

# FDI REPORT: SAUDI ARABIA



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# SAUDI ARABIA

Improving the business environment in Saudi Arabia is a government concern. Plans to transform the country's economy also include attracting foreign direct investment. Current legislation dealing with foreign investments (Foreign Investment Law) has removed many obstacles and facilitated the approval of new businesses and the inflow of capital from abroad. Another initiative is the launch of the Special Economic Zone (SEZ), which aims to attract investment in sectors such as renewable energy, mining, cloud computing, logistics and the digital economy, also the creation of the Investment Law Business Regulations Zone (ILBZ), in Riyadh,

which offers a series of benefits and tax exemptions for companies that set up shop there .

Although the Saudi government is sending clear signals that it intends to attract foreign capital, investors need to keep in mind that there are weaknesses to be considered :

- High dependence on hydrocarbons sector;
- Economy is dependent on public spending;
- Weak political governance;
- Weak economic transparency.

FIG. 1: Number of projects (2019 until November 2023)

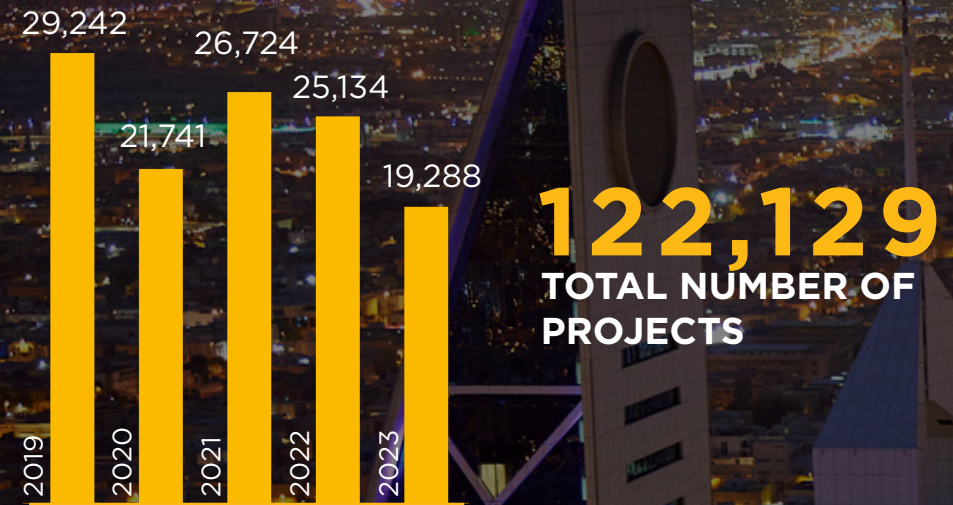
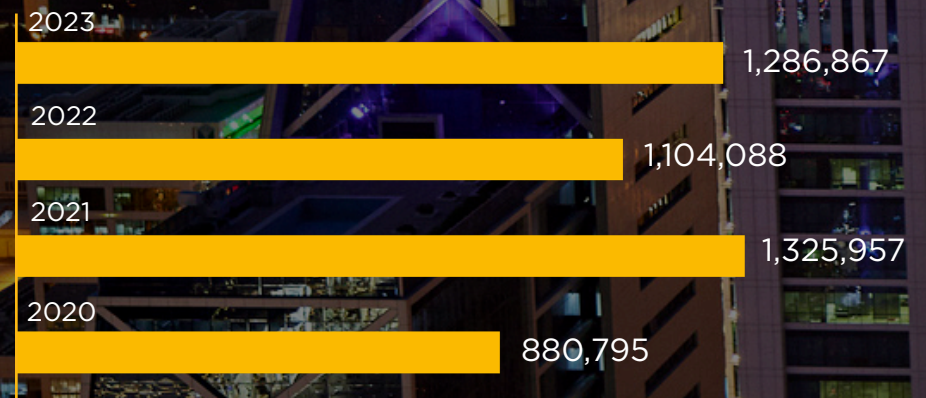


FIG. 2: Total capital expenditure US\$m (2020 until November 2023)



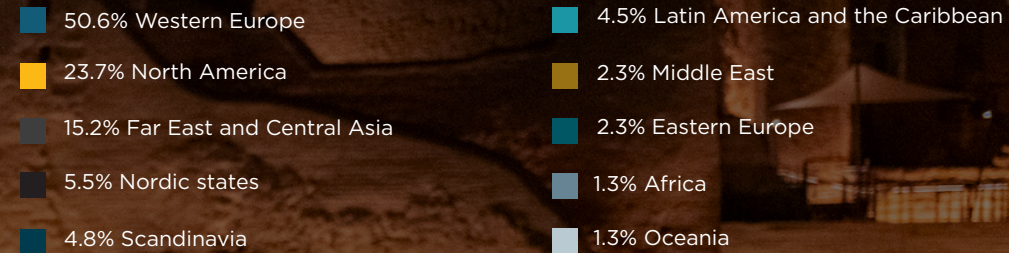


## KEY TRENDS:

For the purpose of this report, only announced and already executed projects were considered (also were not considered reinvestment of profits earned in operations abroad and intercompany loans).

