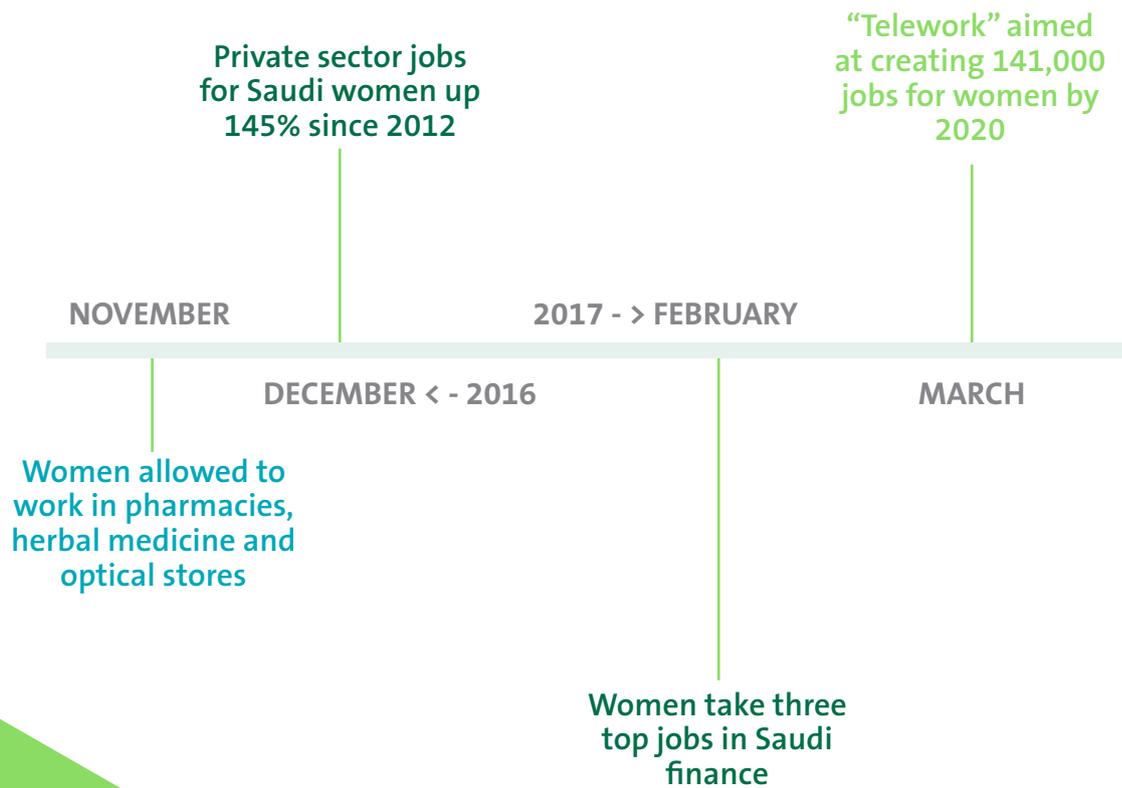
### ACTIONS, PROBLEM IMPACT AND ACHIEVEMENTS

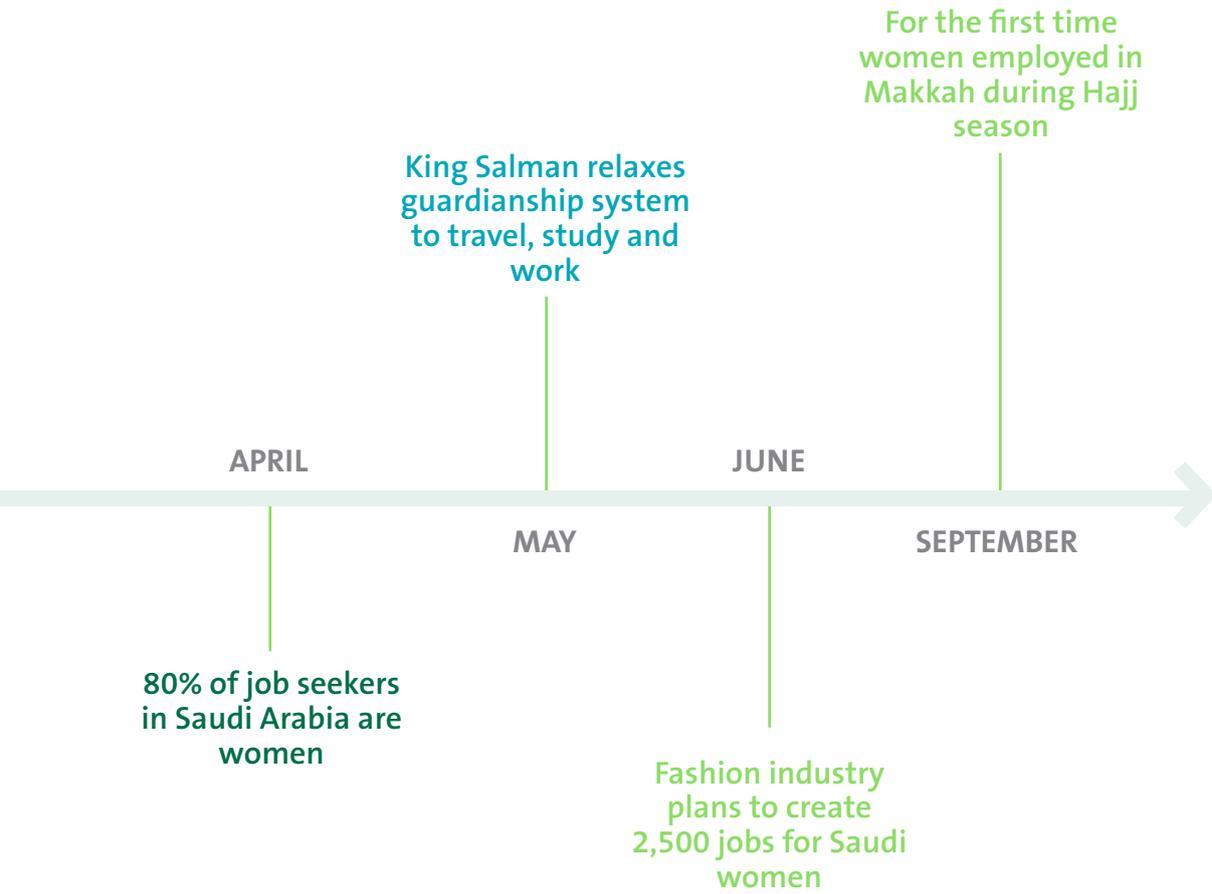
- Under the Vision 2030, NTP has planned a number of initiatives to boost female employment at all levels of the workforce
- In addition, the government is instrumenting workforce-related legal reforms to enable women to enter the workforce

<sup>1</sup>, GASTAT Includes part-time workforce in employment figures; base includes only men and women looking for a job;

# SUCCESS STORY: INCREASED WOMEN IN THE WORKFORCE

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Initiative   Legal Reform   Achievement

# SUCCESS STORY: REDUCTION OF BUDGET DEFICIT



## REDUCTION OF BUDGET DEFICIT

### SUMMARY

- ▶ Within a year of kicking off Vision 2030, the Kingdom has succeeded in returning to strict budgetary commitment, saving on projects by SAR 97 bn since the beginning of 2016
- ▶ Expenditure decreased by one quarter compared to 2014 levels, and by 16% compared to 2015 to reach SAR 825bn 2016
- ▶ This success allowed bonuses and benefits to be returned to public sector employees

