



Economic and Investment Monitor, Saudi Arabia Q4 2021



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Executive Summary

- In the World Economic Outlook (WEO), October 2021, the International Monetary Fund (IMF) projected global GDP growth to 5.9% and 4.9% in 2021 and 2022, respectively. The IMF also projected investment to reach 26.8% and 27.3% of global GDP, in 2021 and 2022, respectively.
- The IMF also expected Saudi Arabia's GDP to grow by 2.8% in 2021 and by 4.8% in 2022, whereas the inflation rate would decrease to 3.2% at the end of 2021 and to 2.2% by 2022.
- According to the budget statement for FY 2022, the real GDP is expected to grow by 2.9% in 2021, driven by the growth of non-oil GDP* by 4.8%, in tandem with the gradual economic recovery and the receding of the pandemic. Real GDP is expected to rise by 7.4% in 2022, driven by the increase in oil GDP linked to the OPEC agreement.
- Real GDP for Saudi Arabia recorded a growth of 7.0% in Q3 2021, compared to the same period last year, driven by the significant growth in oil activities of 9.3%.
- The non-oil activities** recorded an increase of 6.3%, on an annual basis, and government sector by 2.7% in Q3 2021, due to the economic recovery and a loosening of pandemic restrictions.
- Point of sale (POS) and SADAD payments increased by 25.0% and 3.3%, respectively, in Q3 2021 compared to the same period last year, while cash withdraws decreased by 11.3%.
- Saudi unemployment stood at 11.3% in Q3 2021 compared to the previous quarter, reflecting the continued effectiveness of the measures and initiatives taken by the government to reduce the impact of the pandemic on the unemployment rates.
- Money supply recorded an increase of 7.3% at the end of 2021, compared to the same period last year, driven by growth in other quasi-cash by 32.5% and demand deposits by 8.3%.
- Inflation increased to 1.1% in Q4 2021 on an annual basis; This was attributed to a rise in transport prices by 6.4%.
- Tadawul All Share Index (TASI) increased by 30.0% in Q4 2021, compared to the same period last year. On the other hand, The parallel market (NOMU) decreased by 1.0% for the same period.
- The current account recorded a surplus of SAR 81.4 billion or 9.8% of nominal GDP in Q3 2021, compared to a deficit of SAR 2.6 billion for the same period last year.

*The term "non-oil GDP" was used in the budget statement for FY 2022, which was issued before the GASTAT changed its classification.

** The term "non-oil activities" is used based on the new classification of the GASTAT, issued on 14 December 2021.

Executive Summary

- ▶ Merchandise exports and imports increased by 71.8% and 17.6% respectively, in Q3 2021, compared to the same period last year.
- ▶ Saudi Arabia Foreign Direct Investment (FDI) recorded an increase of 61.1% in Q3 2021 compared to the same period last year.
- ▶ Government revenues decreased by 2.7% in Q4 2021, compared to the same period last year. The government expenditures, also, decreased by 10.5% in Q4 2021 compared to the same period last year. Deficit recorded SAR 80 billion in Q4 2021 compared to the same period last year, while public debt reached SAR 948 billion by the end of H1 2021*.
- ▶ Enabling and supporting investment through the approval of the Ministry of Investment (MISA) organization. It has implemented numerous initiatives, including the Shareek Program and the Invest Saudi portal, as well as international expansion by establishing 11 international offices in different countries.
- ▶ Currently, MISA is working on approving the National Investment Strategy execution program, which includes details of initiatives and performance indicators, and work has begun on sectoral investment plans and targets.
- ▶ With regard to improving the investment environment, the Kingdom has made several agreements with different countries, such as the United Kingdom and Oman, in various fields to enhance its position and competitiveness, develop means for cooperation and exchange experiences.
- ▶ As one of the top twenty economies in the world, Saudi Arabia achieved a remarkable improvement in international indicators in 2021, as it topped the list of the most trusted government in the Edelman's Trust Barometer 2021. It also ranked second in the Ipsos's Global Consumer Confidence Index, third in Protecting Minority Investors Index and first in the World Happiness Report in the Arab world.
- ▶ According to MISA data, investment licenses recorded an increase of 187% in Q4 2021, compared to the same period last year. The number of investment deals increased to 20 in Q4 2021, with total investment estimated at SAR 14.6 billion.
- ▶ The Asir region is highlighted in "Saudi Investment at a Glance", as one of the massive tourism projects that aims to make the region an all year round tourist destination through an investment of SAR 50 billion to finance vital projects and develop tourist attractions. It also highlights OXAGON, NEOM's industrial city, which represents a radical new model for future manufacturing centers. It targets a number of sectors, including: sustainable energy; autonomous mobility; water innovation; sustainable food production; health and well-being; technology and digital manufacturing.

* Q4 is based on the full year estimates of 2021 as reflected in the 2022 budget statement



وزارة الاستثمار
Ministry of Investment



Global Economy <01

One: Global Economy

I: Economic Growth

The World Economic Outlook (WEO), October 2021, projected global economy growth of 5.9% in 2021 and 4.9% in 2022. Also, advanced economies are projected to recover due to the expansion of vaccinations and the additional fiscal support, to reach a growth of 5.2% in 2021, and 4.5% in 2022. Furthermore, the forecast for emerging markets and developing economies has increased to 6.4% in 2021 and 5.1% in 2022.

These estimates are slightly similar to WEO July 2021, as the forecast for the global economy is revised up 0.1% for 2021, the advanced economies revised up 0.4% in 2021 and down 0.1% in 2022, and the emerging market and developing economies revised down 0.1% in 2021 and up 0.1% in 2022.

Considering the growth rates of several countries in Q3 2021, the US and China recorded a growth of 2.1% and 4.9%, respectively.

The inflation rate is expected to reach 2.8% in advanced economies and 5.5% in emerging markets and developing economies in 2021.

Additionally, the global economy witnessed a state of uncertainty in 2020 as a result of the COVID-19 pandemic and its unexpected economic consequences. However, the IMF estimated global investment to reach 26.8% and 27.3% of global GDP in 2021 and 2022, respectively. Despite the continued decline of the US interest rate in the short term, the rise in the long-term interest rate is a worrying factor for emerging and developing economies due to the concerns of increased outflow of funds from these economies.

The uncertainty continues to slow the recovery of economies at the global level, giving the risks of omicron variant and its repercussions.

GROWTH RATE (REAL GDP ,ANNUAL PERCENT CHANGE)	2019	2020	2021 Q1	2021 Q2	2021 Q3	*2021	*2022
Global Economy	2.8	-3.1	-	-	-	5.9	4.9
Advanced Economies	1.7	-4.5	-	-	-	5.2	4.5
Emerging market and Developing Economies	3.7	-2.1	-	-	-	6.4	5.1
US	2.3	-3.4	6.3	6.7	2.1	6.0	5.2
China	6.0	2.3	18.3	7.9	4.9	8.0	5.6
Japan	0.0	-4.6	-1.3	7.5	-	2.4	3.2
India	4.0	-7.3	-7.3	-	-	9.5	8.5
Euro area	1.5	-6.3	-	-	-	5.0	4.3

INDICATOR (%)	2019	2020	*2021
Advanced Economies Inflation	1.4	0.7	2.8
Emerging Market and Developing Economies Inflation	5.1	5.1	5.5
Investment (as % of GDP)	26.6	26.6	26.8

Source: IMF (WEO – October 2021), official statistical offices of countries
* Estimates

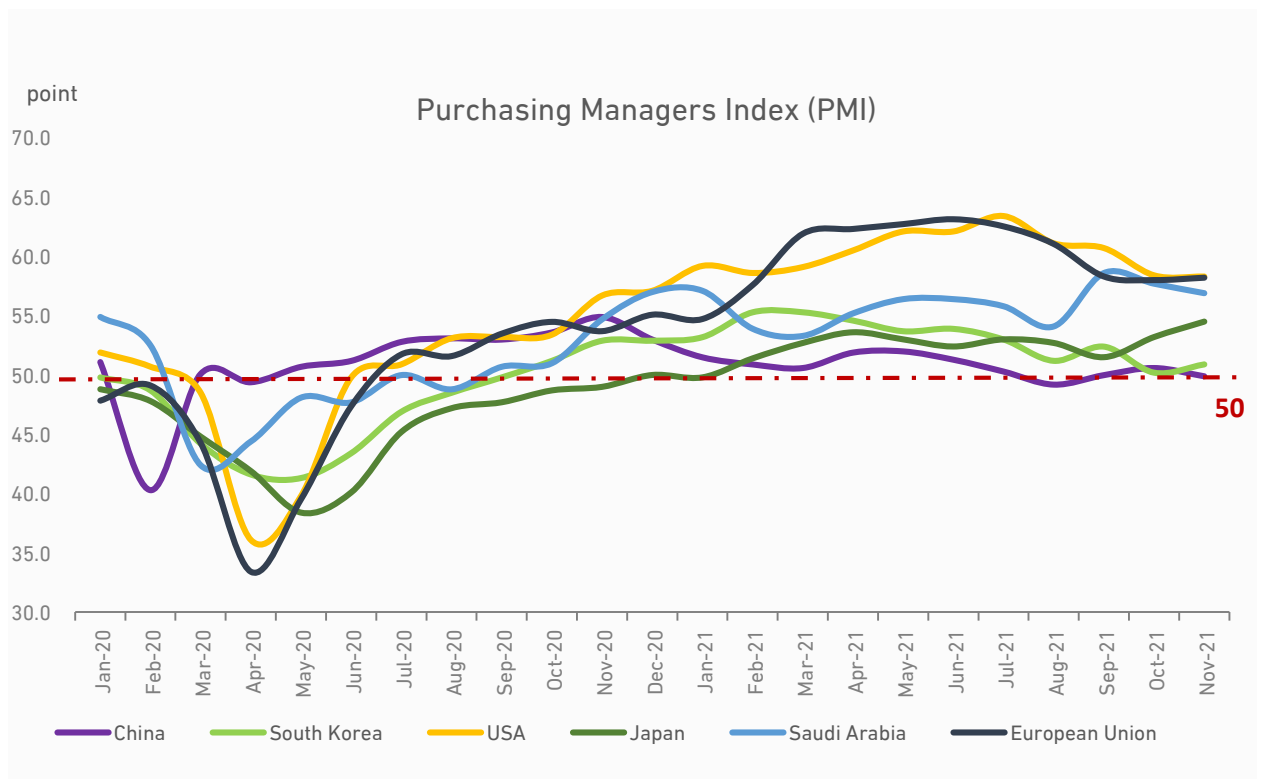
In Q4 2021, with regards to global industrial production, most economies recovered from the effects of the unprecedented crisis in 2020, as the index recorded an average of 54.2, compared to an average of 53.6 in the same period last year. In December 2021, the Purchasing Managers' Index (PMI) increased slightly to 54.2, compared to 53.8 last year's same month.

In 2021, the PMI average increased to 54.7, compared to an average of 49.2 in 2020.

In Q4 2021, the data for the United States, the European Union, Saudi Arabia, and Japan showed an increase in the PMI compared to the same period last year. The PMI for China and South Korea, on the other hand, decreased in the same period.

According to December data, the PMI for the USA, Japan, and the European Union has increased compared to the same period last year, while in Saudi Arabia, China, and South Korea has decreased by 5.4%, 4.0%, and 1.9%, respectively, compared to the same period last year.

In 2021, the PMI recorded a growth in the United States, the European Union, Japan, South Korea, and Saudi Arabia, compared to last year. On the other hand, China's PMI has decreased slightly during the same period.



Source: IHS Markit

*A PMI above 50 represents an expansion when compared with the previous month

II: Oil Market

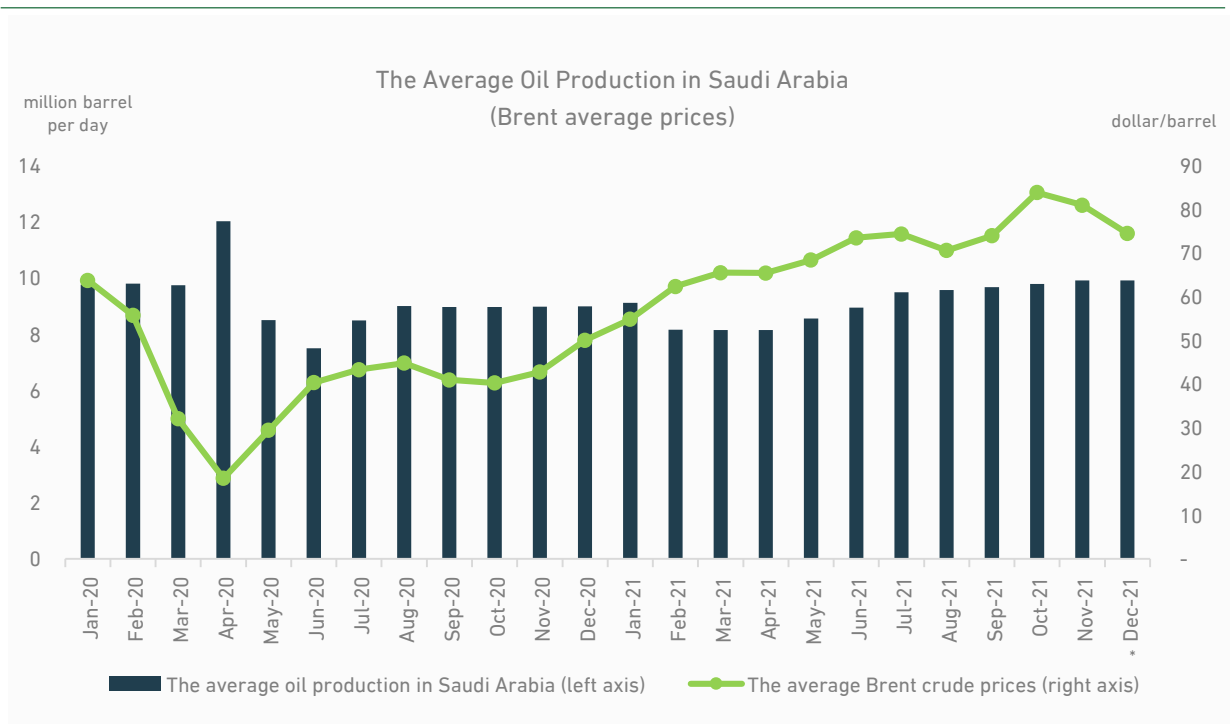
The Organization of Petroleum Exporting Countries (OPEC) reports show an increase in the average oil production in Saudi Arabia in Q4 2021 by 10.0%, or 0.9 million barrels per day, compared to the same period last year, to record the average total production of 9.9 million barrels per day.

