



EU-GCC Dialogue on Economic Diversification

A project funded by the European Union

GCC Country Economic Profile - Kingdom of Saudi Arabia



October 2023



A project implemented by
GFA Consulting Group GmbH
Centre for European Policy Studies
DMI Associates



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Kingdom of Saudi Arabia Key Facts

Government

The King of Saudi Arabia is the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz bin Abdulrahman Al Saud, Saudi Arabia's seventh king, Prime Minister and Commander-in-Chief of the Military Forces. The Crown Prince is His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud. Candidates for most executive positions in the Kingdom of Saudi Arabia are chosen through elections, where citizens can effectively participate in the decision-making process. Elections are held for municipal councils, chambers of commerce and industry, universities, authorities (Saudi Council of Engineers, Saudi Council of Journalists), cooperative societies, labour committees in corporations with more than 100 employees, and sports and cultural associations

Membership in International Organisations

ABEDA, AfDB (nonregional member), AFESD, AMF, BIS, CAEU, CP, FAO, G-20, G-77, GCC, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IDB, IFAD, IFC, IFRCs, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM (observer), IPU, ISO, ITSO, ITU, LAS, MIGA, NAM, OAPEC, OAS (observer), OIC, OPCW, OPEC, PCA, UN, UNCTAD, UNESCO, UNIDO, UNRWA, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Languages

Arabic (official), English

Economic Agreements

- Regional Trade Agreements in force: GCC, GCC – Singapore, Pan-Arab Free Trade Area (PAFTA)
- Announced: EFTA – GCC, Australia – GCC, Japan - GCC

Kingdom of Saudi Arabia - Key figures (2022)	
Population (millions)	35
GDP (Billions of Euros)	1,052
GDP per capita (Euros)	30,247
Real GDP growth (%)	8.7
Inflation rate (%)	2.5

Trade in Goods (2022, Billions of Euros)	
Imports	177.2
Exports	387.8

Trade in Services (2021, Billions of Euros)	
Imports	62.0
Exports	8.7

Saudi Arabia Economic Policies

Economic Development Objectives

- The Kingdom of Saudi Arabia's 'Vision 2030' outlines the Kingdom's goals and objectives that will enable the country to become 'a pioneering and successful global model of excellence, on all fronts'.
- Job Creation - Lower unemployment rate, increase SME contribution to GDP, increase women's workforce participation
- Investing for the long-term to develop the national economy - become one of the world's top 15 largest economies, increase localization of oil and gas sectors, increase Public Investment Fund (PIF) assets, increase the competitiveness of renewable energy through the gradual liberalization of the fuels market.
- Open for Business - Increase FDI, develop sophisticated digital infrastructure that is integral to advanced industrial activities, and increase the contribution of modern retail trade and e-commerce.
- Leveraging Unique Position - build out a logistics hub and integrate regionally and internationally.

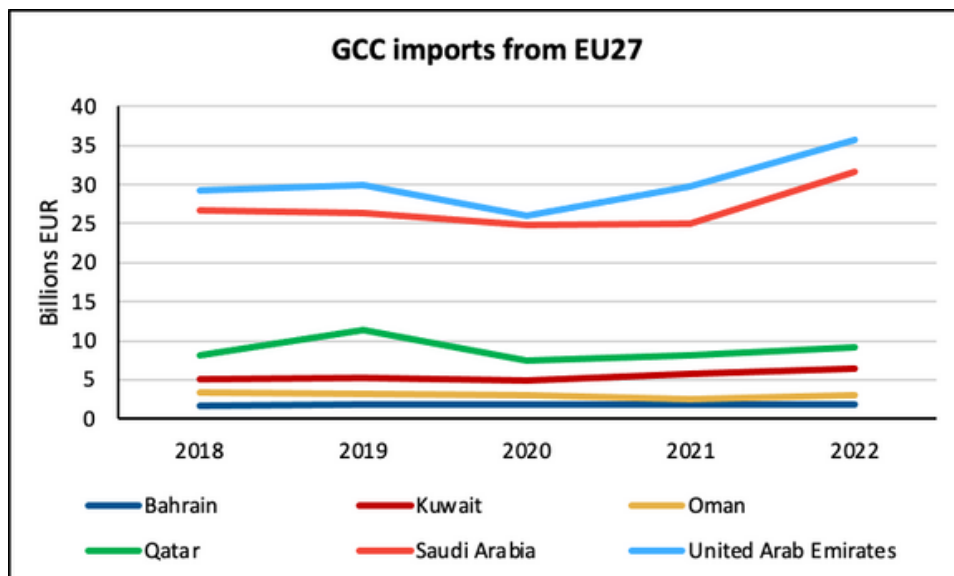
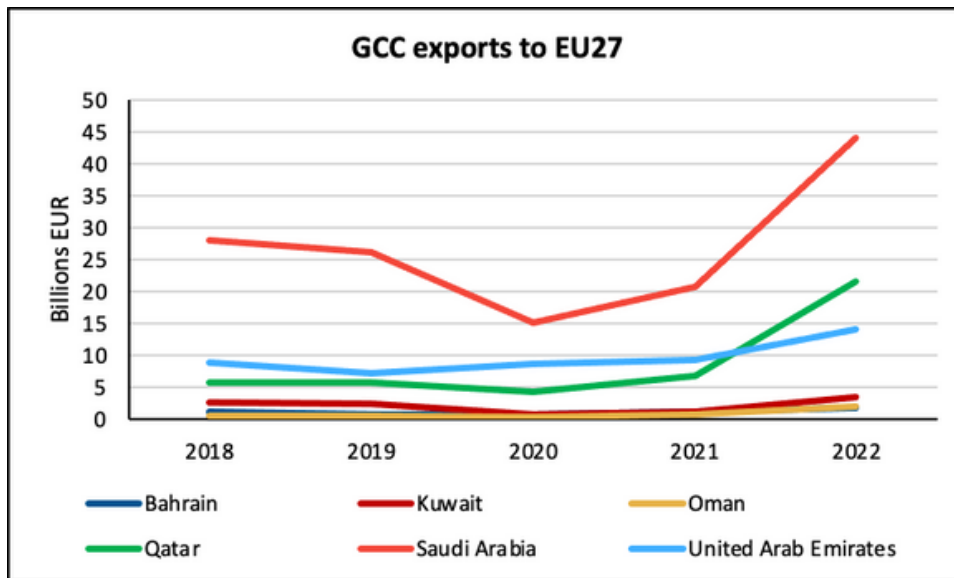
Current Economic Status (September 2023)

