



وزارة الاستثمار
Ministry of Investment

استثمر في السعودية
INVEST
SAUDI

ECONOMIC AND INVESTMENT MONITOR, SAUDI ARABIA

Q1 2023



"My primary goal is to be an exemplary and leading nation in all aspects, and I will work with you in achieving this endeavor"

-Custodian of the Two Holy Mosques,
King Salman Bin Abdulaziz Al-Saud



"Our nation holds strong investment capabilities, which we will harness to stimulate our economy and diversify our revenues"

-His Royal Highness the Crown Prince
Mohammed bin Salman bin Abdulaziz Al-Saud



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Abbreviation List

Bn	Billion
Capex	Capital Expenditures
CPI	Consumer Price Index
FDI	Foreign Direct Investment
GASTAT	General Authority for Statistics
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GSCRI	Global Supply Chain Resilience Initiative
ICT	Information Communications Technology
IMF	International Monetary Fund
IPI	Industrial Production Index
LLC	Limited Liability Companies
MISA	Ministry of Investment of Saudi Arabia
Mn	Million
MoF	Ministry of Finance
NIS	National Investment Strategy
NOMU	Parallel Market Index
OECD	The Organization for Economic Cooperation and Development
OPEC	The Organization of Petroleum Exporting Countries
OPEC+	A group of OPEC and non-OPEC oil-producing states
PMI	Purchasing Managers' Index
PoS	Points of Sale
REPI	Real Estate Price Index
SADAD	National Electronic Bill Presentment and Payment
SAIBOR	Saudi Arabian Interbank Offered Rate
SAMA	Saudi Central Bank
SAR	Saudi Riyals
SMLLC	Single-member Limited Liability Company
SMEs	Small and Medium Enterprises
Tadawul	The Saudi Stock Exchange
TASI	Tadawul All Share Index
VRPs	Vision Realization Programs
WEO	World Economic Outlook
WB	World Bank
WPI	Wholesale Price Index

Executive Summary (1/2)

- According to the World Economic Outlook report (WEO), April 2023, the International Monetary Fund (IMF) projected global output growth at 2.8% in 2023 and 3.0% in 2024. As for Saudi Arabia, the IMF estimated GDP growth of 3.1% in 2023 and 2024, higher than the average growth rates of the global economy, advanced economies, and the Euro Area for the same period.
- The IMF estimated the inflation rate at 4.7% for advanced economies and 8.6% for emerging market and developing economies in 2023, and for Saudi Arabia at 2.8% in the same year.
- According to the IMF data published in April 2023, growth rates of global FDI inflows declined sharply in Q4 2022, and global investments, as % of GDP, are estimated to reach 27.2% in 2023, down by 0.3% from the previous year.
- In Q1 2023, the global PMI declined by 6.9%. South Korea, the United States, the European Union, and Japan declined for the same period, however, the PMI for Saudi Arabia grew by 6.4% in Q1 2023 compared to the same period of the previous year.
- According to GASTAT, Saudi Arabia's GDP increased by 8.7% in 2022, the highest growth rate among the G20 countries and one of the fastest-growing economies in the world.
- According to GASTAT, the real GDP grew by 3.8% in Q1 2023 compared to the same quarter of the previous year, driven by an increase in non-oil activities and oil activities by 5.4% and 1.4%, respectively, and government activities by 4.9% for the same period.
- The nominal private final consumption grew by 7.1% in Q1 2023, driven by an increase in the Points of Sale (PoS) and SADAD payments by 11.3% and 13.3%, respectively, however, cash withdrawals decreased by 1.2%.
- In Q4 2022, the unemployment rate in Saudi Arabia declined to 4.8%, as well as the Saudis unemployment rate to 8.0%, bringing it closer to achieving the target of Saudi Vision 2030 at 7%.
- Money Supply grew by 10.0% in Q1 2023 compared to the same quarter last year, driven by an increase in time and savings deposits by 38.5% and other quasi-monetary deposits by 22.8%.
- Tadawul All Share Index (TASI) decreased by 19.1% in Q1 2023 compared to the same quarter last year. Similarly, the Parallel Market Index (NOMU) declined by 20.5% for the same period.
- In Q4 2022, the current account of the balance of payments recorded a surplus of SAR 74.1 billion, or 7.2% of nominal GDP, compared to a surplus of SAR 77.6 billion in the same quarter last year.
- Merchandise exports decreased by 14.6% in Q1 2023, reaching SAR 313.5 billion, compared to SAR 367.1 billion in Q1 2022, due to a decrease in oil and non-oil exports.



Executive Summary (2/2)

- According to the 2023 Budget Statement, the government revenues reached SAR 280.9 billion in Q1 2023, a growth of 1.1% on an annual basis. Government expenditures, on the other hand, recorded SAR 283.9 billion, an increase of 28.8%.
- The nominal GFCF recorded SAR 1,040 billion in 2022, a growth of 31.2% compared to the previous year, exceeding the NIS target of SAR 747 billion for 2022.
- The FDI inflows into Saudi Arabia recorded SAR 30 billion in 2022, an increase of 14.7% compared to the previous year (excluding Aramco's deal from 2021 inflows).
- According to MISA data, the number of closed deals increased by 3.0% in Q1 2023, reaching 104 deals, compared to 101 deals for the same quarter in the previous year.
- According to MISA data, the number of new investment licenses recorded a growth of 34.6%, or 1,637 new licenses in Q1 2023, compared to 1,216 licenses for the same quarter in the previous year (excluding the licenses issued as part of the anti-concealment law enforcement).
- In 2022, Saudi Arabia has achieved advanced positions in several global indicators, as it stands at A/A-1 in Standard & Poor's credit rating and A1 in Moody's credit rating.
- MISA, in cooperation with other government entities, has a pivotal role in promoting investment and attracting investors through organizing and participating in numerous events. More than 11 events had been organized in Q1 2023 in various areas including real estate, renewable energy, and iron & steel, in addition to its participation in several investment forums between Saudi Arabia and several countries .
- Investment Overview in this report features Shareek Program, which is designed to enable local investments, through large companies in Saudi Arabia's private sector, and accelerate their growth, in a move that consolidates the Kingdom's position among the key global economies and promotes economic growth to achieve the targets of Vision 2030. Shareek launched the first wave included 12 projects in four vital sectors, which will be implemented by 8 of the largest national companies with a total value of SAR 192 billion (\$51 billion), the share of Shareek in the investments of these companies represents about SAR 120 billion, which enhances their growth and raises their competitive potential at the international level.



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01

GLOBAL ECONOMY

One: Global Economy

I. Economic Growth

i. Global Economy Outlook

According to the **World Economic Outlook** report (WEO), April 2023, the International Monetary Fund (IMF) projected global output growth at 3.4% in 2022, similar to WEO January 2023. In its latest report, the IMF projected a growth of 2.8% and 3.0% in 2023 and 2024, respectively, lower than the WEO October 2022 update of 2.9% and 3.1%.

The IMF attributed its projections for the global economic slowdown in 2023 to the cumulative effects of the pandemic and the Russia-Ukraine war which led to supply chain disruptions, high inflation rates, and interest rates hikes, particularly affecting the advanced economies. The IMF also projected an economic slowdown for emerging market and developing economies in 2023 before they recover and grow in 2024.

This shows that the slowdown will have greater impact on advanced economies

than emerging and developing economies. This is due to the high impact of interest rates on advanced economies than emerging market and developing economies, which is reflected in the IMF projections for them as the growth rate projected for advanced economies in 2023 is 1.3%, compared to 2.7% in 2022. The growth rate projected for emerging market and developing economies is 3.9% compared to 4.0% in 2022.

In 2024, the global economy is projected to recover from the impact of geopolitical conflicts, and high inflation and interest rates, as the IMF indicated that both advanced economies and emerging and developing economies will grow by 1.4% and 4.2%, respectively in 2024.

It is worth noting that based on the IMF projections for 2023, the real GDP of Saudi Arabia is higher than the average growth rates of the global economy, advanced economies, and the Euro Area.

Growth Rate (%) (Real GDP, Annual Percent Change)	2022	2023*	2024*
Global Economy	3.4	2.8	3.0
Advanced Economies	2.7	1.3	1.4
Emerging market and Developing Economies	4.0	3.9	4.2
Saudi Arabia	8.7	3.1	3.1
United States	2.1	1.6	1.1
China	3.0	5.2	4.5
Japan	1.0	1.3	1.0
India	7.0	5.9	6.3
Euro Area	3.5	0.8	1.4

Source: IMF (WEO, April 2023), GASTAT, official statistical offices of countries

*Projections

ii. Inflation

The IMF estimated the inflation rate at 4.7% for advanced economies and 8.6% for emerging market and developing economies in 2023. For Saudi Arabia, the inflation rate is estimated at 2.8% for the same year. These high projections are due to the increase in inflation rates, which reached historical levels. The annual inflation rose from 3.1% to 7.3% in 2021 to 2022 respectively, in advanced economies, and 5.9% to 9.8% in emerging and developing market economies. In Saudi Arabia, on the other hand, the inflation rate fell from 3.1% to 2.5% for the same period.

The rise in the inflation rate in Saudi Arabia in 2021 was attributed to the increase in the value-added tax in June 2020.

Saudi Arabia's inflation rates during the period from 2021 to 2022, in addition to the IMF projections for 2023 and 2024, are considered good as they maintain a rate between 2% and 3%, which is the targeted rate by countries in light of the current global economic conditions.

Inflation rate (%)	2022	2023*	2024*
Advanced Economies	7.3	4.7	2.6
Emerging Market and Developing Economies	9.8	8.6	6.5
Saudi Arabia	2.5	2.8	2.3

Source: IMF (WEO April 2023)

*Projections

iii. Global Investment

The IMF estimated global investments, as % of GDP, to reach 27.2% in 2023, down by 0.3% compared to the previous year, according to WEO's April 2023 update. This decline was reflected in the projections of the G7 economies and the European Union for 2023 and 2024.

Emerging markets and developing economies, on the other hand, maintained their percentage, as the IMF estimated growth of 0.1% from 2022 to 2023.

Investment (% of GDP)	2022	2023*	2024*
Global economy	27.5	27.2	27.3
G7	22.6	21.8	21.7
European Union	24.4	23.7	23.6
Emerging markets and developing economies	33.4	33.5	33.7

Source: IMF (WEO, April 2023)

*Projections



According to the **OECD** latest data, the global FDI inflows declined sharply by 100% in Q4 2022 compared to Q4 2021. The data also indicate that the FDI inflows of the OECD countries dropped significantly by 200% compared to 2021. The European Union countries recorded a drastic reduction of 5032% in Q4 2022 compared to Q4 2021.

According to SAMA, Saudi Arabia's FDI inflows declined slowly by 0.4%, compared to the same period of the previous year.

The slow growth of FDI inflows might be attributed to high interest rates, growing debt-related risks, and the withdrawals of capital by a telecommunication MNE operating in Luxembourg which caused global FDI flows to drop by 24%. According to the IMF report in April 2023, the response of the FDI inflows growth to the geopolitical factors has changed in 2022, as the FDI is increasingly concentrated among countries that share similar geopolitical views.

FDI Inflows (%)	2020 Q4	2021 Q4	2022 Q4
Global FDI	-48.1	21.8	-100
OECD countries	-69.9	55.8	-200.1
European Union	-90.2	-83.7	-5031.8
Saudi Arabia	79.7	3.3	-0.4

Source: OECD, SAMA, IMF

iv. Global Purchasing Managers Index (PMI)

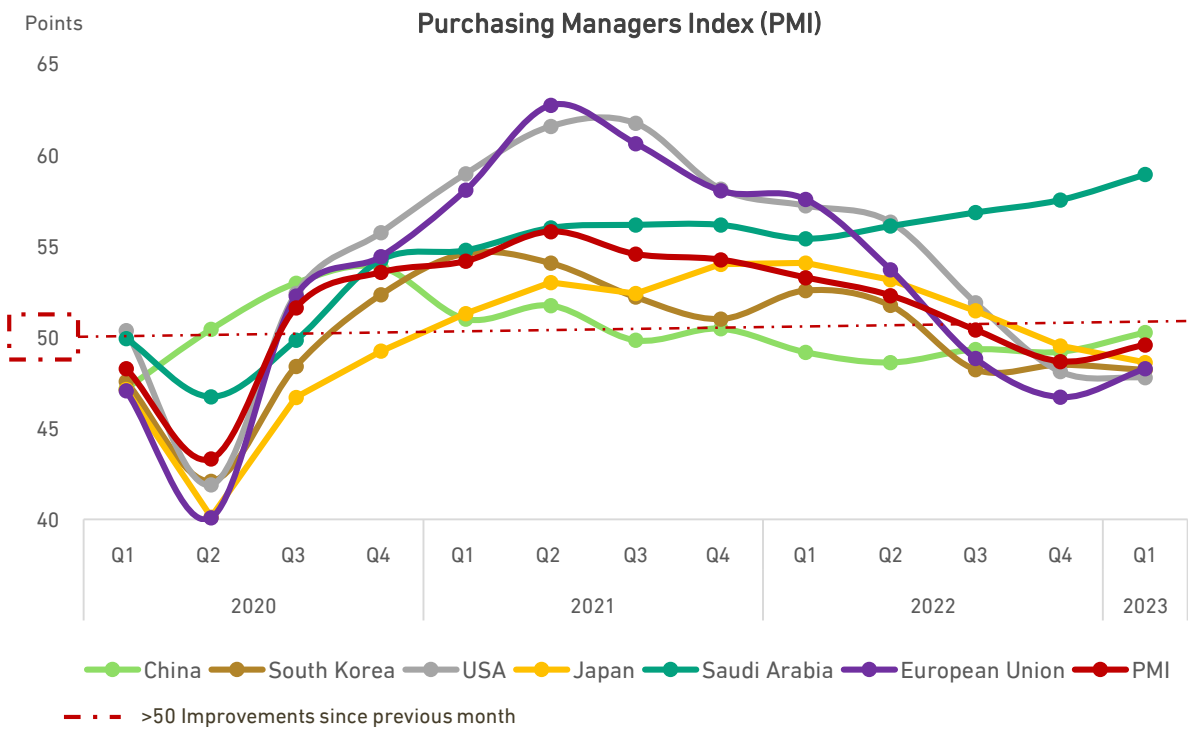
The Purchasing Managers' Index declined by 6.9% YoY in Q1 2023 to average 49.6 points from 53.3 points in the same quarter last year.

In Q1 2023, the PMI of South Korea, the United States, the European Union and Japan also declined compared to the same quarter last year, except for China which witnessed an increase of 2.2% in the same period.

Saudi Arabia, on the other hand, the PMI readings grew by 6.4% during the same period.

It should be noted that the unbalanced growth in the PMI for the selected countries is attributed to the stagnation in global commodity exports and the increasing trend of inventory reduction policies due to the decline in new manufacturing orders.

Looking at the monthly performance, the PMI declined by 5.1% YoY in April 2023. The data of the selected countries showed a decrease in the same period, except for China and Saudi Arabia, as the Kingdom's PMI continued to increase to 7.1%.



II: Oil Market

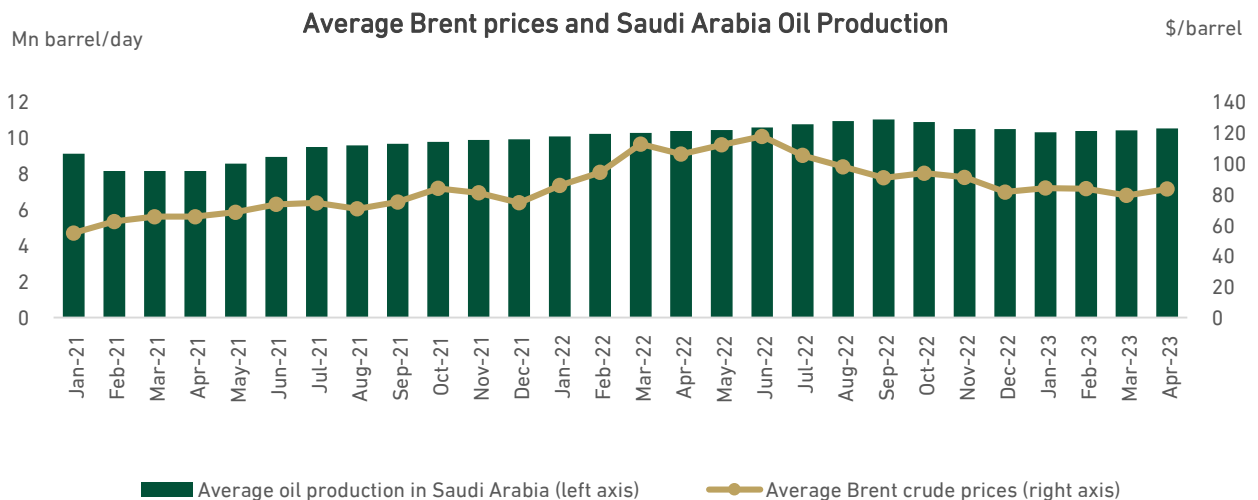
With the beginning of 2023, the **global oil markets** witnessed a decline in oil prices reaching an average of \$82.5/barrel until April 2023, close to the levels before 2022 averaging \$70.7/barrel. This comes with the reduced effect of uncertainty regarding the impact of the global economic and geopolitical conditions from the Russian-Ukrainian war and “Covid-19”, in addition to raising the interest rates by the US Federal Reserve in order to limit the effects of inflation and rising prices. Accordingly, the global oil markets are expected to witness balanced supply and demand in 2023, as well as relatively stable prices.

