

# Investment Highlights

Fall 2020

**Inside this report:**

- Opening remarks by Ahmad Al-Ohal, Governor of General Authority for Military Industries (GAMI)
- Review of Saudi Arabia's G20 Presidency
- Sector highlights on defense industry opportunities
- Deep dive on the quarter's top investor stories across sectors
- Expert opinion by Mitsubishi UFJ Financial Group
- New foreign investment projects in Q3
- Top 3 investment opportunities by INVEST SAUDI



# OPENING REMARKS

**Ahmad Al-Ouali**

Governor of General Authority for Military Industries (GAMI)

The defense and security sector in Saudi Arabia is led by an ambitious vision towards developing national defense and security capabilities. Saudi Arabia's General Authority for Military Industries (GAMI), was established as the regulator, enabler, and licensor of the industry. We sit at the center of a large and complex defense ecosystem, and our strategy is based on three key pillars: military acquisition, industry development, and research and technology.

Military acquisition is the major enabler for industry and technology localization. Through military acquisition, we work with key stakeholders in the defense and security sectors to create greater cost efficiencies, promote localization of products, and ensure best practices. GAMI, with the support of end-users, has taken a leading role in ensuring that industry-wide best acquisition practices are standardized. We operate on a national level, working closely with local defense entities, industry, and end-users to ensure efficient and transparent spending. We also engage key global stakeholders, namely foreign original equipment manufacturers (OEMs) and foreign governments, to enable investment opportunities.

The second pillar is the development of the local defense industry, where the goal is to achieve an ambitious 50% localization rate of the Kingdom's military expenditure by 2030. Saudi Arabia is one of the world's biggest spenders on defense and security services, and equipment (8% of GDP) but has limited industry localization rates. Our strategy has identified

11 initial segments of the industrial and services supply chain that are key to meeting our future demand forecasts and addressing localization gaps.

We guide investors, both local and foreign, to fill the supply chain gap. Foreign investors can now own 100% of their local investment and leverage the Kingdom's strategic location, robust logistics infrastructure, incentives, and cost-competitive factors. Our strategy also places great emphasis on the participation of small and medium enterprises (SMEs). In the global defense industry, prime contractors and SMEs play different yet equally important roles. Currently, there are only a few SMEs in the sector, however, our Industrial Participation Program aims to increase this number and encourage SMEs to produce parts and components vital to the industry.

Our third pillar is research and technology (R&T). There is a strong correlation globally between defense R&T spending and successful and sustainable industrial localization. GAMI has identified 7 categories of priority technologies to be gradually localized. These align with demand in the sector as well as future global trends, which include the rise of artificial intelligence and other state-of-the-art technologies. By working with existing and prospective research centers, GAMI aims to build an R&T ecosystem that future generations can be proud of. We are setting up a national R&T Defense Industry Center that capitalizes on existing capabilities to lead the R&T efforts. Additionally, we launched a human capital program that focuses on developing the technical skills needed to achieve our target of 100,000 direct and indirect jobs created in the sector by 2030.

To conclude, our defense and security sector has the full support of the leadership and direct guidance from HRH Crown Prince Mohammad Bin Salman. Through dedication, leadership, and a strong strategy, we aim to create an attractive ecosystem for investors and support them in the Saudi market and future exports. On a final note, we have announced a unique and fully integrated defense event, the World Defense Show (WDS). WDS will showcase the latest technologies and unveil solutions for interoperability across the five defense domains: air, land, sea, security, and satellites. We invite global industry stakeholders to join us at the WDS in Riyadh in March 2022. WDS is uniquely designed to serve as a platform that will display the best-in-class of the global industry, and aims to become one of the top three defense shows in the world.

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# DATA HIGHLIGHTS



In the first nine months of 2020, Saudi Arabia's economy showed clear signs of resilience in spite of the challenges faced by the global economy since the start of the COVID-19 pandemic.

In Q2, Saudi Arabia's GDP contracted by 7%, against a 9.1% and 11.7% average contraction experienced by G20 peers and OECD economies, respectively. In Q3, the GDP contraction narrowed to 4.6%.

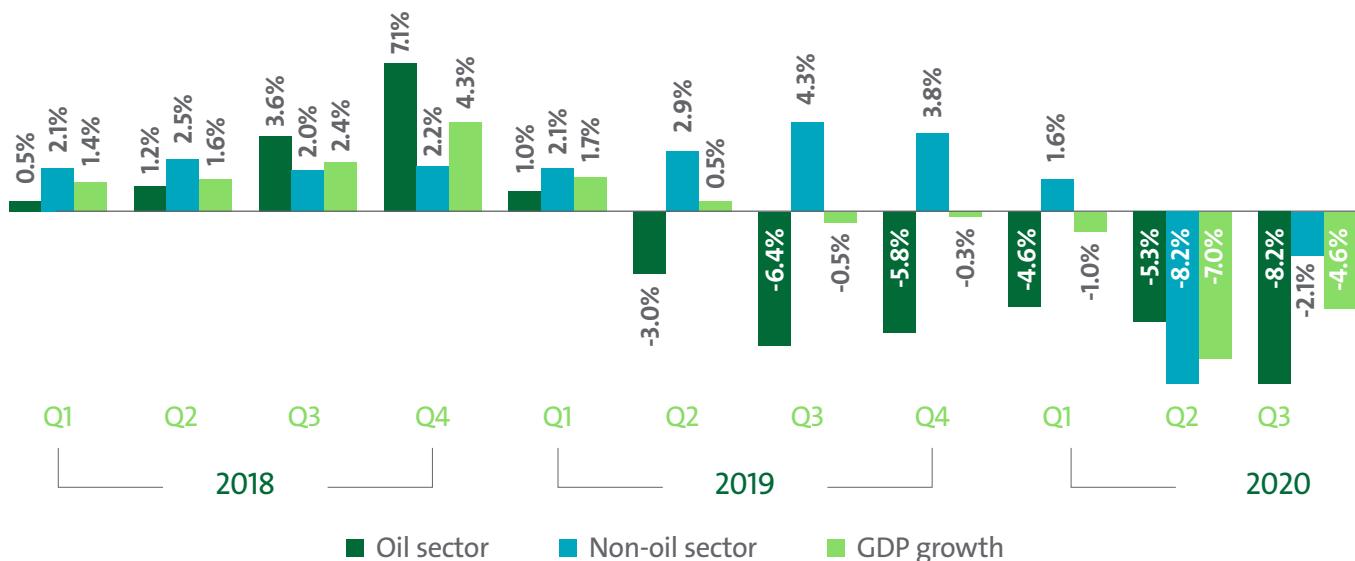
**The positive FDI momentum initiated by Vision 2030 reforms culminated in a record Q1 level, before slowing down in Q2. The number of new foreign investment projects licensed by the Ministry of Investment strongly rebounded in Q3, after a second quarter slowdown. In addition, non-oil manufacturing investments recorded by the Ministry of Industry and Mineral Resources peaked at over \$3 billion in Q3.**

While the next few months will continue to see a strong correlation between global economic developments and healthcare response to COVID-19, most economic indicators continue to point to the strength and resilience of the Saudi investment environment. In the following pages, we provide an update on the latest macro-economic and investment indicators.

# MACROECONOMIC OUTLOOK

## GDP contraction continues in line with the global economic trend

Set against a forecasted 4.4% contraction in global GDP this year according to the IMF, Saudi Arabia's GDP contracted by 7% in real terms in the second quarter of 2020. This negative change resulted from contraction in both the non-oil sector (-8.2%) and the oil sector (-5.3%). Saudi Arabia's quarterly GDP slowdown in Q2 compares relatively well with its G20 peers, which overall experienced a 9.1% GDP contraction in the same period. In Q3, the GDP contraction narrowed to 4.6%.



### GDP year-on-year change in Q2 2020

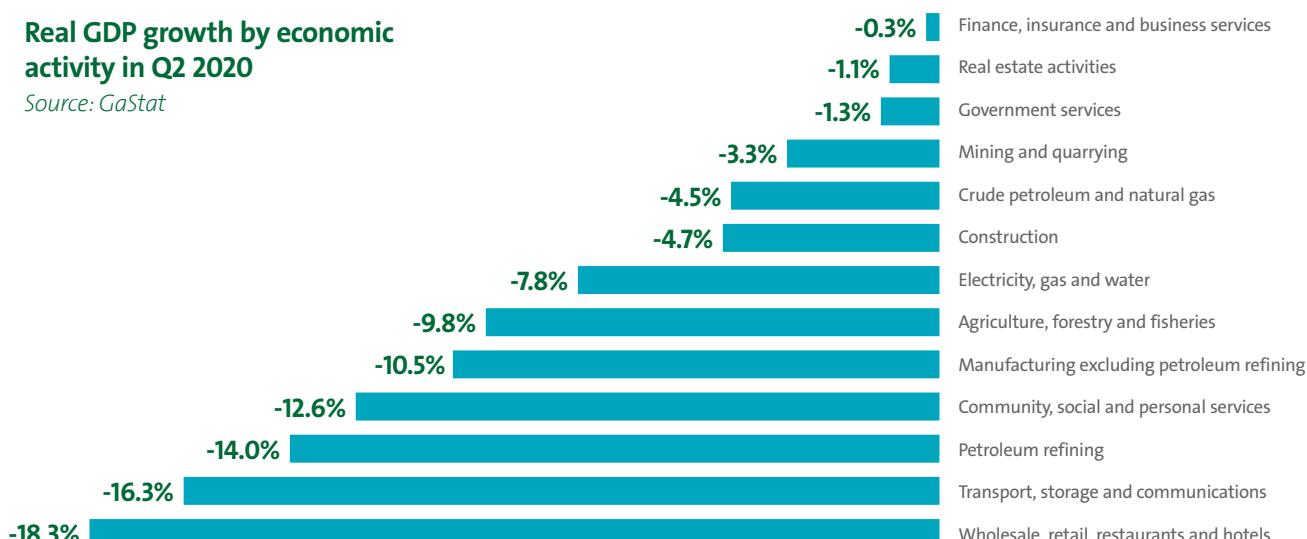
Source: OECD, GaStat



In Q2 COVID-19 impacted growth in all sectors of the Saudi economy. As the lockdown limited the movement of people across the Kingdom, wholesale, retail, restaurants and hotels saw the biggest contraction (-18.3%), followed by transport, storage and communications (-16.3%). On the other hand, financial services (-0.3%), real estate (-1.1%), government services (-1.3%) and, to a lesser extent, mining and quarrying (-3.3%) remained relatively more insulated from the pandemic's impact.

