



ECONOMIC AND INVESTMENT MONITOR, SAUDI ARABIA





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

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



"Our hosting of Expo 2030 will coincide with the culmination of the targets and plans of Saudi Vision 2030, where the exhibition presents an ideal opportunity for us to share with the world the lessons learned from an unprecedented transformational journey."

-HRH Crown Prince and Prime Minister
Mohammed bin Salman bin Abdulaziz

Contents

<u>Abbreviation List</u>	4
<u>Executive Summary</u>	5
<u>One: Global Economy</u>	7
<u>I: Economic Growth</u>	8
<u>II: Energy Market</u>	12
<u>i. Oil</u>	12
<u>ii. Natural Gas Market</u>	13
<u>Two: Saudi Economy</u>	14
<u>I: Saudi Economy Robustness, and Local and International Outlook</u>	15
<u>II: Saudi Economy Actual Performance</u>	16
<u>i. Real Sector</u>	16
<u>ii. Monetary Sector</u>	18
<u>iii. Capital Market</u>	19
<u>iv. External Sector (Balance of Payments)</u>	19
<u>v. Selected Economic Indicators</u>	20
<u>Three: Enabling Investment and Enhancing the Attractiveness of Its Environment in Saudi Arabia</u>	24
<u>I: Saudi Arabia's Targets Related to Investment Indicators</u>	25
<u>II: Investment in Saudi Arabia</u>	26
<u>III: Saudi Arabia's Performance in Global Indicators</u>	37
<u>IV: Efforts to Support Investment Environment in Saudi Arabia</u>	39
<u>V: Key Legislation Related to Investment</u>	47
<u>VI: Key Saudi Initiatives to Support Investment Environment</u>	48
<u>Four: The Cultural Sector in Saudi Arabia</u>	50
<u>I: The National Strategy for Culture</u>	51
<u>II: Cultural Sector Initiatives and Achievements</u>	52
<u>III: Economic and Investment Importance of the Cultural Sector</u>	56
<u>IV: Key Related Economic and Investment Indicators</u>	56
<u>V: Heritage Sites and Key Events in Saudi Arabia</u>	59

Abbreviation List

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

Executive Summary (1/2)

- **The International Monetary Fund (IMF)**, in the WEO January 2024 report, estimates global growth at 3.1% for 2023, 0.1 percentage points higher than the October 2023 update. The Fund also raised the projection for 2024 by 0.2 percentage points, bringing the global growth to 3.1% for 2024.
- At the local level, **the IMF** projects Saudi economy growth at 2.7% and 5.5% for 2024 and 2025 respectively.
- In WEO January 2024, **the IMF** estimates the inflation rate at 4.6% for advanced economies and 8.4% for emerging market and developing economies in 2023. For 2024, inflation is projected to decline to 2.6% for advanced economies and 8.1% for emerging market and developing economies.
- According to **the OECD** data, the first half of 2023 recorded a decline in the growth of foreign investment inflows globally by 36.1% compared to the first half of 2022, affected by slow economic growth.
- **The Global Manufacturing PMI** increased to average 49.0 points, up by 0.1 points in Q4 2023 compared to 48.9 points in the same quarter of the previous year. The PMI of the United States, South Korea, and China also increased, however, Japan and the European Union decreased by 2.5% and 5.9% respectively for the same period.
- **Oil prices** witnessed a decline in Q4 2023, as the average price of Brent crude dropped by 6.7% YoY, reaching an average of \$82.7/barrel, compared to an average of \$88.6/barrel. **Saudi Arabia's average oil production** decreased in Q4 2023 by 15.4% compared to the same period of the previous year.
- **Natural gas prices** declined in both the United States and European gas markets by 49.9% YoY and 63.3% YoY, respectively, in Q4 2023. The gas consumption in the US increased by 0.8% YoY, however, European consumption decreased by 5.6% for the same period.
- According to the GASAT flash estimates, **non-oil activities** and **government activities** rose by 4.3% and 3.1%, respectively in Q4 2023 compared to the same quarter in the previous year. Real GDP, however, decreased by 3.7% in Q4 2023 compared to the same quarter in the previous year, due to a decline in oil activities of 16.4%.
- **Points of Sale (PoS) transactions** and **SADAD payments** rose by 8.7% and 15.0%, respectively, in Q4 2023. **Cash withdrawals**, on the other hand, decreased by 1.9% compared to the same quarter of the previous year.
- **Money Supply** grew by 7.6% in Q4 2023 compared to the same quarter of the last year, driven by an increase in time and savings deposits by 32.0%.
- **Inflation (Consumer Price Index (CPI))** declined to 1.6% in Q4 2023, compared to 3.1% in the same quarter of the previous year, due to lower prices of clothing & footwear by 4.0% and furnishings & household equipment & maintenance by 3.1%.

Executive Summary (2/2)

- **Tadawul All Share Index (TASI)** increased by 14.2% by the end of 2022. Similarly, the Parallel Market Index (NOMU) increased by 26.3% in the same period.
- **The current account** of the balance of payments recorded a surplus of SAR 17.3 billion, or 1.7% of nominal GDP in Q3 2023, compared to a surplus of SAR 177.3 billion in the same quarter last year.
- **Merchandise exports** decreased by 24.9% in Q3 2023, recording SAR 299.8 billion, compared to SAR 399.1 billion in the same quarter of the previous year, given the decline in oil and non-oil exports.
- **The nominal GFCF** recorded SAR 261 billion in Q3 2023, and the contribution of the GFCF reached 26.1% of nominal GDP for the same period. Up until the end of Q3 2023, the nominal GFCF grew by 10% YoY, reaching SAR 834 billion.
- Total **FDI inflow** into Saudi Arabia declined by 2.1% YoY in Q3 2023. However up until Q3 2023, the FDI inflow rose by 6.2% compared to the same period in 2022 (excluding the Aramco deal). In 2022, the FDI inflow reached SAR 123 billion, with a growth of %20.0 compared to 2021.
- **The Saudi FDI stock** grew by 1.4% in Q3 2023 compared to Q2 2023. In 2022, the FDI stock reached SAR 762 billion, with an increase of 15.6% compared to 2021.
- According to MISA investment data, **The number of investment deals reached 67 deals in Q4 2023**, compared to 15 deals in the same period of the previous year, an increase of 346.7%. For 2023, the total closed deals reached 197 deals.
- **Investment licenses issued** in Q4 2023 rose by 125.0%, recording 2,884 licenses, compared to 1,282 licenses in the same period of the previous year (excluding the licenses issued as part of the anti-concealment law enforcement).
- **Saudi Arabia has achieved advanced positions in several global indicators** in 2023, as it ranked 1st in both PCSI investment climate, and in Trust in Government Index.
- MISA, in cooperation with other government entities, has a pivotal role in promoting investment and attracting investors through organizing and participating in numerous events. **More than 21 local and international events** were organized in Q4 2023 in various areas, including tourism, sports, biotechnology, and mining, in addition to its participation in some investment forums between Saudi Arabia and several countries.
- On grounds of the importance and depth of Saudi culture, the current transformation of the cultural sector, the dynamic growth and sustainable development that the sector witnesses as a contributor to economic growth. **This report features the cultural sector**, in the Investment Overview section. since several productive and creative industries, today, have emerged from the culture field in many vital economic activities that generate economic value, attract investment, and create high investment returns.



وزارة الاستثمار
Ministry of Investment

استثمر في السعودية
INVEST SAUDI



01

GLOBAL ECONOMY

One: Global Economy

I. Economic Growth

i. Global Economy Outlook

The International Monetary Fund (IMF), in the **World Economic Outlook (WEO)** January 2024, estimates global growth at 3.1% for 2023, 0.1 percentage points higher than the WEO October 2023. The Fund estimates growth in World Output by 3.1%, which turned out to be fairly close to the growth rate of 2023, which witnessed several government measures and various events that restricted the movement of economic activities and contributed to the global slowdown, including tightening the monetary policies by central banks to confront rising inflation in 2023.

The high interest rates affected the cost of borrowing, which is necessary to support the business sector and facilitate economic activity.

The political crises in Europe and the Middle East and their consequences have disrupted the global economy's recovery to return to pre-pandemic levels. The impact of the crises appears slightly on the **Global Supply Chain Pressure Index¹** (GSCPI), which returned to increase towards the average value indicating that pressure began to return on supply chains in Q4 2023.

This was also reflected in the IMF projections for 2024 and 2025, as world output is projected to stabilize at 3.1% for 2024 and increase to 3.2% in 2025. The Fund revised the projection for 2024 by 0.2 percentage points higher than the WEO October 2023 due to the raised forecast for China, the United States and large emerging market and developing economies, however the projections of 2024 and 2025 are below the historical (2000–19) average of 3.8%, according to the IMF.



Source: Federal Reserve Bank of New York

* Standard deviations from average value

¹ The GSCI, developed by the New York Federal Reserve, measures and collects several indicators related to transportation and manufacturing, including global transportation costs, such as sea freight costs, the Harpex Index, the Baltic Dry Index (BDI) and the Air Transport Cost Index. The GSCI also includes several sub-indicators of the PMI, such as delivery times, backlog, stocks purchased and new orders. In case the index value is zero, it indicates no pressure on supply chains, and above zero value indicates pressure on supply chains.

The slowdown is attributed to the tightening of monetary policy and low productivity growth, which affects advanced economies more than emerging market and developing economies, as their projections are stabilized at 1.5% and 4.1%, respectively in 2024, compared to 1.6% and 4.1%, respectively in 2023.

The IMF lowered its GDP estimate for **Saudi Arabia** by 1.1% for 2023, affected by the voluntary cuts in oil production, announced in April 2023, in line with the OPEC+ agreement to balance oil markets. The IMF also lowered the projection for 2024 by 1.3 percentage points to 2.7% and raised it by 1.3 percentage points for 2025 to 5.5%, higher than that in the October 2023 WEO.

ii. Inflation

Central banks adopted contractionary monetary policies to fight inflation by raising interest rates rapidly in 2023. However, the response was slower than expected, exceeding the target set by central banks of 2.0% for 2023. The IMF, in the WEO January 2024, estimates global headline inflation at 6.8% in 2023. and projects inflation rates in advanced economies, emerging market and developing economies at 4.6% and 8.4%, respectively.

The IMF projected inflation for advanced economies at 2.6% for 2024 in WEO January 2024, down by 0.4 percentage points compared to 3% in the WEO October 2023 and at 2.0% for 2025.

For emerging market and developing economies, the IMF increased the inflation projection for 2024 by 0.3 percentage points to 8.1%, and lowered the projection for 2025 by 0.2 percentage points to 6.0%.

The IMF's high projections for inflation indicate that central banks may postpone easing monetary policies in the short term, as the pace of decline in inflation is still slow with the IMF's projection of renewed tensions in supply chains, resulting from global geopolitical conditions, in addition to the current events in Europe started two years ago due to the Russia-Ukraine war.

iii. Global Investment

According to **the IMF** latest investment data, in WEO October 2023, the estimation for **global investments** is to reach 26.4% (as % of GDP) in 2023, down from 27.2% in the WEO April 2023. This decline was reflected in investment projections as a percentage of GDP for the Group of Seven (G7), advanced economies, and the European Union for 2023 and 2024, in addition to emerging market and developing economies.

Growth Rate (Real GDP, Annual Percent Change, %)	2022	2023	2024*	2025*
Global Economy	3.5	3.1	3.1	3.2
Advanced Economies	2.6	1.6	1.5	1.8
Emerging Markets and Developed Economies	4.1	4.1	4.1	4.2
Saudi Arabia	8.7	-1.1	2.7	5.5
United States	1.9	2.5	2.1	1.7
China	3.0	5.2	4.6	4.1
Japan	1.0	1.9	0.9	0.8
India	7.2	6.7	6.5	6.5
Euro Area	3.4	0.5	0.9	1.7

Source: IMF (WEO January 2024)

*Projections

Inflation rate (%)	2022	2023	2024*	2025*
Advanced Economies	7.3	4.6	2.6	2.0
Emerging Market and Developing Economies	9.8	8.4	8.1	6.0

Source: IMF (WEO January 2024)

*Projections

Investment (% of GDP)	2021	2022	2023*	2024*
Global Economy	27.1	27.4	26.4	26.2
Advanced Economies (the G7)	22.7	23.2	22.4	22.2
European Union	23.0	24.2	23.3	23.3
Emerging markets and developing economies	33.4	33.0	32.0	31.8

Source: IMF (WEO, October 2023)

*Projections

Foreign Direct Investment (FDI) Inflows:

Global investments, particularly **FDI inflows**, are still severely affected by geopolitical tensions that the world is faced with, in addition to the high interest rates and their impact on economic growth. According to the latest data from the OECD, global FDI inflows continued to decline in the first half of 2023 by 36.1% compared to the first half of 2022. The data indicate that OECD countries' FDI inflows also recorded a decline of 41.9%, compared to the growth in the first half of 2021 and 2022. The European Union's FDI inflows continued to decline since 2022, reaching the highest drop in the first half of 2023 by 86.3%.

FDI Inflows (%)	2021 H1	2022 H1	2023 H1
Global FDI	75.2	1.0	-36.1
OECD countries	60.0	15.9	-41.9
European Union	27.6	-15.6	-86.3

Source: OECD

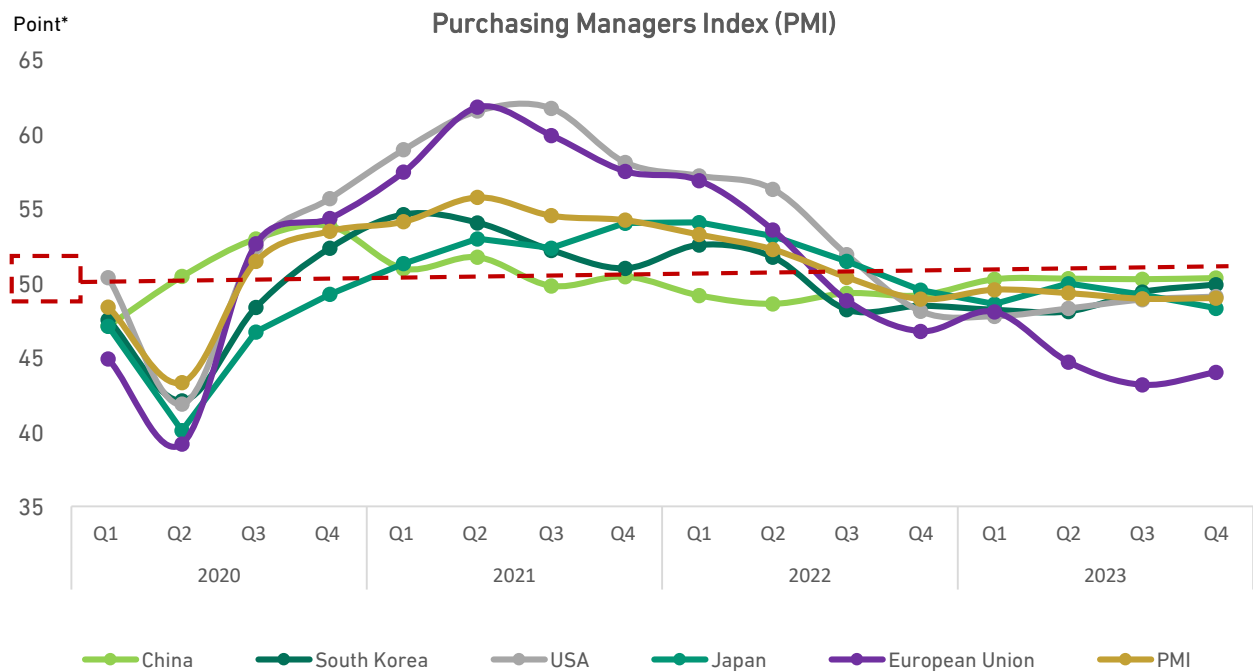
iv. Global Purchasing Managers Index (PMI)

The Global Manufacturing PMI¹ increased to average 49.0 points, up by 0.1 points in Q4 2023 compared to 48.9 points in the same quarter of the previous year. The PMI of Japan and the European Union decreased by 2.5% and 5.9% respectively for the same period in the previous year. However, South Korea, China and the United States increased by 2.9%, 2.4%, and 2.0%, respectively, for the same period.

The PMI for Japan and the European Union has improved despite the decline in the index, which is less sharp than the previous two quarters in 2023, reflecting the improvement in business conditions in the world economy.

In 2023, the global PMI declined to average 49.2 points compared to average 51.2 points in 2022, indicating a slowdown in business activities globally. This decline was due to the economic events faced by the world during the year, the measures taken by central banks to curb global inflation, and political instability due to the Russia-Ukraine war and the Middle East crisis in Gaza and their consequences.

The European Union PMI is the lowest among the selected countries, reaching 44.0 points by the end of 2023, as a result of a decline in industrial activities in the region as well as weak production. This raises concerns of a further economic slowdown in the region.



Source: IHS Markit
* Above 50.0 signal an improvement since previous month

1 Global Manufacturing PMI shows the economic trends in the industry, taking into account recent demands, employment, production output, suppliers to delivery time and inventory of purchases

II: Energy Markets

i. Oil

Global oil markets witnessed several challenges led to price fluctuations in 2023. The oil prices, for Q1 2023, were subjected to severe downward pressure due to the uncertainty that dominated the markets regarding interest rates and central banks' tightening policies.

In March 2023, oil prices recorded their lowest level in 15 months. At the beginning of the second quarter **oil prices improved in April** in parallel with the OPEC+ announcement of a voluntary reduction in production starting from May until the end of 2023.

