



EU-GCC Dialogue on Economic Diversification

A Project funded by the European Union

GCC Country Economic Profile - Kingdom of Saudi Arabia



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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)

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 (2020)	
Population (millions)	35
GDP (Billions of Euros)	614
GDP per capita (Euros)	17666
Real GDP growth (%)	-4.1
Inflation rate (%)	3.4

Merchandise Trade (2020, Billion Euros)	
Imports	115.0
Exports	153.5
Trade in Services (2019, Billion Euros)	
Imports	67.0
Exports	21.6

Saudi Arabia Economic Policies & EU – Saudi Arabia Economic Relations

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, 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

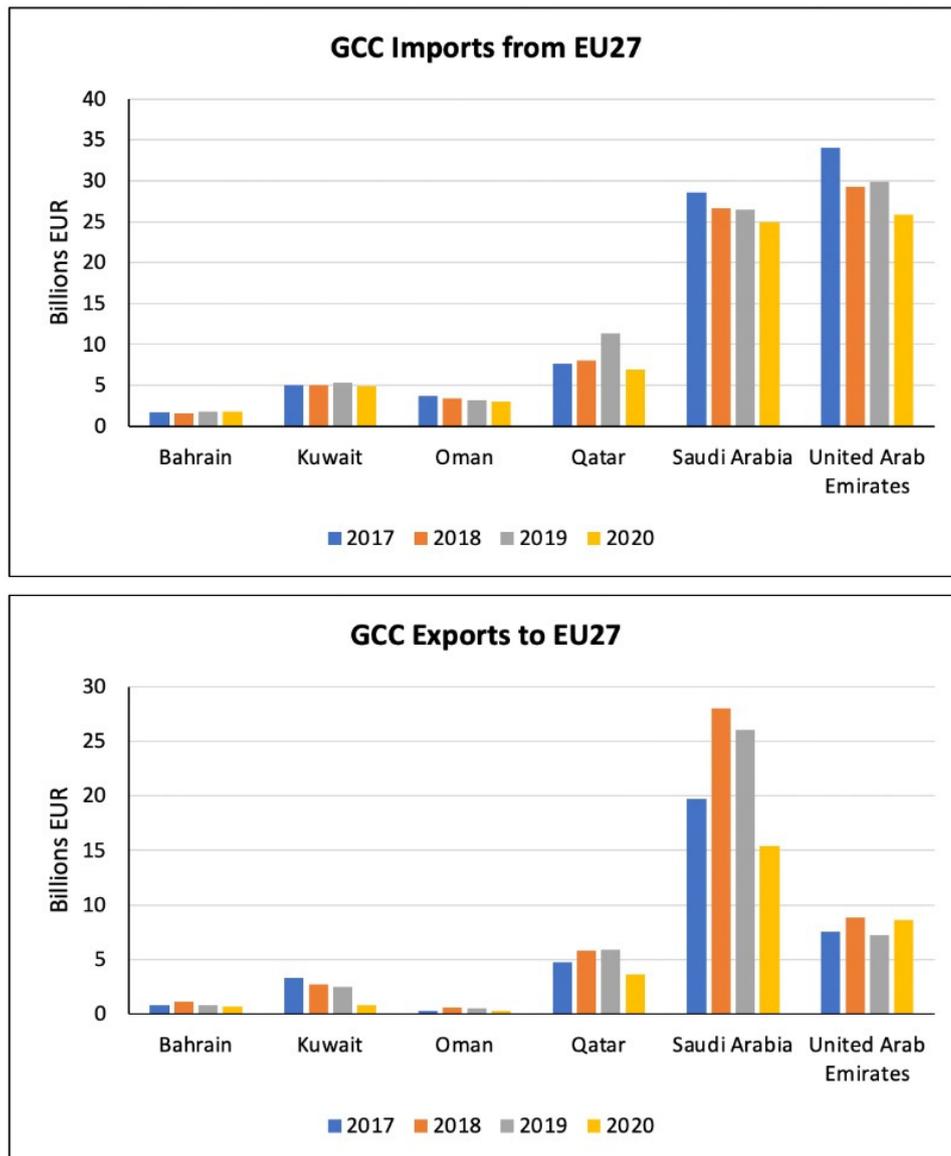
- COVID-19 oil price related policies: in March 2020 the government announced a SAR 70 billion (\$18.7 billion or 2.7 percent of GDP) private sector support package that includes the suspension of government tax payments, fees, and other dues to provide liquidity to the private sector and an increase in available financing through the National Development Fund, temporary electricity subsidies to commercial, industrial, and agricultural sectors, new fiscal measures to raise more non-oil revenues and rationalize spending, new tourism development fund, Saudi Arabian Monetary Authority (SAMA) and Saudi Industrial Development Fund (SIDF) support for private sector. On June 1, SAMA announced the injection of SAR 50 billion into the banking sector through deposit placements to support banking liquidity and private sector credit. SAMA's Loan Guarantee Program ended at the end of December 2020. The Deferred Payments Program has been extended until end-September 30, 2021, while the Guaranteed Facility Program has been extended until March 14, 2022.
- In 2019, Saudi Arabia ranked 36th in global competitiveness out of 141 countries, and held first place in macroeconomic stability, along with several other countries.