### PROBLEM

- ▶ The kingdom is facing its 4th consecutive year of budget deficit: SAR 297 bn (11.5% of GDP) in 2016 and a projected deficit of SAR 198 bn (7.7% of GDP) in 2017. This has forced the country into austerity measures which were met with public backlash
- ▶ Budget deficit was primarily driven by KSA's dependency on oil revenues and fall in crude oil prices, overspending (10.7% above plan in 2016), various subsidies, and inefficient spending on government projects

### ACTIONS, PROBLEM IMPACT AND ACHIEVEMENTS

**Under Vision 2030, there has been a number of fiscal reforms to reduce budget deficit to improve government spending:**

#### 1. SPENDING RATIONALIZATION

- ▶ Creation of the Spending Rationalization Office<sup>1</sup> to increase spending efficiency and reduce overspending by ensuring cost-efficient implementation of government projects

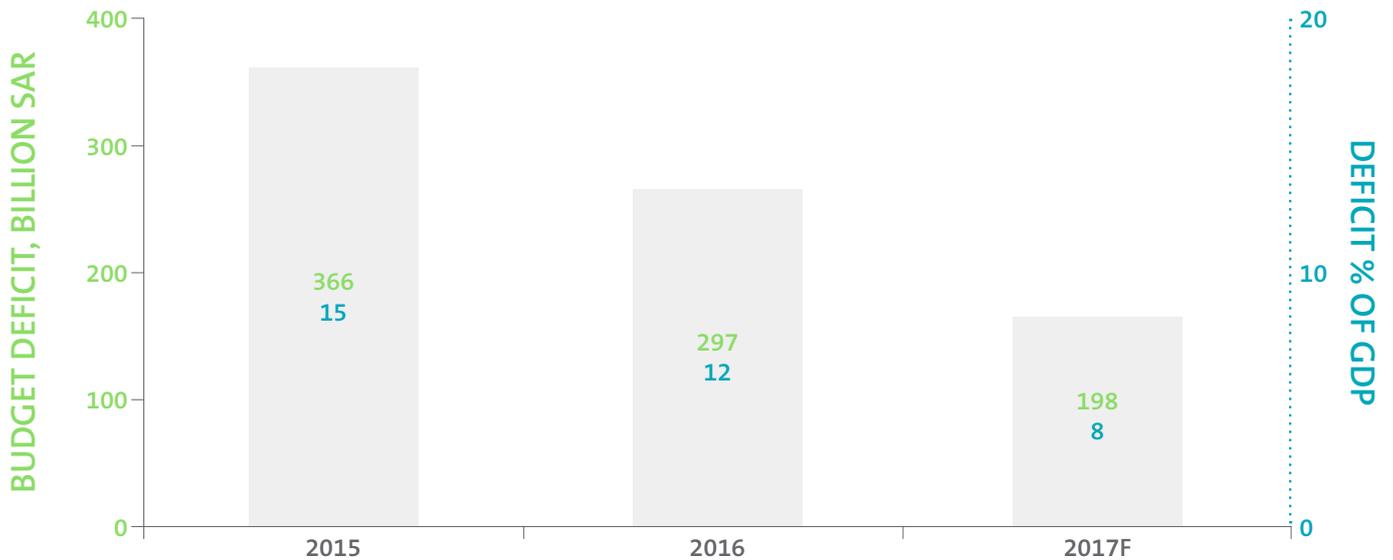
#### 2. ECONOMIC DIVERSIFICATION AND REFORMATION

- ▶ Introduce new sources of non-oil revenues and gradually lift subsidies while increasing prices of essential materials

#### 3. FISCAL DISCIPLINE

- ▶ Base budget on more realistic oil prices (2010-14 budgets have tended to be based on prices far below market avg.)
- ▶ Accrual based accounting by government agencies - recognizing revenues and expenses when they are incurred

## BUDGET DEFICIT ON THE DECLINE SINCE 2015



- The Spending realization office reviewed hundreds of government projects and saved the Kingdom SAR 80 bn in 2016 and SAR 17 bn in the early months of 2017
- This has allowed the return of bonuses and allowances of public sector employees in an unexpected speed<sup>2</sup>

**Saudi budget deficit halves as financial reforms kick in Arab News, August 2017**

1. Office of capital and operational expenditure 2. The Council of Economic and Development Affairs (CEDA) has created entities to oversee the vision success (under the National Transformation Program and Vision 2030) like the National Performance Agency (Aadaa).

# SUCCESS STORY: IMPROVED ACCESS TO ENTERTAINMENT

## 3 IMPROVED ACCESS TO ENTERTAINMENT

### SUMMARY

- ▶ The prevailing entertainment options in Saudi prompt its residents to spend their entertainment dollars outside Saudi (KSA ranked in top 20 countries for national spending abroad)
- ▶ To solve this, a royal decree was issued to order the creation of GEA to facilitate and grow the entertainment sector
- ▶ In seven months of its creation, GEA-organized events have attracted more than 2 million visitors generating 20,000 jobs and 2.05 SAR return on every 1 SAR spent

### PROBLEM

- ▶ The current entertainment offerings in Saudi Arabia have traditionally lacked appeal among residents seeking experiences more aligned with global standards, prompting them to spend their entertainment dollars in neighboring countries like Bahrain and UAE
- ▶ In addition, there is an untapped potential in the entertainment sector that can generate jobs, FDIs and support SMEs

### ACTIONS, PROBLEM IMPACT AND ACHIEVEMENTS

**Under Vision 2030, with the aim of promoting and diversifying entertainment opportunities in KSA, a royal decree was issued in Oct 2016 to order the creation of GEA. In its first year, the entity achieved significant progress through its initiatives:**

- ▶ Generated 2.05 SAR for every 1 SAR spent on entertainment activities

#### 1. YEAR-ROUND ACTIVITIES

- ▶ More than 106 events took place in 21 cities since inception including Eid festivities, WWE, Comic Con, Blue man etc.