- Total capital expenditure in projects in 2023 is higher than 2022, although the number of projects is lower. Retail is the sector with the highest number of projects.
- Highlights include:
  - Sales office;
  - Manufacturing;
  - Business services.

FIG. 3: SOURCE (% PROJECTS)



\*source of data: Orbis Crossborder Investment



## ECONOMY OUTLOOK:

ECONOMIC INDICATORS	2020	2021	2022	2023	2024	2025	2026	2027	2028
Real GDP growth (annual % change)	-4,30	3,90	8,70	0,80	4,00	4,20	3,30	3,30	3,10
Inflation (annual % change)	5,30	1,20	2,00	2,50	2,20	2,00	2,00	2,00	2,00
General government gross debt (% of GDP)	31,00	28,80	23,80	24,10	22,40	20,70	19,20	17,70	16,90
Current account balance (% of GDP)	-3,10	5,10	13,60	5,90	5,40	4,40	3,00	1,80	0,50

Source: International Monetary Fund (IMF)

INDUSTRY SECTOR-TOP 10 (2012 until November 2023)	# OF PROJECTS	TOTAL CAPITAL EXPENDITURE US\$m
RETAIL	89,340	21,099,665
SALES OFFICE	37,575	163,040
MANUFACTURING	27,495	4,903,719
BUSINESS SERVICES	19,687	296,529
HOTELS	14,131	345,031
LOGISTICS, DISTRIBUTION & TRANSPORTATION	11,801	1,802,873
REGIONAL HEADQUARTERS	7,516	358,457
R&D CENTRE	7,516	303,218
BANKING & FINANCE	7,265	89,131
ENTERTAINMENT	3,762	42,810



## RECENT PROJECTS HIGHLIGHTS:

- Compagnie de Saint-Gobain (France) to acquire Izomaks Industries. Deal value not available.
- GFH Financial Group (Bahrain) acquires majority stake in Abha International Private Hospital. Deal value: US\$1.3 billion (unofficial).
- Magnum Mining and Exploration and Middle East for Metallic Industrial (Australia) to establish joint zero carbon green pig iron production plant. Deal value not available.

## SOURCE REGION: WESTERN EUROPE

ACQUIROR INDUSTRY (TOP 10)	# OF PROJECTS AND DEALS*
BUSINESS SERVICES	67
RETAIL	57
INDUSTRIAL, ELECTRIC & ELECTRIC MACHINERY	46
TEXTILES & CLOTHING MANUFACTURING	30
CHEMICALS, PETROLEUM, RUBBER & PLASTIC	23
BANKING, INSURANCE & FINANCIAL SERVICES	22
COMPUTER SOFTWARE	22
TRAVEL, PERSONAL & LEISURE	19
TRANSPORT, FREIGHT & STORAGE	14
MINING & EXTRACTIONS	12

## SOURCE REGION: MIDDLE EAST

ACQUIROR INDUSTRY (TOP 10)	# OF PROJECTS AND DEALS*
BUSINESS SERVICES	98
BANKING, INSURANCE & FINANCIAL SERVICE	57
RETAIL	36
TRAVEL, PERSONAL & LEISURE	27
CHEMICALS, PETROLEUM, RUBBER & PLASTIC	24
COMPUTER SOFTWARE	20
MINING & EXTRACTIONS	18
CONSTRUCTION	15
TRANSPORT, FREIGHT & STORAGE	15
UTILITIES	13

\*Number of projects and deals comprising the period between 2012 until November 2023

## SOURCE REGION: NORTH AMERICA

ACQUIROR INDUSTRY (TOP 10)	# OF PROJECTS AND DEALS*
TRAVEL, PERSONAL & LEISURE	44
BUSINESS SERVICES	37
COMPUTER SERVICES	34
INDUSTRIAL, ELECTRIC & ELECTRIC MACHINERY	25
RETAIL	21
CHEMICALS, PETROLEUM, RUBBER & PLASTIC	16
BANKING, INSURANCE & FINANCIAL SERVICES	16
TRANSPORT, FREIGHT & STORAGE	7
MINING & EXTRACTION	6
UTILITIES	5

According to Orbis website:

“Orbis Crossborder Investment looks at globalization via projects and deals and delivers information on the companies behind these investments – both listed and private. It tracks information daily, and monitors announced, completed and cancelled/withdrawn projects and deals, as well as rumours and intentions. These include:

- Greenfield FDI projects – such as a company setting up (or expanding) a physical presence in a foreign market.
- Crossborder M&A deals – defined as having more than 10% foreign ownership and including acquisitions, mergers, demergers, joint ventures and minority stakes”







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