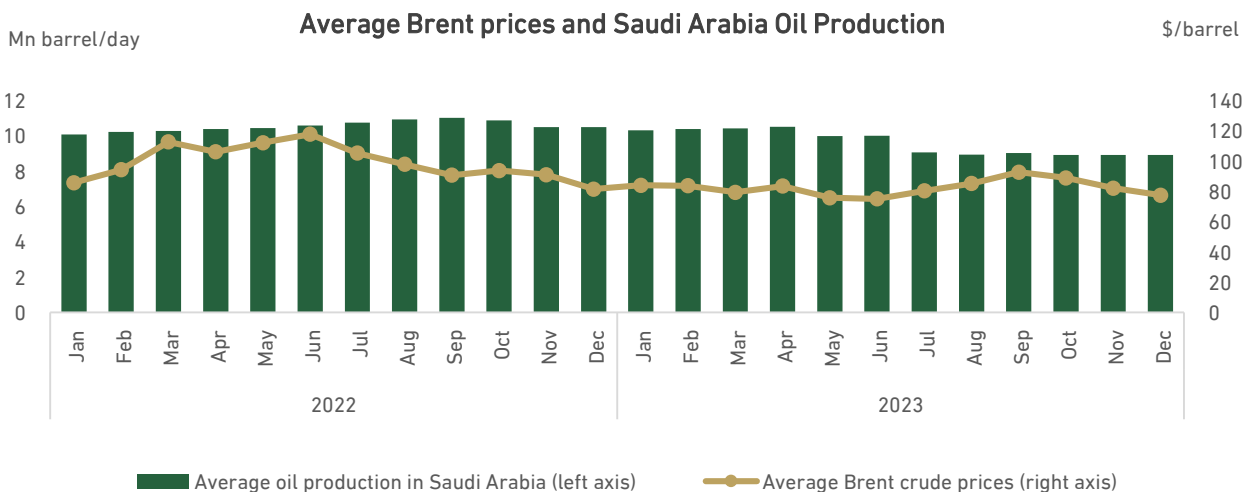
In May and June, the prices recorded a decline despite the continued production cuts by (OPEC+) member states that resulted in achieving market balance and oil prices rose in **the third quarter** until reaching the highest level in September 2023.

The prices declined again in **quarter four**, in response to global market fluctuations, which were influenced by geopolitical concerns and uncertainty in the world.

In Q4 2023, the (OPEC) report shows a decline in **oil prices**, as the average price of **Brent crude** dropped by 6.7% YoY, reaching \$82.7/barrel, compared to \$88.6/barrel, in the same quarter of the previous year.

The average oil production in Saudi Arabia decreased by 15.4% YoY in Q4 2023, reaching a total average of 9.0 million barrels/day compared to an average of 10.6 million barrels/day in the same quarter of the previous year. This was a result of the (OPEC+) decision to cut oil production to support oil market balance.

The (OPEC), January 2024 report, projects unchanged world oil demand growth at 2.2 million barrels/day in 2024. However, in 2025, global oil demand will grow by 1.8 million barrels/day on an annual basis, supported by continued strong economic activity during the year.



Source: OPEC

ii. Natural Gas Market

The pressure on the United States and European natural gas markets eased during 2023, due to the improvement in the atmosphere at the beginning of the year, in addition to the governments taking several measures and policies to confront the supply crisis that the gas markets were exposed to in 2022, affected by the Russia-Ukraine crisis. Gas prices improved significantly and started to decline since the beginning of 2023, with **slight fluctuations in the European markets**. Despite the decline in prices, in 2023 compared to the previous year, they are still lower than their historical rates.

The (OPEC) data show a decrease in the **average spot price of natural gas** in the United States market by 49.9% YoY in Q4 2023, reaching an average of \$2.7/MBtu, compared to an average of \$5.5/MBtu, in the same quarter of the previous year.

In Europe, gas prices declined in Q4 2023, as the **average price of natural gas in the European market** reached an average of \$13.5/MBtu, down by 63.3%, compared to an average of \$36.9/MBtu in the same quarter of the previous year.

The **Gas Exporting Countries Forum (GECF) report** shows a decline in the European consumption of gas by 5.6% YoY in Q4 2023, bringing the total consumption to 92.2 billion m3, compared to 97.7 billion m3 for the same quarter in the previous year.

In the United States, gas consumption increased by 0.8% in Q4 2023 compared to the same quarter of the previous year, reaching a total of 241.0 billion m3, compared to a total of 239.1 billion m3 in the same quarter of the previous year.

Natural Gas Quarterly Average Prices - USA



Natural Gas Quarterly Average Prices - Europe



Source: OPEC



02

SAUDI ECONOMY



Two: Saudi Economy

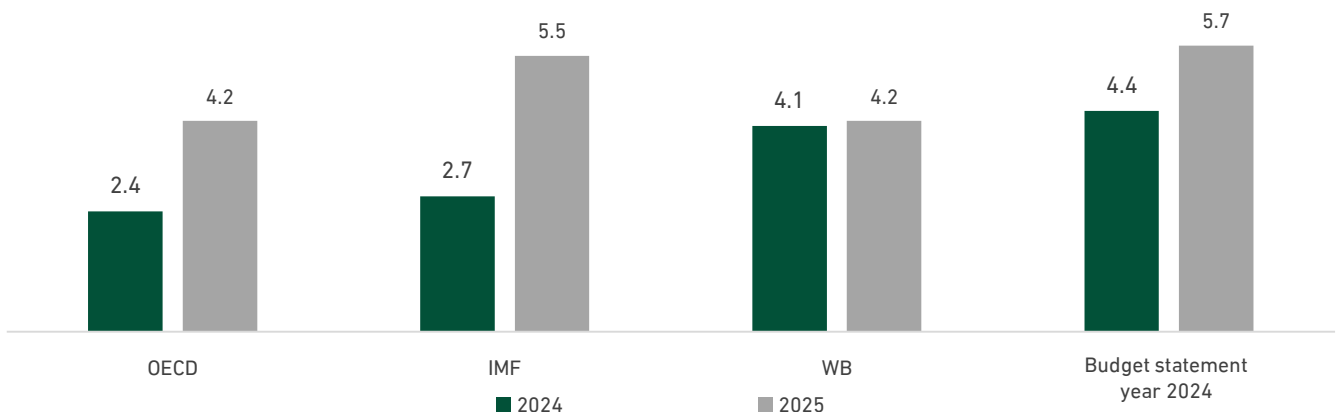
I: Saudi economy robustness, and local and international outlook

Saudi Arabia's economy has witnessed a profound positive transformation over the past years, due to the economic reforms that began since the launch of Saudi Vision 2030, which in turn has helped to improve the performance of many economic, financial and investment indicators, which underpinning the Kingdom's goal to be among the top 15 economies worldwide by 2030

International organizations and local entities reports confirm that the Saudi economy is moving at a steady pace towards prosperity, growth, and making more achievements on a global scale. **The International Monetary Fund (IMF) projections, in the WEO January 2024**, for Saudi Arabia's GDP to grow by 2.7% in 2024 and 5.5% in 2025. As for the **Organization for Economic Cooperation and Development (OECD)**, Saudi real GDP is projected to grow by 2.4% in 2024 and 4.2% in 2025. **The World Bank**, also, projects real GDP growth of 4.1% in 2024 and 4.2% in 2025.

The Budget Statement FY 2024 issued by the Ministry of Finance (MoF) projects growth in Saudi real GDP by 4.4% in 2024 and 5.7% in 2025, driven by increased non-oil activities' GDP in light of the efforts made to enhance the role of the private sector and raise its contribution to the Saudi economy growth. Looking at the financial sector, **Fitch Ratings** has affirmed the credit rating for Saudi Arabia stands at A+ with a stable outlook, according to the February 2024 report. The agency projects growth in the non-oil private sector by 4.5% between 2024-2025, in light of the ongoing fiscal reforms aiming at increasing the flexibility of the budget against price fluctuations. For **Standard & Poor's**, the credit rating for Saudi Arabia stands at A/A-1 with a stable outlook, according to the September 2023 report. The agency states that Saudi Arabia's rating came against the backdrop of the continued efforts to implement reforms in recent years, as well as the structural improvements that help support the sustainable development of the non-oil sector, in addition to efforts to maintain balanced public debt.

Saudi Arabia GDP Growth Projections (%)



Source: IMF Report (WEO, January 2024), World Bank Report (Global Economic Prospects, January 2024, OECD (OECD Economic Outlook, February 2023)

II: Saudi Economy Actual Performance

i. Real Sector

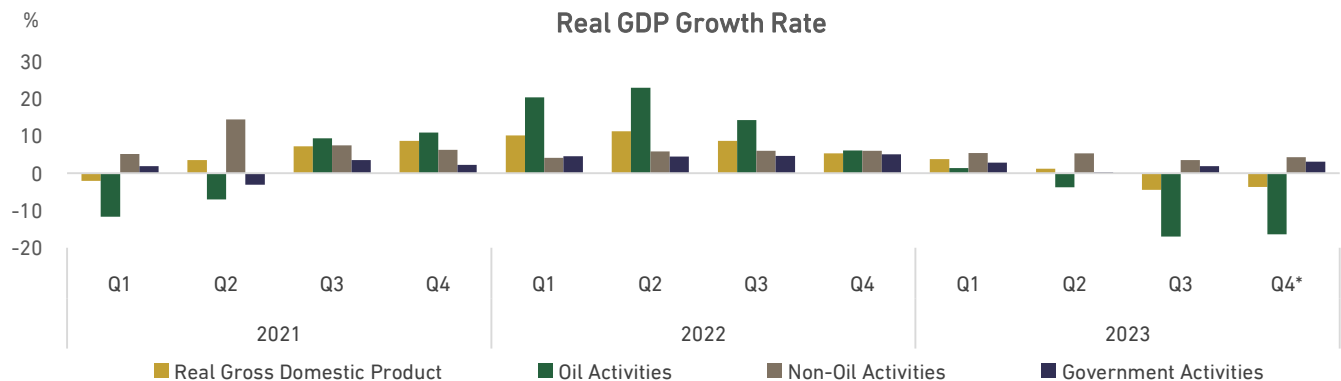
According to the GASAT flash estimates, Real GDP recorded a decline of 3.7% in Q4 2023 compared to the same quarter in the previous year, due to a decline in oil activities by 16.4% as a result of the voluntary cut of Saudi oil production. However, non-oil activities and government activities rose by 4.3% and 3.1%, respectively in Q4 2023 compared to the same quarter in the previous year.

For 2023, Saudi real GDP recorded a decrease of 0.9% compared to 2022, due to a decline in oil activities by 9.2%. However, non-oil activities and government activities increased by 4.6% and 2.1%, respectively for the same period.

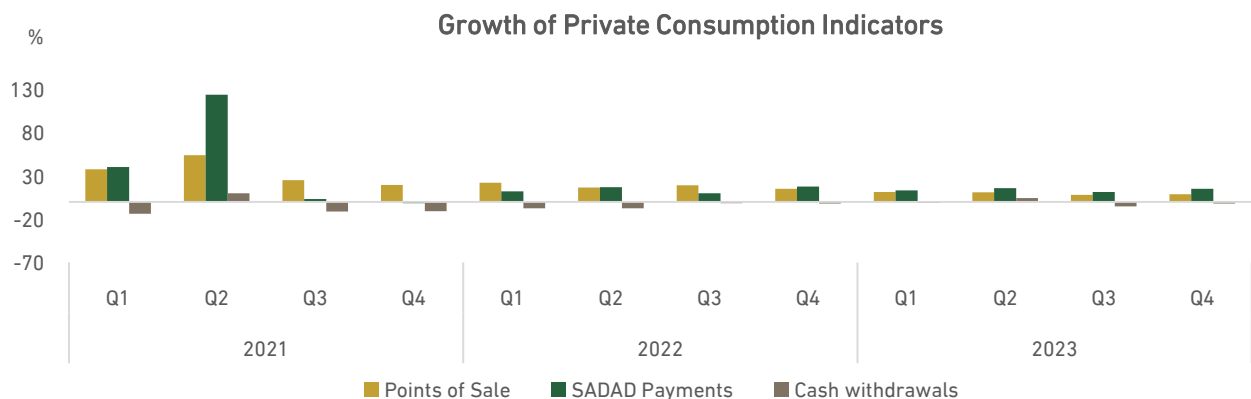
According to the Saudi Central Bank's (SAMA) recent data for December 2023, the main consumption indicators grew remarkably in Q4 2023 as the PoS transactions and SADAD payments increased by 8.7% and 15.0%, respectively, compared to the same quarter in the previous year. Cash withdrawals, however, declined by 1.9% for the same period.

The increase in PoS transactions is attributed to the rise in utilities and hotels by 38.3% and 17.4% respectively in Q4 2023. The number of PoS transactions increased by 20.8%.

For 2023, PoS transactions and SADAD payments recorded growth of 9.8% and 14.0% respectively compared to the previous year. Cash withdrawals, on the other hand, declined by 1.1% for the same period.



Source: GASTAT
*Flash estimates



Source: SAMA

Looking at the private investment indicators, the average Purchasing Managers' Index (PMI) rose by 0.5% in Q4 2023, reaching 57.8 points compared to 56.5 points in Q4 2022, due to an improvement in the performance of the non-oil private sector.

In 2023, the average PMI increased by 3.2%, or 58.3 points compared to the previous year.

The Industrial Production Index (IPI) fell by 11.3% in Q4 2023 compared to the same period in the previous year, driven by a decrease in mining & quarrying and manufacturing by 16.2% and 2.0% respectively. Electricity and gas, however, increased by 32.3% for the same period.

In December 2023, the IPI decreased by 10.5% compared to the same month in the previous year, due to a decline in mining & quarrying and manufacturing by 14.3% and 3.3%, for the same period. Electricity and gas supplies increased by 25.8% for the same period.

Cement sales decreased by 12.1% in Q4 2023, compared to the same quarter in the previous year, to reach 12.6 million tons.

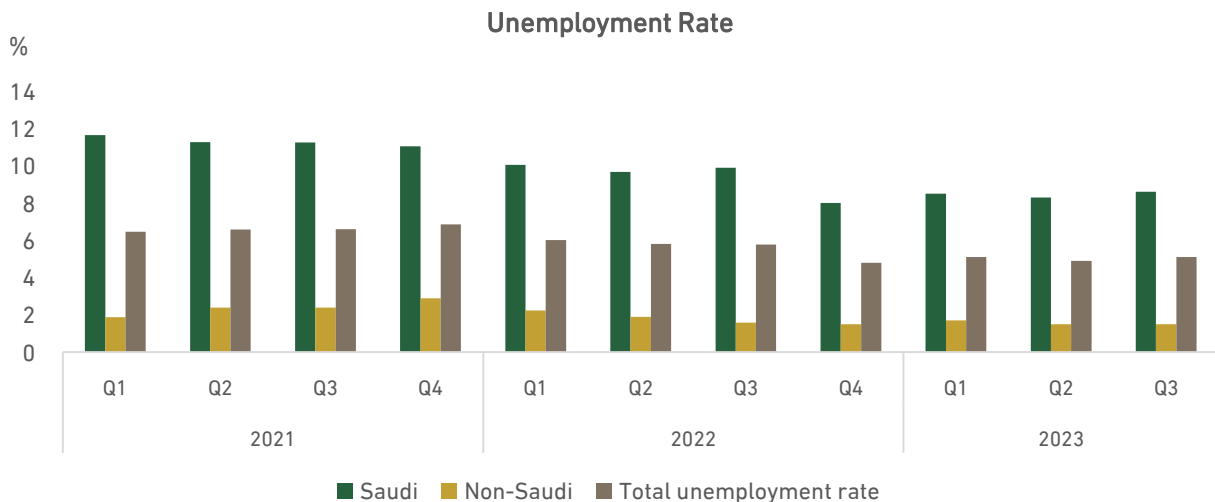
In 2023, cement sales decreased by 3.5%, reaching 51 million tons compared to 2022, due to high interest rates and their impact on the volume of demand.

In Q4 2023, the Real Estate Price Index (REPI) increased by 0.2% compared to the same quarter in the previous year, mainly due to the increase in residential real estate prices by 0.6%. However, the prices of commercial and agricultural real estate decreased by 0.5% and 0.1%, respectively, which contributed to keeping the rise in the index contained.

1.1 Labor Market

According to GASTAT Labor Force Survey, the total unemployment rate increased to 5.1% in Q3 2023 compared to 4.9% in Q2 2023. The unemployment rate for Saudis increased to 8.6% compared to 8.3% for the same period, due to a decline in the unemployment rate for Saudi females to 16.3%, yet the unemployment rate for Saudi males remained stable at 4.6% for the same period. The non-Saudis unemployment rate remained at 1.5% compared to the previous quarter of the same year.

The labor force participation rate (for Saudis and non-Saudis) increased to 60.9% in Q3 2023 compared to 60.8% in Q2 2023.



Source: GASTAT

ii. Monetary Sector

2.1 Money Supply and Reserve Assets

According to SAMA data, the **money supply** increased by 7.6% in Q4 2023, compared to the same quarter in the previous year, driven by a **rise in time and savings deposits** of 32.0% (growth in government time and savings deposits by 24.1% and companies and individuals by 40.5%).

Reserve assets fell by 0.6% in Q4 2023 compared to Q3 2023, due to a decrease in foreign currency and deposits abroad and reserve position in the IMF by 2.6%, and 3.0%, respectively for the same period.

2.2 Interest Rates

The **average Interbank Offered Rate (SIBOR)** recorded 6.3% in Q4 2023, up by 1.0 basis points compared to Q4 2022. The rate of Repurchase Agreement (Repo) increased to 6.0%, and the rate of Reverse Repurchase Agreement (Reverse Repo) to 5.5% for the same period, following the increase of the US Federal Reserve interest rate.

The **volume of lending** in Saudi Arabia remains high, as bank claims on the public sector increased by **7.7% YoY** in Q4 2023. The credit to the private sector also increased by **9.7% YoY**. The real estate loans by banks, also, grew by **12.8% YoY** in Q3 2023.

2.3 Inflation

According to GASTAT data, the **inflation rate (Consumer Price Index (CPI))** decreased to 1.6% in Q4 2023, compared to 3.1% in the same quarter of the previous year, due to lower prices of clothing & footwear by 4.0% furnishings and household equipment & maintenance by 3.1%.

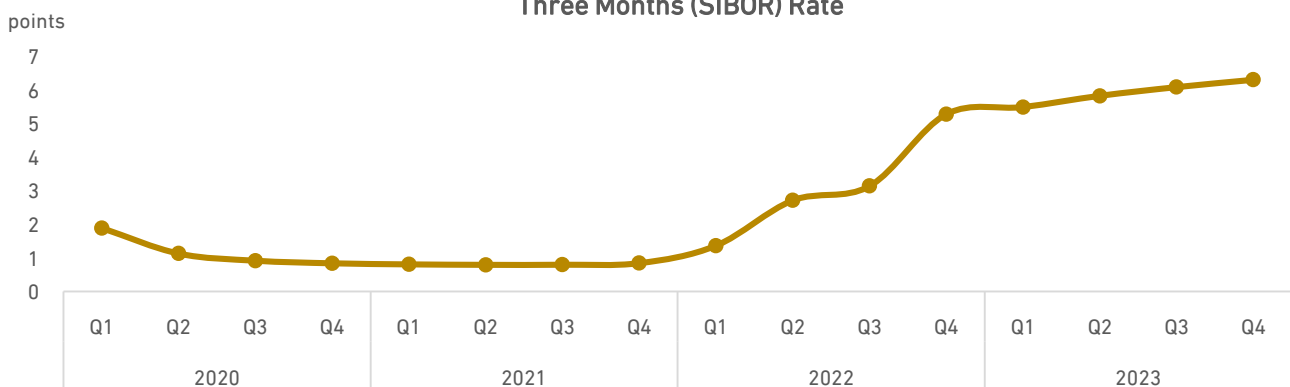
In 2023, the average consumer prices recorded increased by 2.3% compared to 2022, as a result of higher prices of housing, water, electricity, gas and other fuels by 7.9% and food & beverage by 1.4%.