### Real GDP growth by economic activity in Q2 2020

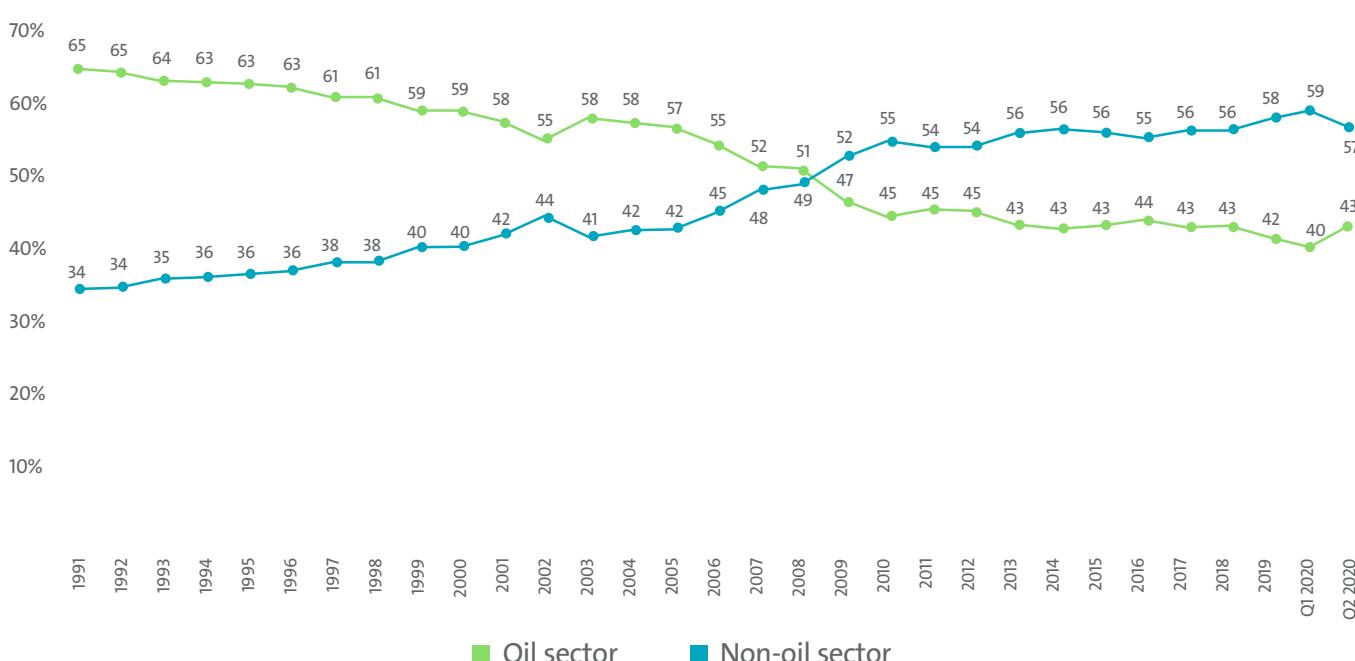
Source: GaStat



The overall non-oil sector's GDP contribution stood at 57%, a lower level than the previous quarter due to the faster contraction in the non-oil sector in Q2. In the near future, while developments surrounding COVID-19 and prospects for an effective vaccine will likely remain the dominant driver of short-term economic developments, Vision 2030's diversification plans remain on track in Saudi Arabia to continue boost the non-oil economy.

### Share of non-oil sector contribution to GDP (constant prices)

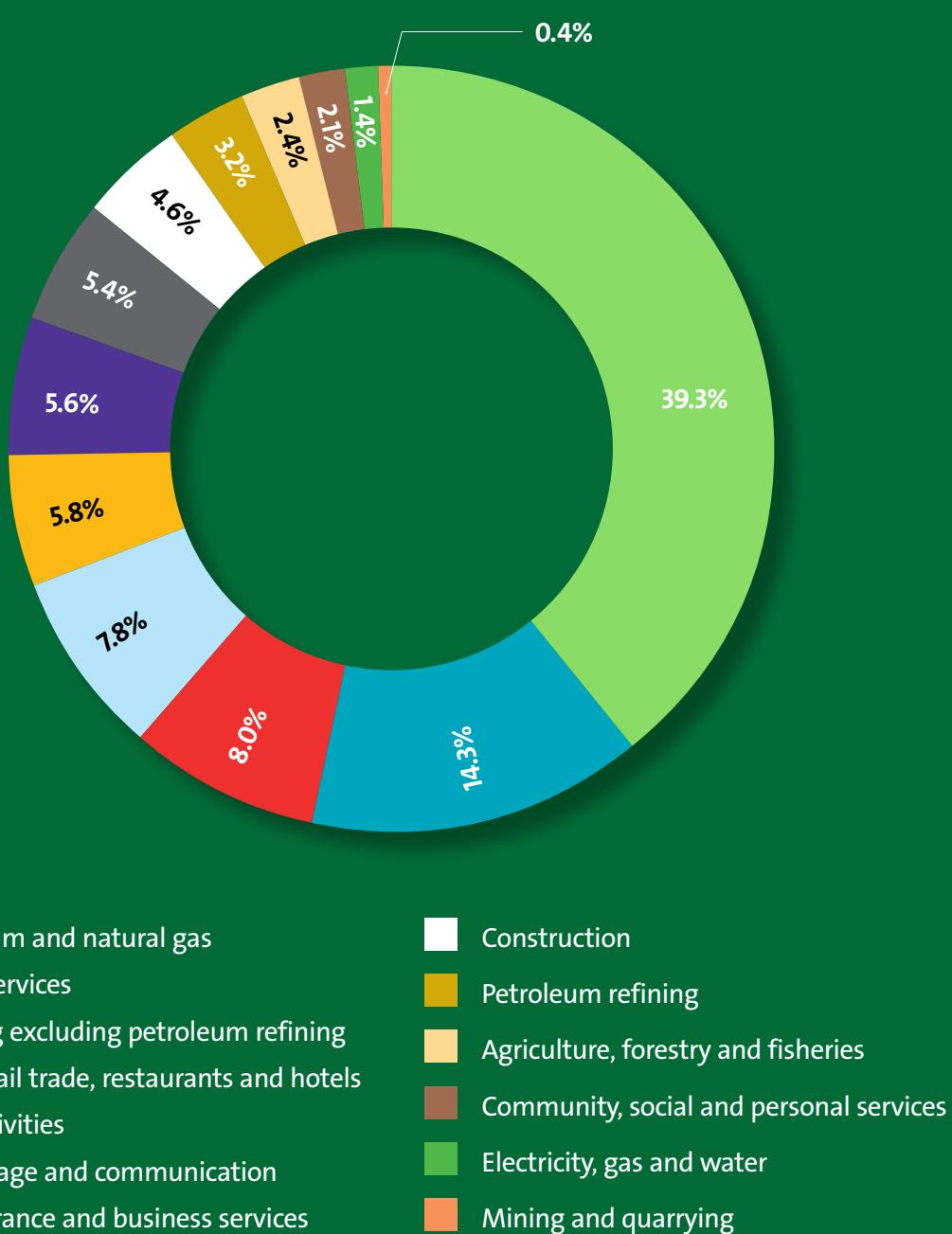
Source: GaStat



In terms of economic activities, crude petroleum and natural gas remained the main contributors to GDP at 39.3%, followed by government services (14.3%), non-oil manufacturing (8%), and wholesale, retail and hospitality (7.8%).

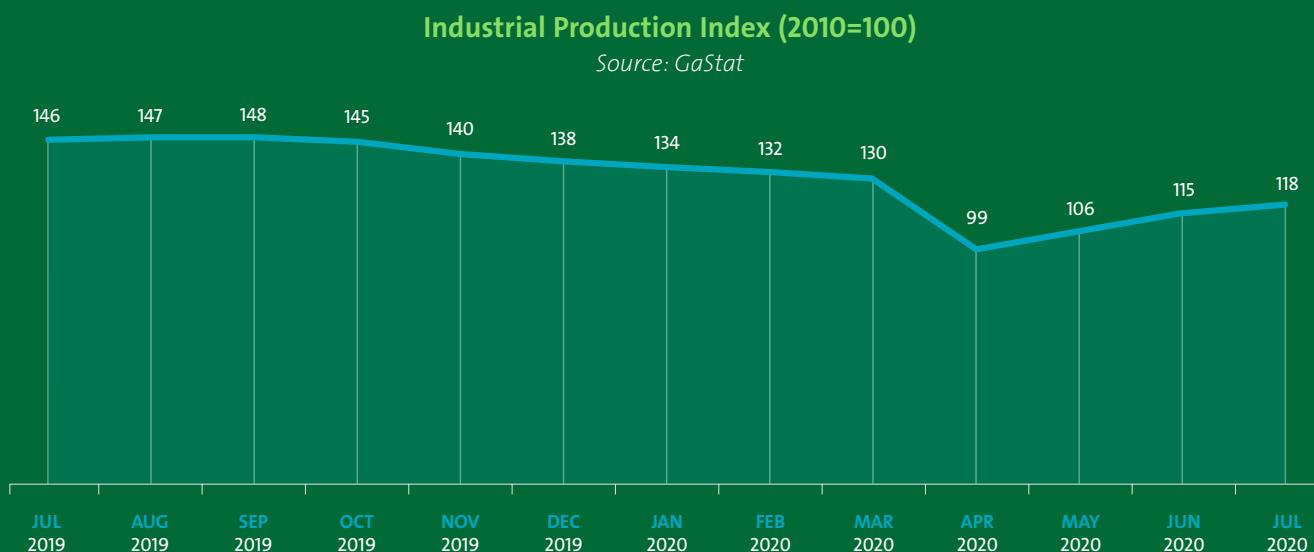
#### Contribution to GDP by economic activity in Q2 2020 (constant prices)

Source: GaStat



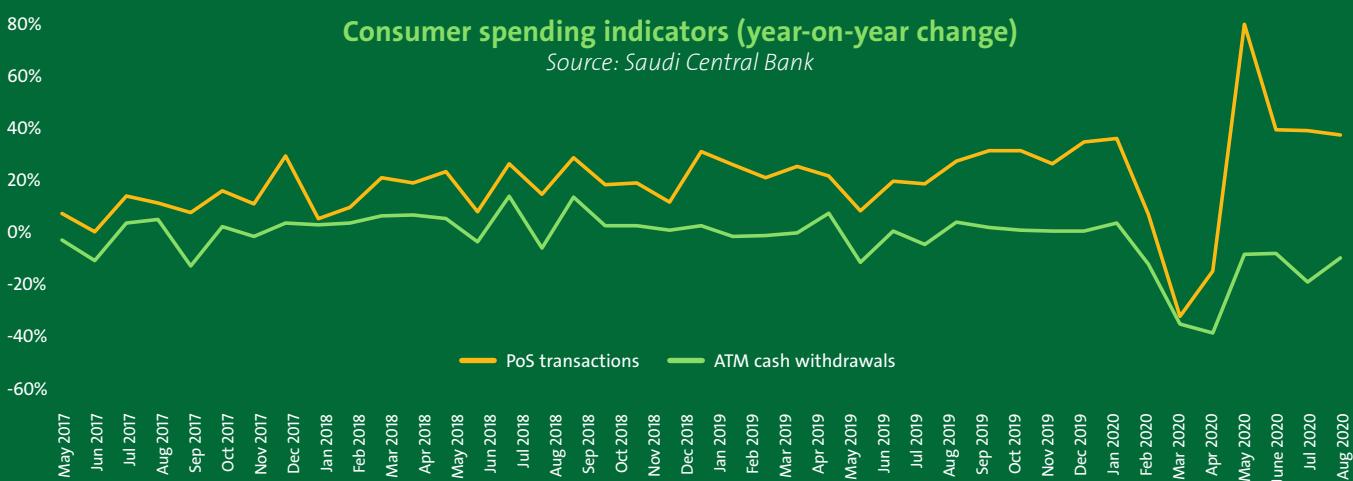
## Index of Industrial Production picks up by 19% in July since April low

The release of this quarter's industrial production index points to a rebound following an unprecedented decline in the second quarter, during the COVID-19 lockdown. Although still lower than levels seen in 2019, a 19% surge in July for manufacturing activities compared to the year's lowest figures witnessed in April indicates a sustained recovery path towards the end of this year and into 2021, assuming the pandemic causes no further halts in manufacturing activities.



## POS transactions record close to 40% y-o-y growth in Q3

Following a sharp rebound in April to June, point-of-sale (POS) transactions slowed down their y-o-y growth. The slowdown is attributed to both the exhaustion of pent-up demand that accumulated during lockdowns and the introduction of a 15% value-added tax on July 1, 2020. Nevertheless, POS transactions continued their positive long-term trajectory upwards, with close to 40% y-o-y growth in Q3.



