Answering your investment needs

A detailed guide to investing in Saudi Arabia

SAGIA
business center

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Why?

Reasons to invest in Saudi Arabia

You've made a great choice. When you look closely at the benefits of investing in Saudi Arabia, the competitive advantages are immediately obvious. From low taxes, low inflation and the lowest energy costs, to high growth, high returns and a highly educated young workforce. Better still, the Kingdom is No.1 in the Middle East for 'Ease of Doing Business' (World Bank).

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The big picture

Located at crossroads of global trade – and forming a gateway to the world's largest energy reserves – Saudi Arabia offers a vast marketplace, abundant skilled labor and a truly competitive business environment.

As the heart of the Middle East / North Africa (MENA) region, with some 400 million consumers and many of the world's fastest-growing economies, the Kingdom itself has 27 million increasingly prosperous consumers forming the largest market in the region.

In Saudi Arabia, education is central to the development agenda as nowhere else on earth. Already the 8th highest education spender worldwide, the Kingdom is investing heavily in educational and training programs to attract investors through a world-class workforce and a knowledge-based economy.

In addition to skilled local manpower, the country has long welcomed an abundance of foreign workers, from low-cost labor to highly skilled professionals. There is a well-established infrastructure for accommodating expatriate

workers of all kinds, with resident and visiting executives enjoying secure and luxurious living arrangements for short or long-term stays.

Best of all, the Kingdom's 0% individual income tax rate creates exceptional economic advantages for employers, as well as providing a powerful incentive for talented and industrious staff.

Who?

SAGIA are the people who can help

You want a direct interface with expert local advisers; you want practical assistance with travel arrangements and itineraries; you want fast, hassle-free ways to get your business up and running; and you want it all under one roof. Well, that's exactly what SAGIA Investor Services are all about.

About SAGIA

The Saudi Arabian General Investment Authority (SAGIA) is a Saudi government organization dedicated to improving the country's investment environment and providing comprehensive services to investors seeking to pursue business opportunities in the Kingdom.

SAGIA is committed to enhancing the experience of investing and operating in the Kingdom by serving as an information clearing-house, while providing comprehensive licensing and support services.

These are just a few examples of how SAGIA is working to streamline and add value to its interface with investors and businesses.

SAGIA Business Centers

To maximize users' ease and efficiency, the Business Centers bring together a wide range of critical services – all focused on making it as easy as possible to invest in or set up business in the Kingdom. A large number of government departments are represented in each Business Center, providing investors with fast, hassle-free access to 128 business-related services ranging from government licensing to telecommunications and banking services.

Asaleeb

To promote ease of interface for foreign investors, SAGIA launched a sophisticated SAP-powered customer relationship management (CRM) solution, called 'Asaleeb', in 2006. The system enables real-time information exchange between bankers, executives, lawyers, analysts and government agencies – greatly simplifying interaction between SAGIA and its partners in areas such as visa and licensing applications.

Investor Assist

SAGIA provides investors with a full suite of travel and freight services designed to make staying in the Kingdom as enjoyable and stress-free as possible. Called 'Investor Assist', these services for businesspeople and their clients include:

- Airline and hotel bookings
- Tourism packages
- Arrival and departure assistance
- Hajj and Umrah services

2. Who?
SAGIA are the people who can help

- Travel insurance and visa services
- Charter flights
- Car rental
- Freight forwarding, cargo services, customs clearance and shipping

Global outreach

In addition to representatives throughout the Kingdom, SAGIA has established nine International Offices on four continents. Each international office is headed by a highly skilled Country Director capable of providing expert advice available on all aspects of investing in and operating a business in Saudi Arabia. SAGIA's international offices can be found in Australia, China, the United States, the United Kingdom, Germany, France, Italy, Japan and Singapore, with more in the pipeline.

Contact numbers and website details

Please feel free to contact us if you have any comments or suggestions on how SAGIA can be more effective in achieving its mission, or if you'd like to learn more about the way we are changing the Kingdom of Saudi Arabia. We're easy to contact here in the Kingdom and around the world. We look forward to connecting with you.

Within Saudi Arabia:	800 244 9990 (Toll Free)
From abroad:	+966 (2) 653 9510
Our website:	www.investinsaudi.com

SAGIA Business Centers

Originally launched as our 'One-Step Shops', SAGIA Business Centers support investors by providing them with a single source of information and an 'under one roof' application processing service.

The Centers simplify the investment process by bringing together representative offices from all the government departments and agencies related to investors' needs. The government agencies assist with everything from license approvals and business start-ups to providing Investor Cards – which offer a host of benefits and perks.

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SAGIA are the people who can help

At SAGIA Business Centers, you'll find representation from the following agencies, offering immediate delivery of over 100 different services:

- Ministry of Commerce and Trade
- The Directorate General of Passports
- Ministry of Agriculture
- General Directorate for Labor Visa
- Ministry of Labor
- Department of Zakat and Income
- Ministry of Justice
- Ministry of Foreign Affairs
- Ministry of Municipal and Rural Affairs
- General Organization for Social Insurance
- Chambers of Commerce

Investors can also find a range of other facilities, allowing them to meet their business needs without leaving the Center:

- Information Desk
- Legal Advisory
- Financial Advisory
- Managerial Advisory
- Saudi Telecom Company
- Banking Service

Business Center locations and contacts

SAGIA Head Office and Riyadh Business Center
Phone: +966 1 203 5555
Fax: +966 1 263 2894

Mailing address:	Street Address:
P.O. Box 5927 Riyadh 11432 Kingdom of Saudi Arabia	Imam Saud Bin Abdulaziz Road (University Road)

Jeddah Business Center
Phone: +966 2 657 1580
Fax: +966 2 657 2097

Mailing address:	Street Address:
P.O Box: 1001 Jeddah 21431 Kingdom of Saudi Arabia	Ha'il Street (behind Chamber of Commerce)

2. Who?
SAGIA are the people who can help

Dammam Business Center
Phone: +966 3 881 2088
Fax: +966 3 881 1990

Mailing address:	Street Address:
P. O. Box 1234 Dammam 31431 Kingdom of Saudi Arabia	Eastern Region Cement Towers Khobar Street

Medina Business Center
Phone : +966 4 838 8909
Fax: +966 4 838 9032

Mailing address:	Street Address:
P.O Box 443, Medina Kingdom of Saudi Arabia	The Chamber of Commerce and Industry Building King Abdulaziz Street (in front of the General Department of Police)

Jazan Business Center
Phone : +966 7 317 5545
Fax: +966 7 323 6448

Mailing Address:	Street Address:
P.O Box 201, Jazan Kingdom of Saudi Arabia	The Chamber of Commerce and Industry Building Corniche Street Al-Shati District

2. Who?
SAGIA are the people who can help

Abha Business Center
Phone : +966 7 227 1677
Fax: +966 7 227 0596

Mailing Address:	Street Address:
	The Chamber of Commerce and Industry Building

Tabuk Business Center
Phone : +966 4 422 7519
Fax:

Mailing Address:	Street Address:
	The Chamber of Commerce and Industry Building

Najran Business Center
Phone : +996 7 523 6085, +996 7 523 6086
Fax: +996 7 523 6097

Mailing Address:	Street Address:
P.O Box 1138, Najran, Kingdom of Saudi Arabia	The Chamber of Commerce and Industry Building King Abdulaziz Street

Ha'il Business Center
Phone : +996 6 543 4922
Fax: +996 6 531 4922

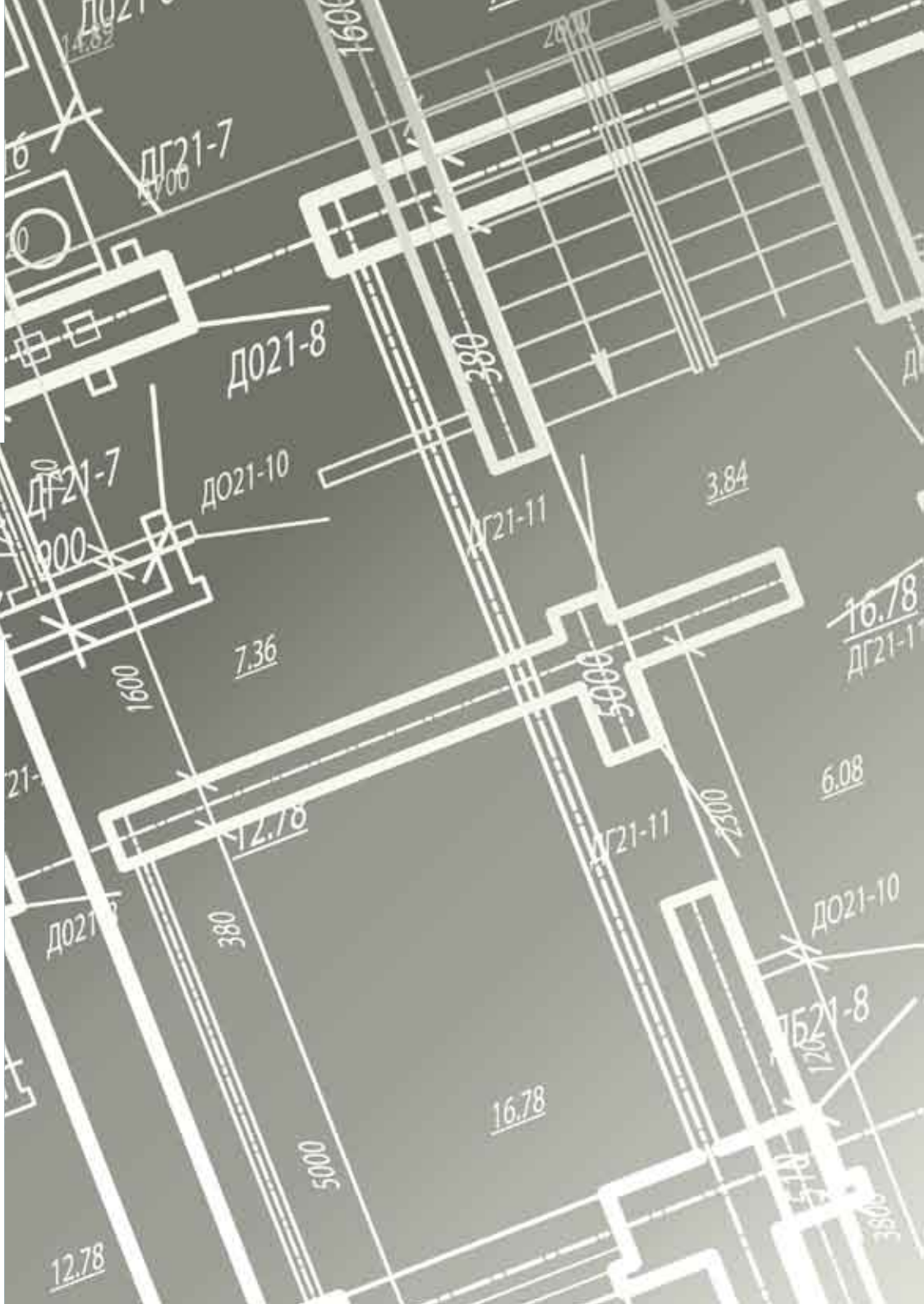
Mailing Address:	Street Address:
Kingdom of Saudi Arabia	

For general questions or enquiries, or to find an international Business Center representative at a Saudi Arabian consulates abroad, please visit our website at **www.investinsaudi.com** or call toll-free: **+966 800 244 9990**.

How?

Here's how to register for business

In the following pages, you find all the detail: the starting points, the legal definitions, the do's and don'ts, the paperwork requirements and a step-by-step guide to the registration process itself.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Pre-registration decisions

How to start

This guide describes the steps necessary to license, register and begin operations inside Saudi Arabia. Starting an investment project in Saudi Arabia has five general stages. Each stage should be completed before the next:

Stage	Purpose
Pre-Application Preparation	Organize business plan and supporting documents prior to applying for an Investment License.
Investment License	Demonstrate that project is qualified for investment and operation in the Kingdom of Saudi Arabia. Conditions and requirements depend on the details of the investment.
700 File	Obtain investment identification number (called a "700 File") from the Ministry of Labor. This allows investors to obtain residency and sponsor foreign employees, subject to legal requirements.

Commercial Registration	Satisfy standard legal requirements for operating a commercial enterprise. All businesses in Saudi Arabia must have Commercial Registration.
Employer Registration	Registering employer with the Labor Office, Department of Zakat and Income Tax (DZIT), and General Organization of Social Insurance (GOSI) to obtain a file number and a certificate of commencement of business.

Where to go

As the government agency responsible both for promoting and for licensing investments within the Kingdom, SAGIA will be the sole contact point between investors and the government of Saudi Arabia. We are proud to provide all government services through our Business Center operations. The Business Center is the only government office you will have to visit.

Each Center ensures an environment that provides a comprehensive and hassle-free process for establishing a company in Saudi Arabia. It provides anyone interested in investing with all the necessary information, licensing, statistics, facilities and support services needed to complete the investment start-up.

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(sidebox) **Visiting Saudi Arabia**

Saudi Arabia is keen to support economic development by providing more facilities to businessmen, investors and corporate representatives.

If you would like to visit a SAGIA Business Center in Saudi Arabia, you need a Commercial Visa. These visas are issued from Saudi Arabian Embassies worldwide, typically within 24 hours of receiving the relevant application form. More information can be found at https://visa.mofa.gov.sa/

You may also contact SAGIA to obtain further information about incentives available for foreign investors.

(sidebox) **Women investors**

In addition, SAGIA boasts a specific Women's Investments Services Center, supporting participation by women in large-scale investment projects throughout the Kingdom. This Center works closely with all female investors in the Kingdom in all Business Center matters and can assist in organizing symposia and meetings for businesswomen. For further information, visit a Business Center or call toll-free: +966 800 244 9990.

(sidebox) **Getting help**

Foreign investors may contact SAGIA to obtain further information and advice. Some investors hire a local partner or law firm to assist in the licensing and registration process. The party submitting and completing the investment license process must be the actual investor or a law firm, consultation office or service company with power of attorney.

Pre-application preparation

Foreign investors must organize their business plan and supporting documents before beginning the Investment License and Commercial Registration process.

Define your business activity

- The Kingdom of Saudi Arabia welcomes and encourages investment in most business sectors, free from restriction. Certain business activities, however, are limited to Saudi and GCC citizens based on the Kingdom's cultural and legal traditions.
- As part of the Kingdom's commitment to making its economy one of the top ten economies in the world by 2010, the Saudi Arabian government continues to increase its openness to foreign investment. As such, the 'Negative List' has been reduced significantly in recent years. The list is under continuous examination so as to encourage the prosperity of the Saudi Arabian economy.
- The most recent Negative List for Foreign Investment can be found on the website of the Supreme Economic Council: http://www.sec.gov.sa/

3. How?
Here's how to register for business

Select your business structure legal status

Foreign investments Saudi Arabia may establish seven different legal entities, of which the four most common are: Limited Liability Companies (LLC), Joint Stock Companies, General Partnerships and Limited Partnerships. In practice, LLCs are the most common foreign entities operating in Saudi Arabia, with other types established only in exceptional cases.

