

# SAUDI ARABIA LAND OF OPPORTUNITIES

## INDUSTRIAL INVESTORS GUIDE



التجمعات الصناعية  
Industrial Clusters

رؤية VISION  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA





*My first objective is for our country to be a pioneering and successful global model of excellence, on all fronts, and I will work with you to achieve that*

*The Custodian of The Two Holy Mosques  
King Salman bin Abdulaziz Al Saud*



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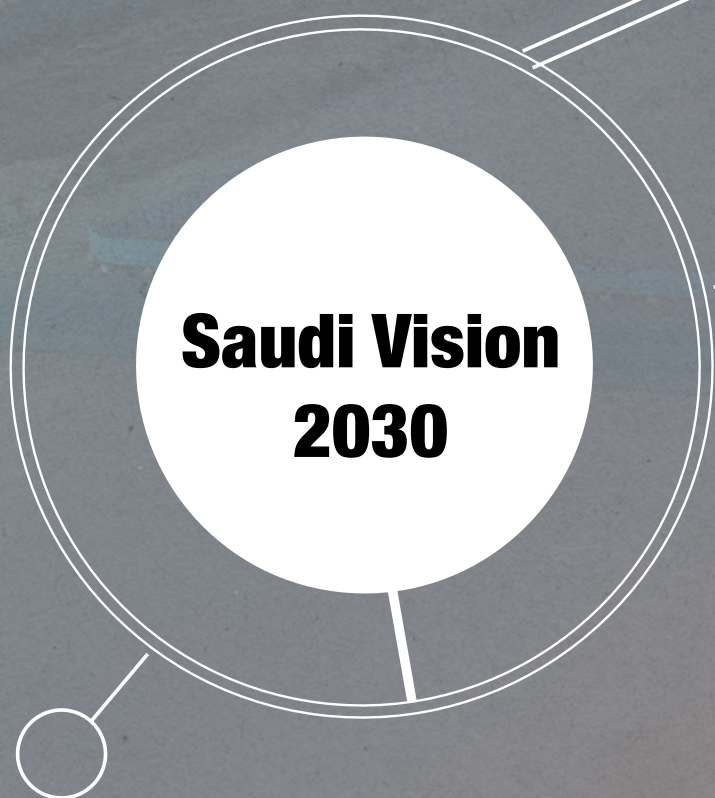
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**Saudi Vision  
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# Saudi Arabia Vision 2030

“Our Vision for Saudi Arabia is to be the heart of the Arab and Islamic worlds, the investment powerhouse, and the hub connecting three continents”

It is my pleasure to present Saudi Arabia’s Vision for the future. It is an ambitious yet achievable blueprint, which expresses our long-term goals and expectations and reflects our country’s strengths and capabilities. All success stories start with a vision, and successful visions are based on strong pillars. The first pillar of our vision is our status as the heart of the Arab and Islamic worlds. We recognize that Allah the Almighty has bestowed on our lands a gift more precious than oil. Our Kingdom is the Land of the Two Holy Mosques, the most sacred sites on earth, and the direction of the Kaaba (Qibla) to which more than a billion Muslims turn at prayer.

The second pillar of our vision is our determination to become a global investment powerhouse. Our nation holds strong investment capabilities, which we will harness to stimulate our economy and diversify our revenues.

The third pillar is transforming our unique strategic location into a global hub connecting three continents, Asia, Europe and Africa. Our geographic position between key global waterways, makes the Kingdom of Saudi Arabia an epicenter of trade and the gateway to the world.

Our country is rich in its natural resources. We are not dependent solely on oil for our energy needs. Gold, phosphate, uranium, and many other valuable minerals are found



beneath our lands. But our real wealth lies in the ambition of our people and the potential of our younger generation. They are our nation’s pride and the architects of our future. We will never forget how, under tougher circumstances than today, our nation was forged by collective determination when the late King Abdulaziz Al-Saud – may Allah bless his soul – united the Kingdom. Our people will amaze the world again.

We are confident about the Kingdom’s future. With all the blessings Allah has bestowed on our nation, we cannot help but be optimistic about the decades ahead. We ponder what lies over the horizon rather than worrying about what could be lost. The future of the Kingdom, my dear brothers and sisters, is one of huge promise and great potential, God willing. Our precious country deserves the best. Therefore, we will expand and further develop our talents and capacity. We will do our utmost to ensure that Muslims from around the world can visit the Holy Sites.

We are determined to reinforce and diversify the capabilities of our economy, turning our key strengths into enabling tools for a fully diversified future. As such, we will transform Aramco from an oil producing company into a global industrial conglomerate. We will transform the Public Investment Fund into the world’s largest sovereign wealth fund. We will encourage our major corporations to expand across borders and take their rightful place in global markets. As we continue to give our army the best possible machinery



and equipment, we plan to manufacture half of our military needs within the Kingdom to create more job opportunities for citizens and keep more resources in our country. We will expand the variety of digital services to reduce delays and cut tedious bureaucracy. We will immediately adopt wide-ranging transparency and accountability reforms and, through the body set up to measure the performance of government agencies, hold them accountable for any shortcomings. We will be transparent and open about our failures as well as our successes, and will welcome ideas on how to improve.

All this comes from the directive of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al-Saud, may Allah protect him, who ordered us to plan for a future that fulfills your ambitions and your aspirations.

In line with his instructions, we will work tirelessly from today to build a better tomorrow.

Our ambition is for the long term. It goes beyond replenishing sources of income that have weakened or preserving what we have already achieved. We are determined to build a thriving country in which all citizens can fulfill their dreams, hopes and ambitions. Therefore, we will not rest until our nation is a leader in providing opportunities for all through education and training, and high quality services such as employment initiatives, health, housing, and entertainment.

We commit ourselves to providing world-class government services which effectively and efficiently meet the needs of our citizens. Together we will continue building a better country, fulfilling our dream of prosperity and unlocking the talent, potential, and dedication of our young men and women. We will not allow our country ever to be at the mercy of a commodity price volatility or external markets.

We have all the means to achieve our dreams and ambitions. There are no excuses for us to stand still or move backwards.



Our Vision is a strong, thriving, and stable Saudi Arabia that provides opportunity for all. Our Vision is a tolerant country with Islam as its constitution and moderation as its method. We will welcome qualified individuals from all over the world and will respect those who have come to join our journey and our success.

We intend to provide better opportunities for partnerships with the private sector through the three pillars: our position as the heart of the Arab and Islamic worlds, our leading investment capabilities, and our strategic geographical position. We will improve the business environment, so that our economy grows and flourishes, driving healthier employment opportunities for citizens and long-term prosperity for all. This promise is built on cooperation and on mutual responsibility.

This is our “Saudi Arabia’s Vision for 2030.” We will begin immediately delivering the overarching plans and programs we have set out. Together, with the help of Allah, we can strengthen the Kingdom of Saudi Arabia’s position as a great nation in which we should all feel an immense pride.

### **Mohammad bin Salman bin Abdulaziz Al Saud**

*Chairman of the Council of Economic and Development Affairs*

## Introduction

The Kingdom of Saudi Arabia is blessed with many rich assets. Our geographic, cultural, social, demographic and economic advantages have enabled us to take a leading position in the world.

To build the best future for our country, we have based our Vision for the Kingdom of Saudi Arabia on three pillars that represent our unique competitive advantages. Our status will enable us to build on our leading role as the heart of Arab and Islamic worlds. At the same time, we will use our investment power to create a more diverse and sustainable economy. Finally, we will use our strategic location to build our role as an integral driver of international trade and to connect three continents: Africa, Asia and Europe.

Our Vision is built around three themes: a vibrant society, a thriving economy and an ambitious nation.

This first theme is vital to achieving the Vision and a strong foundation for economic prosperity. We believe in the importance of a vibrant society. Members of this society live in accordance with the Islamic principle of moderation, are proud of their national identity and their ancient cultural heritage, enjoy a good life in a beautiful environment, are protected by caring families and are supported by an empowering social and health care system.

In the second theme, a thriving economy provides opportunities for all by building an education system aligned with market needs and creating economic opportunities for the entrepreneur, the small enterprise as well as the large corporation. Therefore, we will develop our investment tools to unlock our promising economic sectors, diversify our economy and create job opportunities. We will also grow our economy and improve the quality of our services, by privatizing some government services, improving the business environment, attracting the finest talent and the best investments globally, and

leveraging our unique strategic location in connecting three continents.

Our nation is ambitious in what we want to achieve. We will apply efficiency and responsibility at all levels. Our third theme is built on an effective, transparent, accountable, enabling and high-performing government. We will also prepare the right environment for our citizens, private sector and non-profit sector to take their responsibilities and take the initiative in facing challenges and seizing opportunities. In each of these themes, we highlighted a selection of commitments and goals, as a reflection of our ambition and a representation of what we aim to achieve.

This Vision will be the point of reference for our future decisions, so that all future projects are aligned to its content.

To clarify our next steps, we have already prepared the ground and launched some executive programs at the Council of Economic and Development Affairs. We will now launch a first portfolio of crucial programs with the aim to achieve our goals and honor our commitments.

Sustainable success can only be achieved when built upon solid foundations. Our Vision, grounded in our country's strengths, will deliver this stability and create a brighter future for our country and our people.

## How to achieve our vision?

We have outlined a comprehensive and ambitious Vision for Saudi Arabia until the year 2030. It is the first step on our journey toward a better, brighter future for our country and our citizens. To achieve our aspirations and hopes, we have already launched many transformative programs that have paved the way for the Vision and will help us achieve our goals. These include, but are not limited to the following:

### 1. The Government Restructuring program:

Around the world, governments are organizing themselves with agility, continuously restructuring and aligning their systems to national priorities. We have already started moving along this path by eliminating supreme councils and establishing the Council of Political and Security Affairs and the Council of Economic and Development Affairs. These reforms have helped to speed strategy development and decision-making, as well as enhance performance. We will continue this careful restructuring, comprehensively and gradually, based on our clear priorities.

### 2. The Strategic Directions program:

We have approved the strategic directions determined by our government agencies. Existing roles have been reviewed to align with our future economic and social needs. Decisions are based on detailed studies and benchmarks, as well as comprehensive analysis of each agency's programs, plans and relevant performance indicators.

### 3. The Fiscal Balance program:

After the Council of Economic and Development Affairs was established, we began examining our existing capital expenditures, their approval mechanism and their measureable economic impact. We have formed committees and introduced new departments tasked with reviewing relevant regulations and taking the necessary action on the expenditures. As a consequence, last year, we increased our non-oil revenues by 30 percent, and we plan to continue diversifying our non-oil revenues in the coming years, by introducing new measures.

### 4. The Project Management program:

The Kingdom's agencies are currently undergoing a wave of reforms and transformation. To manage this momentum and ensure all efforts are coordinated, we adopted an effective approach to project management and established expert project management offices (PMOs) in the Council

of Economic and Development Affairs and many other government agencies. We also set up a central Delivery Unit.

### 5. The Regulations Review program:

Over the past year, we reviewed many current laws and enacted new laws that have been years overdue. These include the company law, the non-governmental organizations' law, the law concerning fees on non-used lands, the General Authority for Endowments (Awqaf) law, among others. We will continue to review all laws to ensure they are in line with the Kingdom's priorities.

### 6. The Performance Measurement program:

We adopted the principle of performance measurement, and made sure it is properly used in our evaluation of all government agencies, their programs, initiatives and executives. We established the Center for Performance Management of Government Agencies to institutionalize these efforts for the long-term and built performance dashboards to promote accountability and transparency.

To ensure the realization of Saudi Arabia's Vision for 2030, we are preparing to launch a group of executive programs that will have a significant impact on implementation. These include, but are not limited to the following:

#### 6.1 The Saudi Aramco Strategic Transformation program:

We believe that Saudi Aramco has the ability to lead the world in other sectors besides oil, and it has worked on a sweeping transformative program that will position it as a leader in more than one sector.

#### 6.2 The Public Investment Fund Restructuring program:

Having worked on restructuring the fund, we are now refining its investment capabilities and enabling the fund to manage a broader portfolio of current and new assets. We aim to transform it into the largest sovereign wealth fund in the world and will announce a comprehensive plan to achieve this goal.

#### 6.3 The Human Capital program:

Because human capital is a crucial factor in the success of any substantial project, we aim to launch a thorough program for nurturing our human talent. This program will measure, assess and analyze the efficiency of our civil service. It will also support our government agencies with staff, studies, consultations, and strategic partnerships related to human capital.

#### 6.4 The National Transformation program:

In a new approach, our government agencies have been working through numerous workshops to examine their role in implementing the initiatives necessary for delivering on national priorities. We are identifying opportunities for partnering with the private sector, as well as innovative administrative and funding approaches. We are detailing specific initiatives that have clear performance indicators.

#### 6.5 The Strategic Partnerships program:

We are working with our economic partners around the world to build new strategic partnerships for the twenty-first century, in harmony with our national Vision, so that we can be a trade hub connecting three continents and enhance our exports

#### 6.6 The Privatization program:

We are in the process of determining additional sectors suitable for privatization. Our goal is to create a comprehensive privatization program. We will make use of international best practices, transfer knowledge and achieve our goals in a balanced and scientific manner.