Looking at the actual performance of the oil markets, a report published by OPEC indicates a drop in the average price of Brent crude in Q1 2023 by 15.6% compared to the same period of the previous year, due to the reduced effect of uncertainty among investors, their enhanced confidence on containing the turmoil of global inflation by governments, the decline of the US dollar in March 2023, and the announcement of additional voluntarily production adjustments starting by many countries from May until the end of 2023 contributed to support oil prices, which further stabilized the market.

Monthly OPEC data indicated a continued decline in the average price of Brent crude, reaching an average of \$83.4/barrel in April 2023, compared to an average of \$105.9/barrel in the same period in 2022, recording an decrease of 21.3% YoY.

As for oil production, the **average oil production in Saudi Arabia** climbed to 1.9% in Q1 2023 compared to the same period in the previous year, reaching a total average of 10.4 million barrels/day. The average oil production of the Saudi Arabia also grew by 1.3% in April 2023 reaching an average of 10.5 million barrels/day, from to an average of 10.4 million barrels per day.

The **IEA Oil Market Report** for April 2023 indicated that the extra cuts by OPEC+ will push world oil supply down 400 thousand barrels/day by end 2023. IEA also expected in a previous report that global demand is set to surge by 3.2 million barrels/day from Q1 2023 until Q4, taking average growth for the year to 2 million barrels/day.



Source: OPEC, IEA (Oil Market Report)



02

SAUDI ECONOMY



Two: Saudi Economy

I: Saudi Economy Robustness, and Local and International Outlook

Through Vision 2030, the Saudi economy witnessed several structural reforms and huge initiatives to diversify the economic base and expand the participation of the private sector. The National Investment Strategy (NIS), one of Vision 2030 initiatives, was launched in 2021 to be the roadmap for the Saudi economy and investment. These reforms and initiatives have been instrumental in the great results achieved by the Saudi economy in 2022, despite the challenges facing the global economy, as Saudi's GDP grew remarkably by 8.7% in 2022, the highest growth rate among the G20 countries, making Saudi Arabia one of the fastest growing economies in the world.

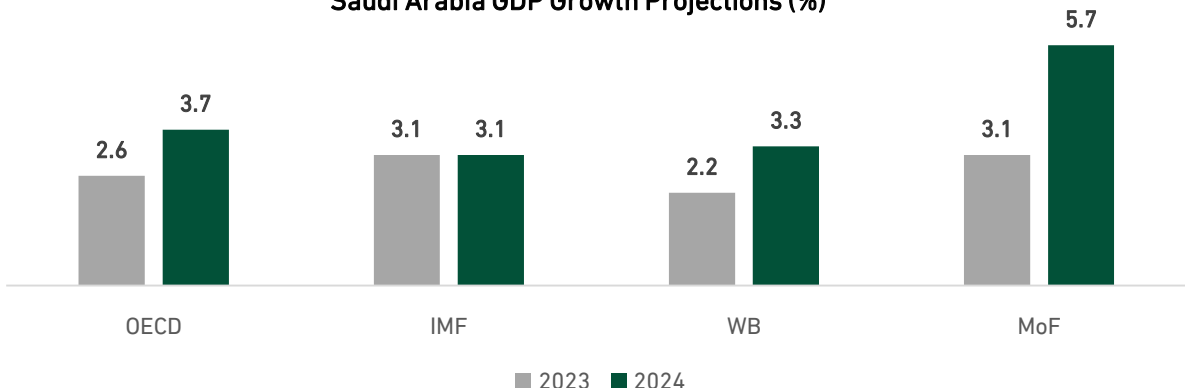
Reports of international organizations and local authorities state the steady pace of the Saudi economy towards prosperity and development, and realizing global achievements. **International Monetary Fund (IMF), April 2023**, projected real GDP growth of 3.1% in 2023 and 2024. **The World Bank**, also, projected real GDP growth of 2.2% in 2023 and 3.3% in 2024, as well as a growth in the non-oil sector of 4.6% by the end of the current year. As for the **Organization for Economic Co-operation and Development (OECD)**, the real GDP is projected to grow by 2.6% in 2023, and the projection for 2024 revised up to 3.7%.

The budget statement FY 2023 issued by the Ministry of Finance (MoF) **projected** a real GDP increase of 3.1% in 2023 and 5.7% in 2024. A slowdown in growth rates is projected for 2023 after the 2022 strong growth, in conjunction with the decline in global activity and drop in oil prices.

The voluntary reduction of Saudi oil production, started in March 2023, will contribute to a relatively reduced growth of oil activities and a decline in GDP, however, according to international organizations' projections, Saudi Arabia remains among the highest growing countries in 2023.

In the financial sector, Moody's credit rating for Saudi Arabia, in March 2023 report, was set at **A1**, with a positive outlook changed from stable, as a result of the effectiveness of the fiscal policy, structural reforms, and diversified investments in non-oil sectors, which enhance the strength of the Saudi economy and reduce the impact of oil price fluctuations. Likewise, in April 2023, Fitch ratings upgraded Saudi Arabia to **A+** from **A**, with a stable outlook, due to Saudi Arabia's strong fiscal and the size of sovereign assets that reflect its foreign reserves, and the low debt-to-GDP ratio.

Saudi Arabia GDP Growth Projections (%)



Source: IMF Report (WEO, April 2023), World Bank Report (Global Economic Prospects, May 2023), OECD (OECD Economic Outlook, March 2023), and MoF budget statement FY 2023

II: Saudi Economy Actual Performance

1. Real Sector

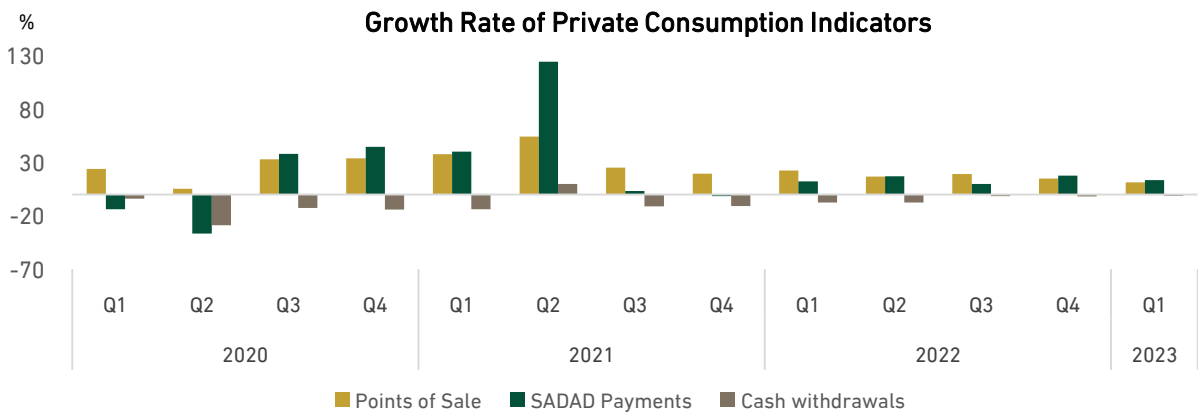
According to the General Authority for Statistics (GASTAT) data, the real GDP grew by 3.8% in Q1 2023 compared to the same quarter of the previous year. This growth was due to the increase in non-oil activities** and oil activities** by 5.4% and 1.4%, respectively, compared to the same period of the previous year, in addition to the increase in government activities by 4.9% for the same period, the highest growth rate since 2018.

Most economic activities showed positive growth rates, as collective, social & personal services increased by 12.9%, the highest growth rate in Q1 2023, compared to the same quarter last year, followed by transportation, storage & communications by 9.3%, then wholesale & retail trade, restaurants and hotels by 7.5% on an annual basis.

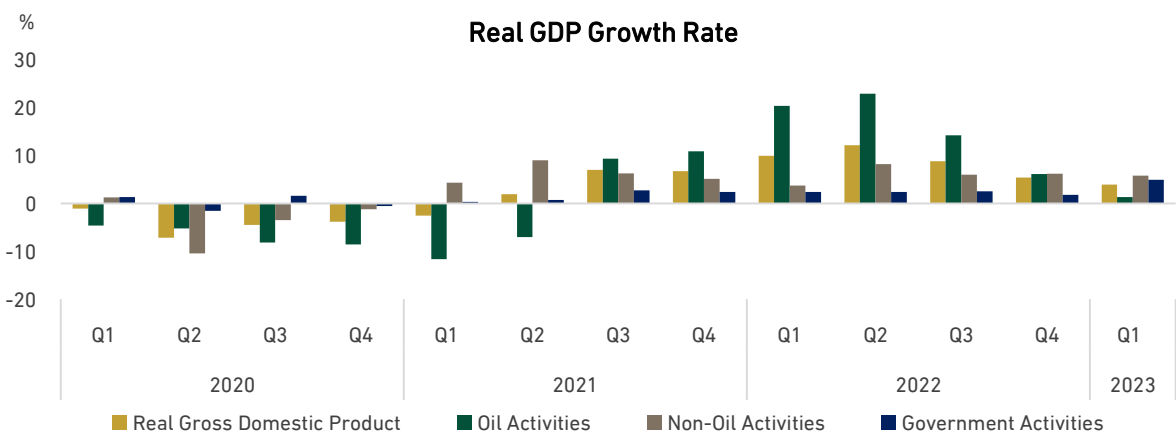
According to GASTAT, the nominal private final consumption grew by 7.1% in Q1 2023, due to an increase in the Points of Sale (PoS) and **SADAD payments** by 11.3% and 13.3%, respectively, compared to the same quarter last year, driven by a rise in hotel and beverage & food sectors by 37.3% and 14.3%, respectively, for the same period.

The PoS transactions increased by 24.9% for the same period. Cash withdrawals, on the other hand, decreased by 1.2% in Q1 2023, on an annual basis, due to the shift in consumer behavior from cash transactions to electronic payment methods.

**The terms "oil activities, non-oil activities and government activities" are used based on the new classification of the GASTAT, issued on 14 December, 2021 (instead of institutional sectors)



Source: SAMA



Source: GASTAT

The nominal GFCF rose by 22.3% in Q1 2023, due to private investment indicators grew in Q1 2023, as the PMI rose by 6.4%, reaching 58.9 points, compared to 55.4 points in Q1 2022, due to an increase in new business for non-oil companies resulting from the improvement in market conditions and increased spending on development.

According to the GASTAT data, the Industrial Production Index (IPI) rose by 5.6% in Q1 2023 compared to the same quarter last year, backed by higher production in mining and quarrying activity by 2.3% (74.5% of the index weight), as a result of increased oil production for the same period. Manufacturing grew by 15.5%, which had a marked impact on the growth of industrial production. Industrial Production Index (IPI) also achieved a growth of 3.2% in April 2023, compared to the same period of the previous year.

Cement sales decreased by 7.2% in Q1 2023, compared to the same quarter last year, reaching 13.2 million tons. In 2022, cement sales declined by 1.5%, compared to 2021, owing largely to the increase in interest rates, which recorded successive increases during 2022, in addition to using modern technologies in construction that reduce dependence on cement.

In Q1 2023, the real estate price index (REPI) increased by 1.0% compared to the same quarter in the previous year, mainly due to the increase in residential and commercial real estate prices by 1.6% and 0.1%, respectively. In 2022, the REPI increased by 1.1% compared to 2021, driven by an increase in residential real estate prices by 1.2%.

1.1 Labor Market

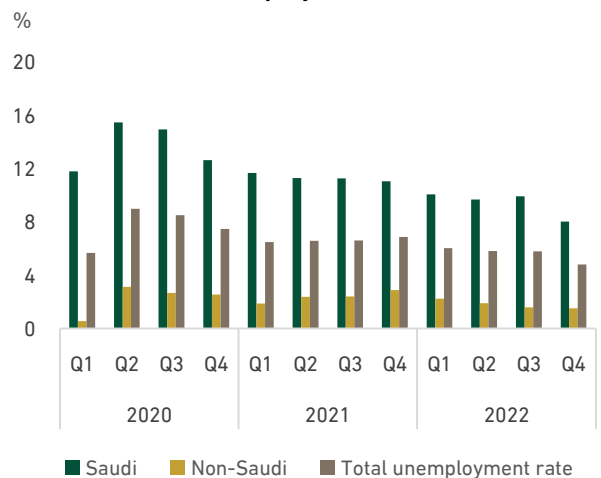
Based on GASTAT Labor Force Survey, the total unemployment rate declined to 4.8% in Q4 2022, compared to 5.8% in the previous quarter.

The Saudis unemployment rate decreased to 8.0% in Q4 2022, compared to 9.9% in the previous quarter, bringing it closer to achieving the target of Saudi Vision 2030 at 7%.

Saudi males unemployment rate decreased to 4.2% in Q4 2022 compared to 4.3% in the previous quarter. Likewise, the Saudi females unemployment rate declined significantly to 15.4% compared to 20.5% in Q3 2022, the lowest rate achieved in Saudi, which can be attributed to the labor market reforms and empowerment of women.

Non-Saudi unemployment rate decreased to 1.5% in Q4 2022 compared to 1.6% in Q3 2022. The labor force participation rate (for Saudis and non-Saudis) remains unchanged at 61.5% in Q4 2022 compared to the previous quarter.

Unemployment Rate



Source: GASTAT

2. Monetary Sector

2.1 Money Supply and Reserve Assets

According to SAMA data, the **money supply** increased by 10.0% in Q1 2023, compared to the same quarter in the previous year, driven by the rise in other semi-cash deposits by 22.8%, and time and savings deposits by 38.5% (**growth of government time and savings deposits by 45%, companies and individuals by 31%**). Reserve assets, however, decreased by 4.6% in Q1 2023 compared to Q4 2022, due to the decline in oil prices (Brent) by 3.7% for the same period.

2.2 Interest Rates

The **average Interbank Offered Rate (SIBOR) rose by 5.5 basis points in Q1 2023**, up by 4.1 basis points compared to Q1 2022. The rate of Repurchase Agreement (Repo) increased by 5.5 basis points, and the rate of Reverse Repurchase Agreement (Reverse Repo) by 5.0 basis points for the same period, following the increase of the US Federal Reserve interest rate.

The **volume of lending in Saudi Arabia remains high**, as the bank claims on public sector increased by 12.9% in Q1 2023, compared to the same quarter of the previous year, and the credit to the private sector by 10.3%, on an annual basis. Real estate loans by banks, also, grew by 20.9% in Q1 2023, on an annual basis.

2.3 Inflation

According to GASTAT data, the Inflation Rate (Consumer Price Index (CPI)) rose to 3.0% in Q1 2023, compared to 1.6% in the same quarter of the previous year, due to higher prices of housing, water, electricity, gas, and other fuels by 7.0%, and restaurants and hotels by 6.4%.

In May 2023, the inflation rate increased to 2.8%, compared to 2.2% in May 2022, driven by higher prices of housing, water, electricity, gas, and other fuels by 8.4%, and food and beverages by 0.9%.

The **Wholesale Price Index (WPI) grew by 2.5% in Q1 2023**, compared to the same period last year, due to higher prices of food products, beverages by 6.3% (17.3% of the index weight), agriculture and fishery products by 4.4% (17.3% of the index weight). While **May 2023**, the WPI decreased by 1.1%, compared to the same month in the previous year, as a result of drop prices of food products, beverages by 28.2%.

