



---

**Trade Policy Review Body**

**TRADE POLICY REVIEW**

REPORT BY THE SECRETARIAT

THE KINGDOM OF SAUDI ARABIA

This report, prepared for the second Trade Policy Review of the Kingdom of Saudi Arabia, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from the Kingdom of Saudi Arabia on its trade policies and practices.

Any technical questions arising from this report may be addressed to Mr. John Finn (Tel: 022 739 5081); Mr. Usman Ali Khilji (Tel: 022 739 6936); Mr. Xinyi Li (Tel: 022 739 5579) and Mr. Samer Seif El Yazal (Tel: 022 739 5459).

Document WT/TPR/G/333 contains the policy statement submitted by the Kingdom of Saudi Arabia.

---

Note: This report is subject to restricted circulation and press embargo until the end of the first session of the meeting of the Trade Policy Review Body on the Kingdom of Saudi Arabia. This report was drafted in English.

---

**CONTENTS**

<b>SUMMARY .....</b>	<b>7</b>
<b>1 ECONOMIC ENVIRONMENT .....</b>	<b>10</b>
1.1 Fiscal Policy .....	13
1.2 Monetary and Exchange Rate Policy .....	14
1.3 Balance of Payments .....	14
1.4 Developments in Trade .....	16
1.4.1 Composition of merchandise trade .....	16
1.4.2 Direction of merchandise trade .....	16
1.5 Foreign Direct Investment .....	16
<b>2 TRADE AND INVESTMENT REGIME .....</b>	<b>19</b>
2.1 General Framework .....	19
2.2 Trade Policy Formulation .....	20
2.3 Economic and Trade Policy Objectives .....	21
2.4 Trade Agreements and Arrangements .....	22
2.4.1 WTO .....	22
2.4.2 Regional and preferential agreements .....	24
2.4.2.1 Cooperation Council for the Arab States of the Gulf .....	24
2.4.2.2 Pan-Arab Free Trade Area (PAFTA) .....	25
2.4.2.3 Other agreements and arrangements .....	25
2.5 Investment Regime .....	25
<b>3 TRADE POLICIES AND PRACTICES BY MEASURE .....</b>	<b>30</b>
3.1 Measures Directly Affecting Imports .....	30
3.1.1 Customs procedures .....	30
3.1.2 Customs valuation .....	32
3.1.3 Rules of origin .....	32
3.1.4 Tariffs .....	33
3.1.4.1 WTO bound tariffs .....	33
3.1.4.2 MFN applied tariffs .....	33
3.1.4.3 Preferential rates .....	36
3.1.4.4 Tariff exemption .....	36
3.1.5 Internal taxes collected at the border .....	37
3.1.6 Import controls .....	37
3.1.6.1 Import prohibitions and restrictions .....	37
3.1.6.2 Import licensing .....	39
3.1.7 Contingency measures .....	41
3.1.8 Standards and technical requirements .....	42
3.1.9 Sanitary and phytosanitary measures .....	43
3.2 Measures Directly Affecting Exports .....	46
3.2.1 Export procedures and requirements .....	46

3.2.2	Export taxes and duties .....	46
3.2.3	Export control .....	46
3.2.3.1	Export prohibitions .....	46
3.2.3.2	Export licensing .....	47
3.2.4	Export finance, insurance, guarantees and assistance .....	48
3.2.5	Free zones .....	48
3.3	Measures Affecting Production and Trade .....	49
3.3.1	Taxation and tax incentives .....	49
3.3.1.1	Taxation .....	49
3.3.1.2	Tax incentives .....	49
3.3.2	Non-tax incentives .....	49
3.3.3	State trading, state-owned enterprises, and privatization .....	50
3.3.4	Competition policy and price controls .....	52
3.3.4.1	Competition policy .....	52
3.3.4.2	Price controls .....	54
3.3.5	Government procurement .....	56
3.3.6	Intellectual property rights .....	57
3.3.6.1	Patents .....	59
3.3.6.2	Copyrights and related rights .....	59
3.3.6.3	Trademarks .....	60
3.3.6.4	Layout-designs (topographies) of integrated circuits, industrial designs, and plant varieties .....	60
3.3.6.5	Enforcement .....	60
<b>4</b>	<b>TRADE POLICIES BY SECTOR .....</b>	<b>62</b>
4.1	Overview .....	62
4.2	Agriculture .....	64
4.2.1	Features .....	64
4.2.2	Trade .....	65
4.2.3	Policies .....	66
4.2.3.1	Trade policies .....	67
4.2.3.2	Domestic policies .....	67
4.2.3.3	WTO notifications .....	68
4.3	Mining and Energy .....	70
4.3.1	Energy .....	70
4.3.1.1	Overview and policy objectives .....	70
4.3.1.2	Oil and petroleum .....	70
4.3.1.3	Natural gas .....	73
4.3.1.4	Electricity .....	73
4.3.2	Mining .....	74
4.4	Construction .....	74
4.4.1	Overview .....	74

4.4.2	WTO Commitments .....	76
4.4.3	Policies .....	77
4.5	Services .....	78
4.5.1	Financial services .....	78
4.5.1.1	Banking sector .....	78
4.5.1.1.1	Structure .....	78
4.5.1.1.2	Regulation .....	81
4.5.1.2	Insurance .....	81
4.5.1.2.1	Structure .....	81
4.5.1.2.2	Regulation .....	82
4.5.1.3	Capital markets .....	83
4.5.1.3.1	Structure .....	83
4.5.1.3.2	Regulation .....	84
4.5.2	Transport .....	84
4.5.2.1	Aviation .....	84
4.5.2.2	Maritime Transport .....	86
4.5.2.3	Railway transport .....	86
4.5.2.4	Pipeline transport .....	87
4.5.3	Tourism .....	87
4.5.3.1	Regulation .....	87
<b>REFERENCES .....</b>		<b>89</b>
<b>5 APPENDIX TABLES .....</b>		<b>92</b>

### CHARTS

Chart 1.1	Merchandise trade by main HS section, 2010 and 2014 .....	17
Chart 1.2	Merchandise trade, by main origin and destination, 2010 and 2014 .....	18
Chart 3.1	Average applied MFN tariff and bound rates, by HS section, 2015 .....	33
Chart 3.2	Frequency distribution of MFN tariff rates, 2015 .....	35
Chart 4.1	Support for agriculture in Saudi Arabia, 2006-12 .....	69
Chart 4.2	Green Box support for agriculture in Saudi Arabia, 2006-12 .....	69
Chart 4.3	Amber Box support for agriculture in Saudi Arabia, 2006-12 .....	70
Chart 4.4	Market capitalization, 2010-14 .....	83

### TABLES

Table 1.1	Selected macroeconomic indicators, 2011-15 Q2 .....	10
Table 1.2	GDP and employment, 2010-15 Q2 .....	11
Table 1.3	Balance of payments, 2010-15 Q1 .....	14
Table 2.1	Selected notifications to the WTO at end-September 2015 .....	23
Table 2.2	List of businesses prohibited for foreign investment .....	26

Table 2.3 Licence fees, initial subscription rates, and selected requirements for investment .....	27
Table 2.4 Investment classification, 2015 .....	29
Table 3.1 Summary of time and cost for trading across borders, 2015 .....	31
Table 3.2 Structure of the tariff schedule in Saudi Arabia, 2011 and 2015 .....	34
Table 3.3 Summary analysis of Saudi Arabia's MFN tariffs, 2015 .....	35
Table 3.4 Import prohibitions, 2015.....	37
Table 3.5 Import licensing regime, 2015 .....	39
Table 3.6 Export prohibitions, 2015 .....	46
Table 3.7 Products requiring export licences, 2015 .....	47
Table 3.8 Export finance and guarantees, 2012-14 .....	48
Table 3.9 Selected publicly listed companies with state investments in 2014.....	51
Table 3.10 Budget appropriations for selected public institutions, 2012-15 .....	52
Table 3.11 Price regulation, 2015.....	54
Table 3.12 Legislation on government procurement, 2015 .....	56
Table 3.13 IP applications, grants, and registrations in Saudi Arabia, 2006-14 .....	58
Table 4.1 Crop production, 2008-13 .....	64
Table 4.2 Livestock and animal products, 2008-13.....	65
Table 4.3 Exports of agricultural products, 2007-14 .....	65
Table 4.4 Imports of agricultural products, 2007-14.....	66
Table 4.5 Agricultural Development Fund lending, 2006-14 .....	68
Table 4.6 Daily crude oil production, 2009-14 .....	71
Table 4.7 Exports of crude oil and refined products, by region, 2012-14 .....	71
Table 4.8 Domestic production and consumption of refined products, crude oil, and natural gas, 2010-14 .....	72
Table 4.9 Number of licences for non-hydrocarbon minerals, 2010-14 .....	74
Table 4.10 Construction and building in Saudi Arabia, 2010-14.....	75
Table 4.11 Selected large-scale construction projects in Saudi Arabia, 2015 .....	76
Table 4.12 Saudi Arabia's WTO construction-related services commitments .....	77
Table 4.13 Saudi Arabia's banking sector, 2010-14.....	79
Table 4.14 Bank credit to private sector by economic activity, 2012-14.....	79

#### BOXES

Box 4.1 Islamic banking.....	80
------------------------------	----

#### APPENDIX TABLES

Table A1.1 Merchandise exports by product and HS section, 2010-14 .....	92
Table A1.2 Merchandise imports by product and HS section, 2010-14 .....	93
Table A1.3 Merchandise exports by trading partner, 2010-14 .....	95
Table A1.4 Merchandise imports by trading partner, 2010-14 .....	96

Table A2.1 Main trade-related legislation at end-2015 .....	97
Table A2.2 Dispute settlement cases with Saudi Arabia as a third party .....	100
Table A2.3 Bilateral investment treaties .....	101
Table A2.4 Agreements and conventions on double taxation and prevention of tax evasion.....	102
Table A3.1 MFN applied duties partially in excess of bound duties, 2015 .....	103
Table A3.2 Products affected by standards and technical requirements, 2012-15.....	106
Table A3.3 SPS measures: products and countries affected, 2012-15 .....	108
Table A4.1 Air Transport agreements, 2015 .....	109

---

## SUMMARY

1. Despite the emphasis given to diversification in successive Development Plans, the economy of the Kingdom of Saudi Arabia continues to rely on oil production, which in 2014, accounted for about 50% of GDP, 83% of exports and 90% of government revenue. In the period 2010-2014, economic growth was one of the fastest in the G-20, helped by high oil prices, and GDP per capita increased to more than US\$24,000. For most of this period, high oil revenues resulted in fiscal surpluses and total public debt declined to 1.6% of GDP while foreign exchange reserves, at US\$732 billion, were almost the equivalent of GDP or 3 years of imports.

