



Dragon Sourcing

Your Tailored Approach to Emerging Markets

Sourcing Opportunities in Saudi Arabia

Aug, 2018



Table of Contents

- [Executive Summary](#)
- Saudi Arabia – An Overview
 - [Saudi Arabia – Country Overview](#)
- Trade Statistics
 - [Export & Import Trade Statistics](#)
 - Top Export Categories
 - [Mineral Fuel](#)
 - [Plastics & Plastic Products](#)
 - [Organic Chemicals](#)
 - [Ships & Boats](#)
 - [Aluminium & Aluminium Products](#)
 - [Automobiles](#)
 - [Industrial Machinery](#)
 - [Dairy Produce](#)
 - [Electrical Equipment](#)
 - [Precious Metals](#)
- [Trade Agreements](#)



Executive Summary (1/2)

Category	HS Code	2017 Export Value in USD Billion	Saudi Arabia's share of Global Exports (2017)	Category's share of Total Saudi Arabian Exports (2017)	Top Products	Top Export Destinations	Import Duty into US	Import Duty into EU
Mineral Fuel	27	170.2	9%	77%	Crude Oil Petroleum Oil Petroleum Gas	UAE, Yemen	0%-84¢/bbl	0%
Plastics & Plastic Products	39	17	3%	8%	Ethylene Propylene Polyacetals, polyethers & epoxide resins	Singapore, China, Turkey	0%-6.5%	0%
Organic Chemicals	29	9.8	2%	4%	Ethers Acyclic alcohols Cyclic hydrocarbons	China, India, UAE	0%-5.5%	0%
Ships & Boats	89	2.2	2%	1%	Tugs, pusher craft Vessels Cruise ships	UAE, Bahrain, France	0%-2.7%	0%
Aluminium & Aluminium Products	76	2.1	1%	1%	Unwrought aluminium Aluminium Scrap Aluminium Plates, Sheets & Strips	Japan, India, USA	0%-6.5%	0%-7.5%
Automobiles	87	1.6	0.1%	1%	Cars Transportation Vehicles Works Trucks	UAE, Sudan, China	0%-4%	0%-10%
Industrial Machinery	84	1.6	0.1%	1%	Gas Turbines Machinery Parts Bulldozers, angledozers, graders, levellers	UAE, Bahrain, USA	0%-6.5%	0%-5.7%
Dairy Produce	04	1.1	1%	1%	Milk & Cream Cheese & Curd Buttermilk	UAE, Kuwait, Oman	0%-17.5%	0%-182.80 EUR / 100 kg
Electrical Equipment	85	1.1	0.04%	0.5%	Wires & Cables Telephone sets Transformers & Converters	UAE, Kuwait, USA	0%-6.7%	0%-4.7%
Precious Metals	71	0.9	0.1%	0.4%	Gold Jewelry	UAE, Switzerland, Lebanon	0%-13.5%	0%



SAUDI ARABIA – AN OVERVIEW

Saudi Arabia – Country Overview

Country Facts (2017)

Population	33.02 million
GDP	USD 683.8 billion
Annual GDP Growth	1.46%

- **Political Outlook:** Saudi Arabia is politically more stable and political risk index in Saudi Arabia in 2018 is 72.5. Recent unrest between Yemen and Saudi Arabia is not likely to cause any major distress.

- **Economic Outlook:** Saudi Arabia is experiencing a major shift in multiple country parameters. Country is focusing on reducing its reliance over oil reserves and improving other private sector industries. Saudi is likely to witness cuts in subsidies and increase in taxes to narrow the budget deficit.

- **Investment Outlook:** Direct foreign investment into Saudi Arabia fell to USD 1.4 billion in 2017. It was USD 7.4 billion in 2016. Foreign Direct Investment in Saudi Arabia increased by 838 USD million in the first quarter of 2018. Country is gradually ramping up efforts to boost investor perception and attract foreign investments into the country. Saudi Arabia's multiple growing sectors such as entertainment, information technology, and financial services will open new challenges, promising high returns for all investors

Country Indicators

Score/Value

Global Competitiveness Index Score	4.83
Macroeconomic environment Score	4.9
Labor Market Efficiency Score	4.1
Domestic market size index	5.3
Business Sophistication Score	4.5

Note: Score reading: 1 (low) -7 (best)

- Restrictive labor regulations, Access to financing and Inadequately educated workforce are considered to be the most problematic factors for doing business in Saudi Arabia

Source: vision2030.gov.sa, investsaudi.sa, [World Economic Forum](http://WorldEconomicForum.com), gulfnews.com, countrywatch.com, time.com, marketwatch.com, tradingeconomics.com

Saudi Arabia's Vision 2030 Target

Parameters	Current State	Expected Future State
Social Capital Index	26	Top 10
Global Competitiveness Index	25	Top 10
Logistics Performance Index	49	25
Government Effective Index	80	20
E-government Survey Index	36	5
Unemployment rate	11.6%	7%
Women participation in workforce	22%	30%
Contribution Towards GDP from SMEs	20%	35%
Contribution Towards GDP from Private Sector	40%	65%
Share of non-oil exports in non-oil GDP	16%	50%
Non-oil government revenues	USD 43.5 billion	USD 267 billion
Localization of oil and gas sectors	40%	75%
Foreign Direct Investment	3.8%	5.7%

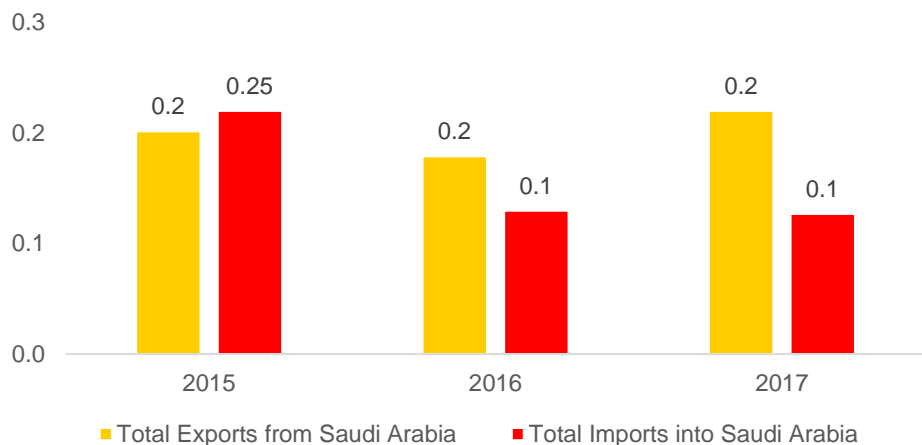
- Saudi Arabia is currently in the revolutionary phase and is taking steps to achieve the targets mentioned.
- Saudi Arabia, though can't be the best sourcing destination, is gradually becoming one of the attractive market for investors across the globe.



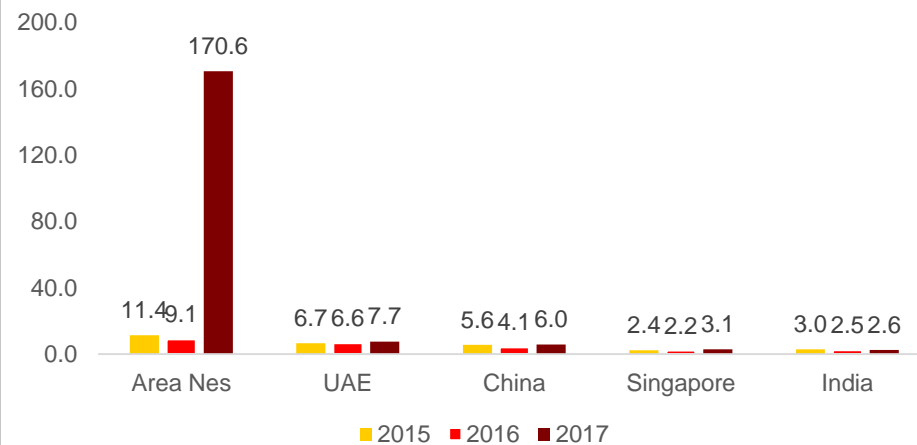
TRADE STATISTICS

Export & Import Trade Statistics

Saudi Arabia - Export and Import Statistics
(in USD Trillion)



Top Importing Markets for products exported by Saudi Arabia
(in USD Billion)



- Products with greater export potential include Plastics & rubber, Chemicals, and Fertilizers. About USD 13.5 billion worth of potential is available for Plastics & rubber.
- Other potential products that are not completely exploited include dairy products, paper products, Non-alcoholic beverages, machinery, beauty products & perfumes.
- The markets with greatest potential for Saudi Arabia's exports are China, India and United Arab Emirates. China shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth USD 6.6 bn.

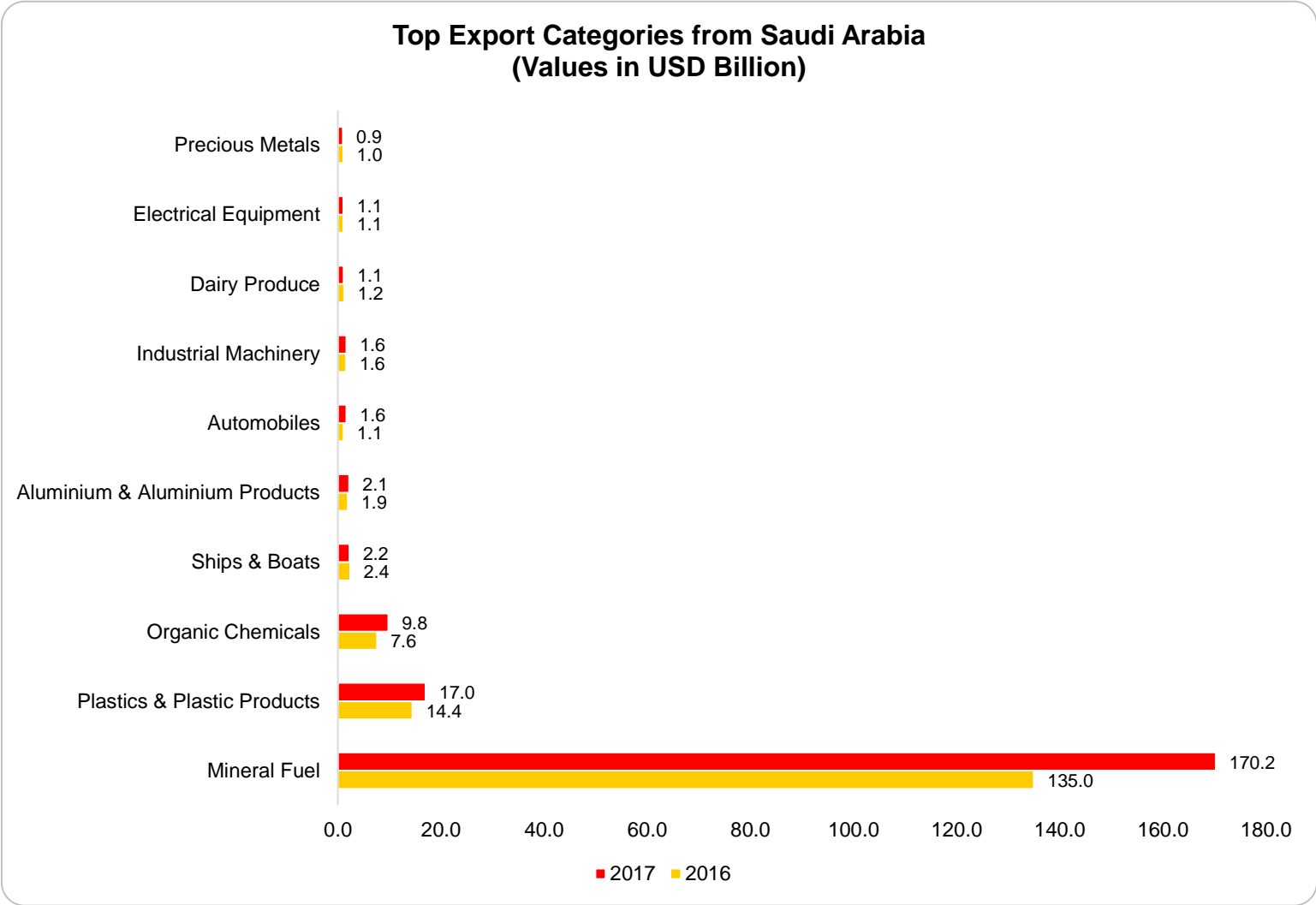
Note: The partner "Areas NES (not elsewhere specified)" is used (a) for low value trade and (b) if the partner designation was unknown to the reporting country or if an error was made in the partner assignment. The reporting country does not send ITC the details of the trading partner in these specific cases. Sometimes reporters do this to protect company information. So, one could say that "Area nes" is a group of partner countries, but the components of the group vary by reporter, by trade flow, by year and by commodity.