Saudi Arabia Economic Policies & EU – Saudi Arabia Economic Relations

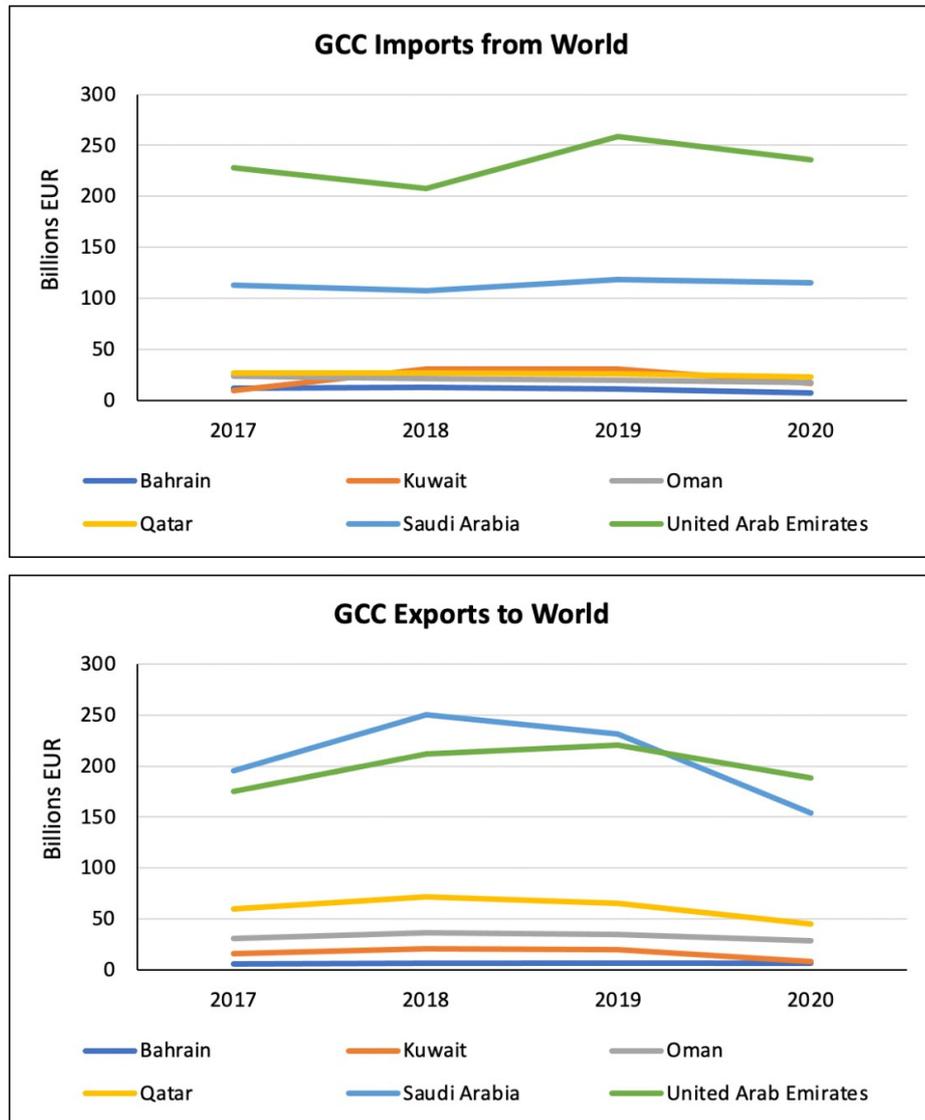
EU - Saudi Arabia Economic Relations

- **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 neighbourhood. 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 