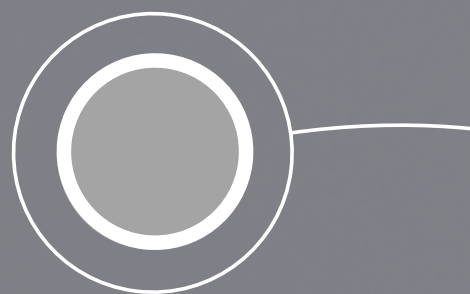
#### 6.7 The program for Strengthening Public Sector Governance:

We will work on restructuring our government agencies continuously and with flexibility. We will eliminate redundant roles, unify efforts, streamline procedures and define responsibilities. We shall also enable our agencies to deliver on their mandate, to be accountable, to ensure business continuity and to show adaptability in the face of new challenges. Under the Council

of Economic and Development Affairs, we will establish a strategic management office to focus on coordinating all government programs and ensuring their careful alignment with the national Vision. The office will also prevent gaps, duplication or contradiction between agencies' policies and programs, and ensure that all components of the Vision are detailed in proper sectoral strategies. We will also establish a Decision Support Center at the Royal Court to support decision-making through analytical and evidence-based information and reports.

Our commitment to achieving the goals of these pivotal programs and our collective contribution shall be the first step towards achieving Saudi Arabia's Vision for 2030. We will continue to launch new programs in the upcoming years as required, and we will continuously review and assess our performance in achieving this Vision.





**Saudi Arabia**



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## Why Saudi Arabia?

Saudi Arabia is considered economically a strategic location to start a business for industrial sectors. Saudi Arabia has great comparative & competitive advantages in terms of the following aspects:

- Plentiful, readily available natural resources, raw materials and energy needed for manufacturing and industrial development (contrasting with the shortages and rising prices found in many other countries).
- A welcoming home and efficient springboard for energy-intensive industries such as minerals and metal processing, automotive production, and petrochemical industries.
- A thriving, fast-growing industrial sector (one of the largest in MENA & globally).
- The largest economy and market in MENA, and 23rd largest in the world
- A strategic location at the crossroads of Europe, Africa and Asia

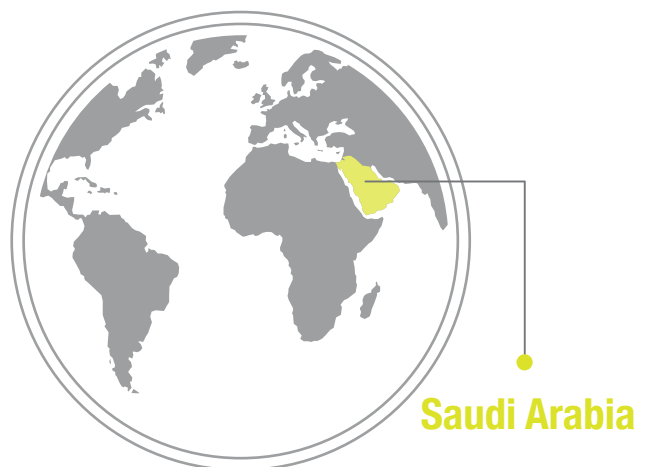
### Strategic Location

Strategically located at the crossroads of three continents - Asia, Africa and Europe - the Kingdom of Saudi Arabia is one of the world's most important commercial, trading and religious hubs. Saudi Arabia is the largest market in Middle East-North Africa. An economic powerhouse itself, Saudi Arabia also stands at the heart of a fast-growing region of over 424 million consumers. On a wider level, Saudi Arabia

serves as a stable economic and political platform, and efficient launch-pad, to the more than 2 billion consumers who live within three hours by air. Saudi Arabia shares its borders with eight countries: Jordan, Iraq, Kuwait, Qatar, Bahrain, United Arab Emirates, Oman and Yemen. It is also bordered by the Red Sea to the west and by the Arabian Gulf to the north-east, two of the world's busiest shipping routes.

### Natural Resources

Covering 2 million km<sup>2</sup>, Saudi Arabia is the largest country in the Middle East and the 14th largest country in the world. Saudi Arabia's size and geology make it rich in minerals, oil, gas, key raw materials for manufacturing and industrial development. Saudi Arabia has the largest mineral deposits in the Middle East. In the west of the country, the Arabian Shield is a major source of precious and basic minerals such as gold, silver, copper, zinc, chromium, manganese, tungsten, lead, tin, Aluminium and iron. Mainly in the east, extensive sedimentary formations contain industrial minerals such as gypsum, feldspar, mica, Sulphur and salt. Saudi Arabia is also





a source of highly prized rare earth elements such as tantalum - for which it has a quarter of the world's reserves - and niobium. Saudi Arabia's deeper sedimentary formations contain most of its 266.4 billion barrels of proven and recoverable oil. This vast natural resource represents up to 22% of global oil reserves, more than any other country. Saudi Arabia oil production began in 1933 and oil exports in 1939. Some eight decades later, Saudi Arabia has enough oil to last another 80 years at today's extraction rate of 10.2 million barrels a day. Each day Saudi Arabia extracts over 7.5 billion standard cubic feet of natural gas. More than 8588 billion m<sup>3</sup> of natural gas are available.

#### **Basic Materials Supply Companies in Saudi Arabia (some of them but not limited to)**

Saudi Aramco (ARAMCO)

Saudi Arabia Basic Industries Corporation (SABIC)

Saudi Mining Company (Ma'aden)

Sadara Chemical Company (SADARA)

Saudi International Petrochemical Company (SIPCHEM)

Rabigh Refining and Petrochemical Company (Petro Rabigh)

Saudi Chevron Phillips Company

National Industrialization Company (Tasnee)

## **Government Incentives for Industrial Investors**

Industrial investors in Saudi Arabia enjoy all the benefits, incentives, guarantees and support offered to local companies by the government.

### **Regulatory incentives**

Saudi Arabia constantly improves investment environment major regulatory incentives including

- Equal benefits, incentives and guarantees for foreign investors and domestic companies.
- 100% property ownership for foreign investors.
- The ability for foreign investors to sponsor foreign employees.
- The promotion of Saudi non-oil exports by the Saudi Export Development Authority.
- Limited Liability Companies are not required to Minimum Capital.
- Low-cost lands leasing in 34 MODON cities and King Abdullah Economic City, and Royal Commission Industrial zones Jubail, Yanbu & Jazan Economic City.
- Competitive industrial utility rates for Water, Gas, Power and Land.
- Customs duties exemption on imported machinery, equipment, raw materials and spare parts if they are for industrial use.
- Few restrictions on currency conversion, exchanges and transfers.
- Preferential treatment for national products in Saudi government procurement.

## Financial incentives

- Low-cost loans from the Saudi Industrial Development Fund, Public Investment Fund and Saudi Industrial Investments Company.
- Benefit from corporative/collateral and massive agreements regarding taxation and investment with other countries.
- Export credit, financing, guarantees and insurance through the Saudi Export Program.
- No personal income tax, no value-added tax, no sales tax, no land tax and no property tax.
- Taxes are 20% from total profits on companies.
- Duty drawback, a customs refund for raw material imports that are processed and exported as finished goods.
- Full repatriation of capital, profit and dividends allowed, subject to a 5% withholding tax.

- Financial support for the training and employment of Saudis by Human Resources Development Fund, where HRDF contributes in Saudi employees training cost and salaries for a couple of years.

## Specific tax incentives

Saudi government is offering conditioned extra incentives to investors in specific regions (Hail, Northern Border, Jazan, Al-Jouf, Najran, Al-Baha) the incentives include:

- Up to 50% tax credit on Saudi national worker's payroll & training cost for 10 years.
- Up to 75% Capital investment funding & 20 years' maximum loan term.
- A one time industrial capital investment credit of 15% carried forward up to 10 years.





## Logistics & Accessibility to Saudi Arabia:

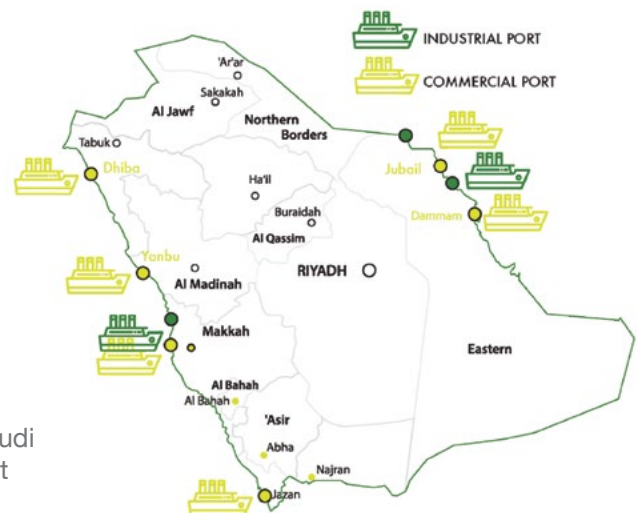
### Seaports

Saudi Arabia has the largest marine network in the Middle East, consisting of ten ports (six of which are container ports):

- 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

All ports are managed, operated and maintained by private sector companies under long term contracts. As part of Saudi Arabia's export development initiatives, it makes exemption of export goods from storage fees for 10 days and 50 percent reduction in port fees on all exports.

[www.ports.gov.sa](http://www.ports.gov.sa)



## Road Network

Total length of roads maintained by the Ministry of Transport in 2014 is 627000 km, of which 151000 km were main roads linking major regions of Saudi Arabia with international borders and serving major urban area, 102000 km secondary roads linking major cities with regions and 374000 km feeder roads branching out of secondary roads and serving towns, villages & agricultural area. Total roads under construction stood at 204000 km at the end of fiscal year 2014. For more information, visit the Ministry of Transportation website: [www.mot.gov.sa](http://www.mot.gov.sa)

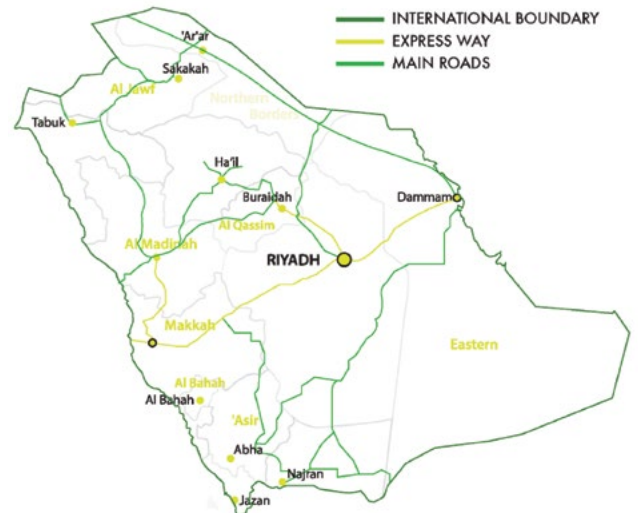
## Air Travel

There are 27 airports across Saudi Arabia of which four, at Riyadh, Jeddah, Dammam, and Al-Madinah Al-Munawarah, are international. In 2015, over 81 million passengers passed through Saudi Arabia with rising of 9.5% from 2014, with aircraft operations reaching 646,693 in number. Cargo & mail handled was 1.16 Million tons with rising of 14.1% over the preceding year, Air travel is the preferred method of passenger travel within Saudi Arabia, because of the distances separating the main cities. Several major international airlines offer services in and out of Saudi Arabia.

More information about Airports in Saudi Arabia available at General Authority of Civil Aviation: [www.gaca.gov.sa](http://www.gaca.gov.sa)

## Railways

The Saudi Railways Organization (SRO) provides services over a network of 1,423 kilometers of track between Dammam and Riyadh, either direct or via Abqaiq and Hofuf, with branch lines to Dammam Port, Dhahran, Al-Judaidah, Ain Haradh and Al-Kharj. SRO carries 1.1 million passengers and handles over 3.4 million tons of cargo annually. Planned expansions of the railway network included new track from Riyadh to Jeddah, from Al-Jalamid phosphate deposit in the far North Via Hail and Buraidah to Riyadh, between Dammam and Jubail and between the bauxite deposit at Al-Zubirah and Jubail. More information about Saudi Railway



organization is available at [www.saudirailways.org](http://www.saudirailways.org)

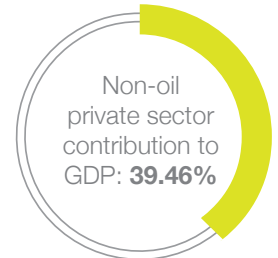
The total investment for the development of the railway network 2005 - 2040 is estimated at USD 100 bn.

The Saudi Railways Company (SAR) has been founded to provide transportation services for the passengers, minerals and general freights.