Source: International Trade Centre



Top Export Categories

Top 10 export categories contributes to about 94% of the total exports value from Saudi Arabia

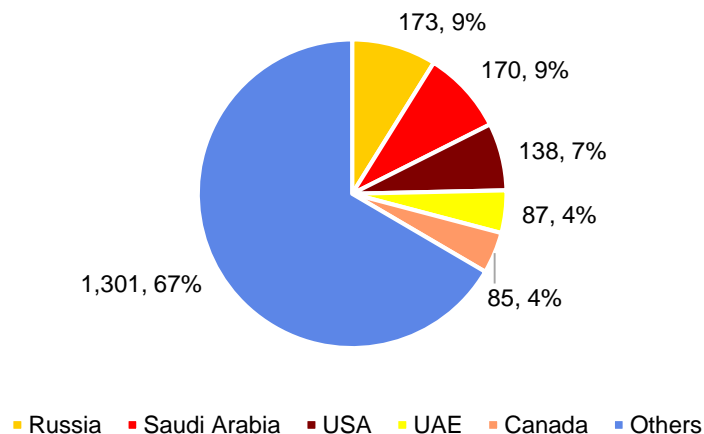


Source: International Trade Centre

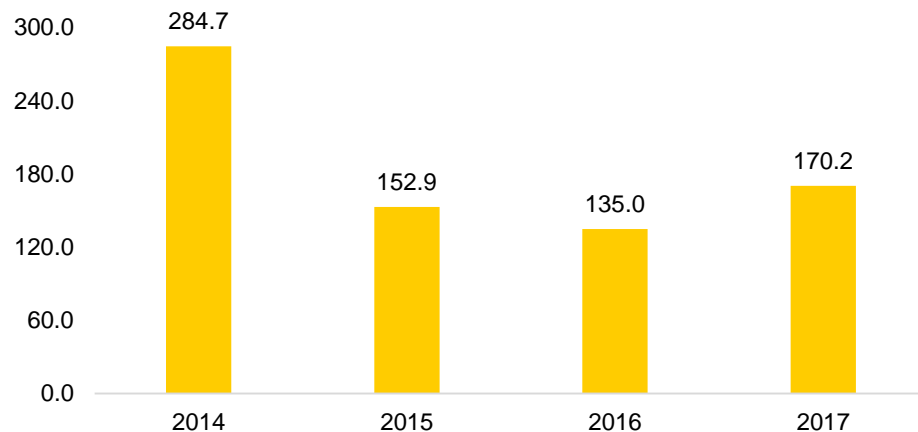


Mineral Fuel (1/2)

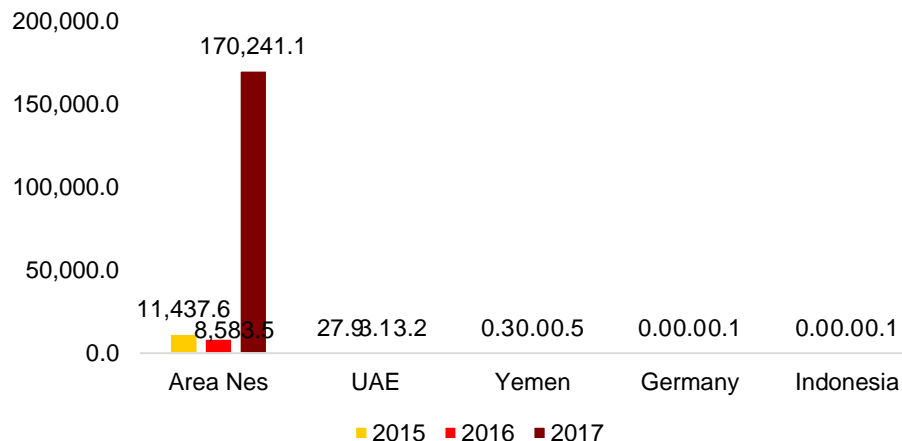
World Export of HS 27 series (Mineral Fuel) in USD billion in 2017



Export of HS 27 series (Mineral Fuel) from Saudi Arabia in USD billion



Top Importers of HS 27 series (Mineral Fuel) from Saudi Arabia in USD million



Top Exported Products in this Category

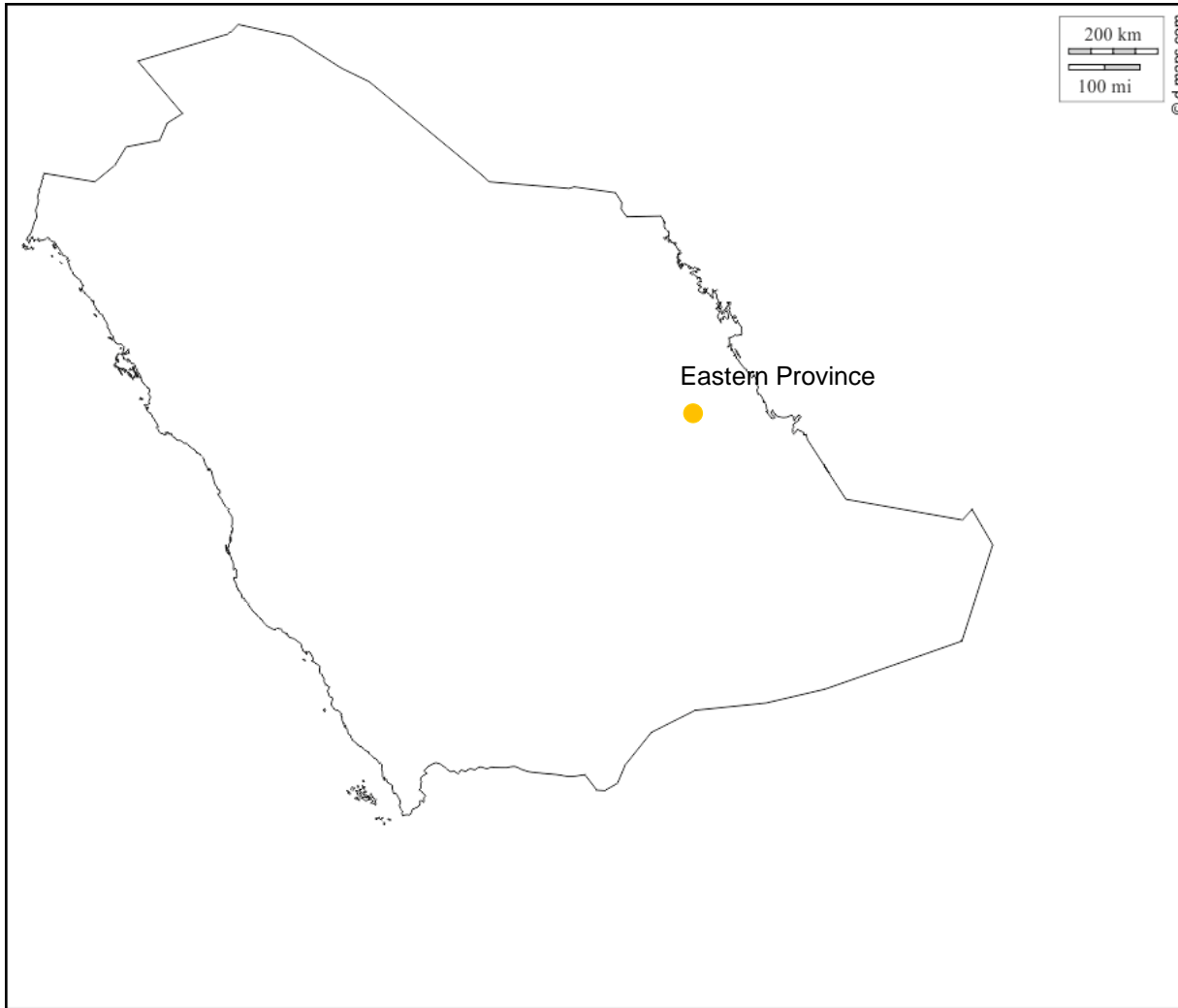
- Crude Oil
- Other Petroleum Oil
- Petroleum gas
- Coal
- Oils and other products of the distillation of high temperature coal tar

The partner "Areas NES (not elsewhere specified)" is used (a) for low value trade and (b) if the partner designation was unknown to the reporting country or if an error was made in the partner assignment. The reporting country does not send ITC the details of the trading partner in these specific cases. Sometimes reporters do this to protect company information. So, one could say that "Area nes" is a group of partner countries, but the components of the group vary by reporter, by trade flow, by year and by commodity.

Source: International Trade Centre



Mineral Fuel (2/2)



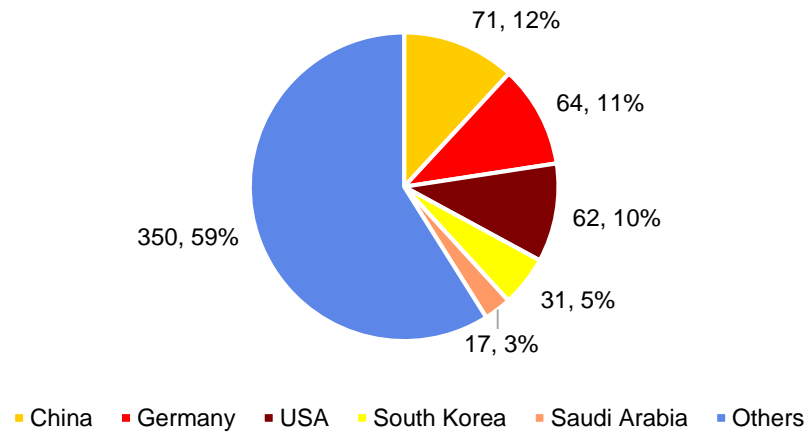
● Major Crude Oil Production Zone in Saudi Arabia

- Saudi Arabia is one of the largest oil producer and exporter. Being the 2nd largest oil reserves in the world, Saudi Arabia is estimated to have 268 billion barrels.
- Saudi Arabia's oil production increased close to 500,000 barrels per day in June as it aims to put more supply into the market to tame the cost of crude.
- Saudi Aramco, state owned Saudi Arabian Oil Company, most popularly known just as Aramco, is a Saudi Arabian national petroleum and natural gas company based in Dhahran. Saudi Aramco has both the world's second-largest proven crude oil reserves, at more than 270 billion barrels (4.3×10^{10} m³), and second-largest daily oil production.
- Short-term supply disruptions are expected due to Houthi missile attacks against two Saudi tankers in the Bab el Mandeb strait. However, overall Saudi export volumes are likely to be the same although for a while Saudi exports to the West will be more expensive.

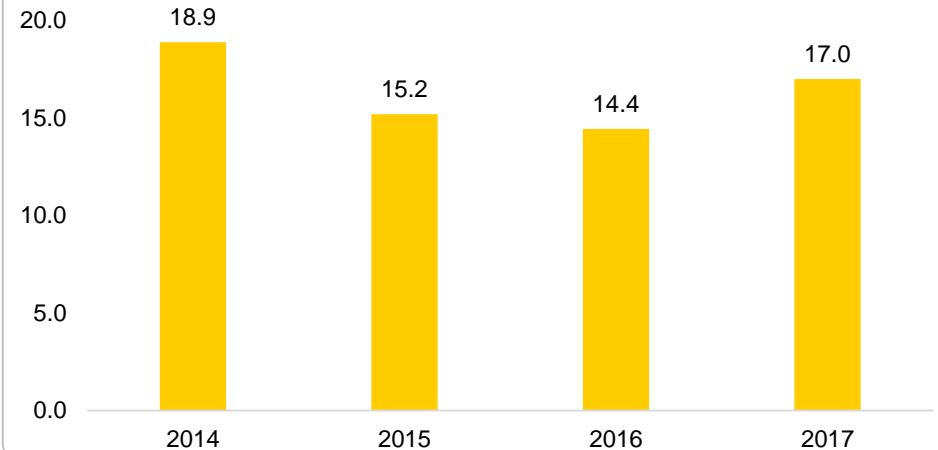
Source: opec.org, oilprice.com, cnbc.com, fortune.com, reuters.com, bloomberg.com, worldmap.harvard.edu

Plastics & Plastic Products (1/2)

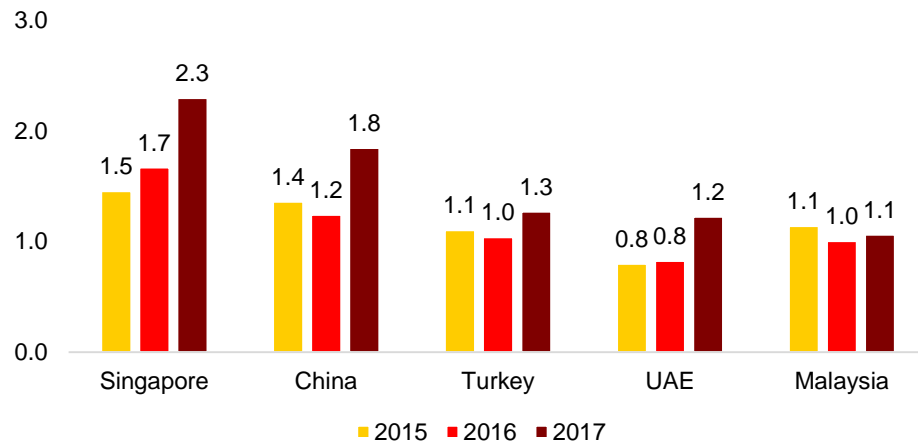
World Export of HS 39 series (Plastics & Plastic Products) in USD billion in 2017