The **Wholesale Price Index (WPI)** increased by 2.1% in Q4 2023, compared to the same quarter last year, due to higher prices of other transportable goods — except metal products, machinery and equipment by 4.6% (33.7% of the index weight), and food, beverage, tobacco and textiles by 3.2% (17.3% of the index weight).

In 2023, the average WPI recorded an increase of 0.9% compared to 2022, driven by higher prices of food products, beverages, tobacco, and textiles by 3.7%, and other transportable goods by 1.5%.

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

Average Interest Rate
Three Months (SIBOR) Rate



Source: SAMA

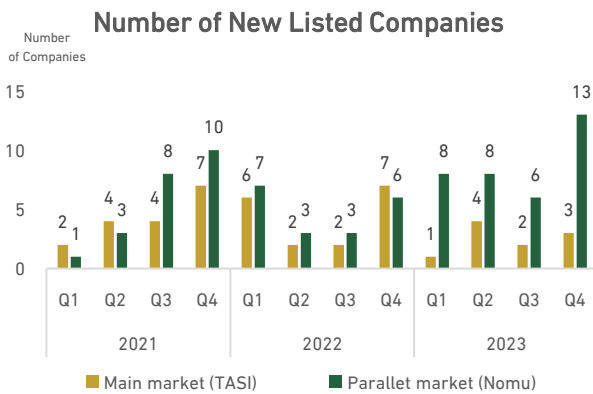
iii. Capital Market

Tadawul All Share Index (TASI) closed at **11,967** points by the end of 2023, up by **14.2%** compared to 2022.

The total market capitalization of TASI recorded SAR 11,259.32 billion by the end of 2023, an increase of **14.0%** compared to 2022.

The **Parallel Market Index (NOMU)** recorded a growth of 26.3% in 2023 compared to 2022, closing at **24,528.98** points. The market capitalization of NOMU reached SAR **48.3** billion, up by **37.7%** by the end of 2023 compared to 2022.

The total number of new listed companies in Q4 2023 reached **(16)**, with **3** companies listed in TASI and **13** companies listed in NOMU.



Source: Saudi Exchange (Tadawul)

Foreign Investors' Ownership in Stock Market



Source: Saudi Exchange (Tadawul)

Although the percentage of the GCC investors' ownership and foreign investors' ownership to the total free float declined by 7.2% and 9.3% in 2023, respectively, the value of the **GCC and foreign investors' ownership increased by 45.6% and 15.6%**, respectively, compared to 2022.

iv. External Sector (Balance of Payments)

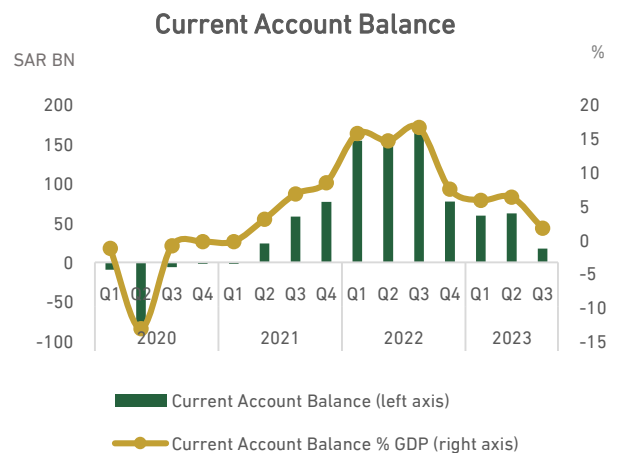
According to the SAMA data for the balance of payments in Q3 2023, the current account recorded a surplus of SAR 17.3 billion, or 1.7% of nominal GDP, compared to a surplus of SAR 177.3 billion for the same quarter in the previous year.

For international trade performance in Q3 2023, the trade balance recorded a surplus of SAR 99.9 billion, a decline of 53.8% compared to a surplus of SAR 216.2 billion in the same period of the previous year.

Merchandise exports decreased by 24.9%, reaching SAR 299.8 billion in Q3 2023, compared to a surplus of SAR 399.1 billion in the same period of the previous year, driven by a decline in oil exports, recording SAR 231.1 billion in Q3 2023 compared to SAR 320.1 billion in the same quarter of the previous year. Similarly, non-oil exports* decreased to SAR 68.7 billion, or 13% compared to SAR 78.9 billion for the same period in 2022.

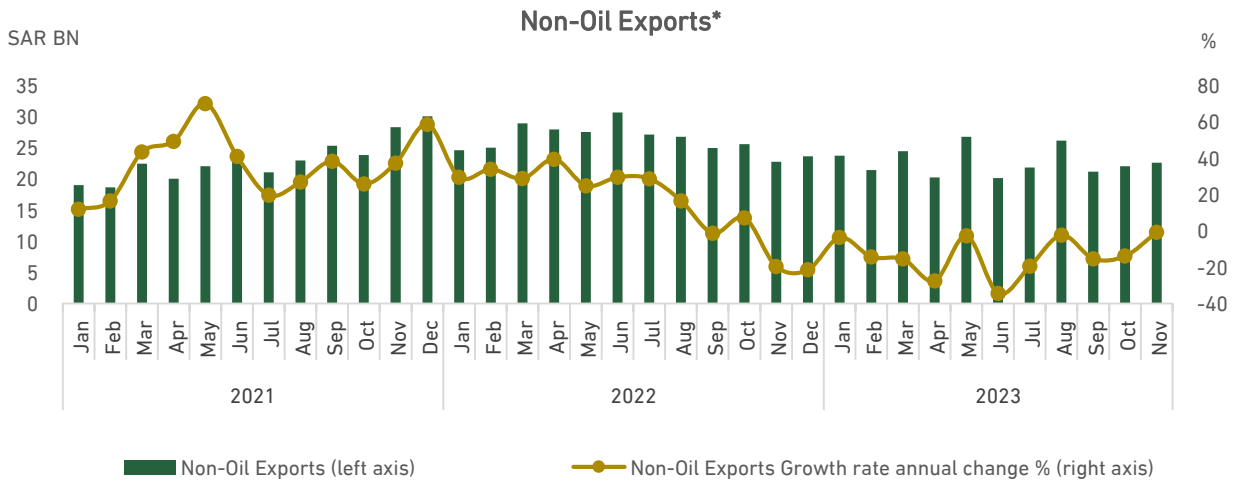
Imports, on the other hand, increased by 9.4%, reaching SAR 200 billion, compared to SAR 182.8 billion for the same period in 2022. The share of non-oil exports to total imports was 34.3% for the same period.

*Non-oil exports include re-exports.



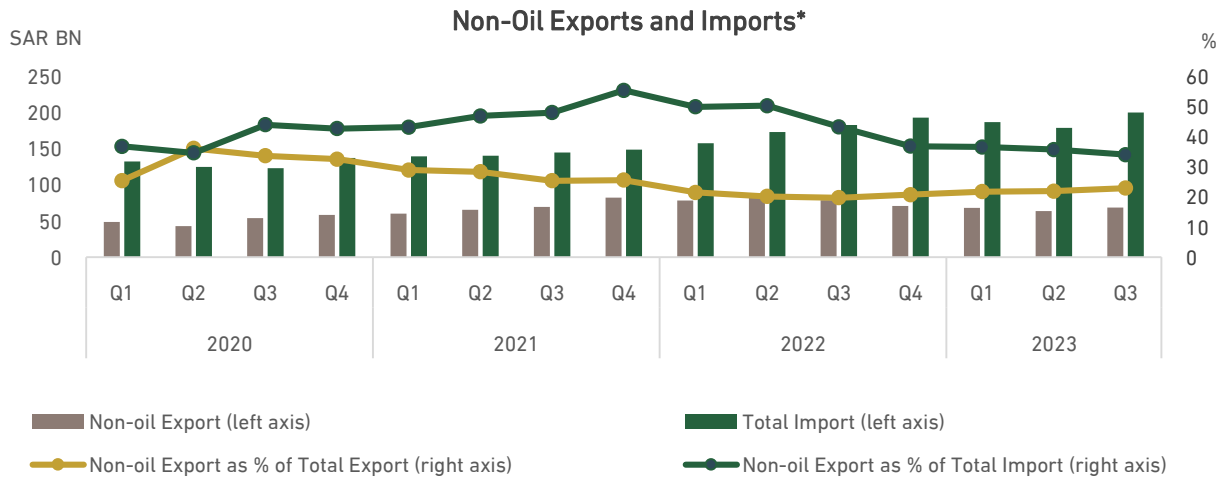
Source: SAMA, GASTAT

v. Selected Economic Indicators



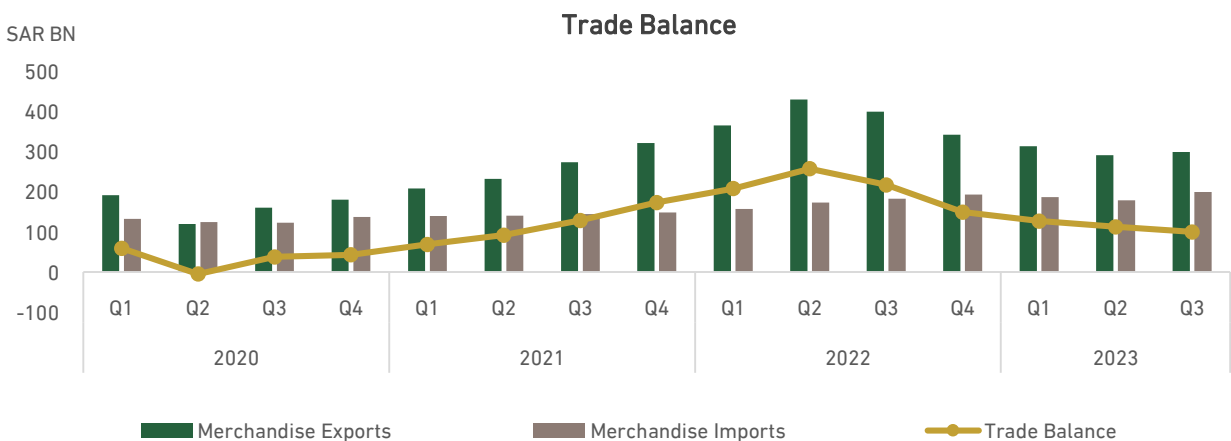
*Non-oil exports include re-exports.

Source: GASTAT



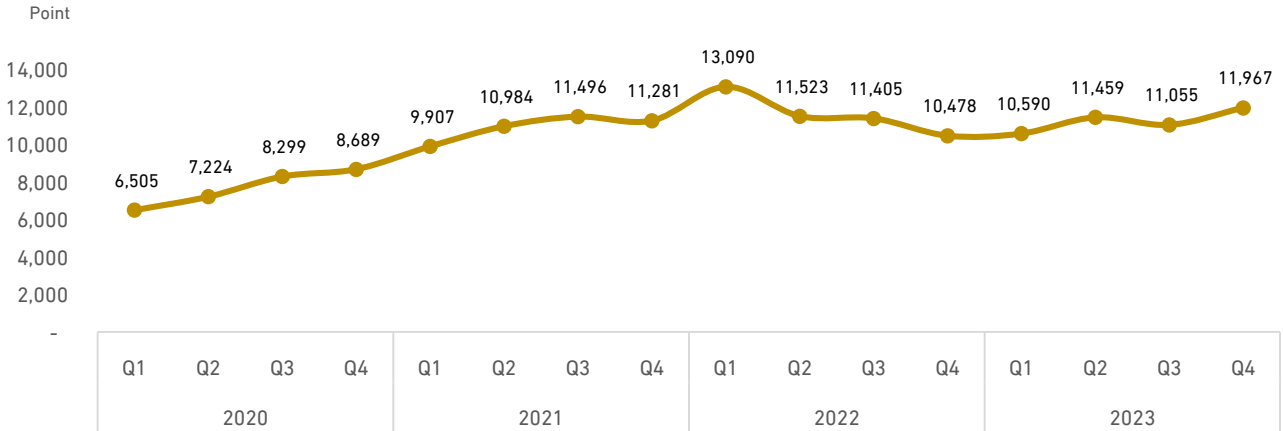
*Non-oil exports include re-exports.

Source: International Trade Bulletin for September 2023, GASTAT



Source: International Trade Bulletin for September 2023, GASTAT

Tadawul All Share Index (TASI)



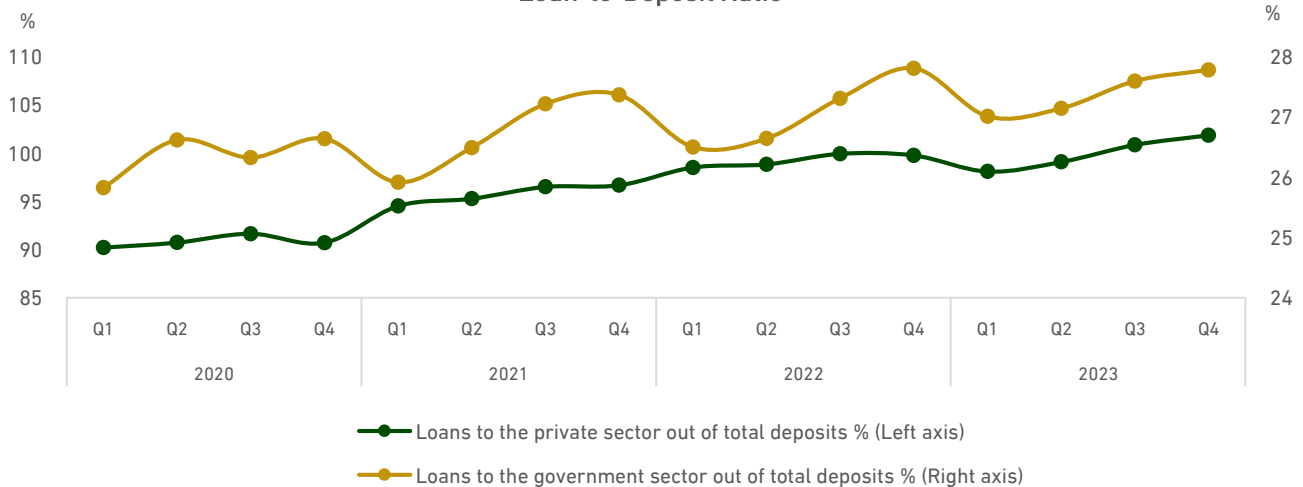
Source: Saudi Exchange (Tadawul)

Ratio of Shares Traded Value by Sector to Total Trading Value of TASI by the end of 2023

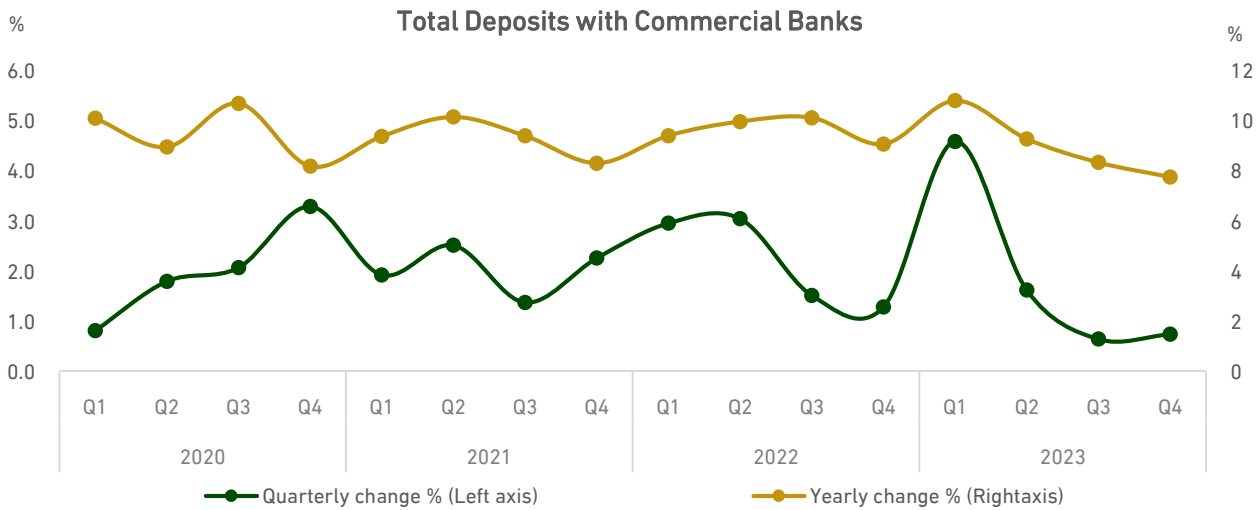


Source: Saudi Exchange (Tadawul)