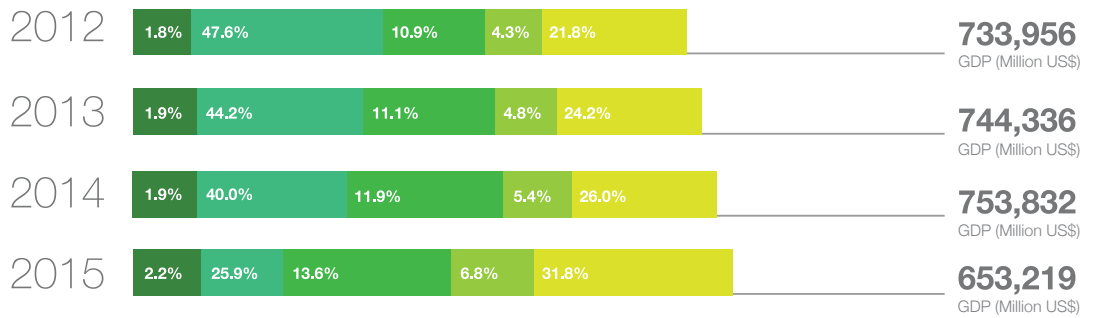
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## FACTS & FIGURES

Saudi Arabia has a rapidly growing economy with a real GDP growth rate of 3.35 percent in 2015. Moreover, Saudi Arabia is the largest free market economy in the region, accounting for 18 percent of total Arab Gross Domestic Product (IMF, 2012). According to the Ease of Doing Business Ranking by the World Bank and the Global Competitiveness, Saudi Arabia is by far the best location in whole Middle East for investment.



● Agriculture, Forestry & Fishing ● Mining & Quarrying ● Manufacturing ● Construction ● Other Sectors



*Note: Other Sectors include: Wholesale and Retail Trade, Restaurants and hotels and Transport, Storage and Communication and Finance, Insurance, Real Estate and Business Services and Community, Social and Personal Services, Producers of Government Services and Import Duties - (Imputed Bank Services Charge)*  
 Source: General Authority for Statistics





## BUSINESS ENVIRONMENT

### Investment Support

The Saudi Arabia Government has aimed to create a hospitable climate for investment by establishing several authorities and agencies, dedicated to providing the best and most convenient support for businesses.

### Business Ownership

The laws of Saudi Arabia do not distinguish between local and foreign investors. A foreign industrial investor possesses the right of 100 % ownership of their projects including land, plant and buildings (residential as well as commercial). Real-estate necessary for the project can be owned with the exception of two cities of Holy Makkah and Al-Madinah Al-Munawarah. Foreign investors are also able to hold investment licenses in more than one type of activity.

### Industrial Infrastructure

Real estate for industrial usage is available at different industrial cities around the kingdom at competitive lease costs.

Saudi Arabia currently has in total more than 40 industrial and economic cities managed by the Saudi Industrial Property Authority (MODON), the Royal Commission for Jubail and Yanbu (RCJY) and by The Economic Cities Authority (ECA). In addition, private industrial cities offer further options in different locations.

The Industrial and Economic Cities offer to their tenants significant advantages in terms of cost efficiency, infrastructure and services through their integrated business models, and constitute a major part of the Saudi Arabia Government's efforts to encourage the diversification of the Saudi economy.

### Industrial Zones

#### MODON

The Saudi Industrial Property Authority (MODON) is responsible for developing and supervising industrial lands in Saudi Arabia. MODON's mission is to undertake, as an independent public agency, the regulation and promotion of Industrial Estates and Technology Zones in Saudi Arabia on both public and private industrial lands, and to encourage the private sector to become involved in the development, operation and maintenance of Industrial Estates and Technology Zones.

MODON has been developing 34 industrial cities, with an area of more than 178 million m<sup>2</sup>, with an area of more than 50%, which has already been rented. MODON has also committed to the development of more than

5 additional cities during the coming five years. In addition MODON has introduced a readymade factories concept in most of the industrial cities regions targeting the small-medium enterprises (SMEs).

Current MODON industrial areas consist of 7011 factories (as of 1st Quarter 2016). Each industrial city has an on-site administration to handle the day-to-day needs of investors and oversee the site development process. [www.modon.gov.sa/](http://www.modon.gov.sa/)

### RCJY

The Royal Commission for Jubail and Yanbu (RCJY) manages four world class industrial cities located on Saudi Arabia; Jubail, Ras Alkhair on the East coast, Jazan Economic City and Yanbu on the West coast. Jubail and Yanbu are fully developed, stand-alone cities, hosting widely diversified industries from petrochemical, mineral and synthetic material producers to downstream and finished products.

Due to their offshore location, Jubail and Yanbu are excellent places for families and each possesses ample amenities, including many sport and leisure facilities and activities developed to meet the needs of their residents.

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

### Royal Commission Jubail (RCJ)

Jubail Industrial City is a Saudi model that tells the story of planning combined with the desire to achieve the comprehensive civic and industrial development seen today at all local, regional and international levels. There is no doubt that the advanced infrastructure of Jubail is the cornerstone which has allowed the various industrial, commercial and social sectors to establish themselves through integrated action. Jubail infrastructure has the capability to operate continuously without failure of power or supplies in any of the existing facilities while meeting community requirements within modern, high living standards where all the necessities of life and tourist and recreational facilities are available.

However, RCJ still working to upgrade and expand the infrastructure to allow the private sector to participate in the growth and development of the city.

Additionally, Jubail has been able to attract the necessary Saudi operations and maintenance manpower, which has in turn, led to the establishment of a community from the various areas in Saudi Arabia. Jubail indeed is a result of the efforts of all the people of Saudi Arabia under the leadership of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz.

### Royal Commission Yanbu (RCY)

Yanbu possesses the good features and merits of cities although the period lapsed since its establishment.

Yanbu is a typical industrial fortress, a work of art in architectural engineering or a platform with unlimited capabilities among civilizational cities. It is a good evidence of what has been achieved on the welfare and awarding land under the rational leadership strategy.

- More than 90% of the private sector investment is in Industrial sector.
- The volume of investments reflects that there has been 26% (US\$ 16 billion) of participation by RC Yanbu and 74% (US\$ 46 billion) of the private sector as of the 3rd quarter 2015.
- Over USD 1.6 billion Investment is being made on an 11 Km long waterfront project along the Red Sea.

### Ras Al Khair Industrial City (RIC)

While Saudi Arabia is known primarily for its oil and gas, the Kingdom also has substantial mineral resources, and has set an objective to become a global leader in a new sector. Building on its success in Jubail and Yanbu, Saudi Arabia is building a city dedicated to the processing of mineral resources.

The Ras Al Khair Industrial City (RIC) located approximately 60 km northwest of Jubail, will be a significant global and world-class “metals and minerals city”,

with integrated industrial complexes, that leverage the key mineral resources of the Kingdom of Saudi Arabia, the existing low fuel/power competitive cost advantages, and the industrial city development and management expertise of the Royal Commission.

RIC is being built on the accomplishments of the Royal Commission at Jubail Industrial City. RIC already has Ma'aden Phosphate Company and Ma'aden Aluminum Company industrial complexes.

RIC will provide a strong strategic link and synergies to existing industries in Jubail. RIC, as a city for metals and minerals industries, and Jubail, as a city for major petrochemical industries, together will constitute one of the most significant integrated industrial regions in the world.

#### Jazan Economic City (JEC)

On the 26th of July 2015 the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud issued a Royal Order to assign the Royal Commission for Jubail and Yanbu RCJY to manage and operate Jazan Economic City to become the fourth industrial and economic city managed and operated by the Royal Commission to join Jubail, Yanbu and Ras Al Khair Industrial Cities.

Jazan region is one of the Kingdom's most vibrant and promising provinces. Jazan Economic City (JEC) is strategically located along an important sea route connecting major continents; it overlooks the traffic of maritime transport on the Red Sea connecting Europe, East Africa, and Asia. The City will offer connectivity with national road network, railroad network, and access to Jazan's King Abdullah airport.

Jazan Economic City has an area of nearly 103 million square meters. It has the advantage of workforce availability, and proximity to the new international airport and the planned railway to connect Jazan area and Jeddah city with a total distance of 660 kilometers. Work is currently ongoing to establish Jazan oil refinery.

A plan was made to localize heavy industries, petrochemical industries, mining industries and downstream industries in Jazan Economic City, provide bio-energy supply, localize ship manufacturing and to take advantage of minerals, agriculture, wildlife and fish resources.

#### Waa'd Al Shamaal City «Northern Promise»

In February 2012 the Council of Ministers approved the establishment of Waa'd Al Shammaal (Promise of the North) which is located in the northern part of Saudi Arabia with a total area of 440 Km<sup>2</sup>. The Saudi Arabia Mining Company (Ma'aden), as an expansion to its phosphate operations, is developing a project that includes phosphate mining operation (located in Umm Wu'al area about 40 kilometers northeast of Turaif city, 10 kilometers from Jordan border security zone and 26 kilometers to the southwest of the Iraq border.) as well as seven large world class plants and associated facilities.

The total production capacity of these plants will be approximately 16 million tons per year and will include phosphate concentrate, sulphuric acid, phosphoric acid, dicalcium and monocalcium phosphate used in animal feed, purified phosphoric acid used in food industries, and sodium tripolyphosphate used in manufacturing detergents and for industrial purposes.

Additionally, in collaboration with the Ministry of Energy, Industry and Mineral Resources, Industrial Clusters Program, Ma'aden have developed an industrial and community master plan for Waa'd Al Shamaal which covers Ma'aden's project as well as potential industries that will be targeted in the area. These industries are based on the availability of resources (such as energy, minerals and required input materials), market and competitiveness.



### King Abdullah Economic City (KAEC)

KAEC is strategically located on the Red Sea coast with access to the world by sea, land, rail and air. The City is located between major shipping routes to Europe and Asia. It has access to over 250 million consumers across the MENA region.

KAEC is Located 88 km north of Jeddah, a cultural center and the Kingdom's second largest city, and located between the two Holy Cities of Makkah and Al-Madinah Al-Munawarah with direct access to the Haramain Highspeed Railway (HHR) and King Abdullah University of Science and Technology (KAUST). Haramain railway station is located in KAEC and it transports passengers to and from King Abdulaziz International Airport in Jeddah, as well Makkah and Al-Madinah Al-Munawarah in 25 - 60-minute timeframe. KAEC established some facilities within the city to support business development, growth and sustainability such as the following facilities:

- Industrial Valley with capacity to host over 2,500 manufacturers and logistics companies, and Bonded Reexport zone.
- Central Business District: with high density living option and commercial spaces, and residential zones with fully integrated communities and modern life-style amenities.
- World Academy School: the first integrated school for boys and girls at KAEC, operated by GEMS.

[www.kaec.net](http://www.kaec.net)

### Private Industrial Cities

There are a number of private industrial cities, the largest being Rabigh Conversion Industrial Park (CIP).

#### Conversion Industrial Park (CIP)

Rabigh CIP is a petrochemical conversion park, located just 15 km north of King Abdullah Economic City (KAEC) on the Red Sea, known as one of the best diving areas in the world. It will include an international port, through which products from Rabigh CIP can be transported across the globe. Supply of feedstock will be provided by a neighboring company (Petro Rabigh). Locating plastics company at CIP site, will allow for the advantage of economy of scale in terms of utilities, labour, security and even knowledge transfer. Due to the extent of interest from investors, Saudi Aramco and Sumitomo have already begun the planned second phase expansion of Rabigh CIP.

### Project Finance

Saudi Arabia offers a wide range of competitive financing opportunities funded by the Government. In addition, there are the typical range of commercial banks and private equity firms. The next section will provide information relating to finance.

#### Industry Major Costs in Saudi Arabia

indicative cost* US\$	Land M <sup>2</sup> /Year	Electricity Kwh	Water M <sup>3</sup> /Month		Gas MBTU		Diesel per barrel		SIDF Loan
			Potable	Industrial	Methane	Ethane	Industrial	Transportation	
	0.27 - 4.4	0.048	0.03 -2.40	0.03 - 0.80	1.25	1.75	14	19.1	0% interest rate

\* Range indicative price

### Saudi Industrial Development Fund (SIDF)

The Saudi Industrial Development Fund (SIDF), a government financial institution, was established in 1974, with a mandate to finance, and support the development of the private industrial sector by providing medium- and long-term loans for the setting up of new factories, expansion, upgrade and modernization of the existing ones. This in addition to the SIDF's consultancy services to the local industrial projects in the administrative, financial, technical and marketing fields. SIDF, along with other industry-related government agencies, plays a pioneering role in achieving the objectives, policies and programs of the industrial development that are designed to support the private sector in the various fields of manufacturing industries. SIDF's finance to the industrial investments is one of the most essential tools in supporting the Kingdom's industrial development.