# INVESTMENT DATA

## New foreign investment projects show strong signs of recovery in Q3

The number of new foreign investment projects licensed in Saudi Arabia in Q3 saw a swift rebound from the previous quarter. With a 21% y-o-y increase and a 96% q-o-q increase, the Ministry of Investment issued a total of 306 licenses.

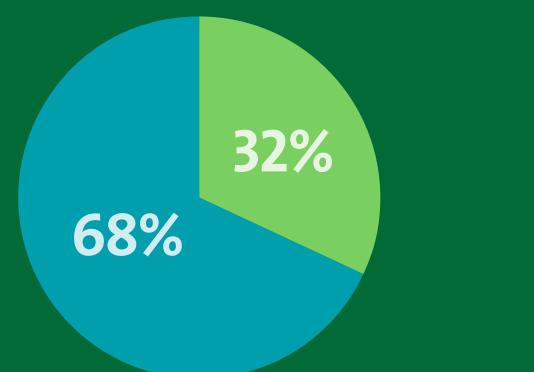
<b>306</b>	<b>21%</b>	<b>96%</b>
new foreign investment projects licensed	increase relative to Q3 2019	increase relative to Q2 2020

Number of new foreign investment projects - quarterly



Each month in Q3 witnessed a year-on-year increase, with the highest amount of foreign investment projects recorded in September. During the entire quarter, 68% of the licenses were for 100% foreign-owned projects, while the remaining 32% went to joint-ventures with Saudi companies.

New foreign investor licenses in Q3



■ 2019 ■ 2020

■ Full foreign ownership ■ Joint venture with local investors

### Number of new foreign investment projects by country

India (30 projects), Egypt (30 projects), the UK (16 projects) and Lebanon (16 projects) were the leading sources of new foreign projects this quarter.



MISA's Emerging Sectors, which include education, financial services, and housing, continued to see the highest number of new foreign investment projects in Q2, followed by the industrial and manufacturing, and ICT sectors.

### Number of new foreign investment projects by sector

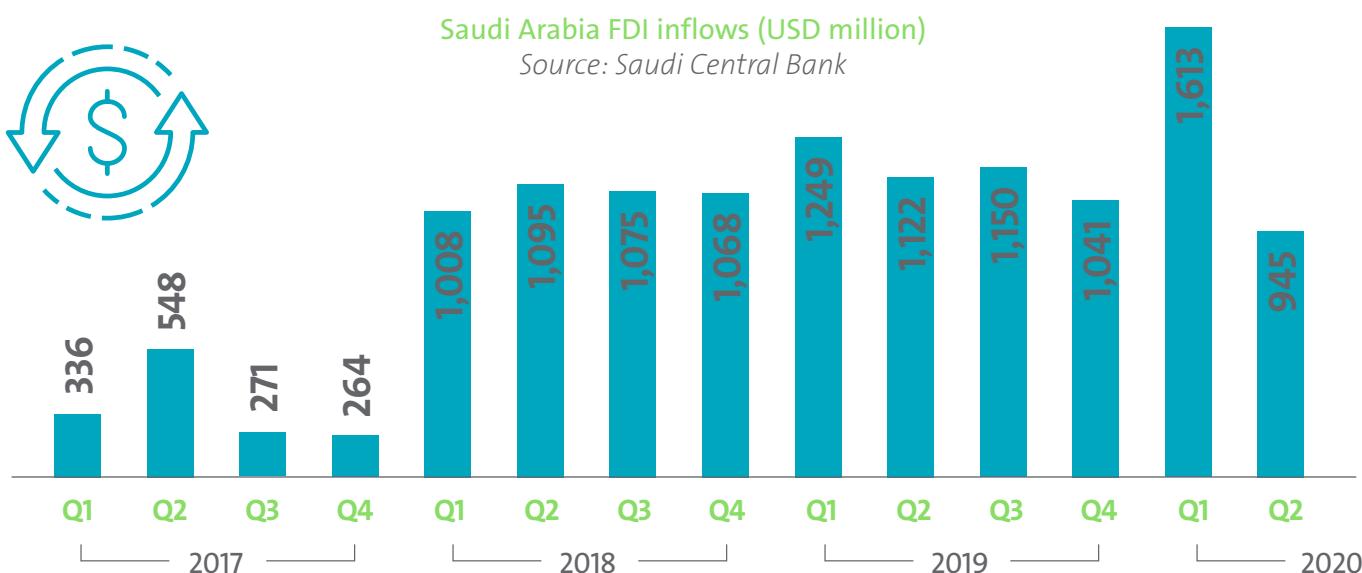


█ Tourism, Culture & Entertainment  
█ Healthcare & Life Sciences

█ Chemicals  
█ Energy & Water

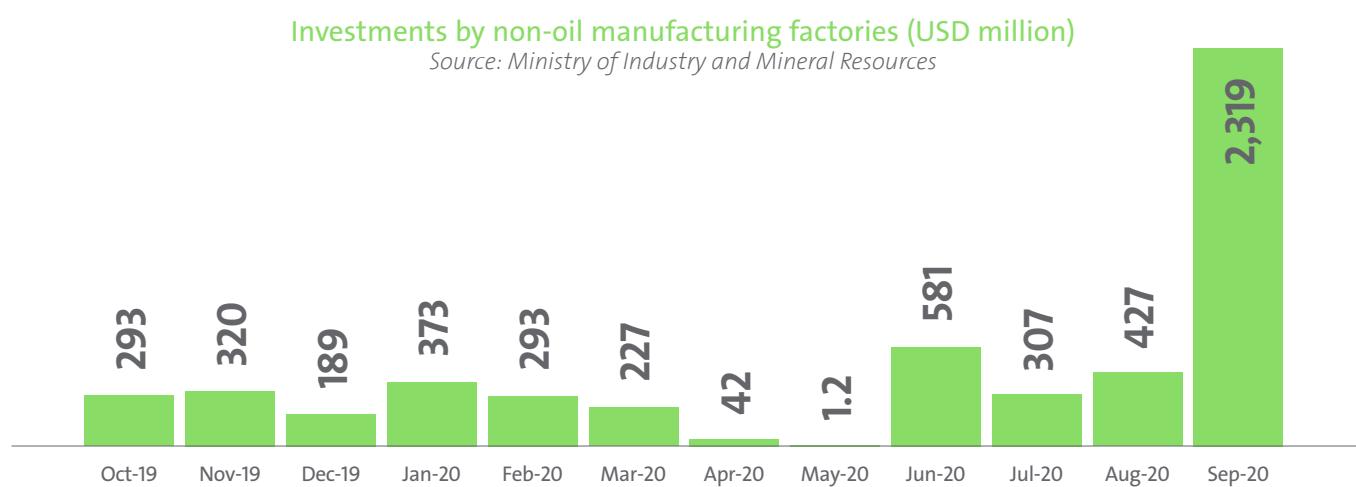
## Saudi FDI grows by 7.9% in H1 2020, against a 49% drop in global FDI

In the second quarter of 2020, Saudi Arabia witnessed a 15.7% year-on-year slowdown in foreign direct investment (FDI) inflows after seeing its strongest period for FDI over the course of the last four years the previous quarter. In Q2 FDI inflows equaled close to \$1 billion. However, total FDI for the Kingdom in the first half of 2020 was up 7.9%, compared to a 49% decrease in global FDI inflows in the same period, according to latest Saudi Central Bank and UNCTAD data.



## Record-breaking number of investments in factories

In Q3, investments in non-oil manufacturing factories recorded a record-breaking level of \$3.1 billion. September 2020 produced the greatest number of investments, as the Ministry of Industry and Mineral Resources issued several new big capital licenses, highlighting a robust interest in Saudi Arabia's manufacturing base.





## Foreign portfolio investment in Tadawul shows a 37% y-o-y growth in Q3 2020

Despite the challenging global economic environment, Qualified Foreign Investors (QFIs) continue to increase the investment stakes in the Saudi stock market (Tadawul). In Q3, QFI ownership in Tadawul reached a record level of \$38 billion, a 37% growth compared to the same period last year.

Foreign portfolio investment flows into Tadawul

Source: Tadawul



# EXPERT OPINION



## Ehsan Khoman

Head of MENA Research and Strategy,  
Mitsubishi UFJ Financial Group, Inc.

### ► What are your growth scenarios for the Saudi economy in the short to medium term?

High frequency data offers encouraging signs of a rebound in Saudi Arabia, supported by the fact that coronavirus infection rates have trended downwards, despite increases in the US, Europe and other parts of the MENA region. As such, we are past the nadir in economic contraction with our forecast signaling a robust recovery in 2021 to 3.4%, reflecting 2020's low base (-4.8%), and a combination of the silver lining through a further pick-up in crude oil production (in accordance with the OPEC+ production agreement) as well as a rebound in non-oil sector momentum. As the impact of COVID-19 begins to slowly ebb, we will see how quickly Vision 2030 regains speed. The reform drive had made significant progress before the pandemic hit in liberalizing aspects of the domestic business environment and integrating

the Kingdom into global capital markets. We take comfort in the authorities' vigor in accentuating their commitment and have highlighted continued support for large-scale infrastructure projects targeting tourism, healthcare and manufacturing with an emphasis on technology and overall digitization. Having said that, there is an expectation of a realistic recalibration of priorities that will fit into the "new normal" world we will live in post-pandemic, particularly should it remain challenging to shore up FDI while the global economic backdrop remains feeble.

### ► The Saudi Ministry of Finance (MoF) published its Pre-Budget Statement for FY 2021 on September 30. What aspects of the preliminary budget can provide investors opportunities moving forwards?

The 2021 pre-budget statement has struck a pragmatic balance between two competing objectives – fiscal prudence in accordance to the MoF's medium-term balanced budget by its terminal date of 2023 on the one hand, and enhancing real GDP growth on the other. The cornerstone of Vision 2030 is to structurally change the operating model to make investment, rather than government spending, the engine of growth. Privatization and public-private partnerships (PPPs) are cardinal in realizing this objective. The successful first phase privatization of the flour milling sub-sector as well as initiatives within the transportation and water sub-sectors earlier this year, will serve as a litmus test for investors to participate in opportunities outlined in the 2021 pre-budget statement within the education, health, telecoms, water and agriculture sectors. Shoring up investment will not only bolster non-oil revenue and create jobs, but also improve operational efficiency from many existing state assets – allowing the government to slowly withdraw and encouraging the private sector to lead, fostering a dynamic, competitive and more inclusive economy.

► **How will the Saudi government's diversification efforts further integrate its economy within global markets?**

Whilst the scale of diversification outlined in Vision 2030 will take years to deliver, with progress still in the early stages, the energy, momentum and broad dynamism from the leadership centered on a KPI-based approach is steadfast, with critical structural reforms solidifying the necessary platforms for corporates to evaluate strategic risk-reward opportunities in the Kingdom. This transformation strategy will not only intensify further integration of the Saudi economy into global markets but also ensure long-standing impediments to investment and productivity will be reversed.

► **What prospects are available for the local debt market and what currently makes this an attractive investment destination?**

The significant balance sheet strength that the authorities command ensures that the integrity of the US dollar peg is well-maintained throughout the foreseeable future. This, alongside the robust credit worthiness of the sovereign and the increasing sophistication of the investment community surrounding Saudi transformation, signals that attractive yields in the domestic debt market are likely to entice a broader set of investors over the long term. As a whole, the increasing openness of the Kingdom's capital markets is a testament to the seriousness of the steps authorities are taking to liberalize the financial market through easing regulatory requirements, enticing foreign sector participation and adopting international best practice standards.