2. High oil prices also contributed to the large trade-in-goods and current account surpluses, although there was a large deficit for trade in services. However, the decline in the price of oil, which started in 2014, has affected the economy and government finances: at the end of 2014, the fall in the value of exports meant the current account surplus declined by 43% (compared to 2013) to US\$77 billion, and went into deficit in the first quarter of 2015; while the fiscal deficit for 2015 was expected to be equivalent to about 20% of GDP.

3. For many years now, government policy, as set out in successive Development Plans, has focused on diversification and job creation. Under the Tenth Development Plan (2015-2019), the Government is seeking to diversify the economy geographically, into new sectors, and vertically through processing and manufacturing in sectors linked to oil and gas. It is also encouraging greater employment of Saudi nationals through the *Nitaqat* programme, which requires enterprises to meet quotas for employment, and a number of initiatives intended to increase female participation in the workforce. Several steps have been taken to improve the investment climate as mining, petrochemicals, gas, and communications, were removed from the list of sectors where foreign investment was not allowed. In addition, in August 2015, as an aid to investment, the Saudi Arabia General Investment Agency (SAGIA) published a manual setting out requirements and fees for investment licences, and the services available for different categories of investors.

4. As a member of the Cooperation Council for the Arab States of the Gulf (GCC), Saudi Arabia applies GCC rules and procedures in those areas where they have been developed, such as the common external tariff, the Common Customs Law, the Unified Guide for Customs Procedures for First Points of Entry, and the Common Law on Anti-dumping, Countervailing and Safeguard Measures. Thus, trade policy is relatively straightforward: the applied tariff is essentially unchanged since the last Review in 2012 at 5% on nearly 80% of tariff lines; duty free on another 11%; and high rates are reserved for products containing tobacco. For religious and moral reasons imports of some products (about 1.2% of tariff lines) are prohibited. Saudi Arabia has never conducted proceedings or applied any contingency measures. Saudi Arabia is also a member of the Pan Arab Free Trade Area and, through the GCC, a party to the GCC-EFTA, and GCC-Singapore free trade agreements.

5. Although trade policy is quite straightforward, and tariffs on most products are low, procedures to import and export are complicated. Several steps have been taken to simplify compliance with customs procedures, including the Electronic Data Interchange system allowing electronic submission and processing of import declarations; and the pre-arrival document verification procedure (the Direct Clearance System) applies to some goods. Further steps are also being considered or implemented on a pilot basis, such as the single window for customs procedures which is operating in the Jeddah Islamic Seaport Customs Office.

6. The Gulf Standards Organization (GSO) develops standards and technical regulations that are applicable throughout the GCC, and over half the standards applicable in Saudi Arabia were adopted from the GSO. In addition, the Saudi Standards, Metrology and Quality Organization (SASO) oversees the system for development of standards applicable within Saudi Arabia. All imports must be accompanied by a certificate of conformity or may be subjected to random sampling to ensure conformity. All imports of live animals and products of animal origin from outside the GCC must be quarantined for 21-30 days depending on the country of origin. All imports of food and animal products for human consumption are subject to import permits issued by the Saudi Food and Drugs Authority (SFDA). For imports of meat and poultry meat, a Halal Certificate and an Islamic slaughter certificate are required for each consignment, in addition to other documentation generally required for customs clearance. In addition, imports of meat must be sourced from SFDA approved establishments.

7. Officially supported export financing and guarantees are available from the Saudi Export Programme (SEP) for exports with local value added of at least 25%. About SAR 1 billion in loans and SAR 1 billion in guarantees were approved in 2014. In addition, the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) provides export guarantees to its member States, and the Saudi Export Development Authority provides administrative, technical, and consultative assistance for marketing exports and attracting foreign investors.

8. There are no sales, or value-added taxes, no personal income taxes on salaries, and no excise duties applied in Saudi Arabia. Non-nationals are taxed at a rate of 20% on income from self-employment, returns from capital investment, and profits from business activities conducted in the Kingdom. Saudi nationals and nationals of other members of the GCC are subject to Zakat at 2.5% of net worth. Employers and employees also make social security contributions at 9% and 11% of gross salaries respectively.

9. The Kingdom has major holdings in a number of commercial companies through the Public Investment Fund, the General Organization of Social Insurance, and the Public Pension Agency. The combined holdings of these agencies is over 50% for some major enterprises including, Saudi Telecom, Riyadh Bank, the National Commercial Bank, Saudi Real Estate Company, Saudi Arabian Mining Company (MA'ADEN), and Saudi Arabia Basic Industries Corporation (SABIC). In addition, the Kingdom also directly or indirectly has holdings in several other companies while others are wholly owned, such as Saudi Arabian Airlines, and the Saudi Arabian Oil Co. (Saudi Aramco).

10. The Competition Law was amended in 2014 to change the fines for contravention to a percentage of turnover or a monetary range (not exceeding 10% of turnover or up to SAR 10 million for the first offence). In addition, the offending parties are obliged to refund all gains made as a result of violation. Price controls apply to a limited range of goods and services, including pharmaceuticals. The New Pricing Scheme for pharmaceuticals, effective since late-2011, bases prices for innovative products on several factors including: therapeutic importance; ex-factory, wholesale, and retail prices in country of origin; and prices in a list of 30 countries. At the end of the patent period the prices must be reduced and reduced further for generic products.

11. The laws and regulations on government procurement apply to all public agencies, with some exceptions. The principal selection process is public tender, although direct purchase and other methods are permitted depending on the estimated value of the contract, the type of goods and/or services, or the urgency of the situation (such as for medical supplies). A price preference of 10% applies to domestically produced products and a preference of 5% to products from other GCC member States.

12. In August 2013, Saudi Arabia joined the Patent Cooperation Treaty (PCT) and the Patent Law Treaty (PLT). The Saudi Patent Office has been working on changes to the Implementing Regulations of the Law of Patents, Layout-Designs of Integrated Circuits, Plant Varieties, and Industrial Designs to harmonize domestic regulations with the PLT and PCT. These changes were notified in the official gazette on 20 November 2015 and came into effect in December 2015.

13. For several years now, agricultural policy has been following a consistent path towards more efficient use of resources, particularly water. The Grain Silos and Feed Mills Organization (GSFMO) stopped purchasing domestic barley in 2003, and made its last purchases of domestic wheat in 2015. In late-2015, the Council of Ministers issued a decision which approved the regulatory arrangements for the privatization of the GSFMO – which was replaced by the newly-created Saudi Grain Organization (SAGO) – and the establishment of four flour mill companies with the intention of selling them to the private sector after a trial period. Feed subsidies are provided for poultry producers and the Agricultural Development Fund provides interest free loans and a repayment subsidy of up to 25% of the loan value.

14. With reserves of about 267 billion barrels, petroleum production and refining are the basis for the economy. Production increased during the period under review: from about 8.2 million bbl/day in 2010 to 10.3 million bbl/day in August 2014. The state-owned Saudi Aramco is the sole concessionaire producing crude oil in Saudi Arabia, with the exception of production in the Saudi Arabia-Kuwait Divided Zone. All crude for domestic refineries is supplied by Saudi Aramco, and 95% of Saudi Arabia's exports of crude were from Saudi Aramco. Refinery capacity was about 2.9 million bbl/day in 2014 with foreign investment through joint ventures with Saudi Aramco



permitted. Saudi Aramco has autonomy for operational and procurement decisions while the Government sets oil production limits. Saudi Aramco has exclusive rights for gas production, which is carried out through joint ventures with other companies. Gas is used as fuel for power production, desalination plants, and as feedstock for petrochemicals.

15. The contribution of construction and building to the economy has increased considerably over the past few years, rising from SAR 91 billion in 2010 to SAR 152 billion in 2014, with large-scale private and public sector projects. Although foreign investment is possible and foreign companies are present, some problems have been reported, including policies relating to foreign workers and encouraging greater participation of Saudi nationals.

16. Regulation of the financial sector by the Saudi Arabia Monetary Agency (SAMA), and the Capital Markets Authority (CMA) have helped insulate the sector from shocks and all banks met Basel III capital adequacy requirements in 2014. In principle, all banking activity in Saudi Arabia should comply with Shariah. In 2014, approximately 48% of the banking sector's assets were Shariah compliant and four out of the total of 24 banks (12 domestic and 12 commercial branches of foreign banks) are run completely in compliance with Shariah. Foreign banks may operate in Saudi Arabia either as locally incorporated joint-stock companies or as branches of international banks. Non-Saudi participation in a joint venture is permitted up to 60%.

17. With the two holiest sites in Islam, Saudi Arabia is the host to millions of pilgrims each year: out of a total of nearly 14.5 million visitors in 2014, 11 million were pilgrims. Although the Government does not receive revenue from pilgrimages, the economy of Saudi Arabia benefits as tourism contributes about 4.5% of GDP and 11% to employment (directly and indirectly). Real estate investment in Mecca and Medina and land transportation services (excluding intercity passenger transport by trains) are reserved for Saudi nationals.

18. The end of a period of high oil prices in 2014 is affecting the Saudi Arabian economy, although the low public debt and high level of reserves also mean the Government has some fiscal space. Through successive Development Plans, diversification from oil production has been a consistent objective for the Saudi Government, but the large reserves and low production costs mean it will remain dependent on oil revenues for the foreseeable future. Furthermore, despite low taxes, low tariffs, and official policies intended to encourage foreign investment, in some areas the implementation of trade and investment laws and policies, complex compliance systems, foreign investment limits, and Saudization employment requirements may reduce the attractiveness of investment in Saudi Arabia. On the other hand, a large number of initiatives have been undertaken to facilitate trade and foreign investment, including in customs procedures, and in other areas mentioned in the report, such as protection of intellectual property rights, and investment in new cities and in infrastructure.