- Saudi Arabia was the fastest-growing G20 economy in 2022. Overall growth reached 8.7 percent, reflecting both strong oil production and a 4.8 percent non-oil GDP growth driven by robust private consumption and non-oil private investment, including Giga projects. Wholesale, retail trade, construction, and transport were the main drivers of non-oil growth.
- The banking system remains on a strong footing. Saudi Arabia continues to modernize its regulatory and supervisory frameworks. Demand for project-related and consumer loans remains strong.
- Investment environment: conducive to attracting FDI. Bilaterally, Saudi Arabia signed treaties for the avoidance of double taxation of income and capital (DTAs) with 29 countries as well as agreements aimed at promoting and protecting the investments of the enterprises of one contracting party in the territory of the other with 23 countries, including some of the EU Member States. Corporate income tax, applicable on foreign ownership of Saudi-based companies, with a statutory corporate rate, is set at 20%, the lowest in the G20.
- Significant progress made in implementing Saudi Arabia's structural reform agenda. In particular, they welcomed the marked improvement in female labor force participation and improvements in regulatory and business environment, which have contributed to higher private sector investment, and encouraged building on this positive progress.

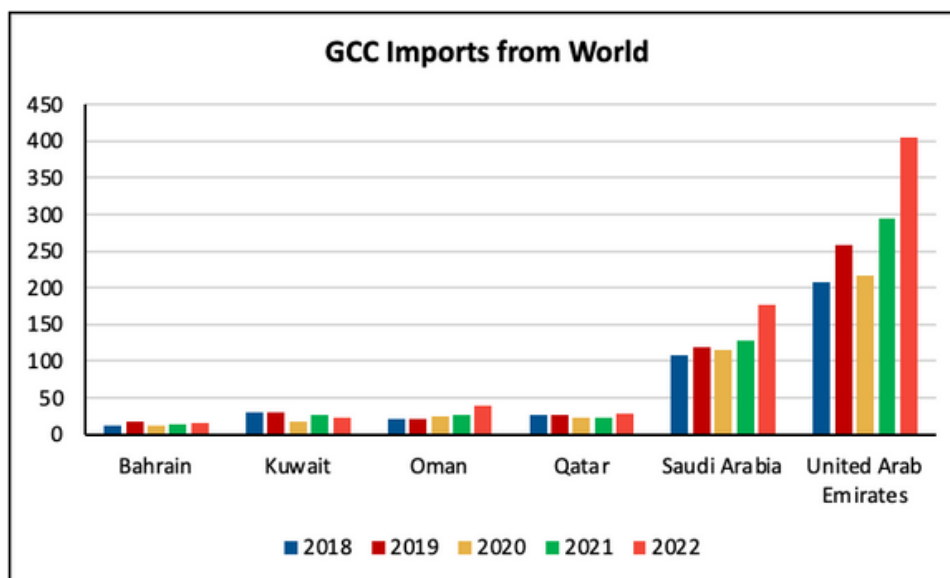
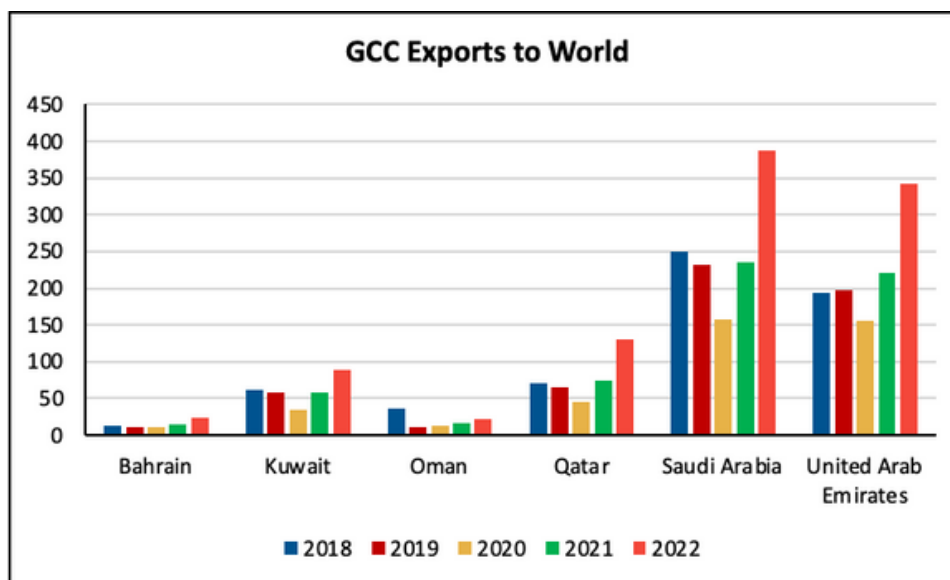
EU – Saudi Arabia Economic Relations