► **In what ways is Saudi Arabia benefiting from current trends witnessed in global supply chains and what sectors are best positioned?**

The pandemic has highlighted the vulnerabilities of global supply chains and hastened key trends that have been in train for some time. Saudi corporates have, by and large, upped their assessment of supply strategies to avoid the costly disruptions amid the current challenging environment, increasing their awareness surrounding transparency (visibility from initial to final supply partner), diversification (multiple sources of supply) and resilience (flexibility to switch inputs, locations and partners). Given the seismic shifts created by the pandemic in the

contours of trade patterns, volumes and costs, caused by the pandemic, Saudi Arabia is progressively adjusting to the "next normal". This is being realized through greater visibility into the full range of supply-chain partners, greater attention to diversification and localization, as well as greater flexibility to shift locations and partners in the face of geographic disruption. Enhanced use of data and information technology, primarily through AI and the Internet of Things (IoT), will provide the visibility into the supply partnerships, and deliver information about consumer demands that can then be incorporated into product offerings. This will strengthen linkages between suppliers, providing flexibility in the case of geographic disruption, and will therefore enable Saudi corporates across a broad spectrum of sectors to combine a stronger appreciation of supply chain risks and the broader metrics beyond cost minimization.

► **What are the main opportunities for Saudi Arabia in the increasingly competitive environment for FDI in the near future?**

It is natural that the Kingdom has witnessed a slowdown in FDI given the retrenchment of trade and investment across the world, caused by the pandemic. Having said that, the wealth of domestic investments, notably giga projects – Neom, Qiddiya, Red Sea Project and Amaala – which are central to the Kingdom's economic transformation plans and led by a more activist role of the Public Investment Fund (PIF), will be pivotal in attracting FDI over the medium term. Separately, Saudi Arabia was the world's leading improver in the World Bank's 2020 Doing Business rankings, achieving a quantum leap by rising 30 places to 62 – making the greatest strides in the areas of starting a business. In line with fulfilling a core pillar of Vision 2030: "a thriving economy", the authorities have made significant progress in enhancing the operating environment, bolstering job creation and enticing FDI flows over the years. The Kingdom's abundant hydrocarbon resources, prime geographical location, entrepreneurial spirit and its tech-savvy young generation, bode well for a promising future, which when buttressed by higher FDI and external know-how, signals a forward path to creating sustainable and more inclusive growth.

# G20 HIGHLIGHTS



“ We thank Saudi Arabia for hosting a successful Riyadh Summit and its contribution to the G20 process.

G20 Leaders’ Declaration, Riyadh Summit, November 21-22, 2020 ”



## Saudi Arabia's G20 Presidency led the way to shape a better world

On 21–22 November, the leader of the G20 countries met virtually for the Riyadh Summit, marking the successful conclusion of Saudi Arabia's G20 presidency under the theme "Realizing Opportunities of the 21st Century for All" and three key objectives:



Empowering people



Safeguarding the planet



Shaping new frontiers

This year's G20 works have faced the most challenging circumstances since the establishment of the multilateral group, given the impact of the pandemic on an already uncertain global socio-economic environment. In 2020, the world came to face one of its most significant healthcare, economic, social and financial crises of the century. The need for global coordinated actions became more important than ever.

As president of the G20, Saudi Arabia led the way to steer the works of the group towards addressing the emerging challenges caused by the pandemic, while building a stronger and more sustainable world. On the 26th of March, the G20 reunited in an extraordinary summit where Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al-Saud, outlined a wide range of instruments to fight the pandemic and safeguard the global economy. G20 leaders pledged to do "whatever it takes" to:



Protect lives



Safeguard people's jobs and income



Improve their economic fortunes



Unite efforts to confront the COVID-19 pandemic

### Saudi Arabia G20 Presidency in numbers:

#### \$11 trillion

to safeguard the economy and protect livelihoods, secure the continuity of businesses, and protect the most vulnerable segments of the population

#### \$21 billion

contributed to support the production, distribution, and access to diagnostics, therapeutics, and vaccines

#### \$14 billion

in debt payments due this year has been suspended allowing over 70 of the world's poorest nations to redirect funding towards their health systems and social programs

#### 645 million

people supported by G20 efforts to temporarily extend social protection measures

#### 170+

meeting held across 8 engagement groups

#### 26

ministerial meetings held across 12 portfolios

#### 2

leaders' summits

## G20 Leaders' Summit 2020 final declaration

“

We, the G20 Leaders, meeting for the second time under the Saudi Presidency, stand united in our conviction that coordinated global action, solidarity, and multilateral cooperation are more necessary today than ever to overcome the current challenges and realize opportunities of the 21st century for all by empowering people, safeguarding the planet, and shaping new frontiers. We are committed to leading the world in shaping a strong, sustainable, balanced and inclusive post-COVID-19 era.

G20 Leaders' Declaration, Riyadh Summit, November 21-22, 2020

”

### Rising to the challenge together

- Use all available policy tools as long as required to safeguard people's lives, jobs and incomes, support the global economic recovery, and enhance the resilience of the financial system
- Support the research, development, manufacturing, and distribution of COVID-19 diagnostics, therapeutics and vaccines, including the COVID-19 Tools Accelerator (ACT-A) initiative and its COVAX facility
- Implement the Debt Service Suspension Initiative (DSSI) including its extension through June 2021, with a further extension to be evaluated in 2021
- Endorse the Common Framework for Debt Treatments beyond the DSSI
- Endorse the October 2020 updates to the G20 Action Plan



**Building a resilient and long-lasting recovery, with decisive action and policy endorsements in nine key areas:**



Health



Trade and investment



Transportation and travel



International financial architecture



Infrastructure investment



Financial sector issues



Digital economy



International taxation



Anti-corruption

**Ensuring an inclusive recovery that tackles inequalities, including key policy actions related to:**



Sustainable development



Migration and forced displacement



Employment



Education



Women's empowerment



Access to opportunities



Tourism

**Ensuring a sustainable future, through work on three key areas:**



Environment, energy and climate



Agriculture



Water

Special endorsement of the Circular Carbon Economy (CCE), with its 4Rs framework (Reduce, Reuse, Recycle and Remove), recognizing the key importance and ambition of reducing emissions, taking into account system efficiency and national circumstances.

# INTERVIEW



## Majid Al Qasabi

Minister of Commerce and Co-Chair of the G20 Trade and Investment Working Group

- The G20 assured continuous cooperation and support for the recovery of international trade and investment. What potential opportunities for further actions do you see in the period ahead?

The free flow of goods, services and capital across borders has lifted millions of people out of poverty in poor and developing countries, and provided consumers in advanced economies with a wide array of products and services at competitive prices. Supply chains that span continents are also at the center of our success in minimizing the potentially disastrous effects of the pandemic in individual countries. These supply chains are expected to be a critical component in the distribution of vaccines and in the overall response to global economic recovery. Global trade governance is key to strengthening the resilience of the global economy against uncertainties. The Riyadh Initiative on the Future of the World Trade Organization, the signature initiative developed under the Saudi G20 presidency, has opened new opportunities for engaging in dialogue around potential reforms. The initiative aims to achieve global economic prosperity, restore confidence in a multilateral negotiation platform, bring balance to international trade and ensure equal access to opportunities for all.

- The pandemic has caused tectonic shifts in business models globally. How do you think micro, small and medium enterprises (MSMEs) in Saudi Arabia will adjust to the new reality?

The COVID-19 pandemic delivered a symmetrical shock to the supply and demand side of the economy. Particularly during lockdown periods, travel limitations and supply chain disruptions had a severe impact on the market. While large companies with healthy balance sheets could better weather the pandemic, MSMEs faced existential threats and had to adapt quickly. The government responded effectively through a combination of monetary and fiscal policies such as easing access to credit, postponing debt payments and supporting private sector wages. Successful MSMEs adapted their business models to seize the opportunities created by the “stay-at-home” economy, specifically with respect to addressing the learning, shopping, entertainment and medical needs of consumers. To meet this new demand, successful MSMEs are the ones that swiftly embraced digitization and are helping to pave the way to a new digital economy. MSMEs provide more than 60% of private sector employment and account for 99% of firms in Saudi Arabia. The government is committed to scaling and sustaining them through a number of initiatives, such as ensuring security in online transactions, implementing regulatory changes to protect e-commerce consumers, incentivizing investments in digital technologies and access to digital financial services. The G20 proposed policy guidelines to boost the international competitiveness of MSMEs is just one example of our efforts.

- The G20 highlighted the role of Special Economic Zones (SEZs) economic development. What value are SEZs expected to bring to Saudi?

Lessons learnt from around the world show that effective SEZs are powerful levers for economic development. They provide the enabling infrastructure to attract FDI, promote specialization and flow of expertise across clusters, offer launchpads for exports, and enable the government to pilot policy and regulatory reforms before they are scaled to the base economy. The promotion of SEZs is an integral component of Vision 2030's economic transformation plan. Saudi Arabia's location at the crossroads of three continents and the abundance of its natural and human resources offer a unique competitive advantage for the Kingdom's SEZs. Saudi Arabia is in the planning stages to establish SEZs around key competitive industries and services through a cross-sectoral approach that brings together relevant government entities, local authorities and domestic and international investors.



# SECTOR HIGHLIGHTS - DEFENSE AND SECURITY INDUSTRY

With one of the world's highest military expenditures, Saudi Arabia is shaking up its defense and security sector in order to affirm defense and security spending as a significant contributor to the country's GDP.

The industry has witnessed noticeable changes over the recent years, with major business climate reforms, including the establishment of a regulatory body and allowing 100% foreign ownership for companies operating in the sector.

Saudi Arabia is expected to maintain its defense and security spending over the coming years, driven by both internal and external security needs. In parallel, the Kingdom aims to localize 50% of its defense and security consumption, which stood at 7.2% at the end of 2019. The ambitious localization target presents an abundance of investment opportunities for global original equipment manufacturers (OEMs) as well as small- and medium-sized enterprises (SMEs).

## Defense and security sector outlook

### Economic contribution



### Job creation targets by 2030



## Significant investments and government support



Defense electronics



Conventional ammunition and weapons

Guided munitions,  
missiles and rocketsUnmanned aerial vehicles  
(UAVs) platforms and  
structural componentsUAVs maintenance,  
repair and overhaul

Cyber domain

Maintenance, repair,  
overhaul and spare parts  
for aircraft wingsPlatforms and structural  
components of land systemsMaintenance, repair,  
overhaul and spare parts  
for land systemsSystems and structural  
components of naval systemsMaintenance, repair,  
overhaul and spare parts  
for naval systems

## Technology and Innovation

Seven categories are of strategic priority for research and innovation



Electro-optical (EO)



Directed energy (DE)



Radar systems



Radio systems



Cybersecurity technologies

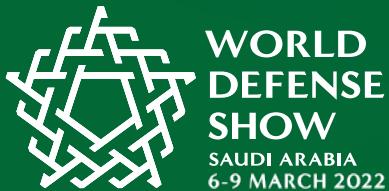


Electromagnetic weapons



Artificial intelligence (AI)

## Saudi Arabia's first World Defense Show coming soon



FOUNDED BY من تنظمه

الهيئة العامة للصناعات العسكرية  
General Authority for Military Industries

Saudi Arabia's General Authority for Military Industries (GAMI) launched the World Defense Show (WDS) on July 15, 2020. WDS displays a demonstration of integrated and innovation-driven defense solutions, set to serve as the global stage for defense and security interoperability.

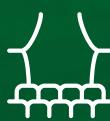
The inaugural WDS will take place on March 6-9, 2022 in Riyadh, and every two years thereafter, showcasing the industry's latest interoperable defense and security solutions.