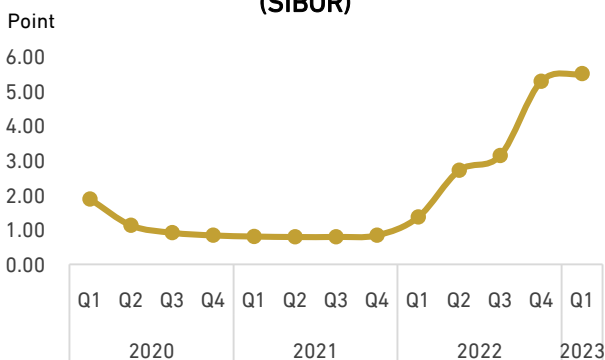
In general, inflation rates are directly affected by geopolitical repercussions and disruptions in supply chains on the supply side. On the demand side, the rise of domestic demand, driven by private consumption, has affected inflation rate in Saudi Arabia.

3. Capital Market

Tadawul All Share Index (TASI) closed at **10,590** points at the end of Q1 2023, down by **19.1%** compared to the same quarter in the previous year. The total volume of traded shares dropped by **50.3%**, to SAR **270** billion compared to the same quarter in the previous year.

The **Parallel Market Index (NOMU) closed at 19,892** points at the end of Q1 2023, down by **20.5%** compared to the same quarter in the previous year. The total volume of traded shares fell by **74.9%**, reaching SAR **1.8 billion** compared to the same quarter in the previous year.

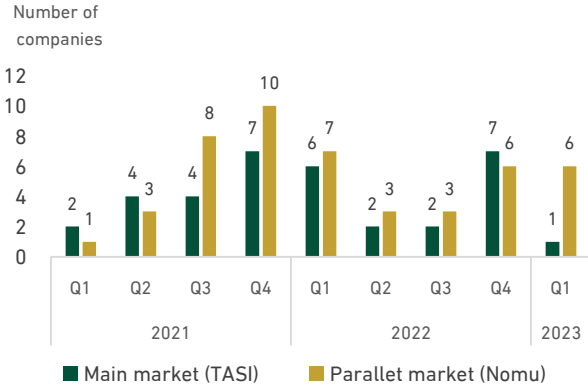
Average Three Month Interbank Rate (SIBOR)



Source: SAMA

The total number of companies whose listings have been approved in Q1 2023 reached 9 companies, with 1 company listed in TASI and 8 companies listed in NOMU.

Number of New Listed Companies



Source: Tadawul

Tadawul data show a decline in Saudi investor's ownership in the stock market by 16.7% in Q1 2023 compared to the same quarter in the previous year. Likewise, the foreign investor's ownership decreased by 11.5% for the same period, on an annual basis, due to the impact of higher interest rates on foreign investments. The GCC investor's ownership also declined by 13.9% in Q1 2023, on an annual basis.

Ownership of Foreign Investors in Stock Market



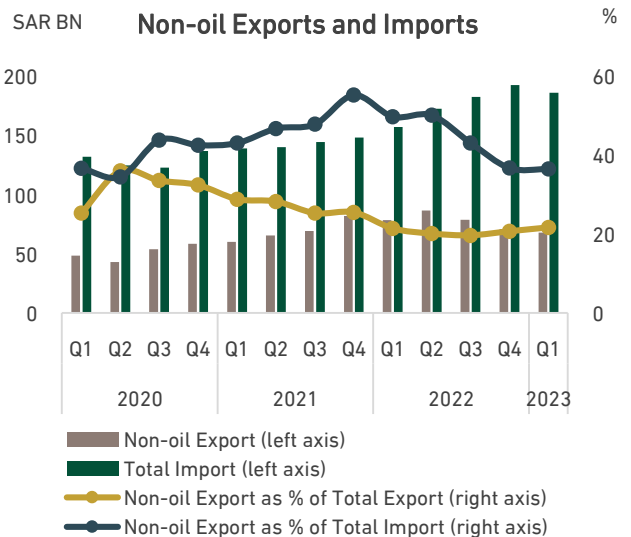
Source: Tadawul

4. External Sector (Balance of Payments)

According to the latest data from SAMA for the balance of payments, the current account recorded a surplus of SAR 74.1 billion, 7.2% of nominal GDP in Q4 2022, compared to a surplus of SAR 77.6 billion in the same quarter of the previous year.

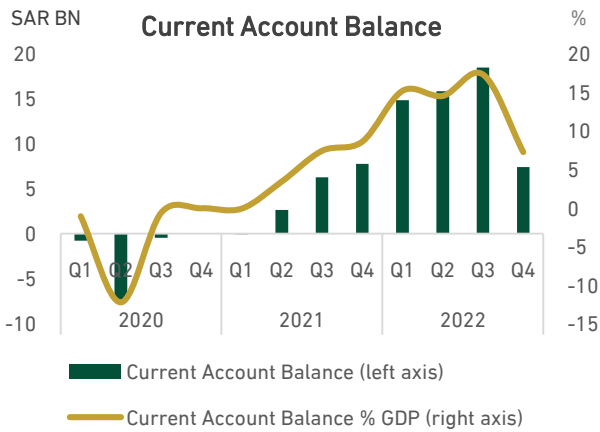
Regarding international trade in Q1 2023, the trade balance recorded a surplus of SAR 127.1 billion, a decline of 39.2%, compared to SAR 209.2 billion for the same quarter in the previous year. Merchandise exports decreased by 14.6%, recording SAR 313.5 billion, compared to SAR 367.1 billion in the same quarter of the previous year, driven by a decline in oil export, recording SAR 245.4 billion in Q1 2023 compared to SAR 288.5 billion in the same quarter of the previous year. Similarly, non-oil exports decreased to SAR 68.1 billion, compared to SAR 78.6 billion in the same quarter of 2022.

Imports, on the other hand, increased by 18.1%, or SAR 186.4 billion, compared to SAR 157.9 billion in the same quarter of 2022. The share of non-oil export to total imports was 36.6% for the same period.

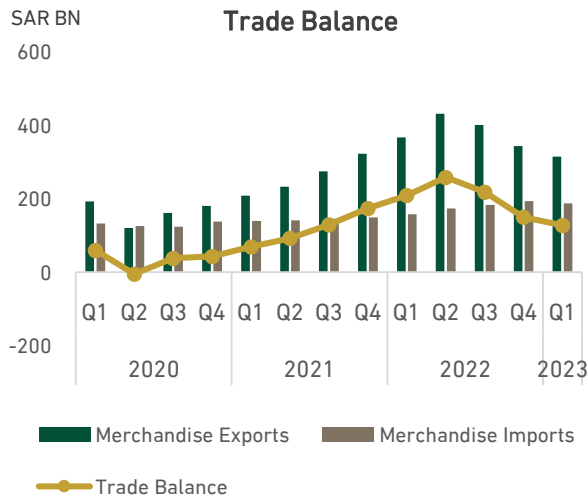


*Non-oil exports include re-exports.

Source: GASTAT



Source: SAMA, GASTAT



Source: GASTAT

5. Fiscal Performance

5.1 Revenues

According to the Budget data for Q1 2023 issued by MoF, government revenues reached SAR 280.9 billion, a growth of 1.1% on an annual basis, which is attributed to a growth in non-oil revenues by 8.6%, for the same period.

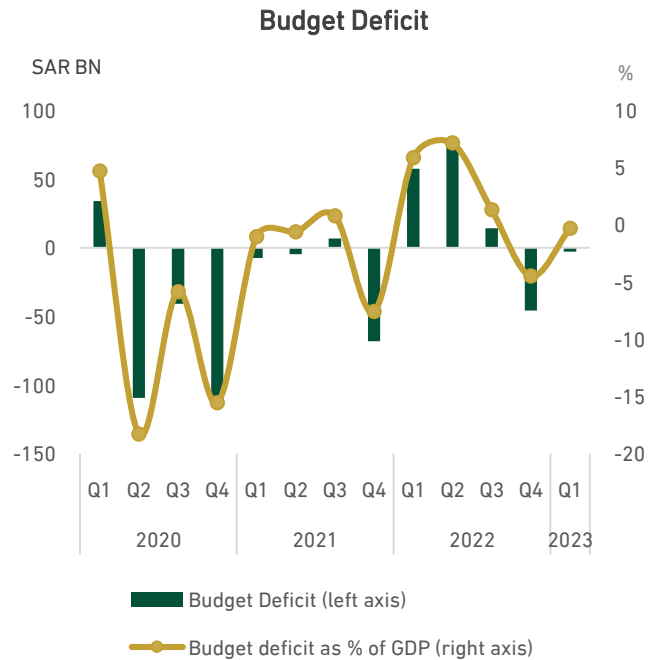
5.2 Expenditures

Government expenditures recorded SAR 283.9 billion in Q1 2023, up by 28.8% on an annual basis, driven by an increase in the use of goods and services, social benefits and non-financial assets by 70.1%, 51.6% and 75.1%, respectively. This reflects the government's keenness to strengthen social benefits and subsidies schemes as well as to continue spending on strategic and mega projects with high economic and social returns.

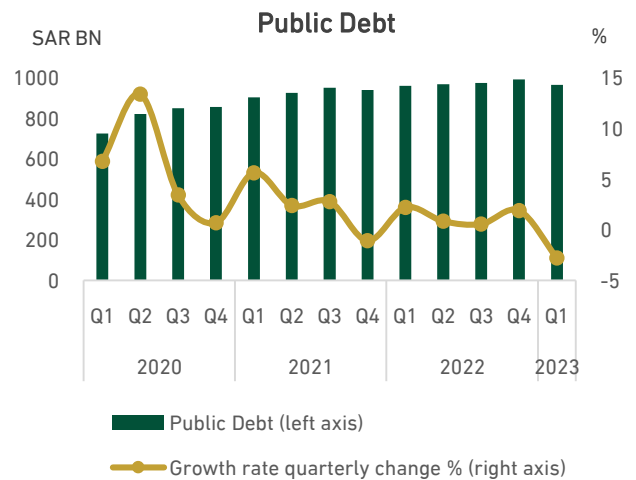
5.3 Surplus/deficit and Debt

The budget deficit recorded SAR 2.9 billion, 0.3% of GDP, in Q1 2023, compared to a surplus of SAR 57.5 billion in Q1 2022.

Public debt reached SAR 962.3 billion, compared to SAR 990.1 billion. Borrowing is expected to continue in order to repay the principal due and finance several strategic projects.

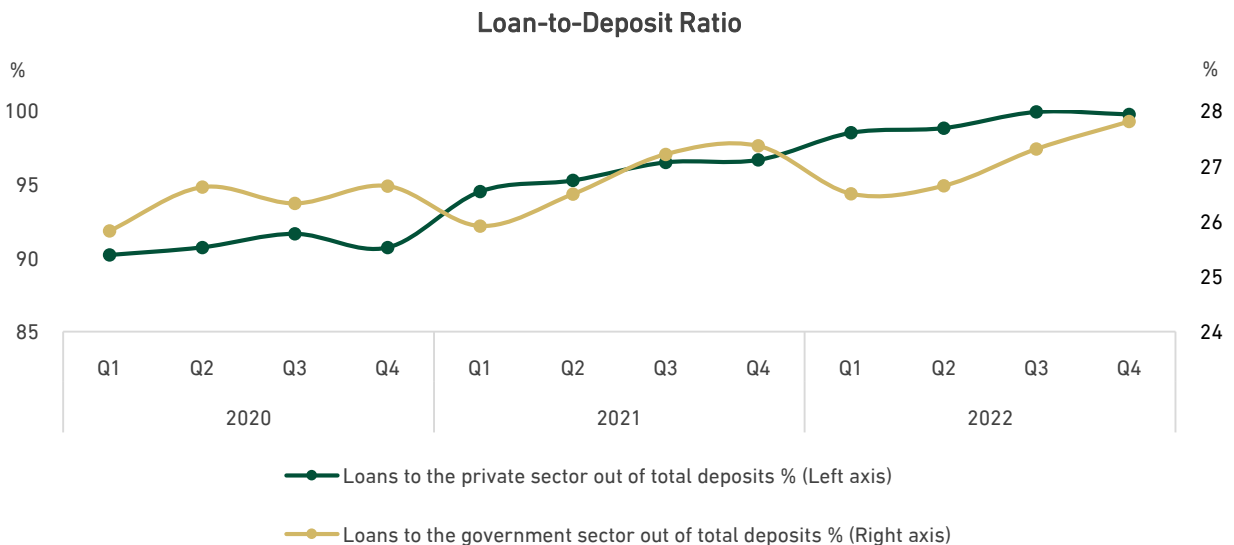
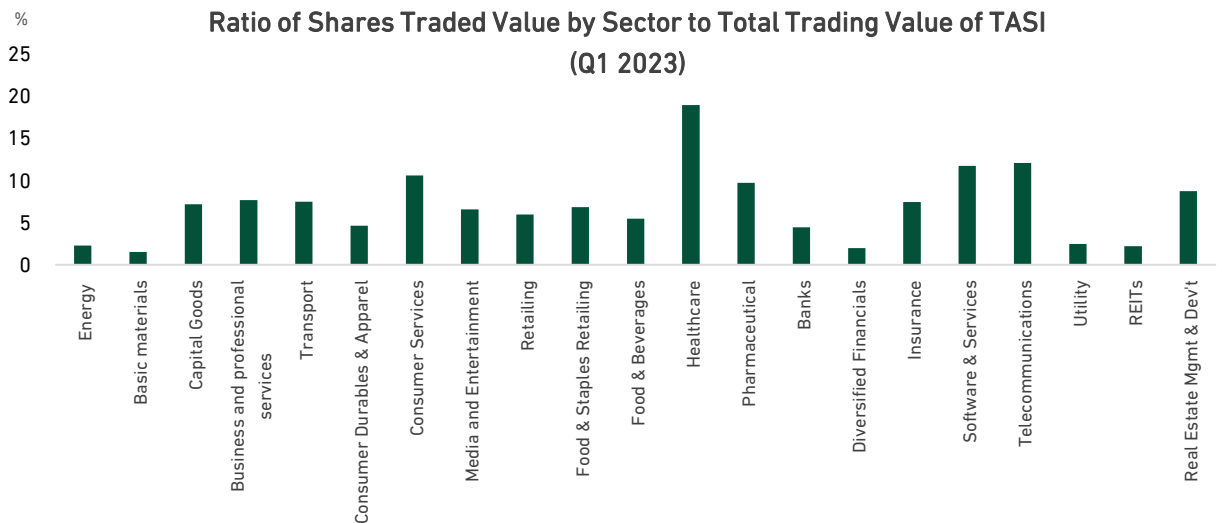
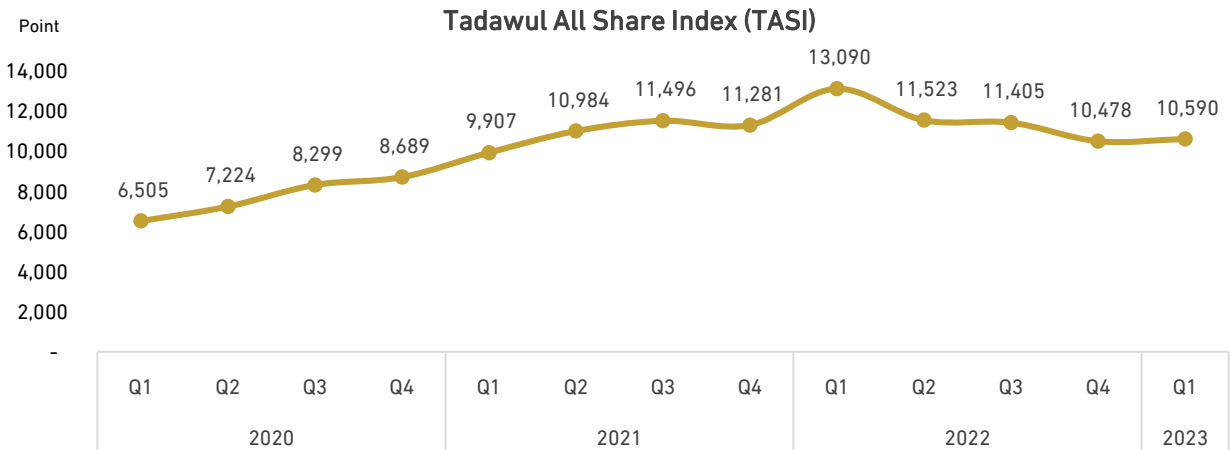