Which business structure is right for you in the Kingdom?	
Limited Liability Company (LLC)	**Joint Stock Company**
■ May be wholly owned by foreigners ■ May have one or more managers, with no requirement for any manager to be a Saudi national ■ May choose the start date of the fiscal year (but must expressly do so); the default calendar is Hijri calendar	■ May be wholly owned by foreigners ■ Shares in Joint Stock Companies freely transferable, with the exception of founders' shares ■ May have nominative or bearer shares and preferred shares

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Limited Liability Company

- Limited Liability Companies are easy to establish and offer protection to individual investors as liability is limited to each individual partner's contribution to the company's share capital. Under the Companies Law, partners are jointly personally liable to pay all the company's debts if the company's losses exceed 75% of its stated capital and no resolution of the partners providing for the continuation of the company (and payment of debts) is adopted within thirty (30) days. This resolution should determine if the company continues or is dissolved after the partners pay its debts.

Regulations Governing Limited Liability Companies (LLC)

The company must have at least two but no more than 50 partners, who may be nationals or legal residents. Shareholders' agreements are permitted and enforceable only if the terms are in compliance with Shari'a and Companies Law. There must also be a supervisory board of at least three members if the company has more than 20 shareholders. Share transfers should be approved by SAGIA and the Ministry of Commerce. Shares must be offered to other partners before third parties, and the company's SAGIA license, Commercial Registration and Articles of Association must be amended following any share transfer.

Joint Stock Companies

The administration of Joint Stock Companies is more detailed than those applicable to Limited Liability Companies. However, the requirements are not as strict as those found in certain Civil Law Jurisdictions. This means that the cost of administration for a Joint Stock Company is not significantly higher than those for a Limited Liability Company. Shareholders of Joint Stock Companies also have the right of pre-emption if it has been made part of the company's Articles of Association or shareholders agreements.

Regulations governing Joint Stock Companies

The proposed Articles of Association of Joint Stock Companies should follow a model issued by the Ministry of Commerce and Industry. Joint Stock Companies must also have a board of directors that is composed of at least 3 persons. The board of directors must have a chairman and managing director amongst its members and they must own no less than SR10,000 in company stock. An ordinary shareholders meeting must be held at least once a year, but no later than 6 months after the end of the company's fiscal year. Extraordinary shareholders meetings can also be convened in order to amend the company's Articles of Association.

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Choosing a company name

When selecting a company name, investors can choose their original name or a unique commercial name. Here is some information on government guidelines for the selection of company names in Saudi Arabia.

Company names must:

- Include the phrase indicating the legal form of the institution or company.
- Be approved by official authorities of the commercial name of businesses undertaking certain activities within the jurisdiction of such authorities.
- Be identical to the name of the original company if the institution is a branch or representative office of a foreign company, followed by the phrase "a branch of a foreign company/representative office".
- Be unique and dissimilar to other commercial names already registered at the Ministry or at the Directorate of Industrial Property.

Company names must not:

- Be registered in the name of third parties at the Ministry of Commerce and Industry.
- Imply any violation of public morals, customs, traditions or religious beliefs.
- Denote any activity contradicting the activity carried out by the business.
- Be similar to famous (brand) names.
- Be composed, in whole or in part, of some expressions or names that have political connotations or that are related to the regime of any country, such as royalty or the constitution.
- Use any of the following phrases: insurance, re-insurance, investment, bank (and derivatives thereof) unless there is prior authorization from the Ministry of Commerce and Industry (MoCI).
- Use the name of a natural person who is not an investor, unless the company's object is the use of a patent or invention registered in the name of that person or the company acquires a commercial firm and adopts the name of the latter as its own name.

Selecting a license

Each company must choose the appropriate license for their business activity. Examples are as follows:

- Service: restaurants, maintenance.
- Industrial: manufacturing.
- Trading: imports and exports.
- Real Estate: land development.
- Agriculture: farms, orchards, livestock.

Bank accounts

Foreign investors must have proof of a local bank account that contains the minimum capital required, based on the type of business.

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General requirements

Minimum Capital Requirements

SAGIA requires foreign investors to possess a minimum amount of capital. The minimum capital requirements for investing in Saudi Arabia are as follows:

Type of Invest-ment	Individual Establish-ment	LLC	Branch	Techni-cal & Scientific Office
Service	No require-ment	No require-ment	No require-ment	No re-quire-ment
Indus-trial	SR 1,000,000	SR 1,000,000	SR 1,000,000	No re-quire-ment

Trading	N/A	SR 20,000,000 Saudi Partner required, maximum foreign ownership 75%	N/A	No requirement
Real Estate	Minimum project value SR 30,000,000	Minimum project value SR 30,000,000	Minimum project value SR 30,000,000	N/A
Agriculture	SR 25,000,000	SR 25,000,000	SR 25,000,000	N/A

Required conditions for all investors

To obtain license approval, all investors must adhere to the required laws and regulations of Saudi Arabia. Foreign investments are only permitted for the licensed investment activity. All license applicants must be Saudi, GCC or corporate persons coming to the Kingdom for the purpose of investment. It is important that the product specifications, product method and materials must be approved under the laws of the Kingdom, if there are no such specifications, then reliance shall be based on the laws of the European Union, Japan or the United States of America. As well as being financially capable of investing, all investors will have to pay a SR2,000 fee for their license.

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Required documents for the investment license application

For foreign investors, all documents must be translated into Arabic by a licensed translator located in the Kingdom and the documents must be certified by the Saudi Consulate in the investor's country. If the investor does not want to submit the application personally, then they must appoint a power of attorney through a law firm, consultation office, service office or an appointed employee from the firm.

Required documents for all investors

- Copy of passport for each partner that must show all pages including blank ones. The passport must also be valid for at least six (6) months from the date of submission.
- Four (4) personal photographs of each partner.
- Copy of the Commercial Registration of the firm in the investor's country. It must also be certified by the authority concerned with commercial activities in the investor's country.
- Financial Statements of the firm owned by the investor, or in which he is a partner. The Financial Statements must be for the two (2) years preceding filing for the license application and must show the sound financial position of the firm. The Financial Statements must also be prepared by a licensed accounting firm, as well as being certified by the authority in charge of commercial activities and taxes.
- If the investor previously resided or worked in the Kingdom during the three (3) years preceding applying for the Investment License, then he must submit a "Letter of No Objection" from his former sponsor.

Required documents for individual establishments

Investors will also be required to submit a copy of their resumé, as well as a copy of their highest education certificate and of the firm's classification certificate. Other documents that will be required are a list of three major clients and their contacts, a bank certificate showing the minimum capital requested by SAGIA and a bank statement for the last six months if asked by SAGIA.

Required documents for the Limited Liability Companies

- Draft Articles of Association of the new company.
- If the partnership is comprised of individuals: a copy of the investors resumes and a copy of their highest education certificate will be required.
- Shareholders resolution stating their desire to invest and all other details (names, capital, percentages etc).
- Bank certificate showing the requested amount by SAGIA, as well as a bank statement for the last six months if requested by SAGIA.
- If the partnership is comprised of companies: a copy of the Articles of Association of the participating firms and the Shareholders' Resolution stating their desire to invest and all other details (names, capital, percentages etc).

Required documents if there is a Saudi partner

If there is a Saudi Partner, he will be required to submit a copy of his family card or an official document that proves he is not a government employee.

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Special licensing

Investment Licensing and Commercial Registration

SAGIA Business Centers are proud to provide all government services related to your investment start-up. Information on our website will also show just how easy it is to start up a business in Saudi Arabia.

Investment Licensing

One of the first things you will need when setting up a business in Saudi Arabia is a License. All you need to do is visit one of our Business Centers, where a Customer Relationship Manager (CRM) will be assigned to you. He will be on hand to offer advice and prepare your application.

The Investment License application form

You can find copies of our License application form at any of our Business Centers, or you can download it from our website: http:/sagia.gov.sa/English/. All documents must be completed in printed form.

SAGIA approval process

Once your Investment License application form is completed with the help of the CRM, it can then be submitted for approval. If it is approved then a temporary Investment License will be issued. Although a temporary Investment License will only be valid for 3 months, a permanent License will be issued once the investor has completed the entire registration process.

The total processing time for a SAGIA License

SAGIA offers a number of approval packages that offer value-added service; this includes the processing time of your investment license.

Packages	Max Duration
Blue	One Month
Bronze	2 Weeks
Silver	1 Week
Gold	3 Days
Platinum	2 Days
Diamond	1 Day
Public-Private Partnership	1 Hour

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Special Licensing conditions and documents by business type

Investment Type	Conditions
Individual Establishment LLC	■ No final judgments have been passed against the investor due to serious violations of the Foreign Investment Law or for other financial or commercial violations in the Kingdom or abroad. ■ The investor has such educational qualifications and experience as may be appropriate for the activity to be licensed, and his profession shall not be of a 'laborer' or 'student' nature.
Foreign company branch	■ The investment activity shall be stated on the list of activities included from the mother company.
Investor holding a previous Investment License	■ The investor has no outstanding violations or notes ■ The investment projects being carried out by the individual investor, or by the business where he is a partner, shall not be more than three (3) projects.

700 File

Once you have received your temporary Investment License, you can open a '700 File' at the Labor Office in the Business Center. This document will allow visiting investors with a Visit Visa to upgrade to a residency card called an Iqama. If any of the investors are not in the Kingdom, then a 700 File will enable the investor to receive an Investor Visa so they can visit the Kingdom to acquire their Iqama.

Investor Visa eligibility

Type of Business	Eligibility
LLC	Three investors (25% Owner's Equity OR capital not less than SR 1,000,000)
Branch of a Foreign Company	Only appointed GM is entitled to a Visa

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Commercial registration

The Ministry of Commerce and Industry also maintains the Commercial Register, which is the official record of the names of all merchants and companies operating in the Kingdom of Saudi Arabia. Extracts of records in the Commercial Register are accessible to the general public.

Applications to the Commercial Registry will need to be submitted through the SAGIA Business Centers under the following conditions.

Type of Business	Condition for Commercial Registration
Individual merchants	■ Within 30 days of opening the business ■ Within 30 days of the merchant's capital reaching SR 100,000
Managers of companies formed in the Kingdom	■ Within 30 days of the company's Articles of Association being recorded by the notary public
Foreign companies licensed to open a branch or office in the Kingdom	■ Within 30 days of the branch or office opening

All registrants of the Commercial Registry must indicate in all official correspondence and printed materials his Commercial Registration number, name and location of registration.

3. How?
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Commercial Registration Process Overview

Order	Procedure	Time to Complete	Fees
1	Rent an Office Space		No charge
2	Submit the Articles of Association to the Ministry of Commerce & Industry for approval and obtain approval of the company name	2 days	No charge
3	Founders sign the Articles of Association before a notary public	2 days	No charge
4	Publish company name and summary of the articles of association for publication in the local newspaper	2 days	SR 7,000 - 10,000 (depending on length)
5	Deposit the initial capital into a bank account and obtain required certificate	3 days	No charge
6	Register with the Ministry of Commerce	2 days	SR 6,000 registration fee for 1 year

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Returning to the Commercial Registry

If the business needs to make amendments to existing information in the Commercial Register, it must be made within thirty (30) days of the date of the amendment. It is also important to note that heirs or liquidators of a business cancel the registration of a business within ninety (90) days of liquidation or suspension of commercial activity.

From Commercial Registration to starting a business

Once a company has received its Commercial Registration, there are a just a few simple steps left before a company can legally operate. These can easily be completed at SAGIA's Business Centers.

Registering with the Chamber of Commerce

All registrants will need to deposit a Certificate of Membership at the Chamber of Commerce and Industry within thirty (30) days of having registered in the Commercial Registry. There will also be a one-year registration fee of SR 2,000.

Registering with the Department of Zakat and Income Tax (DZIT)

Businesses will also need to register with DZIT in order to obtain a file number and receive their Certificate of Commencement of Business.

Registering with the General Organisation of Social Insurance (GOSI)

All employers and employees will have to register for contributions to GOSI.

Registering with the Municipality

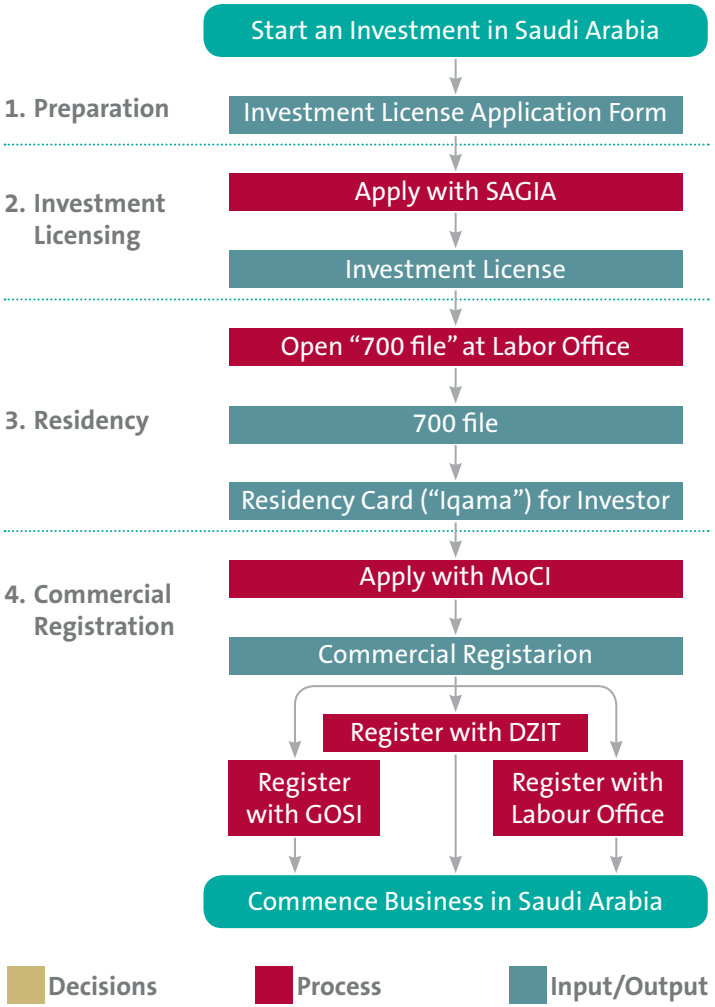
It is also important that all Companies obtain a Municipal License before they can register with the Labor office.

Registering with the Labor Office

Once a company has received its Municipal License, they will then be required to register with the Labor Office for the recruitment of manpower.

