

10 Reasons to Invest in Saudi Arabia

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Reason No. 1

Unique and Strategic Location



Situated in the Southern-Eastern part of the Asian Continent, The Kingdom occupies about 2,240,000 square kilometers of Arabian Peninsula. It has 1700 kilometers of Western Coast along the Red Sea and 560 kilometers of Eastern Coast along the Arabian Gulf. Land boundaries in the South and in the North exceed 2,700 kilometers.

Saudi Arabia is the gateway that links the biggest two continents Asia and Africa .Because of its unique location Saudi Arabia is sited near 50% of the world population In addition, from geographical point of view, it is located in the middle of Muslim world.

Reason No.2

Strong and dynamic economy

Bilateral trade agreements: To facilitate its final target to create global partnership it signed much bilateral trade. Once His Majesty [King Abdulaziz](#), succeeded in consolidating the Kingdom of Saudi Arabia on the basis of Islamic rules, he started building good reputation and international relations for the kingdom. In that context Saudi Arabia participated in the foundation of several international organizations such as, United Nations and Arab League. During the last years Saudi Arabia has signed [bilateral agreements](#) with many Arab and other countries so as to enlarge the market for exports. These efforts have been reflected in exports-imports development during the last decade.

Dynamic Economy: Saudi economy is dynamic and proved it capability of modifying itself with major regional and global changes: To a very large extent, Saudi Arabia's success in adjusting to reduced revenues is attributable to the Kingdom's national [planning process](#). The planning function which permeates all areas of [government](#) activity ensures that the country enjoys the benefits of a long-term economic strategy. Just as the earlier Development Plans ensured that the Kingdom's revenues were applied to the essential task of developing Saudi Arabia's infrastructure, its industry and [agriculture](#), so subsequent Development Plans, have focused resources more on consolidation of Saudi Economy. The main achievements of these plans can be summarized as follows:

Continuous and steady [economic growth](#), Developed [infra structure](#), Developed [industrial](#) sector, and Developed [banking](#) system. Enhancement of the ability and [consolidation](#) of the national economy to cope efficiently with international economic change. More about economic achievements of Saudi economy.

Law inflation rate: The kingdom has enjoyed [low inflation rate](#). It is worth mentioning that inflation in the kingdom is considered to be among the lowest in the world.

Strong banking sector : Saudi Arabia has a modern banking system and its financial sector capable of contributing significantly in financing investment process. The [Saudi Arabian Monetary Agency](#) (SAMA) acts as the central bank. It controls the working of banks and other financial institutions, apart from being responsible for monetary and exchange rate policies. There are 12 [commercial banks](#) in the country which together have 1206 branches as in the beginning of 2002. Besides, there are five semi-Government long-term financing institutions: [Saudi Industrial Development Fund \(SIDF\)](#), [Real Estate Development Fund \(REDF\)](#), [Saudi Agriculture Bank \(SAB\)](#), [Public Investment Fund \(financing Government investment and public corporations\)](#), and [Saudi Credit Bank \(SCB\)](#). Demand deposit has increased [significantly](#) over the past 10 years. It reached SR billion..... riyals in 2002.

Reason No.3

Expanding market

Another yardstick for measuring the strength of an economy is the size of its market. With a steadily increasing population subject to a growth rate of over 3%, and an annual per capita of around \$ 80,000, Saudi Arabia is indeed a big potential market for consumer goods & services .

Reason No.4

Religious Importance

[Saudi Arabia](#) has a great religious importance to Muslims all over the world. Historically, Saudi Arabia has occupied a special place in the Islamic world as the very heartland of Islam. Indeed, it is toward the sacred *Ka'abah* in Makkah that Muslims turn devoutly in prayer five times a day. More to the point, its Mohamed (peace be upon him) place of

birth, and the place where The *Qur'an*, the sacred scripture of Islam, was revealed .

Reason No.5

Modern and developed infrastructure

Premises suitable investors' requirements: There is a wide range of various premises suitable for dwelling, production, and offices and which meet all investors' requirements.

Rail ways : Industrial companies within the region benefit from miner railway lines linking production centres of companies and other industrial institutions that depend mainly on railways for transportation of their products to marketing centres. The Kingdom's railways currently consist primarily of a single track, standard-gauge line, running for 350 miles [570 km] from Riyadh to Dammam in the eastern region. This line, which was opened in 1951, passes through Dhahran, Abqaiq, Hofuf, Harad and al-Kharj and has benefited from substantial renovation in recent years. An additional line joining Hofuf with Riyadh was opened in 1985.

Developed highways : KSA is well connected by [roads](#) to other to other Gulf states . The highways are among the best in the world in terms of quality. All roads are well-equipped with networks of modern and high quality petrol stations which render full range of services up to the best international standards.