### The Public Investment Fund (PIF)

The Saudi Arabia Public Investment Fund (PIF) was originally established in 1971 to provide financing support for projects of strategic significance to the national economy, and its role evolved to encompass a number of different areas. These include holding and managing the government's stakes in some of Saudi Arabia's largest and most important blue chip companies. The institution has also set up and managed a number of companies to support innovation, diversification and non-oil sector development within the Kingdom. Furthermore, the institution has been responsible for holding and managing the government's stake in bilateral and multilateral companies abroad as well as investing selectively in a range of other asset classes internationally. Today PIF has a diverse portfolio made up of approximately 200 investments, of which around 20

#### SIDF Project Financing Categories



are listed on Tadawul, the Saudi Stock Exchange. In March 2015, oversight of PIF was moved from the Ministry of Finance to the Council of Economic and Development Affairs (CEDA). As part of this process, a new Board was appointed, chaired by HRH the Deputy Crown Prince Mohammad bin Salman Al Saud. Following these changes, the Board is taking steps to clearly define the institution's vision and objectives and to implement a new strategy for PIF, taking into account its important role in the Kingdom's economy, and ensuring that it is aligned with the government's Vision 2030.  
[www.pif.gov.sa](http://www.pif.gov.sa)

### Saudi Arabia Industrial Investments Company (SAIIC)

In March 2014, The Saudi Council of Ministers licensed the establishment of Saudi Industrial Investments Company (SAIIC) with capital of USD 5.3 Billion which represents 50% of PIF share & 25% of each Aramco & SABIC shares. SAIIC aims to achieve economic & income diversification by investing in different Industrial sectors. The main objectives of SAIIC establishment can be summarized as follows:

1. Exploitation of natural resources & basic locally produced materials/products of Saudi strategic corporations in conversion & support industries.
2. Investing in strategic economical sectors in order to develop several secondary industries.
3. Establishment of Conversion Industries which based on petrochemicals, fertilizer, aluminum, steel and other basic industries that achieved anomic diversity.

## Major Enterprises driving Economic Growth

### Sanabil Investments Company

Sanabil Investments is a closed joint stock company with a share capital of USD 5.3 Billion, wholly owned by the Public Investment Fund (PIF). Sanabil Investments seeks to realize sustainable superior returns

based on long-term investment strategies built on diversification of investments, optimization of risk management and careful selection of investment opportunities. The company's investments are concentrated in direct equity investments, primarily in the Kingdom, and in funds, as well as in diversified investment portfolios. These investments support the growth of the Kingdom's economy while building international investment capability, and transferring expertise to local Saudi talent. The investment types which are targeted by Sanabil are Industrial, Acquisitions, New Ventures and Infrastructure.

### Saudi Technology Development and Investment Company (TAQNIA)

TAQNIA is a multi-strategy technology development and investment company owned by the Public Investment Fund (PIF) of Saudi Arabia. TAQNIA was founded in 2011 to drive accelerated diversification of the Kingdom's economy through knowledge-based industries thereby creating value-adding jobs, and to help create an innovative ecosystem in Saudi Arabia it promotes technology and knowledge transfer through partnering with leaders in industry, venture capital, and academia to add maximum strategic value to Saudi Arabia while maintaining attractive returns on investment. TAQNIA covers three main investment areas which are Industrial, Investment and Service.

- Industrial: Define and fund new and/or mature corporations in specific technology sectors ensuring sustainable enterprises.
- Investment: invest internationally with aim of transferring technologies to Saudi Arabia and invest nationally in seed and early stage venture projects.

Service: Provide professional services related to commercialization and utilization of R&D centers in Saudi Arabia.

[www.taqnia.com](http://www.taqnia.com)

### Saudi Credit & Saving Bank

Saudi Credit & Saving Bank (SCSB) provides interest free loans for citizens, small enterprises, employers, and emerging trades to encourage them to run their own businesses independently. In collaboration with SCSB, MODON recently launched Small Medium-Enterprises' (SME's) financing targeted at the promising regions of Hail, Al-Jouf, Tabuk, Najran, Jazan and Ar'ar, with the express aim of promoting economic development and creating employment. These projects are required to be constructed in MODON's industrial cities. SCSB finances up to USD 800,000 per project and during 2012, the amount of outstanding loans reached USD 6.74 billion, rising by 19.6% over 2014.

More information can be found at:  
[www.scb.gov.sa](http://www.scb.gov.sa)

### Arab Fund for Economic and Social Development

The Arab Fund for Economic and Social Development (AFESD), based in the State of Kuwait, participates in financing economic and social development projects in Arab countries.

More information can be found at:  
[www.arabfund.org](http://www.arabfund.org)

### Arab Monetary Fund

The Arab Monetary Fund, located in the United Arab Emirates, promotes the development of Arab financial markets and trade among member states and advises member states on investment of resources through Arab Trade Financing Program (ATFP). ATFP's mission is to contribute to the promotion of trade exchanges of commodities of Arab origin through the provision of a financial facility.

More information can be found at:  
[www.atfp.org.ae](http://www.atfp.org.ae)

### Inter-Arab Investment Guarantee Corporation

Inter-Arab Investment Guarantee Corporation, based in the State of Kuwait, promotes the flow of foreign direct investment (FDI) into Arab countries through

providing political risk insurance to Arab & non-Arab investors and lenders. Also, it enhances Arab exports through providing political and commercial risk insurance to Arab exporters.

More information can be found at:  
[www.iaigc.net](http://www.iaigc.net)

### Islamic Development Bank

Islamic Development Bank participates in equity capital and grants loans for productive projects and enterprises in 56 member countries.

More information can be found at:  
[www.isdb.org](http://www.isdb.org)

### Local Financing Options

Saudi Arabia is home to the leading Arab investment banks, such as Samba, SABB and Al Rajhi, all of which are included in the list of the largest one thousand banks in the world. Eleven of the twelve leading Saudi banks have an aggregate Tier 1 capital of USD 37.9bn, with four of the local banks are among the top 10 Arab banks by assets. In addition, and as a result of several policy measures in the second half of the 20th century, many foreign banks chose to conduct their business in Saudi Arabia from other Gulf Cooperation Council (GCC) hubs such as Bahrain and Dubai. Thirteen foreign banks licensed to operate in Saudi Arabia by the Saudi Arabia Monetary Agency (SAMA):

- Gulf International Bank(GIB)
- Emirates NBD
- National Bank of Bahrain (NBB)
- National Bank of Kuwait (NBK)
- Muscat Bank
- Deutsche Bank
- BNP Paribas
- J.P. Morgan Chase N.A
- National Bank Of Pakistan (NBP)
- State Bank of India(SBI)
- T.C.ZIRAAT BANKASI A.S.
- Industrial and Commercial Bank of China (ICBC)
- Qatar National Bank (Licensed - has not started yet )

## Government Entities Related to Business & Economy

### Licensing & Set-up Business Saudi Arabia for General Investment Authority (SAGIA)

Alongside to Ministry of Commerce & Investment (MCI), SAGIA was established in 2000 to mandate as a central agency for inward investment in Saudi Arabia and to help attract investments to serve the development goals and participate in the diversification of the Saudi economy. SAGIA facilitates introductions for investors to key stakeholders that include access to capital, industrial land, commercial premises and funding support. SAGIA can organize fact-finding visits to possible locations/ partners/contacts, SAGIA offer advice and services to support companies from the initial planning stage through to after care once establishment in the kingdom. SAGIA has created a network of dynamic Business Centers throughout the country. Each center provides resources to help companies set up quickly and efficiently by providing representatives of all related government departments such as the Ministry of Labor & Social Development, General Directorate of Passports, Ministry of Commerce and Investment, Zakat and income taxation department and notary public.

[www.sagia.gov.sa](http://www.sagia.gov.sa)

### Saudi Food and Drug Authority

The Saudi Food and Drug Authority (SFDA) has the authority to ensure safety of food and drug for man and animal, and safety of biological and chemical substances as well as medical devices. The main purpose of the SFDA is to set mandatory standard specifications thereof, whether they are imported or locally manufactured. Moreover, the SFDA is in charge of consumer's awareness on all matters related to food, drug and medical devices and all other products and supplies. Furthermore, Saudi Arabia aims to meet the world's

highest health care standards and become the most regulated country in the region.  
[www.sfda.gov.sa](http://www.sfda.gov.sa)

### Import & Export Support Logistic, Re-export and Bonded Zones

Saudi Arabia has bonded zones where the goods, spare parts, and raw materials are imported and stored, located at King Abdulaziz Port in Dammam ([www.reexport.com](http://www.reexport.com)) and at Jeddah Islamic Port ([www.tusdeer.com](http://www.tusdeer.com)). Two new bond zone will be located at King Abdullah Port ([www.kingabdullahport.com.sa](http://www.kingabdullahport.com.sa)) and in Jazan Economic City in the near future ([www.jazancity.com](http://www.jazancity.com)). Industrial Projects inputs may be eligible for totally or partially exemption from customs duties in accordance with GCC Unified Industrial System. Investors are eligible for exemption from import duties on new machinery, equipment, tools and spare parts used for the manufacture of industrial products, as well as on any imported material used for manufacturing products intended for re-export at the economic cities bonded zones.

### Saudi Export Development Authority

The Saudi Export Development Authority (SEDA) was incepted by the Council of Ministers Resolution No. 259 in 2007. SEDA is an independent semi-government organization with financial and administrative autonomy. SEDA has a board of directors represented by both public and private organizations, and is chaired by the Minister of Commerce and Investment. SEDA's mandate is to undertake the development of nonoil exports of the Kingdom, including, but not limited to:

1. Participation in the preparation of State policies on development and promotion of non-oil exports.
2. Setting up necessary programs for development and enhancement of the competitiveness of exports.
3. Continuous development of policies and legislations to ensure achievement of the objectives of export development programs and plans.

4. Improvement of export environment by devising programs and offering incentives to exporters and protecting investments.
5. Close cooperation with commercial representatives abroad and chambers of commerce and Investment to determine the best means of exporting products, find new opportunities for exporters and improve the export environment.
6. Extending administrative, technical and consultative assistance and incentives to exporters to market exports and attract foreign clients.
7. Preparation of studies on export opportunities and potential foreign markets.
8. Devising plans and programs for the promotion and development of products and services.
9. Training Saudis and promoting export awareness necessary for international marketing and export, in cooperation with domestic and international training institutions, for a charge to be collected by the Authority from interested private companies and establishments
10. Organization of symposia, conferences as well as domestic and international trade exhibitions, and participation in international and regional trade exhibitions to promote Saudi exports and enhance their competitiveness.

For more info about SEDA please visit its website: [www.seda.sa](http://www.seda.sa)

#### [Saudi Fund for Development](#)

The Saudi Fund for Development provides guarantee, financial services for exporters and foreign importers of goods from Saudi Arabia.

Please find more information at:

[www.sfd.gov.sa](http://www.sfd.gov.sa)

#### [Saudi Export Program](#)

Saudi Arabia has formed the Saudi Export Program (SEP), under the Saudi Fund for Development, to assist Saudi exporters and foreign buyers (importers) by providing financing and insurance to facilitate the development and diversification of non-oil exports from Saudi Arabia.

More information about SEP can be found at: [www.sep.gov.sa](http://www.sep.gov.sa)

#### [Standardization](#)

##### [Saudi Standards, Metrology and Quality Organization \(SASO\)](#)

SASO seeks to provide consumers with the best services, maintain their health and safety and develop and update Saudi standards and technical regulations continuously in order to protect Saudi markets from counterfeit, low-quality and fraudulent products, in addition to supporting the national economy. SASO looks forward to taking more steps in the coming period towards the development of SASO's laboratories, improvement of our technical staff and enhancement of quality, measurement and calibration activities, in addition to broadening the scope of standards and technical regulations to cover most of the goods and products to achieve consumer's safety and prevent commercial fraud. SASO also seeks to strengthen cooperation and coordination with concerned government sectors and different sectors benefitting from standardization, quality and calibration activities as well as mutual recognition. Moreover, SASO makes its utmost efforts to keep up with the scientific and technical development related to different standardization fields and to serve the comprehensive, balanced development that will contribute, eventually, to the achievement of SASO's vision which's to be an excellent referential body in the field of standards, measurement and quality at the national, regional and international levels. In addition, such efforts aim at enabling SASO to achieve the goals determined in its mission to protect consumers, public health, safety and environment and ensure the public interest by publishing standards and activating and implementing quality, measurement and calibration systems.

More information about SASO can be found at their website:

[www.saso.gov.sa](http://www.saso.gov.sa)

### Competitiveness

The National Competitiveness Center (NCC) was established recently under SAGIA umbrella to assess and support the development of competitiveness in Saudi Arabia. NCC's mission is to achieve a sustainable increase in the standard of living and prosperity of the population of the Saudi Arabia, encouraging growth in productivity and diversifying of the economy away from oil sectors, which in turn leads to increased employment, increased business formation and growth in FDI.

More information can be found at:  
[www.saudincc.org.sa](http://www.saudincc.org.sa)

### Human Resources

The development of human capital is the key of success and necessary element for competitiveness in the industry. Saudi Arabia provides the best human capital through an ambitious and intensive

investment program in the education sector to meet the demands of industrial diversification and sustainable growth respectively.

### Education

The Ministry of Education (MOE) organizes and plans higher education in Saudi Arabia and is responsible for both public and private universities, as well as overseeing scholarship programs. Currently, there are more than 250,000 Saudi nationals taking their university education locally and at international universities around the world. The scholarship program was extended in 2013 for another five years.