Investment flowcharts

Overview



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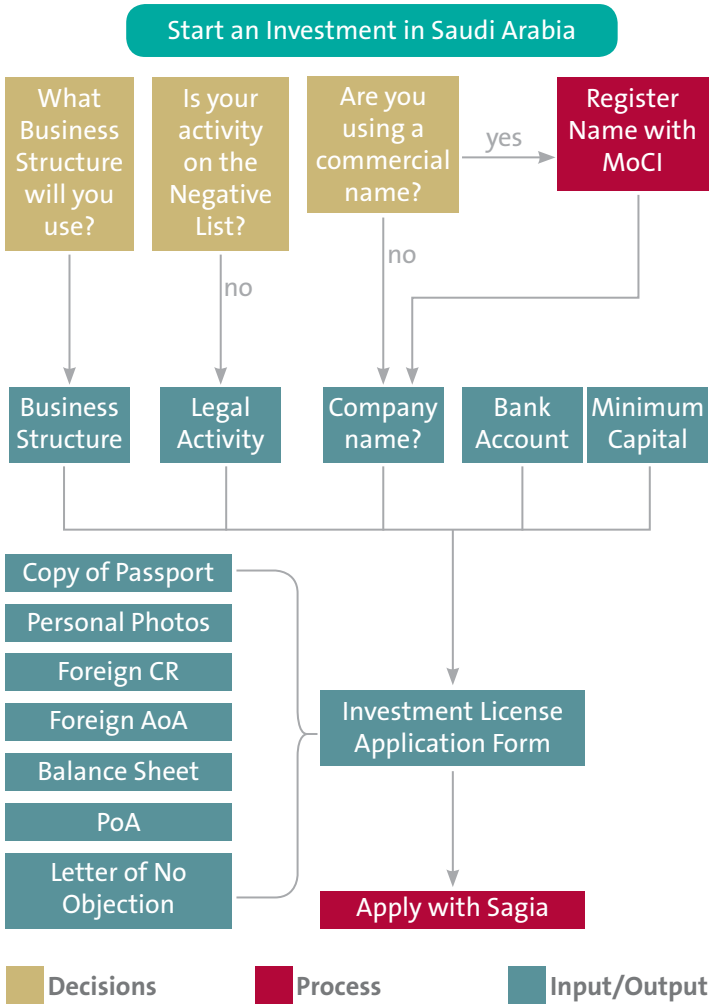
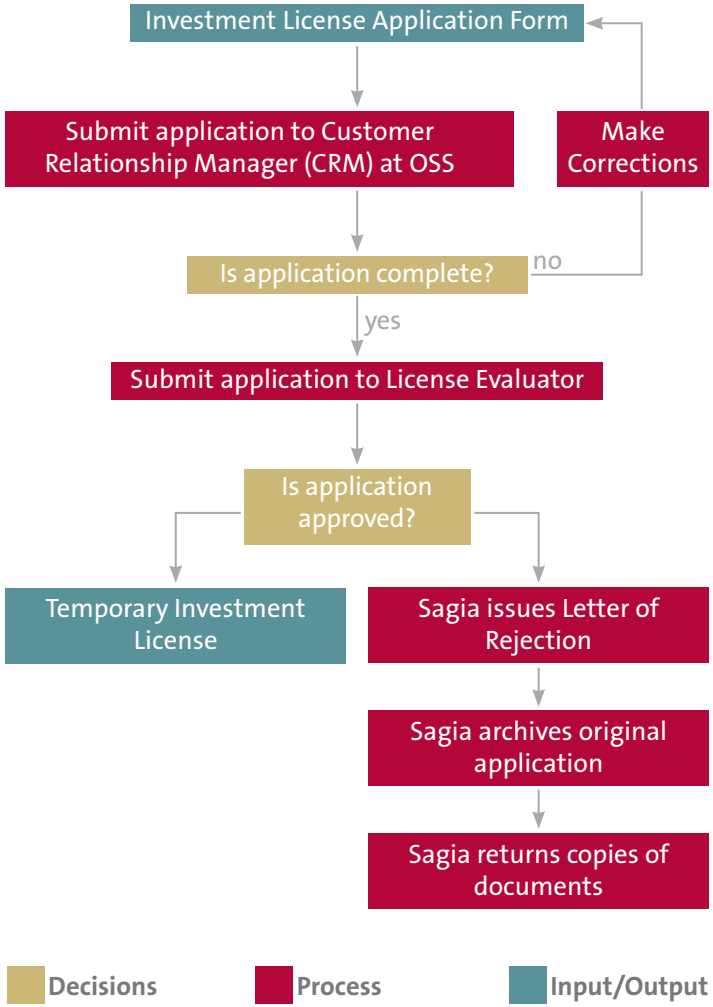
Step 1 - Preparation



Step 2 - Investment Licensing



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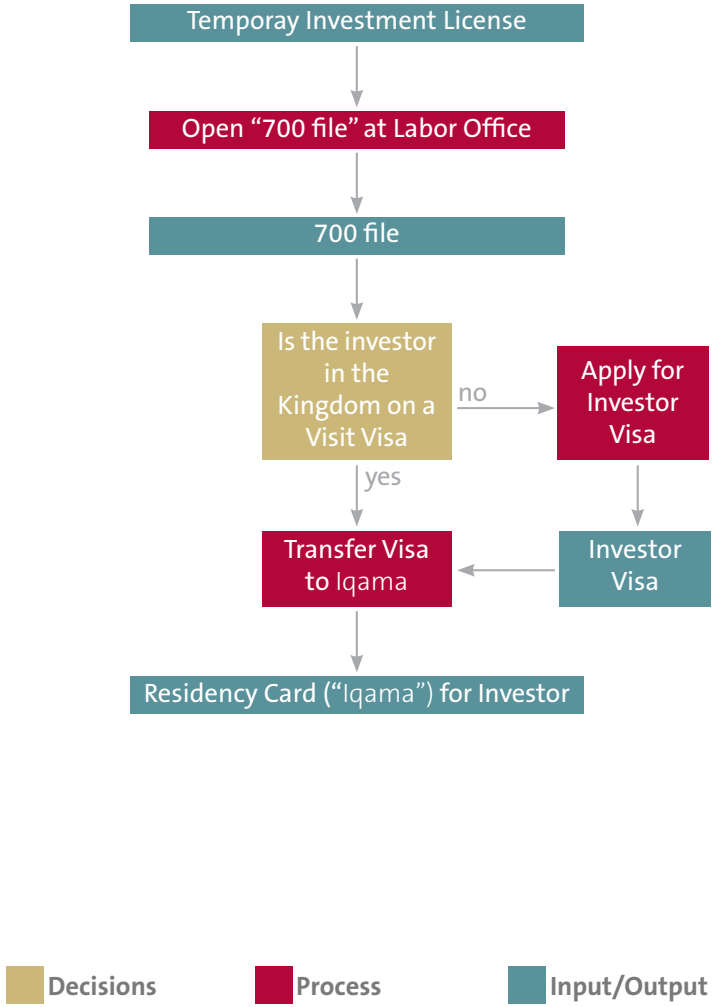
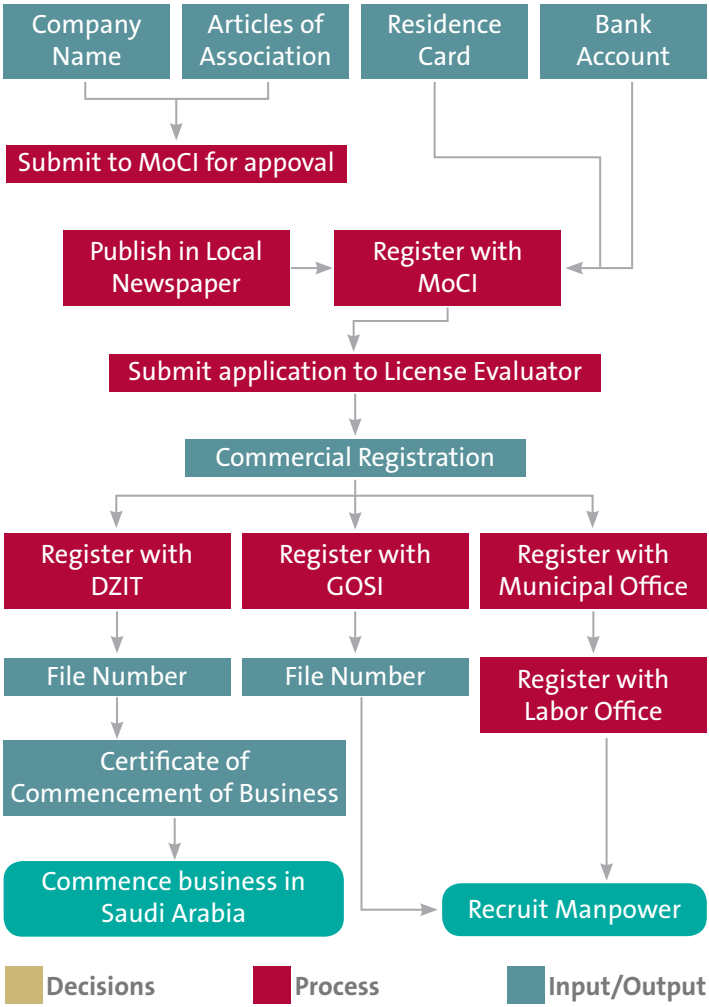
Step 3 - Obtaining Residency



Step 4 - Commercial Registration



What?

Some things you need to know

When you're ready to invest in Saudi Arabia, SAGIA is the government's investor-friendly face. As well as a progressive regulatory environment, generous financial incentives and one of the world's most stable currencies, the Kingdom offers an excellent standard of living – thanks to our huge experience in hosting expatriate workers and professionals from around the world.

Investment incentives

Investment climate in Saudi Arabia

- Saudi Arabia's 27 million increasingly prosperous consumers are at the heart of the Middle East/North Africa (MENA) region's 400 million-strong population. One of the world's 25 largest economies (24th), and No.1 in the MENA region, Saudi Arabia ranks 16th out of 181 countries for the overall 'Ease of Doing Business', according to the International Finance Corporation/World Bank's 'Doing Business' report in 2009. The Kingdom is one of the fastest-growing countries worldwide, with per capita income forecast to rise from $20,700 in 2007 to $33,500 by 2020. In addition, Saudi Arabia is also the top foreign investment destination in the Arab world and among the top 20 globally. As you can see, Saudi Arabia is an exciting and rewarding place to invest and do business.

- You can rest assure that you will find no better partner than the Saudi Arabian government in supporting your investment in the Kingdom. With account surpluses consistently in excess of 25% of gross domestic product, Saudi Arabia has ample capital to move the Kingdom forward by making large investments in targeted areas of growth. The Saudi economy is supported by one of the world's most stable currencies (the Saudi Riyal) and by low inflation. The government of Saudi Arabia also offers the 7th most rewarding tax system in the world and is also the 7th 'freest labor market' according to the World Economic Forum. You will find that, at all levels, the Saudi government is dedicated to supporting the growth of your business in the Kingdom.
- Saudi Arabia is more than ready to meet your investment needs through its progressive regulatory and generous financial incentives.

Regulatory incentives

The government is also committed to reducing bureaucracy at all levels and transforming government departments in an effort to support foreign investment. H.M. King Abdullah chairs the Saudi Supreme Economic Council, which is in charge of overseeing privatization and encouraging foreign investment. In 2000, the Saudi government announced a new Foreign Investment Law, introducing major regulatory incentives including (but not limited to):

- The establishment of the Saudi Arabian General Investment Authority (SAGIA), to assist foreign investors in the application and approval process for operating in the Kingdom.

4. What?
Some things you need to know

- Accelerated investment application, business registration and set-up process, with a guaranteed decision for foreign investment applications within thirty (30) days of submission to SAGIA.
- Equal benefits, incentives and guarantees for foreign investors and domestic companies.
- 100% foreign ownership of companies and property.
- 100% property ownership for foreign investors.
- No minimum capital requirement. (Query: But there is a table of minimum capital requirements in this document??)
- No restrictions on repatriation of capital.
- The ability for foreign investors to sponsor foreign employees.

Financial incentives

- No personal income taxes and only a 20% corporate tax.
- Ability to carry forward losses on balance sheets indefinitely.
- Foreign investors have access to generous regional and international financial programs, including:
  - **Arab Fund for Economic and Social Development** (AFESD): Participates in financing economic and social development projects in Arab countries.
  - **Arab Monetary Fund:** Promotes the development of Arab financial markets and trade among member states; advises member states on investment of resources.

- **Arab Trade Financing Program:** Provides medium and long-term loans to individuals and organizations for private and commercial trade.
- **Inter-Arab Investment Guarantee Corporation:** Provides insurance coverage for inter-Arab investments and export credits against commercial and non-commercial risks.
- **Islamic Development Bank:** Participates in equity capital and grants loans for productive projects and enterprises. It accepts deposits to mobilize financial resources through Shari'a compatible avenues.

- Other financial incentives to realize the full potential of your investments in the Kingdom include (but are not limited to):
  - **The Human Resources Development Fund** to support activities related to qualifying, training and recruitment of Saudi labor.
  - Preferential allocations of natural gas.
  - Competitive industrial utility rates for water, power and land.
  - Large research and development endowments at King Abdullah University for Science and Technology (KAUST) and King Abdul Aziz City of Science and Technology (KACST).

4. What?
Some things you need to know

Tax incentives for six regions in the Kingdom

The government of Saudi Arabia has granted tax concessions to six less-developed regions in the Kingdom, with the intention of attracting more investment. These tax privileges are granted for a period of ten years from the start of any project. The tax cuts will be offered in the following regions:

1. Ha'il
2. Jazan
3. Najran
4. Al-Baha
5. Al-Jouf
6. Northern Territory

The benefits are as follows:

- 50% deduction from the expenses of annual training for Saudis
- 50% deduction from the annual salaries paid to Saudis

More deductions are granted if investment capital for any project exceeds SR 1,000,000 and if more than five employees of Saudi nationality have jobs of a technical or administrative nature with contracts of at least one year.

Economic Cities

At a cost of more than $60 billion, the Kingdom has planned and begun constructing four metropolitan 'marvels' – a public-private project that promises to significantly diversify the economic landscape of Saudi Arabia while providing a wealth of opportunities for investors. As part of Saudi Arabia's drive for global competitiveness, the economic cities aim to be more than free zones or business parks, they will be also ideal places to live and work.

- **King Abdullah Economic City** (KAEC): Developed by Emaar, KAEC is the single largest private-sector project in the region. It is expected to usher in a new era of economic prosperity for Saudi Arabia and has the potential to create one million jobs and be home to at least two million residents.
- **Jazan Economic City** (JEC): Located 725 km south of Jeddah, JEC includes a seaport, an industrial zone, a commercial business district, residential areas, public amenities such as hospitals and schools, as well as other academic and vocational training institutions.

Prince AbdulAziz bin Mousaed Economic City (PABMEC): Located near Hail, this city is set to become the largest transportation and logistics hub in the Middle East by incorporating a cluster-based development, which will encompass transportation, logistics and supply chain centers. The city will be developed by the private sector, headed by Rakisa Holding Company.

The Economic Cities will include 'Smart Service Centers' (SSC), which will centralize and simplify government procedures by offering responsive and comprehensive customer support. The SSC is committed to providing customer service in less than 60 minutes at all times.