Export of HS 39 series (Plastics & Plastic Products) from Saudi Arabia in USD billion



Top Importers of HS 39 series (Plastics & Plastic Products) from Saudi Arabia in USD billion

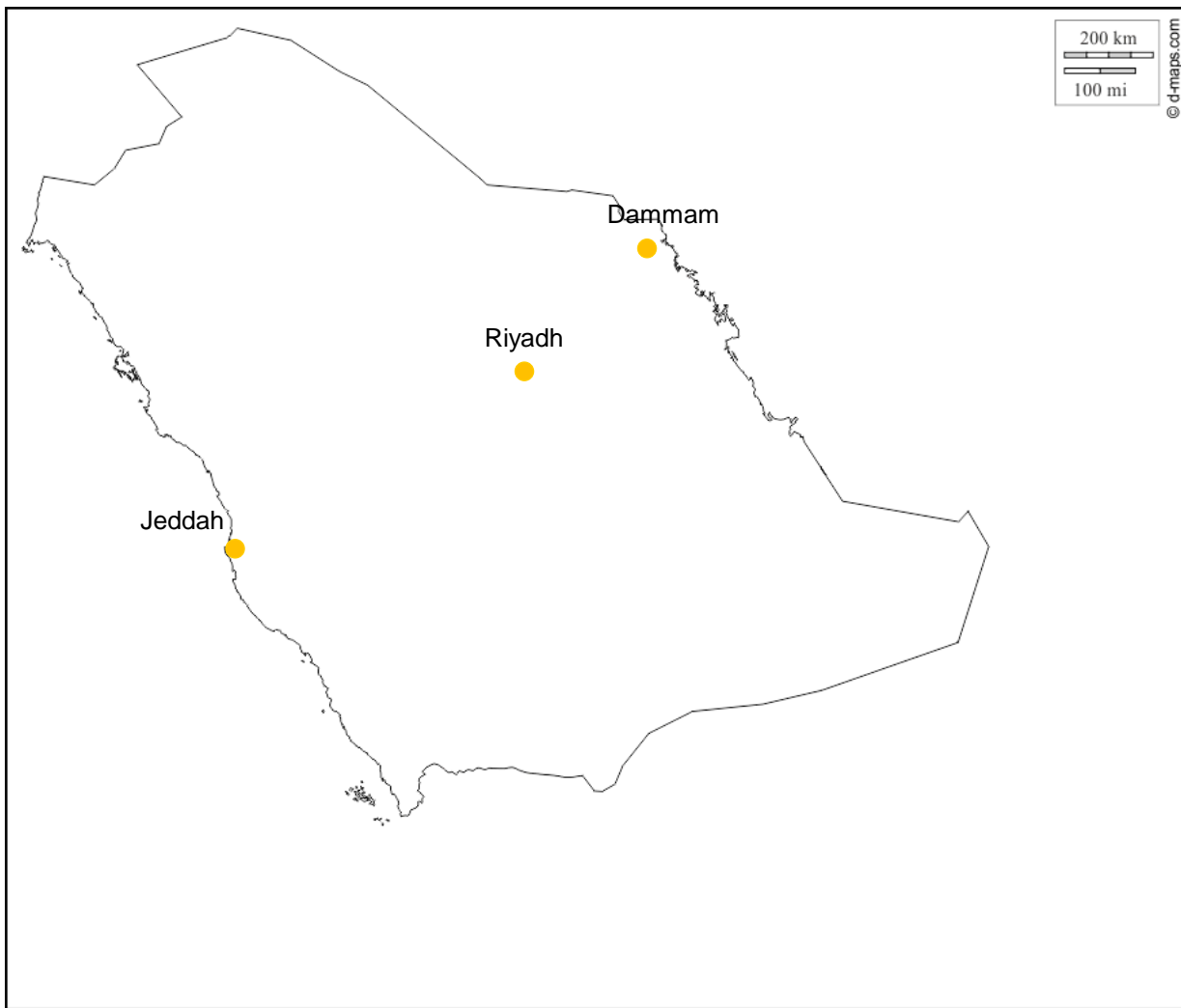


Top Exported Products in this Category

- Polymers of ethylene, in primary forms
- Polymers of propylene or of other olefins, in primary forms
- Polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, polyallyl esters and other polyesters, in primary forms
- Plates, sheets, film, foil and strip, of non-cellular plastics, not reinforced, laminated, supported or similarly combined with other materials, without backing, unworked or merely surface-worked or merely cut into squares or rectangles

Source: International Trade Centre

Plastics & Plastic Products (2/2)



● Major Plastic Production Zones in Saudi Arabia

- Within the GCC (Gulf Cooperation Council) Saudi Arabia (biggest GCC exporter of polymers) accounted for nearly 65% market share in 2017 followed by UAE and Qatar
- Saudi Arabia manufactures a huge variety of new grade polymers amongst GCC
- In 2016, Saudi Arabia polymers production capacity has grown by 11% (18.2 mtpa) whereas, UAE by 24% (4.7 mtpa) and Qatar by 5.5% (2.2 mtpa) with similar growth impact on the plastics industry.
- Saudi Arabia has accounted for 2% of global polymer sales, and ranked as the top 8th plastics producer globally in 2015
- As one of the most mature markets in the region, Saudi Arabia accounted for 61% (3 million tons of polymer) of total GCC polymer consumption in 2016. Consumption was about 95 kg per capita in 2016.

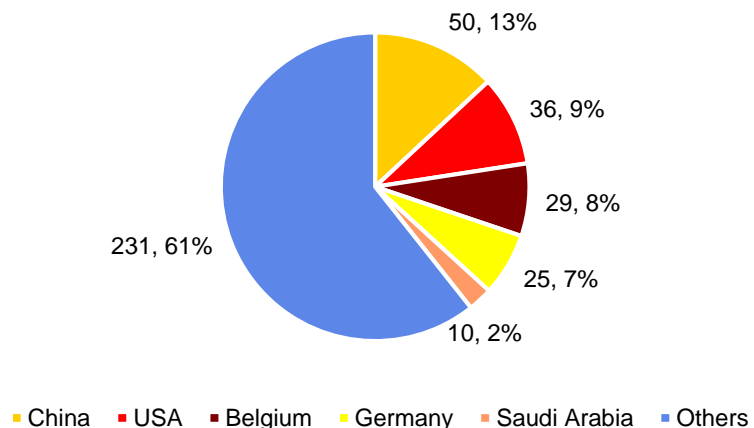
mtpa: million tons per annum

Source: gpca.org.ae, goldsteinresearch.com, plasteurope.com

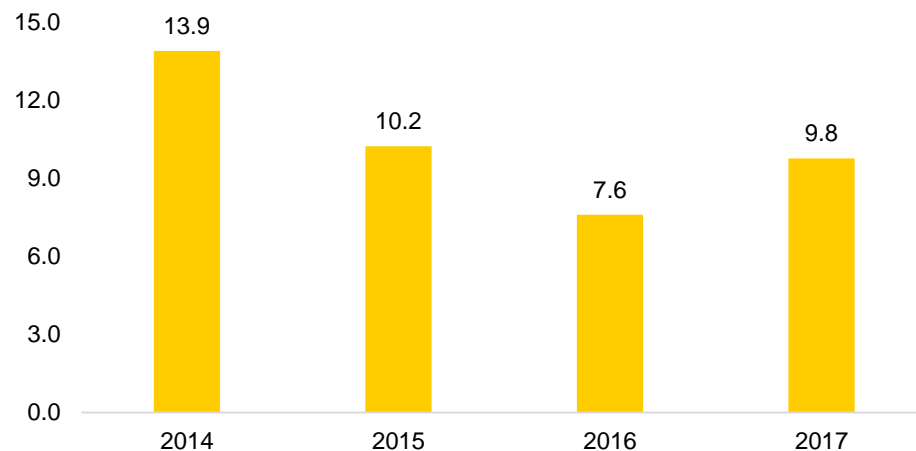


Organic Chemicals (1/2)

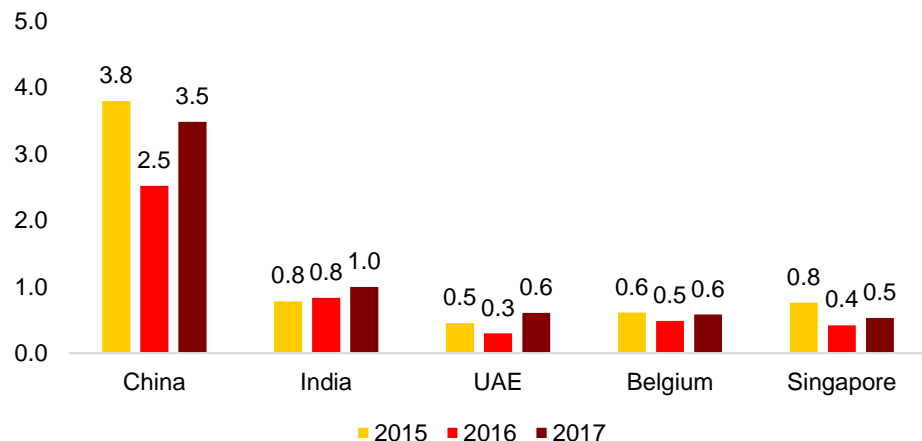
World Export of HS 29 series (Organic Chemicals) in USD billion in 2017



Export of HS 29 series (Organic Chemicals) from Saudi Arabia in USD billion



Top Importers of HS 29 series (Organic Chemicals) from Saudi Arabia in USD billion



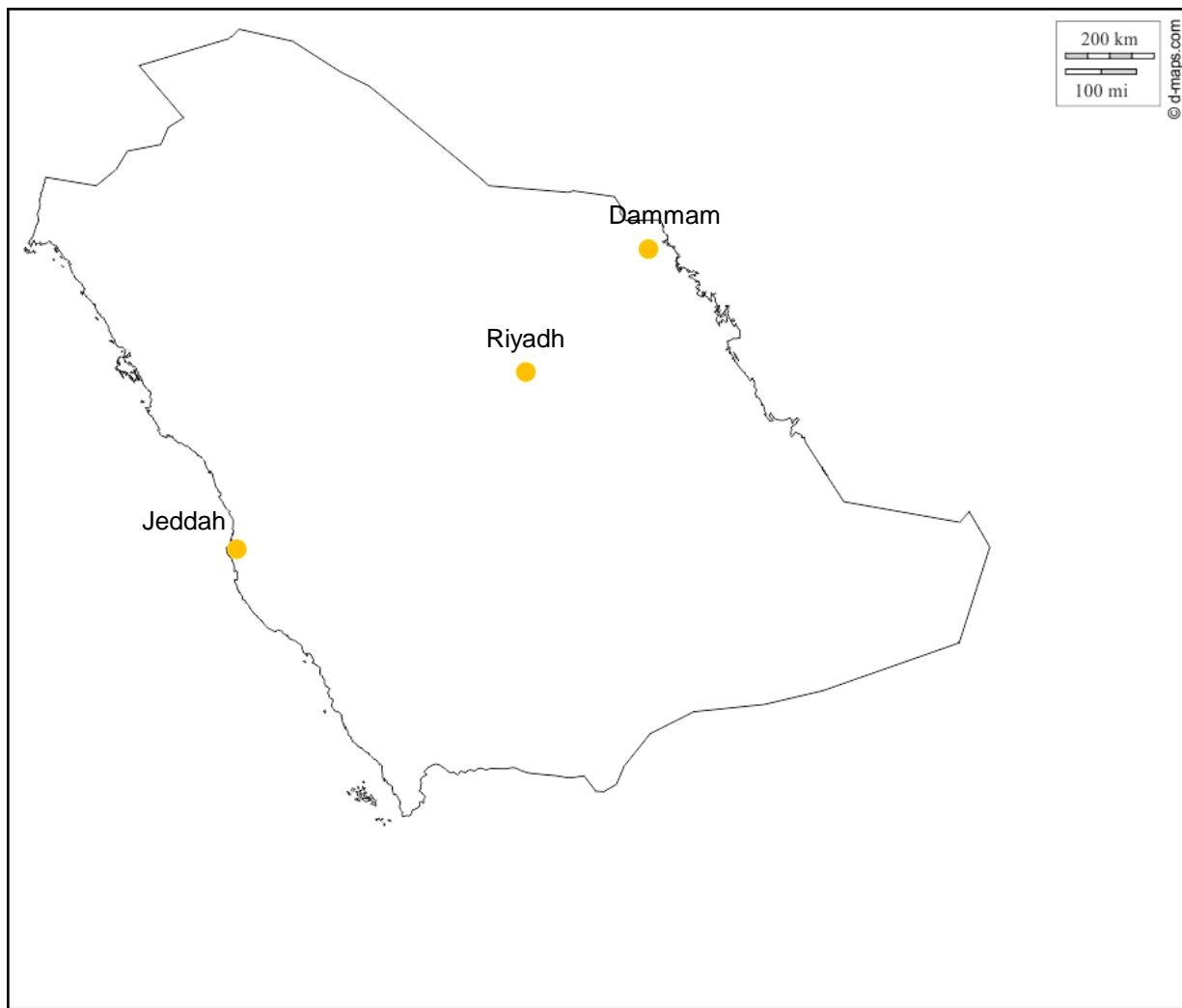
Top Exported Products in this Category

- Ethers, ether-alcohols, ether-phenols, ether-alcohol-phenols, alcohol peroxides, ether peroxide, ketone peroxides, whether or not chemically defined, and their halogenated, sulphonated, nitrated or nitrosated derivatives
- Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives
- Cyclic hydrocarbons
- Acyclic hydrocarbons
- Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives

Source: International Trade Centre



Organic Chemicals (2/2)



● Major Chemicals Production Zones in Saudi Arabia

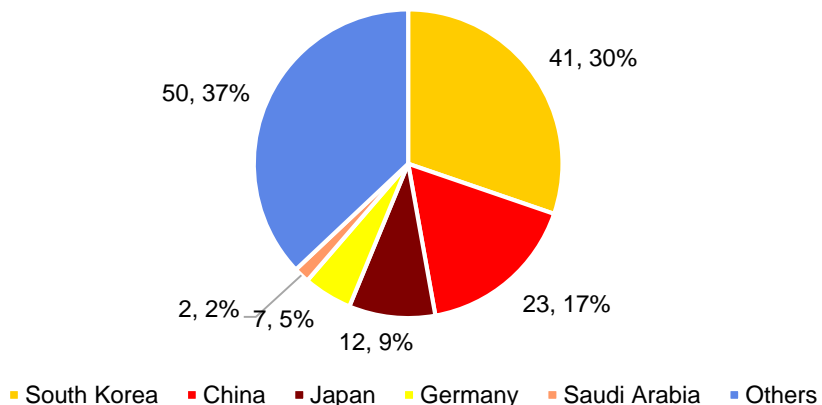
- Industry turnover growth expected to continue with moderate CAGR of 5.8% over 2016-2021, driven by further growth of plastic resins and synthetic rubber production, as well as increasing exports.
- Turnover of Saudi basic chemical companies grows by 12% in 2016, as producers utilize recently developed capacity.
- Saudi Arabia is the leading producer of ethylene in the region with production capacity at 17.2 million metric tons per year and accounts for 10% of the global ethylene production.

Source: arabnews.com, euromonitor.com, alarabiya.net

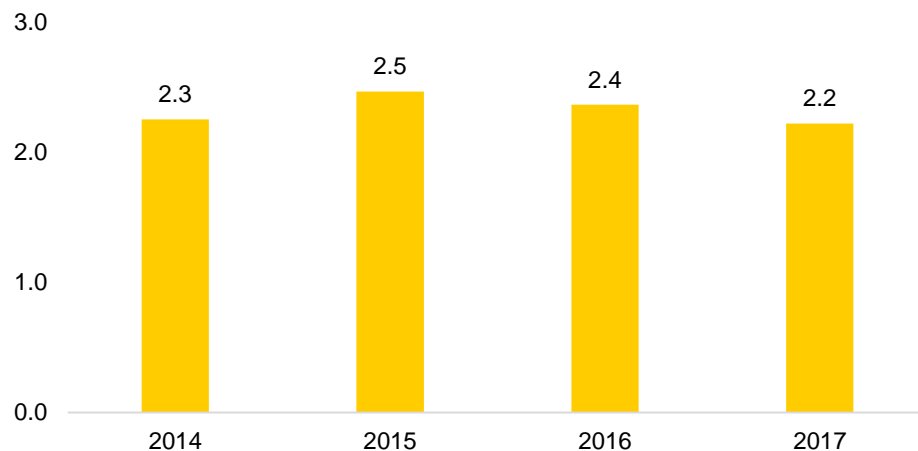


Ships & Boats (1/2)

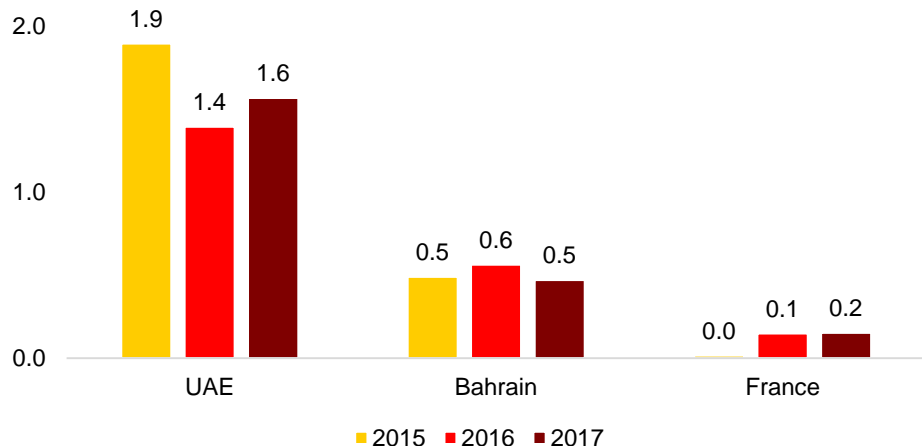
World Export of HS 89 series (Ships & Boats) in USD billion in 2017



Export of HS 89 series (Ships & Boats) from Saudi Arabia in USD billion



Top Importers of HS 89 series (Ships & Boats) from Saudi Arabia in USD billion



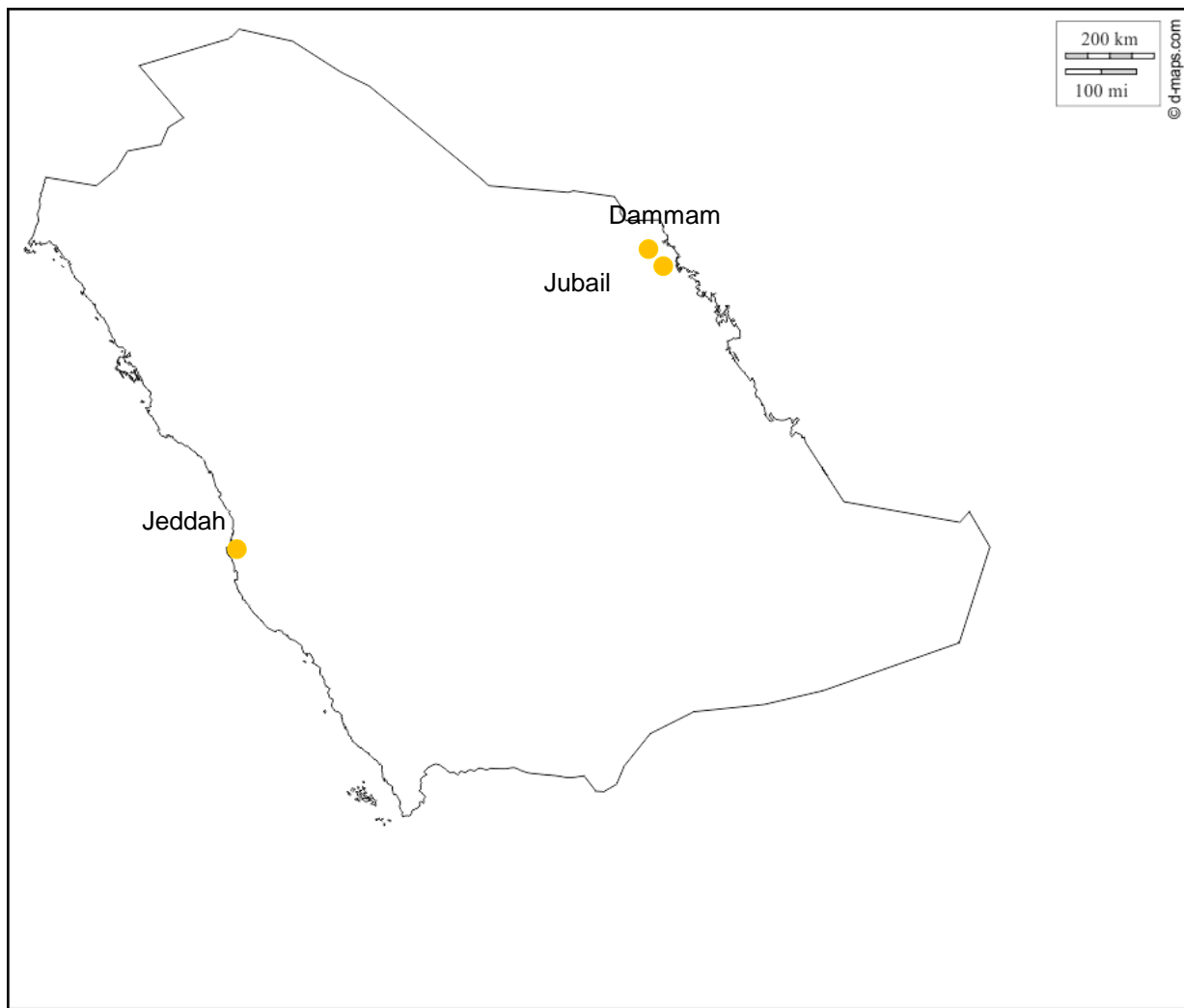
Top Exported Products in this Category

- Tugs and pusher craft
- Vessels, incl. warships and lifeboats
- Cruise ships, excursion boats, ferry-boats, cargo ships, barges and similar vessels for the transport of persons or goods
- Light-vessels, fire-floats, dredgers, floating cranes, and other vessels the navigability of which is subsidiary to their main function; floating docks, floating or submersible drilling or production platforms (excluding fishing vessels and warships)
- Yachts and other vessels for pleasure or sports; rowing boats and canoes

Source: International Trade Centre



Ships & Boats (2/2)



● Major Shipyard Locations in Saudi Arabia

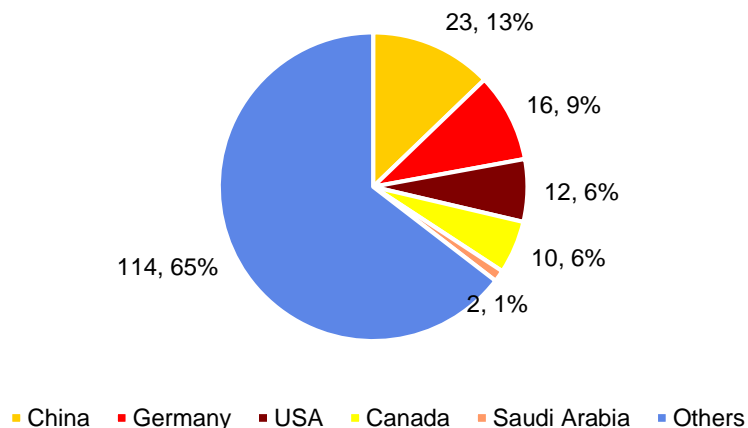
- Owing to slump in global oil prices, declining imports and public spending result in weak demand for commercial and military ships, ships and boats industry is witnessing a meagre annual growth rate of 4%
- Saudi Aramco and its partners Hyundai Heavy Industries (HHI), the National Shipping Company of Saudi Arabia (Bahri), and Lamprell Plc. have officially launched their International Maritime Industries (IMI) joint venture. Initial production and service operations are expected to commence in 2019, with the facility reaching its full operational capacity by 2022.
- With the country's focus on tourism, culture and entertainment; potential investments and hence a boost in the industry is expected

Source: GFMS Gold Survey 2017, tradingeconomics.com, ceicdata.com, indonesia-investments.com, southernarcminerals.com

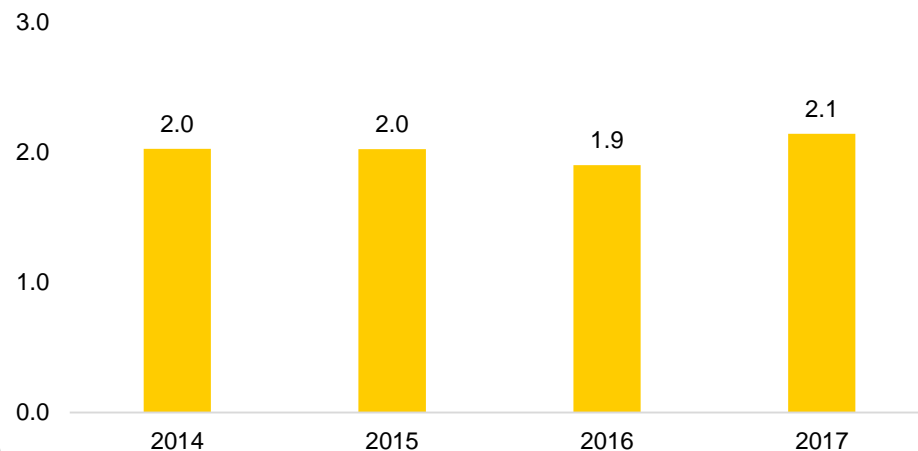


Aluminium & Aluminium Products (1/2)