### Technical and Vocational Training

In addition to higher education, Saudi Arabia has a strong commitment to technical training for its workforce through the Technical and Vocational Training Corporation (TVTC). TVTC is the driver

**Statistical Summary of Higher Education Students 2015**  
**Education Training**

	New Students				Current Students				Graduates 2014			
	Diploma	Bachelor	Graduate	Total	Diploma	Bachelor	Graduate	Total	Diploma	Bachelor	Graduate	Total
<b>Male</b>	54,425	138,936	14,966	208,327	121,958	619,935	36,501	778,394	26,063	58,446	8,739	93,248
<b>Female</b>	11,446	154,814	14,998	181,258	33,536	681,165	34,674	749,375	8,646	75,387	7,841	91,874
<b>Total</b>	65,871	293,750	29,964	389,585	155,494	1,301,100	71,175	1,527,769	34,709	133,833	16,580	185,122



of vocational and technical training in Saudi Arabia and works to provide skilled manpower to the industrial sectors. Through its colleges spread throughout the Kingdom, TVTC provides 2-year courses to educate students on production technology, electronics, manufacturing mechanics, control technology, industrial electronics, and computing. They also offer industrial institutes with 3-years programs for courses in English, Mathematics, Physics, and Chemistry.  
[www.tvtc.gov.sa](http://www.tvtc.gov.sa)

### Saudi Workforce Development Funding

Human Resources Development Fund (HRDF) was established to aid those companies involved in the preparation, training and employment of the national workforce in the private sector. The HRDF shares the cost of training and employment of the trainees by providing the below table.

### Labor Regulations

Saudi Arabia's labor regulations are derived from the international labor system and are managed by the Ministry of Labor & Social Development. The regulations cover the rights of workers and employers in all aspects of employment, Non-Saudis employment, training and rehabilitation, contracts, work environment and conditions, part time work, work risk, female employment, teenager employment, maritime working, quarries and mines working and inspection, and settlement of disputes. The Ministry of Labor & Social Development also provides free recruitment services for Saudi nationals. More information about Ministry of Labor & Social Development is available at their website: [www.mol.gov.sa](http://www.mol.gov.sa)

### Social Insurance

There are three components of social insurance charges in Saudi Arabia: the Occupational Hazards Component to cover work related injuries, illness and death, Annuities Component to cover pensions and «Saned» component.

- The Occupational Hazards component is applied to all workers without any discrimination as to gender, race, nationality, and age. The contributions for the Occupational Hazards components is fixed at 2% of the contributory wages of the employee and is payable by the employer.
- The Annuities component is applied to all Saudi workers. The contribution for the Annuities Branch in respect of the contributing workers is fixed at 20% of contributory wage, of which 9% for GOSI and 1% for Saned which is payable by the employer, in addition to 9% for GOSI and 1% for Saned which is payable by the employee.
- The Saned component is applied for the Saudi workers who lose their jobs due to unfortunate circumstances such as employer bankruptcy.

### Training Programs

Costs Covered by HRDF	On Job Training	Training Ends with Employment Program			
		Unqualified Trainee's outside employer's entity	Unqualified Trainee's inside employer's entity	National System of Joint Training	Overseas Training
<b>Training Period Months</b>	12	24	12	24	18
<b>Max. Training Cost/month</b>	\$133	75% up to \$400	\$133	N/A	90% up to 26666/year
<b>Bonus For Trainee During the training/month</b>	\$400	N/A	N/A	N/A	50% up to \$533
<b>Salaries during Training/month</b>	N/A	75% up to \$267	75% up to \$267	50% up to \$400* 50% up to \$533**	N/A
<b>Salaries After Training/month</b>	N/A	For 12 months 50% up to \$533	For 12 months 50% up to \$533	For 24 months 50% up to \$800	For 24 months 50% up to \$533
<b>Retention Bonus</b>	Employee is eligible for this bonus once he completes a certain period of employment after training 1 Year = 1 basic salary up to \$1066 + Paid training course up to \$1333 2 Years = 2 basic salaries up to \$2133 + Paid training course up to \$2666				

\* During theoretical training

\*\* During practical training



Saned compensates the worker for a maximum of one year till he/she secures another job.

- These contributions are computed on the basis of the basic monthly wage + home allowance received by the contributor. The maximum contributory wage is set at USD 12,000 per month, beyond which no contribution is levied.

More information is available at:

[www.gosi.gov.sa](http://www.gosi.gov.sa)

### Innovation

The Development Plan of the Kingdom of Saudi Arabia aims to accelerate the national base of science and technology to foster innovation and sustainable economic growth through the establishment of King Abdulaziz City for Science & Technology (KACST) as an independent scientific organization, on par with the Fraunhofer-Institute in Germany and the Massachusetts Institute of Technology in the USA.

**King Abdullah University for Science & Technology (KAUST)** is a globally renowned graduate research university that makes significant contributions to scientific and technological advancement, and plays a crucial role in the development of Saudi Arabia and the world.

[www.kaust.edu.sa](http://www.kaust.edu.sa)

**Badir Program Technology Incubators** is a technology incubator program launched by King Abdul Aziz City for Science and Technology (KACST). 'Badir' is a word that means (initiate). Badir is a national program aimed at accelerating the growth of emerging technology based businesses in Saudi Arabia. BADIR vigorously strives to advance, promote and support technology innovation and entrepreneurship across Saudi Arabia. It offers various business consultancy services, office/laboratory space provisions, secretarial/administrative support, as well as many other services aimed at transforming technology ideas into promising projects.

The incubators and programs that belong to Badir are:

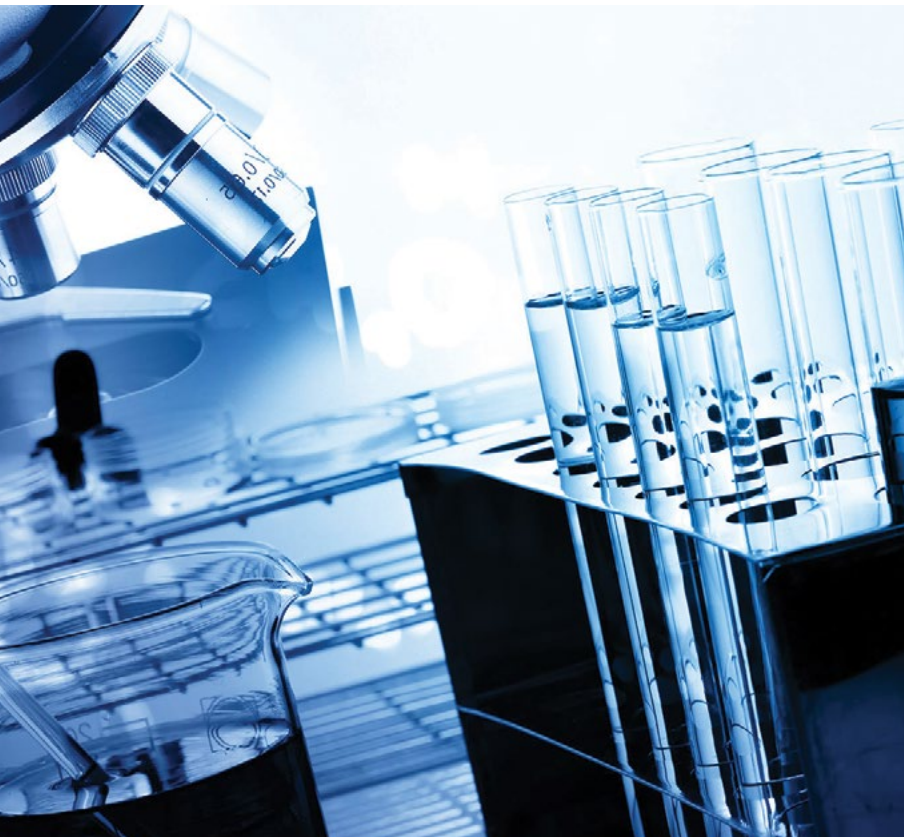
- Biotechnology
- Information and Communication Technology
- Advanced Manufacturing Technology
- Market Access and Soft Landing Program

[www.badir.com.sa](http://www.badir.com.sa)

**Riyadh Techno Valley (RTV)** is one of the contributions of King Saud University in building partnership. The RTV is dedicated to attracting local and global investment in the field of technological research.

The RTV project will facilitate dynamic research activity within the university and enable the existing economic institutions in the Kingdom to harness innovation to generate or transfer advanced technology, in accordance with the government's aim of establishing Saudi Arabia as a leading knowledge-based economy.

[www.ksu.edu.sa](http://www.ksu.edu.sa)



### Dhahran Technology Valley (DTV)

is a major undertaking initiated by King Fahd University of Petroleum & Minerals (KFUPM) in 2006. It is envisioned to be the Middle East's most prestigious industrial research and development (R&D) and technology nucleus. The DTV also provides development, production, and marketing support services for innovation that originates from academic research, but within a business environment. It has been established to provide infrastructure for industrial R&D to flourish in the Kingdom. Furthermore, numerous Saudi research centers and universities have signed agreements with international companies such as Schlumberger, Intel Corp, CIBA Especially Chemical and JCCP to establish mutually beneficial relationships with DTV. Academia support from KFUPM will serve as a catalyst in the development of industrial R&D in Saudi Arabia.

The faculty at KFUPM is designed to match the leading international facilities at Singapore, Hong Kong, Cambridge, Oxford, Aston, Warwick, Sheffield, Aberdeen, New York, North Carolina and Silicon Valley.

[www.kfupm.edu.sa](http://www.kfupm.edu.sa)

## Taxation, Duties & Foreign Exchange

### Taxation

The tax environment in Saudi Arabia is very favorable according to World Bank "Ease of Doing Business" 2014 report. Globally, Saudi Arabia stands at 3 in the ranking of 189 economies on the ease of paying taxes. The rankings for comparator economies and the regional average ranking provide other useful information for assessing the tax compliance burden for businesses in Saudi Arabia.

Saudi Arabia has no personal income tax. The corporate tax rate on profits for foreign countries is 20% and Saudi Arabia is one of the few countries in the world which allow companies to indefinitely carry forward losses on their balance sheets, effectively relieving companies of the tax burden until they become profitable.

The Department of Zakat and Income Tax

(DZIT) is responsible for the administration and collection of Zakat (often compared to the system of tithing and alms) and Tax on Income. DZIT operates ten field offices in addition to its headquarters in Riyadh.

More information about Zakat can be found at their website at:

[www.zakat.gov.sa](http://www.zakat.gov.sa)

### Duties

The general rate of import duty is 5%. Some limited numbers of products have tariff rates of either 12% or 20%.

However, customs duty exemption is available on all authorized imports for industrial establishments, equipment, machinery, tools, spare parts, raw materials (whether primary or semi manufactured) or packaging materials if local supply does not exist or the local supply is not up to the specifications of the manufacturers.

More information about exemptions and duties can be found at Ministry of Commerce & Investment website:

[www.mci.gov.sa](http://www.mci.gov.sa)

### Duty Drawback for Export

"Duty Drawback" is a refund available in Saudi Arabia to importers/exporters of raw material imports that are processed in Saudi Arabia and re-exported as more finished goods. To trigger Duty Drawback status, importers or their agents must inform Customs at the point of entry that the imported goods are raw materials that will be further processed and re-exported. The importer will pay the duty assessed on importation, but the amount is kept in bond and refunded on re-export of the goods. Prior to re-export, the exporter must submit all export documentation together with a copy of the Customs Import Declaration, a receipt for payment of duty on the raw materials, the Certificate of Origin, and a copy of the invoice to the buyer certified by the Saudi Chamber of Commerce and Industry. Customs use a standard formula to determine how much of the imported raw material is used in the final exported product. The same formula is applied to every product.