4. What?
Some things you need to know

Relevant government bodies

- **Supreme Economic Council**
  - This was formed in 1999 under the leadership of H.M. King Abdullah. The Supreme Economic Council is the coordinator between the Kingdom's many economic agencies, integrating their activities, and facilitating effective decision-making on economic issues.
- **Saudi Arabian Monetary Agency (SAMA)**
  - SAMA is the central bank of the Kingdom of Saudi Arabia, which is responsible for the following:
    - Issues the national currency, the Saudi Riyal.
    - Acts as a banker to the government.
    - Supervises commercial banks.
    - Manages the Kingdom's foreign exchange reserves.
    - Conducts monetary policy for promoting price and exchange-rate stability.
    - Promotes the growth and ensures the soundness of the financial system.
  - Leadership: H.E. Hamad Al-Sayari, Governor of SAMA.
  - Contact information
    - Web: http://www.sama.gov.sa
    - Telephone: +966-1- 463-3000
    - Fax: +966-1- 466-2936 / 466-296
- **Ministry of Economy and Planning**

- The Ministry of Economy and Planning works to ensure that all government agencies work in a well-coordinated and well-informed manner to achieve the Kingdom's economic priorities.
- The Ministry of Economy and Planning is responsible for the following functions:
  - Prepares a periodic economic report on the Kingdom, featuring analysis of the economy, progress made and likely developments.
  - Prepares the five-year development plan.
  - Estimates the magnitude of financial resources required for the implementation of the development plans approved by the Council of Ministers.
  - Conducts economic studies as required, submits the findings, and collects, analyzes and publishes statistical data in economic, social and demographic fields.
- Leadership: H.E. Khalid Mohamed Al Gosaibi, Minister of Economy and Planning.
- Contact information
  - Web: http://www.mep.gov.sa
  - Telephone: +966-1- 4049212
  - Fax: +966-1- 4052051

■ **Saudi Industrial Development Fund**

- The Saudi Industrial Development Fund participates in the financing of development projects in developing countries. SIDF makes its contributions through direct soft loans to the governments of these developing countries, with no geographical exclusion or pre-conditions. SIDF assigns priorities to the least developed, lowest-income countries.
- Leadership: H.E. Engr. Yousif Bin Ibrahim Al-Bassam, Chairman of the Board of Directors of SIDF.
- Contact information
  - Web: http://www.sidf.gov.sa
  - Phone no.+966-1-2794444
  - Fax no. +966-1-4640246

■ **Saudi Industrial Property Authority (Modon)**

- Established by legislation in 2001, Modon is responsible for developing and supervising industrial land in the Kingdom. Modon's mission is to undertake, as an independent public agency, the regulation and promotion of Industrial Estates and Technology Zones in the Kingdom of Saudi Arabia on both public and private industrial lands and to encourage the private sector to become involved in the development, operation and maintenance of Industrial Estates and Technology Zones.
- Leadership: Dr. Tawfig Fawzan Al-Rabiah, Director General.
- Contact information:
  - Web: http://www.modon.gov.sa
  - Address: Modon Head Office, P.O. Box 84214, Riyadh 11671
  - Telephone: +966 01 283 1331
  - Fax: +966 01 477 5235

■ **Ministry of Commerce and Industry**

- Established in 2003, the Ministry of Commerce and

Industry is responsible for all aspects of commercial and industrial activity in the Kingdom.

- Leadership: Dr. Hashim bin Abdullah bin Hashim Al-Yamani, Minister of Commerce and Industry.
- Contact information
  - Web: http://www.commerce.gov.sa
  - Address: Ministry of Commerce and Industry, PO Box 1774, Airport Road, Riyadh 11162
  - Telephone: +966-1- 401 2220 / 401 4708
  - Fax: +966-1- 403 8421

■ **Chambers of Commerce**

- With the expansion of the Kingdom's economy and the need to consolidate the commercial base, the network of Chambers of Commerce has played an increasingly active role in the development of the Kingdom's commercial activity. The Council of Saudi Chambers is based in Riyadh.
- Leadership: Mr. Saleh A. Al-Turki, Chairman of the Board and President of the Chamber of Jeddah.
- Contact information
  - Web: http://www.saudichambers.org.sa
  - Address: Council of Saudi Chambers, P.O. Box 16683, Riyadh 11474
  - Telephone: (966) 1-405 3200 / 405 7502
  - Fax: (966) 1-402 4747

■ **Ministry of Labor and Social Affairs**

- The Ministry of Labor and Social Affairs is responsible for the development and use of the Kingdom's human resources, including manpower planning, labor relations and the general monitoring of all matters relating to employment, such as labor visas.
- Leadership: Dr Ghazi bin Abdulrahman Al Gosaibi, Minister of Labor.
- Contact information
  - Web: http://www.mol.gov.sa
  - Address: Omar bin Al-Khatab Street, Riyadh 11157
  - Telephone: 477 1480 / 478 7166
  - Fax: 477 7336

■ **General Directorate of Passports**

- The General Directorate of Passports has responsibility for implementing and monitoring policies and programs related to residency and human traffic within Saudi Arabia, such as:
  - The Iqama (Residence Permit) System organizing expatriate arrivals in the Kingdom and related visa, registration and renewal issues.
  - Monitoring and regulation of arrivals and departures of individuals into and out of the Kingdom.
  - The regulation and monitoring of companies and establishments that employ non-Saudis and aliens.
- Leadership: Mr. Hashim Ma'tooq, Deputy Minister of Interior of Passports and Civil Affairs.
- Contact information
  - Web: http://www.gdp.gov.sa

- Address: Alffersdq Street, Riyadh 11184
- Telephone: +966-1-477 1100
- Fax: +966-1- 477 8835

- **Department of Zakat and Income Tax (DZIT)**
  - As part of the Ministry of Finance and National Economy, the Department of Zakat and Income has responsibility for tax policy and tax collection in the Kingdom.
  - Leadership: Mr. Saad Hamdan Al-Hamdan, Acting Director General.
  - Contact information
    - Web: http://www.dzit.gov.sa
    - Address: Department of Zakat and Income Tax, Riyadh 11187
    - Telephone: +966-1- 401 0182 / 404 1537
    - Fax: +966-1- 404 1495

- **General Organization of Social Insurance (GOSI)**
  - The General Organization for Social Insurance (GOSI) administers the Kingdom's national insurance program by paying allowances and other compensations to individuals and families in the Kingdom.
  - Leadership: H.E. Suliman Saad Al-Humaid, Governor.
  - Contact information
    - Web: http://www.gosi.gov.sa
    - Address: General Organization of Social Insurance, P.O. Box 878, Riyadh, 11421
    - Telephone: +966-1-477 7735
    - Fax: + 966-1-477-9958

4. What?
Some things you need to know

- **Ministry of Municipalities and Rural Affairs**
  - Established in 1975, the Ministry for Municipal and Rural Affairs is responsible for the administration of municipalities throughout the Kingdom. Its primary functions include town and city planning, as well as the development and maintenance of the basic infrastructure.
  - Leadership: H.E. Dr. Muhammad Ibrahim Al-Jarallah, Minister.
  - Contact information
    - Web:
    - Address: Ministry of Municipalities and Rural Affairs, Riyadh 11136
    - Telephone: +966-1-441-5434/456-9999
    - Fax: +966-1-442-1901/456-3196

Monetary policy

- Saudi Arabia's monetary policy is managed by the Saudi Arabian Monetary Authority (SAMA) and is

based on its fixed exchange-rate policy.

- The Saudi Riyal is pegged to the US Dollar, based on the pattern of Saudi Arabia's external receipts and payments, which are predominantly in US Dollars.
- The operational target of SAMA is to manage system liquidity through the repurchase window. The intermediate target of SAMA is the stability of the Riyal against the Dollar as the anchor and intervention currency.

Trade and finance

4. What?
Some things you need to know

Foreign Trade

Saudi Arabian Import / Export Regulations

Custom Duties

- Most basic consumer products are duty-free, e.g. sugar, rice, tea, unroasted coffee, cardamom, barley, corn, livestock and meat (fresh or frozen).
- Customs duties of 20% are imposed on some imported commodities for the protection of infant industries within the Kingdom.
- Import duty on other items is 12% ad valorem on the cost, insurance and freight (CIF) value.
- A limited number of items are subject to customs duties calculated on the basis of metric weight or capacity rather than ad valorem; the rates for these items are fairly low.
- Special concessions are granted to members of the Arab League who are signatories to the Agreement to Facilitate Trade and Exchange and to Organize Transit between the

Arab League States.

- Imports from Arab states with which Saudi Arabia has established bilateral trade agreements are entitled to further reductions of duty.

Products Covered by Custom Duties of 20%

Product Category	Products
Food	■ Chewing gum ■ Chocolates ■ Confectionery without cocoa ■ Fruit pastes and creams ■ Halaw Teheniah ■ Ice cream without cocoa ■ Macaroni and spaghetti ■ Sugar products ■ Sweets with nuts and similar fillings ■ Toffees

4. What?
Some things you need to know

Industrial goods	■ Aluminum barrels and cans ■ Bottles and flasks ■ Electrical heaters ■ Files with metal fittings ■ Foam boards/sheets or adhesive/foam tapes ■ Foam sheets, foils and tapes made of unhardened rubber ■ Frames for furniture and electrical wiring conduits ■ Metal shelves ■ Office metal cupboards ■ Oxygen ■ Resin and plastic bags/cases and cones ■ Signboards and wooden products for animal husbandry and agricultural purposes ■ Tahina ■ Tin cans, barrels and containers ■ Tanks ■ Wooden barrels, boxes and cages
Clothing and textiles	■ Mashalih and ibie (cloaks and overcoats) made of wool or soft hair ■ Rough wool textiles ■ Wooden shoes, wig leather, cork or rope soles
Religious items	■ Prayer beads ■ Wooden prayer beads

Household goods	■ Iron/steel wool fibers and products for cleaning households ■ Paper boxes ■ Paper tissues and table covers ■ Plastic crockery ■ Plastic and aluminum bottles, crown caps, table covers, ash trays and household appliances ■ Toilet paper ■ Tooth-picks and coathangers ■ Wood, straw, plastic and metal furniture, and cushions ■ Wooden frames for photos and mirrors

Commercial Documents

- The following documents are required for all commercial shipments to the Kingdom of Saudi Arabia and will need to be presented to the Saudi Arabian consulate in the order below. Additional documents may be required depending on the type of goods being shipped, on certain requests from the Saudi importer or in the letter of credit (L/C), or according to a contract. Each document should be prepared in (at least) an original and one copy. All documents (original or copies) should also bear the handwritten signature of the person issuing the document. Facsimile signatures will not be accepted.

4. What?
Some things you need to know

- The exporter is responsible for authenticating the certificate of origin, the commercial invoice and any special documents. The documents must be certified in the following order:
  1. Notarized by a Notary Public and certified by a Chamber of Commerce in the exporting country.
  2. Certified by the Saudi Arabian Business Council in the exporting country.
  3. Legalized by the Saudi Embassy or any Saudi Consulate in the exporting country.
- In addition, two copies of the Export Information Sheet (EIS) will have to be filled out and signed by an official of the exporting/shipping company. It should then be submitted with the other required shipping documents.
- For more information regarding each document, including specific information to be included, please contact the Ministry of Commerce and Industry

Commercial Invoice

- The invoice should contain the names and addresses of the consignor and the consignee, and must accurately describe in full detail the goods and components being transported (including the six-digit Harmonized System number), trademarks, name of the vessel (or airline) and the other key details of the transportation of the said goods.

Certificate of Origin

- The certificate of origin must be issued by the manufacturer (or the exporting firm) and must include the name of the vessel (airline) and the date of sailing, name(s), nationality(ies), and full street address(es) of the manufacturer(s) of all items to be shipped to Saudi Arabia. Furthermore, the origin of each item or component must be specified. If the merchandise is not solely and exclusively a product of the exporting country, a notarized 'Appended Declaration' must be attached to the Certificate of Origin.

Insurance Certificate (if applicable)

- This certificate (issued by an insurance company in at least one original) must contain the actual amount of insurance, description and value of insured goods, name of vessel, port of loading and Saudi port of discharge, and name and address of the beneficiary. In addition, the 'Appended Declaration to Insurance Policy' (available from Saudi Consulates) should state that the insurance company has a duly qualified and appointed agent or representative in the Kingdom of Saudi Arabia, giving his name and full address. If the shipment is insured by an insurance company in Saudi Arabia, the exporter, on their letterhead, must state the name and address of that company.

4. What?
Some things you need to know

Bill of Lading / Airway Bill

- One non-negotiable copy of the bill of lading is to be presented to a Saudi Arabian Consulate. The Bill of Lading should agree with the commercial invoice and show the description and value of the goods onboard, along with all information regarding the importer, shipping company and method of transport.

Steamship / Airline Company Certificate

- This certificate (which is an Appended Declaration to the Bill of Lading or Airway Bill) should be issued by the steamship (or airline) company, notarized, and contain the key information about the vessel (or plane) used in import.
- Further, the steamship (airline) company certificate should also declare that the vessel (plane) shall not anchor or call on any ports (airports) other than those mentioned in it, and that all information provided in the certificate is true and correct.

Special Documents and Regulations

- Depending on the nature of the exported goods to Saudi Arabia, or according to a request from the Saudi importer, certain documents may also be required in addition to the general documents listed above. Special certificates or documents need to be authenticated according to the same procedure for the authentication of general shipping documents.

4. What?
Some things you need to know

What special documents will I need to provide for my shipment into Saudi Arabia?

Nature of Shipment	Important to Know	Documents Required
Food Products	■ Requirements for labeling food and food products sold in the Kingdom of Saudi Arabia are determined by the Saudi Arabian Standards Organization (SASO). ■ Exporters of these products should comply with, among other SASO rules, Mandatory Standards SSA 1/1984 whether for sample demonstration or for commercial shipments.	■ Food Manufacturer Ingredients Certificate ■ Consumer Protection Certificate ■ Price List
Meats		■ Certificate of Halal Meat ■ Official Health Certificate
Seeds and Grains		■ Certificate of Inspection ■ Phytosanitary Certificate ■ Seed Analysis Certificate ■ Certificate of Weight
Animal Fodder Additive		■ Certificate of Free Sale ■ Product Registration Certificate ■ Certificate of Analysis ■ Product Safety Data Sheet
Livestock		■ Certificate of Weight ■ Health Certificate ■ Pedigree Certificate ■ Production records ■ Declaration of Inspection and Acceptance

Pets	■ Only guard, hunting, and guide dogs are allowed into Saudi Arabia.	■ Health Certificate ■ Animal Vaccination Certificate
Horses	■ Only Saudis are allowed to import horses into the Kingdom. ■ The importer should submit an application to the President of the Saudi Equestrian Club indicating the number of horses, exporting country, and customs center at the port of entry to the Kingdom. ■ The application should be accompanied by the special documents.	■ Certificate of Origin ■ Health Certificate

4. What?
Some things you need to know

Vegetables and Fruits	■ This certificate must certify that the exports are free from pests, insects, and other agricultural diseases, and that they have not been exposed to ionizing radiation (but can be treated with aluminum phosphate).	■ Vegetable and Fruit Health Certificate
Electrical Appliances, Equipment and Accessories		■ SASO Certificate of Conformity

Motor Vehicles	■ At least three months before dispatching the first shipment of any type of motor vehicles in any year, the manufacturer must send to SASO a Motor Vehicles Conformity Certificate in English or Arabic for its approval. ■ Individuals must obtain this certificate from the manufacturer prior to the shipment of any car for their personal use in the Kingdom.	■ Motor Vehicles Conformity Certificate

4. What?
Some things you need to know

Medicines and Pharmaceuticals	■ No medicine or pharmaceutical products are admitted into the Kingdom unless a prior registration is made with the Ministry of Health. ■ The certificate of local authenticity must certify that the medicines are actually used by the public in the Exporting Country under the same trade name and formula and must include the name of each product, the formula, and the date and number of the permit to manufacture them if one is required.	■ Certificate of Free Sale ■ Certificate of local authenticity from Exporting Country

Commercial Legal Documents

- Legal documents include:
  - Power of Attorney.
  - Agency Agreements.
  - Sole Distributorship.
  - Trade Marks Registration.
  - Certificates of Free Sale.
  - Bid or Tender Documents.
  - Registration of Partnerships, Corporations, or Joint Ventures.
- All companies' documents must be legalized as follows:
  - Notarized by a Notary Public.
  - Certified by the County Clerk of the respective county where the Notary Public is commissioned.
  - Certified under the seal of the Office of the Secretary of the state where the documents originated.
  - Authenticated by the Exporting country Department of State, Authentication Division (518 23rd Street, N.W., State Annex 1, Washington, D.C. 20520; Phone: (202) 647-5002 or 1-800-688-9889, option (6).
  - Legalized by a Saudi Consulate.