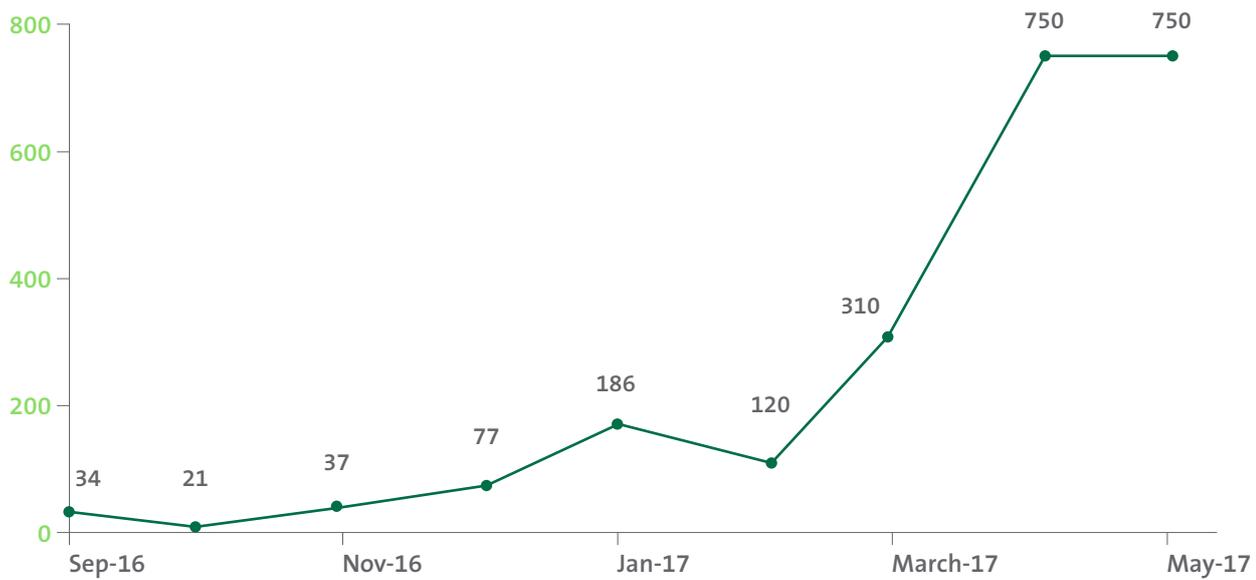
#### 2. GEA WORKSHOP

- ▶ In order to involve investors in developing future plans and strategy of the entertainment sector, GEA conducted a workshop with 130 stakeholders and investors in 2017

1. April and May 2017 reported as one number, graph displays prorated monthly figures;

Source: General Entertainment Authority

## Attendance in GEA-organized events, 2016-2017 (total 2.3 million attendees in Sept 2016 – May 2017)



- ▶ Creation of 20,000 jobs in its first seven months by GEA, surpassing targets set out in 2016 in the Vision plan
- ▶ 2.3 million visitors between Oct 2016 and April 2017 from 100+ events in 21 cities



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# REFORMS AND ACHIEVEMENTS

# SAUDI ARABIA BUSINESS ENVIRONMENT

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## SAUDI ARABIA EMBARKED ON A SUCCESSFUL REFORM JOURNEY TO ENHANCE ITS BUSINESS ENVIRONMENT



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### SAUDI ARABIA'S REFORM JOURNEY

- Enhancing the business environment for the private sector is among the top priorities laid down by Vision 2030. **The Tayseer's committee was established to pursue four main objectives:**
  - Increase efficiency of government services
  - Position Saudi Arabia among the top 20 countries globally for doing business
  - Implement regulations aimed at stimulating the private sector growth
  - Increase private sector engagement with direct involvement in decision-making
- Broad and ambitious reforms, e.g. new regulation for the trading across borders, judicial development policy and procedures aimed at enhancing transparency, have been already completed
- More than one hundred additional reforms are in the pipeline for approval and implementation



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### RECOGNITION OF BUSINESS ENVIRONMENT ADVANCEMENT

- Saudi Arabia is making tremendous efforts in advancing its business environment
- Ranked 2nd as best reformer among the high income countries in the G20 by the World Bank, thanks to its serious commitment to improve the regulation on crucial areas such as those related to the protection of minority investors, the property registration, and the insolvency resolution
- Among the best 20 countries globally in overall reforming effort
- 30th most competitive economy according to the World Economic Forum's Global Competitiveness ranking

## TAYSEER'S COMMITTEE SETUP TO ENHANCE THE BUSINESS ENVIRONMENT THROUGH 4 OBJECTIVES



Increase the efficiency of **government services**



Position Saudi Arabia among the top **20 countries globally** for **doing business**



Implement regulations aimed at **stimulating the private sector growth**



Increase the **engagement** of the private sector with direct involvement in **decision-making**



# COMPLETED REFORMS

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Trading Across Borders  
**TODAY WE CLEAR MOST CARGO  
IN 24 HOURS**

## TRADING ACROSS BORDERS

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### Clearance of containers within 24 hours

Allowed electronic submission of documents 3 days prior to shipment arrival to start clearance procedures

Reduced import documents from 12 to 4 and export documents from 9 to 3

## ONE STOP SHOP

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### Launched the “Meras” platform to facilitate business procedures online

Provided accessibility of unified centers to local and foreign investors

## FUNDING

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Examined funding schemes for small and medium enterprises including crowdfunding

Highest Impact Reform



## Judicial Development

# TODAY WE RESOLVE BUSINESS DISPUTES AMICABLY

### JUDICIAL DEVELOPMENT

Set a cap limit of 3 adjournments on sessions

Launched the Saudi Center for Commercial Arbitration (SCCA)

Established specialized directorates for lawsuit preparation prior to submission before jurisdiction

Launched an electronic system to file commercial cases

Established an online channel to submit complaints and concerns on the work of notaries

Established provision to hold the first hearing session within 20 days from filing the case

### EDUCATION

Allowed foreign investment in the education sector

Highest Impact Reform



# COMPLETED REFORMS

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## Facilitating Business Procedures TODAY WE ISSUE BUSINESS LICENSES INSTANTLY

### FACILITATING BUSINESS PROCESSES

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Issued immediate municipality licenses for more than 200 activities

Issued immediate authorization from the Civil Defense for establishments up to 930 sqm

Unified process and number of procedures required for men and women to start and conduct business

Reduced start-up procedures from 12 to 4

Reduced SFDA registration time from 18 months to 60 days

Introduced an electronic platform to reserve a company name and submit articles of association

Established exemption for new companies from submitting taxes to Zakat during the first year

Highest Impact Reform



## Financial Protection Systems TODAY WE SUPPORT SMALL BUSINESSES

### FINANCIAL PROTECTION SYSTEMS

Finalized new insolvency law as per the best international practices

Issued new corporate governance regulation to protect minority investors

Reviewed and amended the government procurement law

### TRANSPARENCY IN LEGISLATION

Published all laws and regulations in the national archive center website

Launched the National Center for Documental and Archives website

Enforced public consultation for all business-related laws and regulations

Required translation of engineering and operation contracts to English and French

Highest Impact Reform

# COMPLETED REFORMS

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## Visas TODAY WE ISSUE BUSINESS VISAS IN 24 HOURS

### AMICABLE SETTLEMENT OF TRADE DISPUTES

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Reduced the time to enforce contracts by commercial courts

### VISAS

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Issuance of business visas in 24 hours

Issued visas for general managers prior to the commercial registration

Established a dedicated lane for businessmen in King Khalid International Airport

### ZAKAT

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Facilitated the filing process by uploading excel files and transferring data of previous years

Eliminated the requirement of conducting audits in case of declaration errors

Highest Impact Reform



## FURTHER +100 REFORMS IN THE PIPELINE



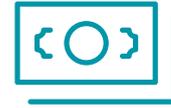
Expand “Meras” presence in the Kingdom’s regions aimed at facilitating business and investment activities



Issue new laws: Insolvency, commercial pledge, services penalties, and competition



Reduce the time and procedures taken to obtain construction permits



Modify procurement law and automate the procedures



Automate the process of property transfer between companies



Activate electronic authentication and e-certificates



Publish commercial cases verdicts



Expand the container clearance initiative within 24 hours to include all sea and air ports



Enforce an electronic contractor classification mechanism

### Highest Impact Reform

# BUSINESS IN SAUDI ARABIA

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## SAUDI ARABIA INTRODUCED MEASURES AIMED AT MAKING IT EASIER TO DO BUSINESS