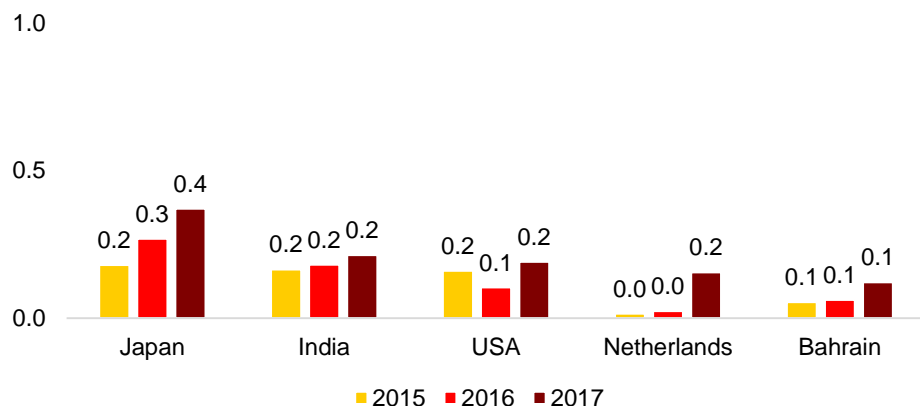
World Export of HS 76 series (Aluminium & Aluminium Products) in USD billion in 2017



Export of HS 76 series (Aluminium & Aluminium Products) from Saudi Arabia in USD billion



Top Importers of HS 76 series (Aluminium & Aluminium Products) from Saudi Arabia in USD billion



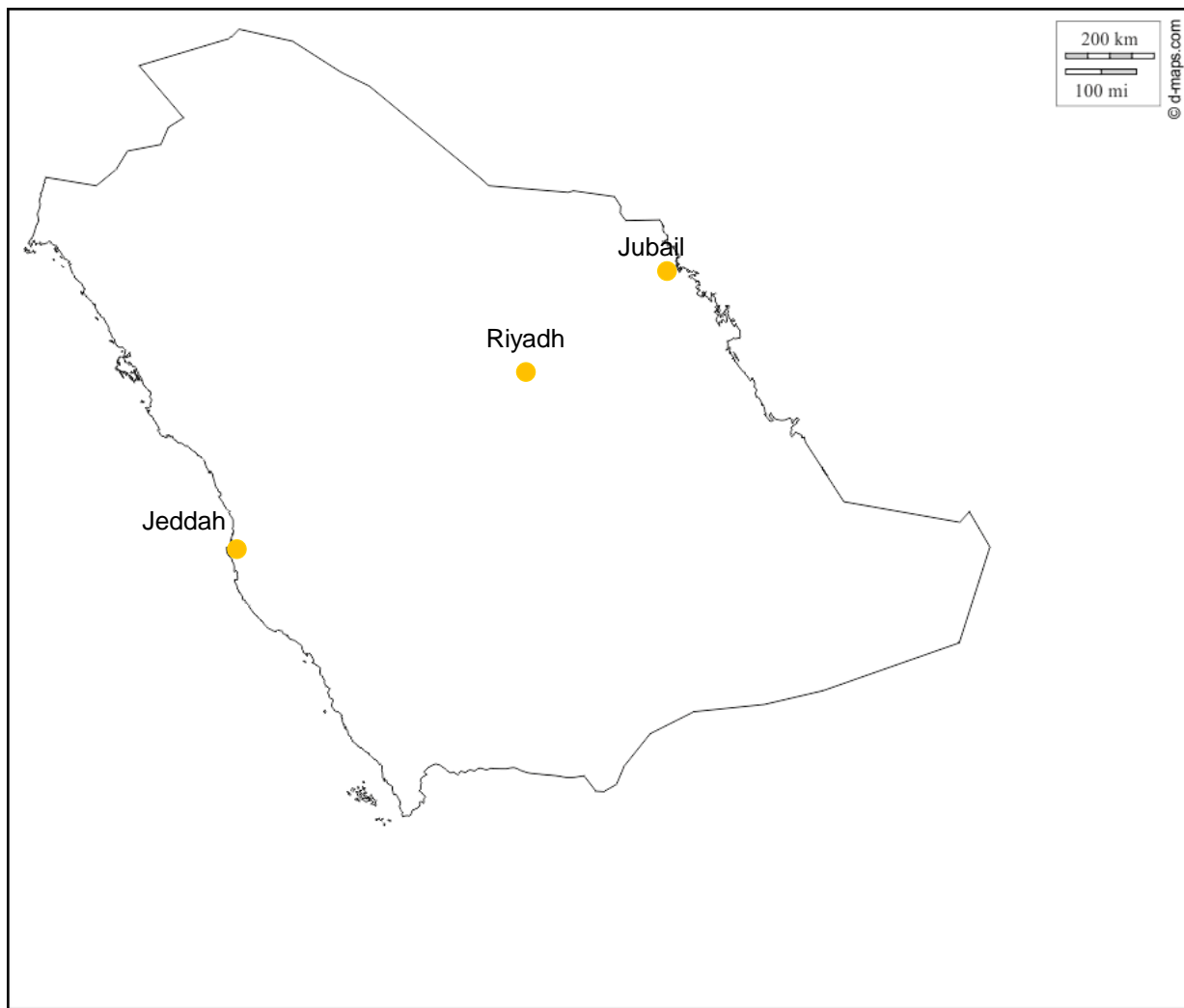
Top Exported Products in this Category

- Unwrought aluminium
- Waste and scrap, of aluminium
- Plates, sheets and strip, of aluminium, of a thickness of > 0,2 mm
- Casks, drums, cans, boxes and similar containers, incl. rigid or collapsible tubular containers
- Bars, rods and profile

Source: International Trade Centre



Aluminium & Aluminium Products (2/2)



● Major Coal Reserves in Saudi Arabia

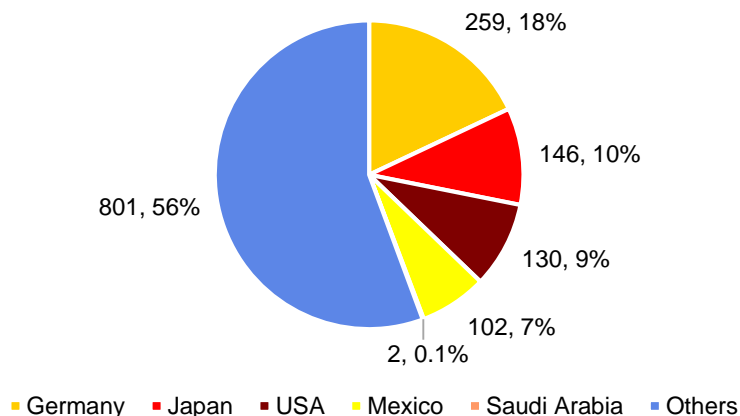
- Maa'den Aluminium is the largest aluminium manufacturer in Saudi Arabia
- Export of aluminium scrap has increased by 22% on y-o-y in 2016 and 2017
- Development on expanding aluminium smelting capacity is also at peak in the Kingdom which is expected to generate a larger amount of scrap and thereby boost the export volume.

Source: indonesia-investments.com, statista.com

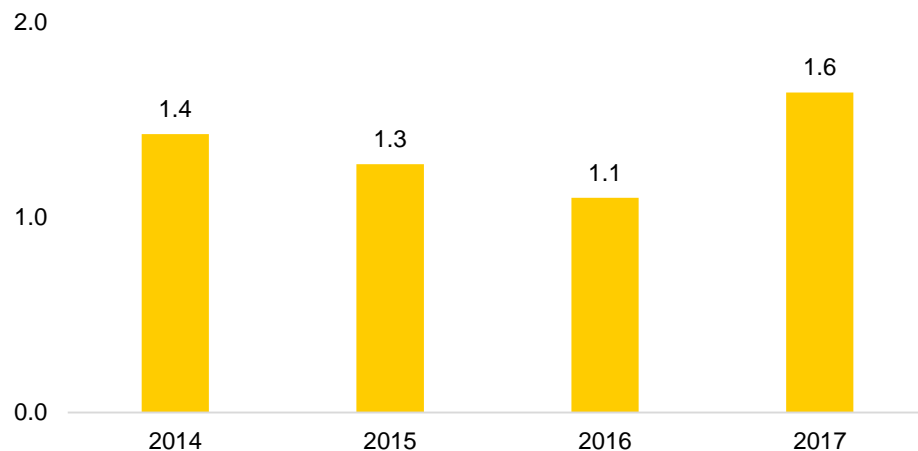


Automobiles (1/2)

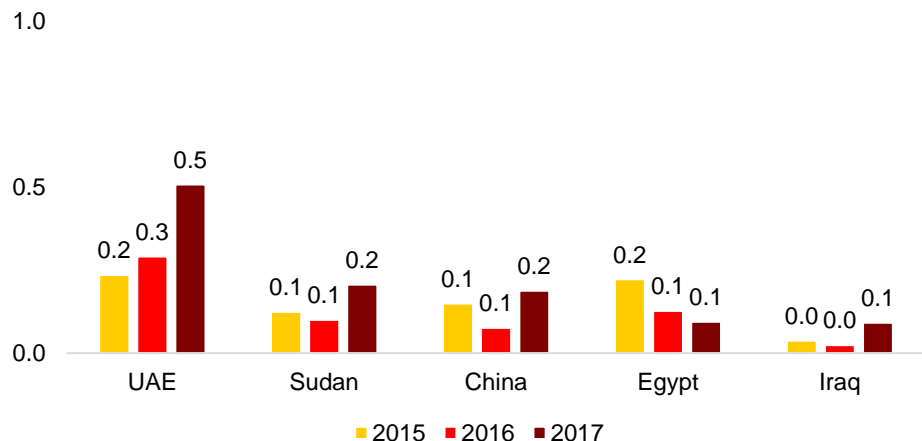
World Export of HS 87 series (Automobiles) in USD billion in 2017



Export of HS 87 series (Automobiles) from Saudi Arabia in USD billion



Top Importers of HS 87 series (Automobiles) from Saudi Arabia in USD billion



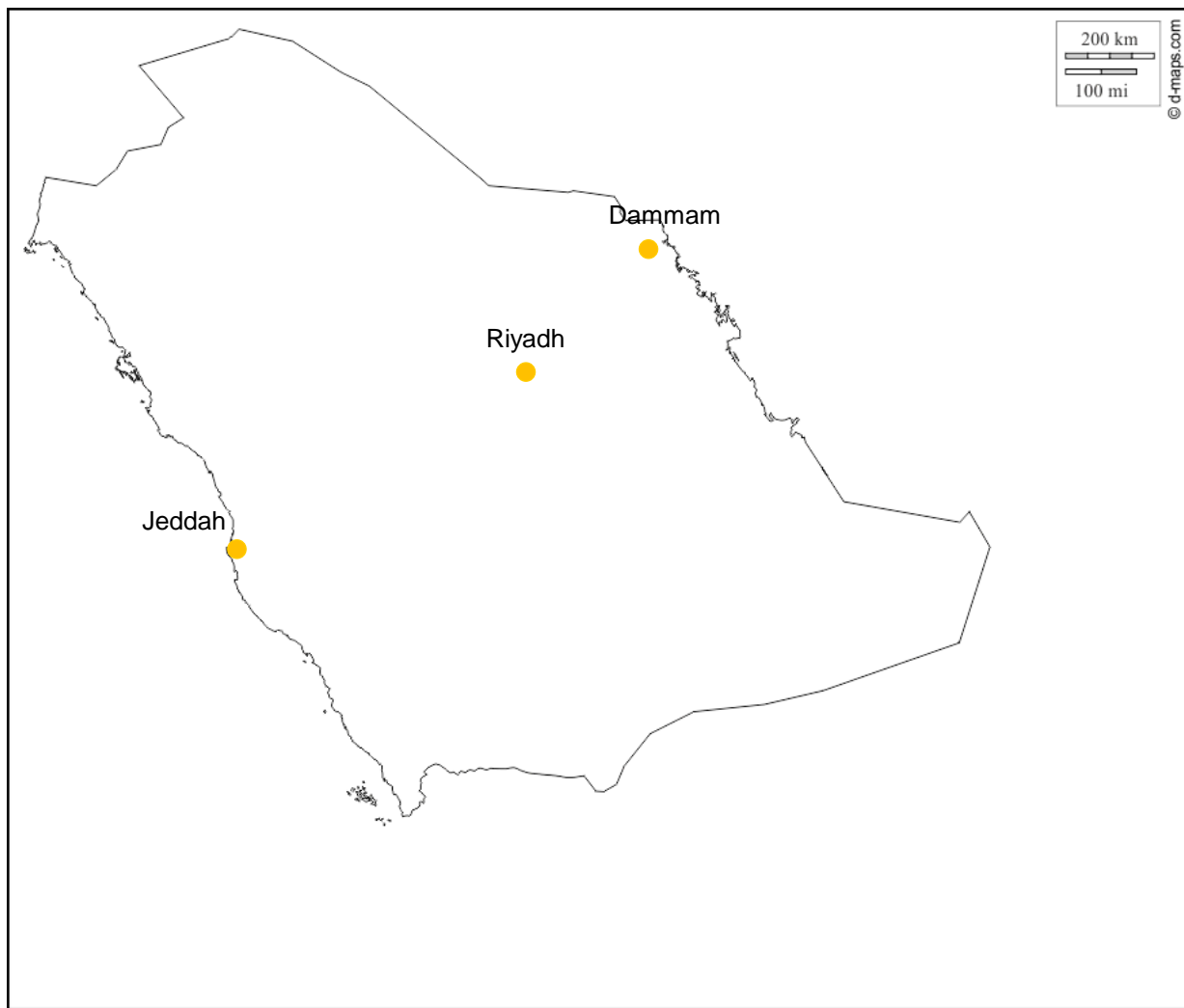
Top Exported Products in this Category

- Motor cars and other motor vehicles
- Motor vehicles for the transport of goods, incl. chassis with engine and cab
- Works trucks, self-propelled, not fitted with lifting or handling equipment, of the type used in factories, warehouses, dock areas or airports for short distance transport of goods; tractors of the type used on railway station platforms; parts of the foregoing vehicles
- Special purpose motor vehicles e.g. breakdown lorries, crane lorries, fire fighting vehicles, concrete-mixer lorries, road sweeper lorries, spraying lorries, mobile workshops and mobile radiological units