4. What?
Some things you need to know

Saudi Arabia Import Standards

- In November 1995, the Saudi Ministry of Commerce implemented the International Conformity Certification Program (ICCP), in coordination with the Saudi Arabian Standards Organization (SASO). SASO relies primarily on international standards when issuing Saudi specifications, and SASO specification conformity is applied to all products, both locally produced and imported, to provide the necessary consumer protection. All of the approved SASO procedures, including the ICCP program, work within the guidelines of the International Standards Organization.
- The SASO ICCP requires a Certificate of Conformity for every shipment of SASO-regulated products destined for the Kingdom. Before a Certificate of Conformity can be issued, each shipment must be accompanied by evidence of conformity to SASO requirements. Shipments arriving without a Certificate of Conformity will be rejected at the Saudi port of entry. SASO has appointed Country Offices in locations throughout the world that perform conformity verification on each shipment prior to its leaving the port of export. In addition, SASO has authorized Regional Licensing Centers to administer the registration process, carry out verification of conformity, and issue SASO Type Approval Licenses. In some cases, random sampling of the products and testing will also be required by the SASO Country Office.

- The procedures for obtaining a Certificate of Conformity are as follows:
  - The exporter will need to submit a written request to the appropriate SASO Country Office for inspection and testing of the products requiring a Certificate of Conformity, together with full details of the consignment.
  - The Country Office completes the necessary steps appropriate to the product in order to meet SASO requirements. These steps will depend upon existing product certifications and whether the product is covered by a valid registration. If the products are registered, the Country Office will set up an inspection plan which may or may not require products to be sampled for testing.
  - If the products are not registered, they will be sampled and tested according to SASO requirements. Assuming the testing and/or inspection produces satisfactory compliance results, a Certificate of Conformity is issued. The Certificate of Conformity should accompany the shipping documents.
  - If the products do not meet the SASO requirements, the exporter will be given a complete explanation of the deficiency. If acceptable corrective action is not taken, no Certificate of Conformity will be issued and the Ministry of Commerce, SASO representatives, and the importer will be advised accordingly.

4. What?
Some things you need to know

  - When the shipment arrives at the Saudi Arabian port of entry, the Ministry of Commerce and SASO technical staff will request the accompanying Certificate of Conformity. Each Certificate of Conformity will be checked for authenticity and matching details. After satisfactory checks, SASO will issue a letter of release.

Domestic export incentives

- Saudi Arabia has entered several commercial agreements for removing or reducing barriers to exports, including the unified GCC economic agreement. Saudi Arabia also maintains bilateral trade agreements with the following Arab countries:
  - Hashemite Kingdom of Jordan
  - Republic of Tunisia
  - Kingdom of Morocco
  - Republic of Lebanon
  - Republic of Syria
  - Republic of Yemen
  - People's Democratic Republic of Algeria
  - Arab Republic of Egypt

- The Saudi Arabian government has also participated in regional and international programs to finance and insure exports, notably in the long-term trade finance programs of the Islamic Development Bank, the program of the Arab system for insurance of exports, licensed by the Arab Investments Guarantee Corporation and the portfolio of the Islamic Banks run by the Islamic Development Bank. In addition, it provides the following incentives:
  - Reducing port fees by 50 per cent on all exports of the national industries.
  - Exempting exported goods from storage fees for ten days after they enter the customs area.
  - Allowing Saudi Arabian Airlines to offer favorable prices for transporting agricultural and industrial products.

Foreign transfer regulations

- There are no restrictions on converting or transferring funds associated with an investment (including remittances of investment capital, earnings, loan repayments and lease payments) into a freely usable currency and at a legal market clearing rate.
- There have been no recent changes, nor are there plans to change remittance policies.
- There are no delays in effect for remitting investment returns such as dividends, return of capital, interest and principal on private foreign debt, lease payments, royalties and management fees through normal legal channels.

4. What?
Some things you need to know

- There is no need for a legal parallel market for investor remittances.
- There is no limitation on the inflow or outflow of funds for remittances of profits, debt service, capital, capital gains, returns on intellectual property, imported inputs, etc. There is, however, a heavy tax (up to 45 percent) on corporate profits and capital gains of the foreign partner in a joint venture.

SASO Country Program Offices

- The Saudi Arabian Standards Organization is responsible for determining and enforcing approved standards of services, facilities, utilities and products within the Kingdom of Saudi Arabia. A SASO Certificate of Conformity issued by Intertek Testing Services may be required before approval of importing and exporting operations within Saudi Arabia
- Website: http://www.saso.org.sa
- Intertek Testing Services, 3741 Red Bluff Road, Pasadena, Texas 77503
  - Tel.: 713-475-9184
  - Fax: 713-475-2083
- Regional Licensing Center, North/Central/South America, 70 Codman Hill Road, Boxborough, MA 01719
  - Toll Free: 1-800-441-7276
  - Tel.: 978-635-8651/978-635-8652/978- 635-8653
  - Fax: 978-635-1620

4. What?
Some things you need to know

Finance

Introduction to financing in the Kingdom

- Investors in the Kingdom will also have access to both debt and equity financing from the Saudi financial sector. Financing is available to Saudi and non-Saudi businessmen and entities.
- Saudi entities may also borrow from non-Saudi banks and often employ the services of offshore banking units in Bahrain, which is a major banking center for financing.
- The financial sector is regulated and controlled by the Saudi Arabian Monetary Agency (SAMA). Policies on financing and terms of payment aim to facilitate the free flow of financial resources.

General financing availability

- Local commercial banks can also provide credit and project financing to businesses in the Kingdom. The private sector also has access to a variety of credit instruments. Credit from the commercial banks is allocated on market terms, and foreign investors can obtain credit on the local market.
- Major commercial banks in Saudi Arabia include:
  - Arab National Bank
  - Al Jazira Bank
  - Al Rajhi Banking and Investment Corporation
  - Bank AlBilad
  - National Commercial Bank
  - Riyadh Bank
  - Saudi American Bank
  - Saudi British Bank
  - Saudi Fransi Bank
  - Saudi Hollandi Bank
  - Saudi Investment Bank

Equity financing

- SAMA and the Capital Markets Authority (CMA) supervise the Saudi stock market, which is known as the Tadawul.
- The Tadawul has grown significantly over the past 20 years and is now the largest stock market in the Arab world. In 2008, the value of trading exceeded $500 billion.
- The number of Joint Stock Companies that trade in the Saudi Arabia Stock Market has increased steadily, with approximately 127 firms now listed on the exchange.
- International investors have been approved to participate in the Tadawul through mutual funds since 1997.

Special financing options

- Project financing is also available from specialized credit institutions in the Kingdom that have been set up to provide long-term loans to vital sectors of the economy. These specialized credit institutions and their related financing areas include:

Institution	Area of Financing and Assistance
Saudi Industrial Development Fund	Low-cost medium and long-term capital for industrial projects Marketing, technical, and financial advice to all SIDF-financed projects to enhance their chances of success
Public Investment Fund	Medium and long-term loans to the large-scale government and private industrial projects not covered by commercial banks
Real Estate Development Fund	Medium or long-term loans to individuals or organizations for private or commercial housing projects
Saudi Arabian Agricultural Bank	Loans and credit facilities to farmers and agricultural projects
Islamic Development Bank	Equity capital and loans for projects that foster the economic development and social progress of member countries and Muslim communities.

4. What?
Some things you need to know

Import payment process

- Most Saudi imports are received on the basis of an irrevocable letter of credit (L/C), although other arrangements such as an open account, cash in advance, and documentary collection are also permitted.
- Imports do not require mandatory, maximum or minimum credit terms.
- Typical turnaround times in local credit transactions range between three and four months.

Law and taxation

Trademark law

- Saudi Arabia is a member of the Paris Convention for the Protection of Industrial Property and follows the International Classification of Goods and Services for the Purposes of the Registration of Marks under the Nice Agreement, with revisions and additions adopted as of January 1, 2002. A separate application should be filed with respect to each class of goods or services. Trademarks covering alcoholic goods and related retail or wholesale services are not applicable within the Kingdom.

4. What?
Some things you need to know

What can I register as a Mark?

Can be registered as a Mark	Cannot be registered as a Mark
■ Distinct shapes ■ Signatures ■ Words ■ Letters ■ Numbers ■ Drawings ■ Symbols ■ Seals ■ Prominent inscriptions	■ Invisible trademarks (e.g. sounds or scents) ■ Expressions, signs or drawings contrary to religious practices or public order or morality ■ Public and official symbols of KSA ■ Geographical names ■ Misleading statements or statements regarding honorary degrees ■ Internationally famous Marks or Marks similar to registered (or applied for) Marks

4. What?
Some things you need to know

What is the process for registering a Mark?

Documents Required	Timeline
■ Application form ■ Legalized copy of the Mark's corresponding home registration certificate ■ Legalized Power of Attorney or Authorization of Agent ■ List of goods to be covered and their classes ■ Thirty prints of the Mark for each class	■ A decision is made on applications within 60 days by the Ministry of Commerce ■ If the application is rejected, the applicant has 90 days to satisfy the conditions for approval set forth by the Ministry of Commerce ■ Appeals may be filed to the Board of Grievances within 30 days of the final rejection notification

- Trademarks registered in Saudi Arabia are protected for a period of 10 Hegira years from the date of application. Registrants can apply for renewals of the Mark within the last year of validity or within a grace period of 6 months after expiration of the Mark.

Copyright law

- The Copyright Law in the Kingdom of Saudi Arabia was issued as per Royal Decree No. M/41 dated August 30, 2003 and published in the Official Gazette No. 3959 dated September 19, 2003.
- Protection is granted to authors whose works of art are expressed in writing, sound, drawing, photography or motion pictures and computer software. The rights of the author are protected for his lifetime and for a period of 50 years after his death.
- Protection covers all intellectual works of any type whether they are literary, scientific or other, as far as the distribution of those works in Saudi Arabia is allowed.
- Foreign intellectual works are protected in accordance with the international conventions of which Saudi Arabia is a member, namely the Universal Copyright Convention and the Berne Convention for the Protection of Literary and Artistic Works.
- Violations of intellectual property protections are punishable by stringent penalties, including fines of up to SR250,000, suspension of business, confiscation of materials, and imprisonment.

Patent law

- Patents in Saudi Arabia are governed by Patents, Layout Designs of Integrated Circuits, Plant Varieties and Industrial Models Law, effective September 6, 2004. The Patent Law definition of an invention covers any new article, method of manufacture, or improvement in either. Absolute universal novelty is stipulated by the Patent Law: an invention is new only if it is not anticipated by the prior art, which covers anything disclosed to the public anywhere and at any time, by means of a written or oral disclosure, by use, or in any other way before the relevant filing date or priority date.

- Applications for patents must be submitted to the Directorate of Patents at King Abdul Aziz City of Science and Technology (KACST) on the appropriate form. A patent is protected for 20 years from the date of filing the application. A patent is subject to an annuity due at the beginning of each year subsequent to the year in which the application was filed and payable within a period of three (3) months.
- Patent disputes are resolved by an ad hoc committee at KACST. Appeals against the committee's decision may be made to the Board of Grievances within sixty (60) days from the date of notification.

Taxation

Introduction to the Kingdom's tax system

With the Kingdom's abundance of rich natural resources combined with a taxation system that is business-friendly, efficient and encourages growth, Saudi Arabia has been able to invest its wealth in the drive to become one of the top 10 economies. Given the quality of the tax system, the World Bank ranked Saudi Arabia seventh in the world in 2008 for 'Ease of Paying Taxes'.

It is also important that all individuals or businesses that are subject to 'zakat' or tax be registered with the Department of Zakat and Income Tax (DZIT). Once you have registered, you will receive a file number (FIN) which you will need to use in all tax transactions with the DZIT. Please refer to the 'Registration Process' section in this Guide.

4. What?
Some things you need to know

What taxes will you need to pay?

Individual Tax (Resident and Non-Resident)

What is my individual tax eligibility?	
You are eligible to pay Resident Individual Tax if you are a...	You are eligible to pay Non-Resident Individual Tax if you are a...
■ A resident doing business in the Kingdom, defined as : – Maintaining a permanent residence in the Kingdom and being physically present in the Kingdom 30 days or more during the taxable year; or – Being physically present in the Kingdom more than 183 days in the taxable year without a permanent place of abode. ■ A partner in a resident partnership (personal companies). ■ A general partner in a resident company limited by shares.	■ An individual physically present less than 183 days a year without a permanent place of abode doing business in the Kingdom through a permanent establishment is subject to the provisions applicable to resident companies. ■ An individual physically present less than 183 days a year without a permanent place of abode, including legal persons owned by Saudis, is subject to withholding provisions on income from sources within the Kingdom.

4. What?
Some things you need to know

Resident Individual Tax definitions and rules

For partners in a resident partnership (personal company) and general partners in a resident company limited by shares:

- Non- resident partners holding shares in resident partnerships shall be considered by virtue of their share in the partnership to have a permanent and established interest in the Kingdom. Taxes shall be levied on the partners in the partnership rather than the company itself. The partner shall file his or her own tax return, or declaration, of taxable income form all activities related to the partnership; this declaration shall be subject to the procedural rules according to the Income Tax Law.
- Partnerships will also have final responsibility for determining their taxable year, accounting and inventory methods, filing notifications and other tax-related statements of activity. Within sixty (60) days of the end of the taxable year, it will be necessary for the partnership to file an information return covering the following:
- Income.
- Profit.
- Loss.
- Expenses.
- Debts.
- Other tax-related items.

Resident Individual Tax rate and filing procedure

For non-Saudi residents doing business in the Kingdom, individual earned income will be taxed at 20% of the taxable base. Individual earned income is taxed at a flat rate; this is because the Kingdom does not maintain progressive tax brackets based on income level. Individual taxpayers must file a tax return with the DZIT and pay their tax return within 120 days of the completion of the taxation year.