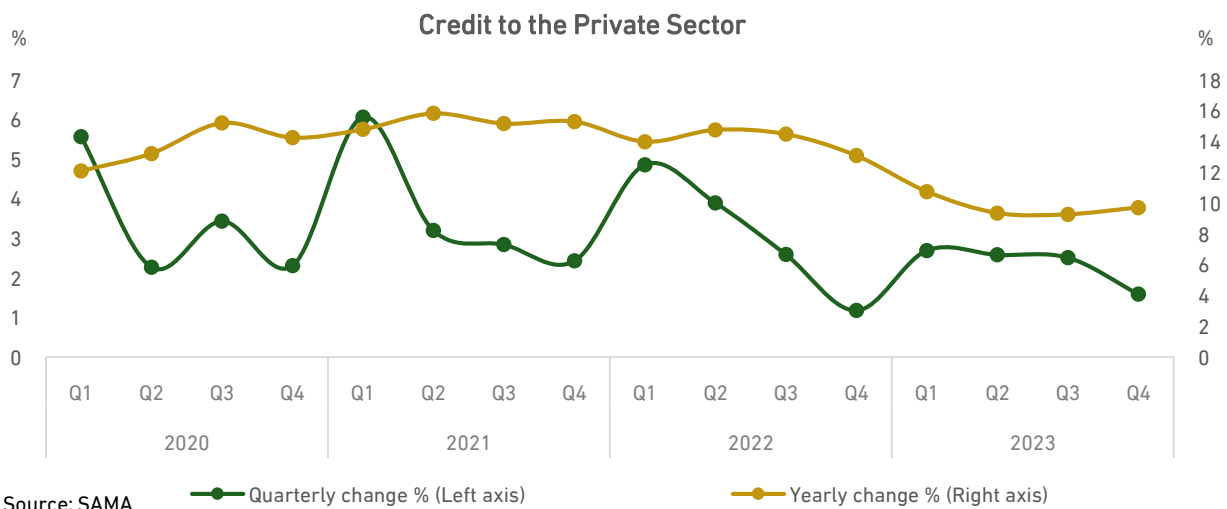
Loan-to-Deposit Ratio



Source: SAMA



Source: SAMA

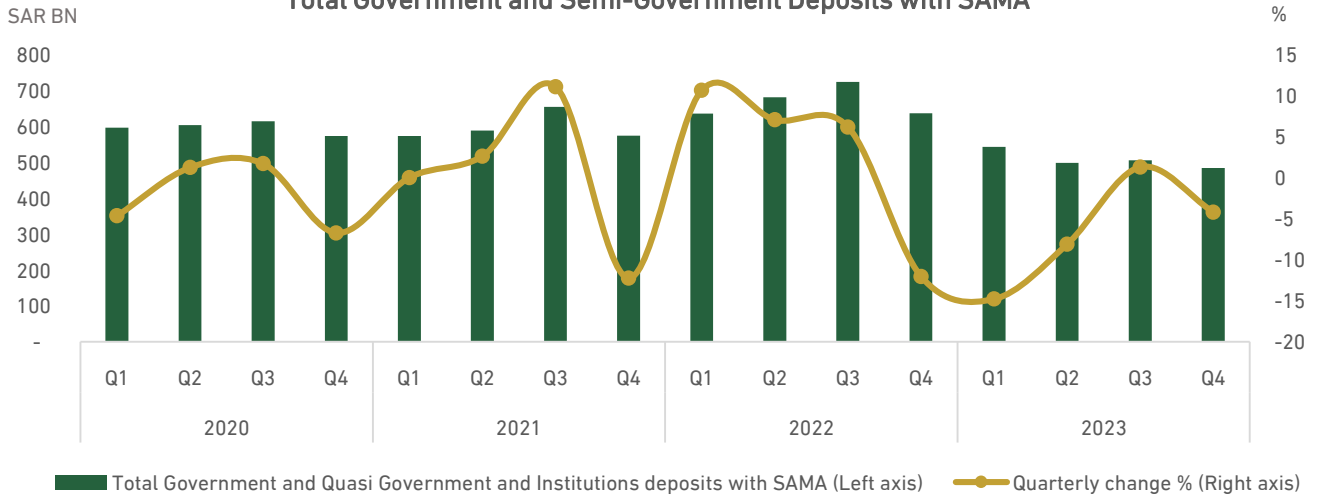


Source: SAMA



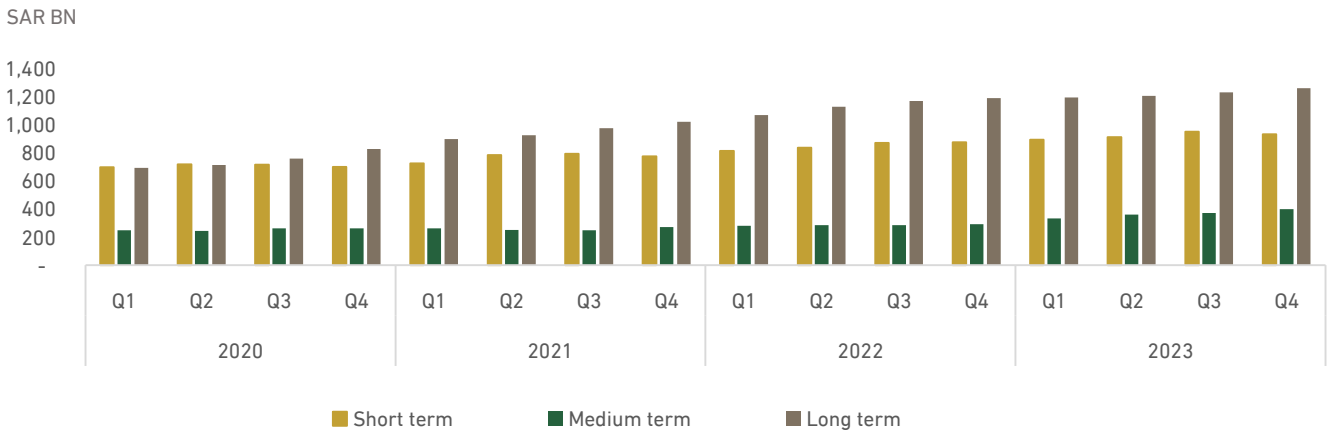
Source: SAMA

Total Government and Semi-Government Deposits with SAMA



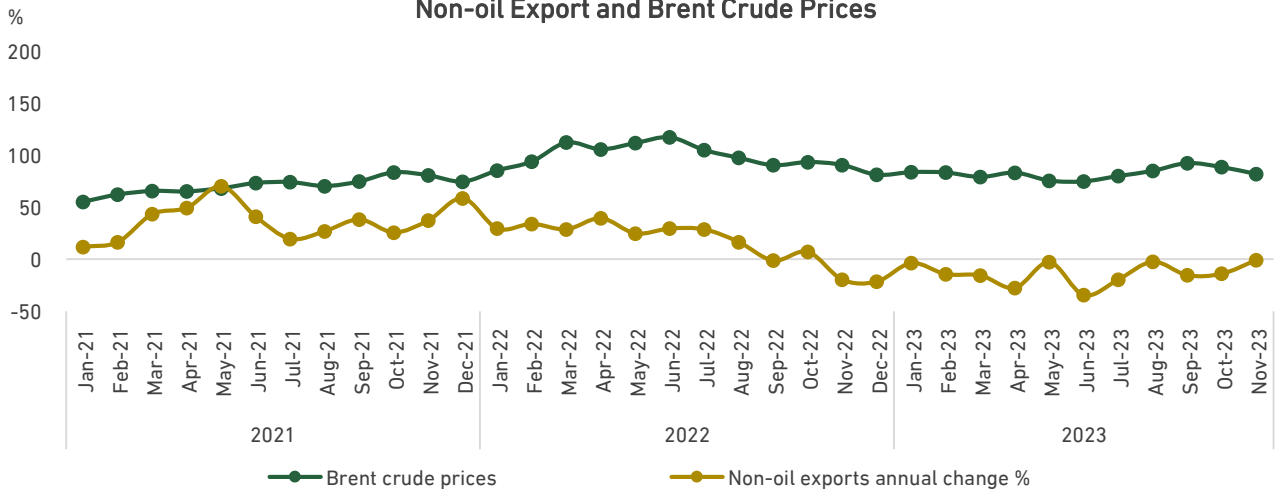
Source: SAMA

Bank Credit Classified by Maturity



Source: SAMA

Non-oil Export and Brent Crude Prices

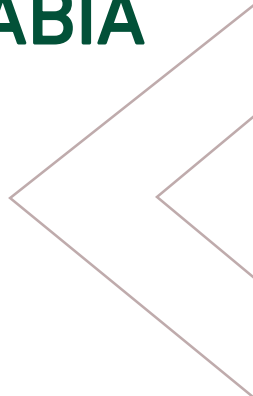


Source: GASTAT, OPEC



03

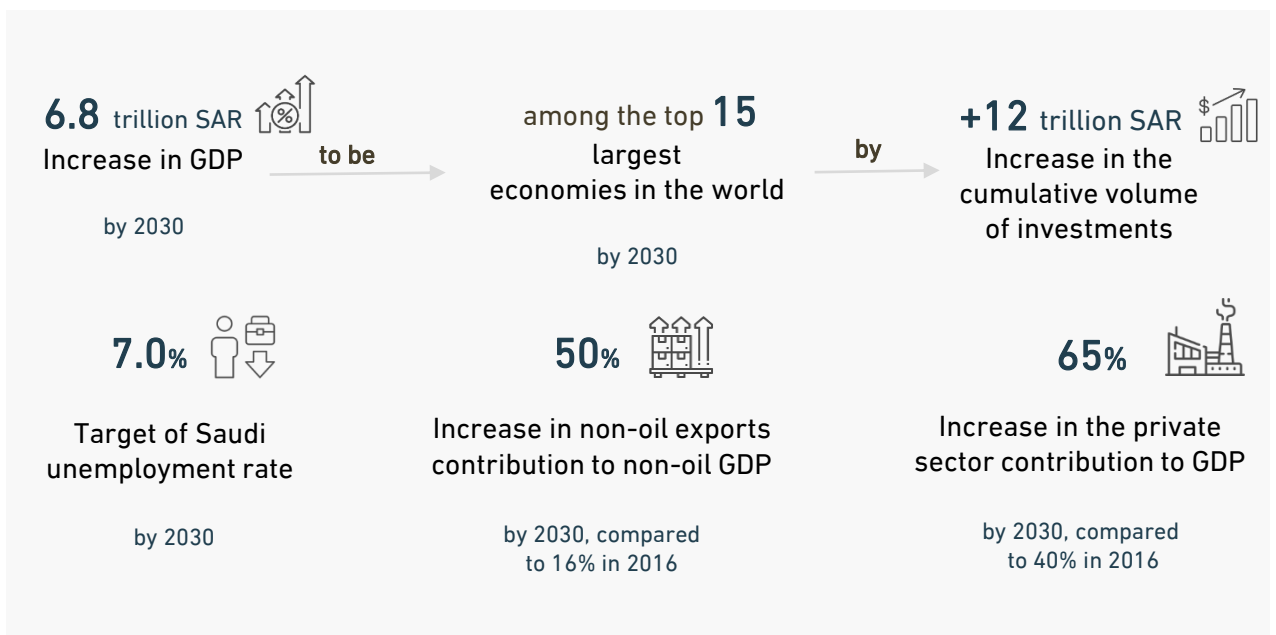
ENABLING INVESTMENT AND ENHANCING THE ATTRACTIVENESS OF ITS ENVIRONMENT IN SAUDI ARABIA



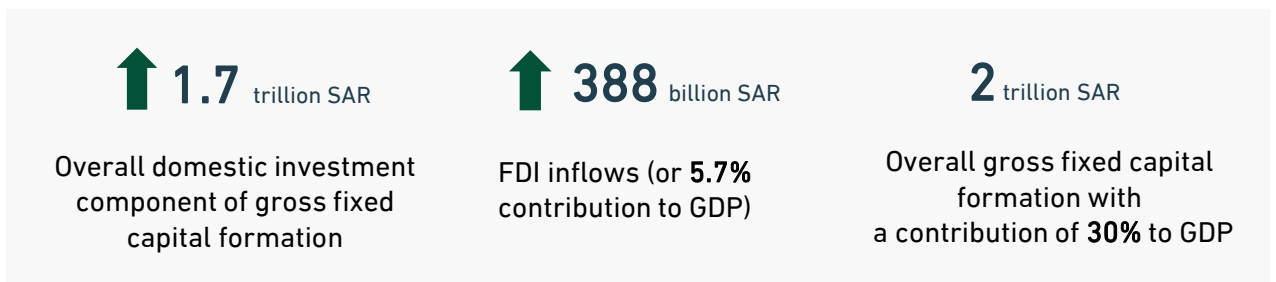
Three: Enabling Investment and Enhancing the Attractiveness of Its Environment in Saudi Arabia

I: Saudi Arabia's Targets Related to Investment Indicators

The National Investment Strategy (NIS) is one of the enablers to achieve the targets of Saudi Vision 2030, through:



The NIS Investment Targets by 2030



Source: National Investment Strategy (NIS)

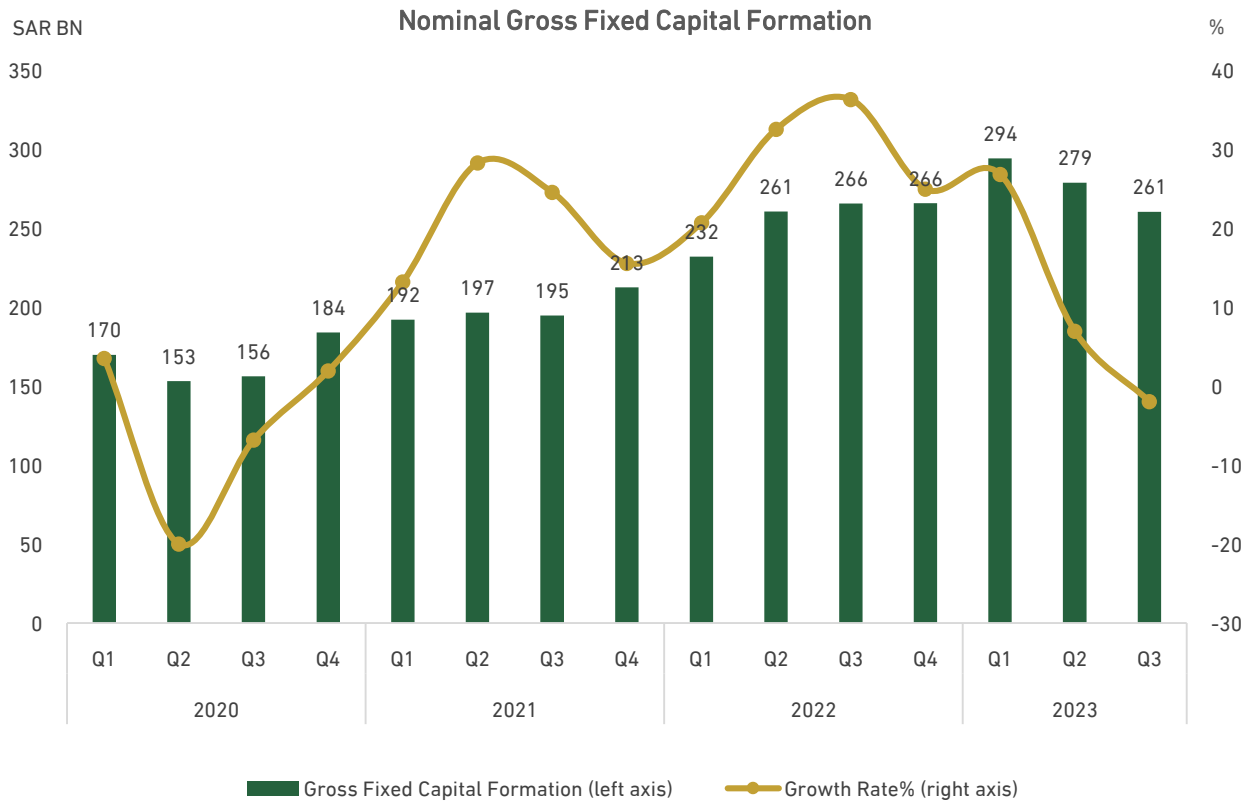
II: Investment in Saudi Arabia

i. Gross Fixed Capital Formation (GFCF)

The **nominal GFCF** reached SAR 261 billion in Q3 2023, a decline by 1.9% due to a drop in the fixed capital formation of the government sector by 10.3% and a slight decrease in the fixed capital formation of the non-government sector by 0.2%. The contribution of fixed capital formation reach 26.1% of nominal GDP in Q3 2023.

Up until the end of Q3 2023, the **nominal GFCF** grew by 10% YoY, recording SAR 834 billion, driven mainly by a growth in the fixed capital formation of the non-government sector by 11.4%.

In 2022, the **nominal GFCF** increased by 28.6% compared to the previous year, reaching SAR 1,024 billion. This was due to a growth in both fixed capital formation for the government sector and the non-government sector by 40.3% and 26.7%, respectively.



Source: GASTAT

ii. Foreign Direct Investment (FDI)

The new methodology for calculating FDI

In line with Saudi Vision 2030 and to develop a world-class investment environment, the Kingdom, in consultation with the International Monetary Fund (IMF), worked on a new methodology for calculating FDI statistics, through cooperation between the Ministry of Investment (MISA), the General Authority for Statistics (GASTAT), and the Saudi Central Bank (SAMA)

The new methodology aims to improve the quality and transparency of FDI data following international best practices, which are more accurate and comprehensive, to support policy formulation and enable investors to access high-quality data to rely on in their investment decisions.

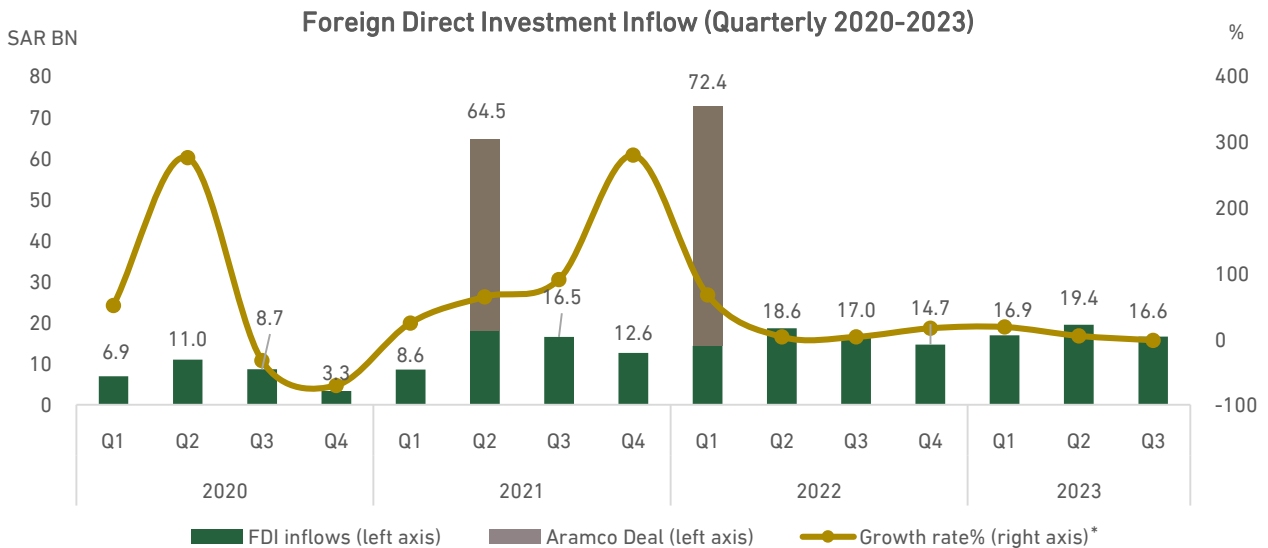
The FDI statistics provide more details on the foreign investments in Saudi Arabia from several aspects, covering several new indicators related to FDI, including the FDI stock, FDI inflow and outflow, and FDI net inflow by economic activity, city and administrative region, financial instrument, investing country.