The event will be attended by Saudi Arabia's key leadership, the global defense and security industry and decision makers plus international military delegations. Defense and security industrialization in the Kingdom presents multi-billion-dollar opportunities to OEMs and investors who share the country's commitment to localization.


**4**  
trade days


**800+**  
exhibitors


**2,000+**  
students


**venue**
**800,000 m<sup>2</sup>**

**80,000+**  
visitors


**45+**  
countries


**3,000**  
global industry VIPs


**600+**  
accredited media


**85+**  
military delegations


**15+**  
international pavilions


**1** global stage for defense interoperability incorporating 5 domains:


More information can be found at  
[www.worlddefenseshow.com](http://www.worlddefenseshow.com)

# INTERVIEW



## Mohammed Al-Athel

Deputy Governor  
for Military  
Acquisition, GAMI

Since GAMI's integration into the national military acquisition strategy, we worked hard on changing the investors' perception of the sector and enhance its attractiveness. To this end, we pioneered several legislative reforms aimed at making the market more accessible and easier for companies of all nationalities and sizes to operate in.

**“** Most remarkably, military manufacturing, services, and trading activities were opened up to 100% foreign ownership, meaning that international investors no longer need a local partner to establish an entity in Saudi Arabia. **”**

### ► How has the Kingdom's military acquisition process specifically been enhanced?

We implemented a formal process to protect the interests of suppliers and end users, ensuring that all requirements are met in good time and a high standard of quality is upheld. In 2019, Saudi Arabia announced a new government procurement law, which redressed issues from the previous law. As a result of GAMI's close collaboration with the Ministry of Finance, the new procurement law singles out procurement in the defense and security industry as a special case that requires its own distinct set of parameters. It also specifies that any procurement related to the military has to be processed through GAMI. Consequently, we are in a position to launch implementation rules for military procurement for the first time in the Kingdom's history. The investors, end-users, and GAMI remain integral parties in this process. It is our duty as a regulator to be responsible for each party, ensure safety and sustainability to the benefit of all stakeholders at all stages of the military procurement process.

### ► How has the industry reacted to the possibility of localizing a greater share of defense and security spending?

From the investor's side, there was quite a bit of skepticism due to the sector being historically closed. However, this has changed dramatically, and we now have a close relationship with local and foreign investors, ensuring transparency in all our methodologies. We have received many inquiries from the private sector, and currently have close to 100 licenses requests being examined. This gives us confidence that we are on the right track to appeal to the private sector. A harder nut to crack was the local end-user, who is accustomed to sourcing state-of-the-art equipment from the international market. Introducing local competition wasn't easy but we managed to improve the perception of local end-users by greatly increasing the local industry's capabilities. An obvious success story is the contracts awarded by the Coast Guard for locally manufactured land vehicles and by the Royal Saudi Naval Forces for locally manufactured, high speed patrol boats. Since finalizing the deals, we have received several new inquiries and are looking forward to many more.

### ► What role is GAMI playing in Saudi Arabia's military acquisition strategy and what does this mean for the sector as a whole?

GAMI came into the picture as a defense and security industry regulator to ensure that the sector can meet the 50% localization targets set out in Vision 2030. First and foremost, this required looking at the demand side of the industry and working with defense spending end-users. Since GAMI's inception, we have worked on the Saudi government military acquisition strategy, and in particular that of six local defense and security entities: Ministry of Defense, Ministry of National Guard, Presidency of Royal Guard, Ministry of Interior, Presidency of State Security, and General Intelligence Presidency. GAMI worked with them to ensure that quality and localization criteria are met, when defense contracts are awarded, and now the acquisition process is fully integrated. GAMI is uniquely positioned to oversee the demand of the Kingdom's defense and security sector. As a direct result of this, we are able to negotiate on behalf of end-users with investors, and thereby contributing to the Kingdom's economic development. An integrated military acquisition system is not something globally unique, but the existence of GAMI as a single interface for investors provides a unique set-up for achieving the Vision 2030 targets.

### ► You sit at the crossroads of supply and demand. How does this benefit the industry's investment environment?

When GAMI started, Saudi Arabia's military acquisition strategy was perceived as a "black box" that only a few companies had access to.

## Why Saudi Arabia is the destination for defense and security investments

### ➤ A consistently growing market

**2nd**

globally with 8% share of defense spending on GDP in 2019

**3rd**

globally with 20.3% share of defense spending on total govt. spending in 2019

**5th**

globally with 3.2% share of global defense spending in 2019

**5th**

globally in defense spending per capita in 2019

### ➤ Government support

GAMI's Industrial Partnership Program (IPP) aims to:

- Expand the local defense industry's base in value-added sectors
- Provide a network of services and technical support for the defense sector
- Stimulate direct investment and strategic partnerships with international companies in the sector
- Ensure transfer of technologies and knowledge in industry, services, and R&D
- Develop trained professionals capable of working in specialized industries
- Support SMEs and ensure their participation in the local supply chain

## ► Easy permits and licensing process

### Establishment permit for military manufacturing

**Establishment permit for military manufacturing:** A permit for manufacturing military products in the Kingdom while GAMI helps in expediting approvals on the official license from relevant military entities.



Time  
**14-15**  
working days



Term  
**24**  
months

### Establishment permit for providing military services

**Establishment permit for providing military services:** A permit for providing military services in the Kingdom while GAMI helps in expediting approvals on the official license from relevant military entities.



Time  
**13-14**  
working days



Term  
**24**  
months

### License for military manufacturing:

License to practice the activities of developing, manufacturing, storing, promoting, selling, re-selling, leasing and testing military articles.



Time  
**14-15**  
working days



Term  
**36**  
months

### License for providing military services:

**License for providing military services:** License to provide military services, both inside and outside the Kingdom, including the field of improvement, operation, repair, maintenance, restoration, and other technical assignments.



Time  
**14-15**  
working days



Term  
**36**  
months

### License for trade of military equipment or services:

**License for trade of military equipment or services:** License for the trading of military articles or services to Saudi Arabia for the purpose of selling, leasing, offering, promoting them to military and security government entities.



Time  
**13-14**  
working days



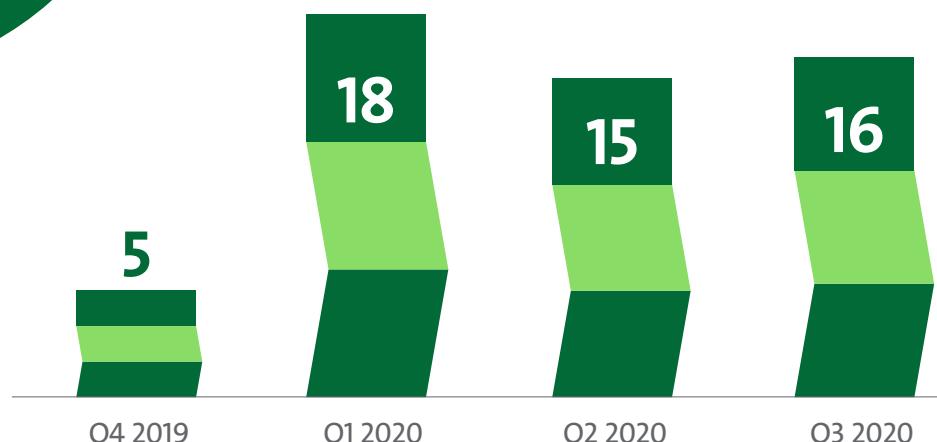
Term  
**36**  
months



Since the launch of the licensing e-portal 54 international and local companies have been licensed by GAMI.

#### Number of licensed companies per quarter

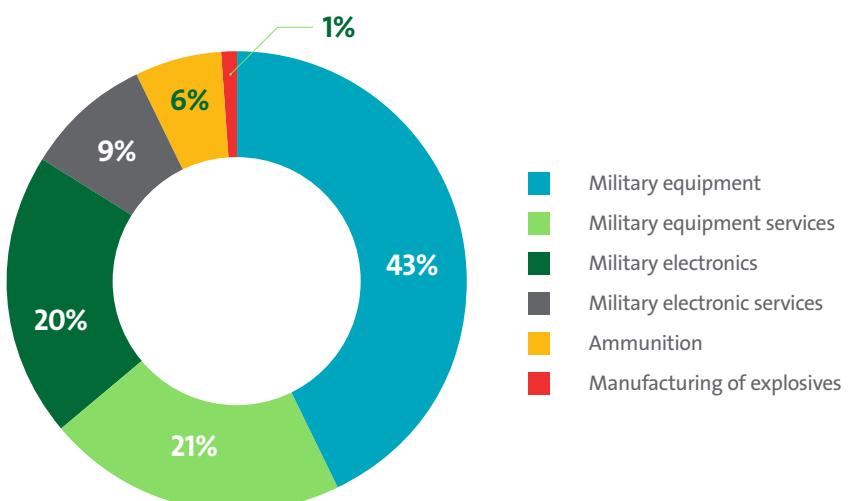
Source: GAMI



For the 54 companies, a total of 70 licenses were issued by GAMI across six different activities.

#### Number of active licenses by activity

Source: GAMI



# INTERVIEW



## Gasem Al-Maimani

Deputy Governor for Military Industries, GAMI

- What were the main industry challenges that prompted GAMI's creation and how have you addressed them?

In terms of defense and security industry development, we identified three main challenges that were blocking the industry from evolving into its full potential: no clear demand signals from end-users, limited local supply chain capabilities, and limited specialized incentives in place for potential investors in defense and security industries. To address these challenges, GAMI put in place a ten-year strategy targeting the transfer of production (TOP) of 11 military targeted segments and the transfer of technology (TOT) of seven categories of priority technologies. The strategy was designed in total alignment with local end-users, ensuring that it reflects their market demands and requirements and identifying local supply chain gaps for each of these segments. On top of that, we amended six regulations that have hindered the full participation of investors in the industry. Most importantly, today international investors in defense industries can own 100% of their local entity, without the need for a local partner. We have also recently launched a new fully automated online licensing portal to streamline processes and procedures for investors. Today, it takes only 15 days for any investor to receive a permit to start operations in Saudi Arabia.

- What tools does GAMI leverage to incentivize global original equipment manufacturers (OEMs) to enter the Saudi market?

We have restructured and modernized the economic offset program, established in Saudi Arabia in the 1980's, and came up with a new model based on international benchmarks and global best practice. Today we have the new International Participation Program (IPP) that caters to the Kingdom's localization reality. Through the IPP, foreign investors can reach higher localization rates through a comprehensive valuation factor "multipliers" scheme, that takes multiple variables into account. These valuation factors schemes include sourcing from Saudi-based SMEs or targeting any priority sectors and technologies identified in our strategy. In essence, the valuation factor mechanism encourages investors to reap the benefits of the Saudi market while securing localization commitments expediently.

- Long-term sustainability is at the heart of the military industrialization process. In what ways is Saudi Arabia building indigenous capabilities and know-how?

We expect the defense and security industry to generate 100,000 jobs by 2030, of which 40,000 are direct and 60,000 are indirect. There is a significant demand for skilled market force, which we need to supply through a sustainable flow of talent. To meet this demand, we are launching the National Military Human Capital Development program. As part of the program, we already concluded a baseline assessment of the current capabilities of Saudi Arabia's academic and vocational education institutions that support the nascent defense and security industry. Consequently, we collaborated with these institutions to shape the existing programs to accommodate for future talent demand. In the longer term, we will target the creation of new programs and training facilities catering to defense and security industries. Secondly, government funding for military research & technology (R&T) represents a key channel shaping the sector's sustainability in the long-term. The global defense and security industry is a fast-paced environment and we are working on creating the right talent and technologies to keep up with the latest trends. We have put in place an R&T strategy that highlights seven research fields. It is safe to say that we are investing heavily in our people and we are relying on them to boost the industry's skillset and drive innovation.