Non-Resident Tax definitions and rules

For non-residents, a permanent establishment in the Kingdom is considered the permanent place of activity, where business is carried out directly or indirectly, in full or in part. The following is considered a permanent establishment:

- Construction sites, assembly facilities and the exercise of supervisory activities connected with them.
- Installations or sites used for surveying natural resources , drilling equipment or ships used for surveying natural resources, as well as the exercise of supervisory activities connected with them.
- A fixed base where non-residents carry out business.
- A branch of a non-resident company which is licensed to carry out business in the Kingdom.

A non-resident partner in a resident personal company is considered to have a permanent establishment in the Kingdom in the form of a partnership interest.

Withholding Tax

Every resident (whether or not a taxpayer according to the Income Tax Laws), as well as a non-resident with a permanent establishment in the Kingdom, who pays an amount to a non-resident from a source in the Kingdom, must withhold tax from the paid amount. The withholder using the form must pay the withheld amount to the DZIT within the first ten days (10) of the month, following the month of payment to the beneficiary. The withholder must also provide certification of payment to the beneficiary.

Withholders are also responsible for filing the annual withholding form within 120 days of the end of the financial year. It is important to note that withholders who fail to withhold, pay taxes or report information as required by law will be subject to penalties.

The tax base for withholding gross taxable income allows deductions for all expenses that are necessary and normal to the conduct of business. Some examples of allowable deductions include wages and salaries, depreciation, repair fees, charitable contributions, royalties, insurance premiums, bad debt, end-of-service awards and school fees.

Withholding tax rates are as follows:

4. What?
Some things you need to know

Type of Payment	Rate
Management fees	20%
Royalties or proceeds, including payments to a head-office or affiliate	15%
Payments for rent; technical and consulting services; transportation costs (air tickets, air/maritime freight); telecommunications; dividends; loan charges; insurance premiums	5%
Other payments	15%

Corporate Income Tax

An entity is subject to Corporate Income Tax if it has:

- A resident capital company on non-Saudi shares. (meaning???)
- Total shares in net profits of non-Saudi limited partners in limited partnerships. (meaning???)

Corporate Tax definitions and rules

Any entity is considered a resident company if:

- It is formed under the Companies Regulations; or
- Its place of central control and management is situated within the Kingdom.

Corporate Tax rate and filing procedure

Resident Corporate Income is taxed at 20% of the taxable base. It is important that Corporate Income Taxpayers must file a tax return to the DZIT and pay within 120 days of the completion of the taxable year. As well as the tax return, Corporate Taxpayers must attach the relevant financial statements and schedule, including (but not limited to) the following:

- Schedule of depreciation.
- Schedule of income and sources.
- Schedule of sub-contactors and recipients of technical and consulting services fees with the addresses and DZIT file numbers (if available) for each recipient.
- Schedule of insurance premiums paid as well as names, addresses and file numbers of insured companies.
- Schedule of expenses paid abroad, their nature and the recipients.

Natural Gas Investment Tax

4. What?
Some things you need to know

Natural Gas Investment Tax liability is for any natural or legal persons or entity engaged in natural gas, natural gas liquids or gas condensates investment activities within the Kingdom. T

- The tax will be on the annual income derived from natural gas investment activities at a progressive rate based on the internal rate of return of these activities.
- The minimum tax rate on an internal rate of return of 8% or less on natural gas investment activity is 30%.
- The maximum tax rate on an internal rate of return of 20% or more on natural gas investment activity is 85%.

What can you expect from the Kingdom's tax system?

Tax payers' rights

Taxpayers in the Kingdom of Saudi Arabia are entitled to certain rights related to their tax process.

- Information confidentiality: Taxpayers have the right to information confidentiality by the Department of Zakat and Income Tax (DZIT) and its staff.
- Loss carry-forward: Taxpayers have the right to carry forward a net operating loss to the next taxation year and to have the loss deducted from the following years until the cumulative loss is fully recovered by offset.
  - **Accounting method:** Taxpayers have the right to determine their transactional accounting methods on a cash or accrual basis, with the exception of those whose income exceeds SR5 million, who must use the accrual method.
  - **Refunds:** Taxpayers are entitled to request a refund of

any excess taxes paid within five (5) years of the tax year for which the overpayment was made.

- **Statute of limitations:** Taxpayers are protected from assessments or re-assessments by DZIT if five (5) years have passed since the tax year.
- **Appeals:** Taxpayers have the right to appeal an assessment by DZIT to the Preliminary Committee and the Appeal Committee within 60 days and to have the appeal reviewed ultimately by the Board of Grievances.

Taxpayers' obligations

- Above and beyond the obligations outlined, taxpayers must meet the following obligations:
  - **Books and records:** Taxpayers must maintain the necessary commercial books and accounting records in Arabic and the supporting documents for those records.
  - **Provision of information regarding contracts:** Taxpayers in the private sector must submit to the DZIT a summary of the contracts concluded within three (3) months of the conclusion of those contracts.
  - **Advance instalments of due tax:** Taxpayers must pay three (3) advance payments of tax on or before the last day of the sixth, ninth, and twelfth months of the tax year, each in the amount of 25% of the preceding year's tax, minus taxes paid in the preceding year by withholding, unless the total is less than SR500,000.
  - **Cessation of activities:** Upon the cessation of activities in the Kingdom, the taxpayer must notify the DZIT and provide a tax declaration for the pro-rata period of operation within sixty (60) days of cessation.

4. What?
Some things you need to know

Penalties

- Any taxpayer delaying more than 30 days or failing to file their individual or corporate taxes will be subject to financial penalties levied as a percentage of the underpaid amount and pro-rata to the length of time delayed.
- If a corporate taxpayer has not filed a return, the DZIT maintains the right to make a presumptive corporate tax assessment on a minimum profit of 15% of the entity's gross income for the tax year based on the relevant facts and circumstances.
- Willful tax evasion and related activities will be subject to financial and legal penalties including (but not limited to) suspension or termination of operations; seizure of assets; and detention.

Infrastructure and resources

Infrastructure

Ownership of property

- The Saudi legal system protects and facilitates acquisition and disposition of private property, consistent with strong Islamic traditions that respect private property.
- Non-Saudis are generally not allowed to purchase real estate in Saudi Arabia.
- A foreign-owned company, or joint venture with foreign participation, may purchase real estate if required to carry out the investor's licensed activity, housing for staff, or for a personal residence.

4. What?
Some things you need to know

Cost of doing business

- Saudi Arabia is committed to providing the most competitive business environment to firms and companies operating in the Kingdom.

Commercial and industrial rents

- Inside Industrial Cities: SR.0.02 [US$0.021] per square meter plus SR.0.98 [US$0.26] per square meter against Operation and Maintenance per year.
- Elsewhere: SR.20 to SAR100 per square meter per year [US$5.33 to US$26.67].

Utilities

- Electricity:
  - SR.0.12 [US$0.032] per KwH for industrial use.
  - SR.0.05 [US$0.013] per KwH for a minimum up to 2,000 KwH for residential use, rising over eight bands in accordance with consumption.
- Water:
  - Progressive, from SR.0.10 [US$0.027] per cubic meter from 1 to 50 cubic meters, to SR.6.00 [US$1.60] per cubic meter from 301 cubic meters upwards.
- Diesel: SR.0.36 [US$0.096] per litre.
- Industrial Fuel Oil: SR.0.125 [US$0.033] per litre.
- Liquid Gas: SR.2.81 [US$0.75]/MMBTU.

Industrial Loans

- 2.5% service charge from 5 to 10 years starting after two years of production.

Environmental Protection

- Saudi Arabia has approved a general environmental regulatory system in the Kingdom. These rules address increase awareness and sustainability by addressing such topics as the following:
  - Protecting public health from the hazards of activities and works which adversely impact on the environment;
  - Preserving, developing, and rationalizing the use of natural resources
  - Enhancing ecological awareness about the importance of protecting, preserving, and developing the environment and preventing the pollution from affecting it;
- Environmental regulations are available at http://www.pme.gov.sa/en/env_regul.asp.
- Businesses in all fields operating in the Kingdom are expected to comply with environmental planning as an integral part of Saudi Arabia's comprehensive sustainable development policy

4. What?
Some things you need to know

Human Resources

(sidebox) **Labor Law definitions**

- Ministry: Ministry of Labor.
- Minister: Minister of Labor.
- Labor Office: The administrative authority that assumes jurisdiction over the labor affairs or non-Saudi workers within an area specified by a decision of the Minister.
- Employment Unit: The administrative authority that assumes jurisdiction over the labor affairs or Saudi workers within an area specified by a decision of the Minister.
- Employer: Any natural or corporate person employing one or more workers for a wage.
- Minor: Any person between fifteen and eighteen years of age.
- Part-time Work: Work performed by a part-time worker for an employer and for less than half the usual daily working hours at the firm, whether such a worker works on a daily basis or on certain days of the week.

4. What?
Some things you need to know

General Labor Law provisions

- All citizens are equal regarding the right to work and the Labor Law of Saudi Arabia guarantees this right to every citizen unless specific conditions to the contrary have been satisfied. Only the following types of employment are exempt from the Labor Law:
  - Where the employer's family members, namely, the spouse, the ascendants and descendants constitute the only workers of the firm.
  - Domestic helpers and similar workers.
  - Sea workers working onboard vessels with a load of less than five hundred (500) tons.
  - Agricultural workers other than the categories stated in Article (5) of this Law.
  - Non-Saudi workers entering the Kingdom to perform a specific task for a period not exceeding two months.
  - Players and coaches of sports clubs and federations.
- Employers and workers shall adhere to the provisions of Shari'a in implementing relevant Labor Laws in the Kingdom. Arabic shall be the language used for data, records, files, work contracts and the like, as provided for by the Labor Law or in any related decision or instructions issued by the employer to his workers. If the employer uses a foreign language beside Arabic in any of the mentioned cases, the Arabic text shall prevail. All periods and schedules provided for in the Labor Law shall be according to the Hegira calendar, unless otherwise stated in the work contract or the work organization regulations.
- Both employers and workers are expected to be familiar with the provision of the Kingdom's Labor Law. Any entity employing ten (10) or more workers must submit to the Ministry for approval a Work Organization Regulation to include organizational rules and internal work provisions, such as those related to privileges, violations and disciplinary penalties. The approved work organization regulation shall be prominently displayed at the place of employment or communicated to workers.

  A model Work Organization Regulation may be obtained at the Ministry of Labor website, http://www.mol.gov.sa/mol_site/labor_law.pdf

  Upon starting operations at the firm, employers are required to convey the following information in writing to the relevant labor office:
  - Name, type and headquarters of the firm, as well as its mailing address and any other contact information.
  - Line of business for which it is licensed, number of the Commercial Register or the license, its date and issuing authority, together with a copy thereof.
  - Number of workers to be employed in the firm.
  - Name of the firm's manager in-charge.
  - Any other data required by the Ministry.
- An employer must maintain at the workplace any records, statements and files related to the Labor Law. Employers must also display in a prominent location at the workplace a schedule of working hours, breaks, weekly rest days and time of start at the end of each shift, when operating in shifts.
- The percentage of Saudi workers employed by the

employer shall not be less than 75% of the total number of his workers. The Minister may temporarily reduce this percentage in the case of non-availability or inadequacy of technically or academically qualified workers.

Employment Units

- Ministry-sponsored Employment Units are available throughout the Kingdom to assist with the recruitment of Saudi nationals; work counseling and placement of Saudi nationals; and labor market research and analysis.
- Employers are required to communicate regularly with their local Employment Unit in the following areas:
  - A statement of vacant and new jobs, their types, locations, wages, and qualifications within a period not exceeding fifteen days from the date of the vacancy or the creation of a position.
  - A notice of measures taken to employ the citizens nominated by the Employment Unit within seven days from receiving the nomination letter.
  - A list of names, jobs, professions, wages, ages, nationalities of his workers, numbers and dates of work permits for non- Saudis and other data specified in the Regulations.
  - A report on the status, conditions and nature of work and the anticipated increase or decrease in jobs during the year following the date of the report.
- Unless licensed by the Ministry, private offices for the recruitment of Saudi nationals or foreign workers are not permitted within the Kingdom.

4. What?
Some things you need to know

Training and qualification of employees

- All employers must work to attract and employ Saudis and maintain conditions to keep them on the job. They will also need to provide them with ongoing educational and training opportunities to enhance their technical, administrative and vocational skills for the purpose of gradually replacing non-Saudis. The employer shall keep a record showing the names of the Saudi workers who have replaced non-Saudi workers.
- Every employer employing fifty (50) or more workers shall annually institute a training program according to the Labor Law specification that serves no less than 6% of the total number of the workers who are Saudis. The training program shall be bound by the training or qualification contract, which commits the employer to train and qualify a person for a specific profession. The employer may require the trainee to work for him upon completion of the training period for a period not to exceed twice the duration of the training or one year, whichever is longer. The employer and the trainee may terminate the training or qualification contract if the trainee, in the view of either party, is incapable of or not amenable to completing the training program.
- The Minister may require the firms, to be identified pursuant to a decision by him, to accept a certain number or percentage of the students and graduates of colleges, institutes and centers to receive training and supplementary practical experience in accordance with the conditions, circumstances, durations and trainee allowances to be specified in an agreement to be concluded between the Ministry and the management of the relevant firm.

- Labor regulations are governed by the Ministry of Labor and the Minister of Labor. These regulations are frequently updated in order to maximize the effectiveness of the Saudi Arabian economy. All decisions made by the Minister of Labor regarding employment of disabled persons, non-Saudis, women and minors, including prohibited jobs and professions, can be found at the Ministry of Labor website: http://www.mol.gov.sa/.

Employment of the disabled

- Each employer employing twenty- five (25) workers or more, where the nature of his work allows recruitment of disabled professionals, must employ a number of disabled people that represents at least 4% of the total number of his workers.

Employment of non-Saudis

- The recruitment and employment of non-Saudi workers from abroad is only permitted with the approval of the Ministry of Labor. Permits for foreign employment are issued under the following conditions:
  - The worker has lawfully entered the country and is authorized to work.
  - The worker possesses unique professional and academic qualifications which the country needs but which are unavailable or insufficient in the Kingdom.
  - The worker has a contract with the employer.

4. What?
Some things you need to know

- The work contract for non-Saudis shall be written for a specified period. If the contract does not specify the duration, the duration of the work permit shall be deemed as the duration of the contract. An employer may not employ the worker in a profession other than the one specified in his work permit without filing the appropriate legal procedures for changing the profession. The employer is responsible for all fees related to the recruitment and retention of non-Saudi workers -including the residence permit (Iqama) and work permit change of profession process, exit and re-entry visas, and return tickets to the worker's home country.

Employment of women

- Women are permitted to work in all fields suitable to their nature in the Kingdom of Saudi Arabia. The employment of women in hazardous jobs or industries is prohibited or restricted according to regulations circulated by the Ministry. Women may not work during a period of night-time, the duration of which is not less than eleven consecutive hours, except in cases determined pursuant to a decision by the Minister.

- A female worker is entitled to a maternity leave for the four weeks immediately preceding the expected date of delivery and the subsequent six weeks after a birth. During maternity leave, the female worker is entitled to half her wage if she has been employed for one (1) year or more, and to her full wage if she has served for three (3) or more years. Employers may not terminate the employment of a female worker or give warning of termination while she is on maternity leave, and employers may not terminate the employment of a female worker during illness resulting from pregnancy or delivery as established by a certified medical report.
- When a female worker returns to work following maternity leave, she shall be entitled, in addition to the rest periods granted to all workers, to a paid rest period or periods not exceeding in aggregate one hour each day for nursing her infant.