- **Economic and political cooperation between the EU and the GCC countries:** the framework is provided by the 1988 EU-GCC cooperation agreement that seeks to improve trade relations and stability in a strategic part of Europe's neighborhood. The agreement created a Joint Council and a Joint Co-operation Committee which meet annually. The two sides meet on an annual basis to discuss trade, amongst other topics, within the EU-GCC Joint Co-operation Committee held in Riyadh or Brussels.
- **EU and Saudi Arabia:** Although Saudi Arabia has not entered into a cooperation arrangement with the EU, the European Commission can provide expertise to support the achievement of Saudi Vision 2030 within the framework of the Saudi Vision 2030 Technical Working Group being established by the EU-GCC Dialogue on Economic Diversification Project.
- **Trade Negotiations:** The EU and Gulf Cooperation Council launched negotiations for a Free Trade Agreement (FTA) in 1990. The FTA is foreseen to provide for progressive and reciprocal liberalisation of trade in goods and services. The negotiations have faced several challenges and were effectively halted in 2008, when the GCC countries suspended all ongoing negotiations in which they were involved. While periodic informal contacts have taken place since then to test whether a basis might be found to resume and conclude negotiations, these have not been successful. In parallel with the negotiations, the prospective EU-GCC FTA was subject to a sustainability impact assessment.

GCC Trade in Goods with EU27 & the World



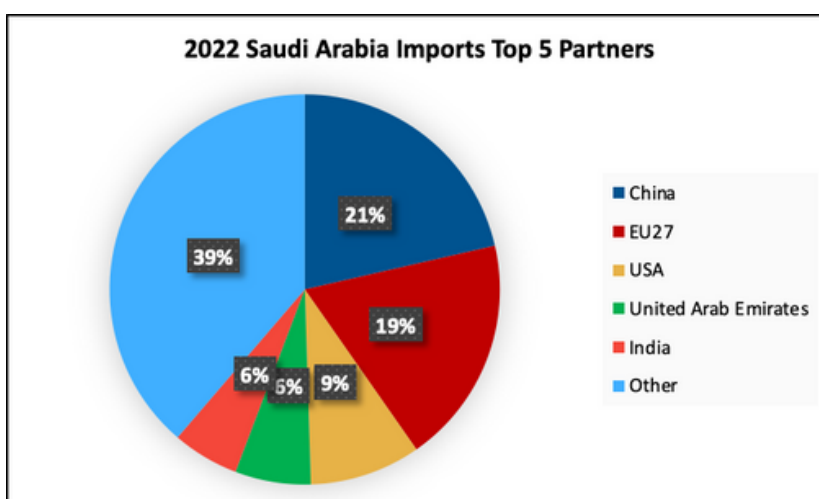
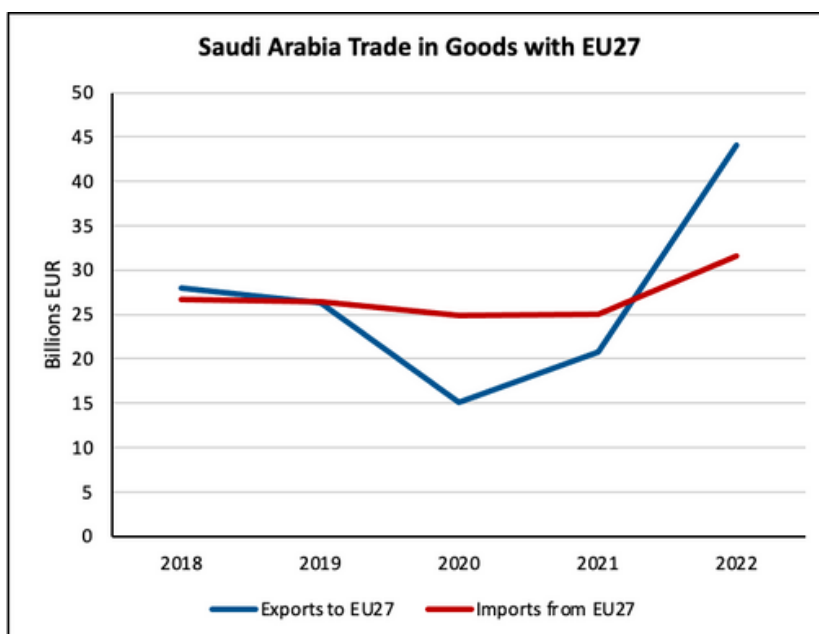
GCC Trade in Goods with EU27 & the World