After the voluntary production cut under the OPEC + agreement in May 2020, Saudi Arabia increased the oil production by raising output by 250 thousand barrels per day in May 2021 and 350 thousand barrels per day in June 2021. As a result, in 2021*, the average oil production decreased by 1.2%, or 9.1 million barrels per day, compared to 2020.

In December* 2021, the production increased by 10.2% to reach 9.9 million barrels per day, compared to the same period in 2020.

In Q4 2021*, oil prices witnessed a remarkable improvement as Brent crude average prices increased by 79.9% to record an average of \$79.7 per barrel, compared to the same period in 2020. In 2021*, the average price of Brent crude increased by 69.1% compared to 2020, recording \$70.6 per barrel. In December* 2021, the average oil prices increased by 48.8% annually, reaching \$74.4 per barrel.

The World Economic Outlook (WEO), October 2021, projected an increase in commodity prices due to the strengthening of economic activity as oil prices are expected to increase up to 60% in 2021 compared to 2020. In addition, non-oil primary commodities prices are projected to increase by 30%, compared to 2020, reflecting the expected increase in minerals and food prices.



Source: International Energy Agency, (OPEC)

* The average oil production and oil prices for December 2021 are based on MISA staff analysis.



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Saudi Economy

02

I: Saudi Economy Forecast

The Kingdom has adopted several precautionary measures in dealing with the COVID-19 pandemic, which contributed greatly to limiting its spread. While the globe is facing a challenge of new wave in many countries, the Saudi economy is expected to grow in 2022.

According to the budget statement 2022, real GDP is expected to register a growth of 2.9% in 2021, driven by the growth of non-oil GDP by 4.8% following the gradual recovery of the economy and the receding of the pandemic. The preliminary estimates indicate that the inflation rate for 2021 will reach 3.3%, considering the fading effect of the increase in the VAT rate in H2, as the inflation rate reached about 1.1% in November 2021, after recording its highest rate of 6.2% in June 2021.

According to the budget statement, the growth of the private sector will continue at a higher rate than before, giving the positive developments of domestic economy and the global economic recovery. The preliminary estimates indicate a real GDP growth of 7.4% in 2022, driven by the rise in oil GDP linked to the OPEC + agreement, in addition to the expected improvement in non-oil GDP, through the continued progress in implementing projects and programs that enhance growth and economic diversification and in supporting the private sector.

The International Monetary Fund (IMF) estimated a GDP growth of 2.8% and 4.8% in 2021 and 2022, respectively, and a decrease in inflation rate by 3.2% at the end of 2021 and by 2.2% in 2022.

II: Saudi Economy Performance

i. Real Sector

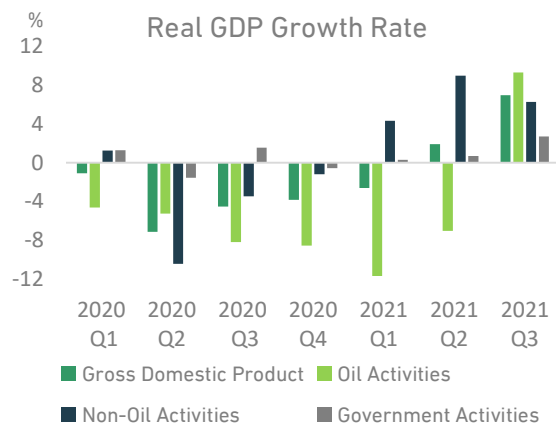
According to the data of the General Authority for Statistics (GASTAT) in Q3 2021**, real GDP increased by 7.0%, compared to the same period last year, supported by the significant growth in oil activities by 9.3%, compared to the same period last year.

This is due to increasing oil production in line with the growing global demand for oil. Non-oil activities grew by 6.3% and government activities by 2.7% during the same period.

The growth of the non-oil sector was due to the growth and speed recovery of all non-oil economic activities in Q3 2021 compared to the same period last year. Finance, insurance & business services recorded the highest growth rates of 13.4%, followed by the wholesale & retail trade, restaurants & hotels by 10.8%, and community, social & personal services (health, education, and entertainment) by 7.4%.

From the beginning of the year until Q3, real GDP grew by 2.0% compared to the same period last year, due to an increase in non-oil activities by 6.4%, which was boosted by the relaxation of COVID-19 restrictions. Oil activities, on the other hand, oil activities decreased by 3.3%, influenced by the decline in production at the beginning of the year and the voluntary production cut of one million barrels, to which the Kingdom was committed.

In the first three quarters, most of the economic activities showed a remarkable improvement in most of the economic activities due to the easing of the precautionary measures and reopening of economic activities, which had a positive impact on the industrial activity as manufacturing activities recorded the most significant increase by 11.8%, followed by wholesale & retail trade by 10.4% during the same period.



* The term "non-oil GDP" is used in the budget statement for FY 2022, which was issued before the GASTAT changed its classification

**The term "non-oil activities" is used based on the new classification of the GASTAT, issued on 14 December 2021 (instead institutional sectors to activities)

According to the Saudi Central Bank (SAMA) data for November, the leading consumption indicators recorded remarkable growth rates in Q3 2021, as the POS and SADAD payments increased by 25.0% and 3.3%, respectively, compared to the same period last year. On the other hand, the cash withdrawals decreased by 11.3% in the same period due to the shift in consumer purchasing behavior from cash to electronic payments, as POS transactions increased by 66.9%. From the beginning of the year until November, POS transactions and SADAD payments increased by 34.2% and 30.9%, respectively, compared to the same period last year. On the other hand, cash withdrawals decreased by 7.1% in the same period.

In November, POS transactions grew by 20.5%, compared to the same period last year, while cash withdrawals and SADAD payments fell by 10.7% and 9.9%, respectively, in the same period.

Private investment indicators showed recovery on Q4 2021 as the average PMI rose by 3.6% to reach 56.2 points, compared to 54.2 points in Q4 2020. In 2021, the average PMI grew by 11.1 % compared to last year, reaching 55.8 points. However, in December 2021, the PMI recorded a fall of 5.4% compared to the same period the previous year, reaching 53.9 points.

According to GASTAT, the Industrial Production Index (IPI) rose by 6.1% in Q3 2021 compared to the same period last year. This was mainly from the higher production in mining and quarrying activity by 8.6% (74.5% of the index weight). The rise in mining and quarrying activity was attributed to the increase in oil production during the period. Electricity supply, however, decreased by 4.3% (2.9% of the total index weights). From the beginning of the year until November, the IPI fell by 1.9% compared to the same period last year. However, in November, the IPI increased by 10.3%, compared to the same period the previous year, reaching its highest level since April 2020.

Cement sales declined by 7.2% in Q4 2021, compared to the same period last year, reaching 13.9 million tons. In 2021, Cement sales grew by 0.4% to reach 53.4 million tons. In December, the total cement sales decreased by 7.3% compared to the same period last year.

In Q3 2021, the real estate price index increased by 0.5%, compared to the same period last year, driven by an increase in “residential” real estate prices by 1.1%. In the first three quarters, it increased by 0.4%, compared to the same period last year, driven by a 0.9% increase in residential real estate prices.

1.1 Labor Market

According to GASTAT, the Saudi and non-Saudi unemployment rates remained unchanged in Q3 2021, compared to the previous quarter, at the lowest rate in ten years of 11.3% and 2.4%, respectively, and the total unemployment rate stabilized at 6.6% during the same period.

The labor force participation rate for the Saudi and non-Saudi population increased, reaching 61.2%, compared to 60.8% in the previous quarter. Among Saudi females, the labor force participation increased in Q3, reaching 34.1% compared to 32.4% in the last quarter. On the other hand, the Saudi males participation decreased to 65.0%, compared to 65.7% in the previous quarter.



Source: GASTAT

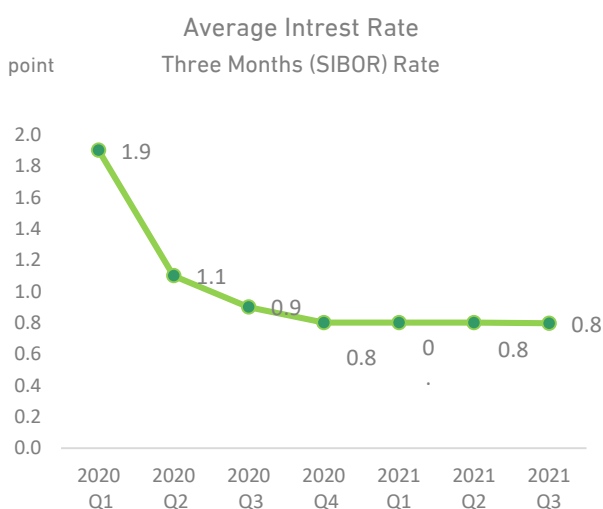
ii. Monetary Sector

2.1 Money Supply

According to SAMA data, the money supply increased by 7.3% in Q4 2021 compared to the same period last year, driven by the growth of other quasi-monetary deposits by 30.3% and time and savings deposits by 2.8%. On the other hand, reserve assets recorded rose 4.0% during the same period, due to a decline in foreign exchange and deposits abroad by 11.9%.

2.2 Interest Rates

The monthly average interbank interest rate SIBOR closed at 0.79 points in Q3 2021, down by 0.12 points, with the REPO rate holding steady at 1.0% and the Reverse REPO rate at 0.50% due to the stabilization of the US federal interest rate at 0.25%, according to SAMA data for October, which led to provide more liquidity and an increase in lending rates. Moreover, government credit increased by 39.0% in Q3 2021 compared to last year's same period. On the other hand, bank credit to the private sector increased by 15.2% in Q3 2021 compared to the previous year's same period. In addition, real estate loans financed by commercial banks recorded a growth of 36.0% in the same period.



Source: SAMA

2.3 Inflation

According to GASTAT data, the inflation rate (Consumer Price Index (CPI)) increased by 1.1% in Q4 2021. This was attributed to a rise in transport prices by 6.4%, due to the increase in the operation of personal transport equipment by 22.1%, which in turn was affected by gasoline prices by 44.3%, as transport depends mainly on gasoline and lubricating oil. Therefore, this sector had a significant impact on the rise of annual inflation due to its weight in the index. In 2021, the CPI witnessed an average increase of 3.1%, driven by the increase in transport prices by 9.1% in the same period. In December, the CPI increased by 1.24%, compared to the same period last year, resulted mainly from higher prices of transport and education by 7.2% and 4.8%, respectively.

iii. Capital Market

The main Saudi market index (TASI) closed at 11,281 points in Q4 2021, recording an increase of 30.0% compared to last year's same period. The total value of the traded shares amounted to SAR 2,235 billion in Q4 2021, an increase of 7.09% compared to the same period the previous year.

The Parallel Market Index (NOMU) closed at 25,975 points in Q4 2021, a decrease of 1.0% compared to the same period last year. The total value of traded shares amounted to SAR 11.36 billion, a decrease of 60.0% compared to the same period the previous year.

iv. External Sector (Balance of Payments)

According to SAMA's balance of payments in Q3 2021, the current account recorded a surplus of SAR 81.4 billion, or 9.8% of the nominal GDP, compared to a deficit of SAR 2.6 billion in the same period of the previous year. This was due to the recovery of the global economy and the return of supply chains, which improved oil and non-oil exports.

The GASTAT's International Trade report for Q3 2021 showed a recovery in non-oil exports, as the trade balance recorded a surplus of SAR 131 billion compared to a surplus of SAR 37.5 billion in the same period last year.

Merchandise exports rose by 71.8% to record SAR 275 billion in Q3 2021, compared to SAR 160 billion in the same period last year. This increase originated mainly from oil exports, despite the Kingdom's compliance with the OPEC+ agreement to reduce production, yet the price increase caused the biggest impact in this respect. As a result, oil export registered SAR 206 billion, an increase of SAR 100 billion in Q3 2021, compared to last year's same period.

Non-oil exports recorded SAR 58 billion, an increase of 28.5% in Q3 2021, compared to SAR 45 billion in the same period last year.

Imports recorded SAR 144 billion, a rise by 17.6% in Q3 2021, compared to SAR 123 billion in the same period last year. The share of non-oil export in total imports amounted to 47.9%.

From the beginning of the year until October, the trade balance recorded a surplus of SAR 244.1 billion, compared to a deficit of 257.1 billion in the same period last year. The merchandise exports witnessed an increase of 57.9% to record SAR 833 billion, compared to SAR 527 billion. This rise was due to the increase in oil exports, which recorded SAR 614 billion in the same period, an increase of SAR 363 billion compared to the same period last year.

Non-oil exports recorded an increase of 34.8% or SAR 185 billion, compared to SAR 137.5 billion for the same period last year.

From the beginning of the year until October, Imports recorded an increase of 12.1%, reaching SAR 474 billion in 2021, compared to SAR 423 billion in 2020. The share of non-oil export in total imports amounted to 51.4%.

In October 2021, the trade balance recorded a surplus of SAR 59.9 billion, compared to a surplus of SAR 12.8 billion in the same period last year, due to the return of the private sector activities and supply chains.

Merchandise exports also witnessed an increase of 90.0% to register SAR 106 billion, compared to SAR 55.9 billion in the same period last year. This rise was due to the increase in oil exports, which recorded SAR 82 billion in the same period, an increase of SAR 454 billion over the previous year. Non-oil exports recorded an increase of 29.1%, SAR 20 billion, compared to SAR 15 billion in the same period last year.