Employment of minors

- **Age and industry restrictions.** Minors may not be employed in hazardous jobs or harmful industries or in occupations or jobs that may endanger their health, safety or morals. Any person under the age of fifteen years may not be employed or allowed to enter places of work, unless the work is performed for educational purposes or under special dispensation by the Minister for certain industries or areas or for certain categories of minors. The Minister may allow the employment for work of persons between thirteen (13) and fifteen (15) years of age in light works, granted that such jobs are not potentially harmful to their health or growth, and that such jobs do not hinder their education and training.

4. What?
Some things you need to know

- **Working conditions.** Minors may not work during a period of night-time, the duration of which is not less than twelve consecutive hours, except in cases determined pursuant to a decision by the Minister. Minors may not be made to perform actual work for more than six hours a day, except in the month of Ramadan when the actual working hours shall not exceed four hours. The minor shall not stay at the workplace for more than seven hours. Working hours shall be organized so that a minor may not work for more than four consecutive hours without one or more periods of rest, each not less than half an hour for, food and prayers, provided that the minor does not remain at the workplace for more than seven hours. Minors may not be made to work during the weekly rest days, Eids, official holidays or annual vacations, nor shall they be subject to the exceptions provided for in Article (106) of this Law.
- **Required documentation.** Prior to employing a minor, the employer shall obtain from him the following documents to be maintained in the minor's personal file:
  - The national identification card or an official birth certificate.
  - A report of physical fitness for the required job issued by a competent physician and duly certified by a health authority.
  - The consent of the minor's guardian.
- An employer shall notify the relevant labor office of the employment of each minor within the first week of such employment, and shall keep at the workplace a register for employed minors, showing the name of the minor, his age, full name of his guardian, his place of residence and date of his employment.

Labor relations for all workers in the Kingdom

Work contract

- Terms of employment are defined by a written or unwritten work contract that is concluded between an employer and a worker. The work contract includes the name of the employer, venue, the name of the worker, nationality, identification, wage agreed upon, type and location of work, date of employment, duration of the contract, and other information as provided by the Labor Law. In select circumstances, the employer may only make essential changes to the work contract, such as the nature of duties performed or the location of the work.
- A fixed-term contract terminates upon the expiration of its term, unless the contract incorporates a clause providing for its renewal. If the employer and worker continue to implement a fixed-term contract beyond its expiry date, the contract is deemed renewed for an indefinite period of time and subject to the regulations thereof. Probationary periods may not exceed ninety (90) days, exclusive of Eid holidays and sick leaves, and are expressly noted in the work contract.

4. What?
Some things you need to know

Employer's duties and obligations

- The employer will:
  - Refrain from using the worker without pay and shall not, without due judicial process, withhold the worker's wages or any part thereof.
  - Treat his workers with due respect and refrain from any action or utterances that may infringe upon their dignity and religion.
  - Give the workers the time required to exercise their rights as provided for by the Labor Law without any deductions from their wages against such time.
  - Forbid entry of any illegal substances into the places of work, and institute punishments for anyone found in possession of or who consumes such substances.
  - Give the worker, upon his request and free of charge at the expiration of his work contract, a certificate of work experience indicating the details of his employment.

4. What?
Some things you need to know

Worker's duties and obligations

- All employees must:
  - Perform work in accordance with the trade practice and the employer's instructions as are reasonable.
  - Care for the employer's machinery, tools, supplies and raw materials placed at his disposal or in his custody and return to the employer any unused materials.
  - Abide by proper conduct and ethical norms during work.
  - Extend all assistance and help without making it contingent on additional pay in cases of disasters or hazards at the workplace.
  - Undergo, upon the employer's request, the medical examinations required prior to or during employment to ensure his health.
  - Keep confidential the technical, trade and industrial knowledge that is proprietary to his work.

Disciplinary rules

- As provided for by the Labor Law or the work organization regulation, employers may deal out only the following disciplinary penalties to their employees after issuing written notification of the allegation and conducting an impartial and thorough investigation that allows the employee to present his defense:
  - Warning.
  - Fines not exceeding a five-day wage.
  - Withholding allowance or postponing it for a period not exceeding one (1) year.
  - Postponement of promotion for a period not exceeding one (1) year.
  - Suspension from work and withholding of wages.
  - Dismissal from work in cases set forth by the law.
- **Limitations on workplace discipline.** The statute of limitations for the accusation of an offense in the workplace is thirty (30) days after the alleged commitment of the offense. The statute of limitations for the punishment of an offense in the workplace is also thirty (30) days after the conclusion of the investigation and establishment of guilt. A worker may not be subjected to disciplinary penalty for an act committed outside the workplace, unless such act is related directly to the job, the employer or the manager in-charge.

Termination of work contract

- Employers may terminate a worker's contract without an award, advanced notice or indemnity if the employee is found to be profoundly and consistently negligent or deficient in the performance of his duties; if the employee is found to have caused or intended to cause material, physical, or moral harm to the employer; or if the employee is on probation. An employer may not terminate the worker's services on account of illness prior to availing him of the period designated for sick leave as provided by the Labor Law.

- A work contract shall terminate normally if it is mutually agreed upon in writing; if the specified term in the contract expires without renewal; if the worker attains the age of retirement, which is sixty (60) for males and fifty-five (55) for females, unless otherwise agreed upon; if in the case of force majeure.
- A worker may leave his job without notice in cases where the employer is negligent in his contractual or statutory obligations, including maintaining a safe and healthy work environment; where the employee or his family is treated with deep disrespect, cruelty, fraud or injustice.
- The Commission for the Settlement of Labor Disputes shall adjudicate all cases in which a contract is terminated for an allegedly invalid reason.

Dismissal compensation

- If an employer terminates an employee, for reasons that are no fault of the employee such as a layoff, the employer shall pay the worker an end-of-service award of a half-month wage for each of the first five years and a one-month wage for each of the following years, calculated on the basis of the employee's last wage.

4. What?
Some things you need to know

Work conditions and circumstances

Wages and compensation

- There is no minimum wage in the Kingdom of Saudi Arabia.
- The worker's wages and all other entitlements are paid in the Kingdom's official currency, the Saudi riyal (SR). Workers paid on a daily basis must be paid at least once per week, and workers paid on a monthly basis once a month.
- No amount may be deducted from the worker's wages against private rights without his written consent, except in certain cases such as the repayment of employer loans or contribution programs, social insurance or other legal contributions, or fines or penalties.
- Overtime wages are calculated at the hourly wage plus 50% of the worker's basic wage. If the firm is operated on the basis of weekly working hours, the hours in excess of the hours taken as the criterion (48 hours) are deemed to be overtime. All working hours performed during holidays and Eids are deemed overtime hours.

Working hours and rest periods

- Government working hours are generally from 7:30 a.m. to 2:30 p.m. Private business concerns are generally open from 9:30 a.m.to around 2:00 p.m., with an evening session from 17:00 p.m. until 21:00 p.m.
- A worker may not actually work for more than eight hours a day if the employer uses the daily work criteria, or more than forty-eight hours a week if he uses the weekly criterion. During the month of Ramadan, the actual working hours for Muslims shall be reduced to a maximum of six hours a day or thirty-six hours a week. Working hours may be extended or reduced for certain industries and jobs depending on the nature of the employment. Rest periods must be scheduled with working hours such that no worker works for more than five (5) consecutive hours without a break of not less than thirty (30) minutes for rest, prayer and meals. During these rest periods, the worker does not fall under the employer's authority and cannot be required to remain at the workplace.

4. What?
Some things you need to know

Weekly rest days

- Friday shall be the weekly rest day for all workers. With proper notification of the relevant labor office, employers may replace Friday with another day of the week for some of his workers, provided that the weekly day of rest be not less than twenty-four (24) hours.
- Government offices are also closed on Thursdays.

Official holidays

- There are two public holidays every year: the Eid al-Fitr, which is over a week long, and Eid al-Adha, which is ten days.

Leave

- **Paid annual leave.** A worker is entitled to a prepaid annual leave of not less than twenty-one (21) days, to be increased to a period of not less than thirty (30) days if the worker spends five consecutive years in the service of the employer. All workers are entitled to full-pay leave on Eids and other religious or holiday occasions, as specified by the Labor Law. Annual leave may be postponed by mutual agreement of the employer and employee.
  A worker is entitled accrued wages of the leave if his employment is terminated without using such leave.
- **Paid special leave.** Employees are entitled to paid special leave for selected life occasions. The employer may request supporting documentation for cases in which paid special leave is requested.

For how many days and what reasons are my employees entitled to paid special leave?		
Occasions	Number of Days of Paid Special Leave Allowed	Condition(s)
Spouse giving birth	Three months	■ None.
Marriage	Three (3)	
Death of a spouse or a family member	Three (3)	
Hajj	Not less than ten (10) and not more than fifteen (15).	■ Employee has not performed Hajj before. ■ Employee has worked at least two (2) consecutive years in the service of his employer.

4. What?
Some things you need to know

Examinations	Dependent on number of examination days.	■ Employee is enrolled in an educational institution. ■ Employee is sitting for an exam of an unrepeated year. ■ Employee has applied for leave at least fifteen (15) days ahead of the exam date.
Sickness	Progressive: first thirty (30) days at full pay; next sixty (60) days at three-quarters pay; all subsequent days without pay.	■ Total sick leave calculated during a single year whether continuous or intermittent.

- **Unpaid leave.** A worker, subject to the employer's approval, may obtain leave without pay for a duration of time to be agreed upon by both parties. Under this arrangement, the work contract is suspended for the duration of the leave plus twenty (20) days unless otherwise specified.

4. What?
Some things you need to know

Part-time work

- Full-time workers who are affected by a collective temporary reduction in their normal working hours for economic, technical or structural reasons are not considered part-time workers. Please refer to additional guidance from the Ministry on the labor regulations regarding part-time workers.

Worker safety

Protection against occupational hazards and major industrial accidents

- An employer is responsible for providing a clean, safe and hygienic environment to his workers and other visitors to his workplace that is compliant with the Ministry's rules, measures and standards of occupational protection, health and safety. This responsibility includes taking the necessary physical precautions to protect workers against hazards, occupational diseases, operating machinery and other workplace risks. Employers must inform employees of the hazards of his job prior to his employment, post work-related safety instructions in relevant languages in the workplace, and provide and require the use of protective equipment.
- The Ministry has established regulations to identify high-risk firms dealing in hazardous materials. High-risk firms are defined as enterprises which deal with one or more hazardous substances; hazardous substances are defined as material(s) that constitute a physical hazard on account of its chemical, physical, or toxic properties. Please refer to these regulations separately for the standards and decisions governing firm-level protections against major hazards.

Work injuries

- Employers are responsible for treating and assuming all direct and indirect expenses for an employee's injury or occupational disease sustained in the workplace. In the case of temporary disability arising from work injury, the injured party is entitled to full pay for the first thirty (30) days and 75% of his wage for the remaining duration of his treatment. The work contract is terminated in the case of total disability, defined as disability longer than one (1) year or medication determination of physical inability to perform work, and the employee and/or his beneficiaries are entitled to compensation.

Medical and social services

- Employers are responsible for making available one or more medical cabinets at the workplace with drugs and other necessities required for first aid. Employers will also provide a medical examination at least once a year for his workers who are exposed to any of the occupational disease listed in the Schedules of Occupational Diseases provided for in the Social Insurance Law, along with other preventive and therapeutic healthcare as specified by the Ministry.
- For employees working in remote locations, the employer is responsible for providing at his expense the reasonable social structures and amenities for a comfortable lifestyle, including (but not limited to) mosque or prayer areas, educational and recreation facilities, medical arrangements, and/or literacy programs. Employers operating remote mines, quarries and oil exploration centers are also responsible for providing accommodation, camps and meals for his employees. If the places of work are not served by regular and reasonable means of transportation, the employer is also responsible for providing a daily means of transportation for his workers from their place of residence or central gathering point to the worksite and back.

4. What?
Some things you need to know

Labor regulations for special industries

Regulation	Maritime Industry	Mines and Quarries
Employee requirements	■ Must be 18 years of age. ■ Must hold a certificate allowing for work in marine service. ■ Must be physically fit.	■ Must be 18 years of age. ■ Must be male. ■ Must undergo a medical examination and be proven to be physically fit for work.
Payment requirements	■ Must be paid in the official currency. ■ Is entitled to a full wage if the voyage is cut short, unless wage is set as a share of the profits.	■ Is not required to bear costs of necessary medical examinations.

Special requirements	■ Working hours must not exceed 14 in a 24 hour period. ■ Must be provided with food and accommodation. ■ Is eligible for pay up to occurrence if the ship is captured, sinks or is unseaworthy.	■ Actual working hours shall not exceed 7 hours a day. ■ Employer must establish a rescue point in the vicinity of the workplace with rescue and first aid equipment; must include trained technician.

- Please consult with the Ministry of Labor for additional labor provisions related to employment in the maritime industry or in mines and quarries.

Work inspection

- Work inspections are regularly carried out by work inspectors appointed and trained by the Ministry of Labor. Work inspectors have the authority to monitor implementation of the Labor Law and report deficiencies and violations; suggest options for proper implementation of the Labor Law; and provide technical information and guidelines to employers and employees. Employers must facilitate the work inspectors in the performance of their duties by providing required data and responding to requests.

4. What?
Some things you need to know

- If, in the course of inspection, the work inspector concludes the existence of a violation of the provisions of the Labor Law or of any decisions issued hereunder, he may (depending on the seriousness of the violation) provide advice to the employer on how to avoid such violations; serve the employer with a verbal notice or a written warning to rectify the violation within a certain period; or draft and submit a report recording the violation.

Commission for Settlement of Labor Disputes

- The Preliminary Commission for Settlement of Disputes and the High Commission for Settlement of Disputes are responsible for the resolution of labor disputes in the Kingdom of Saudi Arabia. Circuits for each preliminary commission are located in each labor office and decide cases that are referred to it. The work contract parties may also incorporate a clause in the work contract providing for settlement of disputes through arbitration or may agree to do so after the dispute arises.

- The Preliminary Commission has jurisdiction over final decisions where labor disputes do not exceed ten thousand riyals (SR10, 000); where there is an objection to a penalty imposed by the employer; and where the punishment(s) for violation(s) of the Labor Law do not exceed five thousand riyals (SR5, 000). These Commissions also render preliminary decisions on labor disputes exceeding ten thousand riyals (SR10,000); on punishment(s) for violation(s) of the Labor Law exceeding five thousand riyals (SR5,000); and on disputes of any amounts over work injury compensations or terminations of service. The High Commission, comprised of several circuits, has final jurisdiction to decide all appeals brought before it on decisions from the Preliminary Commissions.
- Cases to be submitted for the settlement of labor disputes are filed with the Preliminary Commissions through the labor office with relevant local jurisdiction for the workplace after the labor office takes the necessary measures to first settle the dispute amicably. While the case is under review by the Commission or in reconciliation or arbitration proceedings, the employer may not change the terms of employment.