EU27 Rankings as Trade Partner for GCC Countries, 2022

GCC country	EU27 rank as supplier	Imports value (Billion EUR)	Imports from EU27 as % of country's imports from all partners	EU27 rank as export market	Exports value (Billion EUR)	Exports to EU27 as % of country's exports to all partners
Bahrain	2	2.11	14.3	4	1.26	5.5
Kuwait	2	4.42	18.7	8	193	0.2
Oman	5	2.59	6.7	5	1.13	5.3
Qatar	1	5.37	19.4	4	15.25	11.7
Saudi Arabia	2	33.49	18.9	2	45.18	11.7
United Arab Emirates	2	42.69	10.6	7	13.06	3.8

Saudi Arabia Trade in Goods with EU27 & the World



EU – Saudi Arabia Major Trade Flows by HS Section

EU Imports from Saudi Arabia					
2021			2022		
Goods	Value (millions of Euros)	% Total	Goods	Value (millions of Euros)	% Total
V Mineral products	15,225	73.1	V Mineral products	36,489	82.8
VII Plastics, rubber and articles thereof	2,468	11.8	VI Products of the chemical or allied industries	3,145	7.1
VI Products of the chemical or allied industries	2,159	10.4	VII Plastics, rubber and articles thereof	2,668	6.1
XV Base metals and articles thereof	465	2.2	XV Base metals and articles thereof	636	1.4
XIV Pearls, precious metals and articles thereof	120	0.6	XIV Pearls, precious metals and articles thereof	604	1.4

EU Exports to Saudi Arabia					
2021			2022		
Goods	Value (millions of Euros)	% Total	Goods	Value (millions of Euros)	% Total
XVI Machinery and appliances	5,385	21.5	XVI Machinery and appliances	6,804	21.5
VI Products of the chemical or allied industries	5,018	20.1	VI Products of the chemical or allied industries	6,437	20.4
XVII Transport equipment	2,687	10.7	XVII Transport equipment	4,672	14.8
IV Foodstuffs, beverages, tobacco	1,833	7.3	IV Foodstuffs, beverages, tobacco	2,362	7.5
V Mineral products	1,567	6.3	V Mineral products	1,691	5.4

Source: Eurostat Comext

EU – Saudi Arabia Major Trade Flows by HS Heading

2022 EU Imports from Saudi Arabia		2022 EU Exports to Saudi Arabia	
V Mineral products (HS 25-27)	2709 Petroleum oils and oils obtained from bituminous minerals, crude 2710 Petroleum oils and oils obtained from bituminous minerals (excl. crude); preparations containing >= 70% by weight of petroleum oils or of oils obtained from bituminous minerals 2608 Zinc ores and concentrates	XVI Machinery and appliances (HS 84-85)	8481 Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, incl. pressure-reducing valves and thermostatically controlled valves; parts thereof 8411 Turbojets, turbopropellers and other gas turbines 8471 Automatic data-processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, n.e.s
VI Products of the chemical or allied industries (HS 28-38)	2902 Cyclic hydrocarbons 2915 Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives 2905 Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives	VI Products of the chemical or allied industries (HS 28-38)	3004 Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses "incl. those for transdermal administration" or in forms or packings for retail sale (excl. goods of heading 3002, 3005 or 3006) 3002 Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses; antisera and other blood fractions and immunological products, whether or not modified or obtained by means of biotechnological processes; vaccines, toxins, cultures of micro-organisms (excl. yeasts) and similar products 3822 Diagnostic or laboratory reagents on a backing, prepared diagnostic or laboratory reagents whether or not on a backing, other than those of heading 3002 or 3006; certified reference materials
XVII Plastics, rubber and articles thereof (HS 39-40)	3901 Polymers of ethylene, in primary forms 3902 Polymers of propylene or of other olefins, in primary forms 4002 Synthetic rubber and factice derived from oils, in primary forms or in plates, sheets or strip; mixtures of natural rubber, balata, gutta-percha, guayule, chicle or similar types of natural rubber with synthetic rubber or factice, in primary forms or in plates, sheets or strip	XXVII Transport equipment (HS 86-89)	8802 Powered aircraft "e.g. helicopters and airplanes"; spacecraft, incl. satellites, and suborbital and spacecraft launch vehicles 8703 Motor cars and other motor vehicles principally designed for the transport of <10 persons, incl. station wagons and racing cars (excl. motor vehicles of heading 8702) 8906 Vessels, incl. warships and lifeboats (excl. rowing boats and other vessels of heading 8901 to 8905 and vessels for breaking up)(2002-2500); Vessels, incl. warships and lifeboats (excl. rowing boats and other vessels of heading 8901 to 8905 and vessels for breaking up)(1988-2001)