Source: International Trade Centre



Automobiles (2/2)



● Major Car Production Zones in Saudi Arabia

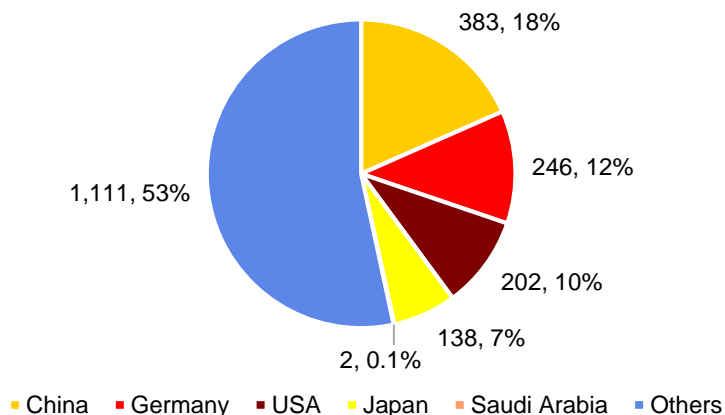
- Saudi Arabia has lifted its decades-long ban on women driving. The total number of female drivers in Saudi Arabia is projected to reach 3.0million in 2020. In comparison, male drivers are set to increase from 9million in 2017 to 9.5million in 2020.
- Car sales are likely to increase by 9% every year from 2018 till 2025 due to this new demand from female customer segment.
- Toyota and Hyundai together holds a major market share of car sales in Saudi Arabia

Source: Industrial Clusters, cic.org.sa, qz.com, arabianbusiness.com, ameinfo.com, bbc.com, pwc.com

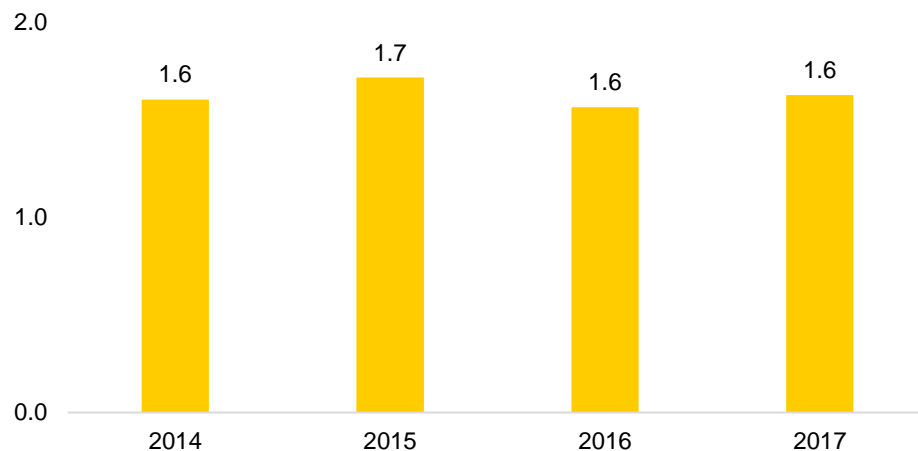


Industrial Machinery (1/2)

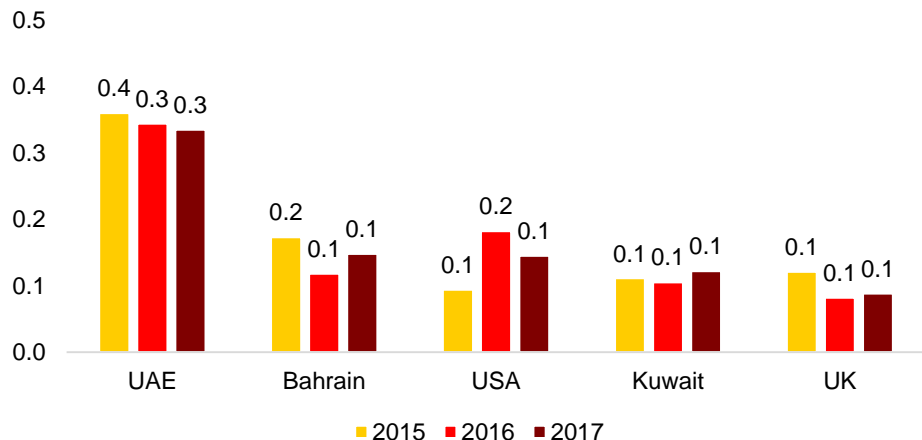
World Export of HS 84 series (Industrial Machinery) in USD billion in 2017



Export of HS 84 series (Industrial Machinery) from Saudi Arabia in USD billion



Top Importers of HS 84 series (Industrial Machinery) from Saudi Arabia in USD billion



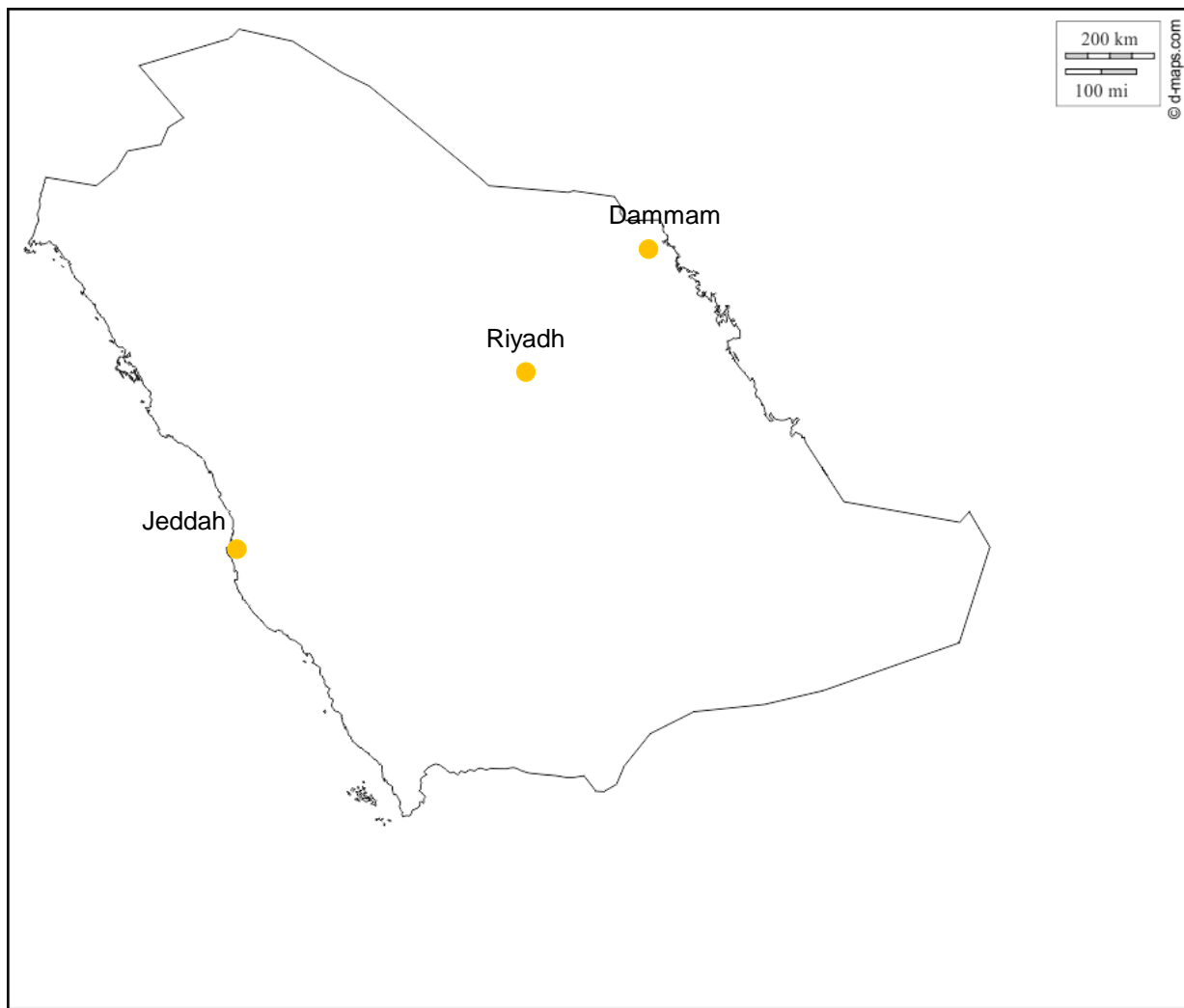
Top Exported Products in this Category

- Turbojets, turbopropellers and other gas turbines
- Machinery Parts
- Self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and roadrollers
- Spark-ignition reciprocating or rotary internal combustion piston engine
- Ships' derricks; cranes, incl. cable cranes (excluding wheel-mounted cranes and vehicle cranes for railways); mobile lifting frames, straddle carriers and works trucks fitted with a crane

Source: International Trade Centre



Industrial Machinery (2/2)



● Major Coal Reserves in Saudi Arabia

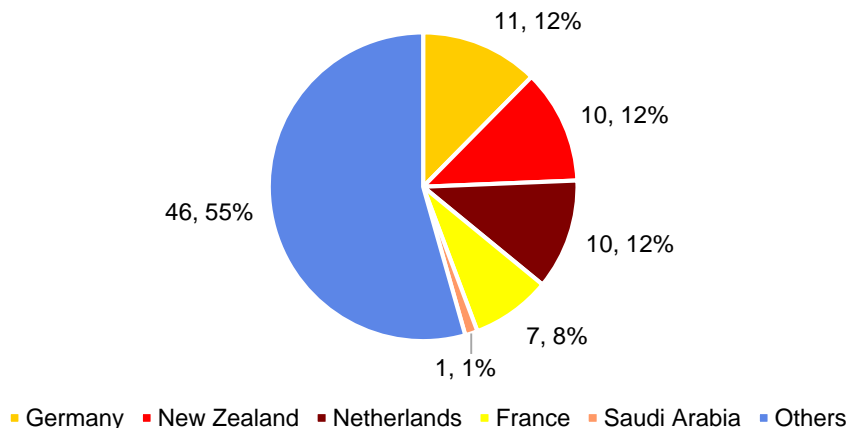
- Country's demand for industrial equipment and spare parts is anticipated at USD 270 billion between 2018 and 2030. Demand is likely to be driven by Vision 2030 program that strives to develop its non-oil sectors and effectively bring about an industrial revolution.
- Saudi Arabia currently imports about USD 17 billion worth of industrial equipment and machinery. And, country is promoting procurement of locally produced industrial equipment.
- Government is proposing support to investors that invoke significant cost advantages to businesses setting up their manufacturing base in Saudi Arabia. Furthermore, the increasing demand for industrial equipment and spare parts throughout the MENA and GCC region sets the stage for lucrative opportunities to businesses that establish themselves in the Kingdom.