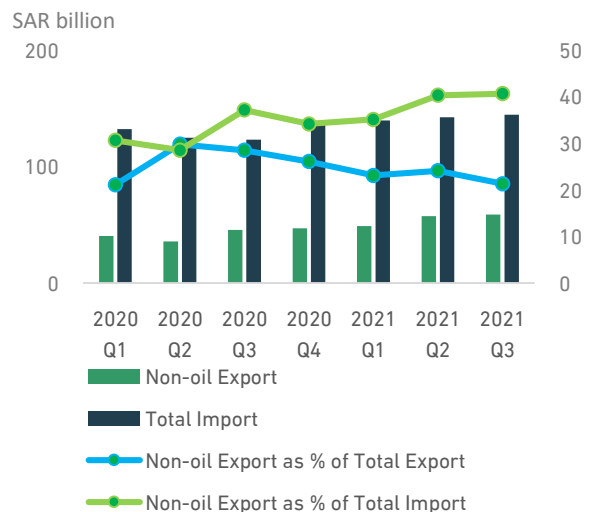
In October 2021, imports grew by 7.6%, reaching SAR 46 billion, compared to SAR 43 billion in the same period last year. The share of non-oil exports in total imports was 51.4% in the same period.

Trade Volume and Trade Balance



Source: GASTAT

Trade Volume and Trade Balance

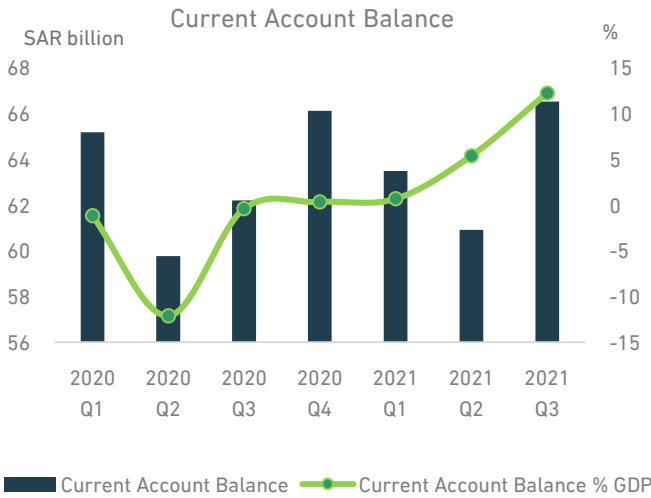


Source: GASTAT

According to SAMA's preliminary balance of payments data, the foreign direct investment (FDI) inflows to the Kingdom grew by 61.1%, recording SAR 6.6 billion in Q3 2021, compared to SAR 4.0 billion in the same period last year. Until the end of Q3 2021, the FDI net inflows increased by 392.6%, reaching SAR 65.1 billion compared to SAR 13.2 billion in the same period last year. This is due to the sale of an equity stake in Aramco Oil Pipeline Company to EIG.

In the first three quarters, government expenditures amounted to SAR 702 billion in 2021, a decrease of 3.3% compared to the same period last year, due to a decrease in capital expenditure and subsidies by 35.0% and 28.8%, respectively.

According to the budget estimates, expenditures will reach SAR 313 billion in Q4 2021, a decrease of 10.5% compared to the same period last year, making total expenditures of SAR 1,015 billion by the end of the year.



Source: SAMA

5.3 Surplus/Deficit, Debt

In Q3 2021, the budget achieved a surplus of SAR 6.6 billion or 0.8% of GDP. In the first three quarters, the deficit recorded SAR 5 billion, compared to SAR 184 billion in the same period last year. This improvement was attributed to the fiscal reforms and rise in oil prices, which in turn supported oil revenue. The deficit is expected to record SAR 80 billion in Q4 2021. By the end of Q3, public debt amounted to SAR 948 billion and expected to reach SAR 938 billion by the end of 2021, according to the budget estimates for FY 2022.

v. Fiscal Performance

5.1 Revenues

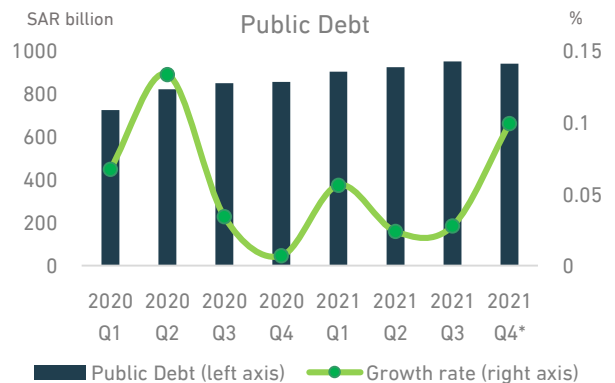
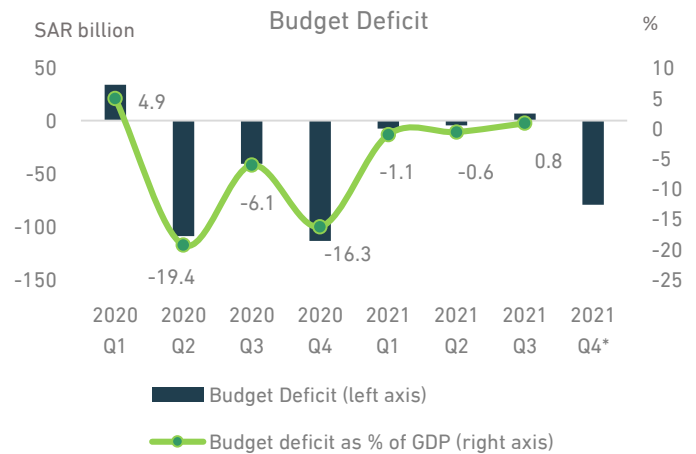
The total government revenues grew by 12.9%, registering SAR 243 billion, driven by the growth in oil revenue by 59.8%, to reach SAR 148 billion. In comparison, non-oil revenues decreased by 22.4%, reaching SAR 95 billion.

In the first three quarters, government revenues grew by 28.6%, recording SAR 696 billion, compared to about SAR 541 billion in the same period last year.

According to the budget statement estimates, revenues will reach SAR 234 billion in Q4 2021, a decrease of 2.7% compared to the same period last year, making total revenues of SAR 930 billion by the end of 2021.

5.2 Expenditures

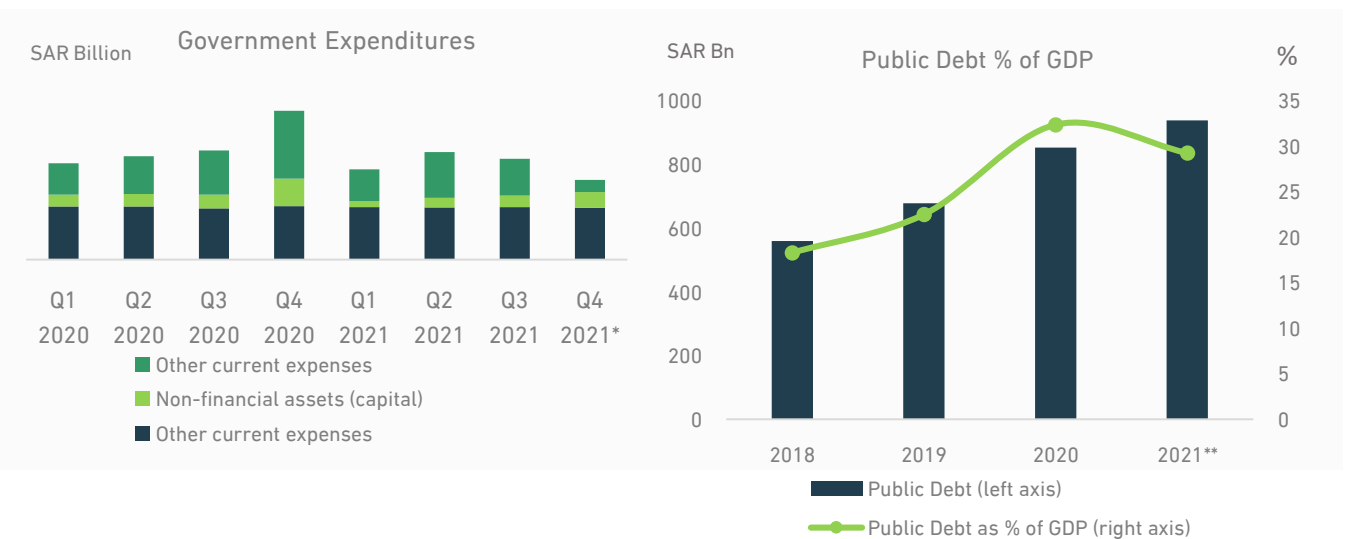
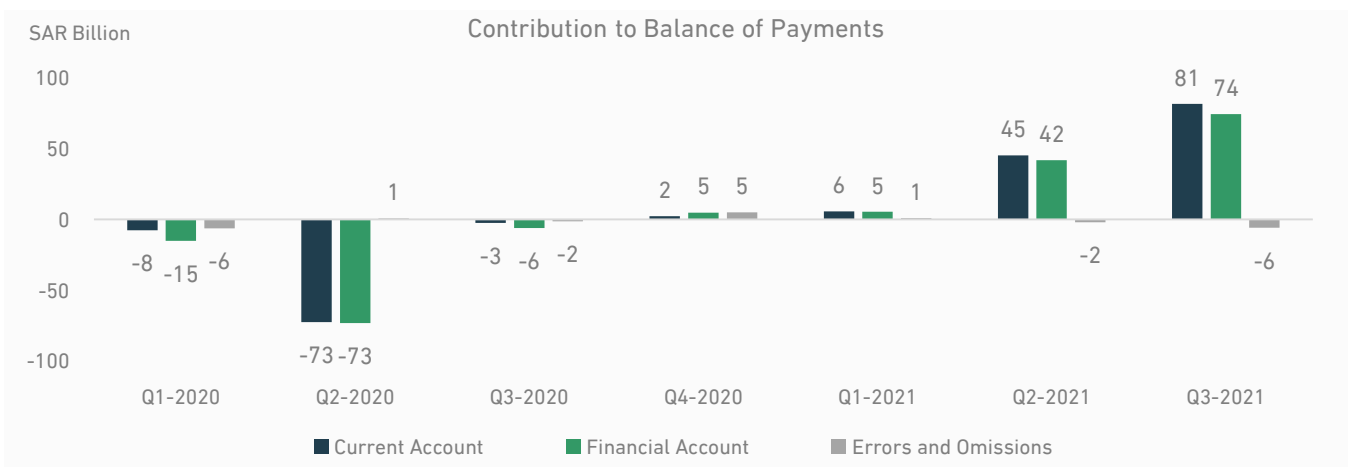
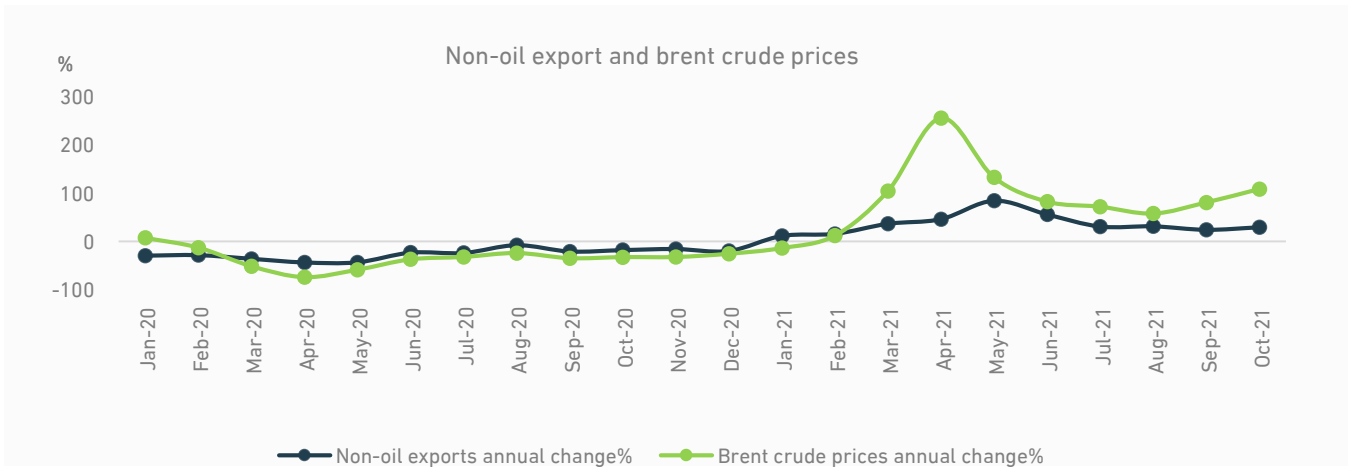
In Q3 2021, government expenditures amounted to SAR 237 billion, declining by 7.7% on an annual basis due to a drop in subsidies, social benefits, capital expenditures, and goods and services by 47.0%, 41.4%, 16.3%, and 10.4%, respectively.