## 1 ECONOMIC ENVIRONMENT

1.1. In 2014, Saudi Arabia was the second largest oil producer and the largest exporter of oil in the world. Hydrocarbons represented nearly 50% of GDP, 83% of exports, and 90% of government revenue. For several years up to 2014, rising oil prices and production led to large current account and fiscal surpluses. As a result Saudi Arabia had one of the strongest growing economies in the G-20. Real GDP growth averaged 5.3% annually between 2010 and 2014 and GDP per capita (in constant 1999 prices) rose from over US\$19,000 in 2010 to over US\$24,000 in 2014 (Table 1.1).

**Table 1.1 Selected macroeconomic indicators, 2011-15 Q2**

(Growth rates calculated based on GDP at 2010 constant prices)

	2011	2012	2013	2014 <sup>a</sup>	2015 Q2 <sup>a,b</sup>
Real GDP (% change yoy)	10.0	5.4	2.7	3.5	3.8
Final consumption expenditure	7.5	10.2	6.5	8.6	..
Government	16.6	8.1	11.1	12.0	..
Private	1.7	11.7	3.2	6.1	..
Change in stock	-16.6	-8.1	-27.7	30.8	..
Gross fixed capital formation	15.6	5.0	5.6	2.4	..
Exports of goods and services	10.2	3.4	0.2	1.7	..
Imports of goods and services	5.5	7.7	3.7	11.3	..
Exports of goods and services/current GDP (%)	56.2	54.4	52.1	47.5	36.4
Imports of goods and services/current GDP (%)	29.6	29.3	30.9	34.2	36.3
Unemployment rate, total (%)	5.8	5.5	5.6	5.7	..
Unemployment rate, nationals (%)	12.4	12.1	11.7	11.7	..
Exchange rate (SAR/US\$)	3.75	3.75	3.75	3.75	3.75
Real effective exchange rate (2010=100)	96.6	99.6	102.4	105.4	116.9
Nominal effective exchange rate (2010=100)	96.3	99.6	102.1	104.1	113.9
Inflation rate (2007=100, % change)	3.7	2.9	3.5	2.7	2.1
Money and quasi money, M3 (% change)	13.3	13.9	10.9	11.9	2.0
Interest rate on Saudi riyal (3 months SIBOR deposit, %)	0.7	0.9	1.0	0.9	..
Interest rate on Saudi riyal (6 months deposit, %)	0.8	1.0	1.0	1.0	..
Interest rate on Saudi riyal (12 months deposit, %)	1.0	1.1	1.1	1.1	..
Government revenue	44.5	45.3	41.4	37.3	..
Oil revenue	41.2	41.6	37.1	32.6	..
Other revenues	3.3	3.7	4.3	4.7	..
Government expenditure	32.9	31.7	35.0	39.7	..
Current expenditure	21.9	22.2	23.8	26.4	..
Capital expenditure	11.0	9.5	11.2	13.2	..
Surplus/deficit	11.6	13.6	6.5	-2.3	..
Total public debt	5.4	3.0	2.2	1.6	..
Gross national savings	..	..	..	..	..
Gross fixed investment	..	..	..	..	..
Terms of trade (% change)	16.6	2.2	1.8	-3.7	..
Exports of goods (% change)	45.2	6.5	-3.2	-8.9	..
Imports of goods (% change)	23.1	18.2	8.1	3.3	..
Exports of services (% change)	7.8	-4.1	7.2	3.1	-4.9
Imports of services (% change)	1.6	-5.9	4.4	26.4	40.9
Population (millions)	28.4	29.2	30.0	30.8	..

... Not available.

a Preliminary data.

b Growth rate over the same period of the previous year.

Source: Central Department of Statistics and Information (CDSI); Saudi Arabian Monetary Agency (SAMA); Ministry of Economy and Planning; Ministry of Finance; and International Monetary Fund (IMF).

1.2. During this period high oil prices underpinned growth in nearly all sectors, particularly wholesale and retail trade, restaurants and hotels, finance, real estate and business services, and construction (Table 1.2). However since mid-2014, global oil prices have declined considerably,

which has resulted in lower export and revenue receipts. Consequently real GDP growth is expected to slow down to 2.8% in 2015.<sup>1</sup>

**Table 1.2 GDP and employment, 2010-15 Q2**

	2010	2011	2012	2013	2014 <sup>a</sup>	2015 Q2 <sup>a,b</sup>
GDP at current prices (SAR billion)	1,975.5	2,510.7	2,752.3	2,791.3	2,798.4	631.0
GDP at current prices (US\$ billion)	526.8	669.5	734.0	744.3	746.2	168.3
GDP at constant prices (2010 SAR billion)	1,975.5	2,172.3	2,289.3	2,350.4	2,431.9	617.9
GDP per capita (US\$)	19,113	23,594	25,139	24,816	24,252	..
<b>GDP by economic activity, constant 2010 prices (% change)</b>						
Agriculture, forestry and fishing	-1.0	2.2	1.3	1.9	1.8	1.0
Mining and quarrying	0.5	13.2	5.1	-1.4	0.8	4.8
Crude petroleum and natural gas	0.1	13.3	5.2	-1.5	0.7	4.8
Other	11.3	4.3	4.1	3.2	2.9	1.9
Manufacturing	10.1	8.9	4.1	3.4	7.8	4.1
Petroleum refining	-0.9	-1.9	4.1	-4.7	12.5	9.0
Other	12.4	13.4	4.1	6.3	6.3	2.4
Electricity, gas and water	16.1	5.5	5.9	1.6	5.8	6.5
Construction	10.7	9.9	4.8	7.8	6.7	4.2
Wholesale and retail trade, restaurants and hotels	15.9	7.9	6.0	6.6	6.0	3.3
Transport, storage and communication	13.3	13.8	4.9	6.4	6.2	5.4
Finance, insurance, real estate and business services	4.7	1.8	7.5	9.2	4.1	2.1
Ownership of dwellings	7.7	2.4	11.9	14.0	5.0	2.6
Others	2.3	1.3	3.4	4.3	3.2	1.6
Community, social and personal services	6.1	6.4	5.9	6.5	5.7	2.0
Imputed bank service charge	1.5	1.1	0.8	1.0	1.0	1.1
Producers of government services	6.8	7.9	5.3	4.9	3.3	2.7
Import duties	4.3	12.9	18.0	-1.8	4.2	-15.6
<b>Share of main sectors in current GDP (%)</b>						
Agriculture, forestry and fishing	2.4	1.9	1.8	1.9	1.9	2.3
Mining and quarrying	41.6	48.4	47.6	44.2	39.5	29.0
Crude petroleum and natural gas	41.2	48.1	47.3	43.8	39.1	28.5
Other	0.4	0.3	0.3	0.4	0.4	0.4
Manufacturing	11.0	10.0	9.8	10.0	10.9	11.3
Petroleum refining	3.2	2.6	2.5	2.2	2.5	2.0
Other	7.8	7.5	7.3	7.8	8.4	9.4
Electricity, gas and water	1.3	1.1	1.1	1.1	1.2	1.7
Construction	4.6	4.3	4.3	4.8	5.5	6.4
Wholesale and retail trade, restaurants and hotels	8.8	7.9	8.0	8.7	9.5	10.4
Transport, storage and communication	5.1	4.6	4.5	4.8	5.2	6.1
Finance, insurance, real estate and business services	9.2	7.8	8.4	9.7	10.5	12.0
Ownership of dwellings	4.5	3.9	4.5	5.5	6.0	6.8
Others	4.8	3.9	3.9	4.2	4.4	5.2
Community, social and personal services	1.9	1.7	1.7	1.8	1.9	2.2
Imputed bank service charge	1.0	0.8	0.8	0.8	0.8	0.9
Producers of government services	14.2	12.4	12.7	13.2	14.0	18.7
Import duties	0.7	0.7	0.8	0.8	0.8	0.8
<b>GDP by institutional sectors (% of current GDP)</b>						
Non-oil sector	54.6	48.5	49.2	53.0	57.4	68.3
Non-oil private	37.7	33.7	34.2	37.3	40.7	46.5
Non-oil government	16.9	14.8	15.0	15.7	16.6	21.9
Oil sector	44.6	50.8	50.0	46.2	41.8	30.8
Import duties	0.7	0.7	0.8	0.8	0.8	0.8
<b>Shares of sectors in employment (%)</b>						
Agriculture, forests and fishing	7.0	9.2	9.3	6.7	6.3	..
Mines, oil, natural gas and quarrying	1.0	1.1	1.0	1.0	1.0	..
Manufacturing industries	10.7	10.3	9.9	9.5	9.2	..
Electricity, gas and water	0.4	0.3	0.5	0.5	0.5	..
Construction and building	43.2	45.1	47.3	48.3	48.9	..

<sup>1</sup> International Monetary Fund (2015).

	2010	2011	2012	2013	2014 <sup>a</sup>	2015 Q2 <sup>a,b</sup>
Wholesale and retail trade	21.5	19.3	17.8	20.0	19.7	..
Transport, storage and communications	10.5	3.0	3.2	3.5	3.5	..
Finance, insurance, and real estate	2.6	1.9	1.8	1.9	2.1	..
Community, social and personal services	1.8	9.9	9.2	8.6	8.7	..
Other activities	1.2	..	..	0.0	..	..

.. Not available.

a Preliminary data.

b Growth rate over the same period of the previous year.

Source: Central Department of Statistics and Information (CDSI); Saudi Arabian Monetary Agency (SAMA); Ministry of Economy and Planning; Ministry of Finance; and International Monetary Fund (IMF).

1.3. Looking forward, the immediate economic risks to growth are sustained lower oil prices, and instability in the region leading to lower consumption and higher unemployment. The authorities are cognizant of these challenges and have tried to address them through the Ninth and Tenth Development Plans.

1.4. Under the Ninth Development Plan (2010-14), the focus was on diversification of the economy and job creation. In this regard the authorities concentrated on promoting industries such as petrochemicals and other energy-intensive industries that use abundant oil reserves and have relatively low production costs. Additionally, the Government has focused on, *inter alia*: capital goods industries, such as the manufacturing of metal products, machinery, equipment and electrical appliances; export-orientated manufacturing industries; and strengthening and developing SMEs.

1.5. Furthermore, with a view to creating a knowledge based economy, the authorities also encouraged investment in high-tech capital intensive industries such as mining and pharmaceuticals. The authorities stated that a US\$400 billion stimulus had been provided for infrastructure, education and health and job creation under the Ninth Plan.