Source: investsaudi.sa, Supplier Websites

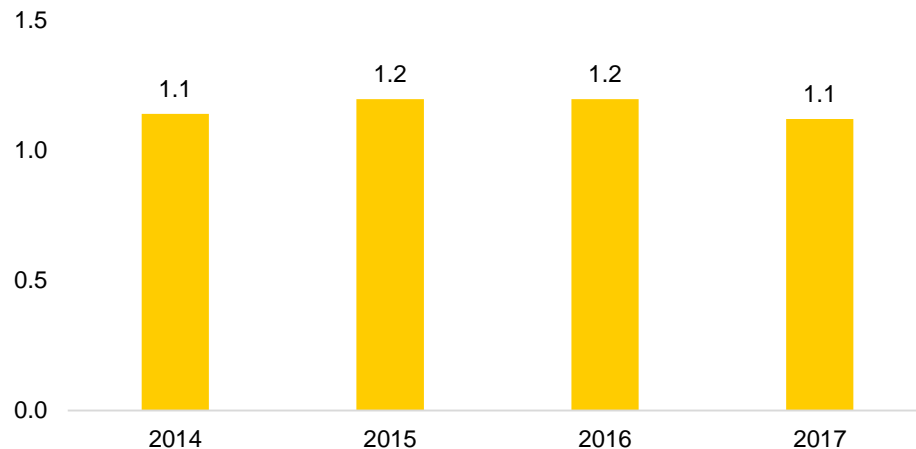


Dairy Produce (1/2)

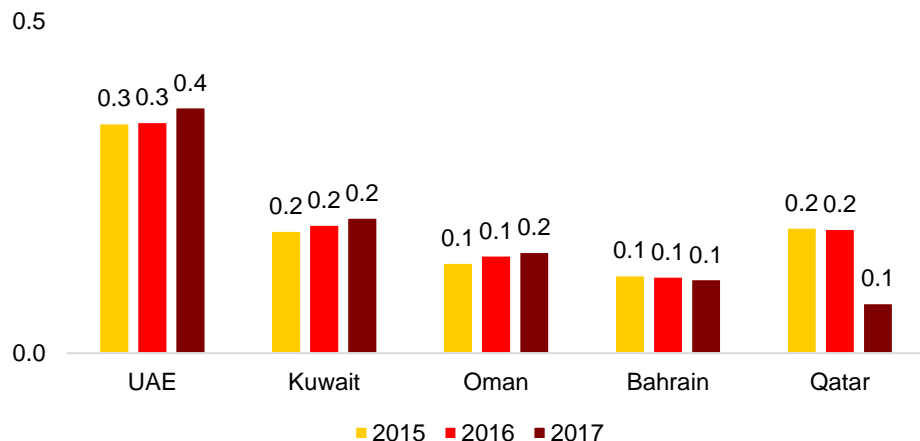
World Export of HS 04 series (Dairy Produce) in USD billion in 2017



Export of HS 04 series (Dairy Produce) from Saudi Arabia in USD billion



Top Importers of HS 04 series (Dairy Produce) from Saudi Arabia in USD billion



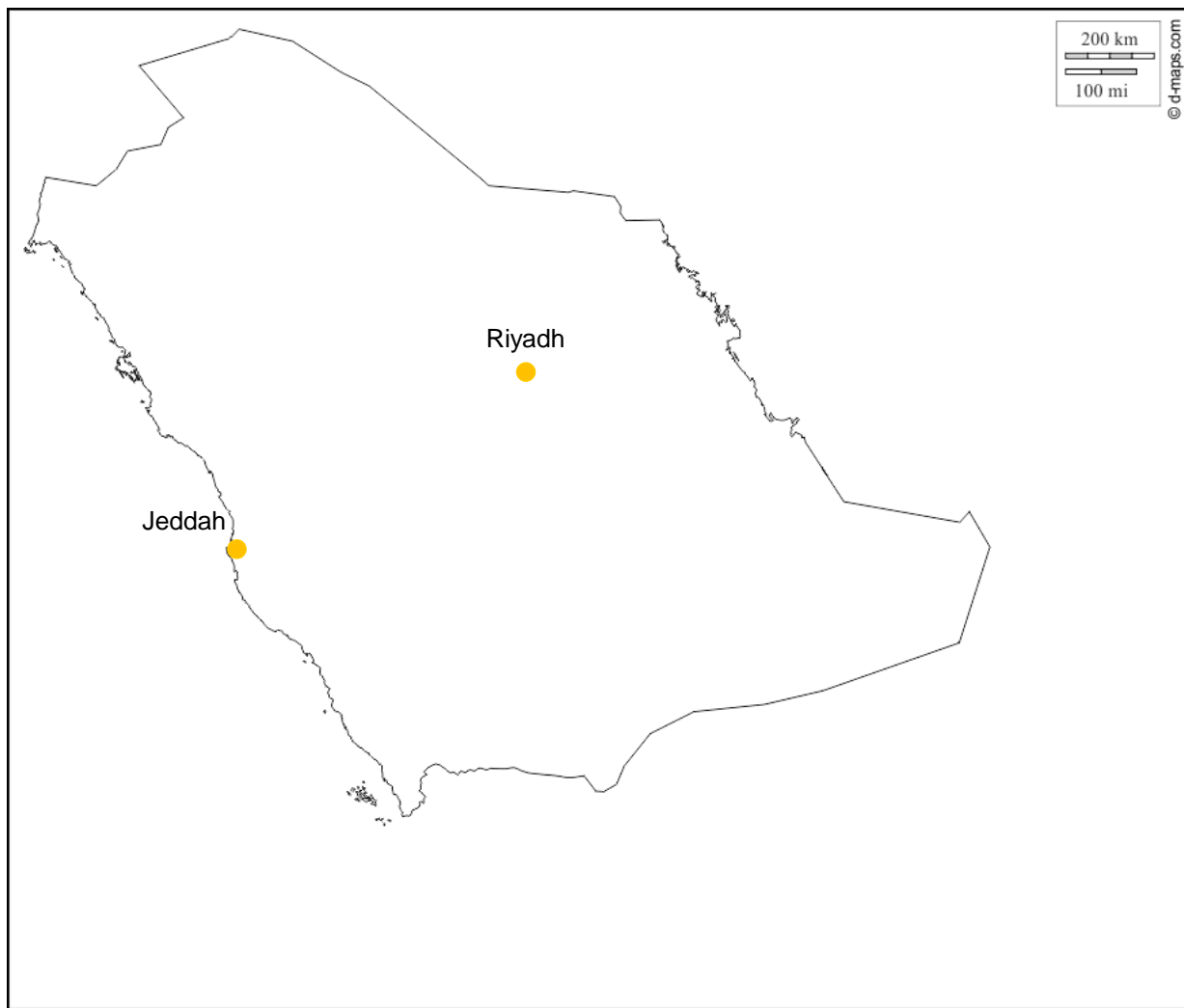
Top Exported Products in this Category

- Milk and cream, concentrated or containing added sugar or other sweetening matter
- Cheese and curd
- Buttermilk, curdled milk and cream, yogurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or flavoured or containing added sugar or other sweetening matter, fruits, nuts or cocoa
- Milk and cream, not concentrated nor containing added sugar or other sweetening matter
- Natural honey

Source: International Trade Centre



Dairy Produce (2/2)



● Major Dairy Production Zones in Saudi Arabia

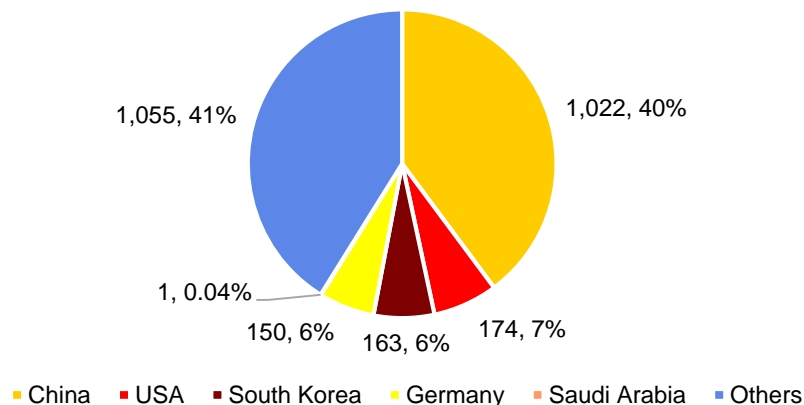
- There are about 250,000 dairy cows in Saudi Arabia with each producing between 35-40 litres of milk a day.
- Owing to increasing demand, fresh milk production in Saudi Arabia is expected to grow at a CAGR of 10.38%.
- Saudi Arabia dairy industry focuses on increasing production with expected annual growth rates of 5.4%.
- Saudi Arabia has numerous indigenous dairy companies such as Al-Marai Dairy., Al-Safi-Danone, Al-Nada Dairy, Al-Bandariah Dairy, Saudia Dairy & Foodstuff Company (SADAFCO), National Agricultural Development Co (NADEC), United National Dairy Company etc., who not only cater to Saudi national dairy products requirement, but are also major exporters to other Middle Eastern countries

Source: foodexsaudi.com, statista.com, grain-nigeria.blogspot.com, euromonitor.com

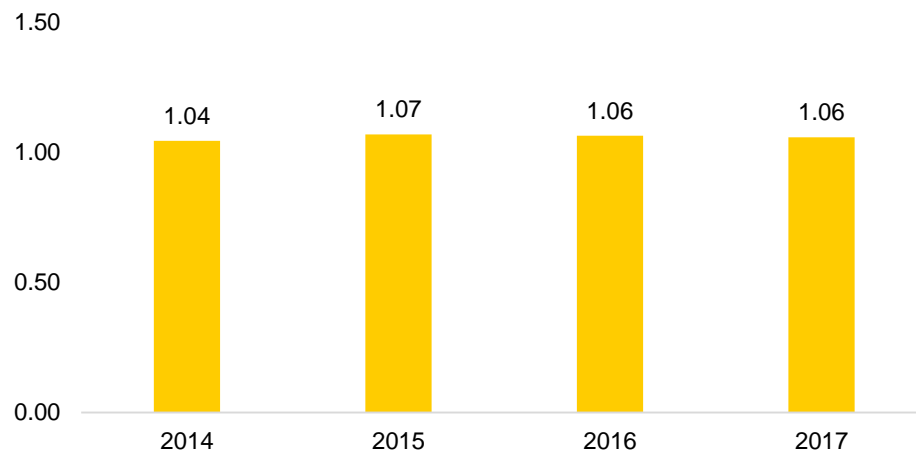


Electrical Equipment (1/2)

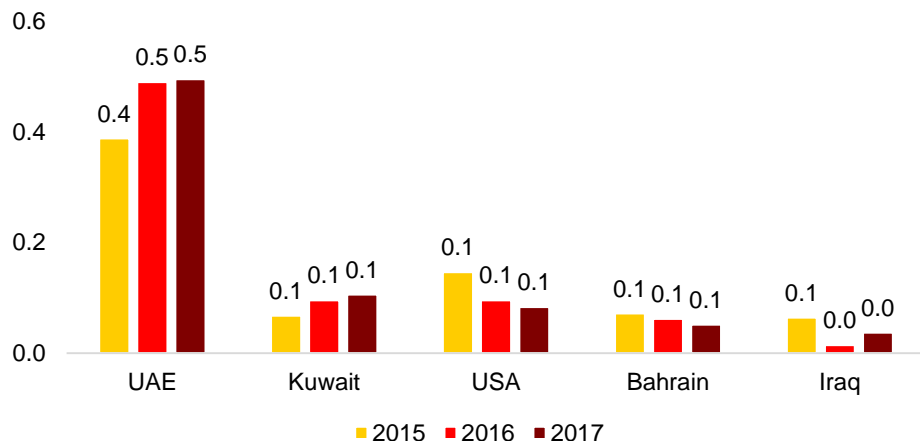
World Export of HS 85 series (Electrical Equipment) in USD billion in 2016



Export of HS 85 series (Electrical Equipment) from Saudi Arabia in USD billion



Top Importers of HS 85 series (Electrical Equipment) from Saudi Arabia in USD billion