# Who is here already?

## CMN Group and AlZamil

**Investment year  
2018**



In the agreement, 18 boats will be manufactured at Zamil Offshore Services' facilities in Saudi Arabia. As a result of this agreement, on October 14, 2020, Saudi Arabia launched its first locally manufactured boat, a fast interceptor which combines significant intelligence and surveillance capacities.

## NAVANTIA

**Investment year  
2019**



The contract resulted a joint venture between NAVANTIA and the Saudi Arabian Military Industries Company (SAMI) to collaborate on combat system integration (CSI). The contract will contribute to the development of Saudi Arabia's defense ecosystem through the transfer of technology and creation of new job opportunities, in line with the Saudi Vision 2030 objective of localizing 50% of total defense spending by 2030. The agreement has the potential to boost the localization of the Kingdom's technology capabilities by up to 60% and benefit other Saudi organizations.

## General Electric

**Investment year  
2020**



General Electric signed an agreement with Saudi Aerospace Engineering Industries (SAEI) to train employees in deep maintenance and repair for engines of early warning & refueling aircrafts. GE will also provide equipment and inspection tools. SAEI will be an approved and authorized maintenance center for this type of engine. Upon completion, localization rate in this activity is expected to reach 50%.

## Military Industries Corporation (MIC)

**Investment year  
2020**



An agreement to locally manufacture armored military vehicles, Dahna, the deal includes manufacturing of multimodal, four-wheel drive armored vehicles that can handle all conditions and military specifications for use within the Kingdom. The project will play a major role in the development of the matrix of armored vehicles, provide training for operators, technicians and trainers in line with next-phase requirements in accordance with highest industry standards.

# INVESTOR HIGHLIGHTS

## Investor story spotlights

**Netflix signs five-year partnership with Saudi studio Myrkott**

# NETFLIX



In September, Netflix, the world's leading entertainment service, and Saudi animation studio Myrkott signed an exclusive five-year partnership to produce Saudi-focused shows and films. Noteworthy, the deal includes a five-year first-look option on Myrkott's upcoming projects.

The partnership brings with it new exclusive seasons of Myrkott's *Masameer* series, as well as *Masameer* movies. All previous seasons of *Masameer*, along with some exclusive edits will be placed in Netflix's growing regional-focused library.

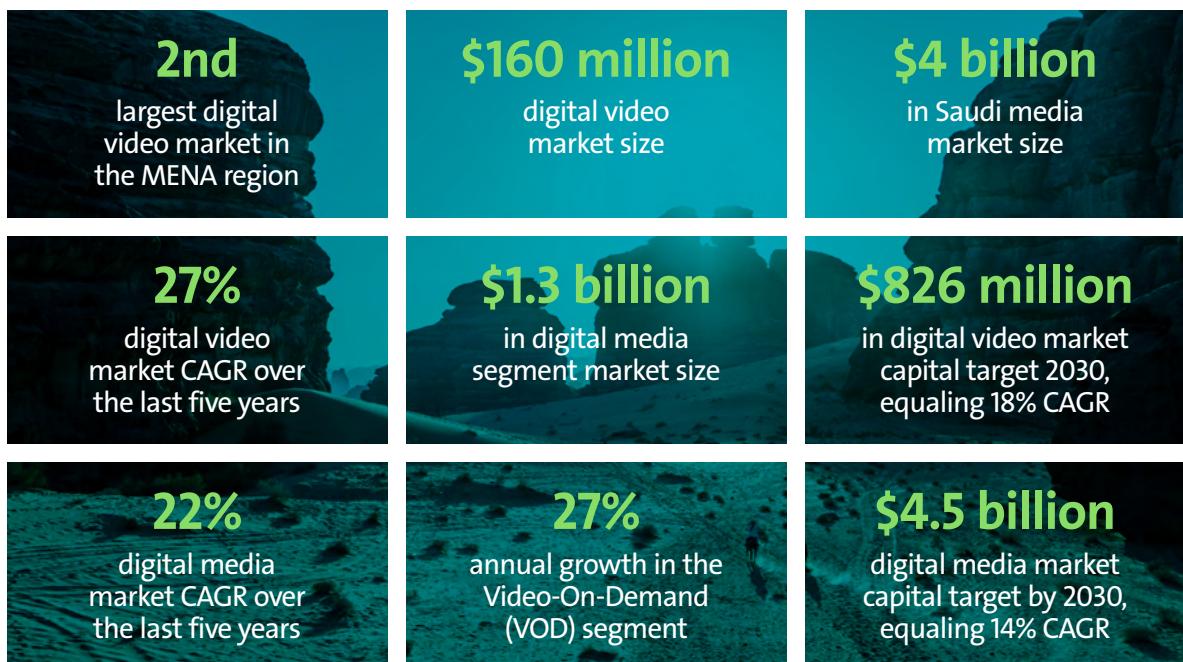
"We have embraced the Arab world's uniqueness and developed a regional investment strategy that caters to the nuances of audiences in the region. We're rapidly expanding our library of Arabic content, investing in more original Arabic

productions, localizing content via subbing and dubbing efforts, partnering with businesses, and hiring people from the region dedicated to spearheading our growth in the Arab world," says Nuha Eltayeb, Netflix's director of content acquisitions for Turkey and MENA.

The deal represents Netflix's largest investment in Arab animation to date, representing the video streamer's increased focus on produced content specific to audiences in the MENA region.

## Saudi Arabia's media sector key 2019 figures

A growing local sector that isn't showing any signs of slowing



## Digital savviness consumer base



**6 hours**

on average per day spent by Saudi consumers on digital media



**1st**

highest YouTube views per capita rate globally (1,200 / year)



**116%**

smartphone market penetration

## Strong demand for local digital content

 **90%+** | of Saudi nationals surveyed prefer Arabic language media programming



# INTERVIEW

## Abdulaziz Almuzaini

CEO, Myrkott

- Given the recent partnership with Netflix, how important are such partnerships for Myrkott and the industry in general?

Myrkott and Netflix partnership is a five-year partnership where Myrkott will produce a collection of series and films, some of which are originals. Having said that, having a five-year partnership means that the studio can now focus on uplifting the quality of its products in every way. Such a deal is not only beneficial for Myrkott, we hope to inspire other studios and individuals by creating a success story. From releasing our first box office movie early this year to inking a partnership deal with Netflix.

- What are some current trends in Saudi Arabia's content and animation market?

The current trend in Saudi Arabia's content market is to go big or go home. We have seen some courageous moves recently by young Saudis in an attempt to penetrate the market and create a splash. As we all know, for a long time the Saudi content market was pretty much controlled or dominated by a few entities. With the current changes, Saudis are having a different new market with equal opportunities. And they are taking them.

- What are some main features found in the Saudi market when it comes to digital content and animation?

There are lots of great features in the digital content market in Saudi Arabia that gives us the advantage. Above all, the country has great digital infrastructure and a population where youth is more than half of the total. Add good disposable income to that and you have a very promising market for content creators.

- As the digital media industry becomes widely known, what are some opportunities for exported Saudi-made content to be presented globally?

Saudi content as of today already exists in the biggest video content platform, which is Netflix. And our partnership deal with Netflix includes international distribution. It is entirely up to Saudi content creators to make their content appeal to the rest of the world and not only the region. That will take some work and we are hoping to start cracking that window within the next few years.

## Diversification of local tourism options for Saudis



The domestic tourism campaign, Saudi Summer, initiated by the Saudi Tourism Authority (STA) was an incredible success for the Kingdom. The largest domestic tourism campaign in history, encouraged Saudi nationals and residents to discover the country from June 25, 2020 to September 30, 2020.

Saudi Summer played an integral role in supporting the local tourism sector and promoting socioeconomic growth. The campaign helped preserve existing tourism jobs that were significantly impacted by the COVID-19 lockdowns, while it also created new seasonal employment opportunities in tourism-related sectors.

### Campaign products



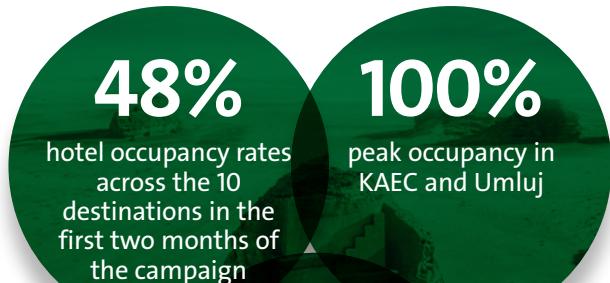
### Campaign destinations



**10**

destinations showcasing Saudi Arabia's diverse landscapes

### Tourism occupancy



### Tourism spending



### Public-private partnerships (PPPs)

**> 90 PPPs**

were established across the tourism value-chain, including hotels, hospitality, tour operators and destination management companies



## Saudi Arabia's food security strategy overcame global food supply crisis

Despite the pandemic and its significant impact on food supply chains worldwide, Saudi Arabia's food security strategy succeeded in overcoming the food supply crisis.

In 2019, \$506.67 million was loaned to Saudi farmers, according to data reported by the Ministry of Environment, Water and Agriculture (MEWA). The increased lending volume helped the agriculture sector prosper.

### Largest food and beverage market in the Middle East

**\$59 billion**

market value, with 6% CAGR forecast over the next five years

**3.3+ million**

tons in wheat and flour capacity, solidifying Saudi Arabia as one of the Middle East's largest capabilities in terms of crops storage

  
**The Kingdom has overcome this crisis through the strength and durability of its food and agricultural security.**



**Abdulrahman Al-Fadhli**  
 Minister for Environment, Water and Agriculture

**According to MEWA, Saudi Arabia has achieved proven, unprecedented levels of self-sufficiency in a number of agricultural products:**



**125%+**

self-sufficiency in dates production



**60%+**

self-sufficiency in vegetables and poultry production



**55%+**

self-sufficiency in fisheries



**116%+**

self-sufficiency in egg production



**109%+**

self-sufficiency in milk production

## Jabaliyah: Local coffee brand success story



Jabaliyah, which means 'mountaineer', is the first local coffee beans brand in Saudi Arabia that solely markets locally grown coffee beans from Aldayer governorate. The business venture was inspired by the continuous government support programs offered to local coffee farmers. Should Saudi coffee farmers sell their crops as commodities, they would fail to achieve the across-the-industry value, discontinuing investments in improving the quality of their farms and its crops yields.

**We want this industry to grow and contribute to the local farming community by creating jobs and long-term returns on investment. Initiatives such as these will create a regional marketplace for farmers' crops, beyond the local region.**

**Ali Sheneamer**  
Co-founder of Jabaliyah

**300+**

tons in current supply of locally grown coffee beans and is expected to triple in the next three years as thousands of planted trees come into harvest benefiting from increased government focus on this industry



**800**

online orders were received totaling \$53,000 in less than a month after the opening of the online store



## \$110 million project unveiled to help achieve Saudi food security

Saudi Arabia unveiled a \$110 million project which aims to meet future demand for staple grains in the Kingdom as part of its plan to improve food security in August 2020. The joint-venture between the Saudi Agricultural and Livestock Investment Company (SALIC) and the National Shipping Company of Saudi Arabia (Bahri) aims to:

- Oversee trade, handling and storage of grains between its sources in the Red Sea, Black Sea, European and South American regions
- Provide basic food products and achieve price stability domestically
- Establish a capacity of approximately 3 million tons per annum by 2022, and increasing this number to 5 million tons per year by 2030
- Create the largest regional grains center
- Enhance MENA food distribution solutions through the Yanbu Commercial Port by importing, processing, exporting and storing grains in Saudi Arabia

## INVEST SAUDI food and beverage investor-ready opportunities

### Tuna



All canned tuna consumed within Saudi Arabia currently is imported. The domestic canned tuna market size was worth \$197 million in 2018, with a catch of around 53,000 tons. Forecasts for the canned tuna sub-sector are 7% CAGR, reaching 70,000 tons by 2022.