Source: MoF, GASTAT

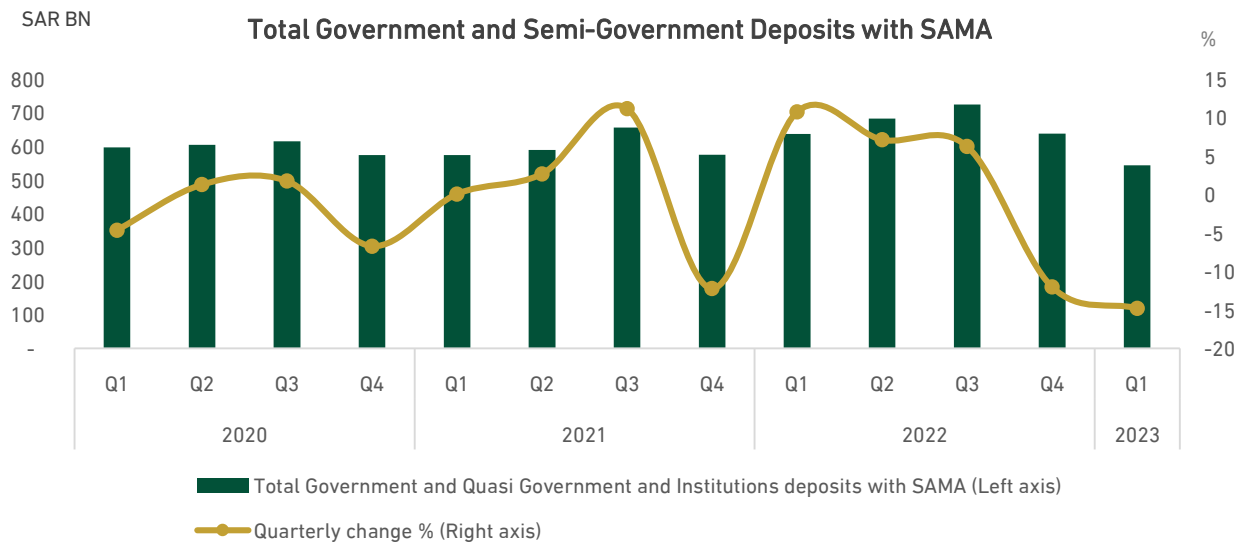
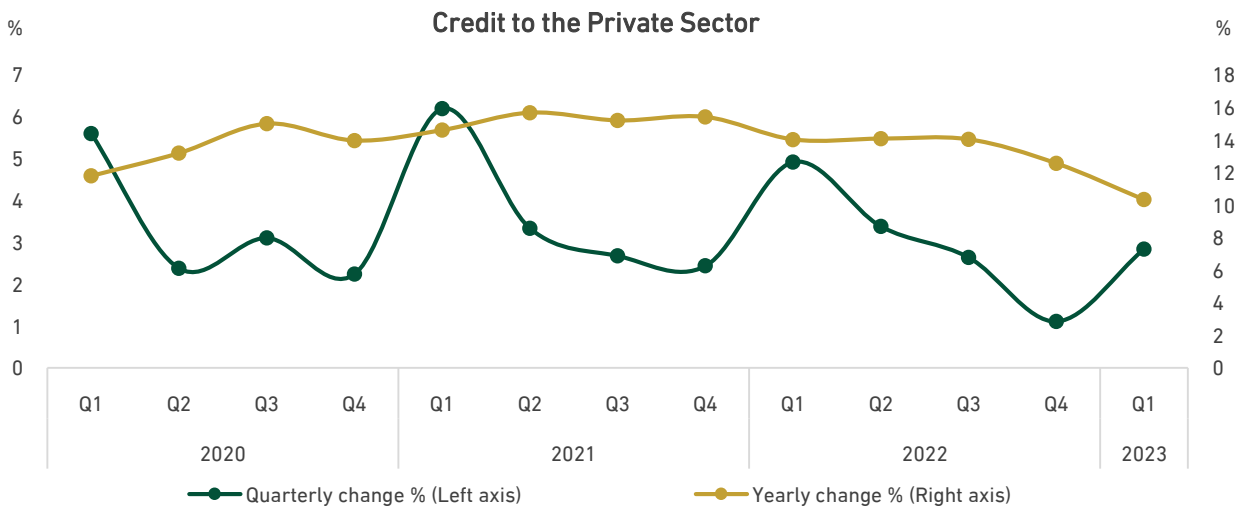
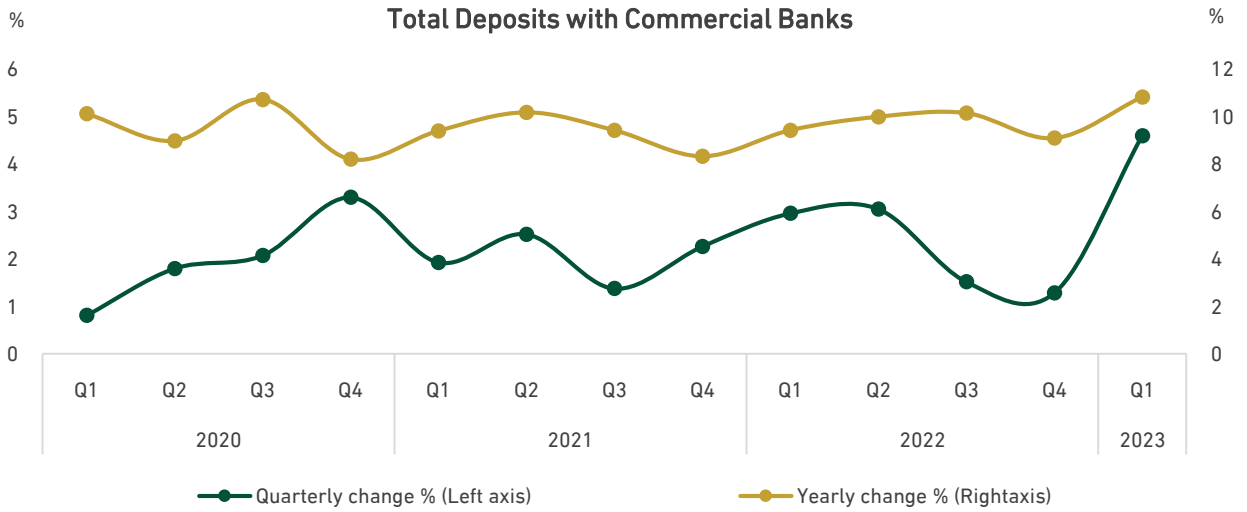


Source: SAMA, GASTAT

6. Selected Economic Indicators

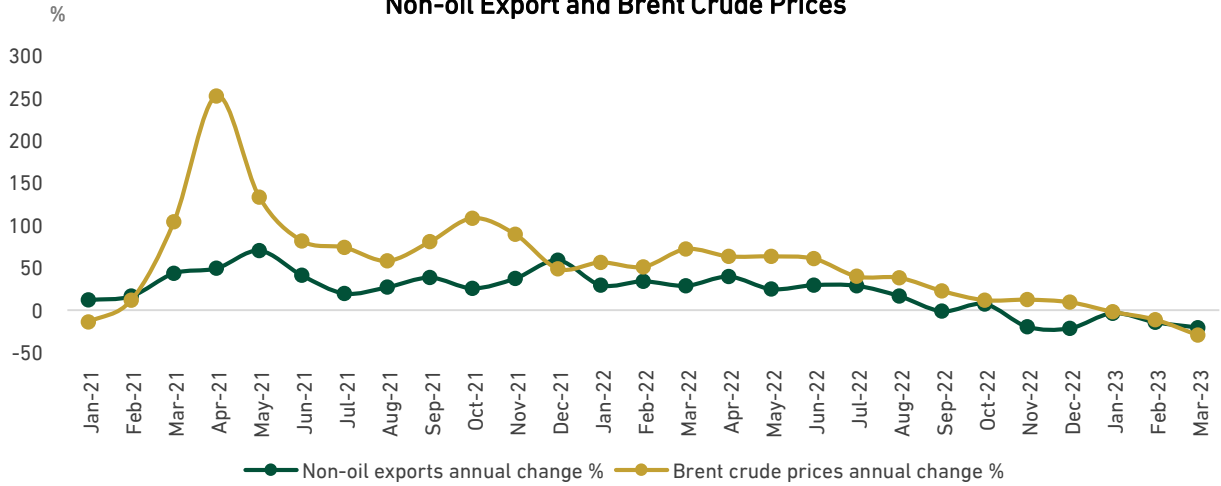


Source: Tadawul, SAMA

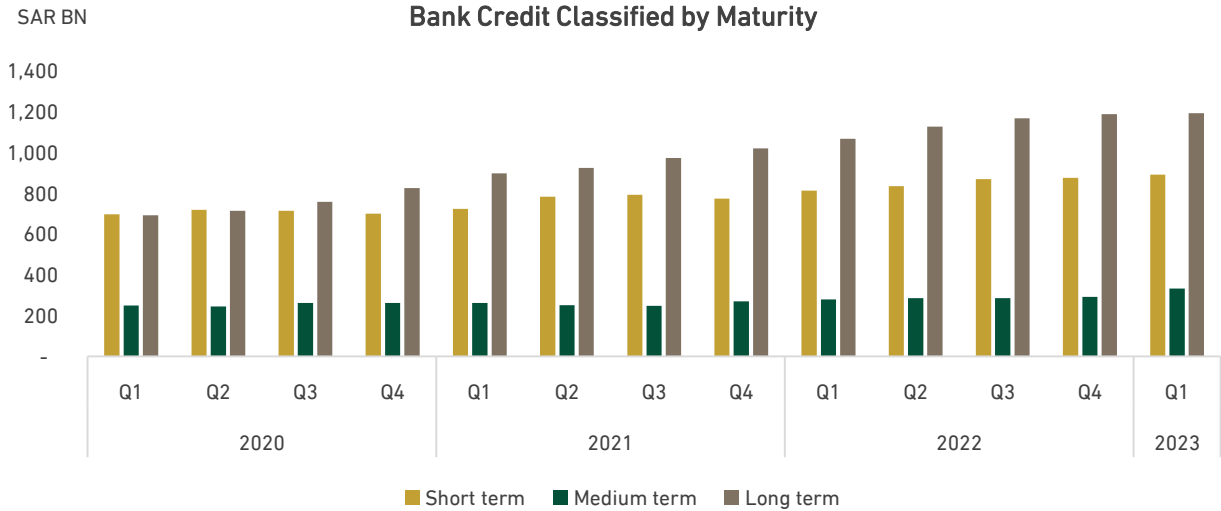


Source: SAMA

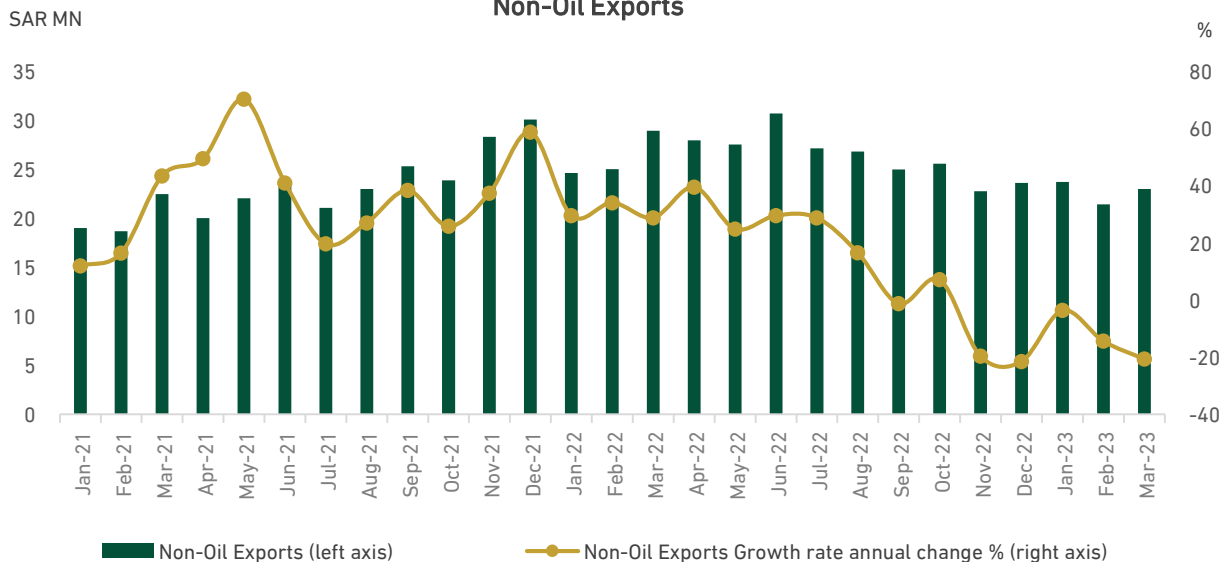
Non-oil Export and Brent Crude Prices



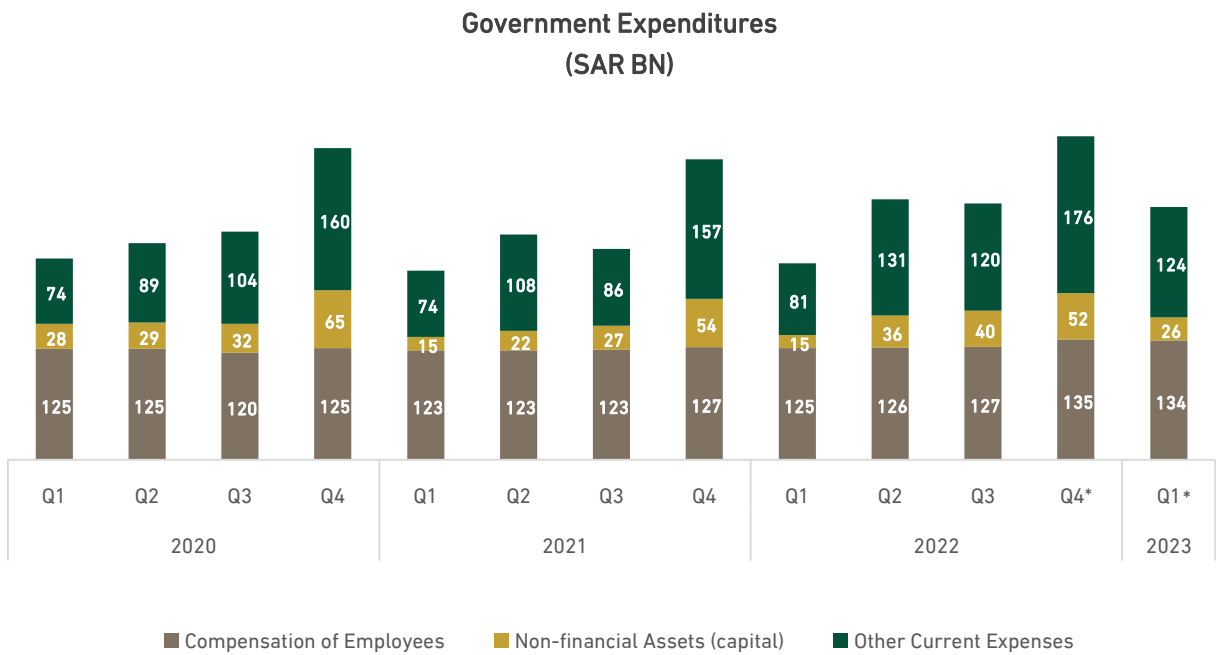
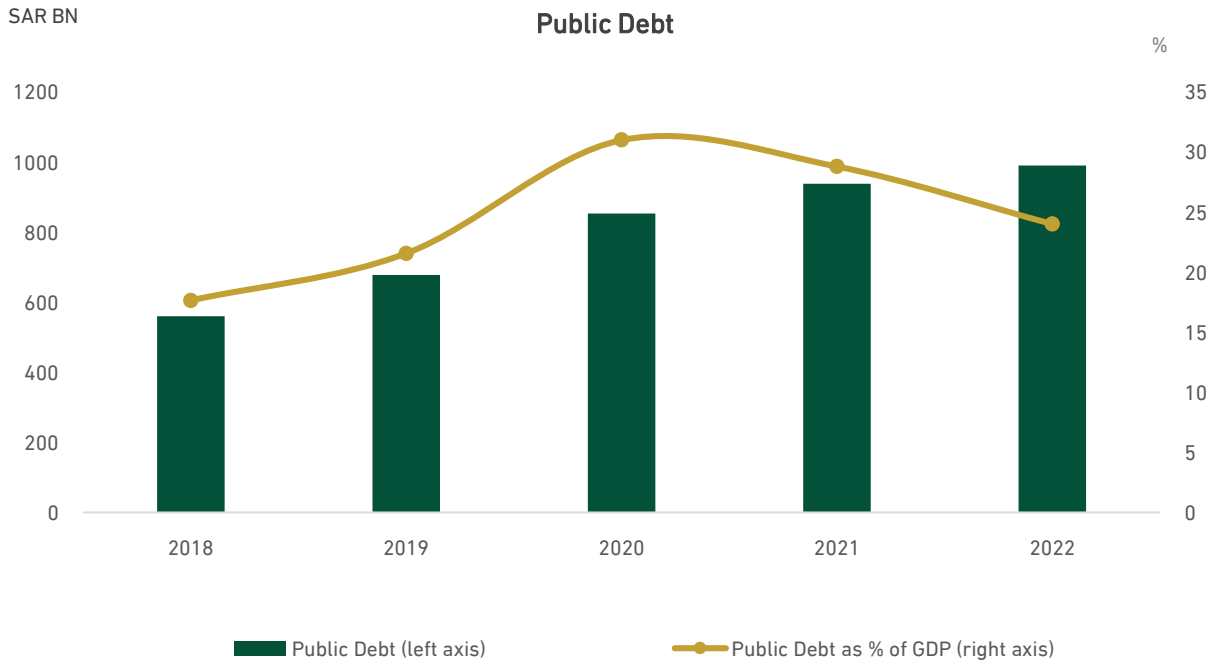
Bank Credit Classified by Maturity