1.6. The Tenth Development Plan (2015-19), builds on the Ninth Plan. Under the Tenth Plan, the Government is seeking to enhance economic diversification with its different dimensions through:

- Vertical diversification: raising utilization rates of mineral resources, diversifying pertinent activities and encouraging expansion in local production, processing and manufacturing of mining raw materials and developing production and service activities, that have strong linkages with oil and gas industries as well as upstream and downstream activities that depend on oil and gas;
- Horizontal diversification: expanding production capacities of the industrial sector, particularly in fields covered by the National Industrial Strategy; developing the services sector and increasing its contribution to GDP with due emphasis on financial, tourism, transport, engineering, communication and information technology (IT) services; diversifying economic activities in non-oil sectors with due emphasis on high-productivity, and promising comparative advantage activities; investing in projects related to the diversification of energy sources; developing non-oil exports and increasing their contribution to the total value of exports; encouraging local and foreign strategic partnerships to implement investment projects which contribute to diversification of the production base of the national economy; and developing low-water-consuming agricultural products as well as fishing activities; and
- Spatial diversification: making use of the comparative advantages of the provinces in boosting spatial diversification of economic activities along with expansion in the establishment of industrial zones and business and technology incubators to improve utilization of these advantages.

1.7. With a view to increasing employment of Saudi nationals and females, the authorities have implemented a labour market reform strategy. The reforms are designed to make Saudi nationals more competitive in the private sector labour market, make private sector jobs more attractive to nationals, and require or encourage private firms to hire nationals. The *Nitaqat* programme

requires companies to meet certain Saudization quotas. The programme has also been used to introduce a de facto minimum wage for nationals of SAR 3,000 a month.<sup>2</sup> According to the authorities, in the first six months of its launch, *Nitaqat* resulted in an increase of 58% in the number of Saudis employed in the private sector and, in its first year 103,962 new jobs were created for Saudi women.

1.8. Government expenditure on education and training has been increased. The Hafiz programme provides financial support for people searching for a job. Job placement services and an unemployment insurance programme have also been put in place. The Government invested SAR 4 billion in the first six months of the Hafiz programme, resulting in the number of beneficiaries increasing from 0.5 to 1.3 million. According to the authorities, 80% of the increase was due to women.

1.9. With regard to female employment, regulations that restricted access to specified sectors were eased, with more sectors being opened for their employment. Proposals to reduce the private sector work week from 45 to 40 hours and to limit late night opening in retail stores, which will facilitate hiring of female workers, are presently under discussion. Other initiatives to boost female employment in Saudi Arabia include:

- The "Female Employment in Retail Sectors" initiative involves a law requiring shops that only sell women's products to hire female employees only. Under this programme, training centres have been established to prepare women for jobs in the retail industry. This initiative led to the creation of 160,000 additional jobs for women in the private sector between 2013 and 2014;
- The "Telework" initiative was developed to provide additional flexibility for private sector employees by allowing them to work remotely. The authorities stated that this has had a positive impact on the employment of Saudi women as it helps tackle issues such as transportation between home and the workplace, gender-segregated work facilities, and distance from the workplace for women in rural areas. Under this initiative, the Ministry of Labour pays 50% of the salary for employees using teleworking up to a maximum of SAR 2,000 monthly for a period of two years. Currently, there are six agencies certified by the Government linking candidates with employers; and
- The "Safe Transportation" scheme, which will be launched in 2016 to provide transportation for women between their homes and workplaces and help reduce a key barrier to Saudi female employment. The first list of beneficiaries validated by the Ministry of Labour comprises 1,800 Saudi women.

## 1.1 Fiscal Policy

1.10. With oil prices holding firm for most of the review period, government revenues remained robust, allowing the Government to initiate large welfare and infrastructure projects. The fiscal surplus peaked at over 13% of GDP in 2012, while public debt as a proportion of GDP came down to 1.6% in 2014. However, with the decline in oil prices in 2014 coupled with high capital and defence expenditure, Saudi Arabia ran a fiscal deficit in 2014. Furthermore, with the current expenditure path and the continued weakness in international oil prices, the fiscal deficit is expected to be nearly 20% of GDP in 2015. The deficit is expected to improve in 2016 as government expenditure growth is expected to slow down as a number of large infrastructure projects are completed, some planned capital projects are put on hold, and spending on goods and services is tightened.

1.11. Going forward, the Government would be able to sustain the expected expenditure levels in the near term by drawing down reserves and increased borrowing. However in the absence of an oil price recovery in the medium term, the Government may need to put in place a fiscal consolidation plan to be able to sustain its growth objectives.

---

<sup>2</sup> Under *Nitaqat*, employees are paid an amount based on their employers' discretion and not based on a requirement, however, to count as employing a Saudi national SAR 3,000 a month must be paid. For example two persons can be employed at SAR 1,500 each per month, but for the purposes of *Nitaqat* it would count as employing a single Saudi.

## 1.2 Monetary and Exchange Rate Policy

1.12. Exchange rate targeting is the principal monetary policy objective, complemented by an operational focus on system liquidity and the medium-term goal of maintaining price and financial stability. As such, the exchange rate anchor provides the long-term framework for monetary policy. Within that framework, there is some flexibility to alter domestic monetary conditions. This can be done by changing policy interest rates (repo rates), introducing prudential guidelines on bank lending, and adjusting reserve requirements. The Saudi Arabian Monetary Agency (SAMA), is vested with the conduct of monetary policy and has instrument and operational independence in pursuing its policy objectives.

1.13. Since 1986 the exchange rate parity has been fixed at SAR 3.75 per US dollar and a countercyclical fiscal policy has been used to stabilize the growth path. The Government runs a fiscal surplus when oil exports are strong and the economy is in external surplus. When oil exports weaken, foreign exchange assets are utilized and the Government boosts domestic demand by deficit spending.

1.14. Housing and food prices have been the drivers of inflation in Saudi Arabia. Given the fiscal dominance in Saudi Arabia, monetary policy can at best complement fiscal policy in maintaining price stability. Inflation, as measured by the consumer price index, was 2.2% in June 2015 compared with 2.7% a year earlier. The decline reflects global food prices and indirectly commodity price trends; furthermore, inflation is expected to remain subdued as the supply of housing rises.

## 1.3 Balance of Payments

1.15. During the period under review, Saudi Arabia's current account surplus declined from approximately US\$165 billion in 2012 (22.4% of GDP) to around US\$77 billion in 2014 (10.3% of GDP) (Table 1.3).

**Table 1.3 Balance of payments, 2010-15 Q1**

(US\$ billion)

	2010	2011	2012	2013	2014 <sup>a</sup>	2015 Q1 <sup>b</sup>
<b>1. Current account</b>	<b>66.8</b>	<b>158.5</b>	<b>164.8</b>	<b>135.4</b>	<b>76.9</b>	<b>-10.5</b>
<b>Goods and services</b>	<b>87.6</b>	<b>178.2</b>	<b>184.2</b>	<b>157.8</b>	<b>99.2</b>	<b>-3.3</b>
Goods	153.7	244.7	246.6	222.6	183.9	14.6
Credit	251.1	364.7	388.4	375.9	342.3	51.5
Debit	97.4	120.0	141.8	153.3	158.5	36.9
Services	-66.1	-66.5	-62.4	-64.8	-84.7	-17.9
Credit	10.7	11.5	11.0	11.8	12.2	3.4
Transport	2.0	2.0	2.3	2.7	2.7	0.8
Travel	6.7	8.5	7.4	7.7	8.2	2.4
Other services	1.9	1.1	1.3	1.5	1.2	0.3
Debit	76.8	78.0	73.4	76.7	96.9	21.3
Transport	12.7	15.3	17.9	19.2	19.9	4.7
Travel	21.1	17.3	17.0	17.7	24.1	5.3
Other services	42.9	45.4	38.5	39.7	52.9	11.3
<b>Primary income</b>	<b>7.0</b>	<b>9.7</b>	<b>11.0</b>	<b>13.6</b>	<b>16.5</b>	<b>3.1</b>
Credit	18.2	19.8	23.6	25.2	27.1	5.1
Compensation of employees	0.2	0.2	0.2	0.3	0.3	0.1
Investment income	17.9	19.5	23.4	24.9	26.8	5.1
Direct investment	3.0	2.7	3.4	3.9	4.2	1.1
Portfolio investment	14.0	15.7	18.5	20.2	22.0	3.8
Other investment	1.0	1.1	1.5	0.8	0.6	0.1
Debit	11.1	10.1	12.7	11.6	10.6	2.0
Compensation of employees	0.9	0.9	0.9	0.9	0.9	0.2
Investment income	10.2	9.2	11.8	10.7	9.7	1.8
Direct investment	9.9	8.9	11.4	10.3	9.2	1.8
Portfolio investment	0.1	0.1	0.2	0.2	0.2	0.0
Other investment	0.2	0.2	0.2	0.3	0.3	0.0