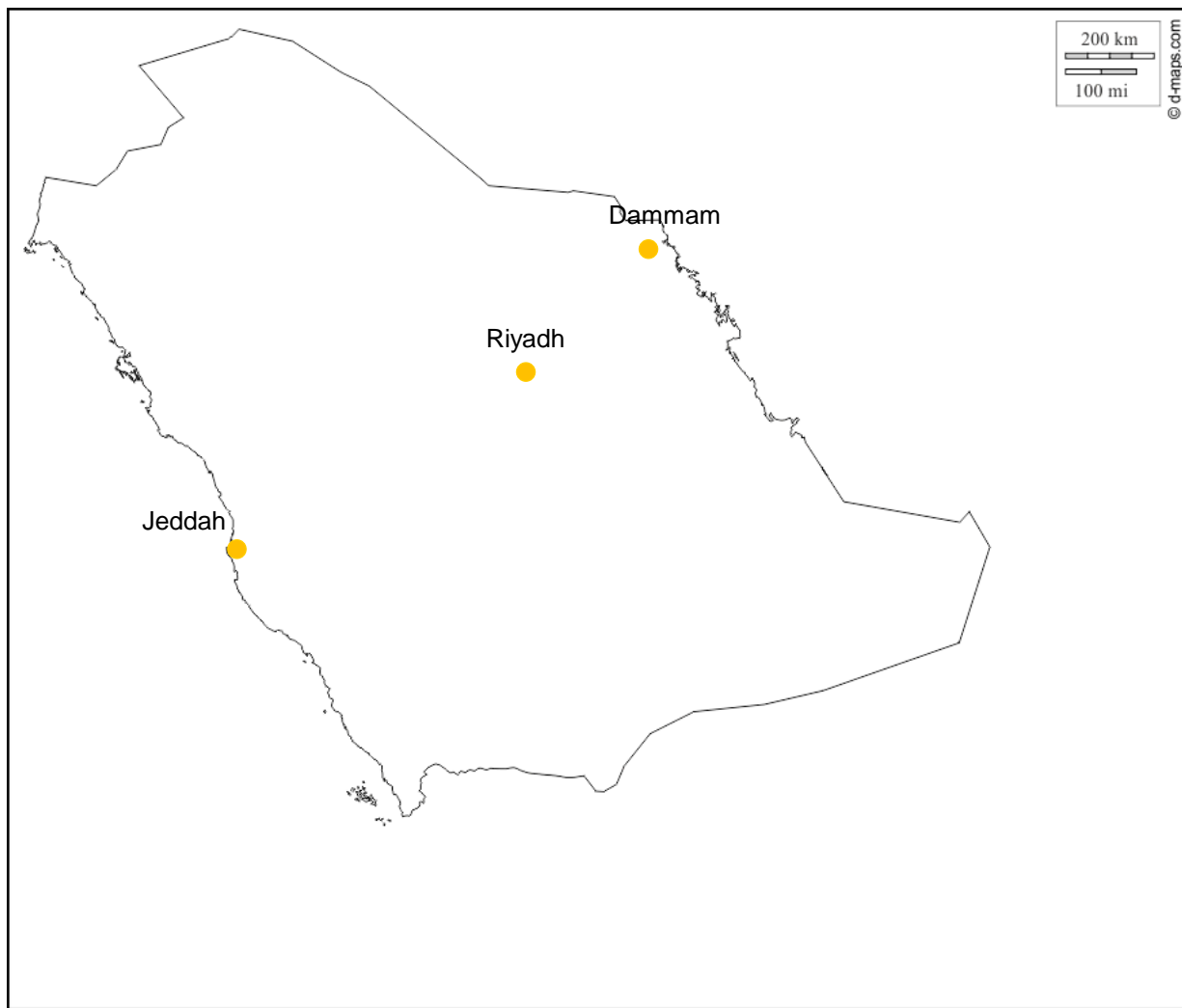
Top Exported Products in this Category

- Insulated "incl. enameled or anodized" wire, cable "incl. coaxial cable" and other insulated electric conductors, whether or not fitted with connectors; optical fiber cables, made up of individually sheathed fibers, whether or not assembled with electric conductors or fitted with connectors
- Telephone sets
- Electrical transformers, static converters & parts
- Electric accumulators, incl. separators
- Electrical ignition or starting equipment of a kind used for spark-ignition or compression-ignition internal combustion engines

Source: International Trade Centre



Electrical Equipment (2/2)



● Major Electrical Equipment Production Zones in Saudi Arabia

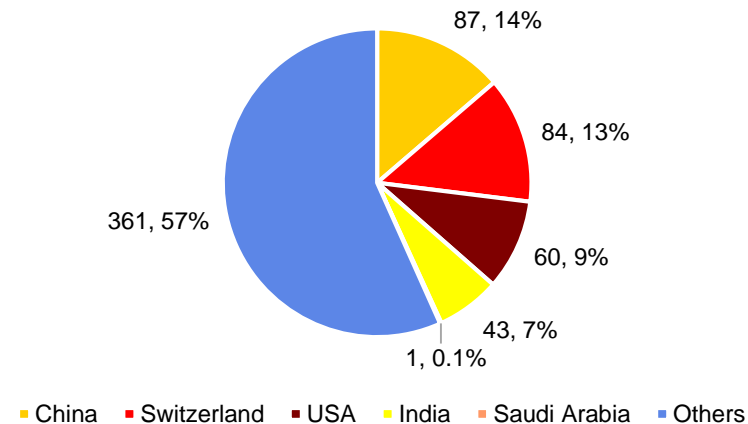
- Demand for electrical equipment is expected to increase at a higher rate due to growing industrial base, increasing number of power plants, oil rigs and rapid urbanization. Saudi Arabia electrical equipment market is estimated to be around USD10.8 billion by the end of 2023.
- Government is introducing initiatives to promote energy efficiency, paving the way for several investment opportunities in this sector.

Source: [businesswire.com](https://www.businesswire.com), [bizvibe.com](https://www.bizvibe.com)

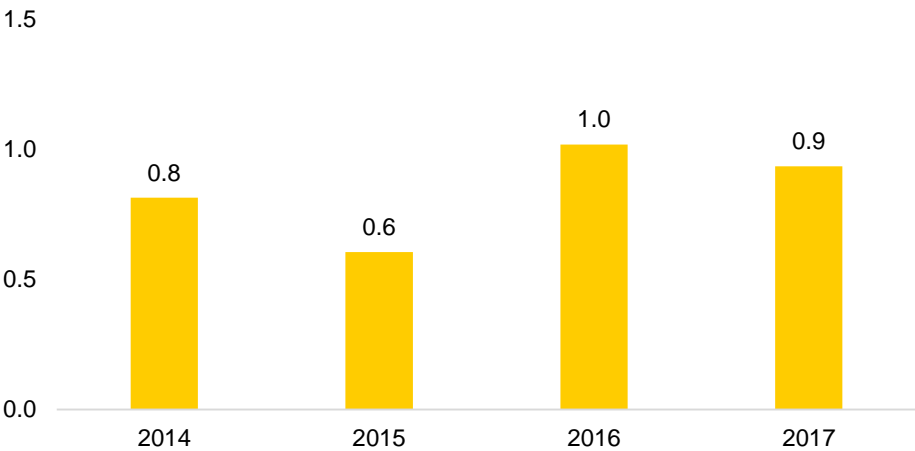


Precious Metals (1/2)

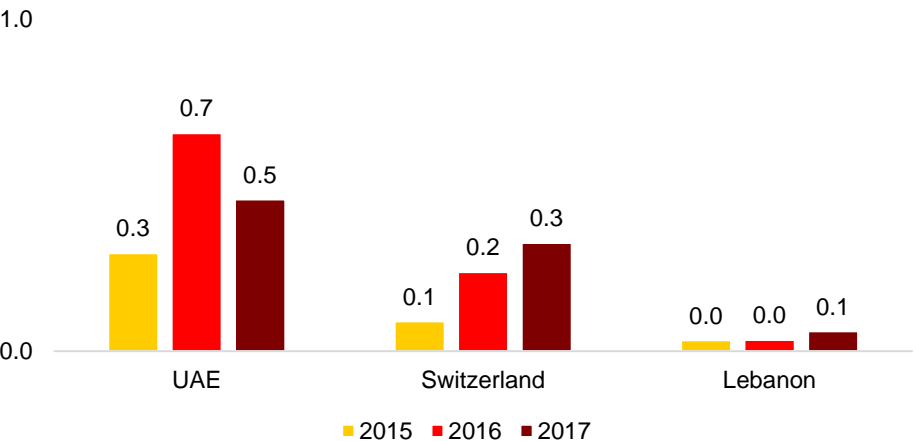
World Export of HS 71 series (Precious Metals) in USD billion in 2017



Export of HS 71 series (Precious Metals) from Saudi Arabia in USD billion



Top Importers of HS 71 series (Precious Metals) from Saudi Arabia in USD billion



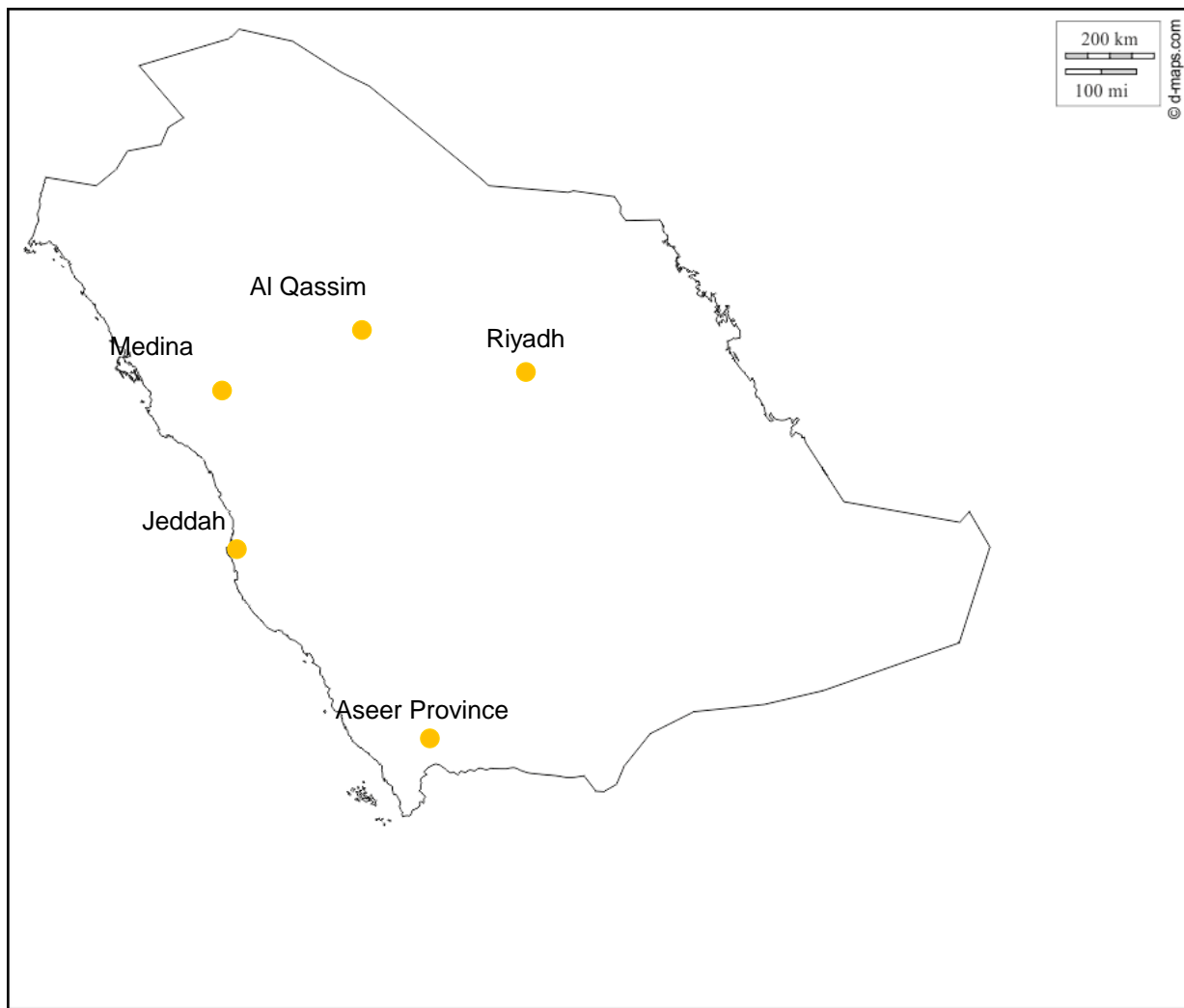
Top Exported Products in this Category

- Gold
- Jewelry articles
- Articles of precious metal
- Imitation jewelry
- Diamonds

Source: International Trade Centre



Precious Metals (2/2)



● Major Gold Mine Locations in Saudi Arabia

- Saudi Arabia is the largest producer of gold the Middle East with a production estimated to reach 256,000 ounces in 2018. Gold output is expected to be around 500,000 ounces by 2020.
- Saudi Arabia has recently launched the biggest gold mine with 180,000 ounces annual capacity
- The mining potential (20 million ounces of below ground gold reserves) is still significantly unexploited, which presents the private sector with large and lucrative investment opportunities that capitalize on and serve the under-supplied market.

Source: maaden.com.sa, investsaudi.sa, statista.com, ceicdata.com, africanews.com, albawaba.com



TRADE AGREEMENTS



Saudi Arabia – Trade Agreements

Saudi Arabia has 3 RTAs. Early announcements has been made for 3 RTAs (EFTA – GCC, Australia - Gulf Cooperation Council (GCC), Japan - Gulf Cooperation Council (GCC))

Agreements	Region/ Countries Involved
Gulf Cooperation Council (GCC)	Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates
Gulf Cooperation Council (GCC) – Singapore	Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates & Singapore
Pan-Arab Free Trade Area (PAFTA)	Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanese Republic, Libya, Morocco, Oman, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates, Yemen
Other Trade Agreements	
Other Agreements	Global System of Trade Preferences among Developing Countries (GSTP)

EFTA: European Free Trade Association

Source: World Trade Organization