The FDI statistics released by the Ministry of Investment confirm the transformation that the Kingdom has witnessed in the FDI, resulting from the efforts made under the umbrella of Saudi Vision 2030 and the National Investment Strategy (NIS).

The Ministry of Investment is the source of the annual FDI statistics and historical quarterly FDI statistics until the end of 2022. The General Authority for Statistics is the source of quarterly FDI statistics from 2023 onwards.

2.1 FDI inflow Quarterly 2023

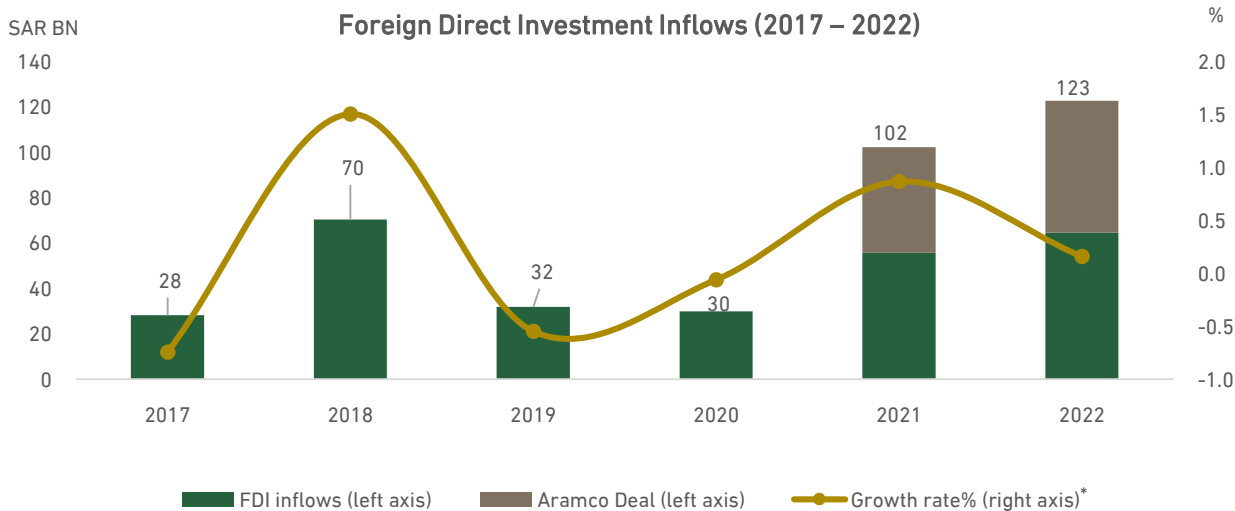
According to the new methodology of calculating FDI, the FDI inflow declined by 2.1% YoY in Q3 2023, yet the FDI inflow grew by 6.2% in 2023 until the end of Q3 compared to the same period in 2022 (excluding the Aramco deal with the consortium led by “BlackRock Real Assets” and “Hassana Investment Company” worth SAR 58.1 billion, announced in February 2022).



Source: GASTAT, MISA
* Excluding the Aramco deal

2.2 Foreign Direct Investment annually until 2022

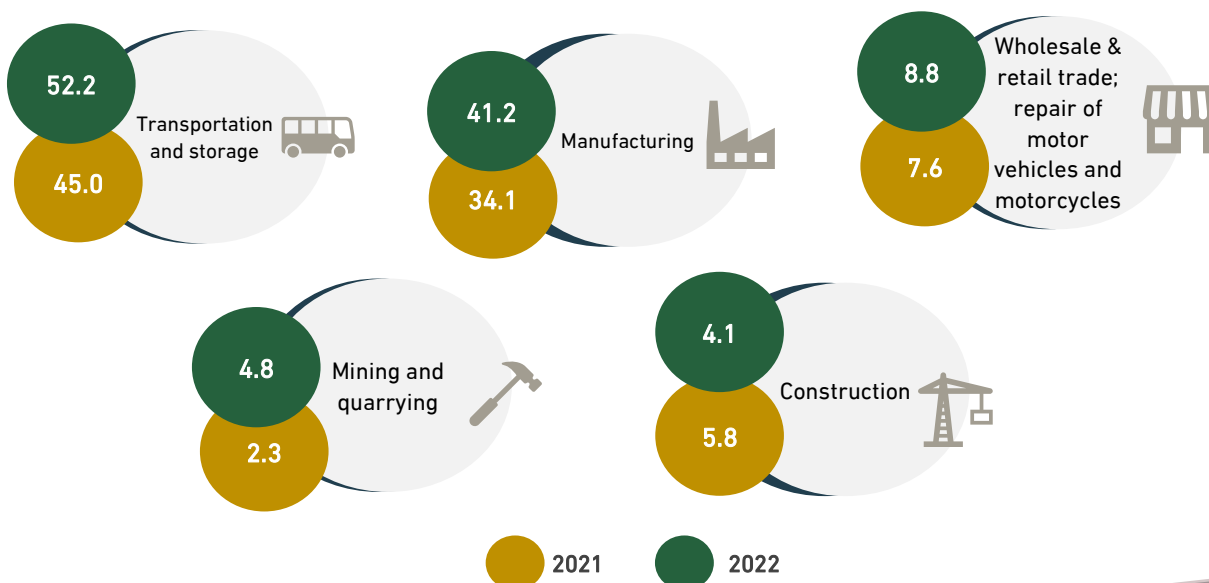
In 2022, the FDI inflow to Saudi Arabia recorded SAR 123 billion, a growth of 20.0% compared to 2021. The FDI inflow reached 3.0% of nominal GDP in 2022, exceeding the NIS target of 2.0%.



2.3 FDI inflow by economic activities

Looking at FDI inflow by economic activity in 2022, transportation and storage received the highest FDI inflow of SAR 52 billion, followed by manufacturing with SAR 41 billion, wholesale, retail trade, and repair of motor vehicles and motorcycles with SAR 9 billion, and mining and quarrying with SAR 5 billion, then construction activity with SAR 4 billion, all together represent 91% of the total FDI inflow.

FDI Inflow by Top 5 Economic Activities in 2022 (SAR BN)

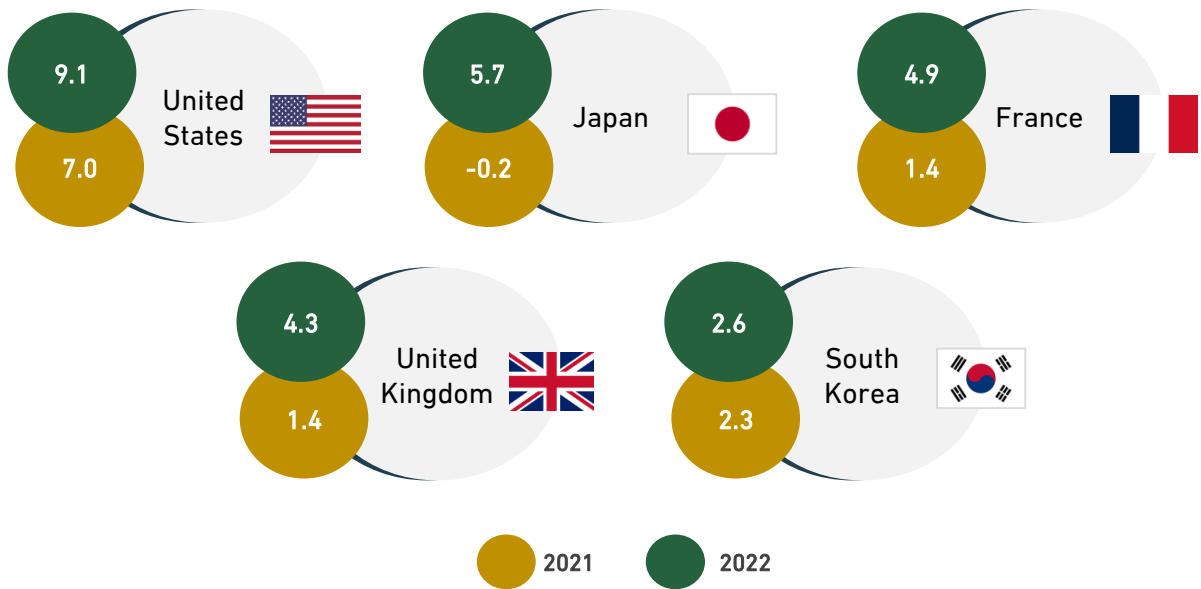


Source: MISA
*Excluding the Aramco deal

2.4 FDI inflow – G20 countries

In terms of the top 5 of G20 countries, Saudi Arabia received the highest FDI inflows from the US in 2022 with SAR 9 billion, followed by Japan with SAR 6 billion, France with SAR 5 billion, the UK with SAR 4 billion, then South Korea with SAR 3 billion.

FDI Inflow by Top 5 G20 Countries in 2022
(SAR BN)



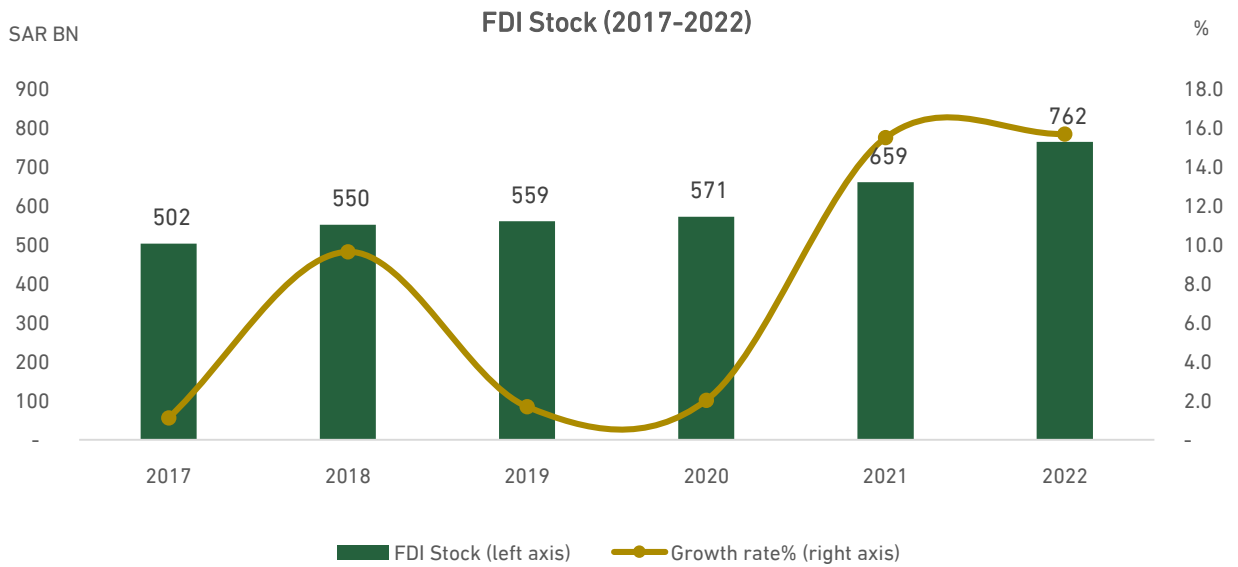
iii. FDI Stock

According to the new methodology of calculating FDI, the FDI stock grew by 1.4% in Q3 2023, compared to Q2 2023.



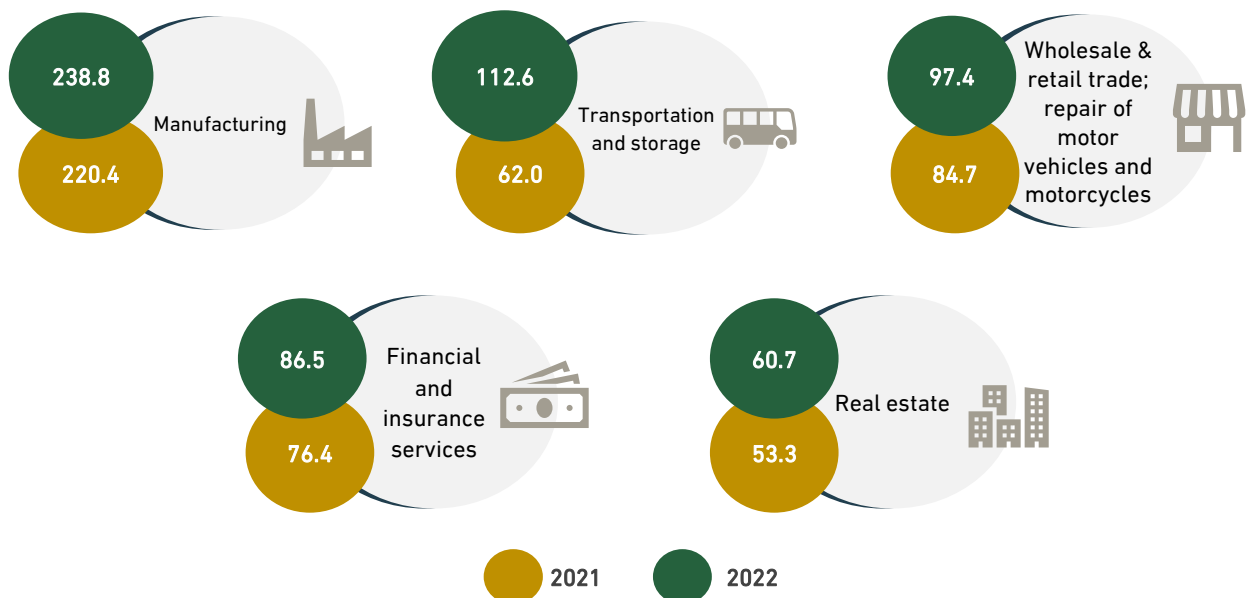
Source: MISA

In 2022, the FDI stock recorded SAR 762 billion, a growth of 16.0% compared to 2021, reflecting the fruits of the reforms that took place in recent years to strengthen the investment ecosystem, in line with Saudi Vision 2030 targets.



Looking at the FDI stock by economic activity, manufacturing recorded the highest FDI stock of SAR 239 billion, followed by transportation and storage with SAR 113 billion, wholesale and retail trade, repair of motor vehicles and motorcycles with SAR 97 billion, financial and insurance services with SAR 87 billion, then real estate with SAR 61 billion, all together represent 78% of the total FDI stock.

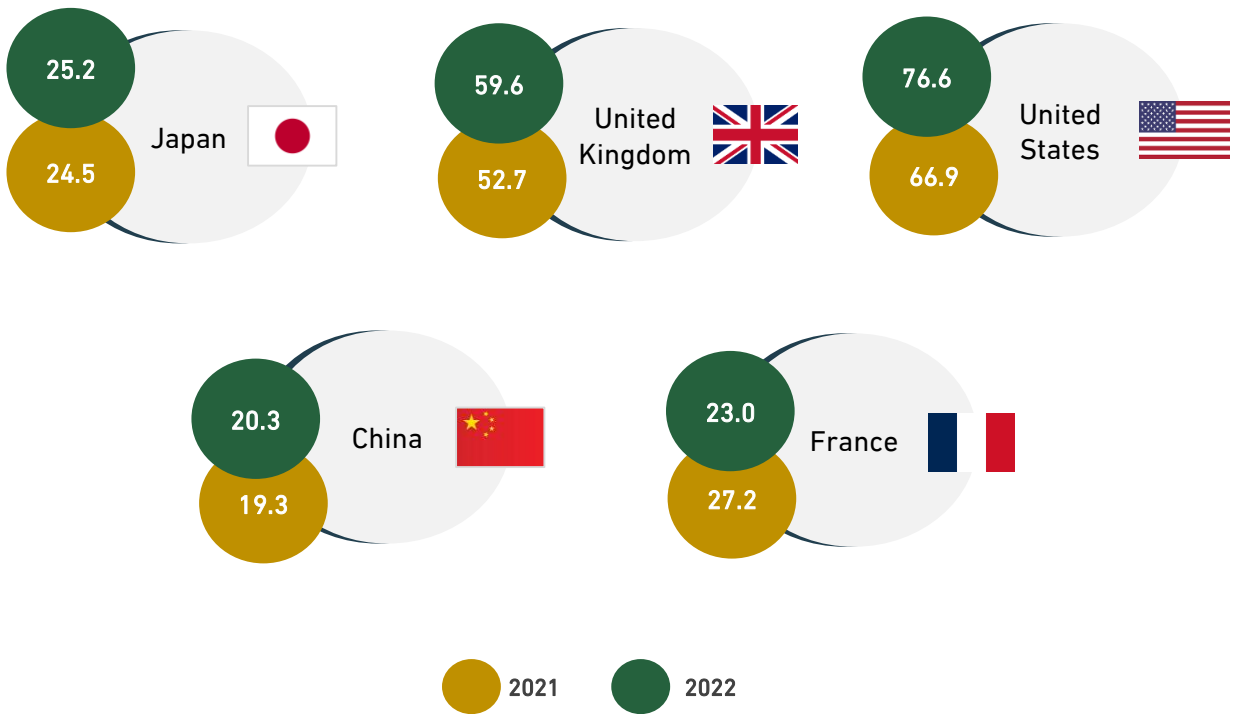
**FDI Stock by Top 5 Economic Activates in 2022
(SAR BN)**



Source: MISA

Regarding the top 5 G20 countries, Saudi Arabia received the highest FDI stock from the US in 2022 with SAR 77 billion, followed by the UK with SAR 60 billion, Japan with SAR 25 billion, France with SAR 23 billion, then China with SAR 20 billion.

FDI Stock by Top 5 G20 Countries in 2022
(SAR BN)



Source: MISA

Analytical view on the performance of FDI inflow in Saudi Arabi

In light of Saudi Vision 2030, Saudi Arabia seeks to accelerate investment and provide an attractive investment environment as it offers huge opportunities in promising sectors. The FDI inflows, according to the new methodology, recorded an average growth of 51.9% from 2016 to 2022. In (Figure 1), the most FDI inflow originated from several sectors such as manufacturing, transportation and storage, and construction by 27.5%, 15.1%, and 14.7%, respectively, of the total FDI inflow. This reflects the effectiveness of the investment ecosystem in attracting quality foreign investments into Saudi Arabia.