### WORLD BANK GROUP

#### BUSINESS ENVIRONMENT REFORMS

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Saudi Arabia made tremendous efforts in advancing business environment reforms over the last 12 months

#### REFORM COMMITTEES

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The government established **10 reform committees**, one for each “Doing Business” indicator

## REFORM COMMITTEES

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Each committee had a very detailed and a **time bound action plan**, whose implementation was **monitored** through the weekly meetings of the committee and monthly meetings of the overall **Steering Committee** chaired by the Minister of Commerce and Investments

## REFORM EFFORTS

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**World Bank experts worked together with the committees** to ensure **access to the best international practice** in the reforming effort

# BUSINESS IN SAUDI ARABIA

## WORLD BANK SUPPORT Doing Business 2018 Report



2nd best reformer among high income countries in G20



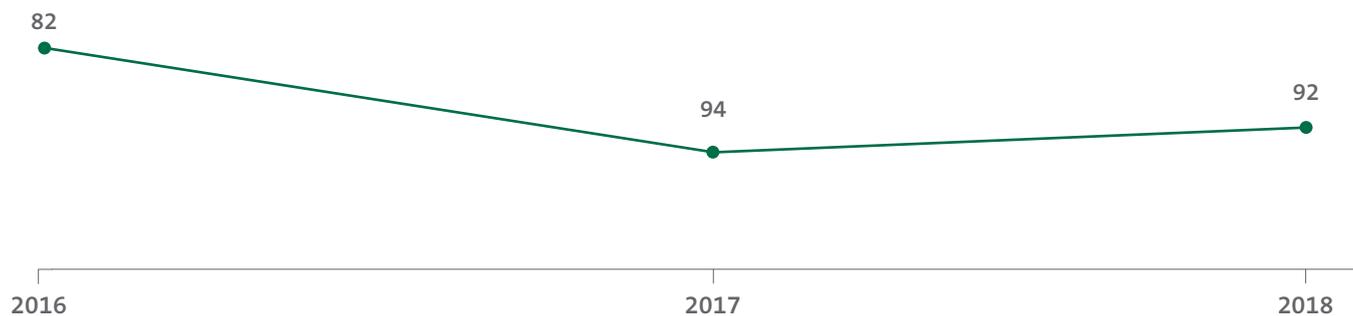
Reforms in 6 pillars in one year (the highest in MENA)

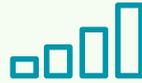


WORLD BANK GROUP

### Doing Business Overall Ranking (1 equals highest ranking)

Most of recent reforms not captured in the 2018 report





Improvements in 5 indicators in 2018 Report (from 2017)



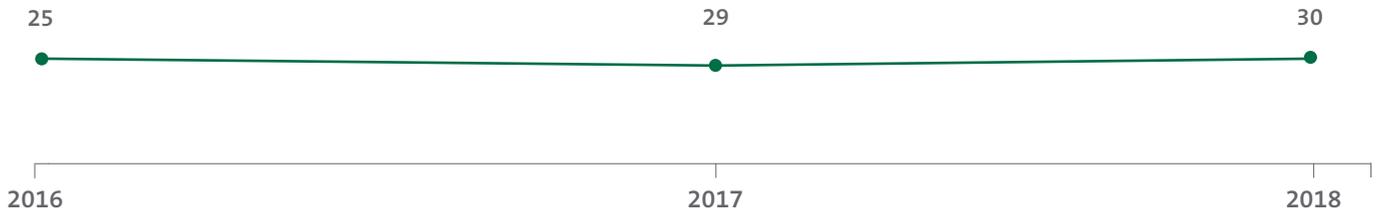
Among the best 20 countries in reforming effort



Ranked 10th globally in Protecting Minority Investors



### World Economic Forum's Global Competitiveness Overall ranking





# INCENTIVES AND SUPPORT



# INCENTIVES AND SUPPORT

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## SUPPORT IS OFFERED TO ENCOURAGE INVESTMENT



### FINANCIAL SUPPORT

- Export credit financing, guarantee, insurance provided by the Saudi export program
- Energy and utilities subsidies for power, water, natural gas, ethane, diesel, land
- Financial incentives for R&D projects with potential to boost country's economic growth and self-reliance
- Loan programs for public and private industrial investments



### FISCAL SUPPORT

- Custom duty drawback and exemption on selected materials, equipment and machinery
- Tax credit and tax exemptions on Saudi national worker's payroll and training costs



### EMPLOYMENT SUPPORT

- Program offered by Human Resources Development Fund (HRDF) and aimed at encouraging training and employment of Saudi nationals
- On-the-job training program for Saudi graduates
- Training in non-profitable institutes
- Rehabilitation for health diploma holders
- Dorooob program

## AVAILABLE FINANCIAL, FISCAL AND EMPLOYMENT FUNDING MEASURES ACROSS 7 AREAS

1

EXPORT CREDIT FINANCING,  
GUARANTEE, INSURANCE

2

ENERGY AND  
UTILITIES SUBSIDIES

3

FINANCIAL  
INCENTIVES FOR R&D

4

LOAN PROGRAMS

5

CUSTOM DUTY  
DRAWBACK, EXEMPTION

6

TAX CREDIT, EXEMPTION

7

EMPLOYMENT FUNDING

**Source:** Saudi Fund for Development, Industrial Clusters, Saudi Technology Development and Investment Company, Saudi Customs, Ministry of Commerce and Investment, Public Investment Fund, Saudi Industrial Development Fund, The Arab Fund for Economic and Social Development, General Authority of Zakat and Tax, Passport General Department

# INCENTIVES AND SUPPORT

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## EXPORT CREDIT FINANCING, GUARANTEE, INSURANCE; ENERGY AND UTILITIES SUBSIDIES; FINANCIAL INCENTIVES FOR R&D

NAME	DESCRIPTION
CREDIT FINANCING, GUARANTEE AND INSURANCE	Export credit financing, guarantees and insurance by the Saudi Export Program  ▶ Coverage up to 90% of credit value
ENERGY AND UTILITIES SUBSIDIES	Subsidized tariffs for power, water, natural gas, ethane, diesel and land
FINANCIAL INCENTIVES FOR R&D PROJECTS	Investment in selected local and international R&D projects with potential to boost country's economic growth and self-reliance

## MAIN CONDITIONS

- Exports with Saudi origin
- Min %25 local of value added (crude oil is excluded)
- Min transaction value funded 100k SR
- Operational risk and credit worthiness to be accepted
- Guarantees vary depending on risks associated

## RESPONSIBLE ENTITY

- Saudi Fund for Development

- Power at **\$ 0.048** per kWh for industrial sector
- Water at **\$ 0.5 - \$1.35** per cubic meter (based on volume)
- Natural gas at **\$ 1.25** per MMBTU
- Ethane at **\$ 1.75** per MMBTU
- Diesel at **\$ 14**/barrel
- Land for lease starting from **\$ 0.26** per sqm

- Saudi Electricity Company
- National Water Company
- Saudi Aramco
- Saudi Industrial Property Authority

- Investment with following characteristics
  - Enable technology transfer to Saudi Arabia
  - Diversify Saudi Arabia economy
  - Create high skilled jobs
- Financed amount uncapped

- King Abdulaziz City for Science and Technology

# INCENTIVES AND SUPPORT

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## LOCAL LOAN PROGRAMS

### NAME

### DESCRIPTION

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#### LOAN PROGRAM FOR INDUSTRIAL PROJECTS