Non-Oil Exports



Source: GASTAT, SAMA, OPEC



Source: MoF

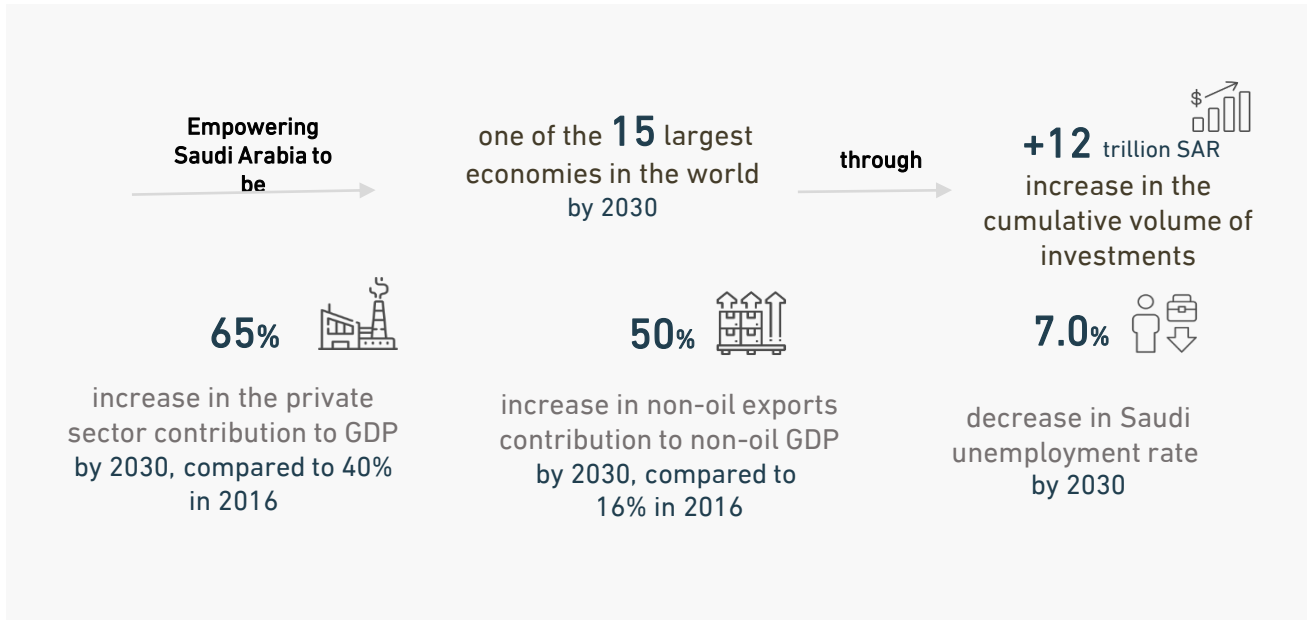


03

ENABLING INVESTMENT AND ENHANCING THE ATTRACTIVENESS OF ITS ENVIRONMENT IN SAUDI ARABIA

I: Saudi Arabia's Targets Related to Investment Indicators

The National Investment Strategy (NIS) enables the targets of Saudi Vision 2030, through:



The NIS Investment Targets by 2030

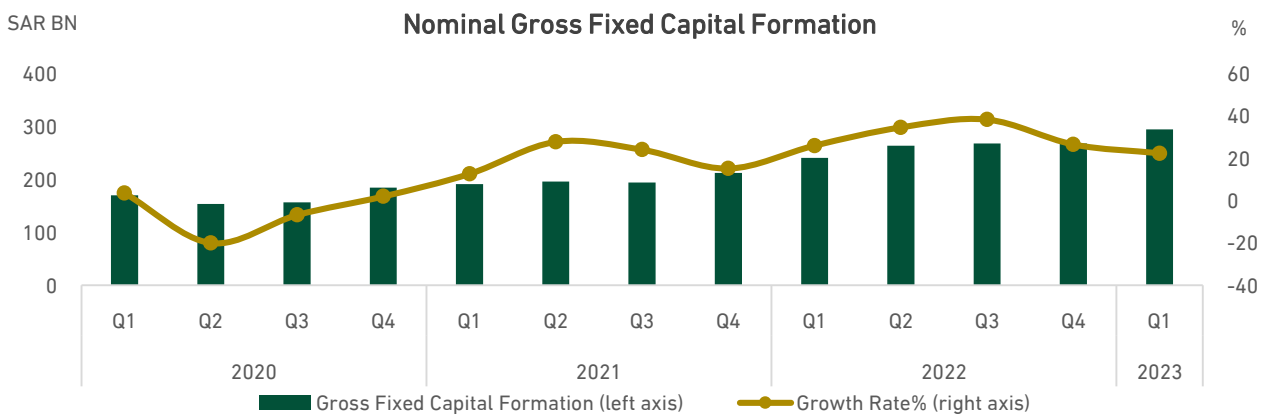


Three: Enabling Investment and Enhancing the Attractiveness of Its Environment in Saudi Arabia

II: Investment in Saudi Arabia

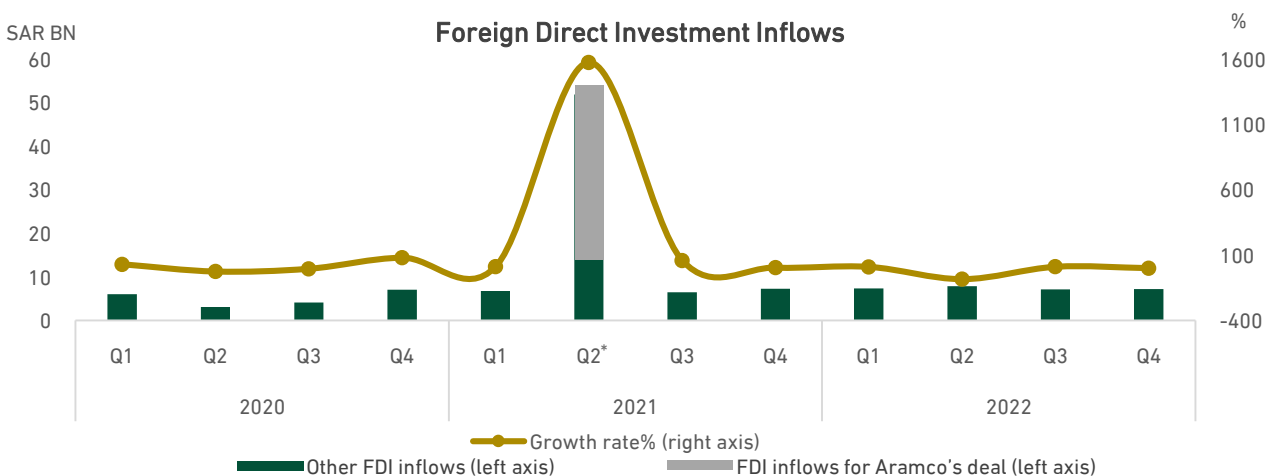
1. Gross Fixed Capital Formation (GFCF)

The **nominal GFCF** recorded at SAR 294 billion in Q1 2023, on an annual basis, an increase of 22.3%, driven by an increase in fixed capital formation of government sector and non-government sector by 33.5% and 21.6%, respectively. The GFCF, as % of nominal GDP, increased to 29.3% in Q1 2023, compared to 24.6% in the same quarter of the previous year. In 2022, the nominal GFCF grew by 31.2% compared to the previous year, recording SAR 1,040 billion, exceeding the target of the National Investment Strategy (NIS) for 2022 of SAR 747 billion, which indicates efforts undertaken to promote the role of the private sector in economic development.



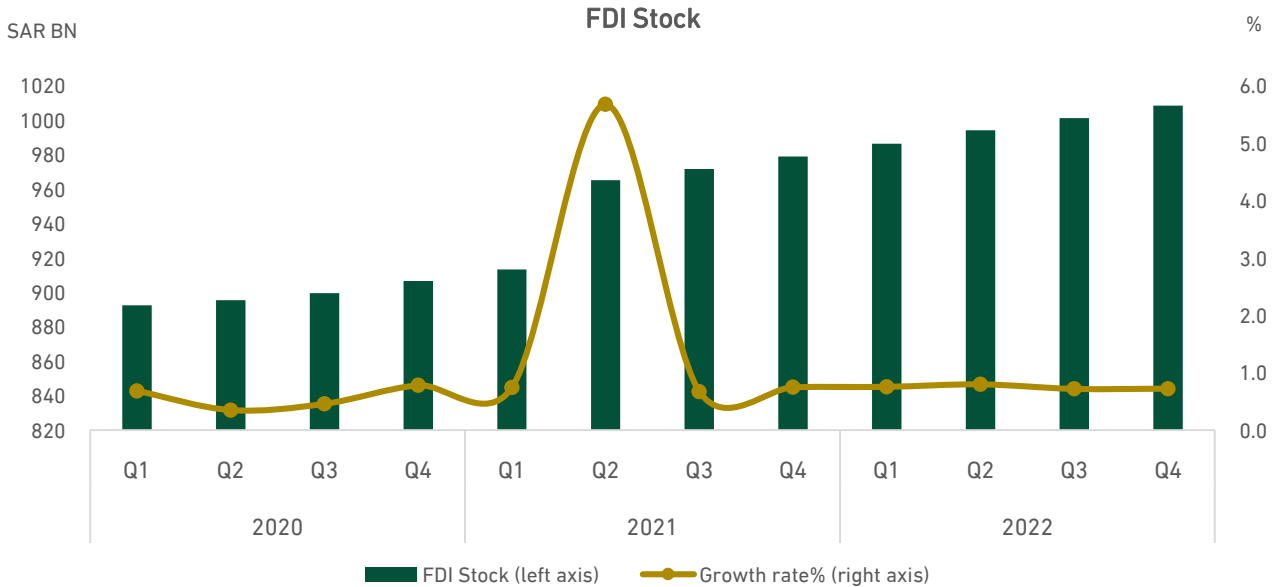
2. Foreign Direct Investment (FDI)

The **FDI inflows** into Saudi Arabia recorded a slight decrease of 0.4% in Q4 2022, compared to the same quarter in the previous year, reaching SAR 7.2 billion. In 2022, the FDI inflows grew by 14.7%, recording SAR 30 billion compared to 2021, after excluding the Aramco deal from 2021 inflows. This reflects the Kingdom's progress toward attracting more investments and increasing foreign investor confidence in the investment environment.



3. FDI Stock

Saudi Arabia's **FDI stock** grew by 0.7% in Q4 2022, compared to the previous quarter, reaching SAR 1,009 billion, reflecting the effectiveness of the recent policies pursued by the Kingdom towards enhancing investment attractiveness through developing the investment environment and providing incentives to investors.



Source: SAMA

4. Closed Deals in Q1 2023

According to MISA, the closed deals reached **104 deals** in Q1 2023, an **increase of 3.0%**, compared to **101 deals** in the same quarter of the previous year. Considering **investor types**, there is a continuous rise in the number of new investors in Saudi Arabia.

Looking at sectors, the distribution of deals shows that innovation & entrepreneurial and sports activities attracted the most attention from investors, with **76 deals** and **13 deals**, respectively in Q1 2023.

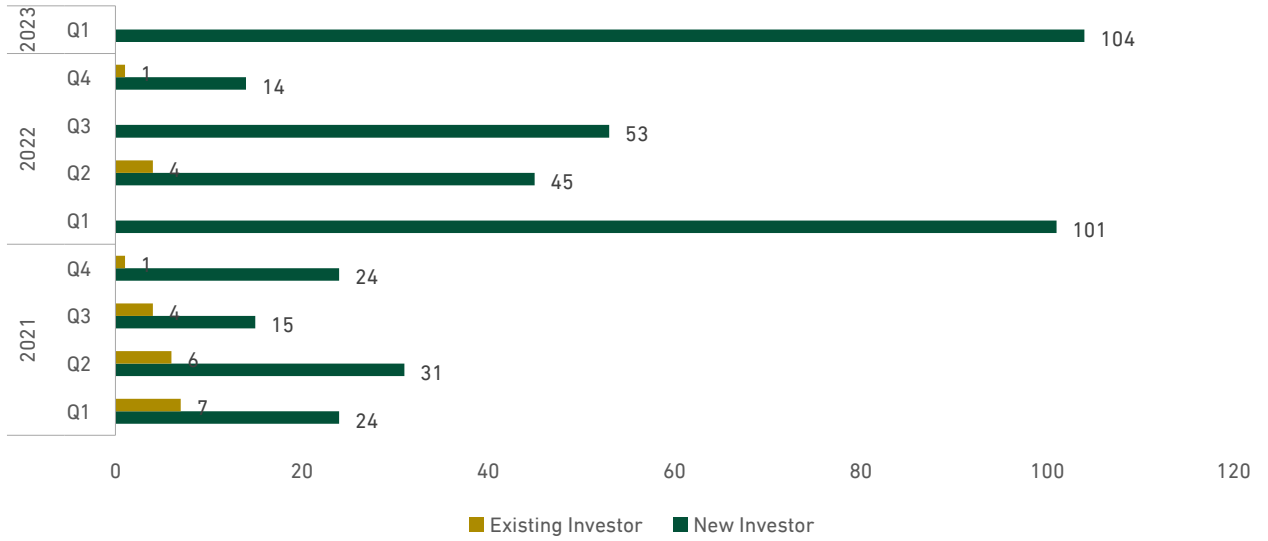
As for countries, the top investors in Saudi Arabia in Q1 2023, are: the United Arab Emirates with 13 deals, the United Kingdom and Egypt with 11 deals each, and the rest of the deals were distributed across several countries.