Figure 1: Average FDI Inflow by Economic Activities (2016 – 2022)

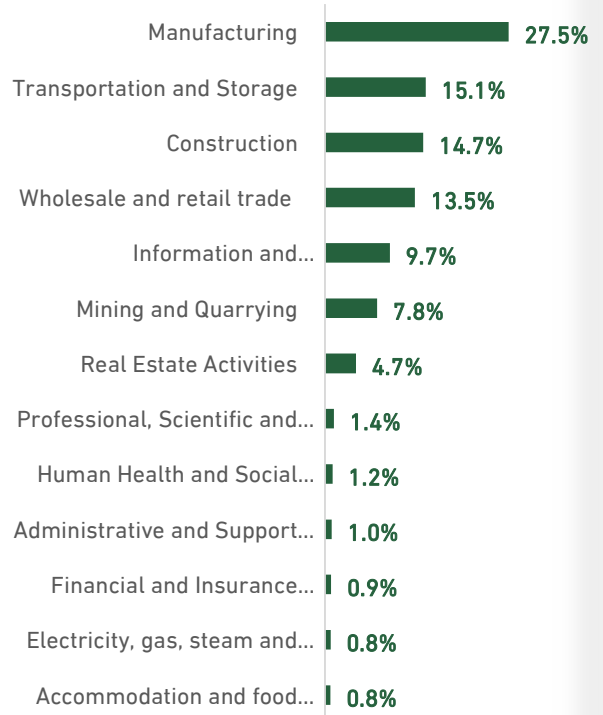


Figure 2: Non-oil Exports and FDI Inflow

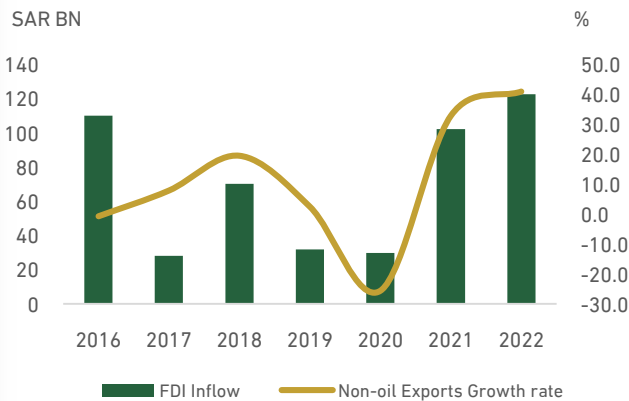
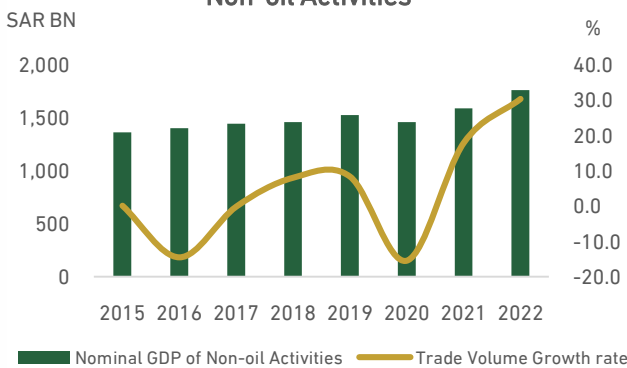


Figure 3: Foreign Trade Volume and Nominal GDP of Non-oil Activities



The FDI inflow promotes the economic growth and diversification that the Kingdom seeks, as it leverages its capabilities and efforts to diversify the economic base, which in turn enhances non-oil exports. To this end, Saudi Arabia offers many initiatives to maximize its competitive advantages in global and regional markets and attract foreign investments for productivity growth and economic efficiency, in line with the Kingdom's drive to diversify its production base. In (Figures 2, 3), the average growth of non-oil exports rose by 11.0% from 2016 to 2022. This is reflected in the performance of foreign trade volume and nominal GDP of non-oil activities as they recorded an average growth of 4.8% and 3.8%, respectively, for the same period.

iv. Closed Deals in Q4 2023

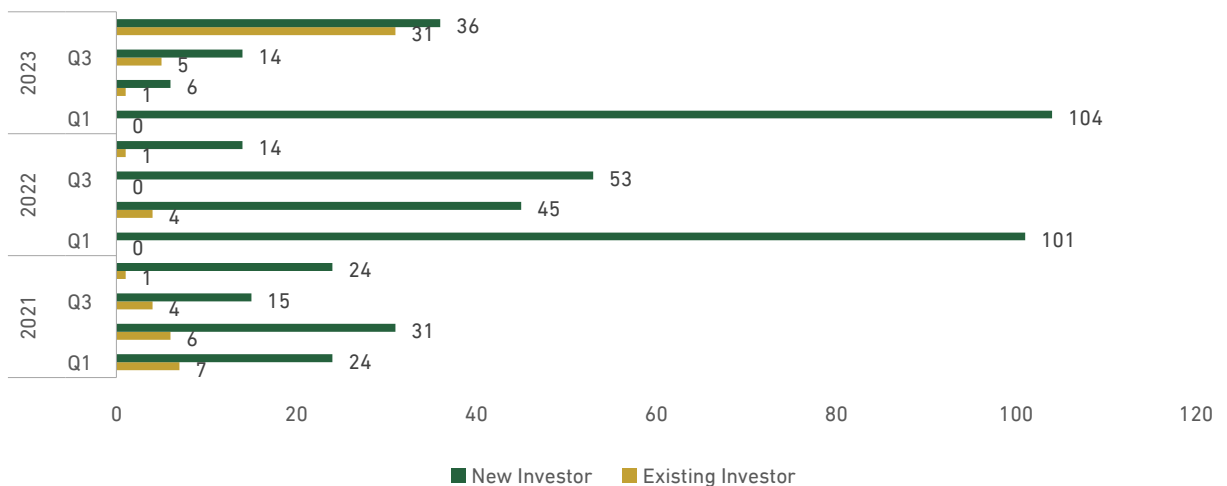
The number of investment deals reached **67 deals** in Q4 2023, compared to 15 deals in the same period of the previous year, an increase of 346.7%. For 2023, the total closed deals reached 197 deals.

Looking at **economic activities**, the distribution of deals shows that real estate attracted the most attention from investors with **23 deals** and media and entertainment with 10 deals in Q4 2023. As for countries, the top investors in Saudi Arabia in Q4 2023, are: the UK with 6 deals, the UAE, the US and South Korea with 3 deals each, and the rest of the deals were distributed across 14 countries.

Distribution of Deals by Economic Activity (Q4 2023)

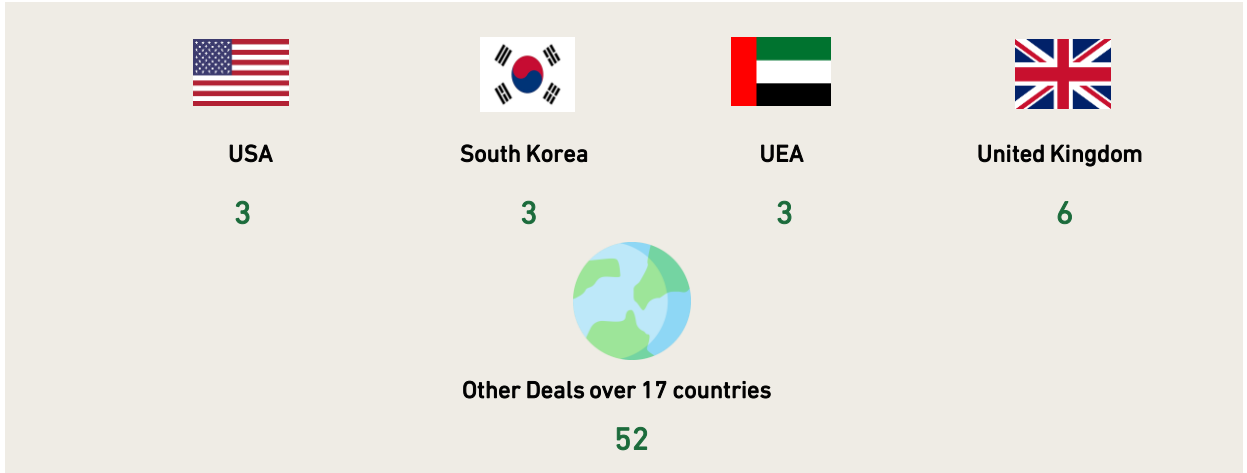


Number of Investors in Deals by Type of Investor



Source: MISA

Distribution of Deals by Country (in Q4 2023)
(Number of deals)

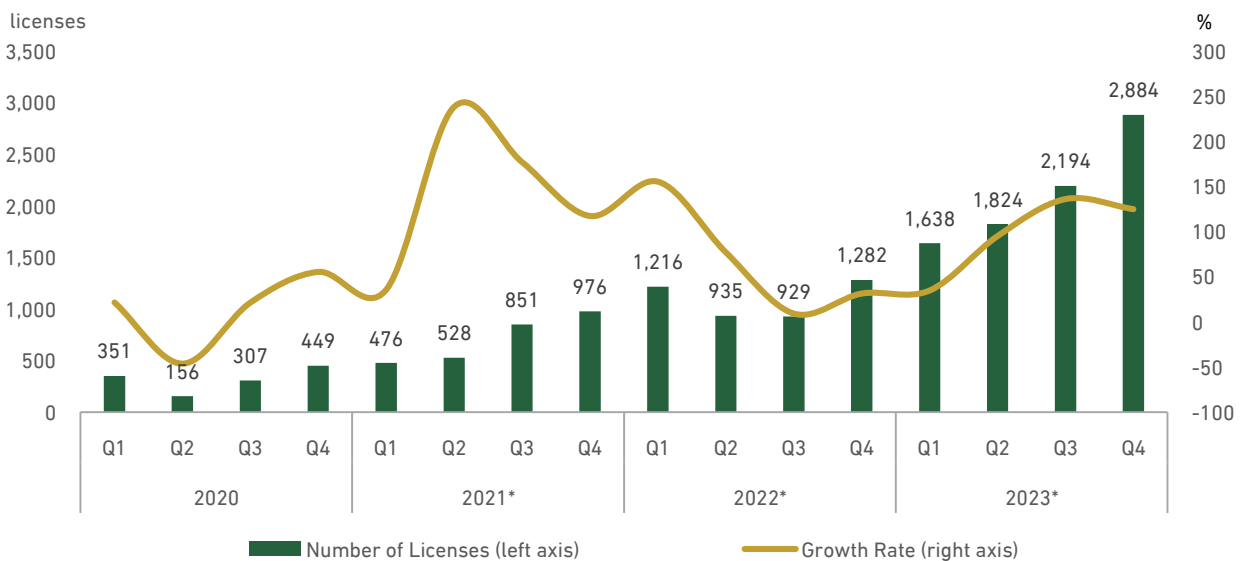


v. Investment Licenses in Q4 2023

The number of **new investment licenses** grew by 125.0%, or 2,884 licenses in Q4 2023, compared to 1,282 in the same quarter of the previous year (excluding licenses issued as part of the anti-concealment law enforcement). The total number of new investment licenses reached 2,898 licenses for the same period.

In 2023, the number of **new investment licenses** increased by 95.8%, or 8,540 licenses compared to 4,362 licenses in 2022 (excluding licenses issued as part of the anti-concealment law enforcement). The total number of new investment licenses reached 8,595 licenses in the same year.

Number of Investment Licenses



Source: MISA

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

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

Overall, a high number of investment licenses were issued for **construction, manufacturing, vocational, educational and technical activities, ICT, accommodation and food, wholesale and retail trade, repair of motor vehicles and motorcycles activities**, representing 80.4% of total investment licenses issued in Q4 2023.

In Q4 2023, **electricity, gas, steam and air conditioning** recorded the highest growth of 400.0% in the investment licenses, compared to the same quarter in the previous year, followed by **education** and **construction** by 292.3% and 160.3%, respectively.

Activity*	2022 Q4	2023 Q4	Growth Rate %
Construction	325	846	160.3
Manufacturing	233	494	112.0
Professional, scientific & technical activities	154	360	133.8
Information and communication	111	246	121.6
Accommodation & food service	99	197	99.0
Wholesale & retail trade; repair of motor vehicles and motorcycles	143	186	30.1
Administrative and support services	71	131	84.5
Transportation and storage	51	106	107.8
Real estate	27	60	122.2
Education	13	51	292.3
Arts, entertainment & recreation	19	44	131.6
Health and social activities	20	40	100.0
Agriculture, forestry & fishing	14	30	114.3
Other services	23	29	26.1
Water supply, sewerage activities & waste management	18	28	55.6
Financial and insurance services	17	20	17.6
Electricity, gas, steam & air conditioning	3	15	400.0
Mining and quarrying	12	15	25.0
Total	1,353	2,898	114.2

Source: MISA

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

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

Considering the legal status of the company, the licenses issued for **limited liability companies (LLC)** reached 819 licenses in Q4 2023. **The single-member limited liability company (SMLLC)** recorded 1,744 licenses. The rest of the licenses were distributed among **other types of companies** with 335 licenses.

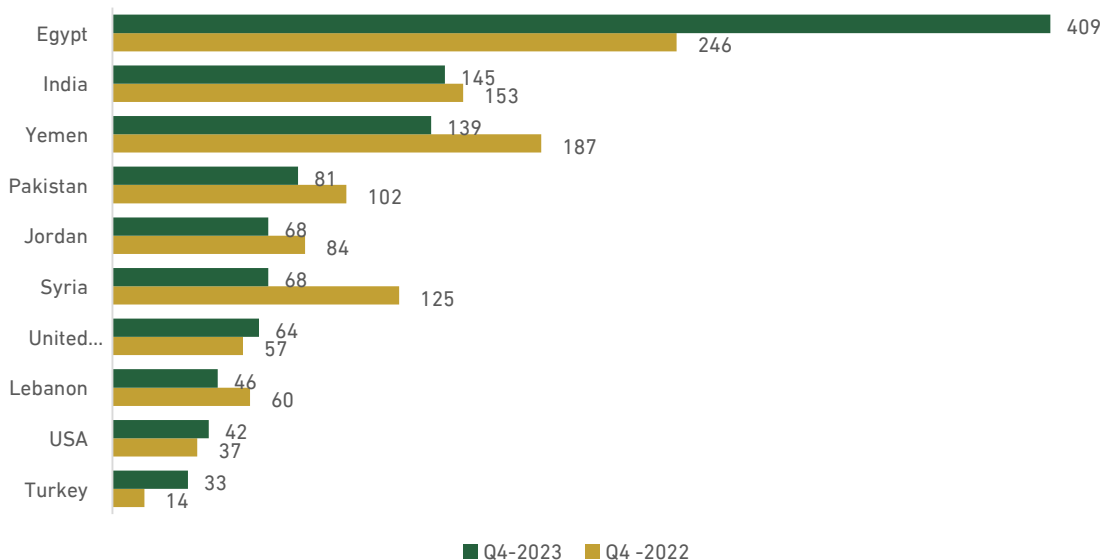
In 2023, the total licenses issued for the **LLCs** recorded 2,324 licenses, the **SMLLCs** 5,165 licenses and **other types of companies** 1,106 licenses.

Number of Licenses by Legal Status of Company *



With regards to the **distribution of licenses by country** (a share was calculated for each country participating in the ownership of the capital), **Egypt** received the highest number of investment licenses issued by MISA in Q4 2023 with 409 licenses, followed by **India** with 145 licenses, **Yemen** with 139 licenses, then **Pakistan** with 81 licenses and **Jordan** with 68 licenses.

Licenses by Top 10 Countries*



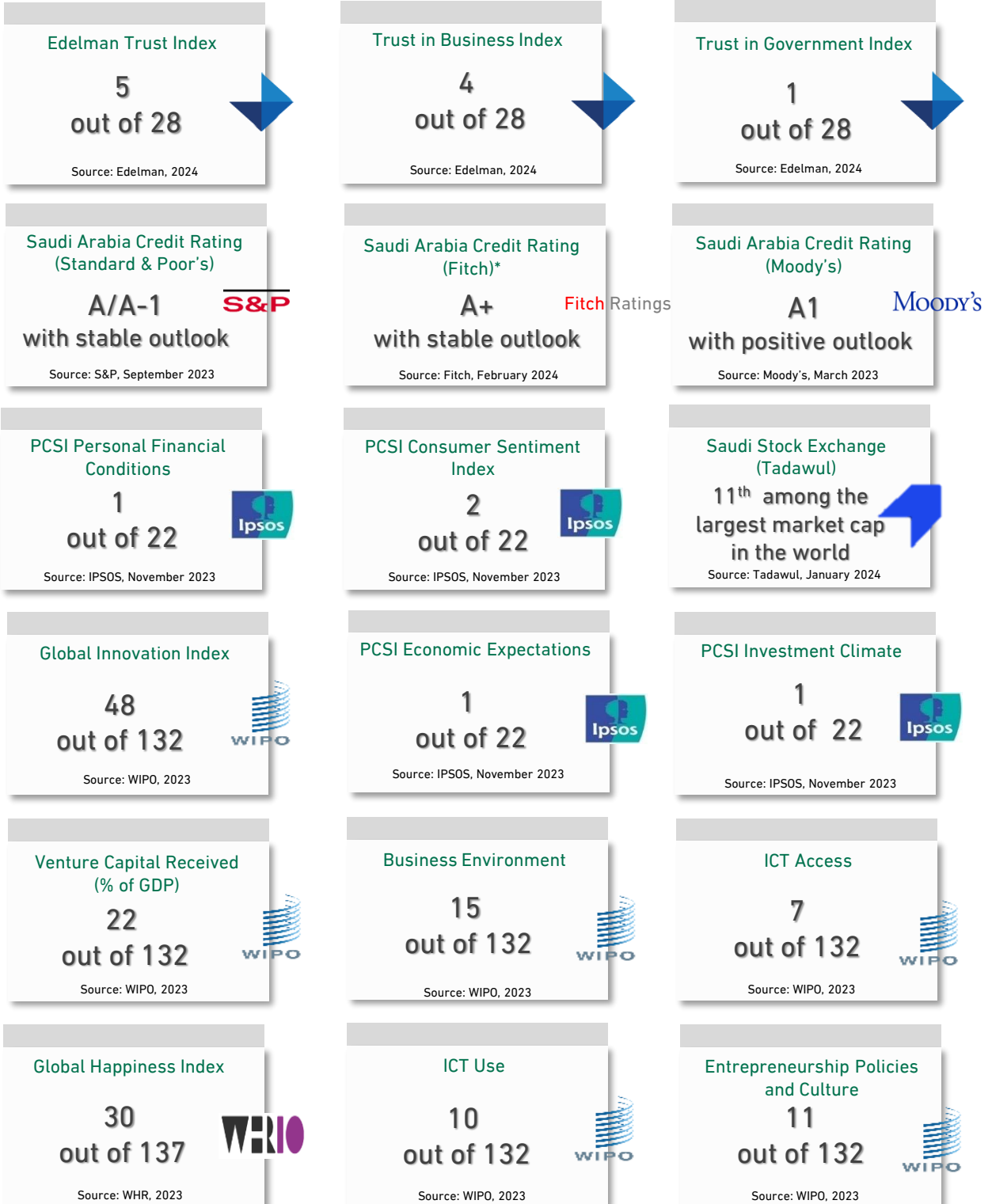
Source: MISA

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

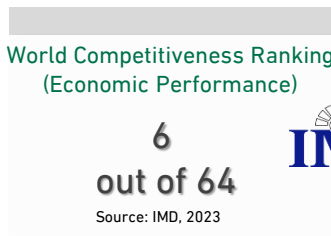
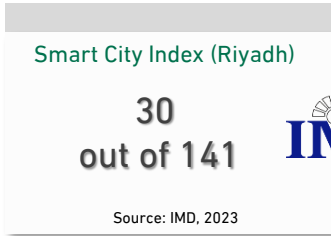
Historical figures of investment licenses are subject to update according to data dynamics

III: Saudi Arabia's Performance in Global Indicators

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



*Fitch estimates



*IMF estimates

** Excluding countries groups, according to the IMF classification.

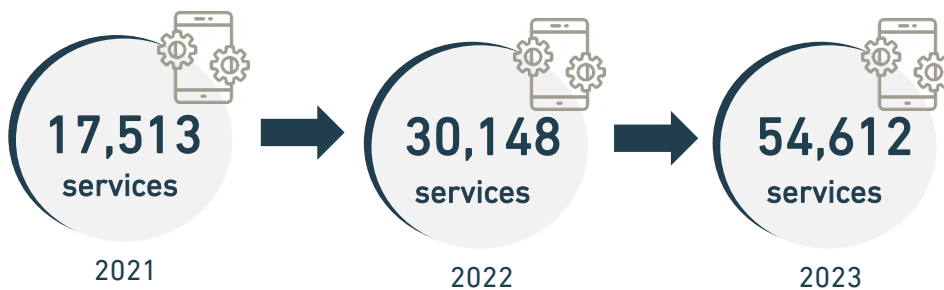
IV: Efforts to Support Investment Environment in Saudi Arabia

Strategic and Operational Achievements

1. Key operational achievements of MISA

The number of E-services provided to investors by MISA recorded a remarkable growth of 81.1%, or 54,612 services in 2023 compared to 30,148 services in 2022. The requests and queries also recorded a growth of 63.8%, reaching 12,645 requests for the same period.