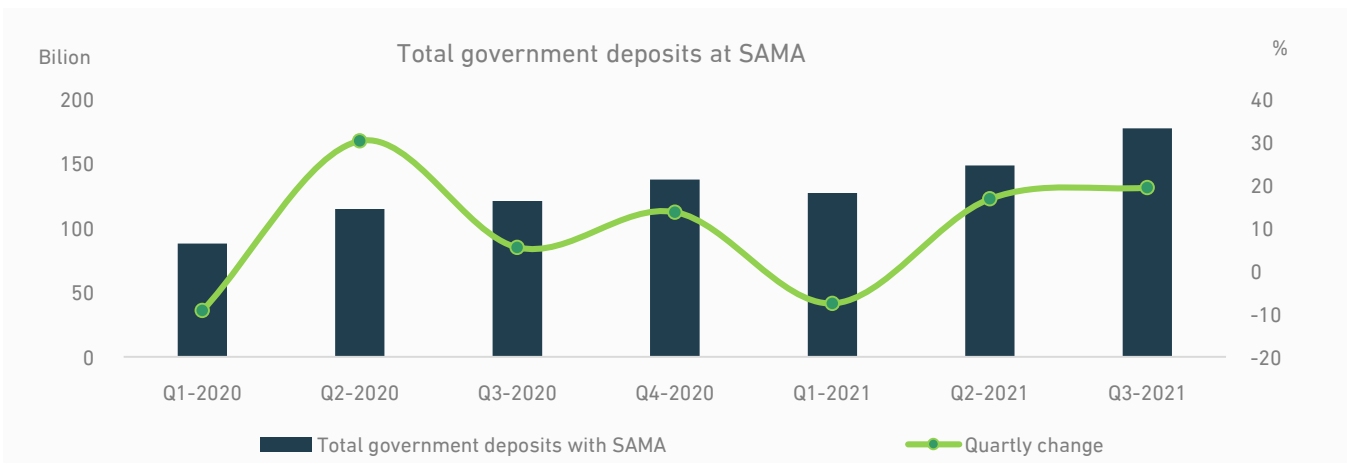
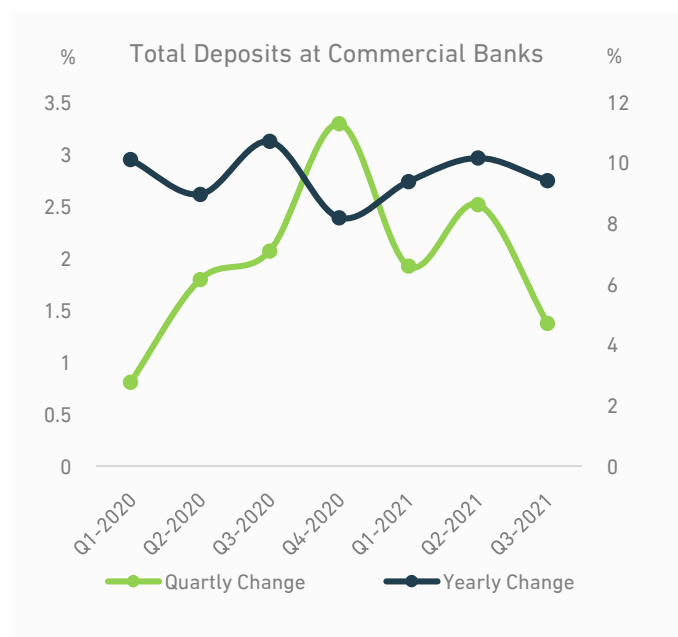
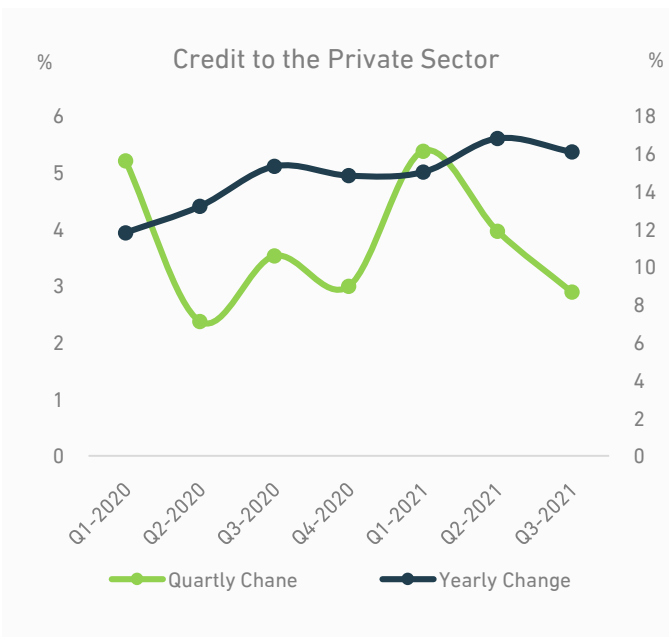
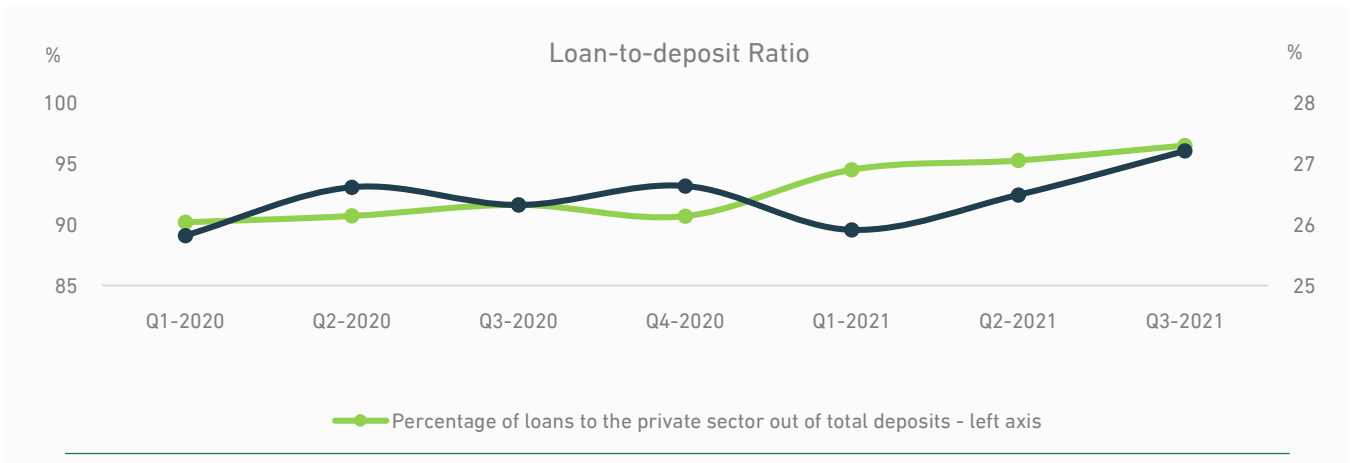
* Q4 was calculated based on the budget estimates for the whole year 2021 according to the budget statement for FY 2022.

Source: MoF

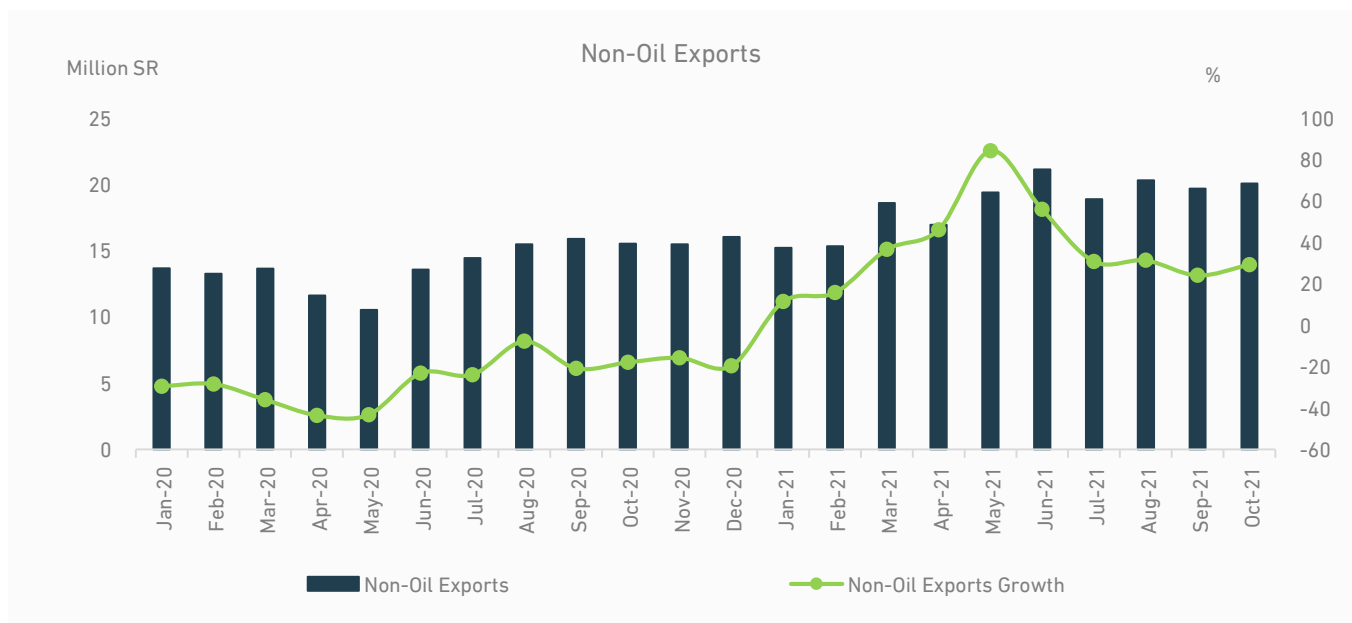
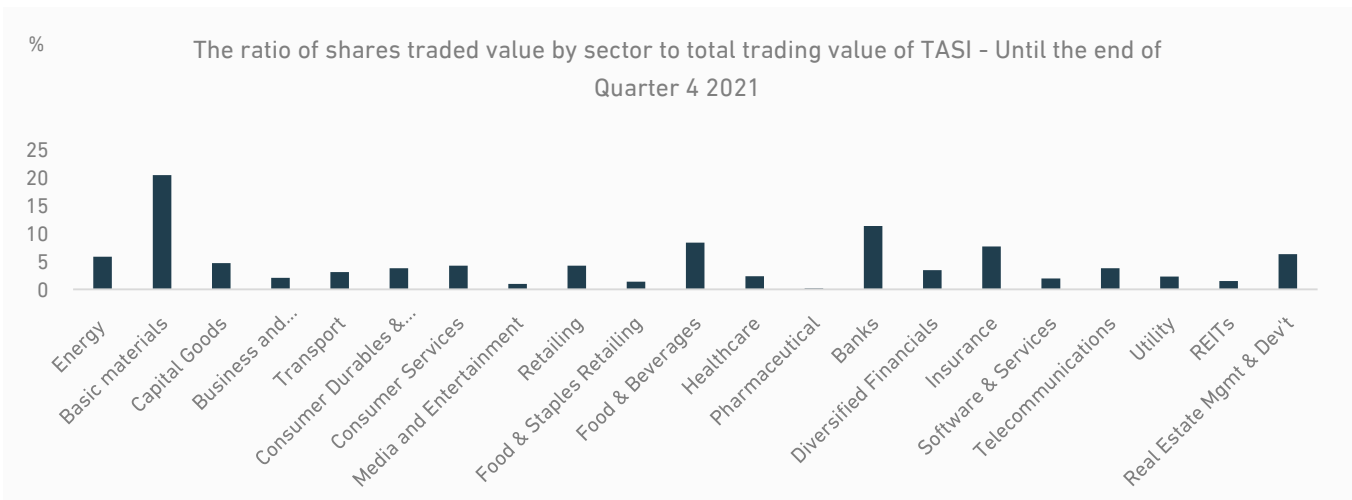
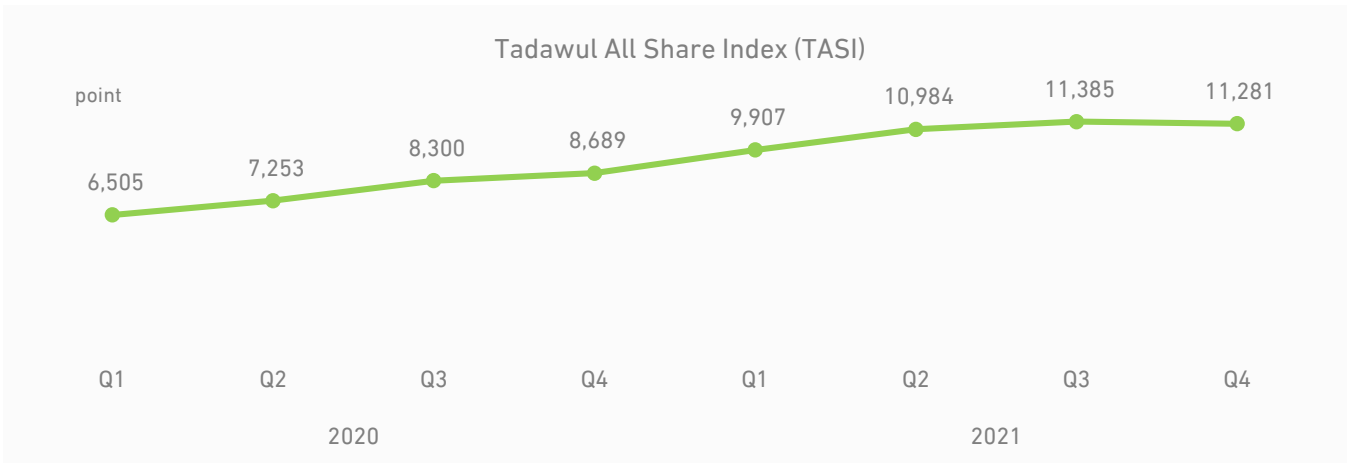
vi. Selected Economic Indicators