Distribution of Deals by Sector in Q1 2023

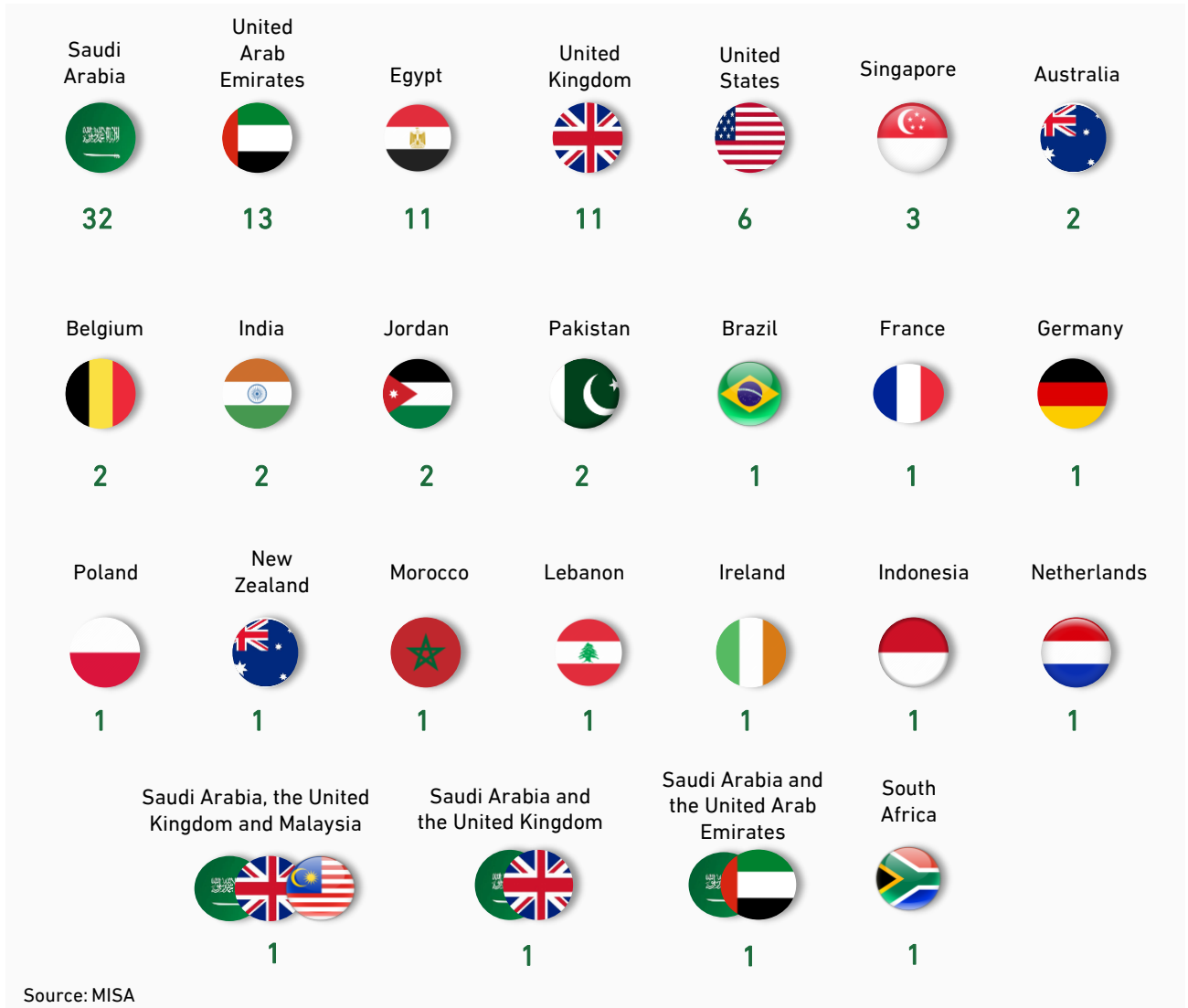


Source: MISA

Number of Investors in Deals by Type of Investors



Distribution of Deals by Country in Q1 2023 (Number of deals)

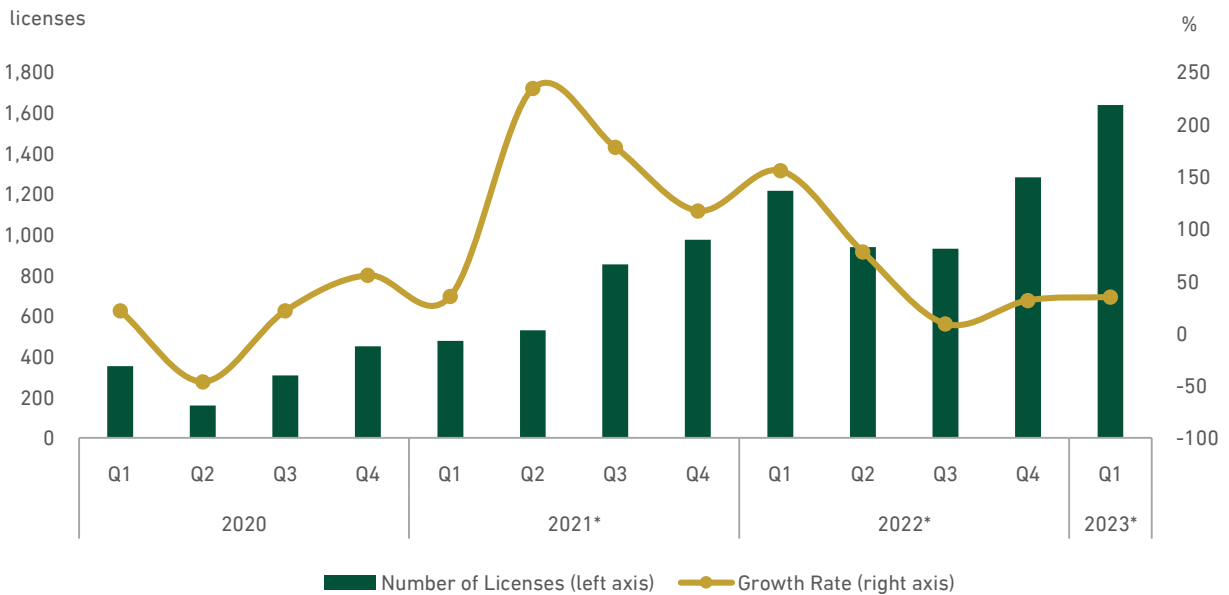


Source: MISA

5. Investment Licenses in Q1 2023

According to MISA data, the number of **new investment licenses** grew by 34.6%, or 1,637 licenses in Q1 2023, compared to 1,216 in the same quarter of the previous year (excluding the licenses issued as part of the anti-concealment law enforcement). The total number of new investment licenses reached 1,655 licenses.

Number of New Investment Licenses



Source: MISA

*Figures exclude investment licenses issued as part of the anti-concealment law enforcement

Historical figures of investment licenses are subject to update according to data dynamics

5. Investment Licenses in Q1 2023

Overall, a high number of investment licenses were issued for **construction, manufacturing, vocational, educational & technical, wholesale & retail trade, ICT, and accommodation and food service activities**, representing 80.4% of the total investment licenses issued during Q1 2023.

Activity*	2022 Q1	2023 Q1	Growth Rate
Construction	1,136	418	-63.2%
Manufacturing	661	345	-47.8%
Professional, scientific & technical activities	180	164	-8.9%
Wholesale & retail trade; repair of motor vehicles and motorcycles	6,050	149	-97.5%
Information and communication	155	136	-12.3%
Accommodation & food service	571	119	-79.2%
Administrative and support services	143	72	-49.7%
Transportation and storage	159	70	-56.0%
Health and social activities	65	27	-58.5%
Arts, entertainment, & recreation	29	21	-27.6%
Water supply, sewerage activities & waste management	40	21	-47.5%
Education	35	19	-45.7%
Financial and insurance services	9	18	100.0%
Agriculture, forestry & fishing	28	18	-35.7%
Other services	49	17	-65.3%
Real estate	51	16	-68.6%
Mining and quarrying	11	15	36.4%
Electricity, gas, steam & air conditioning	14	9	-35.7%
Public administration and defense	1	1	0.0%
Total	9,387	1,655	-82.4%

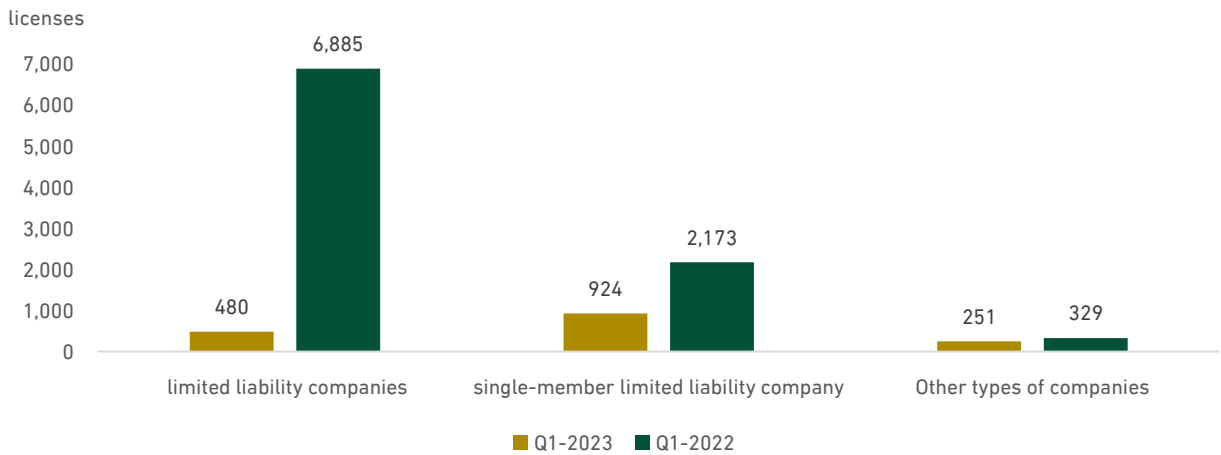
Source: MISA

*Figures include investment licenses issued as part of the anti-concealment law enforcement

**Historical figures of investment licenses are subject to update according to data dynamics

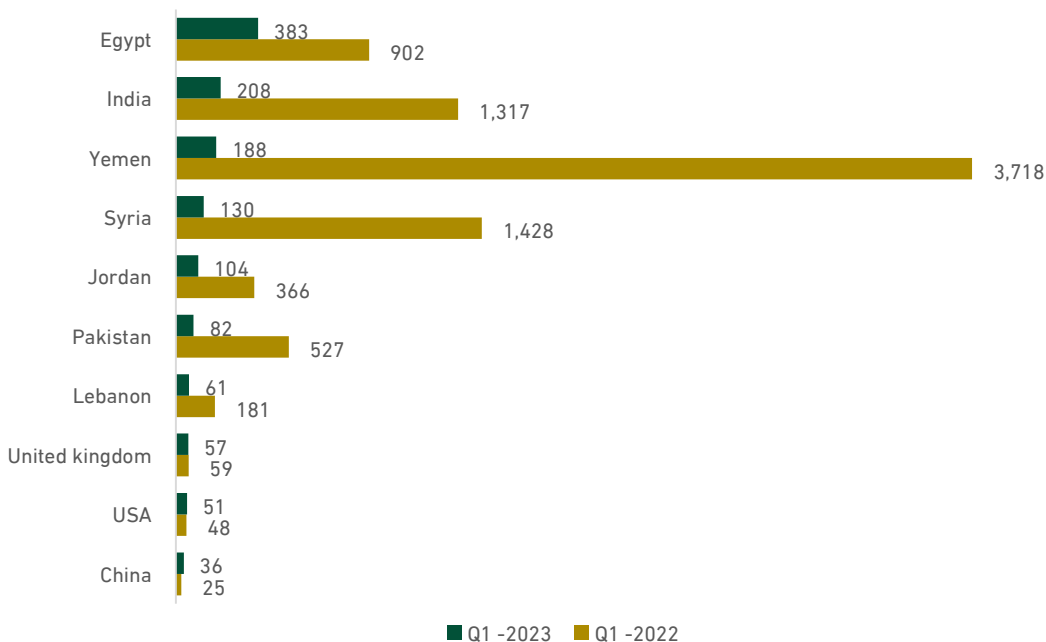
Considering the legal status of the company, the licenses issued for **limited liability companies (LLC)** amounted to 480 licenses in Q1 2023. The **single-member limited liability company (SMLLC)** recorded 924 licenses. The rest of the licenses were distributed among other types of companies with 251 licenses.

Number of Licenses by Legal Status of Company



With regards to the **distribution of licenses by country** (a share was calculated for each country participating in the ownership of the capital), Egypt had the highest number of investment licenses issued by MISA in Q1 2023, with 383 licenses, followed by India with 208 licenses, Yemen with 188 licenses, then Syria with 130 licenses and Pakistan with 104 licenses.

New Licenses by Top 10 Countries*



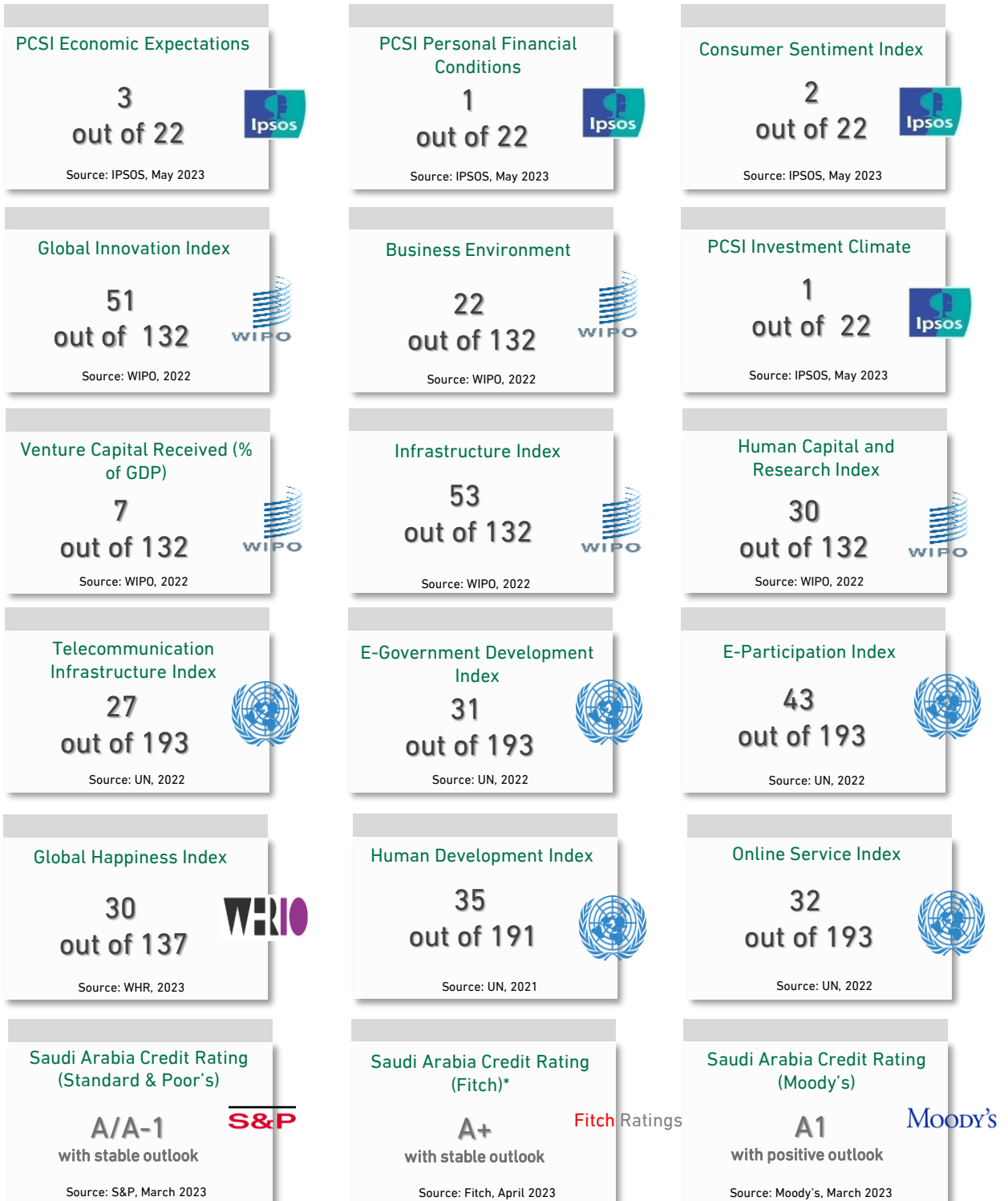
Source: MISA

*Figures include investment licenses issued as part of the anti-concealment law enforcement