- E-services provided to investors:



- Requests and inquiries received via the website



2. MISA Events in Q4 2023

MISA, in cooperation with other government entities, has a pivotal role in promoting investment and attracting investors through organizing and participating in numerous events. **More than 21 local and international events were organized in Q4 2023** in various areas including tourism, sports, biotechnology, and mining, in addition to its participation in several investment forums between Saudi Arabia and several countries.

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

2. MISA Events in Q4 2023



Portuguese Saudi Investment Forum Focus Area: Investment

October 3, 2023
Lisbon, Portugal

To strengthen and enhance the economic and trade relations between the two countries by exploring investment areas and available opportunities in both countries.



WIF 2023 Focus area: Investment

October 17, 2023
Abu Dhabi, United Arab Emirates

The UNCTAD World Investment Forum is the pre-eminent global platform for investment and development. It devises strategies and solutions for global investment and development challenges and facilitates multi-stakeholder collective action to stimulate investment in development. It offers a unique opportunity to influence investment-related policymaking, shape the global investment environment, and network with global leaders in business



Saudi Philippine Roundtable Meeting Focus area: Investment

October 19, 2023
Riyadh, Saudi Arabia

The meeting was held to enhance the economic and trade relations between the two countries by exploring investment areas and available opportunities in light of Saudi Vision 2030.





Saudi Indonesian Roundtable Meeting Focus area: Investment

October 20, 2023
Riyadh, Saudi Arabia

The meeting was held to strengthen and enhance the economic and trade relations between the two countries by exploring investment areas and available opportunities.



Saudi Korean Investment Forum Focus area: Investment

October 21, 2023
Riyadh, Saudi Arabia

Towards achieving the targets of Saudi Vision 2030, the forum was held to strengthen the economic and trade relations between the two countries by exploring investment areas and available opportunities.



Saudi EU Investment Forum Focus area: Investment

October 22, 2023
Riyadh, Saudi Arabia

The Saudi EU Investment Forum is one of the largest investment events in the world. It includes sessions and workshops on various economic and investment topics, in addition to providing communication opportunities for investors on both sides.





Saudi Singapore Roundtable Meeting Focus area: Investment

October 23, 2023
Riyadh, Saudi Arabia

The meeting aims to enhance the economic and trade relations between the two countries by exploring investment areas and available opportunities to realize the targets of Saudi Vision 2030.



Longines Global Champions Tour Focus area: Sports

October 26, 2023
Riyadh, Saudi Arabia

Riyadh hosted the Longines Global Champions Tour, the final round of the 2023 show jumping series, at the King Abdullah Financial Center (KAFC), intending to enhance the activation of sporting activities in the Kingdom.



Global Health Exhibition Focus area: Biotechnology

October 29, 2023
Riyadh, Saudi Arabia

The central aim of the event is to raise awareness about the importance of investing in one's health. It also aims to encourage individuals to invest in their health, increasing the average lifespan to 80 years, in line with Saudi Vision 2030 and global life expectancy rates.





IMARC Focus area: Mining

October 29, 2023
Sydney, Australia

The International Mining and Resources Conference (IMARC) is where the most influential people in the mining industry come together, delivering ideas, inspiration and serving as a meeting ground for industry. From ground-breaking technology, world-class content, to a vivid showcase of all the elements that make the mining industry great.



WTM Focus area: Tourism

November 5, 2023
London, United Kingdom

World Travel Market London is home to the world's travel trade - the most influential travel and tourism event globally. It brings together interested investors in the international leisure travel community.



KSA Auto Connect Forum Focus area: Technology

November 8, 2023
Riyadh, Saudi Arabia

The forum symbolizes the concerted efforts of Saudi Arabian entities to propel the automotive industry forward. The National Industrial Development Centre (NIDC), the Ministry of Investment (MISA), and the Ministry of Industry and Mineral Resources (MIM) have come together, unified in vision and are committed to action in line with the ambitious goals of Saudi Vision 2030.





Come Up 2023 Focus area: Investment

November 8, 2023
Seoul, South Korea

COME UP is the world's most startup-led festival. All programs and events are fully led by startup founders and communities. It builds a global network of startup communities from around the world, helping their startup ecosystems grow and scale up, introducing promising early-stage startups with never-seen-before innovations.



Saudi-CARICOM Roundtable Meeting Focus area: Tourism

November 16, 2023
Riyadh, Saudi Arabia

The meeting # was held to strengthen and enhance the economic and trade relations between the two countries by exploring investment areas and available opportunities in light of Saudi Vision 2030.



Ferrari Festival Focus area: Sports

November 29, 2023
Jeddah, Saudi Arabia

The festival celebrated all things Ferrari, the globally renowned iconic automotive brand, and presented the FORMULA 1 SAUDI ARABIAN GRAND PRIX. The Ferrari Festival has also featured show runs, track activity, street parades as well as a wide variety of live activations and interactive engagements across two days.





Saudi Brazilian Roundtable Meeting Focus area: Investment

**November 29, 2023
Riyadh, Saudi Arabia**

To strengthen the economic and trade relations between the two countries, the meeting was held to explore different investment areas and available opportunities that both countries offer.



GPCA Forum Focus area: Petrochemical industry

**December 4, 2023
Doha, Qatar**

The GPCA's flagship event has firmly established itself as the foremost gathering of the chemical and petrochemical industry in the Arabian Gulf region. It is a major cluster for the chemicals and petrochemicals industry in the Arabian Gulf region and is a vital knowledge-sharing and networking platform for regional and global industry stakeholders.



China Saudi Investment Conference Focus area: Investment

**December 12, 2023
Hong Kong, China**

In line with Saudi Vision 2030, the conference was held to strengthen and enhance the economic and trade relations between the two countries by exploring investment areas and available opportunities.





The 6th Meeting of the Saudi-Kazakhstan Intergovernmental Joint Committee Focus area: Investment

December 20, 2023
Riyadh, Saudi Arabia

The meeting was held To strengthen and enhance the economic and trade relations between the two countries by exploring investment areas and available opportunities in light of Saudi Vision 2030.



Saudi Uzbek Roundtable Focus area: Investment

December 21, 2023
Riyadh, Saudi Arabia

To strengthen and enhance the economic and trade relations between the two countries by exploring investment areas and available opportunities in light of Saudi Vision 2030.



Saudi Japan Investment Forum Focus area: Investment

December 26, 2023
Riyadh, Saudi Arabia

In light of Saudi Vision 2030 and to strengthen and enhance the economic and trade relations between the two countries by exploring investment areas and available opportunities.



Appointing the Real Estate General Authority as a component authority whenever it appears in the system for selling or renting real estate projects on the map 1445 AH

A royal decree appoints the General Real Estate Authority as the competent authority to implement the law for selling and leasing real estate projects on the map. The law aims to raise the level of transparency and disclosure in a way that ensures the protection of the rights of all parties to the contractual relationship and reduces violations in the real estate on the map development sector, which will boost investor confidence in the real estate sector in Saudi Arabia.

The regulations of national and sectoral committees in the Chambers of Commerce 1445 AH

The regulations aim to achieve several common interests and goals for the commercial sectors in the Chambers of Commerce, including caring for and following up on the common interests of the business sector, enhancing the sustainability of commercial establishments at the national and sectoral levels, working on identifying the challenges of the private sector and design proper solution models to address them. These committees will enhance local investment by encouraging business owners to establish new companies and entities to take advantage of the opportunities and comparative advantages of the regions and governorates and be able to compete locally and internationally.

VI: Key Saudi Initiatives to Support Investment Environment

1. Launching five new categories under the Premium Residency Permit (PRP)

These products align with national goals to boost Saudi Arabia's position as a global hub, attracting skilled professionals and investments. The Distinctive Residence Center announced the launch of five new Premium Residency products in cooperation with strategic partners, which will contribute to empowering the national economy and increasing investments. The new products are the Special Talent, Gifted, Investor, Entrepreneur, and Real Estate Owner Residency. This emphasizes Saudi Arabia's trajectory towards a diversified and knowledge-based economy in new sectors.

2. Launching TASI50 Index

The Saudi Tadawul launched the TASI50 index, which monitors the performance of the 50 largest companies listed on the Saudi Tadawul ranked by total market capitalization. The launch of the TASI50 index is a very important step towards achieving the goals of the Financial Sector Development Program of the Saudi Vision 2030. The index provides benchmarks for investment products, allowing local and foreign investors to access a variety of investment opportunities provided by the Saudi capital market.

3. Launching the second track of the Sports Clubs Investment and Privatization Project

The Ministry of Sports launched the second track of the Sports Clubs Investment and Privatization Project in cooperation with the National Center for Privatization. The track includes registering the interest of local and international entities wishing to invest in Saudi sports clubs as a first step before the offering process.

4. Launching the Unified National Visa (KSA VISA) Platform

The Saudi Ministry of Foreign Affairs announced the launch of the new visa platform (KSA VISA), one of the government's initiatives to promote digital transformation. The national platform links more than 30 ministries, authorities and the private sector to facilitate procedures for obtaining visas, in a move to achieving the Kingdom's national goals. The main visas include the Hajj and Umrah visa, business visit visa, tourist visa, and employment visa.

5. Launching the Naming Rights for Sports Stadiums Project

The Ministry of Sports, in cooperation with relevant entities, launched the naming rights for sports stadiums in sports cities, reflecting the Kingdom's tireless efforts and continuous pursuit of optimal investment in sports, which is one of the most important pillars of comprehensive national development that enhances the growth of economic activities. The project starts by offering naming rights to the main stadium in King Abdullah Sports City in Jeddah as a first step within the sports investment project, to be followed by many of the main stadiums in sports cities in Saudi Arabia.

6. Approving the unified tourist visa for the Gulf Cooperation Council countries

The final statement issued by the Supreme Council of the Gulf Cooperation Council approved authorizing the Interior Ministers of the member states to implement the agreed-upon measures regarding the unified tourist visa. This will allow free movement of tourists and visitors between the GCC countries and enhance the position of the Gulf states as a global tourist destination, thus promoting the role of tourism as an engine for economic growth, and opening new opportunities for investment in the tourism sector in Saudi Arabia.

7. Offering 30-year incentive package for regional headquarters

The Ministry of Investment of Saudi Arabia (MISA), in coordination with the Ministry of Finance (MoF) and the Zakat, Tax and Customs Authority (ZATCA) announced a 30-year tax incentive package for the Regional Headquarters (RHQ) Program, to further streamline the process for multinational companies (MNCs) to establish their RHQ in Saudi Arabia. The incentive includes a 0% rate for corporate income tax and withholding tax related to the approved RHQ activities. The companies will benefit from the RHQ tax relief starting from the day they obtained their RHQ license.



04

THE CULTURAL SECTOR IN SAUDI ARABIA

FROM THE LEGACY OF THE PAST TO THE
GLORY OF THE FUTURE

Four: The Cultural Sector in Saudi Arabia

From the Legacy of the Past to the Glory of the Future

Saudi Arabia enjoys a unique cultural and social position where its regions are rich in distinctive cultural elements that combine authenticity, modernity, and material and human heritage, hence its keenness to exploit these **cultural potentials towards leadership in the cultural sector, one of the components of the quality of life.** The cultural landscape in the Kingdom has recently received high attention from the wise leadership, represented by the efforts made to develop Saudi culture, enhance its identity, preserve its cultural heritage, and boost its local and international standing, through developing the **cultural sector due to its direct connection to achieving the strategic pillars on which Saudi Vision 2030 was formed.** The importance of the cultural sector lies in showcasing the Kingdom's diverse heritage and culture, and **its contribution to building a future that opens to the world new and different outlets for creativity and cultural expression,** in addition to the promising economic and investment opportunities that the sector has to offer. The Kingdom's government has given great attention to the sector and established the Ministry of Culture as an independent ministry in 2018, leading a group of entities responsible for activities related to culture that support the Kingdom's aspirations. The Ministry of Culture also announced **the National Strategy for Culture** in 2019, to strengthen the Saudi cultural sector in line with the ambitious Saudi Vision 2030.

I. The National Strategy for Culture

The Ministry of Culture has placed diversity and cultural richness as a pillar in building the National Strategy for Culture, focusing on three objectives:



Culture as a way of life: a thriving cultural sector promotes and entrenches national identity, and improves the quality of various aspects of the lives of citizens and residents in the Kingdom.



Culture for economic growth: developing the cultural sector enriches the lives of individuals and society and contributes to increasing the local product by supporting investment, SMEs, and increasing job opportunities.



Culture for global exchange: promoting the cultural sector by strengthening international ties and relations, and raising the Kingdom and Arab culture profile in the global community.

The strategy focuses on **16 sub-sectors** including:



Music



Books and Publications



Theater and Performing Arts



Museums



Fashion



Food and culinary arts



Cultural and Heritage Sites



Architecture and Design



Festival and Events

II. Cultural Sector Initiatives and Achievements

Saudi Arabia shone by its pioneering cultural initiatives and achievements, reflecting its commitment to promoting authentic Saudi heritage, developing its arts, and striving to achieve sustainable growth in the cultural sector.

i. Key cultural initiatives:

- **A strategic partnership memorandum between the Ministry of Culture and the Ministry of Investment:**

On March 1, 2023, HH the Minister of Culture, and HE the Minister of Investment, signed a strategic partnership memorandum between the Ministry of Culture and the Ministry of Investment **to develop cultural investment in Saudi Arabia**. creating attractive investment opportunities for local and foreign investors, ensuring the diversification of the Saudi economy and achieving the goals of Saudi Vision 2030. The memorandum includes several areas of cooperation between the two parties, such as **joint planning and strategic projects** through the involvement of the Ministry of Investment in the Ministry of Culture's development of sectoral and sub-strategies in the targeted sectors to facilitate the activation of the investment aspect, **provide an attractive regulatory environment for investments**, in all sectors supervised by the Ministry of Culture via a regulatory framework that stimulates domestic and foreign investment. The strategic partnership between the two ministries aims **to define a framework for common understanding to achieve the goals of both the National Investment Strategy (NIS) and the National Strategy for Culture** and to develop and present a group of investment opportunities in the cultural sector. The two ministries will also cooperate in attracting the regional headquarters of international companies in the cultural sector to Saudi Arabia, offering a variety of **sustainable financing partnerships to investors** and ensuring a competitive environment across cultural sectors.

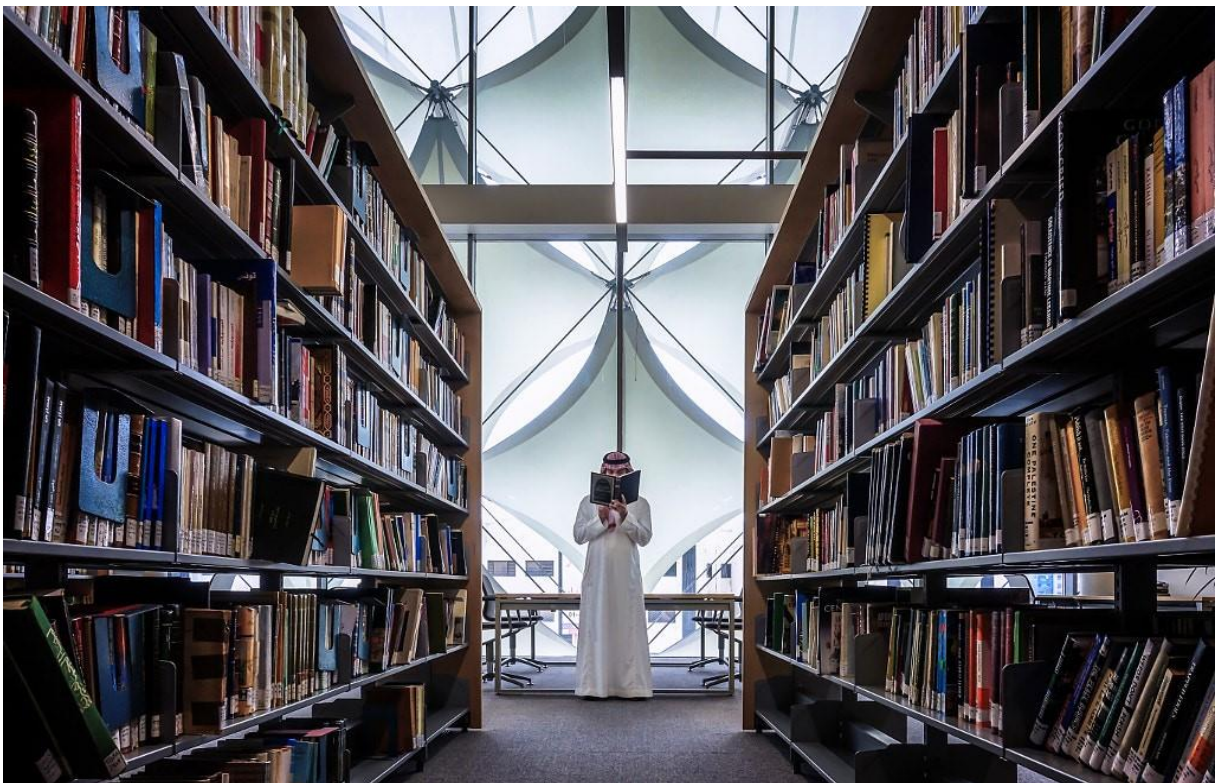


- **The Abde'a platform:**

It seeks to **enhance the contribution of the private sector** by providing the necessary licenses and cultural permits to practice activities in the cultural sectors. The platform also contributes to the development of the Saudi cultural sector and empowers practitioners and talented people by giving them the ability to explore opportunities, harness their creative potential and contribute to building a **vibrant society enriched with national culture**.