More information can be found at Ministry of Commerce and Investment at:  
[www.mci.gov.sa](http://www.mci.gov.sa)

#### Foreign-Exchange Regulation

The Saudi Riyal is freely convertible and pegged to the US dollar at a rate of 3.75 SAR: 1 USD. For current account transactions, Saudi Arabia does not have specific legislation on the regulation and the control of foreign exchange. As part of inter GCC cooperation, the GCC plans on establishing a unified currency. The prospective date for the unified currency launch was initially set for 2010 and no new target date has been announced. Policy decisions regarding exchange rate, form, use and application, and bearing standard still have to be fixed. More information can be found at SAMA website:

[www.sama.gov.sa](http://www.sama.gov.sa)

#### Resolving Legal Disputes

Resolution of disputes involves three important considerations: whether to use Saudi courts, courts of other countries (similar type of Saudi tribunals in which the dispute will be resolved) and the possibility of arbitration. If a commercial dispute arises between a foreign company and a Saudi party, the foreign party should consider suing the party in Saudi Arabia. In regards of government agencies, the Saudi law prohibits to bring them to court in another country. Therefore, bringing a suit directly in Saudi Arabia provides best assurance that a favorable judgment will be enforced. Before suing a Saudi in another country, it should be checked whether Saudi Arabia has a reciprocal enforcement treaty with that country. If company sues a Saudi in a non-treaty country and attempts to enforce a judgment in Saudi Arabia, the Board of Grievance would review the judgment to make sure that it does not violate Saudi public policy. For example, no such treaty exists between the United States and Saudi Arabia. Arbitration presents a viable alternative to resolving disputes through Saudi judicial system. However, some important rules to keep in

mind when considering arbitration are that the arbitrators must be Saudi nationals or Muslims, the proceedings must be conducted in Arabic, and Sharia law must be followed. The chairman of the arbitrators must be an expert in Sharia or Saudi commercial law. Furthermore, Saudi Arabia requires a court to approve the arbitration award. For more information, please visit:  
[www.moj.gov.sa](http://www.moj.gov.sa)

#### Saudi Center for Commercial Arbitration (SCCA)

Based on the internationally recognized and trusted UNCITRAL Arbitration Rules, Saudi Center for Commercial Arbitration (SCCA) Rules, effective on Shaaban 1437H – May 2016, have been created to provide parties with a clear, concise and efficient dispute resolution procedure. Arbitration under SCCA Arbitration Rules is a formal procedure leading to a binding decision from a neutral arbitral tribunal, susceptible to enforcement pursuant to both domestic arbitration laws and international treaties such as the 1958 New York Convention. In keeping with the approach adopted by many of the world's premier arbitral institutions, SCCA Rules define a structured, institutional framework intended to ensure transparency, efficiency and fairness in the process. They are ordered in a progressive manner that follows the case from filing to issuance of the final arbitral award. In addition to the primary features of the UNCITRAL Rules, SCCA Rules have features reflecting the key benefits of, and most recent innovations in institutional arbitration. SCCA Rules adopt the best practice standards of leading international arbitral institutions, particularly AAA-ICDR and respond to the needs of modern international trade Practices. Innovations include the availability of emergency arbitration procedures for cases which demand instant solutions. SCCA Rules have been drafted to be consistent with the current Saudi Arbitration Law issued in 1433H – 2012G, which is also based on the internationally recognized and trusted UNCITRAL Arbitration Rules. For more information, please visit: [www.sadr.org](http://www.sadr.org)

## Government Entities have been formed recently to support the growth of Business & Economy Sector

### Small & Medium Enterprises Support Authority

SMEs support Authority is newly formed gov. entities approved by the Council of Ministers on December 2015 will help in creating jobs for young Saudis and boost the economy, according to experts.

One of the most important functions of this new body would be to facilitate funding for these small and medium enterprises (SME). SMEs Support Authority would remove several obstacles facing SMEs, which is crucial for the country's economic growth. This authority would ensure that SMEs become more competitive and innovative, and attract investments. SMEs authority would help grow the sector, which makes up over 99 percent of commercial firms in the country. It would oversee the sector and fulfill the goals of the government's economic plans. SMEs Authority will have financial and administrative independence, and be overseen by the Ministry of Commerce and Investment. SMEs authority would regulate and grow the small and medium enterprise sector in the Kingdom, so that it makes a substantial contribution to the country's Gross Domestic Product, and create jobs.

### Job Creation and Combat Unemployment Commission\*

The Commission will for the time being receive a 20 percent allocation from the Human Resource Development Fund This is in addition to the commission's investments and other aids it receives as well as tax exemptions from the General Customs Department. This will be the case until a budget for the commission can be created through a royal decree. A law of article has been introduced by the Council of Ministers, defining its goals and including activating coordination between the public and private

sectors, especially those related to the job market, and strengthening the relations between them relating to job creations and combating unemployment. It's working on sectors that can generate employment and motivate the labor market to create jobs and competition in different areas of the Kingdom for new employment, and develop capabilities and create a national labor force that can become productive and able to deal with the nature of the labor market that changes and leads to sustainability. The commission has its own responsibilities and can recommend policies and plans for job creation in government and private sector projects, and it will study the problems of unemployment of the state and recommend what it considers to be appropriate. The commission will continue to recommend "motivational policies" inside the labor market, increase job opportunities for nationals in the government and private sectors, and follow up on mechanisms, coordination between programs, and those linked to employment, recruitment, rehabilitation and training.

The commission will have a role in developing policies and regulations for employment at the national level and forward these to the Council of Economic Development Affairs. It will also support field studies in the labor market to identify challenges facing national and migrant workers. The commission will support coordination between educational and training institutions to create the right outputs and what is needed by the private sector; it will apply the right policies related to that sector and evaluate them with regards to unemployment and provide appropriate opportunities while limiting recruitment, in coordination with the concerned parties. The commission is required to coordinate, follow up and create a wide database, and support the woman's program related to learning, training and rehabilitation. In addition, the commission will annually work with the Human Resource Development Fund when there is renewal of residency and work permits

of foreign workers, to take necessary action. It also will represent the Kingdom in international organizations relating to labor and unemployment. The system states that 18 members will be appointed to the commission. The president of the Council of Ministers will appoint the chairman who will appoint its governor and vice chairman in addition to 14 members from the government sector at no less than a grade 15 ranking from the ministries of finance, economic and planning, labor, education, health, trade and industry, the Economic Cities Commission, Industrial Cities and Technology Areas Commission, Investment Authority, Insurance Organization, Training

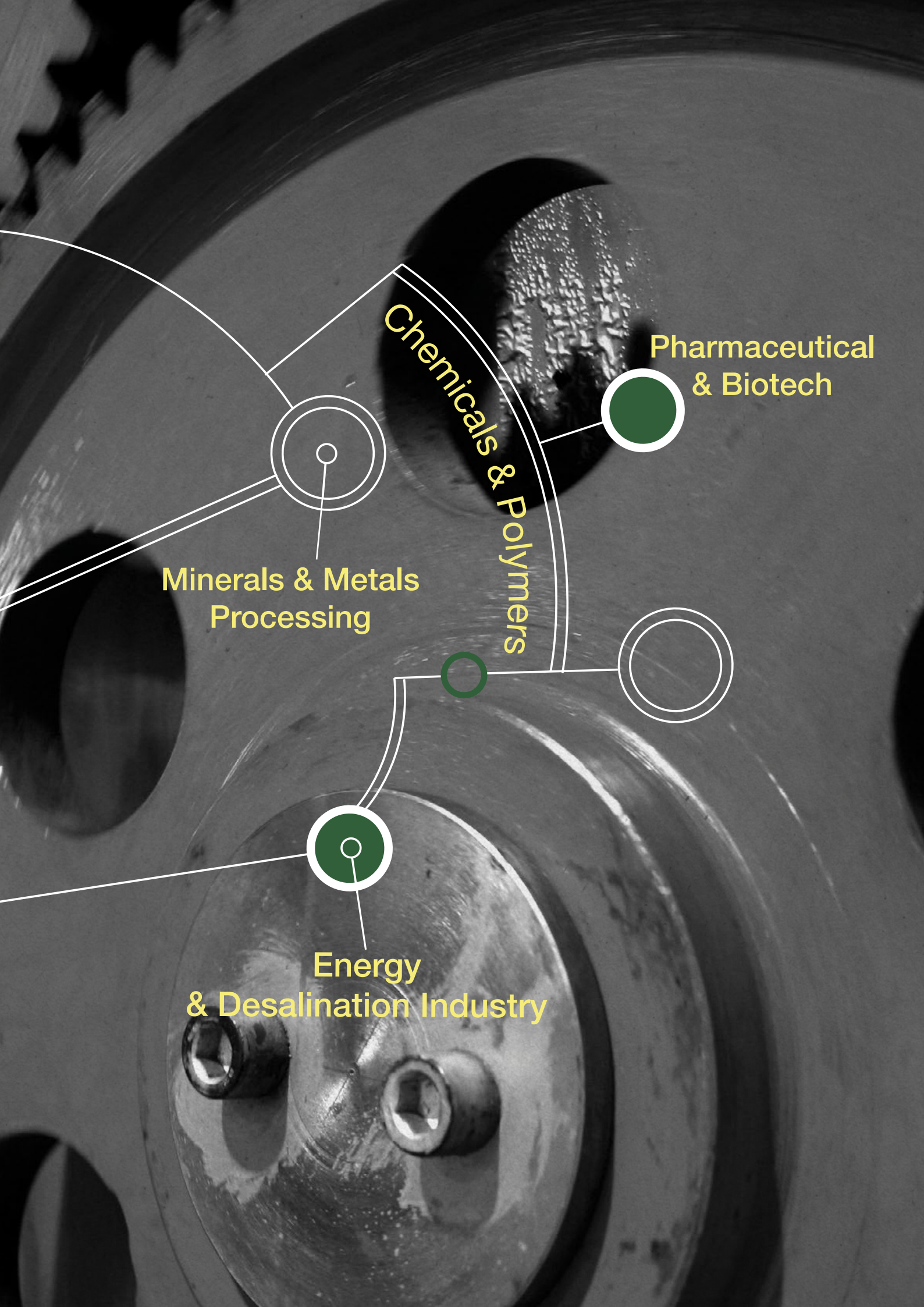
and Vocational Organization, HRD Fund, head of the Council of Chambers, and three members from the private sector also chosen by the Council of Ministers which will also set their bonuses.

*\* Commission official name has not confirmed yet*



Automotive

**Industrial  
Clusters  
(IC)**



**Chemicals & Polymers**

**Pharmaceutical  
& Biotech**

**Minerals & Metals  
Processing**

**Energy  
& Desalination Industry**

# Industrial Clusters (IC)

The government, through its long-term Strategy and other initiatives such as Saudi Vision 2030, has enacted to diversify the economy and increase the manufacturing share to the GDP. To support in achieving this goal the government identified five industrial sectors to focus on as a starting point for its industrial diversification. As a consequence of diligent assessment following industrial sectors were identified:

1. Automotive
2. Minerals and Metals Processing
3. Chemicals & Polymers
4. Energy & Desalination industry  
“Recently established”
5. Pharmaceutical & Biotech

The Industrial Clusters (IC) is also responsible for providing support in identification and activation of key enablers, driving processes and coordinating with other government agencies. Furthermore, the IC facilitates and helps potential companies (investors) evaluating investment opportunities.

## IC Board of Directors

Industrial Clusters Program (IC) is managed by a Board of Directors chaired by the Minister of Energy, Industry and Mineral Resources as the Chairman. IC Board consists of wide spectrum of industry-related Saudi Government entities representatives, and Saudi and international businessmen. The IC Board of Directors is the highest authority responsible for the Program’s affairs, management, and setting its general policies.

## Automotive Cluster

The IC goal is to develop a sustainable automotive cluster with Multiple OEM’s supported by key Tier 1 and Tier 2 supplier.

The Saudi Arabia Automotive cluster’s other advantages include:

- Readily available raw materials such as aluminum, plastics, and glass
- Availability of developed low cost commercial land and electricity
- A pro-business tax and regulatory environment
- Lower labor costs than in Europe or the USA
- Relatively large family units, creating strong demand for higher-margin cars such as people carriers and sport utility vehicles
- Some of the lowest petrol prices in the world, helping to sustain vehicle demand during regional and global economic cycles
- Government Procurement policy giving preference to locally produced vehicles

The Available opportunities in the Auto Cluster include:

- OEM manufacturing projects to supply Saudi and global markets
- Tire plants for Saudi and export markets (totaling 8 million-10 million tires a year)
- Powertrain projects for Middle East and global markets
- Major tier 1 suppliers (systems and modules)
- Small- and medium-sized tier 2 suppliers (sub-systems, sub-assemblies and components)
- Smaller tier N suppliers (standard parts and materials)
- Major Aftermarket components suppliers
- New Technological Industrial Projects

## Industrial Growth & Development

Several major projects have been implemented in the Kingdom already. In Dammam, Isuzu Motors started operations in late 2012 with a capacity of 25,000 trucks a year by 2020 with a plan to export 40% of its production at its peak volumes. In addition to Isuzu, Saudi Arabia has 3 other major global OEM producing Heavy Duty Commercial Vehicles. Mercedes, Volvo and MAN have operations set up in the Western regions. The current total production



between these 4 OEM's are in the range of 12k and is expected to reach 39k by 2022. In addition, many Tier 2 and Tier 3 suppliers already exist in the Kingdom. The major of these suppliers include Petrochemical Conversion Company (PCC) for Plastic Injection Molding, Saudi Lamino Industries for Windshield Production, Saudi Filter supplying Volvo in Sweden, Middle East Batteries Company MEBCO JV with Johnson Controls.

Industrial Clusters has worked and continues to work with major Saudi partners such as SABIC, MA'ADEN, TASNEE, ARAMCO to produce advance mobility materials, including the production of carbon black and synthetic rubber (for tires), carbon fiber, Nylon 66, ABS, polyurethane, composites, automotive steel sheets, automotive aluminum sheets, automotive molten aluminum, etc.

The private sector has already invested in downstream industries to utilize this raw material advantage and has begun producing oil filters, circuit boards, batteries, cabling, sensors, adhesives, paints, composites, trim and seats.

Auto cluster is also focusing on areas of particularly strong advantage, such as parts produced using relatively large amounts

of available liquid aluminum utilizing high amount of energy. In particular, Auto cluster is focusing on a Powertrain and other die cast structural components to set up a manufacturing plant right next to MA'ADEN utilizing the savings of ingot vs. liquid aluminum and high energy savings.