co-operation 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 a 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.

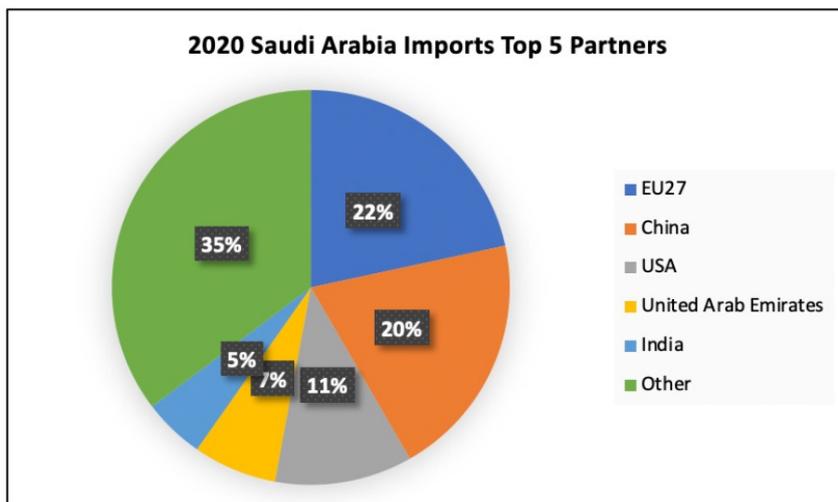
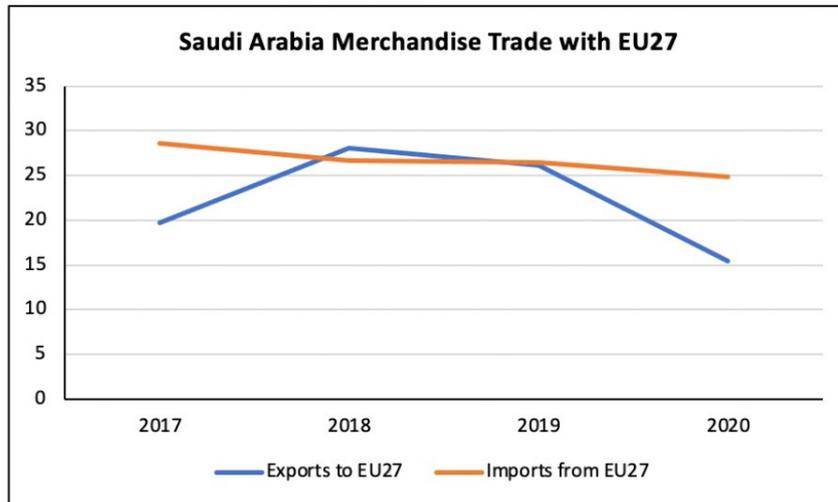
GCC Merchandise Trade with EU27 & the World