**Historical figures of investment licenses are subject to update according to data dynamics

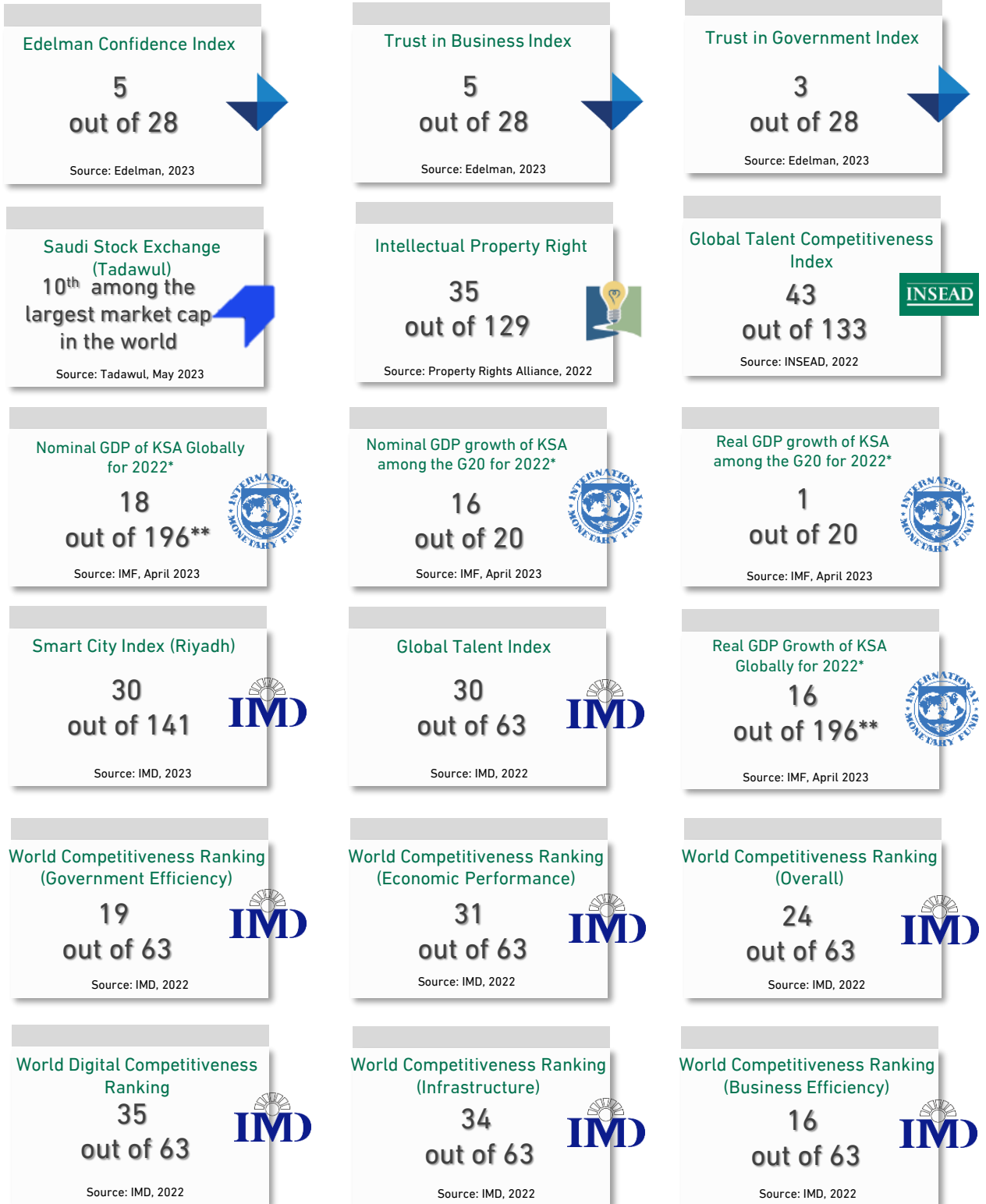
III: Saudi Arabia's Performance in Global Indicators

A review of Saudi Arabia ranking in several global indicators, which reflect the Kingdom's economic and investment performance, the most important of which are:



*Fitch estimates

III: Saudi Arabia's Performance in Global Indicators



*IMF estimates

**Excluding country groups, according to the IMF classification, and merging countries with similar rankings.

IV: Efforts to Support Investment Environment in Saudi Arabia Strategic and Operational Achievements

▪ Key operational achievements of MISA

E-services provided to investors through MISA recorded 45,000 services in Q1 2023. The requests and queries reached 8,000 requests for the same period.



▪ E-services provided to investors via the website:



▪ MISA Events in Q1 2023

MISA, in cooperation with other government entities, has a pivotal role in promoting investment and attracting investors through organizing and participating in numerous events. **More than 11 events had been organized during Q1 2023 in various areas** including real estate, renewable energy, and iron & steel, in addition to its participation in several investment forums between Saudi Arabia and several countries.

MISA, also, hosted specialized global events that witnessed an international presence, aiming to attract foreign investment into Saudi Arabia, strengthen bilateral relations with major trading partners, and contribute to generating long-term resources for a number of dynamic sectors in a rapidly diversifying global economy.

MISA Events in Q1 2023



Hajj and Umrah Conference (Hajj Expo 2023) Area of Focus: Real estate

January 9, 2023
Jeddah, Saudi Arabia

An international conference that includes a number of scientific sessions and workshops presented by elite decision-makers, experts, leaders and researchers, with the aim of raising the quality of services provided to pilgrims coming from all over the world in accordance with the objectives of the Saudi Vision 2030. The Conference was held in the presence of a group of ministers and specialists from local and international government and private entities in addition to the ambassadors and consuls of Saudi Arabia, and more than 200 entities working in the Hajj and Umrah system.



Future Minerals Forum Area of focus: Mining and resources

January 11, 2023
Riyadh, Saudi Arabia

With the participation of the Ministry of Investment, the conference presented promising investment opportunities, as mining is one of the key targeted sectors to diversify the economy in Saudi Arabia.



Municipal Investment Forum, "Foras" Area of focus: Real estate

January 24, 2023
Riyadh, Saudi Arabia

The forum aims to review investment opportunities offered by secretariats and municipalities, and expand the base of competitors, by attracting capital investments to contribute to raising the quality of life in cities.





Riyadh Global Medical Biotechnology Summit 2023
Area of focus: Biotechnology

January 24, 2023
Riyadh, Saudi Arabia

The summit aims to exchange knowledge between biotech key players, consolidate the Kingdom's position as a leading country in the field of medical biotechnology, explore investment opportunities, empower medical biotechnology in facing global health challenges, and discuss regulatory legislation



Iktva

Area of focus: Petrochemicals

January 30, 2023
Dharan, Saudi Arabia

The program aims to increase the number of suppliers from within the Kingdom, improve the capabilities and potentials of local supply chains, as well as boost cooperation in the petrochemical sector through developing suppliers, providing the Kingdom with new innovations through research and development, and promoting the Kingdom as a global center for export.



Saudi-Oman Investment Forum and Exhibition
Area of focus: Bilateral trade & investment

February 1, 2023
Riyadh, Saudi Arabia

The Ministry of Investment organized the Saudi-Omani Business Forum in Riyadh, aiming to enhance investment cooperation between the two countries, and explore attractive investment and commercial opportunities in the Kingdom.



Saudi-Kuwaiti Investment Forum
Area of focus: Bilateral trade & investment

February 13, 2023
Kuwait

The Ministry of Investment organized the Saudi- Kuwaiti Business Forum in Kuwait, aiming to enhance investment cooperation between the two countries, and explore attractive investment and commercial opportunities in the Kingdom.





Biban Forum 2023

Area of focus: Bilateral trade & investment

March 9, 2023
Riyadh, Saudi Arabia

Biban 2023 aims to promote communication between SME owners and entrepreneurs locally, regionally and internationally, encourage sharing innovative ideas and experiences, and find the best solutions to tackle different growth challenges. The forum brings together stakeholders from around the world and facilitates access to different services and initiatives that help SME owners and entrepreneurs promote business growth and embrace a culture of innovation.



International Property Exhibition MIPIM 2023

Area of focus: Real estate

March 14, 2023
Cannes, France

It reviews the strategic goals and projects of the participating entities, the competitive advantages, the size and diversity of promising opportunities in the real estate sector in countries such as Saudi Arabia, as well as providing information and studies on the sector, and working to create possible partnerships to achieve the goals of Saudi Vision 2030.



Formula1

Area of focus: Auto racing

March 17, 2023
Jeddah, Saudi Arabia

The Ministry of Investment participated in the Formula 1 Saudi Arabian Grand Prix, aiming to develop the sports and entertainment sectors in the Kingdom and supporting Saudi Vision 2030 for these sectors, in addition to increasing public participation in sports, sponsoring talent development paths and stimulating sports success.



V: Key Legislation Related to Investment

MISA concentrates its efforts on providing a safe and competitive investment environment, as well as developing investment laws and procedures with its partners from government entities, to complement the legislative and regulatory structure.

Highlights of MISA's journey



Organizational arrangements for the Private Sector Partnership Reinforcement Center (Shareek)

This includes setting standards for classification and incentives for large companies and examining the various challenges to maximize the benefit from the center, in addition to the continuity of the support provided through the Public Investment Fund to Shareek in all administrative and financial aspects, and financing its operating budget until it is fully independent as decided by the Large Companies Investment Committee.

Organizational arrangements for the Research Development and Innovation Authority

The arrangements focus on setting regulations and controls for the transfer of technology and innovations resulting from research, development and innovation activities, providing grants and financing research projects and agencies, enhancing research and scientific cooperation between research and international agencies, contributing to spreading the culture of research and development, encouraging and creating a suitable environment for investment in the sector, and establishing companies and investment funds, or contributing to them.

Amendments to the executive regulations of the excise tax system

The amendments allow a tax refund of excise goods on returned and damaged commodities to mitigate the financial burden related to cash flows on enterprises. The amendments also clarify the procedures of returning and destroying goods by excise taxpayers according to the terms and conditions of the agreement, regulation, and law.

Organizing King Abdulaziz City for Science and Technology (KACST)

It includes the KACST definitions, personality, organizational affiliation and its headquarters, to achieve its objectives by investing and establishing non-profit entities, in addition to cooperation and concluding agreements and partnerships with the relevant authorities for research development and innovation inside and outside the Kingdom, which contributes to achieving the targets of Saudi Vision 2030.



Executive regulations of the law of trade remedies in international trade

The regulation aims to regulate the required provisions for the Authority to perform its duties with regard to complaints, requests of reviews, conducting investigations and reviews, and other provisions referred to it

Executive regulations of companies law

They include general provisions, establishment, finance and management of companies, the joint stock unlisted companies, in addition to limited liability companies, the non-profit companies and the professional companies, as well as merger, division and transformation of companies. The law also facilitates the establishment, sustainability and expansion of companies, encourages venture investment, and addresses the challenges facing family companies and entrepreneurs, which contributes to achieving the targets of Saudi Vision 2030.

Power supply system

It aims to regulate the allocation of energy to its consumers in: electricity, crude oil refining, petrochemicals, water desalination, industry, mining, agriculture, construction, communications, transportation, logistics, and others. It also regulates the licensing of natural gas, natural gas liquids, and hydrogen-related activities.

Amendments to the corporate governance regulations

The regulations aim at establishing an effective legal framework to govern companies, enhancing the role of the companies' shareholders and facilitating the exercise of their rights and achieving transparency, impartiality and equity in the Exchange, its transactions, and the business environment, and enhancing disclosure therein.

Executive regulations of the real estate brokerage law

The regulations include the requirements and procedures for licensing individuals and companies to practice real estate brokerage or services. The licensee shall exercise the activities within the limits of the issued license. All practitioners who provide real estate services in licensed establishments must pass a dedicated program for each activity before registering on the platform

Executive regulations of companies law for listed joint stock companies

They include provisions aimed at increasing the level of governance of the board of directors of the listed joint stock companies, in a way that supports the business and investment environment, in addition to providing an efficient framework for corporate governance, and contributing to attracting foreign and domestic investments.

Merger and acquisitions regulations

The purpose of these regulations is to regulate acquisitions and merger activities, based on the powers stated in the companies law.

Services suspension controls

It includes the controls for suspending services via the electronic platform. Services shall not be suspended upon the issuance of the attendance notification and shall not be suspended at any of the stages referred to in those controls. The committee shall inform the concerned person of the date on which the suspension will be effective before a sufficient period of time determined by the committee. Each government entity classifies the services it provides that can be suspended in relation to individuals and business sector separately. These controls reinforce the Kingdom's efforts to create a safe environment.

VI: Key Saudi Initiatives to Support Investment Environment

1. The Global Supply Chain Resilience Initiative (GSCRI)

H.R.H. Crown Prince Mohammed bin Salman launched the Global Supply Chain Resilience Initiative (GSCRI), on October 23, 2022, to support and align supply chain objectives and key performance indicators of Saudi Vision 2030 programs and national strategies. It aims to develop a unified strategy to attract strategic supply chains to Saudi Arabia and strengthen the Kingdom's position as a major center and vital link in global supply chains, in particular, in the dynamic and promising sectors of the Saudi economy, in which the Kingdom has competitive and strategic advantages that qualify it to be a country incubating such opportunities, such as: renewable energy sources, the automotive industry, chemicals, and medical devices. The initiative also aims to enhance the attractiveness of the Kingdom's investment environment to attract investment in supply chains, through several means including, identifying and developing investment opportunities.

2. Initiative of the Cost Competitiveness of National Building

The initiative aims to study the current status of the cost of establishing new factories, prepare recommendations to enhance the cost competitiveness of building industrial facilities and proposing building standards (building code for industrial facilities).

3. Initiative of Improving the Regulations and Legislative Environment in the Industrial Sector

It contributes to improving the regulations and legislative environment in the Ministry of Industry and Mineral Resources and its ecosystem, as well as the governance of the industrial sector through the development and adoption of the industrial sector governance document, listing the regulations, decisions and legislation related to the industrial sector, and improving the investor's journey in the industrial sector to localize the targeted industries in the National Strategy for Industry.

4. Initiative of Developing of Standards, Mechanisms and Procedures of Customs Exemption for the Industrial Sector

The initiative contributes to encouraging the local industry by developing, improving and automating the current mechanisms, controls and procedures of the exemption within the e-service platform of the industrial sector, including: amendment decision letters to factories, and feedback from the General Authority for Customs for all details of factory requests, which were issued an exemption decision, implemented by them, in addition to identifying the locally manufactured materials and providing quarterly statistics for the exempted raw materials, machinery and spare parts that have been exempted, as well as the total financial value to contribute to encouraging the local industry.

5. Initiative of Establishing and Operating the National Center for Advanced Manufacturing and Production

The initiative aims to develop market transparency and enhance the confidence of investors and decision-makers in the market, through the establishment and operation of a national center for industrial information, based on a strategy to support the transparency and integration of the industrial system, enhance financial self-sustainability, and ensure creativity and human efficiency. Therefore, the center will have a legal and organizational capacity to collect industrial data from the relevant authorities, analyzing their quality and classifying them according to international standards, to build a database for industrial facilities and products to create dashboards and reports to measure industrial and economic indicators and a national guide for products.

6. Initiative of Supporting the Mining Sector Requirements for Infrastructure and Trade Regulations

The initiative will contribute to the increasing the private sector investments in the mining sector through harmonization with the concerned authorities to provide the necessary infrastructure for projects. Increasing the attractiveness of investment in mining projects and value chain by facilitating all logistical matters for the investor in coordination with the relevant authorities. In addition to improving the local, regional and international connectivity of trade networks and transport by linking logistical mining platforms to the current railway and land bridge networks. Increasing the efficiency levels of the Saudi mining sector, supporting value chain growth, protecting local producers, and supporting exports to open new markets.

7. Initiative of Mining Investment Promotion in the Mining Sector

It seeks to improve the attractiveness of investment in the mining sector and increase the volume of mining investment, and technical connection between all the bodies of the mining sector (mining services agency, mining control agency, mining development agency, Saudi Geological Survey, mining services company, mining fund, exploration fund).

8. Initiative of Mining Platform Development

The aim of the initiative is to realizing rapid achievement, raising the reliability of information, reducing time to provide all mining investment services, in addition to ease of procedures, increasing transparency and protecting investor rights. As the abundance of information and easy access to it will attract investors, they will also lead to a growth of investments in the mining sector.

9. Initiative of Discovery Support Fund

The initiative will enhance the volume of spending and investment on exploration, activate and sustain the growth of SMEs in exploration works, attract domestic and foreign investment to the mining sector, as well as sustaining spending on exploration, increasing the contribution of private sector in exploration, and developing the local discovery entity.

10. Tomoh Program

The program targets fast-growing SMEs, which have a multiplier value to the national economy, to enhance their growth and develop their capabilities. The program is working towards enhancing the establishments' access several services within the framework of 9 service topics, including: entering the market, harnessing talents, obtaining professional services, benefiting from facilities and equipment, financing, leadership development, supporting research, development and innovation, supporting information and communication technology, networking and business matching, in addition to providing international growth programs dedicated to fast-growing enterprises to support their capabilities to enhance their contribution to GDP.

11. Nawafth Mobile Application

The application provides guidance and consultancy services, aiming to increase the growth and sustainability of SMEs, enabling them to realize ambition and overcome challenges by connecting them with specialized consultants and mentors with expertise in business fields. It serves entrepreneurs and SMEs across the whole Kingdom, to reduce the rate of failure or exit the market by providing appropriate consultations and solutions. The application targets both entrepreneurs and SMEs.

12. Jadeer Service

It is a free e-service that rehabilitates and empowers SMEs, by facilitating access to existing purchasing opportunities with partners in the public sector and large companies in the private sector . The service contributes to enhancing the role of SMEs in economic growth and diversification in accordance with Saudi Vision 2030, helping SMEs to access the market share of the public and private sectors.

13. SME's Support Centers

SMEs Support Centers provide advisory programs that upskill SMEs and entrepreneurs in the fields of business support, consultancy, investor presentation, training, business development services, and mentorship. In addition, they work to connect SMEs with larger enterprises in their sectors. These free services are provided to people with ideas, entrepreneurs, innovators, and SMEs.