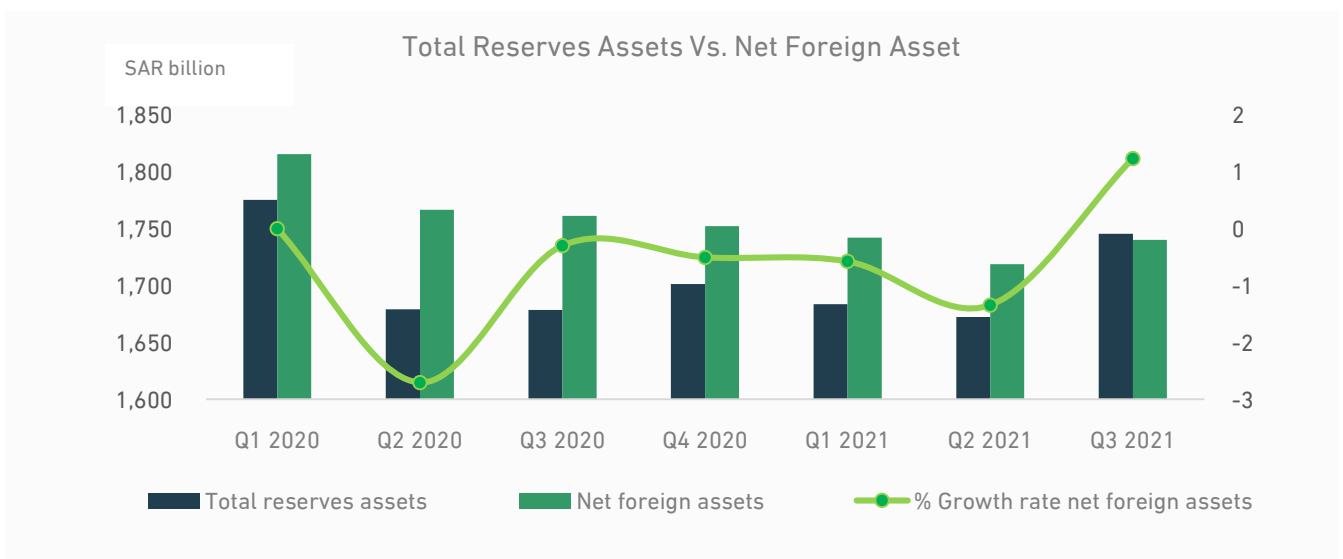
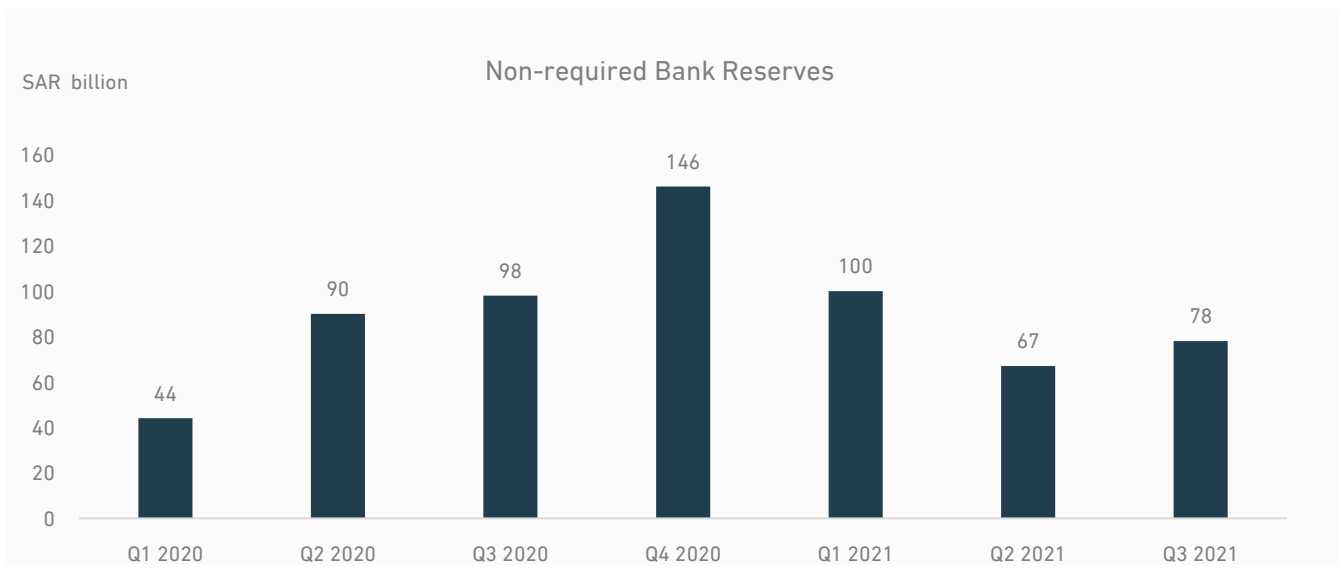
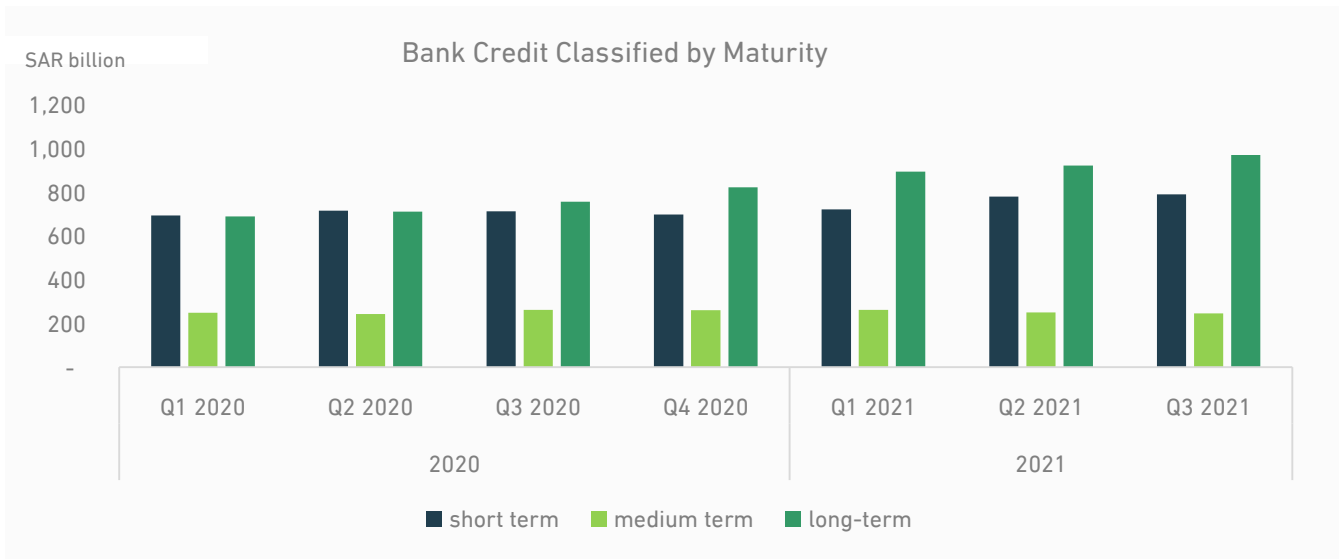
Source: GASTAT, SAMA, MoF and OPEC



Source: GASTAT, SAMA



Source: GASTAT, Tadawl



Source: SAMA.



وزارة الاستثمار
Ministry of Investment



Promoting
Competitiveness and
Enhancing Investment
Environment

03

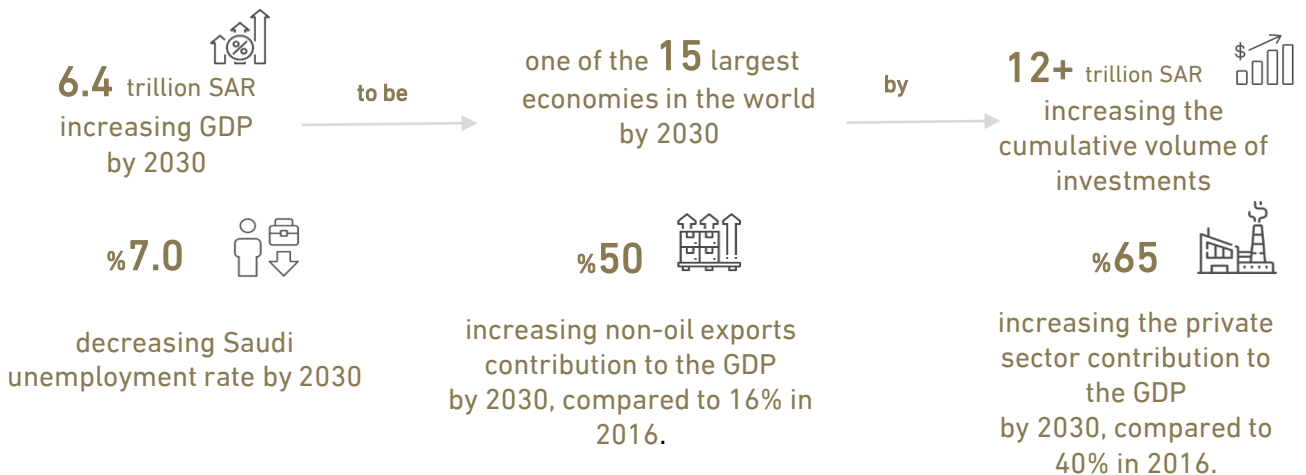
Three: Promoting Competitiveness and Enhancing the Investment Environment

In February 2020, The Ministry of Investment of Saudi Arabia (MISA) was established by splitting it from The Ministry of Commerce with the objective of diversifying the production base and attracting foreign and domestic investments that ensure added value to the Saudi economy, as well as of enhancing the involvement of private sector and attracting more investments. In addition, as part of the endeavor to achieve the goals of the Saudi Vision 2030, MISA has launched the National Investment Strategy (NIS) in October 2021.

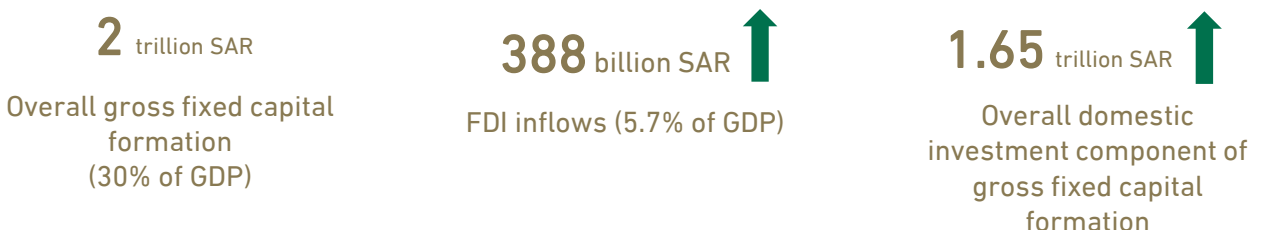
Saudi Arabia has a strong foundation, which make it able to achieve Vision 2030 and attract investment, include:



The NIS enables the goals of Vision 2030, through:



The NIS investment goals by 2030



The NIS Pillars

The NIS is based on four pillars, each one has a goal under which many programmes and initiatives. Due to the difference between investment opportunities and required reforms, the strategy is implemented through two tracks: the first track includes short to medium-term initiatives and the second track includes sustainable and long-term initiatives



I: Saudi Initiatives to Support Investment



MISA has implemented many initiatives in cooperation with government entities to support the business and investment environment during the last period, including:

COVID-19 Crisis Response Centre at MISA (MCRC)

MISA has established COVID-19 Crisis Response Center since the start of the pandemic, aiming to take the necessary measures to ensure business continuity, limit any negative impacts, and solve the challenges that investors might face due to the precautionary measures during the pandemic by partnering with more than 22 governmental entities, the key achievements of MCRC are:



13000

PHONE CALLS PLACED TO
SUPPORT INVESTORS



2000

E-SERVICES FACILITATED BY MISA AND
OTHER RELEVANT GOVERNMENT ENTITIES



8000

PHONE CALLS RECEIVED TO
ANSWER INQUIRIES



575

ISSUED, RENEWED AND
AMENDED INVESTMENT
LICENSES.



ISSUED A BUSINESS CONTINUITY
IN SAUDI GUIDE DURING THE
COVID-19 CRISIS



CREATED FREQUENTLY ASKED
QUESTIONS FOR INVESTORS

Shareek Program

This program is an essential part of the Kingdom's Vision 2030 and the National Investment Strategy. It aims to promote public-private partnerships, achieve investment objectives, and enhance the Kingdom's reputation as a business-friendly environment that attracts investors seeking remunerative returns.

Shareek is a cooperative government framework led by HRH Crown Prince. Its responsibilities are in line with the priorities of Vision 2030, as it supports the development and diversification of the national economy. Currently, it is available only to large private companies with projects that will significantly impact the national economy. Accelerating the pace of important investment projects will have a broad and positive impact on the private sector. It will allow companies of various sizes, including small and medium companies, to benefit from the new projects that are being implemented. Through rapid approvals and other incentives, the program will also work to facilitate the investment environment and improve the ease of doing business in the Kingdom.

The program is expected to enable major companies to increase their investment targets by 50% over their current plans. It also aims to enhance the development and resilience of the Saudi economy through the following:

- Increasing the GDP and diversifying the economy.
- Launching private sector investments and the accumulated investments across all economic aspects with a target of SAR 5 trillion by 2030, and add up to SAR 2 trillion to the GDP by 2025.
- Providing hundreds of thousands of new job opportunities.
- Accelerating the investment plans for major companies.

Saudi Business Center “Meras”

The unified portal with all government services helps business owners establish and manage their business.

National Competitiveness Center (NCC) “Tayseer”

NCC works as an effective communication channel between the government entities and the private sector to receive the private sector's feedback and challenges regarding regulations, legislation, and procedures from contributing to decision-making to improve the business environment in the Kingdom. This led to more than 555 reforms in the commerce regulations to serve investors.

Attracting Regional Headquarters Initiative

The initiative contributed to signing 41 agreements with international companies during the Future Investment Initiative Forum to move their regional headquarters to Riyadh.

Special Economic Zones:

Special economic zones accelerate the pace of raising the levels of competitiveness to attract regional and global investments to enhance exports, create jobs, boost GDP, and drive economic growth and sustainable development in light of Vision 2030 goals.

Invest Saudi Portal

Invest Saudi is the unified national identity for marketing investment in the Kingdom under the Royal Decree issued in 2019. It aims to introduce the efforts of the Kingdom in the field of developing its economy and enabling local and foreign investors to access investment opportunities and providing incentives and facilities in addition to other services. The portal was developed and launched as one of Vision 2030 initiatives with the aim of unifying messages and efforts between all ministries and government entities to enhance the Kingdom's position as an attractive investment destination.