Note: Products ordered by value

Source: Eurostat Comext

Economic Competitiveness Indicators

Indicator	Ranking	Out of # Countries
Fraser Institute – Economic Freedom, 2023 Report	83	165
United Nations e-Government Survey, 2022	31	193
Global Innovation Index, 2023	48	132

Infrastructure – Key Figures

Airports: 4 (2013)

Annual passenger traffic on registered air carriers: 39,141,660 (2018)

Annual freight traffic on registered air carriers: 1,085,470,000 mt-km (2018)

Major seaports: Ad Dammam, Al Jubayl, Jeddah, King Abdulla, Yanbu'
container port(s) (TEUs): Ad Dammam (1,770,000), Jeddah (4, 882,342), King Abdulla (2, 183,920) (2021)

ICT

Broadband - fixed subscriptions: 7,890,261 (2020 est.)

subscriptions per 100 inhabitants: 23 (2020 est.)

Telephones - fixed lines: 6,594,631 (2021 est.)

subscriptions per 100 inhabitants: 18 (2021 est.)

Telephones - mobile cellular: 45,427,321 (2021 est.)

subscriptions per 100 inhabitants: 126 (2021 est.)

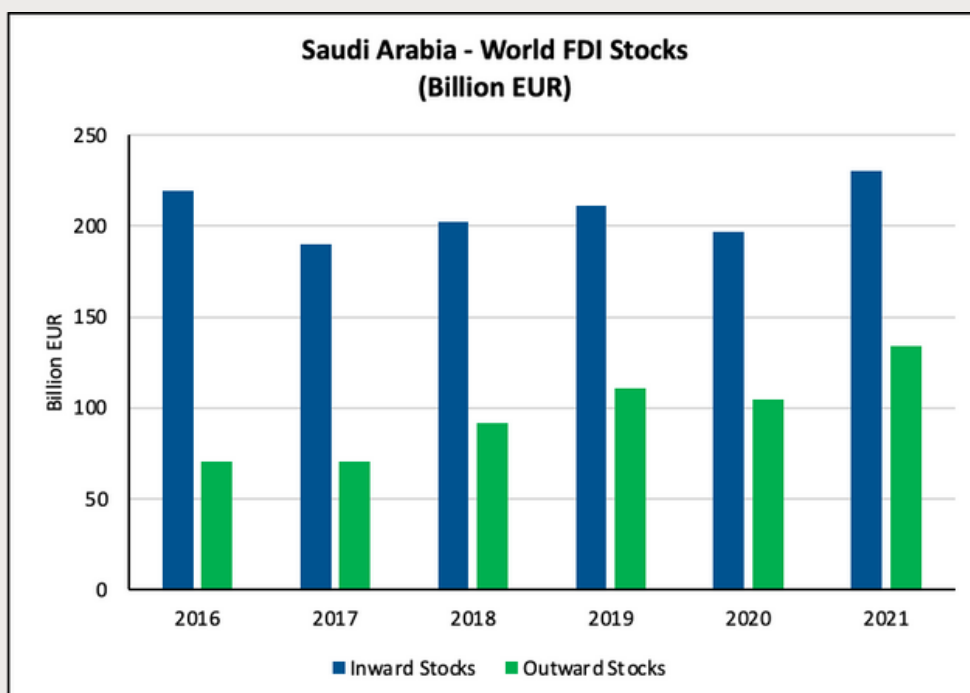
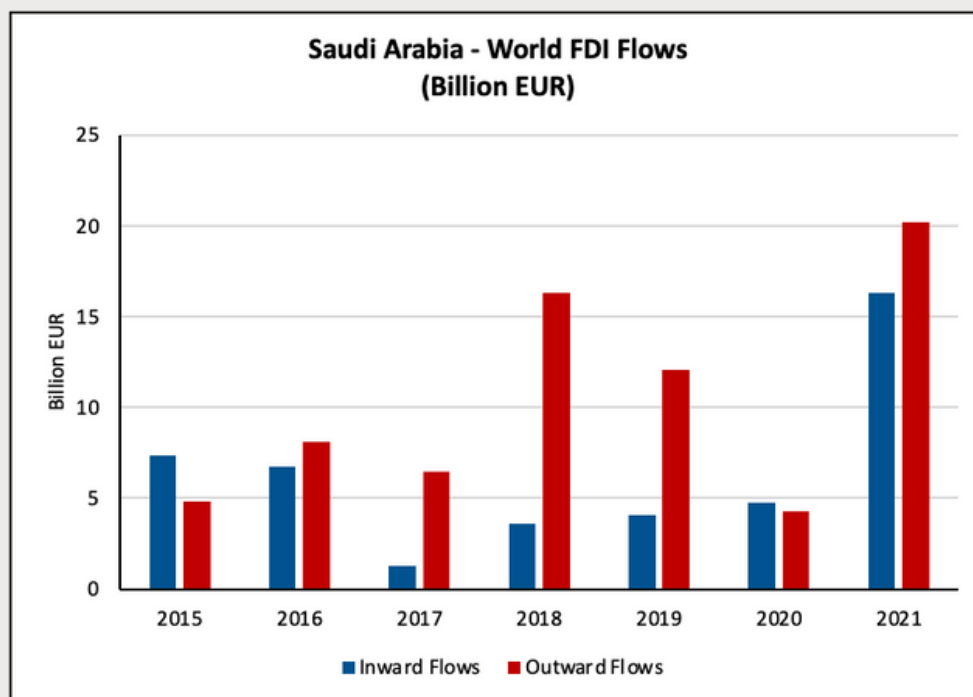
Population Structure & Availability of Human Capital