#### Organizational and Government Support

Industrial Clusters is the designated agency to provide, evaluate and recommend the form of assistance to automotive related investors and companies. This support could include:

- Support with carrying out market research and providing market data
- Support with identifying the best possible locations, sites, suppliers and staff
- Help evaluating business model options such as foreign direct investment, joint venture and licensed operations
- Assessing eligibility for extended support
- Assisting with applications and set ups

Industrial Clusters can also advise on accessing finance such as Public Investment Fund loans, Saudi Industrial Development Fund loans and private venture capital. In Saudi Arabia, foreign companies enjoy all the benefits, guarantees and incentives offered to Saudi-owned companies.



If Saudi-based automotive manufacturers find that certain products are not available from domestic suppliers, they are exempt from customs duties on imported raw materials used for production, associated equipment, and spare parts for that equipment. Once an automotive project is operational, capital and profits can be repatriated without restriction. Other Investment incentives and support includes the Human Resources Development Fund, which provides financial support for training and employment; and innovation grants for joint industrial-academic research.

industry spans very wide and covers many other adjacent industries and hence creates a multiplier effect much higher than any other industry. This multiplier factor ranges between 5-7 between direct OEM jobs and the eco-system jobs. Global automotive market is projected to grow from 86 million (2014) to 104 million (2022) vehicle/year with 80% of the growth coming from the emerging markets. The global turnover of the industry is estimated to be around \$2.41 Trillion with 11.252 Million direct jobs. With a multiplier factor of 5, the relevant job creation from automotive industry is estimated to be around 50 million+ globally.

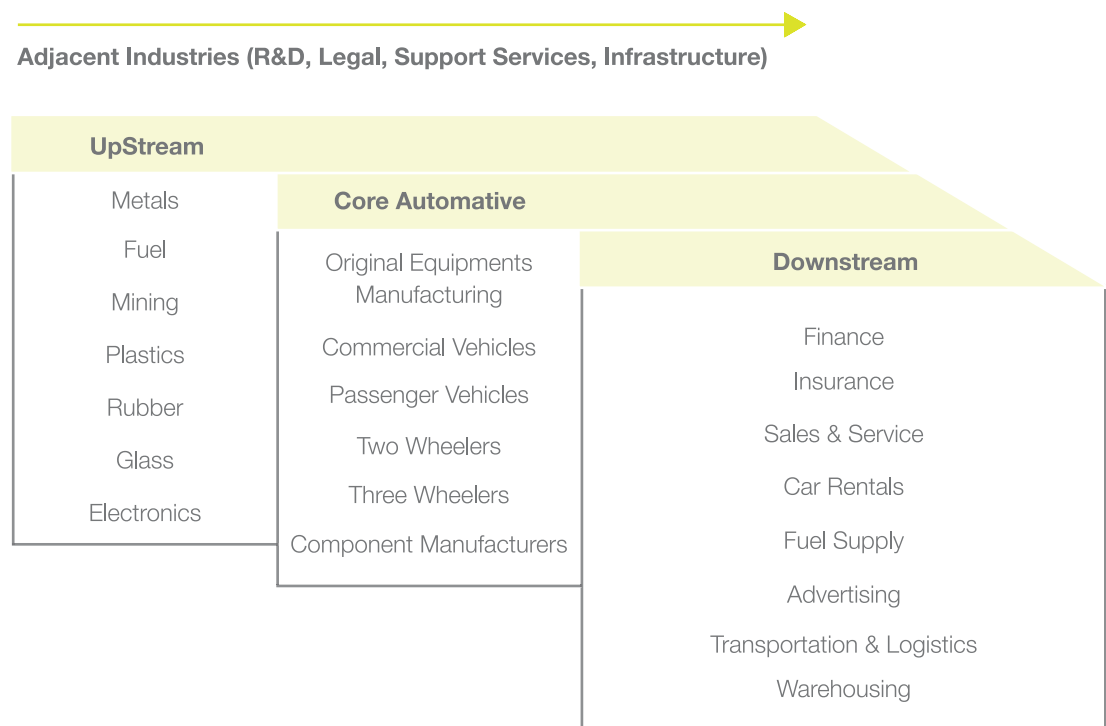
**Key Advantage & Investment Opportunities**

**Global Auto Market**

The automotive industry is a key pillar of the global economy, a main driver of macroeconomic growth and technological advancement in developing and developed countries. The value chain for automotive

**Kingdom of Saudi Arabia Automotive Market**

Against this strong background, the automotive cluster is committed to developing a Saudi Arabia Automotive industry, encompassing car, truck and bus manufacturing, research & development, design, components, sub-systems and sub-assemblies manufacturing, full vehicle



**Figure 1. Automotive Value Chain**

assembly, and logistics. This initiative fits the overall KPI's of the Kingdom; which are to create highly technological employment and diversification into non-oil based industries. At the heart of this drive, the automotive cluster is aiming to:

1. Encourage and support further Saudi Arabia and foreign investment in the sector
2. Make KSA a major player in vehicle development and production
3. Reduce imports and increase exports
4. Create and sustain employment
5. Assist with national economic diversification

1. IBIS World Industry Report Global Car and Automobile Manufacturing 2014

2. OICA.net (Organization International des Constructeurs d 'Automobiles)

Saudi Arabia is also a major consumer of cars and trucks, all currently imported. Sales in 2015 for Light Vehicle reached 774,000 units. This number is expected to grow to 800,000 units in 2016. Toyota is the sales leader with around 34% of the total sales followed by Hyundai-Kia, General Motors, and Nissan-Renault. Saudi Arabia is the largest car market in the Gulf Cooperation Council (GCC) which includes Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates. The strongest segments to be sold in Saudi Arabia are C and D for both Sedan

and SUV styles. The GCC has annual car sales of over 1.56 million, highlighting the potential of KSA as being the regional hub of car production.

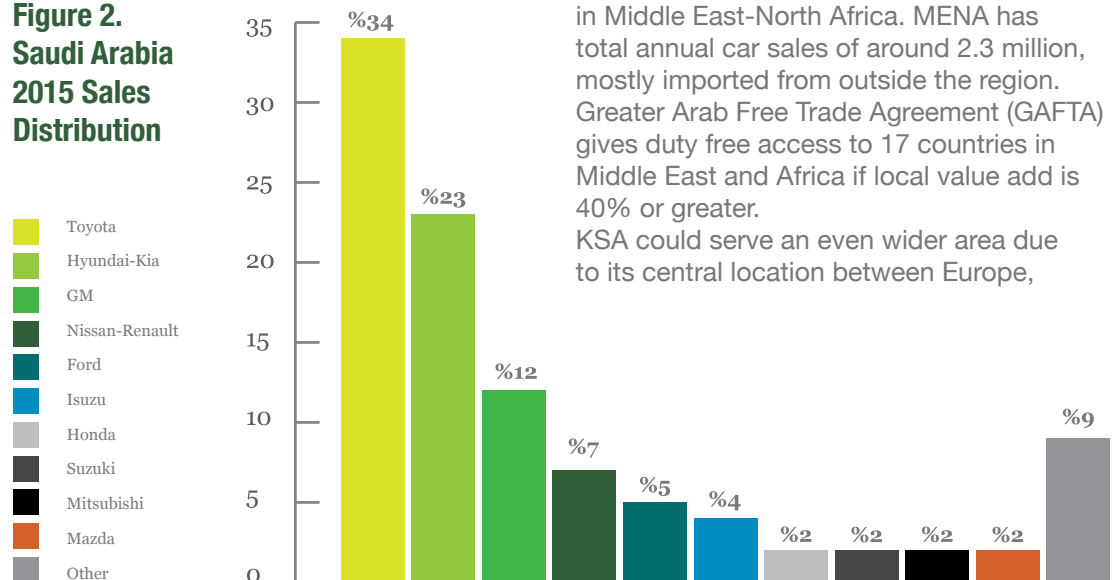
There is strong demand for commercial vehicle market also, supported in part by the country's booming construction sector. GCC Trucks and buses sales are around 131K and is growing at 82% annually. Saudi Arabia is the biggest market of truck and busses with current market size of 21k and 11k yearly respectively. This market is expected to grow to 32K and 20K by year 2022 with overall growth of 62%.

The GCC is one of the fastest growing tire markets at approximately ~ 6% CAGR and is forecasted to reach 41M tires by 2020. Saudi Arabia is the largest market in GCC at 62% of the sales by units and a world-scale tire manufacturing plant in Saudi Arabia would be the first in the region and will gain a competitive access in the GCC market, GAFTA markets and Near East and African markets. Currently there are around 11 million cars (PARC) on the roads in the Kingdom and hence, there is strong increase in demand for automotive aftermarket parts such as tires (Market size of 20 million) and other aftermarket automotive components.

In addition to the strong local market demands of Saudi and GCC, Saudi Arabia offers access to over 400 million consumers in Middle East-North Africa. MENA has total annual car sales of around 2.3 million, mostly imported from outside the region. Greater Arab Free Trade Agreement (GAFTA) gives duty free access to 17 countries in Middle East and Africa if local value add is 40% or greater.

KSA could serve an even wider area due to its central location between Europe,

**Figure 2.**  
**Saudi Arabia**  
**2015 Sales**  
**Distribution**



Africa and Asia covering more than 2 billion consumers are within three hours by air. Saudi Arabia's population of around 30 million and is increasing by 2.3% a year. The number of households is rising by 3.7% a year. KSA's consumers are relatively affluent, having an GDP per capita of \$24,252. The country's GDP is rising by 5% - 6% a year, much faster than in Europe and North America.

## Minerals and Metals Cluster

In recent years, Saudi Arabia has witnessed remarkable growth in exploration and mining activities and in the production of primary, intermediate and downstream metallurgical products for both local and export markets.

Now, Saudi Arabia strives to strengthen the role of its mining sector and the related downstream industries so that it becomes the third pillar of the national economy, after the oil and petrochemical sectors. Therefore, the Industrial Clusters, along with its strategic partners, aim to expand mining activities (exploration and mining) and primary materials industries (such as metallic ores) that are produced from the Kingdom's own natural resources, and to develop sustainable and globally competitive value-added semi-finished and finished metal industries that support the Kingdom's vision of developing advanced industries such as automotive, aerospace and ship building, oil and gas, water desalination and others.

The availability of competitive primary and semi-finished aluminum products in the Kingdom establishes a solid foundation for developing high value aluminum products for automotive, aerospace and other advanced industries. Moreover, the large and growing local demand for Steel and Copper products presents exceptional opportunities for the production of Iron Pellets, Steel Plate, Specialty Steel products, Primary and Semi-Finished Copper products such as cathodes,

tubes and others. The development of the Titanium metal, Tantalum, Niobium, Rare Earth Elements and Quartz / Silica will leverage the local availability of these mineral resources and the Kingdom's competitive landscape.

The Minerals and Metals Cluster is currently directing its efforts towards expanding the Aluminum, Steel, Copper and Phosphate industrial base and creating Titanium metal, Tantalum, Niobium, Rare Earth Elements and Quartz / Silica industries.

The objectives of the Minerals and Metals Cluster include:

- Creating investment opportunities in the mining sector and metals industries, and encouraging and supporting Saudi and foreign investments.
- Maximizing the economic impact of national resources through taking full advantage of local content, value chain integration and creating sustainable job opportunities for the national workforce.
- Enhancing competitiveness and innovation through talent development.
- Satisfying the local market demand and increasing exports of high value added semi-final and final metal products
- Contributing to the growth of the less developed regions in the Kingdom.



## Industrial Growth & Development

Saudi Arabia is rich in the natural resources and raw materials needed for manufacturing and industrial development. Studies have confirmed the availability of vast mineral resources in Saudi Arabia such as precious metals (Gold and Silver), base metals (Iron, Copper and Zinc), and other industrial minerals such as Kaolin, Gypsum, Limestone, Silica, Feldspar, and other minerals like Phosphate and Bauxite. During the past few years, Saudi Arabia witnessed remarkable growth in the development of these resources such as the development of phosphate based fertilizers, primary and semi-finished aluminum products from bauxite, expansions of gold exploration and exploitation activities, ceramics, glass and many other products for local and export markets.

The Industrial clusters is currently directing its efforts towards expanding the Aluminum, Steel, Copper and Phosphate industrial base and creating Titanium metal, Tantalum, Niobium, Rare Earth and Quartz / Silica industries.

The Industrial Clusters has worked, under the guidance on the Ministry of Petroleum & Mineral Resources, on the development of the largest fully integrated aluminum complex globally which was established in Saudi Arabia in 2014. The complex, which is a Joint Venture between Ma'aden and Alcoa, has an annual production capacity of (760) thousand tons and include bauxite mining, alumina production, production of primary aluminum, in addition to rolling mills for the production of beverage can, automotive and commercial grades sheet. Building on this success, the Industrial Clusters is now targeting the development of high value cast, stamped, machined and fabricated aluminum products.

Ma'aden Phosphate Company (MPC), in 2011, established a fully integrated phosphate based fertilizer complex in the eastern region of Saudi Arabia that include phosphate mining, production of (3) million ton of Ammonium Phosphate (DAP) and

(400) thousand ton of ammonia. Furthermore, Ma'aden is also planning significant expansion of its phosphate operations through a second integrated fertilizer complex in Wa'ad Al Shamal industrial city (in the northern region of Saudi Arabia) with a (16) Million total annual production capacity. This complex will include, phosphate mining, production of sulphuric acid, phosphoric acid, ammonia, dicalcium and monocalcium phosphate, purified phosphoric acid, and sodium Tripolyphosphate and phosphate based fertilizers. The Industrial Clusters is targeting additional opportunities in Wa'ad Al Shamal that can benefit from the availability of raw materials, energy and infrastructure.