	2010	2011	2012	2013	2014 <sup>a</sup>	2015 Q1 <sup>b</sup>
<b>Secondary income</b>	<b>-27.9</b>	<b>-29.4</b>	<b>-30.4</b>	<b>-35.9</b>	<b>-38.7</b>	<b>-10.3</b>
General government	-1.7	-1.6	-1.8	-1.9	-2.7	-0.5
Credit	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debit	1.7	1.6	1.8	1.9	2.7	0.5
Financial corporations, nonfinancial corporations, households, and NPISHs	-26.3	-27.8	-28.7	-34.0	-36.0	-9.8
Personal transfers	-26.2	-27.6	-28.6	-34.1	-36.0	-9.8
Credit	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debit	26.2	27.6	28.6	34.1	36.0	9.8
<i>Of which: Workers' remittances</i>	26.2	27.6	28.6	34.1	36.0	9.8
Other current transfers	-0.1	-0.2	0.0	0.1	0.0	0.0
Credit	n.a.	0.0	0.1	0.1	0.0	n.a.
Debit	0.1	0.2	0.1	0.0	0.0	0.0
<b>2. Capital account</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.1</b>
Capital transfer	n.a.	n.a.	-0.3	-0.3	-0.3	-0.1
Credit	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debit	n.a.	n.a.	0.3	0.3	0.3	0.1
<b>3. Financial account</b>	<b>32.4</b>	<b>113.3</b>	<b>118.9</b>	<b>126.5</b>	<b>65.5</b>	<b>-15.2</b>
<b>Direct investment</b>	<b>-25.3</b>	<b>-12.9</b>	<b>-7.8</b>	<b>-3.9</b>	<b>-2.6</b>	<b>-0.9</b>
Net acquisition of financial assets	3.9	3.4	4.4	4.9	5.4	1.0
Net incurrence of liabilities	29.2	16.3	12.2	8.9	8.0	1.8
<b>Portfolio investment</b>	<b>15.2</b>	<b>16.0</b>	<b>3.2</b>	<b>6.6</b>	<b>28.3</b>	<b>8.2</b>
Net acquisition of financial assets	16.7	15.4	4.1	8.4	28.5	7.9
Equity and investment fund shares	17.8	10.4	4.6	7.9	17.5	5.4
Debt securities	-1.1	5.1	-0.5	0.5	11.0	2.6
Net incurrence of liabilities	1.5	-0.6	0.9	1.8	0.2	-0.2
<b>Other investment</b>	<b>7.5</b>	<b>11.2</b>	<b>11.0</b>	<b>54.7</b>	<b>33.2</b>	<b>11.9</b>
Net acquisition of financial assets	6.5	7.2	10.3	52.3	39.2	9.4
Trade credits	n.a.	n.a.	n.a.	36.8	30.5	7.0
Currency and deposits	1.2	8.2	15.3	15.0	9.5	2.4
Loans	-0.8	-0.3	-0.2	-0.5	-0.4	0.0
Other accounts receivable	6.1	-0.7	-4.8	1.1	-0.4	0.0
Net incurrence of liabilities	-1.0	-4.0	-0.7	-2.4	6.0	-2.5
Trade credits	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Currency and deposits	-0.7	-2.1	0.2	-0.2	5.4	-3.4
Loans	0.3	-1.2	-0.9	-2.1	0.4	0.8
Other accounts receivable	-0.6	-0.8	0.0	-0.1	0.3	0.1
<b>Reserve assets</b>	<b>-35.0</b>	<b>98.9</b>	<b>112.6</b>	<b>69.2</b>	<b>6.6</b>	<b>-34.4</b>
Monetary gold	0	0	0	0	0	0
Special drawing rights	0.3	-0.4	-0.4	-0.2	-0.6	-0.4
Reserve position in the IMF	0.0	2.9	0.8	-0.5	-1.2	-0.7
Other reserve assets	35.3	96.3	112.2	69.8	8.4	-33.2
<b>Net errors and omissions</b>	<b>-34.4</b>	<b>-45.3</b>	<b>-45.6</b>	<b>-8.6</b>	<b>-11.1</b>	<b>-4.5</b>

n.a. Not available.

a Preliminary.

b Estimates.

Source: Saudi Arabian Monetary Agency (SAMA).

1.16. The decline in the current account surplus can be attributed primarily to a fall in the value of oil exports in 2014 and 2015, which is explained by the decline in international oil prices and, to a lesser extent, by an increase in the services deficit, which came about due to increased payments in lieu of travel, transport and other private services.

1.17. The capital and financial account declined from nearly US\$120 billion in 2012 compared to US\$65.5 billion in 2014. Net direct investment has been registering inflows during the review period. However, the most significant change took place with regards to other assets, namely trade credits and, to a lesser degree, currency and deposits, where cumulative outflows increased from US\$11 billion in 2012 to over US\$33 billion in 2014.



1.18. Consequently, the accumulation of surpluses in the balance of payments during the review period led to foreign exchange reserves rising from around US\$650 billion in 2012 (nearly 34 months of imports of goods and services) to US\$724 billion in 2014 (over 36 months).

#### **1.4 Developments in Trade**

1.19. The ratio of total merchandise trade and non-factor services to GDP has declined slightly from nearly 83% in 2010 to around 82% in 2014. The fall is mainly due to a decline in exports which can be accounted for by a decline in international oil prices (oil is responsible for over 80% of Saudi Arabia's exports). In contrast the share of imports rose reflecting in particular increased capital expenditure by the Government.

##### **1.4.1 Composition of merchandise trade**

1.20. Saudi Arabia's exports continued to be dominated by mineral products (mainly oil), which accounted for over 83% of exports in 2014 (Chart 1.1 and Table A1.1), and whose share has declined slightly since 2010 due mainly to the drop in international oil prices. On the other hand, the export shares of chemical products and plastics have risen.

1.21. As in most countries the structure of Saudi Arabia's imports is much less concentrated than exports. The largest single import category continues to be machinery followed by transport equipment and base metals (Chart 1.1 and Table A1.2). Since 2010, the share of machinery in the import bill has increased due to increased capital and development expenditure by the Government. In contrast, the shares of transport equipment and base metals have fallen over the same period.

##### **1.4.2 Direction of merchandise trade**

1.22. Saudi Arabia's largest export markets continue to be the United States followed by China, Japan and the EU (Chart 1.2 and Table A1.3). The shares of the United States have declined since 2010, as have those of the Americas, Middle East and Asia as a whole. On the other hand, the shares of the EU, China and Europe as a whole have risen.

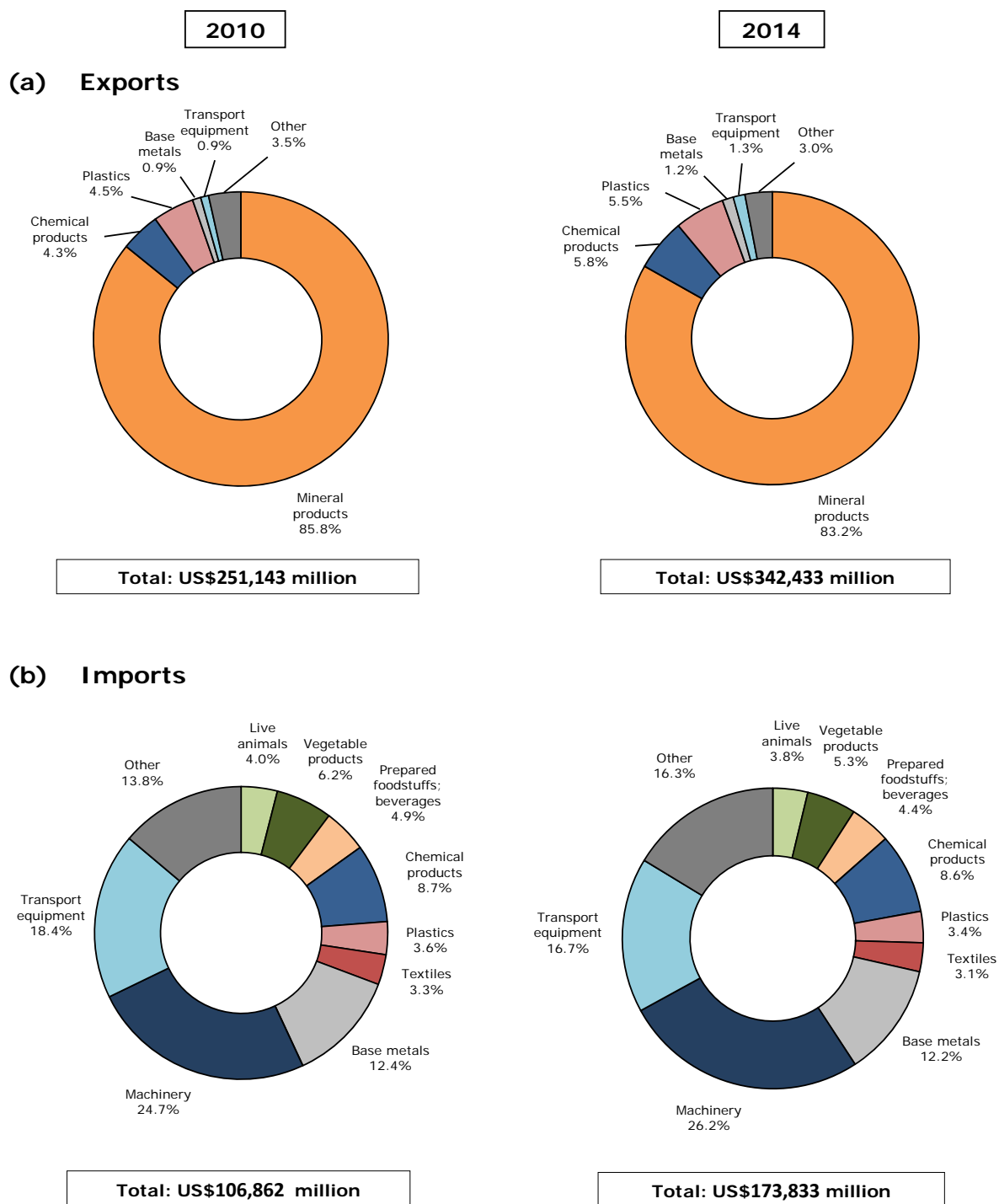
1.23. In 2014, Saudi Arabia's largest import supplier was the EU followed by China and the United States (Chart 1.2 and Table A1.4). Since 2010, the shares of the EU, United States, Japan and Europe as a whole have declined. In contrast the shares of China, Asia as a whole and the Middle East (primarily UAE) have increased over the same period

#### **1.5 Foreign Direct Investment**

1.24. Since 2010 inward FDI has been declining steadily. Inward FDI in 2014 was US\$8 billion, compared with nearly US\$30 billion in 2010. The stock of FDI in 2014 stood at approximately US\$216 billion.