Finance up to 50% of project costs in major cities, and 75% in promising cities

- Repayment periods of up to 15 years
- 2-year grace period
- Additional advice on administration, marketing, technical

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#### LOAN GUARANTEE PROGRAM (KAFALAH) FOR SMALL & MEDIUM ENTERPRISES

Cover the risk of banks in financing small and medium enterprises

- Guarantee rate up to 75% of loan

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#### PRODUCTIVE LOANS FOR SMALL PROJECTS AND START-UPS

Interest-free loans provided across a variety of paths to support the Saudi society

## MAIN CONDITIONS

- Financeable industrial project with a valid industrial license and to realize considerable value for the economy. Characteristics:
  - Economically viable
  - To provide training and employment opportunities for Saudi
  - To use locally sourced raw materials
  - To integrate with other projects in KSA or GCC countries
  - To replace imports by local products
  - To target export opportunities
  - To bring advanced technology

## RESPONSIBLE ENTITY

- Saudi Industrial Development Fund

- Legal entity
- Annual sales < **SAR 30 million**
- Viable in the economic, financial, technical and administrative terms
- Contributes positively to the Saudi economy in terms of:
  - Hiring and training Saudi nationals
  - Replacing imported goods by local ones and/or producing high quality innovative goods and services

- Saudi Industrial Development Fund
- Saudi banks

- Saudi National
- Specific conditions for each path

- Social Development Bank

# INCENTIVES AND SUPPORT

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## REGIONAL LOAN PROGRAMS

NAME	DESCRIPTION
LOAN PROGRAM FOR PUBLIC/PRIVATE INVESTMENT PROJECTS	<p>Financing for public/private investment projects</p> <ul style="list-style-type: none"><li>➤ Reduced interest rate to 2.5% for low-income Arab countries and 3% for other Arab countries</li><li>➤ 4-6 grace period</li><li>➤ Long term extended to 22-25 years</li></ul>
LOAN PROGRAM FOR ECONOMIC DEVELOPMENT AND REFORM IN ARAB COUNTRIES	<p>Loans and facilities offered to help address overall balance of payment deficit of member countries; include 4 types of loans that vary in size, terms and maturity</p>
POLITICAL & COMMERCIAL RISK INSURANCE FOR INVESTMENTS AND EXPORT CREDIT GUARANTEES	<p>Insurance schemes and guarantees to encourage investments in Arab countries, and enhance inter-Arab trade and Arab exports worldwide</p>
EQUITY & DEBT FINANCING FOR ENTERPRISES AND PRODUCTIVE PROJECTS IN MEMBER COUNTRIES	<p>Offers different financing schemes to support investment capital of projects, grants loans to enterprises and productive projects, and accepts deposits to mobilize financial resources in accordance with the provisions of Islamic law</p>

## MAIN CONDITIONS

- Public sector: request to be accompanied by a techno-economic feasibility study (to be considered for financing)
- Private sector: only for legally independent entity with:
  - Sound financial position
  - Good management practices
  - Operating in a purely commercial basis
  - Main objective of developing the economy
  - Not less than 51% of capital owned by citizens of member states of the Arab Fund
- The fund must take into consideration when lending to Arab countries:
  - Fairness and equal opportunity of access to fund loans
  - Safeguard of the Fund's ability to maintain its continuity in growth
  - Ensure that the resources it lends are used safely by borrowing members who must have the ability to meet their obligations
- Investment insurance for investments in an Arab country, the investor shall not be from the same country of the investment
- Export credit guarantees for exports to/from Arab countries
- Prospective member country should:
  - Be a member of the Organization of Islamic Cooperation (OIC)
  - Pay its contribution to the capital of the Bank
  - Be willing to accept such terms and conditions as may be decided upon by the bank's Board of Governors

## RESPONSIBLE ENTITY

- The Arab Fund for Economic and Social Development
- Arab Monetary Fund
- The Arab Investment & Export Credit Guarantee Corporation
- Islamic Development Bank

# INCENTIVES AND SUPPORT

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## CUSTOM DUTY DRAWBACK, EXEMPTION; TAX CREDITS AND EXEMPTION

NAME	DESCRIPTION
CUSTOM DUTY DRAWBACK	Refund to importers/exporters of raw material imports that are processed in Saudi Arabia and re-exported as more finished products
CUSTOM DUTY EXEMPTION	Exemption on authorized imports for industrial establishments (e.g., materials, equipment, machinery)
TAX CREDIT ON SAUDI NATIONAL PAYROLL AND TRAINING COST	Up to 50% tax credit on Saudi national worker's payroll and training cost for 10 years
TAX CREDIT, EXEMPTION ON EARNINGS FROM EXPORTS	Tax credits on R&D investments and tax exemption on earnings from exports

## MAIN CONDITIONS

- Importer to inform Customs at the point of entry on raw materials for manufacturing
- Importer to provide the Customs
  - Import Declaration
  - Receipt for payment of duty
  - Certificate of Origin
  - Copy of the invoice to the buyer certified

## RESPONSIBLE ENTITY

- Saudi Customs

- Available only if local supply does not exist or the local supply is not up to the specifications of the manufacturers

- Ministry of Commerce and Investment

- Available in specific regions
  - Hail, Northern Border, Jazan, Al-Jouf, Najran, Al-Baha

- Industrial Clusters

- Capital >**1M SR**

- Number of employees >**5**
  - either technical or administrative jobs
  - contract time not less than 1 year

- No specific requirements

- General Authority of Zakat and Tax

# EMPLOYMENT FUNDING: OVERVIEW

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## TRAINING AND EMPLOYMENT PROGRAMS FOR SAUDIS



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TAMHEER PROGRAM



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PROGRAM TO SUPPORT THE GROWTH OF  
SAUDIZATION OF ENTERPRISES



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PROFESSIONAL CERTIFICATION SUPPORT  
PROGRAM



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DOROOB PROGRAM

## TAMHEER PROGRAM



### On-the-job training program for Saudi graduates

- To provide financial support of SAR 3,000 per month during the 3 to 6 months long period of training, and occupational hazard insurance
- **Conditions to apply**
  - Saudi national (or foreign national with Saudi mother)
  - With bachelor, master or PhD degree
  - Currently unemployed and not employed for the past 6 months
  - No previous participation in Tamheer program

## PROFESSIONAL CERTIFICATION SUPPORT PROGRAM



- Aim is to enable the Saudi workforce to obtain professional certificates accredited in several professional fields required by the labor market,
  - e.g., CMMP, CIT, PMP, ...etc.
- HRDF to provide reimbursement for training costs, and test fees
- **Conditions to apply**
  - Saudi national
  - Certificate to be accredited by HRDF
  - Certificate to be valid and not expired
  - Maximum reimbursement: 2 certificates for each person

## PROGRAM TO SUPPORT THE GROWTH OF SAUDIZATION OF ENTERPRISES



- **HRDF to provide**
  - 15% of monthly salary for male citizens
  - 20% of monthly salary for female citizens
- **Program duration**  
1 October 2017 – 30 September 2019
- **Conditions to apply**
  - Saudi national
  - Age between 18-60
  - Employee's monthly salary not exceeding SAR 6,000

## DOROOB PROGRAM



### Comprehensive program involving electronic learning courses

- Aim is to obtain certificates approved and recognized by the main companies
- Priority in the direct employment for the certificates holders**
- Providing also the opportunity of benefiting from the on-the-job training program
- **Conditions to apply**
  - Saudi National