Airport and aviation: Air traffic between the Kingdom and other international destinations has been much smoother during last years due to the persistent efforts of the Saudi Arabian Airlines which was accompanied with the establishment of [King Fahad International Airport](#).

Ports : The [Ports Authority](#) supervises the management and operation of the eight main seaports located on the two coasts of Saudi Arabia (six commercial ports(one in Eastern Province) and two industrial ports (both are in Eastern Province)). The berths of these ports constitute the biggest port network in the Middle East.

Telecommunications infrastructure: Telecommunications infrastructure in Eastern Province is developing rapidly. There is an opportunity to expand the usage of mobile phones, cell communication of GSM standard and paging communication. Eastern Province has high quality access to the Internet services which are provided by a number of companies.

Three industrial cities (see reason 6)

Utilities

Electricity is supplied mainly by the local power stations. Their capacity not only covers the region's needs, but has a good export potential. *SCECO was established by royal decree in 1976, with a capital of SR 5 billion*. The company comprised the 26 electric companies operating in the region, as well as the electric generation utilities of *Aramco*. By 1995/96, the SCECO in the *Eastern Province* had a market capitalization of US\$ 975 million, was providing electricity supply to 218 cities, villages and settlements and had a customer base of 462,712. In 2000, the custom

Reason No.6

Vast natural resources

With one-fourth of the world's proven oil reserves, Saudi Arabia is likely to remain the world's largest net oil exporter for the foreseeable future. Moreover, the kingdom is endowed with other natural resources including a wide range of industrial raw materials and minerals such as bauxite ,limestone ,gypsum, and iron ore

Reason No. 7

Growing Opportunities for foreign investment

In Energy Sector, Gas exploration, Oil refining, Power Generation, Non-Oil Sectors Industry , Agribusiness, Tourism. Fishing, IT& communications, Mining, Education

Reason No.8

Social and Political Stability

With a strong, pro-business government, excellent external relations and [consolidated social](#) structure internally, Saudi Arabia is an oasis of political and social stability in the region. This has resulted in :

[Stable economic policies](#) and regulations.

[Steady and continuous](#) economic growth.

[Stable currency:](#) stable currency during the past three decades: the central bank is committed to maintaining the riyal's peg to the US dollar at SR 3075: US \$1. Its ample reserves along with its control over local interest rates will allow it to do so.

Saudi system of government, as defined under the Basic System and the establishment of the Consultative Council, is not a move towards Western-style democracy, much less an imitation of Western-style democratic reform. It is an organic development of the consultative basis of the relationship between the leader and the people that is inherent in Islamic tradition.

The Saudi Arabian system is a natural extension of the consultative tradition which has existed in the region for many centuries. The *Males*, or consultative session, provides an opportunity for every citizen to present his case, his request for help, his complaint about a grievance, his suggestion for an improvement, to a person in authority, whether that person is governor, a minister or the King. Apart from creating a climate in which everyone feels they have access to that in power, the Majlis also ensures that those in power are aware of and ultimately sensitive to the opinions and wishes of those for whom they are responsible.

In the course of its planning for comprehensive development throughout six development plans, the Kingdom has always pursued the macroeconomic objectives of economic growth, full employment, stable prices and the avoidance of sharp fluctuations in economic activity. The provision of opportunities for all members of Saudi society to participate in the development process has been a permanent goal of successive Development Plans so as to avoid any adverse social impacts which may result from rapid economic growth and modernization seen in many developing countries.

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Reason No.10

Attractive Investment Climate

Coherent commercial mentality: [Saudi Arabia](#) has enjoyed a commercial culture since time immemorial. Embracing modern business practices and [globalization](#) are in keeping with the Kingdom's past. Many [international companies](#) have invested in Saudi Arabia.

No foreign exchange restrictions : The Kingdom has experiences [free financial system](#) and shunned foreign exchange restrictions and obstacles to the transfer of funds.

Moderate tax environment : Moderate [tax environment](#) and taxes on profits have been [reduced](#) to 30% .

Various tariff exemptions: Commodities imported for industrial production are exempted from duties .

Flexibility with investors: Loss making units are [permitted to transfer losses](#) to following years. And Loss making companies are tax-exempted until they improve their financial performance .

Termination of sponsorship system: The sponsorship system for foreigner is scrapped—foreign investors [do not need to have a Saudi partner](#) to operate in the country.

Availability of soft loans: The [Saudi Industrial Development Fund](#) (SIDF). provides soft long-term loans to the industrial establishments for up to 50 per cent of the total cost. Loans are for 15 year duration with a repayment subjected to future cash flow .

Huge utilities in industrial cities: The Eastern Province has five industrial cities, the largest of them is al [Jubail industrial city](#). Those industrial cities are equipped with all facilities the investors may need. The rent in these cities is 2 US cents/sq.meter annually and