4. What?
Some things you need to know

- Decisions must be appealed within thirty (30) days from the issuance of the Preliminary Commission's decision; if no appeal is made within this period, the decision is considered final. All decisions of the High Commission are final from the date of issuance.

Penalties

- The Ministry has established punishments commensurate with the severity of various violations of the Labor Law, including (but not limited to) financial penalties and the suspension of commercial activity in the Kingdom. Please consult the Ministry of Labor for a detailed listing of the penalties associated with violations of the Labor Law.

Saudi life and culture

The hospitable Kingdom

Having long played host to expatriate workers and business visitors from across the globe, Saudi Arabia's amenities offer visitors a microcosm of home in the midst of a culturally rich Kingdom.

Accommodation

Whether settling in the Kingdom or just passing through, visitors to Saudi Arabia can choose from a range of modern housing options to suit any budget.

For short-term stays, Saudi Arabia offers an array of four and five-star hotels located in every major city. Executive apartments are also found throughout the country and offer a luxurious and comfortable alternative to hotel rooms. Long-term tenants in Saudi Arabia have an even larger selection of housing options available to them, including the Kingdom's famous housing compounds. Found throughout the country, compounds offer top-quality accommodation and entertainment facilities, in addition to increased

4. What?
Some things you need to know

security. Many compounds offer such facilities as swimming pools, supermarkets, fitness clubs, bowling alleys and even golf courses.

Education

The Kingdom of Saudi Arabia prides itself on furnishing many of the finest educational institutions, both public and private, in the Gulf region. For expatriate families, numerous world-class international schools and universities exist in every major city throughout the Kingdom.

International schools

Al Hussan Academy
British International School of Al Khobar
Dhahran British Grammar School
International Schools Group
Saudi Aramco Schools
American International School of Jeddah
British International School of Jeddah
Continental School
Al Waha International School
Jeddah Prep & Grammar School
The International Dutch School
The International British School
Jubail International School
American International School of Riyadh
British International School of Riyadh
King Faisal School
International School of Yanbu

4. What?
Some things you need to know

Healthcare

Public and private primary, secondary and tertiary healthcare facilities and services are readily available across Saudi Arabia. The Kingdom's hospitals and clinics are equipped with state-of-the-art equipment and laboratories and staffed by highly trained physicians, specialists and paramedics from across the world. Prescription drugs and other medicines are also widely available at pharmacies and drug stores throughout the country.

Recreation and activities

Visitors to Saudi Arabia can enjoy an endless array of unique and distinctive activities, whether they are looking for spectacular cultural sites, sporting events, shopping, or simply a desert picnic under the stars.

Cultural sites

Saudi Arabia's vast tourism potential includes countless historical, archaeological and religious attractions – p roducts of its rich and ancient cultural heritage dating back thousands of years. Saudi Arabia's landscape is dotted with archaeological and cultural heritage sites, as well as numerous, storied regions of spectacular natural beauty. From the lush mountains of the south to the vast deserts of the north, the east's desolate 'empty quarter' to the majesty of western Jeddah's coral shelves, a visitor to Saudi Arabia has much to see and do.

Sports

Visitors can participate in a range of sporting activities in Saudi Arabia, including golf, tennis, and fishing. Spectator sports include football (soccer), horse and camel racing. In coastal resorts, sailing, snorkeling, windsurfing, water-skiing, catamarans, wet bikes and jet skis are all available in addition to scuba-diving in the spectacular coral reefs of the Red Sea and Arabian Gulf. In addition, the desert environment provides opportunities for off-road driving in jeeps and four-wheelers.

Shopping

Affectionately known as the Kingdom's other 'national sport' (after horse racing and falconry), shopping in Saudi Arabia offers a one-of-a-kind experience. From traditional souks to the hundreds of modern shopping malls scattered throughout the country, shoppers will have no trouble in finding everything from traditional arts and crafts to haute couture and well-known international brands. With no sales tax or VAT, shoppers are always guaranteed attractive prices in Saudi Arabia.

Shopping hours: Sat-Thurs 0900-1300 and 1630-2000 (Ramadan 2000-0100). These hours differ in various parts of the country.

4. What?
Some things you need to know

Social conventions

Saudi culture is based on Islam and the perfection of the Arabic language. Some remote areas in Saudi Arabia remain conservative, but throughout the country this way of life is being altered by modernization and rapid development.

Shaking hands is the customary form of greeting. Invitations to private homes are unusual. Entertaining is usually in hotels or restaurants and although the custom of eating with the right hand persists, it is more likely that knives and forks will be used. A small gift either promoting the company or representing your country will generally be well received.

Women are expected to dress modestly and it is best to do so to avoid offence. Men should not wear shorts in public or go without a shirt. The norms for public behavior are conservative.

Going out

Local food is often strongly flavored and spicy. The most common meats are lamb and chicken; beef is not commonly found and pork is prohibited under Islamic law. The main meat meal of the day is lunch. Foreign cooking is on offer in larger towns and the whole range of international cuisine, including fast food, is available in the oil-producing Eastern Province and in Jeddah.

Local currency

- The local currency of Saudi Arabia is the Riyal (SR), which is has a fixed exchange rate of SR3.75 per US$1. Saudi Arabia is a member of the Gulf Cooperation Council (GCC) which has proposed establishing a common currency in 2010.

Official language

- The official language of Saudi Arabia is Arabic. English is commonly used and accepted in the business context.

Top things to do

- Go **shopping** in the traditional souks, large department stores and mall complexes. Shopping is a much-loved way to spend time in Saudi Arabia
- Visit the royal capital, **Riyadh**, a modern city built on the site of the first town captured by Ibn Saud in 1902. The only trace of the old town that remains is the **Masmak Fort** and a few traditional **Najdi palaces** near Deera Square.
- Discover **Hofuf**, at the centre of the great **Al-Hasa oasis**, which has a strong Turkish influence and a very good **camel market**. The agriculture here thrives and the food is sensational.
- Explore the ornate ruins of **Timna** and **Shiban**, ancient cities resting amidst orchards of pomegranates, limes and bananas.
- Enjoy the **Obhir Creek**, north of Jeddah. It has good facilities for **water sports**, including swimming, waterskiing, fishing, snorkeling and sailing, and there are similar **beaches** on the **Gulf coast** south of Al Khobar.
- Drive (carefully – Saudi Arabia does not boast great driving conditions and has a high incidence of car accidents) down the astounding modern **corniche road** that winds along the sheer cliffs of the **Taif escarpment** to the hot coastal plain.
- Find some of Saudi Arabia's ancient **crafts** and **skills**. In **Jebel-al-Qara**, the potteries have been worked by eight generations of the same family.

4. What?
Some things you need to know

Top things to see

- See the ragged, coral-colored **Ottoman buildings** of the ancient city of **Jeddah**. Its hotels and restaurants are cosmopolitan and there are good fish and meat **markets**.
- Witness the astonishing landscape and wildlife of **The Asir**, a range of coastal mountains and the only part of the Kingdom where there is significant wild vegetation. Baboon, gazelle and leopard inhabit remoter areas.
- Whilst in the region, see the ancient **gasaba towers**, the ancient caravan city of **Qaryat-al-Fau**, the great **dam** and **temple** at **Najran**.
- See an ancient salt mine in use. The 5,000-year-old one in **Abqaiq** is still in operation.
- Look around in **Taif** to see **pink palaces** in between the stunning cliff-tops. Such beauty and a mild climate have made this town Saudi Arabia's official summer capital.
- View a picturesque settlement of fishermen and weavers on **Tarut Island**. It is also the site of the oldest town on the peninsula.

Where?

Good places to put your money

Around the Kingdom, an increasingly diverse range of industrial sectors is taking root. And in strategic locations, that growth is supported by the unprecedented creation of brand new Economic Cities of the future. See the following pages for your executive overview.

Sector guide

When you think about Saudi industries, you probably think of Oil – which remains the Kingdom's most prominent sector. But there's also a much bigger picture. While the Energy sector itself is growing, diversification into other areas has created huge investment potential in everything from Transport and Information Technology to Health, Life Sciences and Education.

Crude Oil Refining

With the world's largest proven oil reserves and global demand expected to remain strong, Saudi Aramco's foreign partnership projects aim to develop three new export-orientated refineries, offering very substantial investment opportunities to investors, in the progressively deregulated Saudi markets.

5. Where?
Good places to put your money

Petrochemicals

Saudi Arabia is the world's 11th largest petrochemical supplier and has become a member of the WTO, which provides free access to new global export markets. The Kingdom has also opened up its rapidly developing petrochemical industries to private-sector investments, creating significant business opportunities for investors.

Fertilizers

With a natural abundance of world-class phosphate deposits, natural gas, sulfur and potash, Saudi Arabia not only has competitive advantage through its geographical location between markets in Asia, Europe and North America, but is also well-placed to supply, secure low-cost fertilizers to Asia's booming markets.

Power and Water

A sharp population growth and huge investments in social and industrial developments has lead to an extremely high demand for power stations and desalination plants in many key regions in the Kingdom. Operators in the Kingdom enjoy some of the highest annual growth rates in the world and, with strong profit margins, have created excellent investment opportunities for long-term assets.

Mining and Metal Processing

Well-documented rich deposits of bauxite, phosphate, zinc, copper and gold and a multi-billion-dollar initiative to develop the Kingdom's aluminum sector demonstrate Saudi Arabia's commitment to the industry. The Kingdom's new mining code, tax reductions, low-cost energy and gas, provide excellent investment and exploration opportunities in the vast unexplored landmass.

Transport and Logistics

Saudi Arabia has begun large-scale investments in sophisticated transport networks and infrastructure projects that will be supported by massive capital spending of $100 billion over the next 10 years, strong domestic growth and cheap energy supplies. With a highly stable, competitive and increasingly liberal business environment, the Kingdom has the potential to become a global transport and logistics hub.

Information and Communication Technology (ICT)

With the largest ICT market in the Middle East, Saudi Arabia has embarked on a 20-year ICT plan that will be supported by massive public investment. With clear signs of rapid growth, increased government usage of web-based services, connectivity for the Economic Cities, there is a unique opportunity for greenfield projects, contractors and service providers covering millions of users.

Health
Saudi Arabia's expanding healthcare system offers attractive investment opportunities. Aided by large budget surpluses, the public sector is set to make unprecedented investments in the healthcare system to provide care for the rapidly expanding population of the Kingdom. The imminent need for a comprehensive information management system will also provide extensive private-sector opportunities to contribute to the emerging healthcare market.

Life Sciences
One of the Saudi Governments top economic priorities is to develop a Life Sciences industry. The Government offers significant financial grants for R&D opportunities in pharmaceuticals, medical devices and agrochemicals. Domestic and regional end-markets also present an attractive investment profile in the Kingdom and its neighbouring economies. Saudi Arabia also provides an excellent export platform to the vast healthcare and agrochemical markets of Europe and Asia.

Education
Saudi Arabia has initiated a complete overhaul of its education system at a cost of $3.1 billion. With a growing population demand for high-quality education, the government has an ambitious public investment campaign to bring knowledge-intensive industries to the Kingdom, providing the private sector and foreign organizations with an opportunity to enter the Education sector. Indeed, the Economic Cities will provide an unprecedented platform for foreign organizations to participate in a variety of educational training services.

5. Where?
Good places to put your money

The Economic Cities

Forget everything you know about 'industrial parks' and 'free zones'. Saudi Arabia's four new Economic Cities – fully planned and under construction – are exactly that: new cities, where up to five million residents will live, work and play. Each will be an exciting metropolis, designed to maximise investment potential and deliver huge advantage to businesses located there.

King Abdullah Economic City

Area: 168 million sq m
Investment size: $27 billion
Jobs: 1 million
Population: 2 million

As the crown jewel in the Kingdom's development strategy, KAEC will become one of the most important cities in the Kingdom, providing a high standard of living for nearly 2 million people. The $27 billion investment in KAEC is a prime example of Saudi Arabia's commitment to encouraging private-sector-driven development in the Kingdom. The city

will consist of six components: The Seaport, Industrial Zone, Educational Zone, Central Business District (including a Financial Island), Residential and Resort Districts.
The City is being built by a consortium headed by global real estate giant Emaar Properties and a number of Saudi investors. International experts have also been consulted to ensure that the Industrial Zone is in line with environmental best practice. KAEC is designed to become a world-class metropolis of the future; when completed it will be comparable in size to Washington DC.

Prince Abdul-Aziz bin Mousaed Economic City

Area: 156 million sq m
Investment size: $8 billion
Jobs: 55, 000
Population: 300,000

The city of PABMEC is located in the northern-central region of Hail. The project will leverage the region's strengths in agriculture, minerals and climate. With an investment of $8 billion, the city is expected to create 55, 000 new jobs.

As the Middle East's most advanced transport hubs, PABMEC will include a state-of-the-art dry port, international airport and land freight sector. The new international airport is expected to serve at least three million passengers per year and the railway station will serve two million passengers annually. PABMEC will also host an agro-industrial zone, with a petrochemical and mining center, as well as processing and construction materials zones. The city will also offer business, residential and recreational sectors.

5. Where?
Good places to put your money

Knowledge Economic City

Area: 4.8 million sq m
Investment size: $7 billion
Jobs: 20,000
Population: 150,000

Knowledge Economic City (KEC) is uniquely positioned to attract talented Muslims from around the world. With KEC focusing on knowledge-based industries, it is expected to create about 20,000 new jobs in the industrial, academic, cultural and commercial sectors.

Under the direction of the Custodian of the Two Holy Mosques, King Abdullah bin Abdulaziz, SAGIA brought together a consortium of Saudi corporations to form an investment vehicle for the development of the King Abdullah Foundation property.

KEC will consist of a number of complementary components that support technological innovation. The City is also equipped with an advanced infrastructure, including conference halls, exhibition centers and office space accommodating up to 10,000 employees. There is also a planned network of transportation facilities to connect the city to the Holy Mosque in Al- Madina and other major economic centers in the country.

Jazan Economic City

Area: 100 million sq m
Investment size: $27 billion
Jobs: 100,000
Population: 300,000

Jazan Economic City (JEC) will be located 60km northwest of Jazan City and 725km south of Jeddah on the Red Sea, which is one of Saudi Arabia's most important sea ports. Its location will provide access to abundant labor and raw materials, including energy, silicon and minerals.

With excellent sea routes, an international airport, a proposed new road running east and a planned new rail connection to Jeddah, JEC will be the regional economic engine and gateway to the global economy for this region's resources.

Jazan Economic City's primary sectors will be: port services, power, water, oil, aluminum, steel and copper, which are expected to attract more than SAR 100 billion in investments and create some 100,000 new jobs. JEC's industrial zone will account for more than two thirds of the overall project.

More than just a competitive location for global business activities, JEC will also play a crucial role in accommodating the rapidly growing Saudi population – expected to nearly double over the next twenty-five years. Likewise, consumer markets are also expected to experience substantial growth.

When?

The time to invest is now

If you're looking for higher productivity, lower costs and improved profitability, take the time to look closely at Saudi Arabia. As the world's fastest reforming business climate – with corresponding big ambitions – the Kingdom offers unlimited potential to investors with an eye for high-quality investment opportunities.

Next steps

(SAGIA to advise on response mechanisms, if required.)