# FOREIGN INVESTMENT REGULATION



# FOREIGN INVESTMENT REGULATION

## THREE KEY ELEMENTS OF THE FOREIGN INVESTMENT REGULATION



### LICENSING REGULATION AND PROCESS FOR FOREIGN INVESTMENT

- ▶ Being licensed to operate in Saudi Arabia as a foreign investor is necessary to obtain any permit to start operations
- ▶ The Saudi Arabian General Investment Authority (SAGIA) is the Kingdom's investment promotion agency, responsible to setup and govern the foreign investment regulation, facilitate the entrance of investors into the country and license investors
- ▶ Different types of investment licenses are available, each with its own requirements, such as minimum acceptable capital and a cap on foreign capital
- ▶ Prospective investors can apply for a license online on SAGIA's portal



### FISCAL REGIME ELEMENTS RELEVANT FOR FOREIGN INVESTMENT

- ▶ Four main fiscal regime elements are particularly relevant for foreign investment
  - Corporate income tax, applicable on foreign ownership of Saudi Arabia-based company; with statutory corporate rate set at 20%, it is the lowest among the G20
  - Zakat, applicable on local ownership of Saudi Arabia-based company; set at 2.5% of the Zakat base
  - Value-Added-Tax
  - Social Security contribution; only for Saudi personnel



### INTERNATIONAL TRADE AGREEMENTS

- ▶ Saudi Arabia is member of WTO with commitment to further liberalize trade regime and accelerate integration in the global economy
- ▶ On a regional dimension, Saudi Arabia is member of the Gulf Cooperation Council and of the Greater Arab Free Trade Area<sup>1</sup>
- ▶ Bilaterally, Saudi Arabia signed treaties for the avoidance of double taxation of income and capital (DTAs) with 29 countries<sup>2</sup> as well as agreements aimed at promoting and protecting the investments of the enterprises of one contracting party in the territory of the other with 23 countries<sup>3</sup>

1. Algeria, Bahrain, Egypt, Iraq, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates and Yemen  
2. Algeria, Azerbaijan, Austria, Bangladesh, Belarus, China, Egypt, Ethiopia, Greece, Hungary, India, Italy, Japan, Kazakhstan, Luxembourg, Macedonia, Malaysia, Netherlands, Pakistan, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Turkey, Uzbekistan, Venezuela, Vietnam  
3. Azerbaijan, Austria, Belarus, Belgium, China, Czech Republic, Egypt, France, Germany, India, Indonesia, Italy, Luxembourg, Malaysia, Philippines, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan, Turkey, and Ukraine

# INVESTMENT LICENSE TYPES AND MAIN REQUIREMENTS

Other Commitments and Requirements May be Applied

INVESTMENT LICENSE TYPES	MIN ACCEPTABLE CAPITAL	FOREIGN CAPITAL PARTICIPATION
➤ Commercial	➤ SAR 26Mn <sup>1</sup> ➤ SAR 30Mn <sup>1</sup>	➤ up to 75% ➤ up to 100%
➤ Service	➤ <i>Not required</i>	➤ up to 100%
➤ Industrial	➤ <i>Not required</i>	➤ up to 100%
➤ Innovation	➤ <i>Not required</i>	➤ up to 100%
➤ Management of construction projects, detailed engineering design and EPC contracts	➤ <i>Not required</i>	➤ up to 75%
➤ Real Estate Development	➤ SAR 30Mn	➤ up to 100%
➤ Technical and scientific office	➤ <i>Not required</i>	➤ up to 100%
➤ Insurance	➤ <i>Not required</i>	➤ up to 60%
➤ Reinsurance	➤ <i>Not required</i>	➤ up to 60%
➤ Property Financing	➤ <i>Not required</i>	➤ up to 60%
➤ Property Investment	➤ SAR 30Mn	➤ up to 100%
➤ Public Transport	➤ SAR 0.5Mn	➤ up to 70-80%
➤ Entrepreneur License	➤ <i>Not required</i>	➤ up to 100%
➤ Foreign company branch	➤ SAR 0.5Mn	➤ up to 100%

1. 100% foreign commercial license to require investment of SAR 200Mn in first five years

# REGISTRATION PROCESS

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## OVERVIEW OF REGISTRATION PROCESS AT SAGIA

### SIMPLIFIED REGISTRATION PROCESS

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- 80% of documents reduced to preparing the commercial registration and the financial statements of the company
  - After being attested by the Saudi embassy

### INVESTORS ABLE TO APPLY ONLINE

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- Response back within 1 working day

### GOVERNMENTAL PROCEDURES TO BE FINALIZED

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- After the license is issued
  - Through SAGIA's business center within 5 working days

# FISCAL REGIME

## FISCAL REGIME: CORPORATE TAX, ZAKAT, VALUE-ADDED-TAX AND SOCIAL SECURITY CONTRIBUTION

### CORPORATE INCOME TAX

- **Applicable on foreign ownership of Saudi Arabia-based company**
  - 20% of earnings before taxes

### ZAKAT

- **Applicable on local<sup>1</sup> ownership of Saudi Arabia-based company**
  - 2.5% of the Zakat base (i.e. the net worth of the entity as calculated for Zakat purposes)

### GOVERNMENTAL PROCEDURES TO BE FINALIZED

- **Registration compulsory for all companies with annual turnover >SAR 1 Mn from January 2018**
  - If turnover between 375K and SAR 1Mn then compulsory registration by Jan 2019

### GOVERNMENTAL PROCEDURES TO BE FINALIZED

- **Only for Saudi personnel; contribution rate at 18% of the contributory wage**
  - 9% paid by the employer
  - 9% paid by the employee

1. It includes KSA and Gulf Cooperation Council ownership;

# TRADE AGREEMENTS

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## SAUDI ARABIA HAS FIVE DIFFERENT TYPES OF TRADE AGREEMENTS IN FORCE

### MULTILATERAL

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#### WORLD TRADE ORGANIZATION

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- Member of WTO with commitment to further liberalize trade regime and accelerate integration in the World economy

### REGIONAL

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#### COOPERATION COUNCIL MEMBERS

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- Common customs tariff of 5% on foreign goods imported into the GCC and the principle of “single point entry”

#### GREATER ARAB FREE TRADE AREA

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- Full exemption of customs duties and charges between the 17 members of GAFTA for goods with a local content exceeding 40%

### BILATERAL

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#### DOUBLE TAXATION AVOIDANCE

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- Treaties for the avoidance of double taxation of income and capital (DTAs) have been signed with 29 countries

#### BILATERAL INVESTMENT TREATIES

---

- Agreement aimed at promoting and protecting the investments of the enterprises of one contracting party in the territory of the other have been signed with 23 countries



# TRADE AGREEMENTS

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## MEASURE

## DESCRIPTION

### WORLD TRADE ORGANIZATION (WTO)

- ▶ Saudi Arabia has been a member of the World Trade Organization (WTO) since 2005. Pursuant to its membership, Saudi Arabia agreed to undertake a series of commitments to further liberalize its trade regime and accelerate its integration in the World economy, while offering a transparent and predictable environment for trade and foreign investment in accordance with WTO rules.