The website (investsaudi.sa) is one of the main marketing channels for the portal identity to showcase the investment environment and the competitive advantages of the Kingdom, highlight the promising investment opportunities in all sectors, and facilitate communication with domestic and foreign investors. In addition, the investors can view all available investment opportunities classified by economic sector. The Portal also provides data and periodic economic and investment reports, which help the investor make investment decisions. Currently, MISA is developing the portal to be the primary source providing all data and information of investment opportunities for global and domestic investors arranged by activities and regions.

Since its launch, Invest Saudi has enjoyed a wide international, regional and local presence through participation in the most important conferences and events, and several media and marketing initiatives were launched under its umbrella. Today, the Kingdom's economy is thriving, and we have an ocean of untapped potential that domestic and foreign investors can discover.

MISA's International expansion during 2019-2021

The aim is to establish 11 international offices around the world. Currently, 6 offices are open in Washington, London, Beijing, Singapore, Tokyo, and Paris.

Strategic initiatives to enhance the capabilities of health care and life sciences in the Kingdom

MISA has signed a memorandum of understanding with Janssen, one of the pharmaceutical companies of Johnson & Johnson, to promote the capabilities of health care in Saudi.

The possibility of obtaining investment license from outside the Kingdom

In partnership with the Ministry of Foreign Affairs and the Ministry of Commerce, MISA launched a service that enables foreign investors to issue investment licenses and establish business outside the Kingdom.

Establishing Logistics Zone with Maersk

Mawani has signed an agreement with Maersk to establish the company's first integrated logistics zone in the Middle East, which will contribute to ensuring an attractive investment environment and highlighting the investment opportunities that the ports in Saudi Arabia have.

II: Key Legislation Related to Investment

MISA continued its efforts to provide a safe and competitive investment environment and develop investment laws and regulations with its governmental partners to complete the Kingdom's regulatory and legislative framework.

Amending the List of Activities Excluded from Foreign Investment

The Council of Ministers amended the list in Q2 2021, excluding three service activities from the list, enabling foreign investment companies to engage in these activities, which will help stimulate foreign investment and create job opportunities.

Meteorological Law

This law aims to provide a platform for joint action between relevant authorities to improve national performance in the meteorological sector and identify challenges faced by relevant sectors, propose solutions, and follow up on their implementation. Ultimately, the law seeks to strike a balance between security and development needs and the meteorological sector.

Privatization Law

This law aims to achieve the government's strategic goals with regards to privatization, rationalize government expenditure, increase revenues, improve economic efficiency, enhance the Kingdom's competitiveness, and ensure a level playing field for regional and international competition related to privatization projects. The law also aims to encourage the domestic and international private sector to invest and, in other ways, participate in the national economy, including through projects that contribute to the government's economic and development-related goals and serve to increase the private sector's contribution to GDP. These goals encompass expanding citizens' participation in government assets and increasing job opportunities and the optimal employment of the national workforce.

Cultural Development Fund Law

This piece of legislation relates to a fund aiming to support sustainable cultural development, providing loans and financing to private enterprises that operate in various cultural areas or to projects that serve the sector. The fund also encourages investment in the cultural sector more broadly.

Anti-fraud and Breach of Trust Law

Designed to combat financial fraud, this law seeks to limit risks in securities transactions and protect investors and enhance their confidence in the financial market. In addition, it helps to achieve a clear, safe, and transparent investment environment. Finally, it prescribes penalties for violations.

Accounting and Auditing Profession Law

This law aims to develop and regulate the accounting profession and enhance the reliability of financial transactions in accordance with international best practices. It was developed to keep up with business environment developments in Saudi Arabia due to the growing number of companies and the high volume of investments.

Medical Devices and Supplies Law

This law aims to protect public health, enhance the safety of medical devices, and support investment in the Kingdom through a globally homogeneous system.

Agricultural Law

The purpose of this law is to develop the agricultural sector and achieve food security, ecological balance, and conserve natural resources. The law also contributes to creating an environment attractive to foreign investment in agricultural activities and services, encouraging land development, and expanding private sector participation in the sector.

Real Estate Units Ownership Subdivision, and Management Law

This law aims to enhance investor confidence in residential buildings and units and promote the sustainability and quality of buildings. It will open up new horizons for investment in residential and commercial real estate.

Lending (Financing) Regulations of the Saudi Export-Import Bank (EXIM)

Saudi EXIM aims to promote the development and diversification of Saudi exports and increase their competitiveness. It also provides competitive advantages for export financing services, guarantees, and credit insurance. Additionally, EXIM offers import credit facilities, which will support investors in expanding their competitive export and import capabilities.

Commercial Courts Law

The purpose of this law is to resolve disputes between traders arising from business-related matters and improve courts' performance in terms of shortening the time it takes them to process cases and deliver judgment. Ultimately, this will enhance the business environment and create an atmosphere of trust and stability in protecting and preserving rights.

Mining Investment Law

This law aims to make mining investment the third pillar of the Kingdom's national industries. It also seeks to promote sustainability, increase environmental commitment, enhance transparency, increase investor confidence, encourage investment in mineral value chains, and provide sustainable financing, in an effort to attract domestic and foreign investment.

Enterprises, Pharmaceuticals and Herbal Medicines Law

The purpose of this law is to enhance the performance of the Kingdom's economy, increase the competitiveness of its pharmaceutical market, and open up new areas of sustainable jobs. Foreign investment in this area is allowed in facilities regulated by the Saudi Food and Drugs Authority.

Movable Assets Security Law

This law aims to facilitate access to credit, especially for Small and Medium Enterprises (SMEs). It further seeks to unify the registering of rights on movable assets, which will help raise the Kingdom's ranking in related international indicators.

Tourism Development Fund

The purpose of this law is to support tourism development in Saudi Arabia, in accordance with relevant government strategies and policies, including by supporting investment and developing tourism sites in targeted locations. The law equally seeks to fund facilities engaged in tourism or supporting services, and to develop related technology and infrastructure.

Anti-concealment Law

This law aims to secure safe investment channels that will impact the growth of the private sector positively. It creates a competitive environment that encourages legitimate investment, develops solutions for non-Saudis to participate in valid business practices, helps enhance investment in the commercial sector, and reduces illegal practices in the national economy.

Documentation Law

The purpose of this law is to raise the efficiency and authenticity of notarial and documentary services provided by an authorized notary. It additionally seeks to clearly identify notary public qualifications, specializations, and work procedures, as well as monitoring outputs and establish penalties for violators. This law will provide a more efficient investment environment and raise investors' confidence.

Contractor Rating System

The aim of this system is to assess contractor's financial, technical, administrative, and execution capabilities, in order to classify contractor in the appropriate field and grade.

System to Connect All Payment Systems in the GCC Countries

The system aims to establish a payment system to connect GCC payment and settlement systems, execute financial transactions, and enhance the safety and efficiency of payment systems of participated countries, which contribute to GCC financial integration, stability and economic growth.

Payment System and Services

The purpose of this system is to develop regulatory framework for payment infrastructure, to keep pace with the developments in the field, raise the level of effectiveness and flexibility of financial transactions, and promote innovation in financial services in accordance with international standards, in a manner that ensures the stability of the financial sector and fair transactions, in pursuit of the aspirations of Vision 2030.

Waste Management System

This system aims to organize waste management activities and define the roles and responsibilities of stakeholders, to protect and sustain the environment in accordance with the principle of circular economy. It also contributes to stimulating the participation of the private sector and providing the best and finest services, and to creating an attractive investment environment in a way that enhances competitiveness and transparency and achieves operational efficiency and financial sustainability for the sector.

Postal System

The purpose of this system is to develop and organize the postal logistics services sector, and create a legal and regulatory basis for the development of the postal and logistical services in line with the sector's advancements at the local and international levels, meet the needs of beneficiaries and service providers, and achieve the desired economic and social returns for the Kingdom.

Personal Data Protection Law

This law contributes to accelerating digital transformation and access to the information society and digital economy, through the development of digital infrastructure that supports innovation, contributes to empowering the private sector, creating a regulatory environment conducive to business growth, and attracting foreign investments to ensure economic sustainability, global leadership and national sovereignty for data as an important element and resource for digital economy. The law protects the rights related to the processing of personal data, regulates the sharing between entities, and prevents the misuse of data. This will support the prosperity of the local economy, through building confidence in the data sector.

Judicial Cost System

The aim of this system is to improve the efficiency of judicial service, the quality of judicial proceedings, reducing malicious and fictitious lawsuits, fulfilling rights, raising judicial efficiency and achieving justice.

The Law of Enforcement Before the Board of Grievances

This law aims to effectively address the implementation of administrative bonds through advanced tools and means in accordance with the best international practices in order to achieve judicial security of rights and enhance the economic and investment environment in the Kingdom.

The unified law for the protection, development and exploitation of the living aquatic wealth of the GCC

The purpose of this law is to protect, develop and exploit the living aquatic wealth of the GCC, including protecting fisheries, setting standards, encouraging scientific research, and encouraging investment in this field.

III: Key Economic and Investment Agreements

The Kingdom has signed investment agreements in various fields with several countries to promote its competitive position, enhance cooperation, understanding and exchange of experiences between the Kingdom and these countries.

In 2021, MISA has signed a number of investment agreements with a number of countries to enhance cooperation in the field of encouraging investments, sharing investment opportunities, and exchanging information. These countries included Kuwait, Oman, France, Bangladesh, the United Kingdom and Northern Ireland. This is a part of the Ministry's comprehensive plan to strengthening the investment environment and pave the way for investors.

In a related context, HRH Crown Prince, in the fourth quarter, has made a visit to the Gulf countries, During the visit, he touched on a number of topics of common interest, including strengthening and developing economic relations to serve common interests and increase economic cooperation:

➤ Oman

Saudi Arabia and Oman have signed five memorandum of understanding, three in media field and two in commercial field. A group of Saudi and Omani companies have also signed 13 memoranda of understanding, in several sectors.

➤ The United Arab Emirates

The two sides stressed the cooperation in the field of energy and the importance of exploring joint opportunities in the field of oil, gas and petrochemicals, as well as the importance of strengthening cooperation in the field of trading oil products, taking advantage from electrical interconnection and commercial exchange of electrical energy, artificial intelligence, digital transformation, cybersecurity, industry and advanced technology.

➤ Qatar

Saudi Arabia and Qatar agreed to cooperate and enable investment opportunities in several areas, including: implementing the Middle East Green initiative, applying the circular carbon economy approach, cooperation in the areas of energy efficiency, renewable energy, and enhancing joint investment

opportunities in the air transport, telecommunications, and information technology sectors and benefiting from opportunities related to infrastructure projects, free and logistical zones, gas and energy in the two countries

➤ Bahrain

A number of memoranda of understanding were signed in the field of cybersecurity, protection of intellectual property rights, various areas of standardization, and technical cooperation in conformity assessment procedures for biodegradable plastic products.

➤ Kuwait

Saudi Arabia and Kuwait agreed to move forward to enhance economic, commercial, and investment cooperation in the public and private sectors, raise the level of trade exchange between them, encourage direct investment in both countries to activate the memorandum of understanding signed between them and work to enhance investment exchange opportunities.

IV: Saudi Arabia's Performance on Global Indicators

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

<p>GDP of KSA Among G20 by IMF</p> <p>19 out of 19</p> <p>Source: IMF, 2020</p>	<p>GDP Of KSA Globally by WB</p> <p>20 out of 217</p> <p>Source: World Bank, 2020</p>	<p>Digital Government Ranking</p> <p>11 out of 20</p> <p>Source: Waseda University, 2021</p>
<p>Ease of Protecting Minority Investors</p> <p>3 out of 131</p> <p>Source: WIPO, 2021</p>	<p>National Entrepreneurship Context Index</p> <p>17 out of 50</p> <p>Source: GEM, 2020</p>	<p>Saudi Stock Market -Tadawul</p> <p>9 out of 67</p> <p>Source: Tadawul, 2020</p>
<p>World Competitiveness Ranking</p> <p>32 out of 63</p> <p>Source: IMD, 2021</p>	<p>Ease of Starting a Business</p> <p>36 out of 131</p> <p>Source: WIPO, 2021</p>	<p>The Global Competitiveness Report</p> <p>36 out of 141</p> <p>Source: WEF, 2019</p>
<p>Global Entrepreneurship Index</p> <p>42 out of 137</p> <p>Source: GDEI, 2019</p>	<p>(Riyadh) Smart city Index</p> <p>30 out of 109</p> <p>Source: IMD, 2020</p>	<p>Economic Freedom Index</p> <p>63 Out of 184</p> <p>Source: Heritage, 2021</p>
<p>Confidence in the Performance of The Government.</p> <p>1 out of 28</p> <p>Source: Edelman, 2021</p>	<p>Global Innovation Index</p> <p>66 out of 131</p> <p>Source: WIPO, 2021</p>	<p>Consumer Confidence Index Personal Financial Conditions</p> <p>2 out of 23</p> <p>Source: IPSOS, November 2021</p>
<p>Nikkei COVID-19 Recovery Index</p> <p>2 out of 121</p> <p>Source: NIKKEI, 2021</p>	<p>Digital Skills</p> <p>9 out of 141</p> <p>Source: WEF, 2020</p>	<p>World Happiness Index</p> <p>21 out of 135</p> <p>Source: World Bank, 2021 2120</p>
<p>Intellectual Property Rights Index</p> <p>34 out of 129</p> <p>Source: Property Rights Alliance, 2021</p>	<p>World Digital Competitiveness Index</p> <p>36 out of 63</p> <p>Source: IMD, 1202</p>	<p>World Talent Index</p> <p>38 out of 63</p> <p>Source: IMD, 2021</p>
<p>E- Government Development Index</p> <p>43 out of 193</p> <p>Source: UN, 2020</p>	<p>Global Talent Competitiveness Index</p> <p>41 out of 132</p>	<p>Global Knowledge Index</p> <p>40 out of 138</p> <p>Source: Mohammed bin Rashid al Maktoum Knowledge foundation, 2021</p>