GCC Merchandise Trade with EU27 & the World



Saudi Arabia Merchandise Trade with EU27 & the World



EU – Saudi Arabia Major Trade flows by HS section

EU Imports from Saudi Arabia					
2019			2020		
Goods	Value (millions of Euros)	% EU Imports from Saudi Arabia	Goods	Value (millions of Euros)	% EU Imports from Saudi Arabia
V Mineral products	21625	83	V Mineral products	12159	78.7
VII Plastics, rubber and articles thereof	2026	8	VII Plastics, rubber and articles thereof	1543	10.0
VI Products of the chemical or allied industries	1738	7	VI Products of the chemical or allied industries	1082	7.0
XV Base metals and articles thereof	221	1	XV Base metals and articles thereof	169	1.1
XIV Pearls, precious metals and articles thereof	104	0.4	XIV Pearls, precious metals and articles thereof	137	0.9

EU Exports to Saudi Arabia					
2019			2020		
Goods	Value (millions of Euros)	% EU Exports to Saudi Arabia	Goods	Value (millions of Euros)	% EU Exports to Saudi Arabia
XVI Machinery and appliances	6383	24	XVI Machinery and appliances	5572	22.4
VI Products of the chemical or allied industries	4527	17	VI Products of the chemical or allied industries	4366	17.5
XVII Transport equipment	2720	10	XVII Transport equipment	2399	9.6
V Mineral products	2036	8	IV Foodstuffs, beverages, tobacco	1886	7.6
IV Foodstuffs, beverages, tobacco	1664	6	V Mineral products	1445	5.8

Source: Eurostat Comext

EU – Saudi Arabia Major Trade flows by HS section

2020 EU Imports from Saudi Arabia		2020 EU Exports to Saudi Arabia	
V Mineral products (HS 25-27)	<p>2523 Cement, incl. cement clinkers, whether or not coloured</p> <p>2519 Natural magnesium carbonate "magnesite"; fused magnesia; dead-burned "sintered" magnesia, whether or not containing small quantities of other oxides added before sintering; other magnesium oxide, whether or not pure</p> <p>2620 Slag, ash and residues containing metals, arsenic or their compounds (excl. those from the manufacture of iron or steel)</p>	XVI Machinery and appliances (HS 84-85)	<p>8424 Mechanical appliances, whether or not hand-operated, for projecting, dispersing or spraying liquids or powders, n.e.s.; fire extinguishers, charged or not (excl. fire-extinguishing bombs and grenades); spray guns and similar appliances (excl. electric machines and apparatus for hot spraying of metals or sintered metal carbides of heading 8515); steam or sand blasting machines and similar jet projecting machines; parts thereof, n.e.s.</p> <p>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</p> <p>8411 Turbojets, turbo propellers and other gas turbines</p>
VII Plastics, rubber and articles thereof (HS 39-40)	<p>3920 Plates, sheets, film, foil and strip, of non-cellular plastics, not reinforced, laminated, supported or similarly combined with other materials, without backing, unworked or merely surface-worked or merely cut into squares or rectangles (excl. self-adhesive products, and floor, wall and ceiling coverings of heading 3918)</p> <p>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</p> <p>3909 Amino-resins, phenolic resins and polyurethanes, in primary forms</p>	VI Products of the chemical or allied industries (HS 28-38)	<p>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)</p> <p>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</p> <p>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</p>
VI Products of the chemical or allied industries (HS 28-38)	<p>2909 Ethers, ether-alcohols, ether-phenols, ether-alcohol-phenols, alcohol peroxides, ether peroxide, ketone peroxides, whether or not chemically defined, and their halogenated, sulphonated, nitrated or nitrosated derivatives</p> <p>2922 Oxygen-function amino-compounds</p> <p>2916 Unsaturated acyclic monocarboxylic acids, cyclic monocarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives</p>	XVII Transport equipment (HS 86-89)	<p>8802 Powered aircraft, spacecraft, incl. satellites, and suborbital and spacecraft launch vehicles</p> <p>8803 Parts of aircraft and spacecraft of heading 8801 or 8802, n.e.s.</p> <p>8701 Tractors</p>

Economic Competitiveness Indicators

Indicator	Ranking	Out of # Countries
WEF Global Competitiveness Index, 2019	36	141
Fraser Institute - Economic Freedom, 2021 Report	91	165
Global Foreign Direct Investment Attractiveness Index, 2020	44	109
United Nations e-Government Survey, 2020	43	193
Global Innovation Index, 2021	66	132