### GULF COOPERATION COUNCIL (GCC) AGREEMENTS

- ▶ The six GCC member states (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, UAE) represent a single customs zone. The Customs Union implemented a common customs tariff of 5% on all foreign goods imported into the GCC and the principle of “single point entry” adopted for the Customs Union. Furthermore, the Customs Union established the free movement of goods among the GCC States and the treatment of the goods produced in any of the GCC States as national products.
- ▶ GCC countries have already signed a Free Trade Agreement with Singapore and Euro European Free Trade Association (EFTA) which include Switzerland, Norway, Iceland, and Liechtenstein and is currently negotiating with several other countries like China, South Korea, Australia and New Zealand.

### GREATER ARAB FREE TRADE AREA (GAFTA)

- ▶ The Greater Arab Free Trade Area (GAFTA) is a Trade Facilitation and Development Agreement established by the Social and Economic Council of the Arab League. Under the terms of the agreement, there is a full exemption of customs duties and charges between the 17 members of GAFTA, for goods with a local content exceeding 40%. Member states are: Algeria, Bahrain, Egypt, Iraq, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates and Yemen.

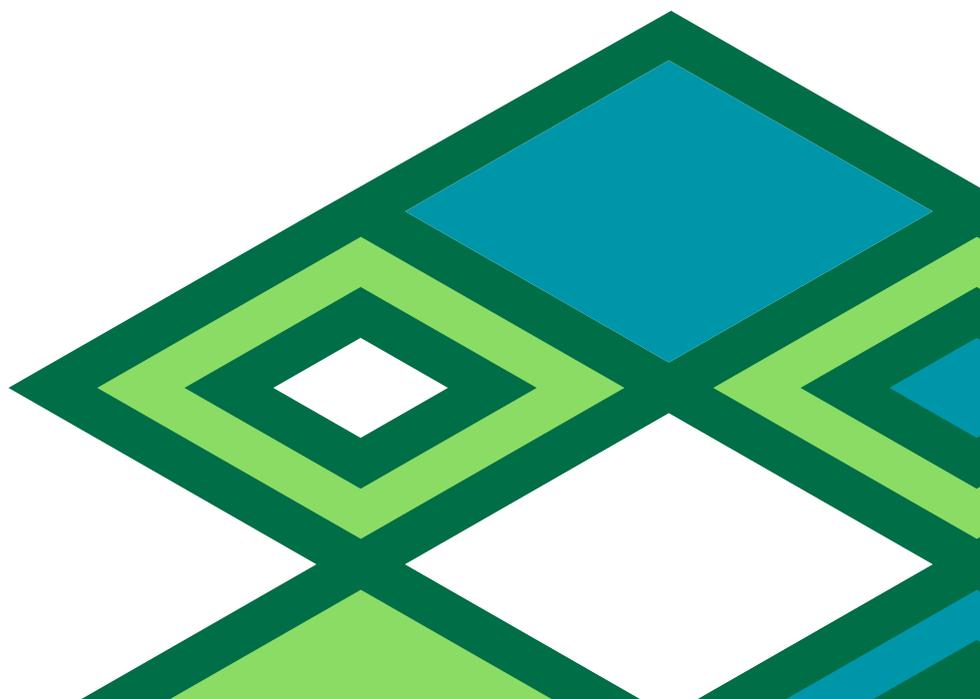
## MEASURE

### DOUBLE TAXATION AVOIDANCE (DTA)

### BILATERAL INVESTMENT TREATIES

## DESCRIPTION

- ▶ Saudi Arabia signed DTA agreements with the following 29 countries: Algeria, Azerbaijan, Austria, Bangladesh, Belarus, China, Egypt (*yet to be ratified by Saudi Arabia*), Ethiopia, Greece, Hungary, India, Italy, Japan, Kazakhstan, Luxembourg, Macedonia, Malaysia, Netherlands, Pakistan, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Turkey, Uzbekistan, Venezuela, Vietnam
  
- ▶ These agreements aim to promote and protect the investments of the nationals and enterprises of one contracting party in the territory of the other contracting party by providing an appropriate legislative environment to stimulate and increase investment, trade and industrial activity. The agreement also provides adequate guarantees to nationals or enterprises of the other contracting party to transfer their profits, dividends and other current income. The investment will not be subject to expropriation except for a public purpose and against prompt and adequate compensation. Saudi Arabia has signed Investment Promotion & Protection Agreements with the following 23 countries:
  - Azerbaijan, Austria, Belarus, Belgium, China, Czech Republic, Egypt, France, Germany, India, Indonesia, Italy, Luxembourg, Malaysia, Philippines, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan, Turkey, and Ukraine





# SUCCESS STORIES



# SUCCESS STORIES



## SOME OF THE GREATEST GLOBAL BRANDS ARE INVESTING IN SAUDI ARABIA





# SELECTED SUCCESS STORIES



## General Electric

### 75 YEARS OF SUCCESS

Over the last decade we've made a tremendous amount of progress in the Kingdom helped by good guidance across the government, we believe that we've gotten a good return on our investment for our shareholders too.

**John G. Rice**  
Vice Chairman GE



## Dow

### 40 YEARS OF SUCCESS

"Dow is truly honored to be the first company to receive a trading license and advance our legacy of strategic partnerships and investments in the Kingdom...Dow has been a strategic partner in Saudi Arabia for nearly 40 years and we look forward to playing a key role in helping advance the Saudi's Vision 2030 plan designed to create a vibrant society and a thriving diversified economy"

**Andrew N. Liveris**  
Dow Chairman and Chief Executive  
Office Dow Chemical Company





**Honeywell**

## 55 YEARS OF SUCCESS

“We have found that Saudi presents a tremendous opportunity in terms of its local talent potential. The Saudi youth makes up more than 50 percent of the country’s population and this will provide a sustainable pipeline of talent to drive Saudi’s growth and economic diversification”

**Norm Gilsdorf, President**  
High Growth Regions, Middle East,  
Russia, Central Asia, Honeywell



**Honeywell**



**3M**

## 35 YEARS OF SUCCESS

“As a global leader in developing innovative solutions, our goal is to play an important role in the Kingdom’s effort to diversify its economy through knowledge and technology transfer. We will work closely with the Saudi government to enhance our manufacturing investment plans, invest in specialized research and development centers, and create high- value, technically sophisticated jobs.”

**H. C. Shin**  
Executive Vice President for  
International Operations 3M



**3M**



PATH TO  
2030

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## ANNUAL WORLD ECONOMIC FORUM MEETING DEDICATES A SESSION TO SAUDI ARABIA'S PATH TO 2030



### *Saudi Arabia's Path to 2030*

*Saudi Arabia's reform plans aim to transform the country's economy and society and move away from its oil dependency. How can this vision be achieved by 2030?*



Investments and privatization of sectors will be key to achieving all of our vision. Two key parts toward that are our young population, who are ready to turn into a workforce to be reckoned with, along with encouraging our women and investing in them as they increasingly join the workforce

**H.E. Khalid Al-Falih**

Minister of Energy  
Mineral resources and Industry,



Saudi Arabia is committed in writing to be accountable, transparent in all its dealings. There are orders from our leadership to hold each ministry to its goals and cutting down on bureaucracy