Saudi Stock Exchange (Tadawul) has been included in iBoxx Global Government Bond Index

IIV: Saudi Arabia Investment Figures

i. Closed Deals in Q4 2021

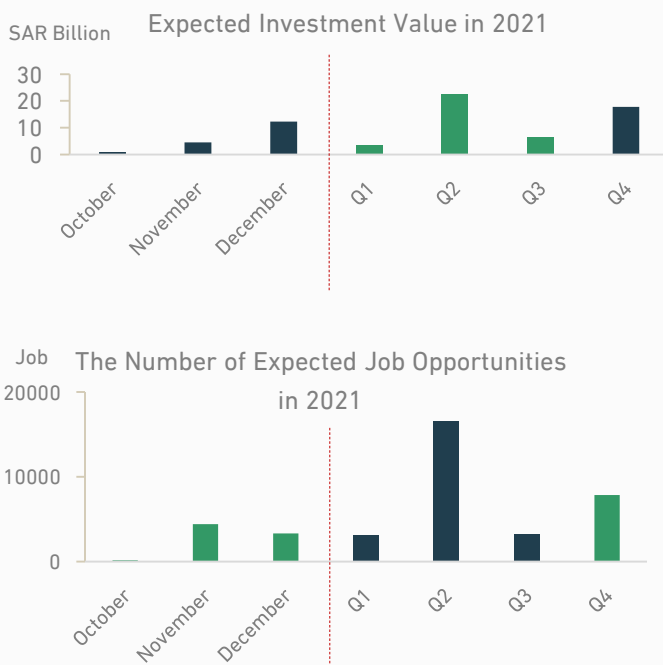
The investment data released by MISA indicate a closing of 25 deals in Q4 2021, which are expected to make SAR 17.8 billion and provide 8,000 jobs. In 2021, the data indicated a total of 112 closed deals, SAR 50 billion worth in investments distributed over 12 sectors, which are bound to create nearly 31,000 new jobs.

Considering investor types, there is an increase in the number of new investors and the desire of existing investors to expand their existing investments.

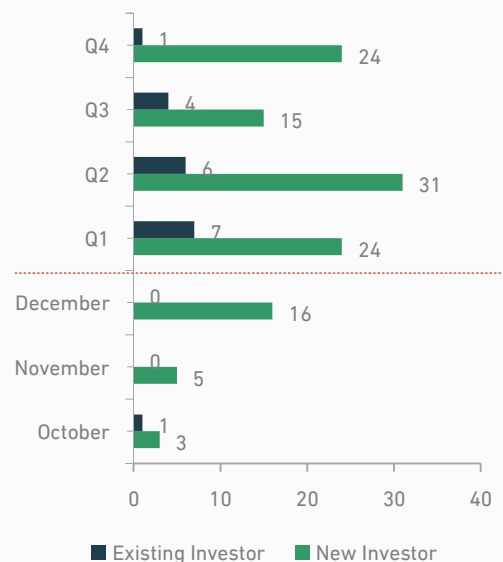
Looking at sectors, the distribution of deals showed that the entrepreneurship and innovation sector attracted the most attention from investors, with 11 out of 25 deals closed in Q4 2021. Education and learning came second with five deals, mining and metals with three deals, and real estate with two deals. The rest of the deals were distributed between transport and logistics, information and communication technologies (ICT), health care and life sciences, and manufacturing.

In 2021, it was clear that the entrepreneurship and innovation sector had the largest share of closing deals, with a total of 40 out of 112 deals, followed by tourism and quality of life with 22 deals, then energy and water with ten deals. The rest of the sectors had the same relative number of deals.

In Q4 2021, the top investing countries in Saudi Arabia are the UAE with five deals, followed by the UK with four deals, then France, South Korea, and the Cayman Islands with three deals. Meanwhile, in 2021, the main investing countries in Saudi Arabia are the UAE, China, Egypt, and the UK, with a total of 47 deals, or 42% of the total deals in 2021.



The Number of Investors in Saudi by the Type in 2021



Source: MISA

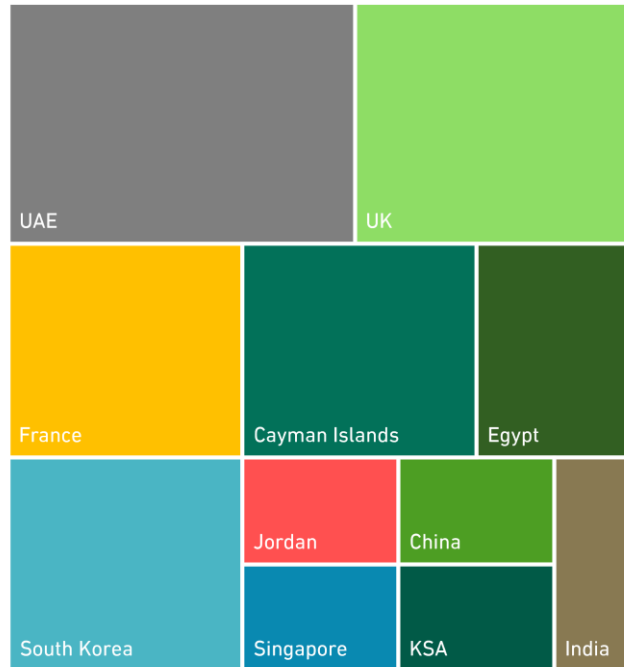
The Distribution of Deals by Sector in Q4 2021



- Information & Communication Technologies
- Real Estate
- Education
- Transportation & Logistics
- Entrepreneurship & Innovation
- Mining & Metals
- Manufacturing
- Healthcare & Life Sciences

Source: MISA

The Distribution of Deals by Country in Q4 2021



Source: MISA

ii. Investments Licenses in Q4 2021

The number of investment licenses issued by MISA recorded an increase of 357.9%, or 2,056 licenses in Q4 2021, compared to 449 licenses in the same period last year.

A high number of licenses were issued for wholesale and retail, manufacturing, construction, accommodation & food services, professional, scientific & technical services, and ICT activities. The number of new licenses issued for these activities accounted for 89.7% of the total licenses issued in Q4 2021. The licenses for wholesale & retail recorded an increase of 1549.1%, or 907 licenses (44.1% of the total licenses in Q4 2021), compared to the same period last year. Manufacturing registered 330 new licenses, a growth of 226.7% (16.1% of the total licenses in Q4 2021). Construction recorded 297 new licenses, an increase of 266.7% (14.4% of the total licenses in Q4 2021), compared to last year's same period.

Accommodation and food services achieved 155 licenses, a growth of 434.5% (7.5% of the total licenses in Q4 2021), compared to last year's same period. Professional, scientific, and technical activities reached 79 licenses, a rise of 8.1% (3.8% of the total licenses Q4 2021), compared to Q4 2020. ICT recorded an increase of 83.3%, or 77 new licenses, compared to the same period last year.

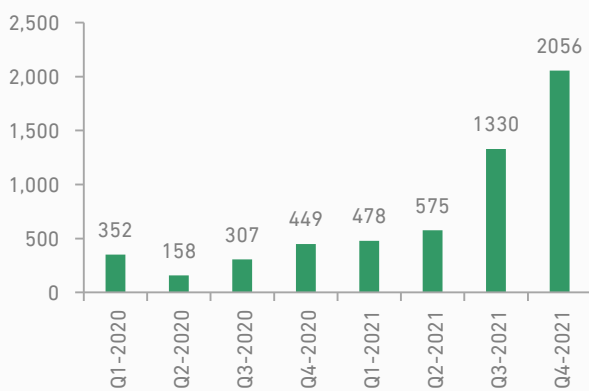
In 2021, the number of investment licenses issued by MISA increased by 250.7%, compared to last year, reaching 4,439 licenses, of which 89.2% were issued for six main sectors: wholesale & retail recorded the highest with 1,736 licenses (39.1% of total licenses); manufacturing 751 licenses (16.9% of total licenses); construction with 655 licenses (14.8% of total licenses).

accommodation & food services 336 licenses (67% of total licenses); professional, scientific & technical activities 257 licenses (5.8% of total licenses); and ICT 225 licenses (5.1% of total licenses issued in 2021).

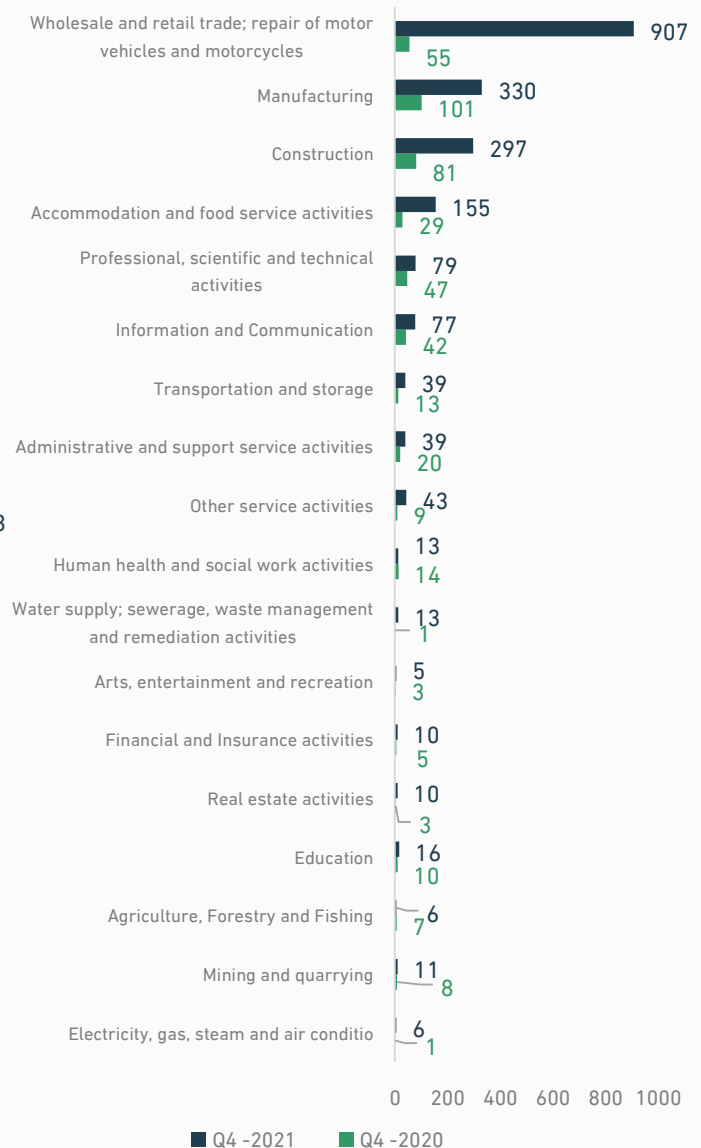
With regards to the distribution of licenses by country, a share was calculated for each country participating in the ownership of the capital, Yemen had the highest number of investment licenses issued by MISA in Q4 2021, with 663 licenses, followed by India with

198 licenses, Syria with 162 licenses, Egypt with 157 licenses and Pakistan with 101 licenses.

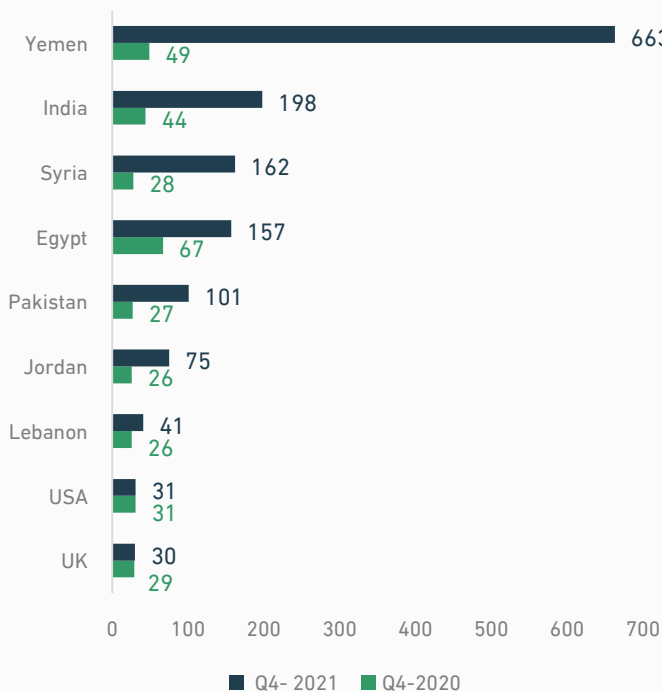
The Number of Investment Licenses



Licenses Numbers by Sector



Licenses by Top 10 Countries



Source: MISA

Source: MISA



وزارة الاستثمار
Ministry of Investment



Saudi Investment at
a Glance

<04

Four: Saudi Investment at a Glance

Vision 2030 seeks to develop the Saudi economy, achieve economic diversification, and regional development, invest in promising sectors, and grow the economy through major projects. Since its launch in 2016, the Vision has sought to highlight the main strengths of each region, and direct appropriate investments towards these regions. Hence, this part of the report focuses on one region, project or promising sector at a time, for each quarter, and by exploring the main economic developments during the reporting period, as a means to review the region's key economic indicators.