Titanium metal is one of the strategic developments that the Kingdom is targeting. The Industrial Clusters is currently working with a global Saudi company on the development of an integrated Titanium metal project which includes illuminate mining, Titanium slag, titanium sponge and semi-finished and finished titanium and high performance metals for advanced industries such as aerospace, turbines, water desalination, oil and gas and petrochemicals. Further, pig iron, a byproduct from the slag operation, will be utilized to produce semi-finished specialty steel products. The Industrial Clusters is targeting investments in aerospace and industrial applications that will leverage on the availability of Titanium and Specialty Steel primary and semi-finished products.

Today, Saudi Arabia produces more than (8) million tons of primary steel annually which provides good basis for developing Iron Pellets where iron ore is available in large quantities in the Kingdom. Additionally, the production of semi-finished and finished steel products grew substantially in the kingdom which is driven by the growth of Oil and Gas, Construction, Power, Water Desalinations, and other industries. This growth will continue to increase as the ship building and automotive industries get developed in the Kingdom which brings a good opportunity for the production of steel plates and automotive sheet.

Geological studies indicated the availability of large tantalum, Niobium and Rare Earth prospects in the Kingdom. The Industrial Clusters and the Saudi Geological Survey, under the guidance of the Ministry of Petroleum & Mineral Resources, are currently evaluating these prospects in terms of their quantity, quality and potential downstream development.

As for copper, Saudi market has seen exceptional demand growth for copper products driven by the production of wire rods, cables, conditioning equipment and other industries. Copper primary and semi-finished products demand is estimated around (250) thousand tons which provides an opportunity to develop a copper smelter and expand into final products.

Exploration work conducted by the Saudi Geological Survey on several Quartz sites indicated that potential prospects exist that can be used for producing several advanced products including silicones, EMC fillers, optical glass and others. There is an opportunity to explore additional locations. The Industrial Clusters is working to attract investments in the quartz value chain with a focus on Silicon Metals and Silicones industries.

### Key Advantage & Investment Opportunities

Saudi Arabia's Minerals and Metals industries leverage on its competitive advantages that include:

- Availability of a wide range of mineral resources including precious metals, base metals and industrial minerals.
- Availability of financial incentives, integrated infrastructure and support industries
- Strong Government support for the mineral and metal sectors.
- Availability of competitively priced energy.
- Strong and growing local and regional demand
- Ease of transportation to Europe, Africa, India, GCC countries and other export markets
- Trained workforce that meets the

needs of various mining and metals manufacturing industries

The Industrial Clusters is working on the development of several opportunities which include:

- Iron ore mining and pelletizing.
- Titanium and aluminum aerospace and industrial gas turbines components.
- Specialty Steel components for oil & gas, water desalination, aerospace, automotive, power and petrochemicals machinery.
- Mining and beneficiation of Tantalum, Niobium and Rare Earth Elements.
- Automotive and galvanized steel sheets.
- Steel foundry for the production of pumps and valves housing and other industrial products
- Aluminum foundry for the production of automotive and other industrial products.
- Copper products (cathodes, plates, tubes and sheets)
- Quartz mining and silicon metal production.
- Production of silica fillers, silica chemicals and silicon Carbide from mined silica sand.

## Chemicals & Polymers Cluster

The Chemicals & Polymers Cluster strategy is focused on fostering the growth of specific value chains that support the realization of 2030 Kingdom's vision capitalizing on the advantages of the available natural resources and the qualified national workforces.

Since late seventies the petrochemical industry in the Kingdom has been focusing on converting natural gas into petrochemical products with the highest specifications to compete globally. Now, the focus is shifted towards developing further downstream industries through specific value chains taking into consideration the need for replacing the enormous amounts of imported materials, parts and components. The Chemicals & Polymers Cluster



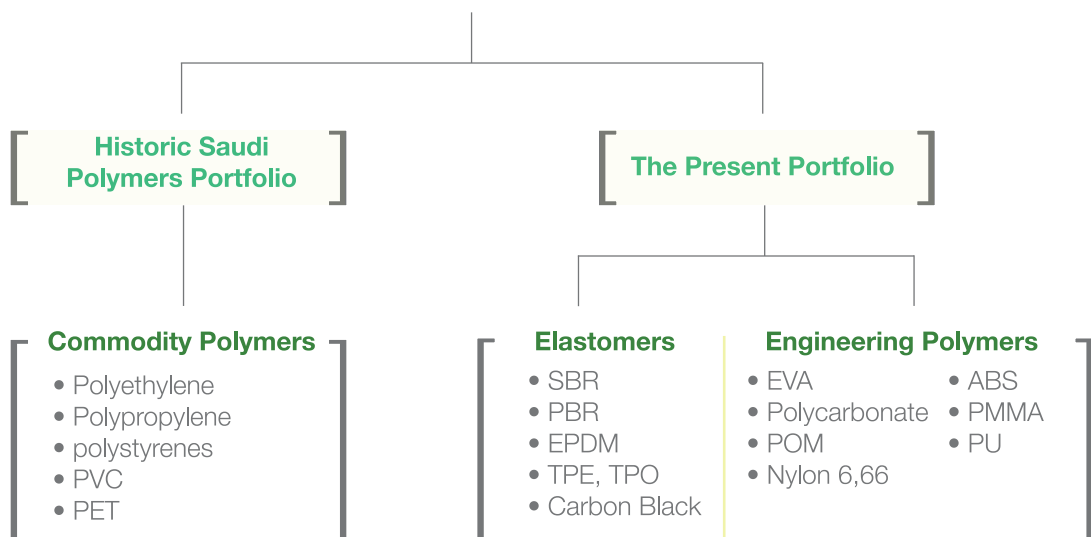
continues to support realizing the Kingdom's 2030 vision through developing new value chains in certain sectors such as oil field chemicals, mining chemicals, rubber additives, construction chemicals, natural gas treatment chemicals, lube oil additives, medical and pharma related products, personal care products, human and animal nutrition additives.

### Industrial Growth & Development

The development of Saudi Arabia's plastics industry is part of the country's overall economic diversification program away from hydrocarbons.

The expansion of Saudi Arabia's plastics industry can be attributed to low domestic energy costs, a ready supply of raw materials, a rapidly increasing population, and the Saudi Government's commitment

## Increasing Polymers Portfolio



Increasing value added for the Saudi Arabia Economy



to industrial diversification through foreign investment. With increased investment and technological know-how, the plastics industry in the Kingdom has undergone a major diversification from basic to more sophisticated products. Through a number of financial incentives and a supportive national policy, the Saudi Government encourages industrial joint ventures or licensing technology and has helped the industry to move away from import substitution to actual growth in domestically manufactured plastic products.

## Pharmaceutical & Biotech Cluster

The global pharmaceuticals market is worth more than US\$300 billion a year, a figure expected to rise to US\$400 billion within the next three years. The global pharmaceutical industry is generating total revenues over a trillion US\$ annually. The industry is a major contributor to the world's knowledge economy. The Saudi Pharma market is looked at as one of the fastest growing markets today with strong export potentials to serve MENA and troubled areas in the region. was reported at US\$8.5 billion in 2015 growing at a rate of 12% with expectations to reach US\$15 billion by 2020.

## Industrial Growth & Development

The Pharma industrial growth is mainly in line with the country's National Transformation Program vision of transferring the economy from oil dependent to innovation and life-science economy. The Industrial Clusters (IC) strategy is to push toward more privatization, quality jobs, and exports. Furthermore, it is imposing on self-reliance medications and sufficiency as a National Security aspect. The fact of having mass chronic diseases growth in medium aged population (namely diabetes, hypertension and cardio) is justifying the continuous efforts of meeting the country's national mandate. Therefore, IC has initiated market assessment studies in coordination with the Ministry of Health (MOH) to undertake the development of Saudi pharmaceutical industry.

To reach such targets, the Kingdom today is more focused toward foreign direct investments (FDIs). The sector has already attracted leading global pharmaceutical players like GlaxoSmithKline (GSK), Sanofi, Pfizer and AUROBINDO, with many others to come. Currently, there are more than 40 business opportunities of nearly US\$20bin in the health care sector including pharmaceutical investments, vaccination, Biosimilars, automating health care systems and R&Ds.



The Pharma & Biotech Cluster (PBC) is developing plans aiming to enable entry for Saudi Arabia in new segments like vaccines, biologics and biosimilars, and becoming a reliable source of pharma chemicals (solvents, reagents, protective groups, intermediates, key starting materials (KSMs), building blocks for Active Pharmaceutical Ingredients (APIs), and excipients) for global pharma industry. Priority is given to those products which either are consumed highly in Saudi Arabia or derived from locally produced commodity chemicals.

Therefore, part of IC mandate is dedicating specialized resources to enhance the fundamental infrastructures of the industry for more FDIs to come. This would include building local talents and encouraging academia to contribute more in developing strong ECO systems to establish the right environment grounds for life-science economy and innovations that would lead to better health care services and quality employments for years to come.

### Key Advantage & Investment Opportunities

#### A. Biologics and Biosimilar

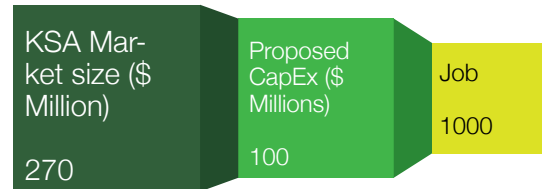
There are many opportunities in Partial engineering, bulk manufacturing and fill & finish of off-patent biological drugs with primary focus on insulin analog, autoimmune, pandemics and oncology pandemics.

Our aim is to build know-how and capabilities to manufacture biosimilars under Contract Manufacturing Organizations (CMOs) set-up. Also become Saudi Arabia's and MENA Nat'l Security Center for pandemic outbreaks.



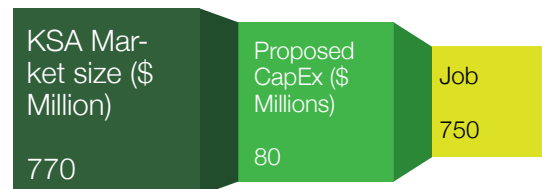
### B. Vaccine Formulation Fill and Finish (FFF)

Localizing vaccines synthesis will create opportunities in Formulation, fill & finish of generic/mass vaccines with focus on pediatric and therapeutic vaccines. Our aim is to develop capability to become a regional hub for vaccines, research & development as well as formulation fill and finish.



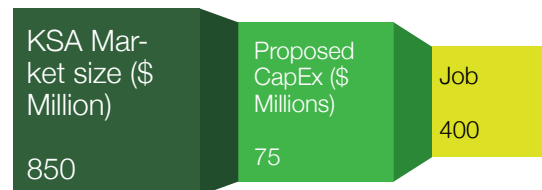
### C. Sterile Injectable (SI)

With its high consumption rate, sterile injectable like vaccines will generate opportunities in Formulation, filling and packaging for chemical drugs to address segments such as oncology, anti-infective(s), cardiovascular and musculoskeletal. The target is to become a full scale SI manufacturer undertakes development and formulation and packaging. There is a number of potential opportunities, up to four Sterile Injectable plants, in Saudi Arabia to meet local demand and export the rest to Middle East and North Africa (MENA) region.



### D. Solid Oral Dosage (SOD)

Formulation and packaging of generic SODs for high volume products, niche/new off-patent products and products with shortages. Potential for up to 5 additional medium sized plants to serve local demand and export to the Middle East and North



Africa (MENA) region.

#### E. Active Pharmaceuticals Ingredients (API)

Active pharmaceuticals ingredients are the chemical entity in the drug that is responsible for treating the disease. A drug is composed of a small amount of APIs and a large amount of excipient. The excipient is the inactive part of the drug which is used as a carrier or diluent of the active pharmaceutical ingredients.

Setting up state-of-the-art technology driven API facilities that can meet the future's most stringent regulations and niche products requirements. Opportunities rises to fill global technology gaps mainly in India and China for DMF requirements in both backwards and forwards integrations.



#### F. Plasma Production

Plasma is the clear, Straw-colored liquid portion of blood that remains after red blood cells, white blood cells platelets and other cellular component are removed. It is the single largest component of human blood, comprising about 55% and contains water, salts, enzymes antibodies and other proteins. Producing the needed plasma related to albumin, immunoglobulin and clotting factors. Requires a fully integrated system including national blood collection mechanism.



#### G. Bioequivalence Testing Center

Biological equivalence (BE) is ensuring two products are pharmaceutically equivalent and is typically a service offered by a Contract Research Organization (CRO). The center aims to become a regional hub of excellence for assuring the safety and efficacy of generic pharmaceutical products for human use. It shall be affiliated with University Hospitals to provide the clinical facilities needed for testing the availability of drugs in volunteers.





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