**H. E. Mohammed Al Jaadan**

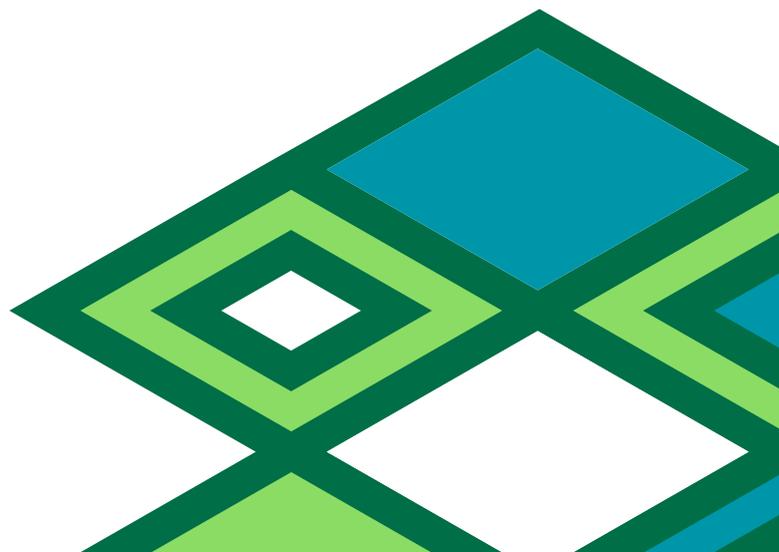
Minister of Finance,



I can confirm that Saudi Arabia has full transparency, as much as compared with our experience in the United States. This is especially apparent when we have multi-billion dollar dealings with the country

**Andrew N. Liveris**

Dow Chemical's CEO





# FURTHER INFORMATION



# FOR FURTHER INFORMATION

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Dhiba Port  
[www.mawani.gov.sa](http://www.mawani.gov.sa)

King Abdullah University of Science & Technology  
[www.kaust.edu.sa](http://www.kaust.edu.sa)

Economic Cities Authority  
[www.eca.gov.sa](http://www.eca.gov.sa)

King Abdulaziz City for Science & Technology  
[www.kacst.edu.sa](http://www.kacst.edu.sa)

General Authority for Statistics  
[www.stats.gov.sa](http://www.stats.gov.sa)

King Abdulaziz Seaport  
[www.mawani.gov.sa](http://www.mawani.gov.sa)

General Authority of Zakat and Tax  
[www.gazt.gov.sa](http://www.gazt.gov.sa)

King Abdulaziz University  
[www.kau.edu.sa](http://www.kau.edu.sa)

General Entertainment Authority  
[www.gea.gov.sa](http://www.gea.gov.sa)

King Abdullah Port  
[www.kingabdullahport.com.sa](http://www.kingabdullahport.com.sa)

Human Resources Development Fund  
[www.hrdf.org.sa](http://www.hrdf.org.sa)

King Fahad Jubail Industrial Port  
[www.mawani.gov.sa](http://www.mawani.gov.sa)

Jazan Economic City  
[www.eca.gov.sa](http://www.eca.gov.sa)

King Fahad Yanbu Industrial Port  
[www.mawani.gov.sa](http://www.mawani.gov.sa)

Jazan Port  
[www.mawani.gov.sa](http://www.mawani.gov.sa)

King Fahd University of Petroleum and Minerals  
[www.kfupm.edu.sa](http://www.kfupm.edu.sa)

Jeddah Islamic Port  
[www.mawani.gov.sa](http://www.mawani.gov.sa)

Mawhiba  
[www.mawhiba.org](http://www.mawhiba.org)

Jubail Commercial Port  
[www.mawani.gov.sa](http://www.mawani.gov.sa)

Ministry of Commerce & Investment  
[www.mci.gov.sa](http://www.mci.gov.sa)

Jubail Industrial City  
[www.rcjy.gov.sa](http://www.rcjy.gov.sa)

Ministry of Education  
[www.moe.gov.sa](http://www.moe.gov.sa)

King Abdullah Economic City  
[www.kaec.net](http://www.kaec.net)

Ministry of labor & Social Development  
[www.mlzd.gov.sa](http://www.mlzd.gov.sa)

**National Information Center**  
[www.nic.gov.sa](http://www.nic.gov.sa)

**Saudi Customs**  
[www.customs.gov.sa](http://www.customs.gov.sa)

**National Water Company**  
[www.nwc.com.sa](http://www.nwc.com.sa)

**Saudi Electricity Company**  
[www.se.com.sa](http://www.se.com.sa)

**Neom**  
[www.discoverneom.com](http://www.discoverneom.com)

**Saudi Fund for Development**  
[www.sfd.gov.sa](http://www.sfd.gov.sa)

**Public Investment Fund**  
[www.pif.gov.sa](http://www.pif.gov.sa)

**Saudi Industrial Development Fund**  
[www.sidf.gov.sa](http://www.sidf.gov.sa)

**Qiddiya project**  
[www.pif.gov.sa](http://www.pif.gov.sa)

**Saudi Industrial Property Authority**  
[www.modon.gov.sa](http://www.modon.gov.sa)

**Ras Al-Khair Port**  
[www.mawani.gov.sa](http://www.mawani.gov.sa)

**Saudi Railways Organization**  
[www.saudirailways.org](http://www.saudirailways.org)

**Red Sea project**  
[www.pif.gov.sa](http://www.pif.gov.sa)

**Saudi Technology Development & Investment Co.**  
[www.taqnia.com](http://www.taqnia.com)

**Royal Commission for Jubail & Yanbu**  
[www.rcjy.gov.sa](http://www.rcjy.gov.sa)

**Saudi Food and Drug Authority**  
[www.sfda.gov.sa](http://www.sfda.gov.sa)

**Saudi Arabian General Investment Authority**  
[www.sagia.gov.sa](http://www.sagia.gov.sa)

**Small & Medium Enterprises Authority**  
[www.smea.gov.sa](http://www.smea.gov.sa)

**Saudi Arabian Monetary Authority**  
[www.sama.gov.sa](http://www.sama.gov.sa)

**The Entertainment Company**  
[www.pif.gov.sa](http://www.pif.gov.sa)

**Saudi Basic Industries Corporation**  
[www.sabic.com](http://www.sabic.com)

**Yanbu Commercial Port**  
[www.mawani.gov.sa](http://www.mawani.gov.sa)

**Saudi Center for Commercial Arbitration**  
[www.sadr.org](http://www.sadr.org)

**Yanbu Industrial City**  
[www.rcjy.gov.sa](http://www.rcjy.gov.sa)

The background features abstract geometric shapes in shades of green and blue. A dark green shape is at the top left, a light green shape is below it, and a teal shape is to the left. At the bottom, there are more dark green and light green shapes. The text is positioned in the upper left area.

# ABOUT SAUDI GENERAL INVESTMENT AUTHORITY

**Saudi General Investment Authority** is the Kingdom's investment promotion agency. Our priorities are to attract and develop foreign investment, enhance the nation's investment climate, increase the ease of doing business, and eliminate obstacles from investors' journey.

To discover the countless opportunities, across major economic sectors, that Saudi Arabia has to offer:

## CONTACT US NOW

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### HEADQUARTERS

Imam Saud Bin Abdulaziz Road

T + 966 11 203 5555

F + 966 11 263 2894

E [invest@sagia.gov.sa](mailto:invest@sagia.gov.sa)

P.O. Box 5927, Riyadh 11432

Kingdom of Saudi Arabia

[investsaudi.sa](http://investsaudi.sa)

investsaudi.sa