Population (2023 est.)	
Population (millions)	35
Population growth rate	1.65%
Birth rate	13.9 births/1,000 population
Death rate	3.45 deaths/1,000 population

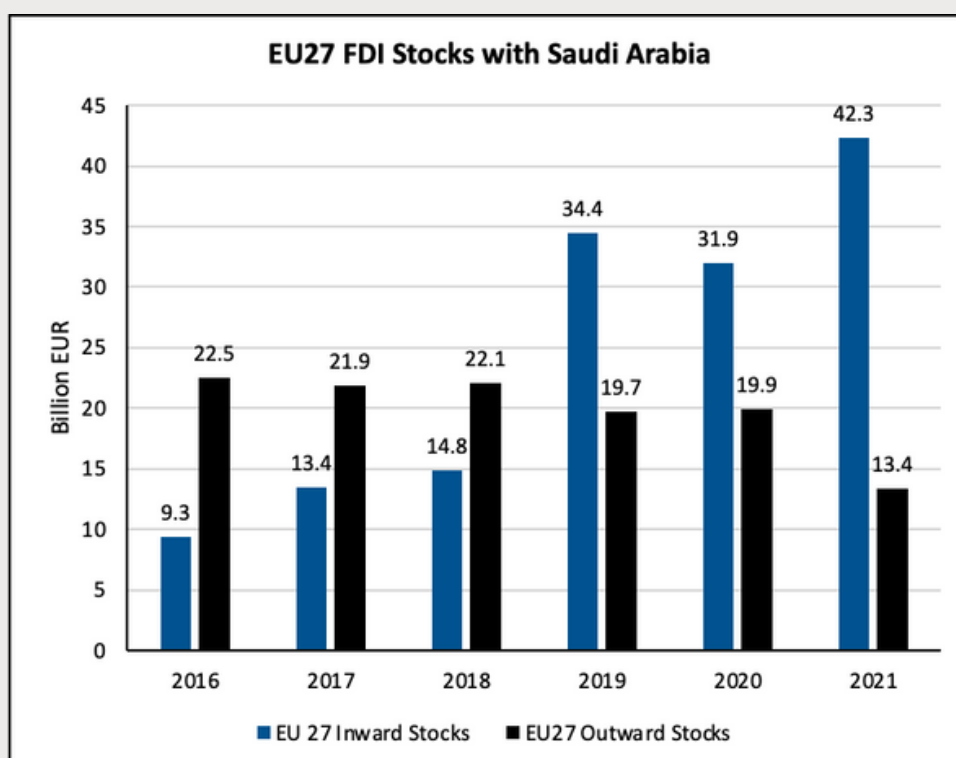
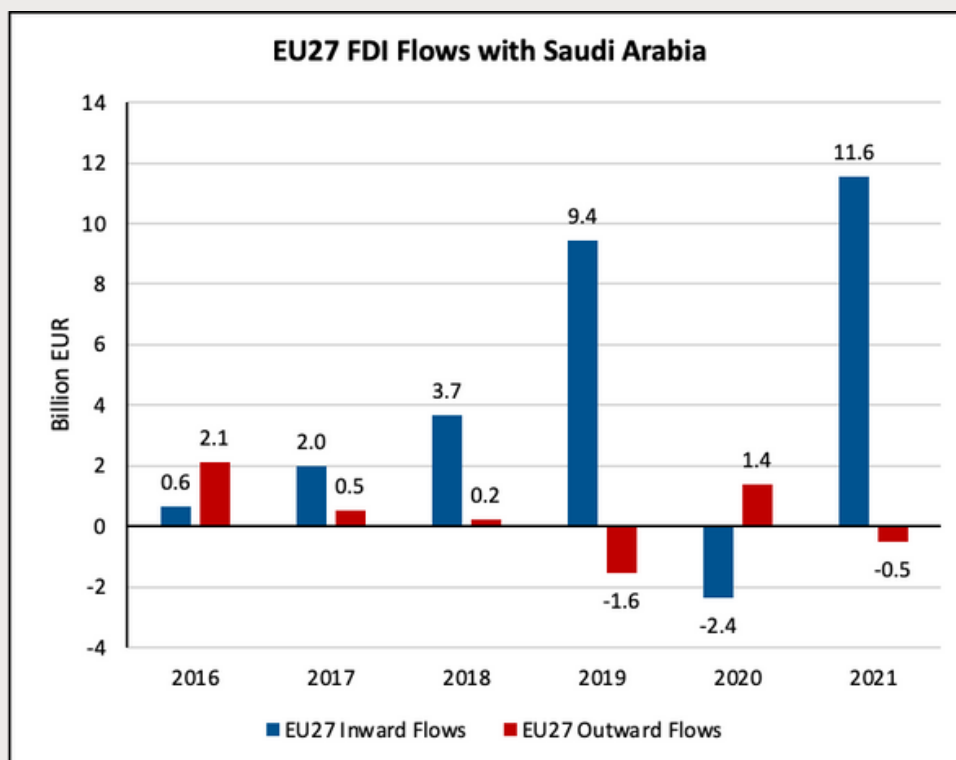
Age structure (2023 est.)	
0 -14 years	23.45% (male 4,298,399/female 4,130,547)
15 - 64 years	72.36% (male 15,251,742/female 10,752,649)
65 years and over	4.19% (male 799,270/female 707,199)