Infrastructure - Key Figures

Airports: (2013)

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

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

Major seaports: Ad Dammam, Al Jubayl, Jeddah, King Abdulla, Yanbu'

container port(s) (TEUs): Ad Dammam (1,822,642), Jeddah (4,433,991), King Abdulla (2,020,683) (2019)

ICT

Broadband - fixed subscriptions: 6,801,949

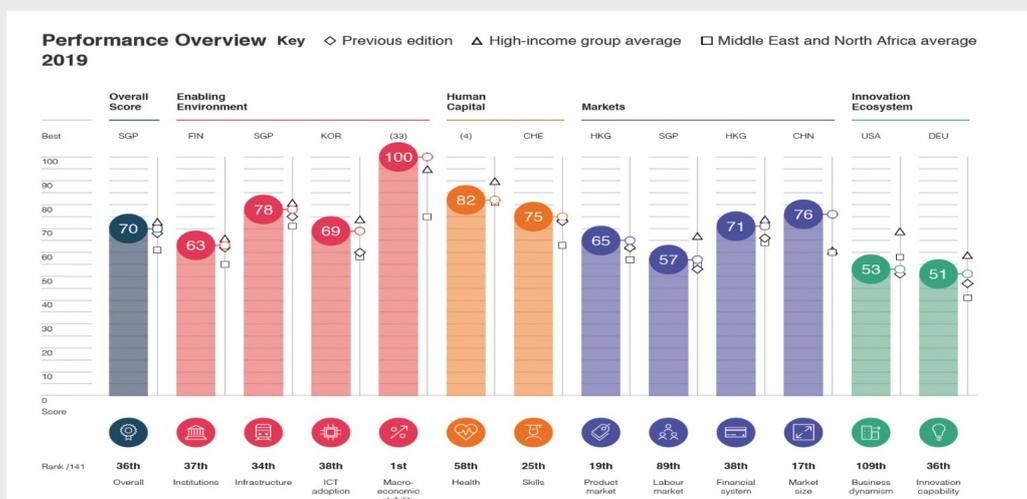
Subscriptions per 100 inhabitants: 20.2 (2019 est.)

Telephones - fixed lines: 5,377,978

Subscriptions per 100 inhabitants: 15.97 (2019 est.)

Telephones - mobile cellular: 41,298,629

Subscriptions per 100 inhabitants: 122.66 (2019 est.)



Population Structure & Availability of Human Capital

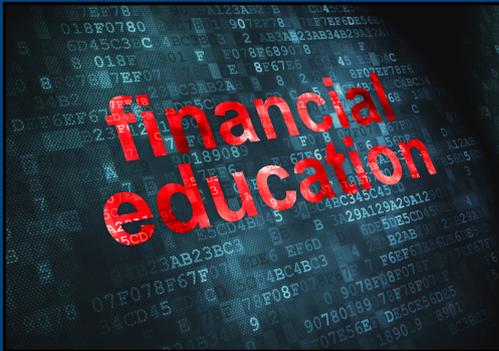
Population (2021 est.)	
Population (million)	35
Population growth rate	1.62%
Birth rate	14.56 births/1,000 population
Death rate	3.39 deaths/1,000 population

Age structure (2020 est.)	
0-14 years	24.84% (male 4,327,830/female 4,159,242)
15-24 years	15.38% (male 2,741,371/female 2,515,188)
25-54 years	50.2% (male 10,350,028/female 6,804,479)
55-64 years	5.95% (male 1,254,921/female 778,467)
65 years and over	3.63% (male 657,395/female 584,577)

Human Capital Availability
<p>Literacy (age 15 and over can read and write) 2017:</p> <ul style="list-style-type: none"> total population: 95.3% male: 97.1% female: 92.7%
<p>School life duration (primary to tertiary education) 2019:</p> <ul style="list-style-type: none"> total: 17 years male: 16 years female: 16 years
<p>Labor force: 13.8 million (2017 est.) (comprised of 3.1 million Saudis and 10.7 million non-Saudis)</p>
<p>Unemployment, total (% of the total labor force): 6</p>