### Poultry



The Saudi government has a national strategy to increase self-sufficiency to 60% by 2023. In 2019, the poultry market volume equaled 1.52 million tons, with 46% of poultry imports. The sub-sector is forecasted to increase by 3% CAGR to reach 1.71 million tons by 2030. Saudi Arabia aims to increase self-sufficiency to 80% by 2030 through establishing innovation centers, R&D, and incubators.

### Aquaculture



Thirteen locations have been identified by the government as suitable for aquaculture on the 1,800-km Red Sea coastline. Saudi Arabia's annual seafood consumption is expected to grow 7.4% until 2030. Saudi Arabia aims to increase the local production to 600,000 tons by 2030 and has dedicated \$346 million for sector infrastructure, R&D, marketing campaigns, and private sector support.

## Project groundbreakings and case studies



### Energy & Water

  
spark

#### Saudi Arabia's King Salman Energy Park (SPARK)

SPARK, a mega-project completed 60% of its first phase by July 2020, consisting of infrastructure, roads, utilities and real estate assets established across 14 sq km, in addition to a dedicated 3 sq km logistics zone and dry port. Around \$1.6 billion was invested in the first phase, with completion targeted in 2021. The mega-project is expected to add \$5.8 billion annually to real GDP by 2035, while creating thousands of high-skilled job opportunities.



#### National Petroleum Services Company (NAPESCO)

Saudi Arabia's SPARK and Kuwait's NAPESCO — a publicly traded company on the Boursa Kuwait that offers pumping services within the energy sector — will invest \$100 million to develop an equipment facility to manufacture downhole tools, gyroscopes and various oilfield services equipment. The facility will be part of Saudi Arabia's energy value-chain integration.



#### ACWA Power

ACWA Power, a leading Saudi developer, owner and operator of power generation and water desalination plants and a Public Investment Fund portfolio company, was honored with the 'Desalination Company of the Year' award by Global Water Awards in October 2020. The recognition highlights ACWA as the global leader in developing desalination projects. ACWA Power has a portfolio of 56 assets in 11 countries, including desalination plants that have a combined generation capacity of 5.3 million cubic meters per day.



## Transport & Logistics



### Saudi Railway Company

Sadara Chemical signed a 25-year contract in July 2020 to use Saudi Railway Company as its primary means of transportation for solid and liquid products, as well as containers. The agreement includes the daily operation of two trains from the Sadara Chemical Campus to King Fahd Industrial Port, and three trips to Jubail Commercial Port. These services would replace 200,000 lorries trips annually to the ports, reducing carbon emissions by 73%. Approximately 125,000 containers are expected annually. Construction of rail facilities at Jubail Industrial City is underway, and transport of Sadara products is expected to start in the second half of 2021.



## Industrial Manufacturing



### Sabrewing Aircraft Company

Sabrewing Aircraft Company announced in September 2020 a five-year, renewable representation agreement with Arabian Development and Marketing Company (ADMC) for 102 Sabrewing Rhaegal-B unmanned, heavy-lift, Vertical Take-Off Landing, cargo aircraft. The \$600 million deal provides exclusivity to Sabrewing for Saudi Arabia, the GCC and the pan-African region, including the establishment of aircraft assembly, maintenance, repair and overhaul (MRO) facilities throughout Saudi Arabia and Africa. The deal is expected to support the fleet and create new local high-tech jobs in composites manufacturing, drone development and avionic sensor integration.



### Immensa Technology Labs

The UAE-based startup, Immensa Technology Labs, announced plans in July 2020 to open a 3D printing facility in Saudi Arabia, along with new offices in Abu Dhabi and the US. The new 743-sqm complex in the Eastern Province will add 10 technical jobs in its first year of operation. The company currently employs 22 people in the UAE and exports its products to Saudi Arabia, Kuwait, Jordan and North America, among other places.



## Sports

### Mahd Sports Academy



As it aims to harness talent in Saudi youth from an early age, Saudi Arabia announced in July 2020 the launch of a new venture, the Mahd Sports Academy, available to all Saudi children older than six. Under the close supervision and tutelage of highly experienced technical and administrative experts and in accordance with current best international practices, the new sports academy will be one of the largest sports academies in the world. It aims to build a new generation of competitive Saudi athletes over the coming years, in major regional, continental and global sporting events.



## Retail

### LuLu Group



UAE-based retailer LuLu Group signed an \$80 million agreement with the Royal Commission of Yanbu in August 2020 to jointly develop a world-class shopping mall in Yanbu. LuLu will jointly establish and operate a commercial center with an area of 40,814 sqm in the Al-Fahd neighborhood of Yanbu Al-Sinaiyah. LuLu currently employs 3,000 Saudi nationals, including 790 women in various hypermarkets across Saudi Arabia. Upon completion of the Yanbu project, around 1,000 job opportunities are expected to be created.





## Tourism



### United Nations World Tourism Organization

The UNWTO approved setting up a regional office in Riyadh in September 2020. The office will support the growth of the Middle East's tourism sector as it recovers from the pandemic. The office will cover 13 countries within the region while serving as a platform to build long-term growth in the travel and tourism sector of the Middle East. Saudi Arabia's Ministry of Tourism and the UNWTO have been working together to design G20 recovery strategies for the hard-hit sector.



### Riyadh Bank & Banque Saudi Fransi

Saudi Arabia's Tourism Development Fund signed an agreement with Riyadh Bank and Banque Saudi Fransi in September 2020, to finance up to \$43 billion worth of tourism projects in Saudi Arabia. The agreement establishes mechanisms to finance tourism projects across the Kingdom as part of the government's efforts to develop the sector.



## Finance



### Alinma Bank & Sure International Technology

The Saudi Central Bank granted two new fintech licenses to companies in the sector in September 2020: i pay by Alinma Bank in the field of QR digital wallets, payments and remittances, and sure pay by Sure International Technology in the field of POS and mobile POS. The two new Saudi fintech licenses bring the total number of licensees to eight in the Kingdom.





## Media



### MBC Group

Saudi Arabia's media giant MBC Group acquired in September 2020 a minority stake in Al-Arabia - Arabian Contracting Services, which is part of Engineer Holding Group (EHG). The investment will support MBC's growth in advertising sales in the Kingdom and enable Al-Arabia to build its regional out-of-home advertising services. The acquisition follows an announcement that MBC will be launching MBC Media Services, an in-house sales and advertising unit in partnership with EHG. MBC Media Services will be majority controlled by MBC and start operations at the beginning of 2021.



## Healthcare



### Wayakit

KAUST start-up Wayakit partnered with Swissport International in July 2020 to provide disinfectant solutions at Saudi Airports in the fight against the coronavirus. Swissport will use the start-up's innovative disinfectant products on international aircraft and buses at the Jeddah, Dammam and Riyadh airports. The antiviral formula, sold as Wayakit, eliminates 99.999% of bacteria, common viruses and the coronavirus. It works on any type of surface and Wayakit guarantees efficacy in just 30 seconds. The short disinfecting time makes it ideal for fast-paced and high-touch environments, such as airports.

# MEGA PROJECTS HIGHLIGHTS



## NEOM proceeds at full speed as it awards new infrastructure and ICT contracts

In August 2020, NEOM awarded US-based **Bechtel** an executive project management contract to develop NEOM's primary base infrastructure. As part of the deal, Bechtel will oversee and create resource-efficient utilities and a highly advanced transport system to connect NEOM's internal smart cities.

The partnership will allow NEOM to deliver a community of exceptional living while integrating sustainable land use, intelligent urban design, multi-modal mobility, and cutting-edge urban environments.

NEOM appointed **Saudi Telecom Company (STC)** to deliver an advanced 5G and IoT network, creating the basis for the world's leading smart cities. Supported by Huawei, STC will establish a wireless 5G network inclusive of all infrastructure within 12 months and develop an innovation center in NEOM to explore new 5G opportunities.

NEOM's next-generation smart cities will support its urban environments, improving the lives of residents and businesses beyond today's smart cities' capabilities. NEOM will use one of the world's most advanced 5G technologies, enabling data exchange and data analysis between NEOM residents and the remaining city infrastructure.

## Qiddiya signs major roads and bridges contracts with SAJCO

The Qiddiya Investment Company (QIC) has awarded a \$187 million three-year stormwater drainage, roads and bridges contract to Saudi firm, **Shibh Al Jazira Contracting Company** (SAJCO). The construction began in July 2020 and will be completed by mid-May 2023.

The agreement includes:

**45 km** of roads

**7** bridges and grade-separated interchanges providing access from the main approach highway

**1,000+** new job opportunities for skilled workers

For this project:

**6.5 million** cubic meters of earth will be excavated

**80,000** cubic meters of concrete for the bridges will be utilized

**1.2 million** cubic meters of asphalt for road surfaces will be employed

## The Red Sea International Airport takes off with new contract



The Red Sea Development Company (TRSDC) has awarded its largest contract to date for airside infrastructure works for the destination's international airport, set to open in 2022. The contract was awarded to a joint venture between leading Saudi contractors **Nesma & Partners Contracting Co.** and **Almabani General Contractors**, both of which possess a strong track delivery for similar regional projects.

**1+ million**

tourists will be served annually by 2030, catering to both domestic and international flights

**28 km<sup>2</sup>**

of airport area, equal to 3,920 football pitches

The airport will have:

**3,700 m**

main runway

**525 m**

seaplane runway

**3**

helipads

**900**

travelers per hour during maximum airport capacity

## AMAALA continues works in the Triple Bay Marine basin



AMAALA

On August 17, 2020, AMAALA, the ultra-luxury destination located along Saudi Arabia's northwestern coast, awarded the contract for excavation, backfilling and earthworks to Dubai-based start-up, HASCO (Hasan Al-Harbi Corp.), after the company's installation of critical infrastructure and construction of on-site offices across the AMAALA site.

HASCO, which specializes in marine and logistics services, has deployed a team of 90 for the project across the Triple Bay Marina to manage the excavation of AMAALA's marina basin.

**300+** yachts berthing capacity

In line with AMAALA's sustainability goals, development of the Construction Village will employ off-site fabrication and modular construction techniques, reducing the environmental impact of both fabrication and installation of the village, decreasing delivery time and ensuring quality enhancements.

## RCU partners with Accor to expand the Ashar luxury camp in AlUla

الهيئة الملكية لمحافظة العلا  
Royal Commission for Al-Ula



The Royal Commission for AlUla (RCU) has partnered with Accor to operate an expanded Ashar Resort under the Banyan Tree brand, including:



**47**

new units, increasing the number of high-end villas to 82 in the resort



**1**

luxury spa



**10+**

gourmet restaurants

The project will take place in the striking natural scenery of the Ashar valley, located 15 km from Saudi Arabia's UNESCO World Heritage Site, Hegra. By 2035, RCU expects to host 2 million visitors annually, creating 38,000 new jobs.

# REFORM HIGHLIGHTS

**Saudi Arabia has achieved unprecedented achievements through Vision 2030**

On November 14, HRH Crown Prince Mohammed bin Salman bin Abdulaziz Al Saud, reported Saudi Arabia's accomplishments under four year of Vision 2030 reforms before the Shura Council, the Kingdom's consultative assembly.