Human Capital Availability
<p>Literacy (age 15 and over can read and write) 2020:</p> <ul style="list-style-type: none"> total population: 97.6% male: 98.6% female: 96%
<p>School life duration (primary to tertiary education) 2021:</p> <ul style="list-style-type: none"> total: 17 years male: 17 years female: 16 years
<p>Labor force: 16.06 million (2021 est.) (comprised of 3.1 million Saudis and 10.7 million non-Saudis)</p>
<p>Unemployment, total (% of the total labor force): 7.36% (2021 est.)</p>

Saudi Arabia - World FDI Flows & Stocks



EU27 FDI Flows & Stocks with Saudi Arabia



Saudi Arabia Ranking as EU27 FDI Partner

Saudi Arabia ranks 6th in FDI Flows to EU

	EU27 Partner	FDI Flows to EU27 (Million EUR)
1	Cayman Islands (UK)	36,240.7
2	Canada	32,048.3
3	Bermuda (UK)	17,408.7
4	Russia	16,527.1
5	Jersey	13,204.6
6	Saudi Arabia	11,553.2

Saudi Arabia ranks 21st in FDI Stocks to EU

	EU27 Partner	FDI Stocks to EU27 (Million EUR)
1	United States	2,465,738.4
2	United Kingdom	1,414,053.9
3	Switzerland	613,909.8
4	Bermuda (UK)	405,086.7
5	Canada	267,864.8
6	Cayman Islands (UK)	239,875.2
7	Jersey	212,198.9
8	Japan	211,554.0
9	Singapore	171,154.8
10	Russia	162,361.0
11	Hong Kong	150,348.5
12	United Arab Emirates	126,147.6
13	South Africa	113,238.9
14	British Virgin Islands (UK)	93,771.2
15	Norway	85,738.3
16	Gibraltar (UK)	83,068.3
17	China except Hong Kong	69,937.9
18	Guernsey	50,360.7
19	Israel	50,064.6
20	Bahamas	47,188.7
21	Saudi Arabia	42,296.4

Saudi Arabia FDI with World Partners, 2021

- **Saudi Arabia's inward FDI flows** from all world partners reached 16 billion EUR, while **outward FDI flows** were close to 20.2 billion EUR.
- **FDI stocks in Saudi Arabia from all world partners** reached close to 230.5 billion EUR and **Saudi Arabia's outward FDI stocks to all partners** were close to 133.8 billion EUR.

EU27 FDI with World Partners, 2021

- **EU27 FDI flows to world partners** reached 98.8 billion EUR and **FDI flows to EU27 from world partners** -219.2 billion EUR.
- **EU27 FDI stocks to world partners** were 16,642 billion EUR and **world partners' FDI stocks into EU27** reached 14,051.4 billion EUR.