14. Cost Calculator Service

The service allows those who are about to start a business to know the main government fees required during the establishment and operation period, and provides entrepreneurs with accurate project feasibility estimates, calculates government fees, and identifies the break-even point of each project. It facilitates business operations and information access, raises awareness of basic costs associated with operating a commercial establishment, enhances chances for success and increases knowledge of those who are about to start a business.



04

INVESTMENT OVERVIEW OF KEY PROMISING REGIONS, SECTORS, AND PROJECTS IN SAUDI ARABIA: SHAREEK PROGRAM

Four: Investment Overview of Key Promising Regions, Sectors, and Projects in Saudi Arabia (Shareek Program)

I: About Shareek

Shareek program aims to increase domestic investments of private sector large companies (listed and non-listed) to reach SAR 5 trillion by 2030, through government support to enable additional investments in the private sector, and the program is supervised by the Large Corporate Investments Committee, chaired by HRH Crown Prince Mohammed Bin Salman bin Abdulaziz. The program targets large companies in Saudi Arabia in all sectors and fields, as company classification is based on the size of its investment plan. The support focuses on projects and investments that will be implemented inside Saudi Arabia and contribute to the economic growth of the Kingdom, job creation, and localization of industries.

Why the program is called "Shareek"?

The word Shareek means a partner in Arabic and the name embodies the spirit of public and private sector collaboration behind the program. It has been structured to enable large Companies' local investment, which benefits the whole economic ecosystem of Saudi Arabia, as well as indirectly benefitting Small and Medium Enterprises and other business operations, through its impact on the overall value chain and supply chain that results from increasing Large Companies' investments. The program, also, contributes to enhancing the growth of the Saudi economy to meet the targets of Saudi Vision 2030.



"The importance of the Shareek program is not just limited to enhancing the role of the private sector in sustaining the growth of our national economy. We see it as a long-term investment in the future and prosperity of the Kingdom that is based on a powerful spirit of collaboration and partnership between the public and private sectors"

**H.R.H. Prince Mohammed bin Salman bin Abdulaziz,
Crown Prince and Prime Minister**

Four: Investment Overview of Key Promising Regions, Sectors, and Projects in Saudi Arabia (Shareek Program)

I: About Shareek

Shareek Objectives

Shareek is designed to enable local investments for large companies in the private sector in the Kingdom and accelerate their growth, in a move that consolidates the Kingdom's position among the most important global economies. The program has a positive and comprehensive impact on the Saudi economy to contribute to its prosperity and growth in order to realize the targets of Saudi Vision 2030. Shareek aims to achieve a number of economic strategic objectives, as follows:



Raising the contribution the private sector to GDP to **65%** by 2030

Unlocking **SAR 5 trillion** of domestic private sector investments by 2030



Contributing to raising the Kingdom's economic ranking to be among **the 15 largest economies** in the world

Supporting the creation of **hundreds of thousands of job** opportunities by 2030, through additional investments in the private sector that will be supported through the enablement offered by Shareek



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I: About Shareek

Shareek important dates



March
2021

Launching Shareek program
by HRH Crown Prince Mohammed bin Salman



February
2023

Transforming Shareek program into
the Private Sector Partnership Reinforcement Program (Shareek)



March
2023

Announcing the first wave of projects supported by the program,
with a total of SAR 192 billion for 12 projects.

Qualification criteria to join Shareek

Shareek program is intended for large companies (listed and non-listed) in all sectors in Saudi Arabia that meet the following criteria:



Companies that have an investment plan within the Kingdom at **over SAR 10 billion for the next ten years**



The company should be **listed or planning** to be listed within a specific time period



The size of the project shall **not be less than SAR 200 million**

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II: Sectors in focus

Shareek program provides support to all qualified large companies in various sectors and focuses mainly on developing private sector investments in the Kingdom in general, and sectors related to strategic projects in particular. The companies that joined the program represent many sectors, namely:



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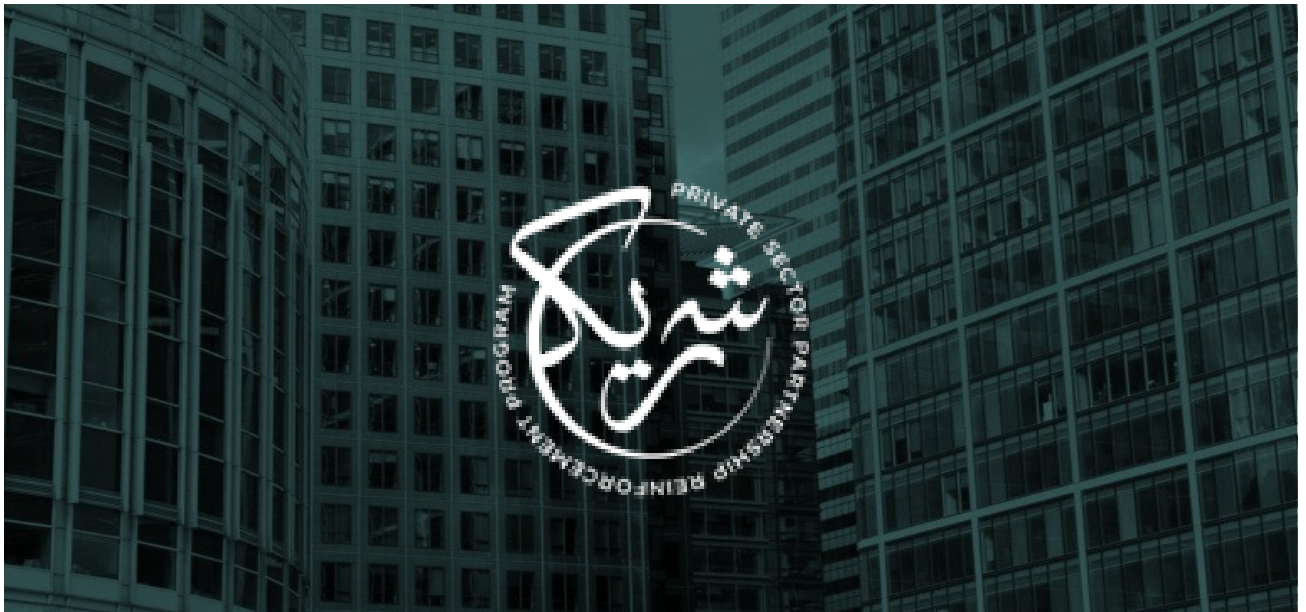
III: First wave of projects

Shareek focuses on the growth of large companies in Saudi Arabia to boost their market value by maximizing the volume of their local investments. Large companies are a major driver of economies in the world, as the growth of their investments affects the economic activity of the investment system in general, and contributes to supporting projects that achieve an increase in the value of investments, diversify the investment portfolios of these companies, and provide empowerment that reduces the risks associated with additional investments for companies, which ensures high levels of profitability and economic feasibility, taking into account the optimal use of the program's resources and its enhancement of financial sustainability of the projects it supports.

On 1 March 2023, the program announced the first wave of projects supported by Shareek in various sectors and with huge investments in strategic projects, under the leadership of H.R.H. Prince Mohammed bin Salman bin Abdulaziz, Crown Prince and Prime Minister, which will strengthen the relationship with the private sector and open prospects for new partnerships. These projects will also increase the private sector contribution to GDP and drives economic and social development in the Kingdom.

The first wave included 12 projects in four vital sectors, which will be implemented by 8 of the largest national companies with a total value of SAR 192 billion (\$51 billion).

The share of Shareek in the investments of these companies represents about SAR 120 billion, which enhances their growth and raises their competitive potential at the international level. It also creates a high positive impact across entire value chains, which results in great investment opportunities for a wider segment of the private sector.



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III: First wave of projects

Details of the announced projects

1. Joint venture for steel plate manufacturing project

Building the first factory for steel plates in the Kingdom, aiming to make Saudi Arabia 100% self-sufficient for steel plate demand by 2030.



Manufacturing sector



Maritime and metals and machinery sectors



2. Marine engine manufacturing project

The project will contribute to the development and localization of the maritime industries and realize more value in metal and machinery manufacturing, which play a key role in diversifying industrial development efforts, strengthening the Kingdom's leadership in the region and supplying engines to international maritime companies.

3. Joint venture for methionine production

The project contributes to localizing the production of amino acids, enhancing the food security of the Kingdom, and reducing dependence on food imports. This contributes to achieving self-sufficiency within the Kingdom, especially in light of the challenges facing the markets in the supply chains, through exporting to foreign markets and stimulating industries related to methionine in the Kingdom, which is in line with the increase in non-oil exports and Saudi Vision 2030.



Petrochemical sector

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III: First wave of projects

Details of the announced projects

4. Cloud computing services project

The aim of the project is to drive the growth of Google cloud services in Saudi Arabia and establish it as a hub for advanced cloud computing technologies.



ICT in the future sector



Petrochemical sector

5. Amiral petrochemical complex project

The project contributes to the localization of new chemical production, with the aim to strengthen the Kingdom's global leadership in the petrochemical industry, to be an international hub for the chemical industry by establishing specialized petrochemical laboratories

6. NEOM green hydrogen project

It aims to build the largest commercial facility in the world at the level of industrial facilities powered by renewable energy to produce ammonia and green hydrogen, which is being developed and implemented by NEOM, Air Products and ACWA Power. The project contributes to supporting the transformation process towards clean energy sources, increasing non-oil exports of the Kingdom, and enabling growth in the field of manufacturing. This project highlights the enormous potential of the Kingdom as a leading country in the field of green energy, through enabling its efforts to reduce carbon emissions.



Energy sector

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III: First wave of projects

Details of the announced projects



7. Phosphate 3 project

Shareek program provided the necessary enablement to accelerate the completion of the project in the Waad Al-Shamal area, which increases phosphate production by 50%. This increase will contribute to strengthening Ma'aden's position as one of the three largest producers of phosphate fertilizers globally by 2029, and enable Saudi Arabia to become the second largest exporter of phosphate fertilizers in the world, as well as establishing the Kingdom's leadership within the global value chains of the agricultural sector by using national resources, which helps support global food security.

8. Gas transmission project

The project aims to enter into a new sector to enable ammonia transportation through a strategic project that is set to provide ammonia transport services for the first time in the Kingdom. This will reduce international vessel dependency and enhance local content in the logistics sector.



9. Casting and forging project

It aims to localize iron supply chains to enhance the integration of industrial supply chains in the Kingdom and attract international equipment manufacturers, to produce casting and iron components for the maritime and energy industries.

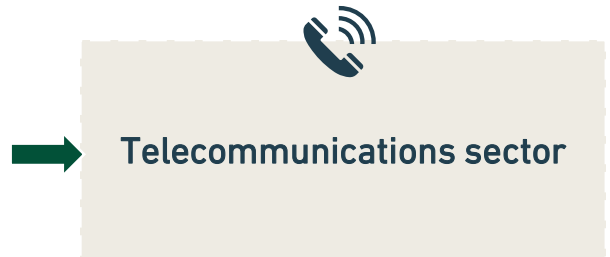
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III: First wave of projects

Details of the announced projects

10. Submarine cable project

The project is a strategic move to enhance the Kingdom's position as a digital center and a reliable destination for data traffic in the Middle East and North Africa. It will also encourage more investments in the field of ICT and cloud computing, work to keep pace with the expected growth in data traffic and ensure the smooth supply of digital data worldwide.



11. Catalyst industry project

The project contributes to maximizing the added value of the petrochemical industry in Saudi Arabia, by establishing the first platform for the manufacture of various catalysts in the Kingdom, aiming to reduce dependence on imports, promoting exports, and transforming the Kingdom into a center for manufacturing specialized materials, as provided for in the National Strategy for Industry, to achieve the industrial dimensions of the Kingdom's Vision 2030 targets, such as improving the competitiveness of the energy sector, developing industries related to oil and gas, and raising the percentage of local content.



12. Data center project

The project is set to help transform the Kingdom into a leading digital economy by ensuring readiness and ability for future IT advancements.



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III: First wave of projects

Details of the announced projects

The overall economic impact of the projects is one of the main criteria that the program considers. This led to a special focus on the largest companies that implement projects with a high and tangible impact on the national economy, which includes



Impact on
GDP



Localization of
new industries



Supporting the
trade balance



Development of
jobs for the society

The largest companies in Saudi Arabia have financial solvency and technical capabilities, with Shareek enabling their direction in achieving unprecedented growth and enhancing their ability to compete in regional and global markets. Shareek sheds light on the strategic projects included in the first wave, which would contribute to encouraging foreign investors to invest in the Kingdom and attract capital to the Saudi economy.

IV: Private sector contribution to the economy

The private sector is recognized as a key driver for sustainable economic development and a key actor in job creation. It accounts for more than 60% of GDP in developed economies and many emerging economies¹. Therefore, Saudi Arabia seeks today, within the objectives of Vision 2030, to reach and exceed this percentage by 2030, through empowering the private sector and opening a window of collaboration between the government and private sectors, which will help to raise the contribution of the private sector in GDP from 40% in 2016 (the base year) to 65% as a target for 2030. In this sense, Shareek program was launched, focusing on empowering large local companies in the Kingdom to achieve the Vision's targets and enable them to reach a local investment volume of SAR 5 trillion by 2030.

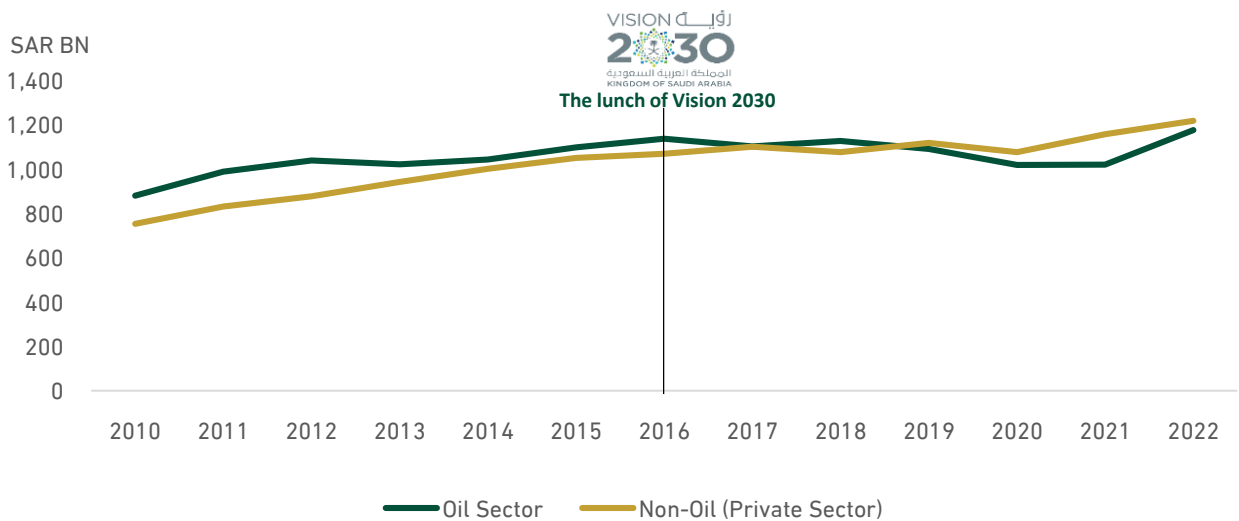
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IV: Private sector contribution to the economy

- The volume of current investments and a comparison of the contribution of the private sector to nominal GDP (2016-2022):

The contribution of private sector (non-government) investments to nominal GDP reached 22% in 2022, or SAR 908 billion. Compared to 2016 (the base year), private sector investments witnessed a growth of 104%, despite the impact of the Covid-19 pandemic on economic activities around the world for the past three years. In addition, the structural and economic reforms, which have been undertaken since the launch of the Saudi Vision 2030, have begun to show their initial impacts through the growth of the non-oil private sector in recent years as part of the Kingdom's plan to reduce its dependence on oil.

Oil Sector & Non-Oil Private Sector GDP



- Job creation

The world's economies depend on the private sector to generate jobs. Due to its large size compared to the government sector, in addition to its flexibility in raising the absorptive capacity for employment in response to population growth. In view of Saudi Arabia, the number of Saudi workers in Q4 2022 reached about 58% in the private sector and 42% in the government sector (as a percentage of the total Saudis only in the labor market).

Therefore, it is important to support and enable the private sector to work within the limits of its maximum potential, which will be reflected in the Saudi economy, not only by directly supporting the GDP, but also by providing job opportunities that contribute to reducing unemployment rates and achieving social and economic well-being.

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V: Partners

- Partners in the government sector



- Partners in the private sector

More than 28 national large companies in several sectors.



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