Investment Opportunities by Sector

Emerging Sectors: Financial & Education



Financial: The Kingdom's financial sector comprises banking, capital markets, insurance, fin-tech and others. The Kingdom's regulatory system matches the international standards for banking supervision. Moreover, the newly introduced capital markets law allows for brokerages, asset managers, and other non-bank financial intermediaries to operate in the country. These large efforts are making the Saudi Arabian financial sector even more stable and very integrated with all main international markets and banking systems.

Education: The system is being reshaped in an effort to improve its quality and outcome. The country is focusing on developing early childhood education, refining national curriculum and training its teachers and educational leaders. In addition, it is reforming the regulations paving the way for investors and the private sectors.

Tourism, Healthcare



For Tourism, Vision 2030 aims to create attractions that are of the highest international standards, improve visa issuance procedures for visitors, and develop Saudi historical and heritage sites. Saudi Arabia aims to more than double the number of Saudi heritage sites registered with UNESCO.

The healthcare sector is largely publicly financed, and over the past several decades, the Kingdom of Saudi Arabia has made significant strides in the improvement of its healthcare infrastructure and system.

The demand for healthcare has continued to rise, and this has been witnessed by the increasing healthcare budget and healthcare investment made over the past few decades, notably in the past 10 years. Despite the increase in healthcare expenditure, the Kingdom is facing a set of challenges that includes: increasing longevity and the continued rise in non-communicable diseases.

Manufacturing, Transport & Logistics



Manufacturing: The development and growth of the industrial and manufacturing industry is being catalyzed by attractive ecosystem consisting of industrial cities, well-developed infrastructure, high quality utility supplies, and a well-established logistics network.

KSA government has already invested heavily in the construction of several transport & logistics infrastructure such as ports, railways, roads and airports. To take full advantage of these investments, Saudi Arabia is entering into a new series of international partnerships and working with the private sector to complete, improve and link its infrastructure internally and across borders. Transport and logistic infrastructure is also being unlocked with systems that can drive higher performance, including more rigorous governance, leaner processes and a more efficient customs system.

Investment Opportunities by Sector

Information & Communications Technology



Saudi Vision 2030 aims to transform Saudi Arabia into a globally competitive ICT hub, with modern technologies and an empowered information society. The ambition envisages many investment themes, including the development of the digital content and media, the expansion of the telecommunication system, the digitization of the country, and the creation of new high-tech and smart industries. The government is working alongside the private sector to modernize the ICT infrastructure, enhancing the regulatory framework to enable new innovative investments, and building the most suitable ecosystem to support entrepreneurs and digital talents.

Chemicals, Energy & Water, Mining & Metals



Chemicals industry: Saudi Arabia has embarked on a transformational program that will generate a significant industrial growth in various sectors, which will be the main driver for the development of the chemicals sector in all segments – basics, intermediates, and specialties.

Energy & Water: Ongoing privatization and localization are taking place in both energy and water sectors. Growing demand for electricity and water in the kingdom increases further due to the constant sustainable growth in the industrial, residential and commercial sectors.

Mining & Metals: The country is going through a large industrial and economic diversification that will grow resource-heavy manufacturing sectors such as industrial machinery, electrical equipment, automotive, etc., and thus lead to an increase in demand for metal and mineral products. Moreover, Saudi Arabia's proximity to other MENA countries puts local manufacturers in a great position to export to those countries.

Important Contacts

Agency	Support Provided	Website	Contact Information
Ministry of Investment	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 Kuwait.	http://embassies.mofa.gov.sa/sites/EUDelegation/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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- WIPO (2021), 'Global Innovation Index 2021 - Tracking Innovation through the COVID-19 Crisis'

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://eeas.europa.eu/headquarters/headquarters-homepage/87855/eu-gcc-dialogue-economic-diversification-project_en

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