- **Cultural Scholarship Platform:**

A **pioneering education project** aligned with the comprehensive developments that Saudi Arabia witnesses in all sectors in line with the Saudi Vision 2030. It will encourage the cultural sector, enhance the competencies and human capabilities and **increase the sector's contribution to the GDP** by creating job opportunities in various promising sectors.



- **National Cultural Awards:**

It aims to **highlight national cultural talents** and their cultural production locally and internationally and celebrate the important national cultural achievements every year, in addition to **stimulating the private sector and non-profit organizations** to adopt and develop cultural talents through special programs.

ii. Key cultural achievements:

The cultural sector has achieved many influential achievements in the cultural field, as part of the efforts made to realize the main objectives of the National Strategy of Culture.



First objective

Culture as a
Way of Life

The aim is to support and enable local cultural production and enrich community life with cultural activities and events that contribute to enhancing the presence of culture and deepening its positive impact on society. Saudi Arabia has made several achievements within this objective, such as:



The consumption index of the audio and print literary works on the “**Literature Everywhere**” platform increased to 86,000 consumers in the Kingdom.



Launching the Saudi Coffee Festival.



Second objective

Culture for
Economic
Growth

Culture is one of the main fundamental factors in **achieving sustainable development** and boosting the GDP. Therefore, Saudi Vision 2030 and its executive programs have set ambitious goals that raise quality of life and attract visitors and tourists to Saudi Arabia, through cultural events and activities that provide different experiences based on the Kingdom’s ancient history and attractive locations. The Kingdom made many achievements within this objective, such as:



Production of **3** international movies.



Opening of the **Makkah Museum** to the public.



Providing **550 internal scholarships** in culinary arts in cooperation with the Cultural Development Fund.



Third objective

Culture for
Global
Exchange

Saudi Arabia is proud to have a unique cultural blend, came as a result of its strategic location in the ancient and modern world, and its unique cultural status compared to others. The expansion of its territory has contributed to this diversification of cultures. Therefore, the Ministry of Culture is keen to invest in these cultural potentials towards leading the cultural activity in the region and to enhance its image and international standing in the global cultural arena. The Kingdom made many achievements within this objective, such as:



The official typeface of the **King Salman Urban Charter** won three international prizes.



Launching **100 Saudi Brands** project in Milan and New York.



Launching the Saudi Pavilion at the **Venice Biennale**, with more than 227,000 visitors.

iii. Cultural Commissions:

The Ministry of Culture supervises 11 commissions, each of which focuses on developing one or more disciplines. They create an appropriate cultural infrastructure that stimulates greater cultural production, strengthens the private sector, and attracts talented musicians, chefs, and architects in all regions of Saudi Arabia to contribute to the prosperity of the cultural sector and the development of various cultural sectors.



هيئة التراث
Heritage Commission



هيئة فنون الطهي
Culinary Arts Commission



هيئة المتاحف
Museums Commission



هيئة الأفلام
Film Commission



هيئة الأزياء
Fashion Commission



هيئة المكتبات
Libraries Commission



هيئة الفنون البصرية
Visual Arts Commission



هيئة الموسيقى
Music Commission



هيئة المسرح والفنون الأدائية
Theater and Performing Arts Commission



هيئة الأدب والنشر والترجمة
Literature, Publishing & Translation Commission



هيئة فنون العمارة والتصميم
Architecture and Design Commission



III: Economic and Investment Importance of the Cultural Sector

In the context of the transformation the Kingdom is witnessing, **the cultural sector has become a vital player in the Saudi economy through several aspects, including:**

Promoting tourism in Saudi Arabia: the cultural sector is a major factor in attracting tourists to the Kingdom, as it is rich with diverse historic sites.

Diversifying the economy: the culture sector contributes to diversifying economic resources and achieving sustainable economic growth, as it creates jobs, promotes innovation and creativity, and generates returns for local and international investors.

Promoting cultural interaction: investment in the culture sector contributes to enriching cultural interaction between local and global communities, which enhances international relations and cultural exchange.

Supporting innovation and creativity: investment in the culture sector encourages innovation and creativity in various artistic and cultural fields, contributing to the development of creative industries and enhancing economic growth.

Consolidating national identity: the culture sector contributes to strengthening national identity, by preserving cultural heritage and promoting national values and traditions.

IV. Key Related Economic and Investment Indicators

The performance of the cultural sector in economic indicators reflects the dynamic growth and sustainable development in this vital sector, through the growth of innovation and creativity, which makes the culture sector one of the engines of the economy in Saudi Arabia, as its role in promoting economic development and attracting investment has increased. In 2022, the performance of several related economic and investment indicators was significant, among key indicators as follows:

1. **Workers in the cultural sector**
2. **Small, medium and micro cultural enterprises**
3. **Foreign investment licenses in the Cultural Sector**
4. **Cultural tourism**

In Q3 2022, number of workers in direct cultural professions reached about 182,000 workers (male and female), with high number of personnel in culinary arts, architecture and design and fashion. The emerging cultural sector **still has a long way to go in developing its contribution to creating job opportunities at national economy level.** The workers in the main cultural professions in 2022 **account for 1.25% of the total Saudi labor market.** Looking at cultural establishments, micro-enterprises represent 71% of the total cultural establishments, while medium-sized enterprises represent 3%. Considering investment in cultural sector, the number of FDI licenses recorded 115 licenses in 2023, compared to 83 licenses in 2022. Cultural tourism recovered after the COVID-19 pandemic in 2022, reaching its highest numbers in the same year.

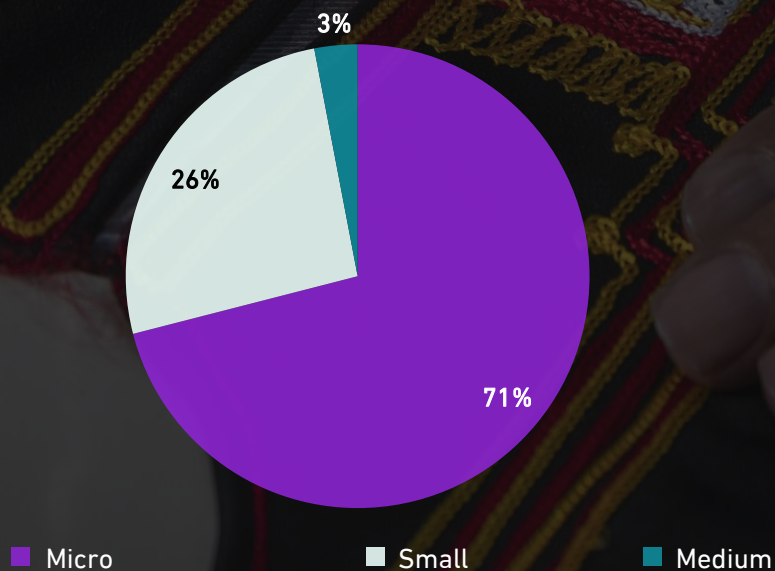
1. Workers in the cultural sector



Source: Ministry of Culture
*Q3 2022 data

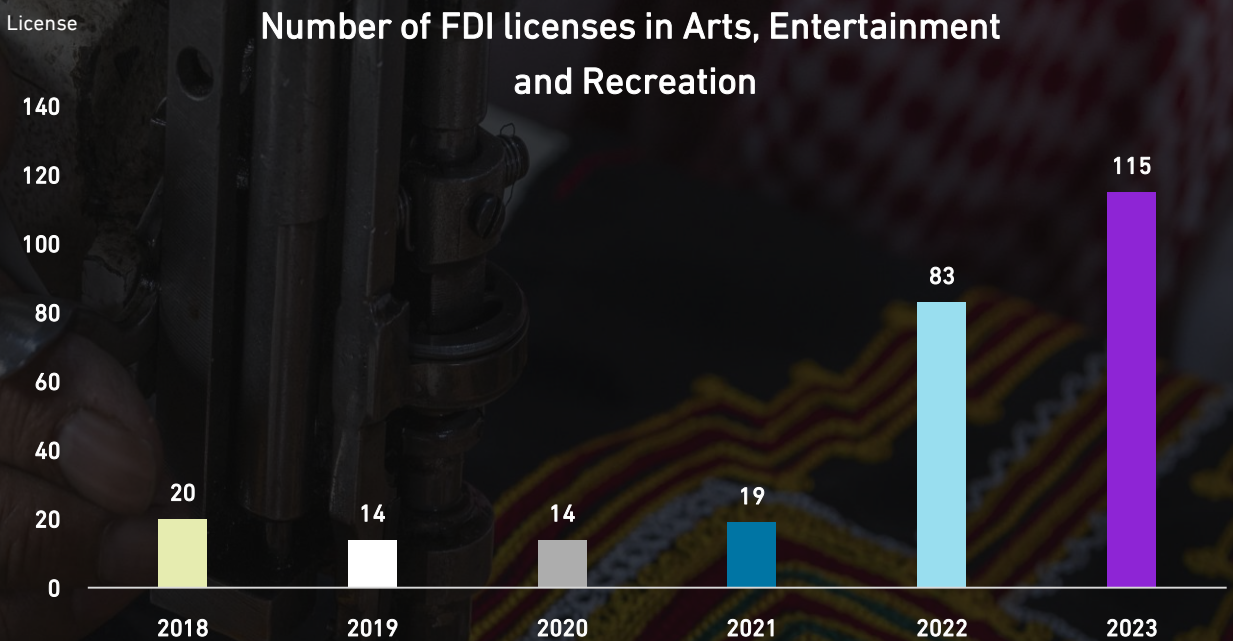
2. Small, medium and micro enterprises

Distribution of Establishments in the Cultural Sector



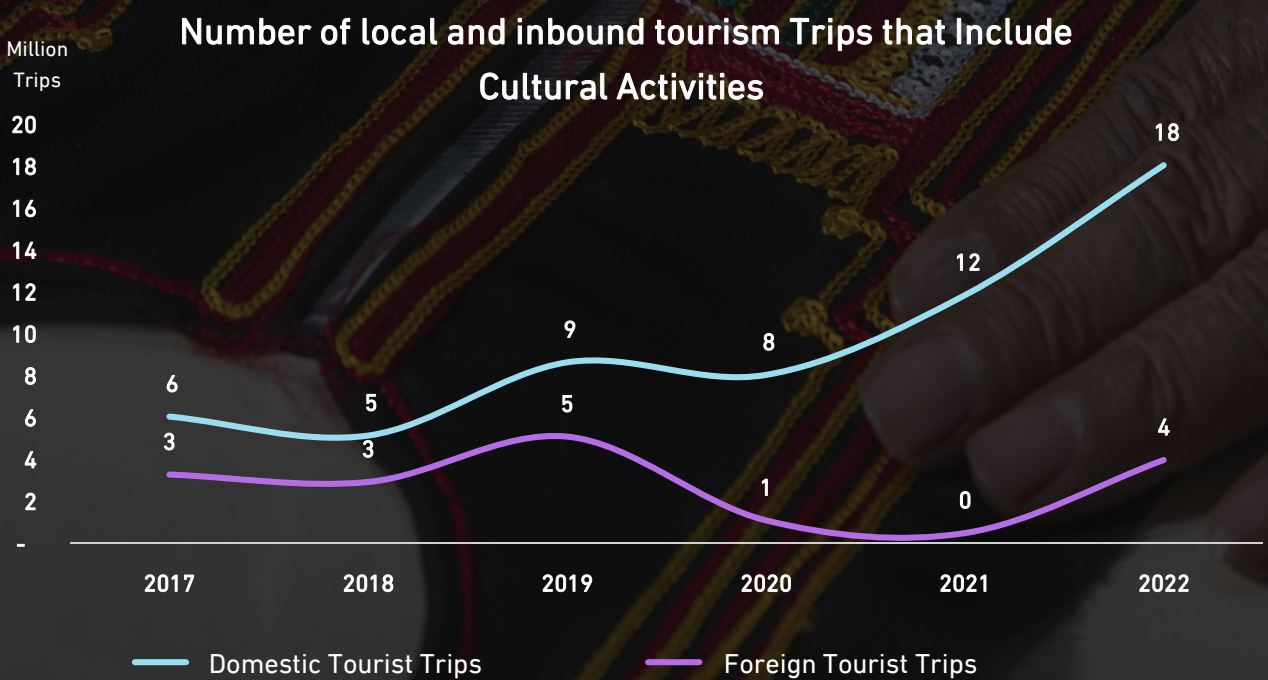
Source: Ministry of Culture
*Q3 2022 data

3. Foreign investment licenses in the Cultural Sector



Source: MISA

4. Cultural tourism



Source: Ministry of Culture

V: Heritage Sites and Key Events in Saudi Arabia

Saudi Heritage Sites registered with UNESCO

In recent years, the Kingdom has witnessed a major urban renaissance, and many new projects have developed unprecedented artistic and heritage imprints at the level of design, architecture, visual arts, music and theatre. **The heritage sites listed in the World Heritage List increased from 4 sites in 2016 to 7 sites in 2023.**

1. Alhijr in Al-Ula Governorate, 2008

The largest preserved site of the Nabataean civilization, it features ancient tombs with decorated facades, dating back to the first century AD.



2. At-Turaif District, Diriyah 2010

Located in the heart of the Arabian Peninsula, northwest of Riyadh, and founded in the fifteenth century and characterized by the Najdi architectural style.



3. Historic Jeddah (The Gate of Makkah) 2014

Historic Jeddah is situated on the eastern shore of the Red Sea. From the seventh century AD, it was established as a major port for the Indian Ocean trade routes, channeling goods to Mecca. It was also a gateway for Muslim pilgrims who arrived by sea. Historic Jeddah is characterized by a distinctive architectural tradition, including towers built in the late nineteenth century by the city's trade elites.





4. Rock art in the Hail region 2015

This property includes Jabel Umm Sinman at Jubbah and the Jabal al-Manjor and Raat at Shuwaymis. The ancestors of today's Arab populations have left traces of their passages in numerous petroglyphs and inscriptions on the rock face. Jabal al-Manjor and Raat form the rocky escarpment of a wadi now covered in sand. They show numerous representations of human and animal figures **covering 10,000 years of history**.



5. Al-Ahsa Oasis 2018

In the eastern Arabian Peninsula, the Al-Ahsa Oasis is a serial property comprising gardens, canals, springs, wells and a drainage lake, as well as historical buildings and archaeological sites. With its 2.5 million date palms, it is **the largest oasis in the world**. It represents traces of continued human settlement in the Gulf region from the Neolithic to the present, as can be seen from remaining historic fortresses, mosques, wells, canals and other water management systems. Al-Ahsa is also a unique geocultural landscape and an exceptional example of human interaction with the environment.



6. Hima Cultural Area 2021

Located in the southwest Saudi Arabia, it contains a **substantial collection of rock art images depicting hunting, fauna, flora and lifestyles in a cultural continuity of 7,000 years**. This location is at the oldest known toll station on an important ancient desert caravan route, where the wells of Bi'r Ḥimā date back at least 3,000 years and still produce fresh water.



7. Uruq Bani Ma'arid 2023

The first natural world heritage site in Saudi Arabia





Key Events in honoring the Saudi culture

- **The Year of Arabic Calligraphy 2021**

It is to present Saudi Arabia as an incubator, sponsor, and pioneer of Arabic calligraphy, reflecting the richness of the Arabic culture. The Kingdom promoted the presence of Arabic calligraphy in all public and private sectors, and between individuals. This is in addition to its presence in national and international forums and conferences. This initiative was a source of inspiration for many artists and architects locally and internationally.

- **The Year of Saudi Coffee 2022**

Saudi Arabia made extensive efforts to activate the Year of Saudi Coffee 2022. This initiative comes to celebrate Saudi coffee, highlight its originality, and embody its meanings and its deserved status, as coffee is recognized as a cultural heritage of Saudi Arabia, through a history full of customs and traditions, and the values of generosity and hospitality, until it has become a main element in Saudi culture and folk heritage.

- **The Year of Arabic Poetry 2023**

In light of the cultural significance of Arabic poetry, 2023 has been designated as the Year of Arabic Poetry, throughout the history of the Arabs, and based on the influence of the Arabian Peninsula, which was and still is a homeland for poetry and poets, and a source of literary masterpieces with a firm position in human civilization.

- **The Year of the Camel 2024**

The year 2024 has been named the "Year of the Camel" in celebration of the cultural and civilizational significance of camels in the life of the Kingdom's people from ancient times until now

- **The Founding Day**

King Salman bin Abdulaziz Al Saud, the Custodian of the Two Holy Mosques, issued a Royal Decree to commemorate the founding day annually on February 22nd, which represents the Kingdom of Saudi Arabia's deep historical, civilizational, and cultural roots when Imam Muhammad bin Saud established the first Saudi state in 1139 AH / 1727 CE.

- **Replace ceremonial carpet initiative**

Lavender represents a cultural element with important connotations; it converges the Kingdom's deserts and plateaus which during the spring are adorned with the color of lavender. The color reflects the Kingdom's welcome to those crossing its land through the color of the generous nature in its best state. This change represents the transformation that the Kingdom is going through in terms of continuous renewal and pride in the roots of history, identity and civilization.

- **Riyadh Expo 2030**

The hosting of Expo 2030 is an ideal opportunity for Saudi Arabia to share its story of achieving an unprecedented national transformation, and to share with the world its ancient cultural heritage. The hosting of the exhibition is an important global investment window to share with millions of visitors from all over the world the Kingdom's authentic and diverse culture. It will also highlight promising investment opportunities in sub-cultural sectors, such as: arts, fashion, and literature.



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