EU27 - Saudi Arabia Bilateral FDI, 2021

- **EU27 FDI flows to Saudi Arabia** decreased to -.5 billion EUR from 1.4 billion EUR in 2020, while **EU27 inward FDI flows from Saudi Arabia** increased from -2.4 billion EUR to 11.6 billion EUR.
- **FDI stocks from Saudi Arabia in the EU27** increased from 31.9 billion EUR in 2020 to 42.3 billion EUR. **The FDI stocks from the EU27 into Saudi Arabia** decreased from 19.9 billion EUR in 2020 to 13.4 billion EUR.

Investing in Saudi Arabia - Incentives

- Different types of investment licenses are available, each with its requirements, such as minimum acceptable capital and a cap on foreign capital.
- Prospective investors can apply for a license online on the MISA portal.
- Bilaterally, Saudi Arabia signed treaties for the avoidance of double taxation of income and capital (DTAs) with 29 countries² as well as agreements aimed at promoting and protecting the investments of the enterprises of one contracting party in the territory of the other with 23 countries: Algeria, Bahrain, Egypt, Iraq, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates and Yemen, Algeria, Azerbaijan, Austria, Bangladesh, Belarus, China, Egypt, Ethiopia, Greece, Hungary, India, Italy, Japan, Kazakhstan, Luxembourg, Macedonia, Malaysia, Netherlands, Pakistan, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Turkey, Uzbekistan, Venezuela, Vietnam Azerbaijan, Austria, Belarus, Belgium, China, Czech Republic, Egypt, France, Germany, India, Indonesia, Italy, Luxembourg, Malaysia, Philippines, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan, Turkey, and Ukraine.
- Corporate income tax, applicable on foreign ownership of Saudi-based companies, with the statutory corporate rate set at 20%, the lowest in the G20.
- Zakat, applicable on local ownership of Saudi-based companies; is set at 2.5% of the Zakat base.

Important Contacts

Agency	Support Provided	Website	Contact Information
Ministry of Investment in Saudi Arabia (MISA)	Information on Investment opportunities and licensing procedures	https://www.misa.gov.sa/en/	Riyadh (Head Office) Imam Saud bin Abdulazeez bin Mohamed Road – Nakheel district Building # 3966, Additional # 6244, Postal code # 12382 InvestorCare@misa.gov.sa Tel: +966112035888
Invest Saudi	Invest Saudi is a communication platform that serves all government entities with regards to promoting the Kingdom as a future-ready investment destination	https://investsaudi.sa/en/	Riyadh (Head Office) Imam Saud bin Abdulazeez bin Mohamed Road – Nakheel district InvestorCare@sagia.gov.sa Tel: 8002449990
General Authority for Small and Medium Enterprises “Monshaat”	Monshaat works on supporting, developing and nurturing the SME sector in line with best global practices.	https://www.monshaat.gov.sa/en/about	Authority of Saudi Arabia Building, Olaya Street Ghadeer District 7423, Riyadh, 13311 Tel: +966 92-001-8888 info@monshaat.gov.sa
Riyadh Chamber of Commerce	Non-government institution representing business establishments in KSA.	https://www.chamber.sa/en/Pages/default.aspx	Main Chamber Center - Prince Abdulaziz Ibn Musaid Ibn Jalawi Street, "Al Dhabab Formerly" - Al Murabba -12626 Riyadh e-services@rdcci.org.sa Tel: 0114040044
Mission of the Kingdom of Saudi Arabia to the EU	KSA Embassy to the EU	http://embassies.mofa.gov.sa/sites/EUDelegation/en/Pages/default.aspx	Boulevard du Régent 43, 1000 Bruxelles, Belgium brmis@mofa.gov.sa Tel.: (+32)24523374 Ministry of Foreign Affairs Call Center: 920033334

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- IMF (2023) Saudi Arabia Article IV Consultation Staff Report
- United Nations 'E-Government Survey 2022 - The Future of Digital Government'
- WIPO (2023), 'Global Innovation Index 2023 - Innovation in the face of uncertainty'

About the EU-GCC Dialogue on Economic Diversification Project

The EU-GCC Dialogue on Economic Diversification is a project funded by the European Commission Service for Foreign Policy Instruments under the Partnership Instrument.

The project contributes to stronger EU-GCC relations by supporting the GCC countries in the ongoing process of economic diversification away from hydrocarbon-dependent sectors, including by funding regular EU-GCC Business Fora.

The purpose of this project is to promote climate-friendly trade, investment, and economic affairs-related policy analysis, dialogue, and cooperation between stakeholders from the EU and GCC at both regional and country levels in the context of the GCC economic diversification process.

For more information on the EU-GCC Dialogue Project, and to download research reports and other publications, please visit:

https://www.eeas.europa.eu/eeas/EUintheGCC_en

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<https://www.linkedin.com/company/eu-gcc-dialogue-on-economic-diversification>

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