## Economic achievements

**12.5%**

increase in non-oil revenues reaching a total of \$96 billion – up from \$85.3 billion in 2019

Non-oil GDP growth:

**1.3%**

in 2017

**2.2%**

in 2018

**3.3%**

in 2019

**4%+**

in Q4 2019

## Socio-economic achievements

**11.8%**

11.8% unemployment rate at the beginning of 2020 - down from 13% in 2018

**31%**

women's participation to the workforce – up from 17%



## Public Investment Fund achievements

**232%**

increase in PIF's AUM at \$347 billion – up from \$149 billion

**7%**

minimum rate of return (RoR) on PIF investments – up from 2% average

**70%+**

RoR on some PIF investments



**190,000**

jobs created by PIF investments

**\$83 billion**

worth of local PIF investments in four years



## Digital sector achievements

**1st**

globally in the digital competitiveness ranking among G20 member states for 3 years

**94%+**

of government agencies and private sector smart working during the pandemic

**Top 10**

country ranking for internet speed, up from 105<sup>th</sup> country globally

**\$15 billion**

investment in digital infrastructure

**3.5 million**

homes connected to fiber optics today, up from 1 million



## Environmental achievements

**14%**

of the country protected by natural reserves – up from 4%



## Housing sector achievements

**60%**

citizens' own housing in 2020 – up from 47% and exceeding the 2020 target by 8%

**40,000**

direct jobs have been created in the housing sector

**\$30.6+ billion**

in housing sector's GDP contribution



## Tourism sector achievements

**3.6%**

in tourism sector's contribution to GDP in 2018

**100,000+**

direct jobs have been created in the sector



## Sports sector achievements

**19%**

of citizens practicing sport – up from 13%

**\$1.7 billion**

in sports sector contribution to GDP in 2018 – up from \$640 million in 2016

**3**

world racing championships to be hosted in Saudi Arabia (Formula 1, Formula E, Dakar Rally)



## Entertainment and culture sector achievements

**3,400+**

entertainment events during 2019

**11**

new cultural commissions to cultivate the Saudi cultural sector



## Saudi Arabia ranks 14th among 54 economies on the overall National Entrepreneurial Context Index

The Global Entrepreneurship Monitor (GEM) published its fourth annual 2019/20 GEM KSA National Report in August 2020. The report highlights the 2019 GEM survey on Saudi Arabia, providing a detailed picture of the Kingdom's entrepreneurship profile.

The research benchmarked the Kingdom against the world's most influential economies across North America, Europe, MENA and Australasia.

### Key takeaways on Saudi Arabia's framework conditions for entrepreneurship

**14th**

overall among 54 countries in the National Entrepreneurial Context Index

**3rd**

in support and relevance of government policies

**10th**

in governmental taxes and bureaucracy

**13th**

in internal market dynamics

### Societal values about entrepreneurship in Saudi Arabia

**79%**

believe that entrepreneurs are well regarded and enjoy high societal status

**74%**

favor an equal universal standard of living, signaling support for free competition

**72%**

believe that entrepreneurs garner substantial media attention

**70%**

of Saudi adults consider starting a business to be a good career choice

"Saudi Arabia has been making significant strides in building its entrepreneurship ecosystem by improving relevant laws and conditions for innovation, access to finance, market linkages, workforce skills development and the competitive environment."

**Issam A. Abousleiman**  
World Bank Country Director  
for Saudi Arabia

### Self-perceptions about entrepreneurship in Saudi Arabia

**83%**

know someone personally who started a business in the last two years

**83%**

acknowledge having the required knowledge and skills to start a business

**74%**

observe good opportunity within a given industry for starting a business

**53%**

believe that it is easy to start a business in Saudi Arabia

## Riyadh jumps 18 places in the Smart City Index

The Institute for Management Development (IMD) released its 2020 Smart City Index in September 2020 ranking cities based on economic and technological data, as well as citizens' determinations on whether their city is a smart city. Saudi Arabia ranked 53rd out of 109 countries, an improvement of 18 ranks in one year.



## Saudi Arabia moves up nine places in the UN e-Government Index



The United Nations Department of Economic and Social Affairs released its 2020 e-Government Development Index (EDGI). The index captured the quality and scope of online services, status of telecommunications infrastructure and existing human capacity in support of countries' efforts to provide effective, accountable and inclusive digital services, bridging the digital divide by leaving no one behind.

Saudi Arabia key results:



## Saudi Arabia waives 25% of municipal property rents for three months

In a relief measure for investors, the Saudi Ministry of Municipal and Rural Affairs waived 25% of municipal property rents for three months. The initiative is part of the continuous support provided by the government to mitigate the impact the pandemic has had on the private sector, while protecting investors from defaulting in order to ensure the sustainability of their projects.

**50,000**  
facilities will be  
covered

**\$152  
million**  
in total relief

## Saudi Central Bank extends deferred payments program for three months



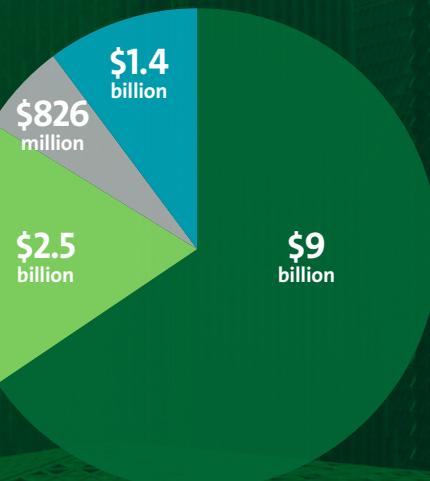
The Saudi Central Bank announced a three-month extension of its ongoing Private Sector Financing Support Program originally announced on March 14, 2020, until December 14, 2020. The extension is part of the government's ongoing efforts to support continuity within private sector businesses, spurring economic growth and employment.

**71,764** enterprises received support under the Deferred Payments Program

**\$13.4 billion**

worth of deferred payments, exceeding the initial allocation of \$8 billion

Allocation of benefits per type and number of enterprises



- 26,023 medium enterprises
- 18,618 small enterprises
- 26,000 micro-enterprises
- 1,123 finance companies

# OPPORTUNITY HIGHLIGHTS

## Top 3 INVEST SAUDI investment opportunities

### Al Khomrah logistics zone

**Investment requirement**  
**\$5.3 billion**

**Sector**  
**Transport and logistics**



**Project description:** Al Khomra is a modern logistics zone that offers commercial facilities, customs bonded zone, and re-exports area. Strategically located near the Red Sea, Al Khomra is one of the major trade platforms between Europe, Africa, and Asia. The zone will also help in reducing shipping costs, improving productivity, increasing reliability, and punctuality of shipping. Al Khomra covers 2,378,085 m<sup>2</sup> in land area in its first phase with a gross flat area of 1,382,748 m<sup>2</sup>.

### Brass and copper plant

**Investment requirement**  
**\$120 million**

**Sector**  
**Mining and metals**



**Project description:** Mining is set to become the third biggest pillar of the Saudi industrial base due to Saudi Arabia's rich deposits of minerals. The opportunity entails setting up a brass and copper plant facility with a 45 kiloton in production capacity in Saudi Arabia. The plant will produce copper and brass products for non-electrical usage in the region and has an expected payback period of 9.1 years. The project is eligible for up to 75% of project financing by the Saudi Industrial Development Fund (SIDF). Additionally, the Human Resources Development Fund (HRDF) provides 30%, 20% and 10% of Saudi nationals' salaries for their 1st, 2nd and 3rd years of work, respectively.

### Reverse osmosis (RO) membrane function

**Investment requirement**  
**\$40-45 million**

**Sector**  
**Water desalination**



**Project description:** Reverse osmosis membrane demand in the GCC is forecasted to grow by about 13% per year up to the year 2025. This project entails the establishment of RO membrane manufacturing facilities to cater to both the local and regional demand. All materials are available within the Kingdom, except for Chlorophenyl Sulfone and Polysulfone. There are also opportunities to invest across key components and equipment (such as module making, spiral element test benches, water filters, chemical dosing, circulation, and high-pressure pumps, etc.). The investor will have access to up to 75% of project financing through a soft loan by the SIDF.

Explore hundreds of similar investment opportunities at [investsaudi.sa](http://investsaudi.sa)

# EVENT HIGHLIGHTS



الاستثمار  
Ministry of Investment

FT LIVE

## Global Summit Series: A new framework for inclusive growth

The G20 Saudi Secretariat partnered with the Financial Times Live and the Ministry of Investment of Saudi Arabia on the Global Digital Summit Series in October 2020. The Digital Summit presented a series of new frameworks for inclusive growth, a series of briefing events held online in conjunction with the G20 Presidency agenda.

Knowledge partners:

Deutsche Bank



McKinsey  
& Company



10,000  
attendees



65  
speakers



30  
sessions



4  
days of  
discussion

## A series of four full-day digital events were held:

### > 21st October

Creating the Foundations - Examined what is needed to drive inclusive growth, considering the role that empowerment, sustainability and innovation has in shaping tomorrow's opportunities

### > 21st October

Finance (part 1) - Examined financial architecture, considering how debt sustainability and liquidity could have an impact on creating opportunities for all

### > 22nd October

Finance (part 2) - Examined the role of financial frameworks in driving inclusive growth

### > 22nd October

The digital economy - Examined the role of the digital economy in promoting inclusive growth

### > 28th October

Driving sustainable development - Examined how to support sustainable development that promotes global growth

### > 28th October

Boosting employment - Examined how stakeholders are addressing major labor and employment disruptions associated with the pandemic

### > 29th October

Delivering on trade and investment - Examined how global trade and investment have been affected by the pandemic - despite being key drivers for growth, innovation and job creation

### > 29th October

Policy, regulation & taxation - Examined the role of policy, regulation and taxation in promoting national and international growth and stability

## The Economist event: Mainstreaming socially responsible finance



On 5 November, The Economist, with support of the Ministry of Investment of Saudi Arabia and the G20 Saudi Secretariat, held a webinar event on ‘mainstreaming socially responsible finance’.

The event revolved around how the culture of investing has changed over the last 15 years, what does it look like today and what do we need to do to build a stronger impact-investment culture for the future.

The program included a keynote interview by Khalid Al-Falih Saudi Minister of Investment and included noteworthy speakers such as James Zhan, Senior Director of UNCTAD, and others.

## Future Hospitality Summit leads the way in the future of the hospitality sector



On 26-27 October, the Ministry of Tourism of Saudi Arabia and the G20 Saudi Secretariat held a hybrid ‘Future Hospitality’ summit to discuss, reimagine, and pave a new path towards the future of the hospitality sector.

The event was one of the most impactful gatherings of the world’s hospitality community and provided with an immersive live experience, including a virtual exhibition, one-to-one video networking, and integrated chat features for all participants.

The summit included high-profile speakers including Ahmed Al Khateeb, Saudi Minister of Tourism, Khaled Al-Falih, Saudi Minister of Investment, as well as top executives of global hotel chains such as InterContinental Hotels Group, Accor, Radisson Hotel Group, Hilton, and Marriott International.



LIVE



Upcoming events and webinars





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3 Hours

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## MISA COVID-19 Response Center (MCRC)

We have established the MCRC to support you during this challenging time. It gathers the FAQs that will support your business's continuity amidst the COVID-19 pandemic.

You can contact the MCRC 24/7:

Email: [InvestorCare@MISA.gov.sa](mailto:InvestorCare@MISA.gov.sa) | WhatsApp: +966 11 203 5888