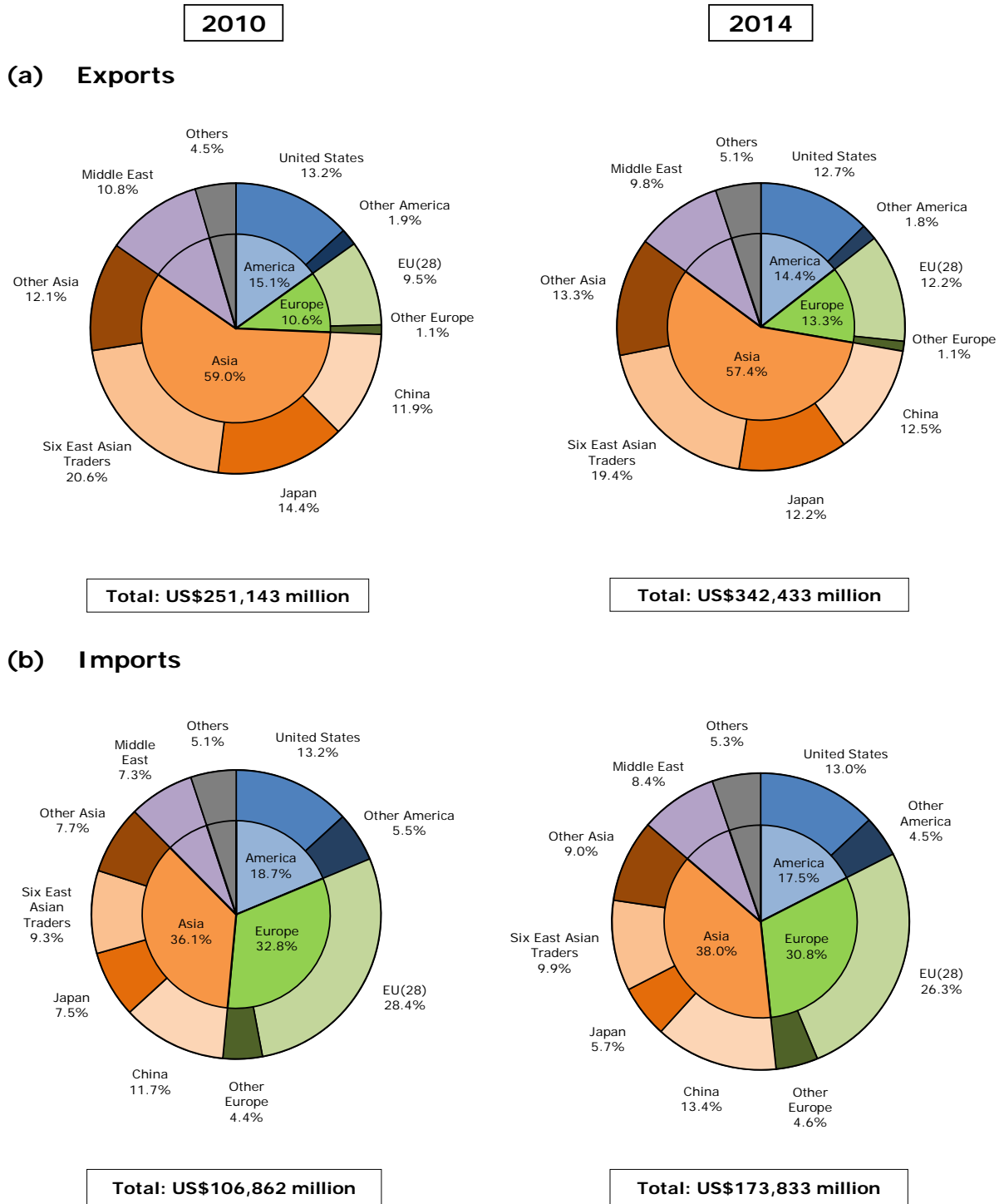


Chart 1.1 Merchandise trade by main HS section, 2010 and 2014



Source: WTO Secretariat estimates, based on data provided by the authorities of Saudi Arabia.

Chart 1.2 Merchandise trade, by main origin and destination, 2010 and 2014



Source: WTO Secretariat, based on data from the authorities of Saudi Arabia.

## 2 TRADE AND INVESTMENT REGIME

### 2.1 General Framework

2.1. The Kingdom of Saudi Arabia is a monarchy. The King is the head of the Government, judiciary and the Commander in Chief of the military. The Cabinet<sup>1</sup>, headed by the King, exercises both executive and legislative powers and executes the legislative authority with the assistance of the Consultative Council (Majlis Al-Shura).<sup>2</sup> The King started appointing women as members of the Consultative Council in January 2013. In 2015, the King introduced the Crown Prince and Deputy Crown Prince as deputy prime ministers<sup>3</sup> in the Cabinet. Municipal elections, which are held every five years, were introduced in 2005.

2.2. Since the last review, some structural changes in the organization of the government bodies have been introduced: under Royal Decree No. A/69 of 29 January 2015, a number of committees and councils<sup>4</sup> were annulled and replaced by the Political and Security Affairs Council and the Economic and Development Affairs Council; and the role of the Supreme Economic Council has been taken over by the Economic and Development Affairs Council. According to the authorities, the Bureau of Experts (under the Council of Ministers), in collaboration with relevant bodies, is to review laws, regulations and ordinances affected by the annulment of the old committees and councils. The Bureau is also expected to lay down the administrative arrangements required in this regard, including drawing up the responsibilities of the new councils.

2.3. The judicial system continues to be based on Shariah (Islamic law).<sup>5</sup> The Constitution of the Kingdom protects the independence of the judiciary and judges. The judicial system consists of: (i) specialized courts (i.e. civil public courts, commercial courts, family courts, criminal courts and labour courts); (ii) courts of appeal; and (iii) the Supreme Court. These courts are responsible for adjudicating all cases except administrative cases, which are handled by the Board of Grievances.<sup>6</sup> The law also provides for alternatives to adjudicate commercial matters, such as arbitration.<sup>7</sup>

2.4. In 2013, Commercial Courts were established by the Shariah Pleadings Law.<sup>8</sup> The Commercial Courts have jurisdiction for all commercial disputes, cases filed against and between natural and corporate persons in relation to their businesses, cases involving alleged violations of commercial legislation (without prejudice to the jurisdiction of the Board of Grievances), and bankruptcy cases and related procedures. The Law also sets out procedures for appeals to the courts of appeal and to the Supreme Court.

2.5. Since the last review, policies, including trade policies, continue to be formulated and implemented by means of legal instruments. Sharia is the highest legal instrument, followed, in order of precedence, by:

- Royal Decrees, which are issued by the King to enact primary legislation and amendments approved by the Council of Ministers, and to approve international treaties;
- Royal Orders which are issued by the King and may address any matter;

<sup>1</sup> The Council of Ministers is composed of 22 government ministries.

<sup>2</sup> The Consultative Council has 150 members who are appointed by the King for renewable four-year terms. It proposes new laws and amends existing ones without prior submission to the King.

<sup>3</sup> The Crown Prince was put in charge of the Ministry of Interior, and the Deputy Crown Prince was put in charge of the Ministry of Defence.

<sup>4</sup> Education Polices Supreme Committee, Administrative Planning Supreme Committee, Civil Service Council, King Abdul Aziz City for Science and Technology Supreme Authority, Higher Education and Universities Council, Education Supreme Council, Petroleum and Minerals Supreme Council, Supreme Economic Council, National Security Council, King Abdullah City for Atomic and Renewable Energy Supreme Council, Islamic Affairs Supreme Council, and Handicapped Affairs Supreme Council.

<sup>5</sup> Royal Decree No. A/90 of 27/08/1412H - 01/03/1992G.

<sup>6</sup> The Board of Grievances is an independent tribunal to which appeals may be made for all governmental administrative decisions. The Board's decisions may be appealed to the Appeals Court within the Board of Grievances, which would either confirm or reverse decisions. In all cases, the Appeal Commission's decisions are final and enforceable (WTO document WT/ACC/SAU/61, 1 November 2005).

<sup>7</sup> Under the Arbitration Law (approved by Royal Decree No. (M/52) 15/11/1433H, 25/11/2013G), arbitration is conducted by the court that has original jurisdiction over the issue in dispute (e.g. a commercial court for a trade dispute).

<sup>8</sup> Royal Decree No. M71 of 25/11/2013G.

- Council of Ministers Decisions, which promulgate implementing regulations to address particular matters raised under primary legislation, without a Royal Decree or Order;
- Ministerial Decisions are issued to make effective implementing regulations; and
- Circulars, which are issued by ministries to clarify rules/regulations pursuant to a piece of legislation.

2.6. The Council of Ministers and the Consultative Council receive draft legislation prepared by the relevant government agencies for their review and further submission to the King for issuance of Royal Decree to enact the legislation. In case of divergent views between the two bodies on the draft legislation, the King has the final word. All legal instruments are published in the Official Gazette (*Umm Al-Qura*) and enter into force on the date of publication, unless otherwise specified.

2.7. Following the ratification by Royal Decree and enactment by the Consultative Council and Council of Ministers, international agreements enter into force as domestic laws. Where conflicts or inconsistencies between international agreements and domestic law occur, the most recent laws take precedence.<sup>9</sup>

## 2.2 Trade Policy Formulation

2.8. During the period under review, there have been no significant changes to the ministries responsible for the day-to-day formulation and implementation of trade policy in Saudi Arabia. The Ministry of Commerce and Industry (MCI) has overall responsibility for trade policy, including ensuring compliance with the WTO agreements. The MCI coordinates with other relevant ministries and agencies, such as the Economic and Development Affairs Council, and the Saudi Negotiating Team in charge of WTO-related issues. The Saudi Negotiating Team is composed of representatives from MCI, Ministry of Finance, Ministry of Economy and Planning, Ministry of Petroleum and Mineral Resources, Ministry of Agriculture, Ministry of Foreign Affairs, and Saudi Arabian Monetary Agency.

2.9. The private sector also provides inputs either directly to the MCI or through the chambers of commerce and industry. Each chamber, governed by a board of directors, is a private association to which local businesses (including traders, professionals, and industrialists) belong. The Minister of Commerce and Industry appoints one third of the Directors; the rest are elected by the members. There are currently twenty-eight chambers of commerce and industry located around the country.<sup>10</sup>

2.10. As a member State of the Gulf Cooperation Council (GCC), Saudi Arabia is in the process of harmonizing its trade-related legislation with that of the other members. According to the authorities, this has been achieved to a large extent. To date, seven GCC resolutions had been adopted by the GCC member States covering, *inter alia*, customs union requirements, the extension of domestic treatment to all GCC nationals, customs-related issues, and industrial organization (Section 3).

2.11. The main trade-related laws and regulations are presented in Table A2.1. During the period under review, Saudi Arabia has notified the Gulf Cooperation Council ("GCC") Amended Common Law on Anti-Dumping, Countervailing and Safeguard Measures (the "Law") to the WTO.<sup>11</sup>

2.12. Investment in Saudi Arabia is regulated by the Commercial Agencies Law of 1962 and its Implementing Regulations of 1981, while foreign investment, in particular, is governed by the Foreign Investment Law 2000 and its implementing regulations adopted in 2002. This was further

<sup>9</sup> Where its domestic laws or other acts are in contradiction with international treaties or agreements, Saudi Arabia would bring them into conformity with such treaties or agreements, and would respond quickly if inconsistencies are brought to the attention of Saudi officials. However, this does not apply in respect of fundamental religious rules and principles, such as prohibiting the consumption of alcohol and pork (WTO document WT/ACC/SAU/61, 1 November 2005).