I: Region in the Spotlight: Asir

Key economic indicators and investment opportunities in the Asir region

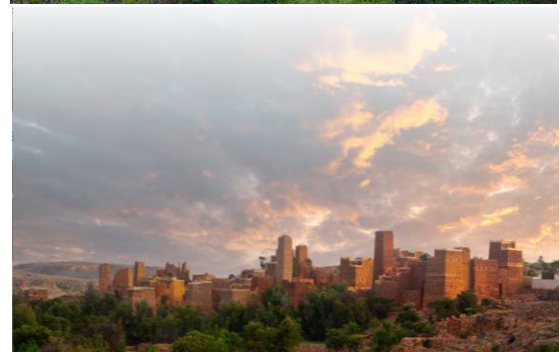
Asir: A Tourist Destination and Investment Opportunity

The strategic location, air and land routes that connect the region with the rest of the Kingdom's regions, and 140 km of coastline, are among the Asir region potentials, making it ready for development. The region is also blessed with attractive nature and weather, waterfalls, biodiversity, villages and urban monuments, making it a major tourist destination. Despite the pandemic and its impact on the economy, during the summer season of 2020, the number of visitors recorded about 4.5 million, with a total spending on tourism amounted to SAR 5.2 billion. Given the high volume of tourists visited the region, the demand for hotels was very high that challenged the hospitality industry. This highlights the investment opportunities in the hotel and restaurant sector that the region has to offer. Therefore, the government has adopted several projects for the development of the region.

Development Projects in the Region

His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, Crown Prince, Deputy Prime Minister and Chairman of the Council of Economic and Development Affairs, launched the Strategy for the Development of the Asir Region, on the 28th of September 2021, under the theme of "The Arabian Highland", to achieve a comprehensive, unprecedented and sustainable growth for the region through an investment of SAR 50 billion to finance major vital projects from different sources and develop tourism attractions on and around the peaks of the Asir mountains, turning the region into an all-year-round world destination. The strategy aims to rise the GDP of the Asir region by more than SAR 4 billion, and the private sector GDP by 13%, as well as attracting

10 million visitors. The implementation of the strategy will contribute to providing new job opportunities, raising the quality of life and improving the region's basic services and infrastructure by 2030.



Soudah Development (SD)

Announced by HRH on the 24th of February 2021, SD was launched with an investment exceeding SAR 11 billion. A closed joint-stock real estate development company owned by the Public Investment Fund (PIF) aims to drive the development of Soudah and parts of the Rijal Alma'a governorate in the Asir region. With over SAR 11 billion in investment, which includes over SAR 3 billion dedicated to upgrading the infrastructure, the planned developments include 2,700 hotel rooms, 1,300 residential units, and 30 unique commercial and entertainment attractions that will create 8,000 direct and indirect jobs by 2030.

Asir's Second Industrial City

It is a project that the Asir Development Authority is working on in strategic partnership with the Ministry of Industry and Mineral Resources and the Saudi Authority for Industrial Cities, on an area of more than 17 million m², to promote and attract industrial investments in the region, and exploit its wealth in contribution to the development of the national economy, as well as create job opportunities, in line with the Saudi Vision 2030.

Key economic initiatives of the Asir Development Authority

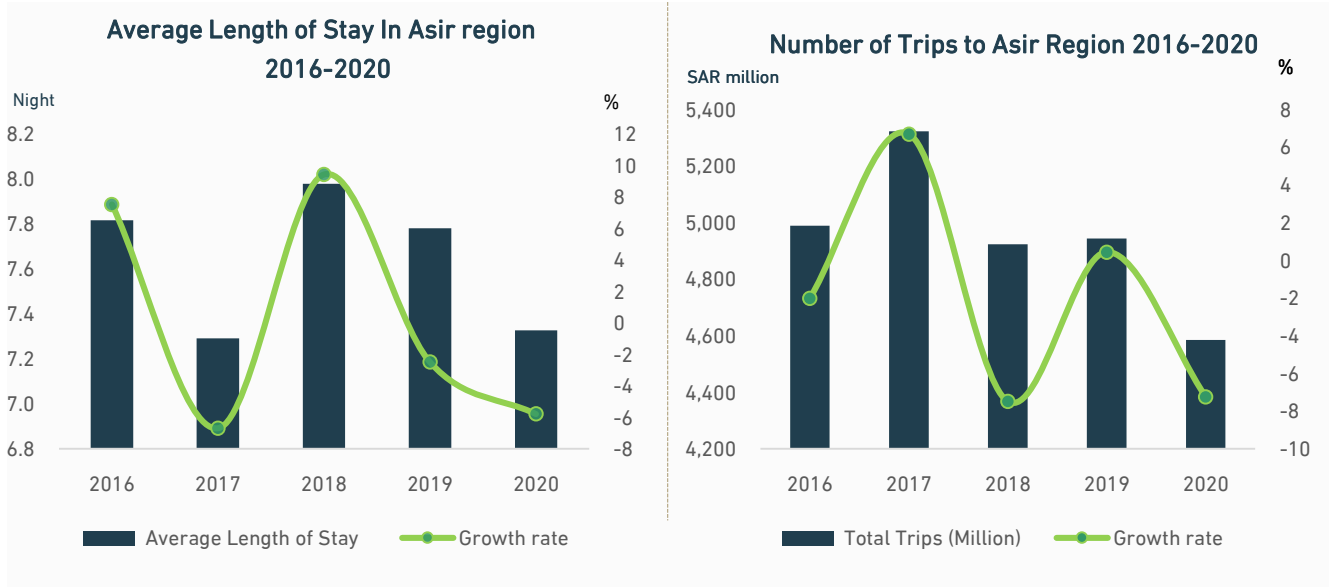
Focus on Tourism

- Coordinating the development of major tourism initiatives in the Asir region.
- Establishing Destination Development Office in the Asir region.
- Developing standards for issuance of tourism license.
- Providing vocational programs in the field of tourism.
- Developing and implementing a strategy to attract investors, companies, small and medium enterprises.
- Developing and implementing a marketing strategy.
- Developing a strategy for marketing cruise excursion to Asir.

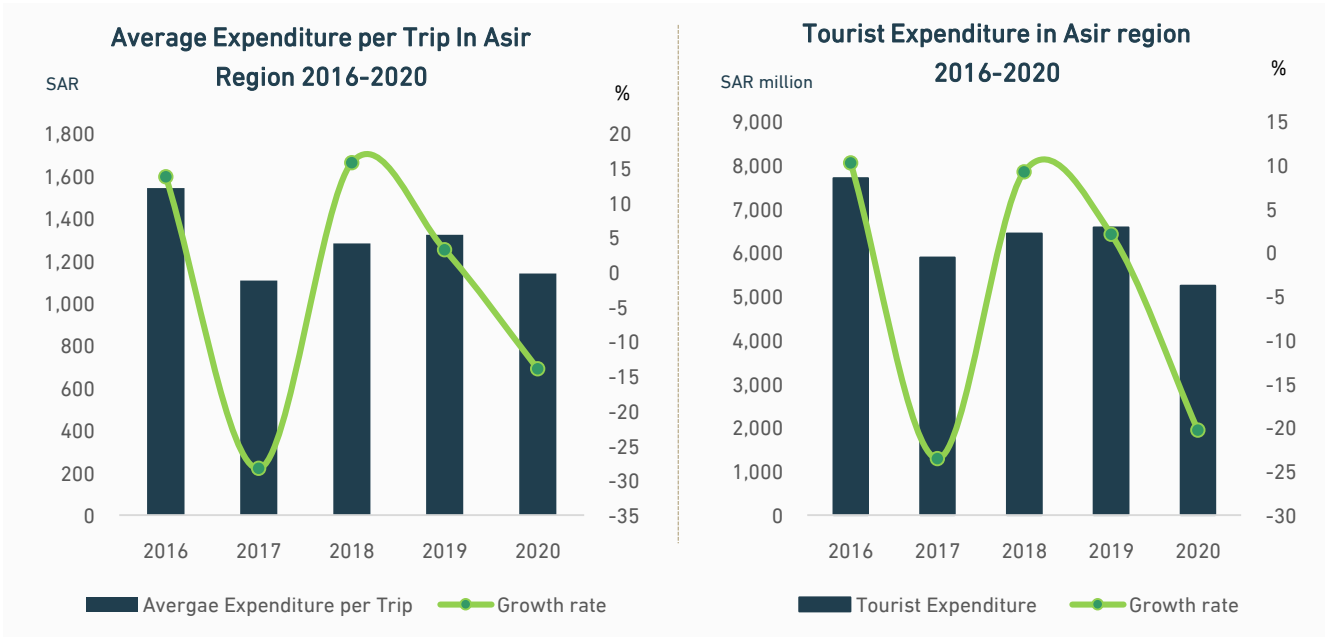


Source: Asir Development Authority

Asir Key Indicators



In 2020, the number of tourist trips and average length of stay in the Asir region decreased by 7.3% and 5.8%, respectively, compared to the previous year, due to the precautionary measures and travel suspension. However, the Asir summer season proved successful, with a total of 4.5 million tourist trips recorded.



Tourism expenditure and the average tourist expenditure on a trip to the Asir region in 2020 decreased by 20.3% and 13.9%, respectively, compared to the previous year, due to the drop in demand during the pandemic closure.

Source: Ministry of Tourism

Indicator	Value
General Information	
Population (mid 2020)	2,354,320
Area	81,000 km ²
Asir Economic indicators (Abha city) – Dec 2021	
Inflation (CPI)	100.32
Inflation growth rate	-1.89%
Asir Region Record numbers Q3 2021	
Real estate price index	85.4
Real estate price index growth rate	0.6%
Point of Sale POS (Abha city) - Q3 2021	
POS transactions (thousand transaction)	27,315
POS transactions growth rate	64.6%
POS (thousand riyal)	2,184
POS sales value growth rate	24.0%
Asir Labor Market Q3 2021	
Unemployment rate	8.7%
Saudi unemployment rate	13.6%
Male unemployment rate	6.6%
Female unemployment rate	27.0%
Asir Service Statistics 2019	
Sport clubs	12
Airports	2
Hotels	27
Dams	171
Producing factories	100
Industrial cities	1
Sport cities	1
Chambers of Commerce	2

Source: SAMA, GASTAT, Asir Development Authority

II: OXAGON

NEOM's Floating Industrial City (OXAGON)

NEOM announced the establishment of NEOM Industrial City on the 16th of November 2021, representing a radical new model for future manufacturing centers. OXAGON will be the catalyst for economic growth and diversity in NEOM and the Kingdom, further meeting the ambitions and goals of Vision 2030.

It will contribute to redefining the world's approach to industrial development in the future, protecting the environment while creating jobs and growth. In addition, it will contribute to Saudi Arabia's regional trade and commerce and support creating a new focal point for global trade flows.

Comprising a large area in the southwest corner of NEOM, the core urban environment is centered around the integrated port and logistics hub, with a unique octagonal design that minimizes impact on the environment and provides optimal land usage. It preserves 95% of the natural environment.

Seven sectors form the core of OXAGON's industrial development, creating a vital base for these industries. These industries are sustainable energy, autonomous mobility; water innovation; sustainable food production; health and well-being; technology and digital manufacturing (including telecommunications, space technology, and robotics), and modern construction methods, all powered by 100% renewable energy.

The fundamental pillar of OXAGON is to create a circular economy with a collaborative environment built around research and innovation. Development of OXAGON is well underway, and designs are in progress for the large manufacturing facilities. These facilities include the world's largest green hydrogen project involving Air Products, ACWA Power, and NEOM in a tri-partite venture; the world's largest and most advanced modular building construction factory with Gulf Modular International; and the largest hyperscale data center in the region, a joint venture between FAS Energy and NEOM.

OXAGON will grow rapidly and welcome its first manufacturing tenants at the beginning of 2022.

WHAT IS OXAGON?
OXAGON is NEOM's economic and industrial engine, driving innovation in industry and technology whilst offering exceptional livability. Designed to attract global talent and breathe new life into manufacturing, this is the place where ideas can change the world.

- 13% OF GLOBAL TRADE PASSES THROUGH THE SUEZ CANAL
- 48km² OXAGON CORE DEVELOPMENT AREA
- 7KM
- 100% CLEAN ENERGY
- PORT WITH 3.5m TEU CAPACITY (EQUIVALENT TO 1000 EQUIVALENT UNITS)
- LARGEST FLOATING STRUCTURE IN THE WORLD

HOW IS OXAGON DIFFERENT?
A catalyst for advanced transformational industries, OXAGON is a place to turn grand ambitions into reality. It provides a new way of living and working, where you can make the biggest impact on your business and the smallest impact on the planet.

- A HUB FOR ADVANCED AND CLEAN MANUFACTURING**
- LIVING LAB FOR RESEARCH AND INNOVATION**
- NEXT GEN AUTOMATED AND INTEGRATED FOR AN SUPPLY CHAIN WITH GLOBAL CONNECTIVITY**
- EXCEPTIONAL LIVABILITY**
- 100% CLEAN ENERGY**

WHERE IS OXAGON?
OXAGON is strategically located in northwest Saudi Arabia and has first-class local, regional and global connectivity - with 13% of world trade passing through via the nearby Suez Canal. Situated on the Red Sea coast - its road, air, high-speed rail, and maritime transport links are second to none.

42% OF THE WORLD WITHIN 4 HOURS

WHICH INDUSTRIES WILL OXAGON BECOME HOME TO?
With regulations to enable growth and promote innovation, OXAGON is a natural home for advanced technology industries. Businesses will be supported by an agile and responsive infrastructure, accelerating ideas from labs to market and enabling moonshots to become reality.

- RENEWABLE ENERGY**
Solar PV, green hydrogen, offshore wind, on-shore wind
- AUTONOMOUS AND SUSTAINABLE MOBILITY**
Autonomous pods and shuttles, urban air mobility, green heavy duty commercial vehicles, hyper watercraft
- MODERN CONSTRUCTION**
Modular construction, 3D printing, sustainable steel, zero emission heavy machinery
- WATER INNOVATION**
Seawater desalination, solar desalination, wastewater treatment, system management devices
- SUSTAINABLE FOOD PRODUCTION**
Deep-seafood, alternative proteins, alternative meat, sustainable packaging
- HEALTH AND WELLBEING**
Pharma, biotech, nutrition, medical
- TECHNOLOGY AND DIGITAL**
Industrial, consumer and general purpose robotics, autonomous infrastructure for 5G, digital twins, advanced components, 3D printing equipment



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