<sup>10</sup> Riyadh, Jeddah, Eastern Region, Makkah, Madinah, Abha, Ahasa, Albaha, Albukairyah, Bisha, Tabouk, Aljof, Jazan, Hail, Hafr Albatan, Alkharj, Alras, Alzulfi, Altaif, Arar, Onaizah, Qurayyat, Qassim, Almajmaa, Almukhwah, Najran, and Yanbu.

<sup>11</sup> WTO documents G/ADP/N/1/SAU/2; G/SCM/N/1/SAU/2; and G/SG/N/1/SAU/2, 12 November 2014.

---

amended through the Saudi Arabian General Investment Authority Board Resolution No. 2/74 adopted in 2014 (Section 2.5).

### 2.3 Economic and Trade Policy Objectives

2.13. Objectives, strategies and plans for development are set out in multi-annual development plans, including the Ninth Development Plan (2011-2014) and the Tenth Development Plan (2015-2019). As at end-2015, the details of the Tenth Development Plan had not been published but the objectives in the field of economic development include:

- Enhancing vertical, horizontal, and spatial economic diversification;
- Promoting the transition to a knowledge-based economy;
- Expanding the capacity of the national economy to attract and absorb investment;
- Improving productivity of labour and capital;
- Increasing value added of natural resources, diversifying sources, while ensuring sustainability and environmental and wildlife protection;
- Developing small and medium-sized enterprises and increasing their contribution to the economy and Saudization;
- Enhancing fiscal and monetary stability; and
- Increasing the contribution and productivity of the private sector.<sup>12</sup>

2.14. According to the authorities, Saudi Arabia attaches great importance to the liberalization of trade and investment to assist its economic growth and its efforts to diversify its economy so as to develop and enhance the role of the non-hydrocarbon sectors. The authorities also stated that the encouragement of private investment from Saudi and foreign companies is an important part of this strategy, and the authorities continue to place emphasis on improving the investment climate including through opening certain key economic sectors to foreign investment (e.g. mining, petrochemicals, and telecommunications).

2.15. The authorities stated that the multilateral trading system offers the best framework for managing Saudi Arabia's trade and investment policies, and WTO membership confirms the country's commitment to the rules-based system. Policies used in support of the Government's efforts to diversify the economy reflect this commitment, such as relatively low import duties, an open services economy, and the absence of resort to trade remedy measures.

2.16. Saudi Arabia believes that regional trade agreements can complement and reinforce the multilateral system and help deepen the integration of its economy into the global marketplace. It is a member of the GCC and the Pan-Arab Free Trade Area (PAFTA). The GCC is party to other bilateral agreements in which Saudi Arabia, as a member of the GCC. The authorities also stated that, as a member of the G20, Saudi Arabia has respected the G20 Leaders' commitment to refrain from imposing protectionist measures on trade in goods and services in order to support global economic recovery and the restoration of sustainable growth. Saudi Arabia has fully supported the WTO Secretariat's exercise of periodically monitoring the imposition of new trade measures by G20 WTO Members and is alone, of all G20 Members, in avoiding such measures since the global financial crisis.

2.17. Saudi Arabia considers that a sound economic environment is essential to diversify the economy and to attract local and foreign capital. The Tenth Development Plan highlights the need to develop a regulatory framework to channel private sector investments in line with development priorities. The priority sectors identified are in energy, transport and logistics, information and communication technologies, finance, health, life sciences, education, and tourism (Section 2.5). Saudi Arabia continues to maintain three strategic targets, that is to: become the global capital of

---

<sup>12</sup> Ministry of Economy and Planning (2014).

energy; act as a transport and logistical hub between East and West; and transform its knowledge-based industries, i.e. healthcare, education, and information technology.<sup>13</sup>

2.18. Saudi Arabia is continuing with the strategy to share its oil and gas wealth between current and future generations. Four "economic cities" are to be built, of which three are currently under construction, to promote economic diversification and with the intention of building more. The objectives for the cities are, to create 1.3 million jobs and homes for 2.4 million residents by 2020, improve education and health services, and modernize the infrastructure (Section 4.4). These cities are expected to contribute about US\$150 billion to Saudi Arabia's GDP over the next 25 years. Other major developments include: upgrading the international airports in Jeddah, Medina, and Tabuk at a total cost of US\$11.3 billion; and finalizing the first stage of the US\$5.9 billion development of the Jubail industrial city (phases 2 and 3 are expected to be completed by 2023). The development of Medina International Airport was completed, while the other airports are being developed.

## 2.4 Trade Agreements and Arrangements

### 2.4.1 WTO

2.19. Saudi Arabia became a Member of the WTO on 11 December 2005. As part of its accession commitments, Saudi Arabia bound 100% of its tariff lines (Section 3.1.4) and made extensive commitments under the GATS (Section 4.5). Saudi Arabia also incorporated into its tariff schedule the tariff reductions of the Information Technology Agreement (ITA); and accepted to implement the Chemical Tariff Harmonization Agreement. Saudi Arabia is an observer to the plurilateral Government Procurement Agreement (GPA) and the Committee on Trade in Civil Aircraft.

2.20. Saudi Arabia is an active Member of the WTO with a Permanent Mission to the WTO in Geneva. Saudi Arabia is a member of the group of recently-acceded members (RAMs), the WTO Arab Group, and the Informal Group of Developing Countries. The first Trade Policy Review of Saudi Arabia took place on 25 and 27 January 2012.

2.21. According to the authorities, the Government of Saudi Arabia reassigned and strengthened its WTO team by naming the Ministry of Commerce and Industry (MCI) as the focal agency for WTO affairs. The Government also instructed other relevant agencies to establish specialized units for WTO affairs. Furthermore, it established the World Trade Service Center (WTSC) in April 2014 to build the capacity of officials in related ministries and local authorities. The WTSC also hosts the WTO Reference Center. Saudi Arabia reiterated its support to the multilateral trading system and highlighted recent achievements during a ceremony that was held in Geneva on 29 September 2015 and attended by a senior delegation from Riyadh headed by the Minister in charge of the WTO to commemorate its ten-year anniversary for acceding to the WTO.

2.22. Saudi Arabia has not been a complainant or respondent in any disputes under the WTO Dispute Settlement Mechanism, but has participated as a third party in twenty-eight cases (Table A2.2).

2.23. Saudi Arabia's trade-related notifications to the WTO are in Table 2.1. As at end-2015, Saudi Arabia had 13 outstanding notifications.

---

<sup>13</sup> SAGIA online information. Viewed at: <http://www.sagia.gov.sa/en/Why-Saudi-Arabia/> [October 2015].

Table 2.1 Selected notifications to the WTO at end-September 2015

WTO Agreement	Description of the requirement	Most recent notification	Comments
<b>Agreement on Implementation of GATT Article VI (Anti-dumping), Agreement on Subsidies and Countervailing Measures and Agreement on Safeguards</b>			
Article 18.5 of ADP Article 32.6 of SCM Article 12.6 of SG	Laws and regulations	G/ADP/N/1/SAU/2, 12.12.2014	Amended GCC Common Law on Anti-Dumping, Countervailing and Safeguard Measures
Articles 10 and 18.2	Export subsidies	G/AG/N/SAU/9, 26.02.2014	No export subsidies for the calendar years 2010, 2011 and 2012  No export subsidies for the calendar year 2009
Article 18.2	Domestic support	G/AG/N/SAU/8, 26.02.2014 G/AG/N/SAU/7, 16.05.2012 G/AG/N/SAU/6, 19.09.2011	List of DS measures for the years 2009-2011
<b>Agreement on Agriculture</b>			
Article 18.2		G/AG/N/SAU/9, 26.02.2014 G/AG/N/SAU/8, 26.02.2014	Export subsidy Domestic support
<b>Agreement on Technical Barriers to Trade</b>			
Article 10.6	Technical regulation	711 notifications (01/01/2011-31/12/2015: starting with G/TBT/N/SAU/209)	
<b>Custom Valuation Agreement</b>			
Article 22	Laws and regulations	G/VAL/N/1/SAU/1, 06.02.2007	Implementation of the agreement
	Checklist of issues	G/VAL/N/2/SAU/1, 08.01.2007	Answers by Saudi Arabia
<b>Agreement on Import Licensing Procedures</b>			
Articles 5.1-5.4  Article 7.2	Import Licensing	G/LIC/N/2/SAU/1, 10.03.2014 G/LIC/N/3/SAU/2, 29.09.2011	Import Licensing procedure
<b>Agreement on Rules of Origin</b>			
Article 5.4 of Annex II	Rules of Origin	G/RO/N/48, 08.11.2006	No non-preferential rules of origin
<b>Agreement on Sanitary and Phytosanitary Measures</b>			
	Sanitary and phytosanitary measures	187 notifications (01/01/2011-31/12/2015: starting with G/SPS/N/SAU/9)	
<b>Agreement on Trade-Related Aspects of Intellectual Property Rights</b>			
Article 63.2	Laws and regulations	IP/Q-Q4/SAU/1, 16.03.2007 IP/N/1/SAU/C/2/Rev.1, 14.02.2007 IP/N/1/SAU/O/3, 14.02.2007 IP/N/1/SAU/I/1, 14.11.2006	Laws and regulations under the TRIPS Agreement
<b>Agreement on Trade-Related Investment Measures</b>			
Article 6.2		G/TRIMS/N/2/Rev.21, 26.08.2011	No TRIMs maintained

Source: WTO Secretariat.

2.24. As reported in the last TPR, the authorities reiterated that Saudi Arabia has an interest in a wide range of issues in the DDA negotiations, including trade and environment, rules, trade facilitation, non-agricultural market access (NAMA), and services. The authorities believe that they made extensive commitments during their WTO accession process and are calling for additional flexibilities to be granted to the RAMs in the DDA. Saudi Arabia strongly supports any efforts to bring the negotiations to a successful conclusion. In its capacity as Coordinator of the Arab Group, Saudi Arabia hosted a conference for Arab Ministers of Trade with the participation of the WTO Director-General, to prepare and coordinate Arab positions for the tenth WTO Ministerial Conference.



## 2.4.2 Regional and preferential agreements

### 2.4.2.1 Cooperation Council for the Arab States of the Gulf

2.25. Saudi Arabia is a member of the Cooperation Council for the Arab States of the Gulf (the Gulf Cooperation Council (GCC))<sup>14</sup>, which was established in May 1981. The main objectives of the GCC are to enhance regional cooperation and integration in all economic, social, and cultural affairs, including trade, industry, investment, finance, transport, communications, and energy. The specific objectives of the GCC have not changed since the last TPR: to achieve a common market, with equal treatment of GCC citizens (now about 49 million), in each member country; respect of freedom of movement, work, residence, and ownership of real estate; allow free movement of capital; and financial and monetary coordination.<sup>15</sup> Bahrain, Kuwait, Qatar and Saudi Arabia ratified an agreement to establish a monetary union in December 2009. The date for introduction of a single currency is yet to be determined (Section 1).

2.26. The GCC member States signed an Economic Agreement in November 1981, which set the basis for the economic relationship among member States. The agreement established the GCC Free Trade Area whereby GCC originating goods were exempted from customs tariffs. The Economic Agreement was revised in December 2001. The revised agreement contains a comprehensive revision of the original Agreement. The revised Agreement stipulates that the trade between the GCC member States will be conducted within the framework of a Customs Union that will be implemented no later than January 2003. Saudi Arabia initially notified the Agreement under Article XXIV of the GATT (as a condition of its accession to the WTO) in 2006.<sup>16</sup> On 19 November 2007, Saudi Arabia notified that it would like to change the notification of the GCC Customs Union from Article XXIV of GATT 1994 to Paragraph 4(a) of the Enabling Clause<sup>17</sup> and, on 6 October 2009, it was again re-notified under Article XXIV:7(a) of GATT 1994.<sup>18</sup>

2.27. Saudi Arabia and other GCC member States implemented the Common Customs Law of the GCC and its Rules of Implementation and Explanatory Notes thereof with effect from 1 January 2003.<sup>19</sup> As per the law, the GCC States have implemented the common external tariff (CET) of 0% and 5% for most products (Section 3.1.4). The GCC Common Customs Law is implemented in Saudi Arabia under Royal Decree No. 41 of 3.11.1423H (6 January 2003) (Section 3.1.4). Since the last TPR, the full GCC customs union was inaugurated on 1 January 2015, and the Unified Guide for Customs Procedures and the single point of entry principle apply to imports in each GCC member State.<sup>20</sup>

2.28. The member States of the GCC launched the Gulf Common Market (GCM) in January 2008. The GCM, among others, allows the citizens of the member States to engage in all economic activities, investment and various services sectors without discrimination.

2.29. As reported in the last TPR, some differences remain in the implementation of the CET as each member is entitled to have lists of prohibited and restricted goods. Furthermore, members continue to maintain customs check points for security and other reasons (e.g. statistics, and to avoid piracy and commercial cheating). The prohibited goods are restricted from circulating between members' territories. However, transit for restricted products is allowed with proper documentation.

2.30. The GCC has concluded free-trade agreement (FTA) negotiations with the European Free Trade Association (EFTA) States<sup>21</sup> and this Agreement entered into force in July 2015. The Agreement covers a broad range of areas, including trade in goods, trade in services, government procurement and competition. The GCC-Singapore FTA entered into force in September 2013 and

---

<sup>14</sup> Membership comprises the Kingdom of Bahrain, the State of Kuwait, Oman, Qatar, the Kingdom of Saudi Arabia and the United Arab Emirates.

<sup>15</sup> GCC online information. Viewed at: [http://www.gcc-sg.org/index\\_e.html](http://www.gcc-sg.org/index_e.html) [October 2015].

<sup>16</sup> WTO document WT/REG222/N/1, 20 November 2006.

<sup>17</sup> WTO documents WT/REG222/N/1/Corr.1 and WT/COMTD/N/25, 31 March 2008.

<sup>18</sup> WTO document WT/REG276/N/1/Rev.1, 17 November 2009.

<sup>19</sup> The text of the Common Customs Law was notified to the WTO under Article 22 of the Customs Valuation Agreement (see WTO document G/VAL/N/1/SAU/1, 6 February 2007).

<sup>20</sup> GCC Secretariat (2015).

<sup>21</sup> Iceland, Liechtenstein, Norway and Switzerland.



was notified to WTO on 30 June 2015.<sup>22</sup> The New Zealand-GCC FTA negotiations concluded in 2009, however, the agreement is yet to be signed.

2.31. The GCC is negotiating trade agreements with Australia, China, the EU, India, Japan, the Republic of Korea, MERCOSUR, Pakistan, and Turkey. Furthermore, the GCC has received requests for negotiations, *inter alia*, from ASEAN; Azerbaijan; the Common Market for East and Southern Africa (COMESA); Georgia; Hong Kong, China; Peru; and Ukraine.<sup>23</sup> Some GCC members (e.g. Bahrain and Oman) have bilateral FTAs, notably with the United States.<sup>24</sup>

#### 2.4.2.2 Pan-Arab Free Trade Area (PAFTA)

2.32. Saudi Arabia is a signatory to the Pan-Arab Free Trade Area (PAFTA) Treaty<sup>25</sup>, which entered into force on 1 January 1998. Most trade barriers among its members were eliminated as of 1 January 2005, with some products excluded from liberalization. Negotiations on the implementation details of some provisions on rules of origin and NTBs are ongoing. Efforts are being made to include services in PAFTA. The principal entity responsible for implementing the programme is the Economic and Social Council of the League of Arab States. Saudi Arabia notified PAFTA to the WTO under GATT Article XXIV in 2006.<sup>26</sup>

#### 2.4.2.3 Other agreements and arrangements

2.33. Saudi Arabia does not use trade preferences under the Generalized System of Preferences (GSP) and does not participate in the Global System of Trade Preferences (GSTP) among developing countries. Saudi Arabia as a high income country graduated from EU GSP in January 2014. However, Saudi Arabia is eligible to use GSPs accorded by Australia, New Zealand, the Eurasian Economic Union (Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, and the Russian Federation), Switzerland and Turkey.<sup>27</sup>

### 2.5 Investment Regime

2.34. Investment by the private sector, including foreign direct investment, is considered essential for economic diversification, GDP growth, and creating job opportunities. Several sectors have been identified as priority sectors for foreign and domestic investment, including: energy; transport and logistics; information and communication technologies; health; life sciences; education; and tourism.

2.35. As per the Foreign Investment Law of 2000 and its Implementing Regulations of 2002, as further amended through the Saudi Arabian General Investment Authority Board (SAGIA) Resolution No. 2/74 adopted in 2014, foreign investment may be either in firms owned by both a Saudi national and a foreign investor or firms wholly owned by foreign investor.

2.36. According to the amended regulation, the legal form of the firm is limited to: (i) a limited liability company; (ii) joint-stock company; (iii) branch of a foreign company; or (iv) any other legal form permitted by a resolution of the Board of Directors of SAGIA. Foreign investment projects are entitled to all the benefits, incentives and guarantees extended to national projects. GCC nationals are treated as Saudi nationals for the purposes of investment. Companies or citizens from GCC countries may own land and engage in internal trading and distribution activities, with some exceptions.

2.37. Saudi Arabia continues to maintain a negative list for foreign investments (Table 2.2), which is periodically revised and is subject to approval by the Economic and Development Affairs

<sup>22</sup> WTO documents WT/COMTD/N/45/Rev.1 and S/C/N/807/Rev.1, 14 July 2015.

<sup>23</sup> In September 2010, the GCC decided to put its negotiations on hold until the completion of a feasibility study to better perform in current and future negotiations.

<sup>24</sup> The Saudi authorities indicate that these FTAs with the United States were concluded before GCC countries decided to negotiate all future FTAs as a group.

<sup>25</sup> The PAFTA members are: the GCC countries plus Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, the State of Palestine, Sudan, Syrian Arab Republic, Tunisia and Yemen.

<sup>26</sup> WTO document WT/REG223/N/1, 20 November 2006.

<sup>27</sup> WTO PTA database. Viewed at: <http://ptadb.wto.org/ptaList.aspx> [October 2015].

Council. Since the last review the negative list has been amended and several sectors were removed. Foreign investment is now permitted for mining, petrochemicals, gas, and telecommunications.

**Table 2.2 List of businesses prohibited for foreign investment**

Sector
<p><b>Manufacturing</b></p> <ul style="list-style-type: none"> <li>▪ Oil exploration, drilling, and production, except mining services listed at 5115 and 883 in International Industrial Classification Codes</li> <li>▪ Manufacturing of military equipment, devices, and uniforms</li> <li>▪ Manufacturing of civilian explosives</li> </ul> <p><b>Services</b></p> <ul style="list-style-type: none"> <li>▪ Catering to military sectors</li> <li>▪ Security and detective services</li> <li>▪ Real estate investment in Makkah and Madina</li> <li>▪ Tourist orientation and guidance services related to Hajj and Umrah</li> <li>▪ Recruitment and employment services, including local recruitment offices</li> <li>▪ Real estate brokerage</li> <li>▪ Printing and publishing, except:               <ul style="list-style-type: none"> <li>• Pre-printing services internationally classified at CPC 88442</li> <li>• Printing presses internationally classified at CPC 88442</li> <li>• Drawing and calligraphy internationally classified at CPC 87501</li> <li>• Photography internationally classified at CPC 875</li> <li>• Radio and television broadcasting studios internationally classified at CPC 96114</li> <li>• Foreign media offices and correspondents internationally classified at CPC 962</li> <li>• Promotion and advertising internationally classified at CPC 871</li> <li>• Public relations internationally classified at CPC 86506</li> <li>• Publication internationally classified at CPC 88442</li> <li>• Press services internationally classified at CPC 88442</li> <li>• Production, selling and renting of computer software internationally classified at CPC 88</li> <li>• Media consultancies and studies internationally classified at CPC 853</li> <li>• Typing and copying internationally classified at CPC 87505 and 87904</li> <li>• Motion picture and video tape distribution services internationally classified at CPC 96113</li> </ul> </li> <li>▪ Commission agents internationally classified at CPC 621</li> <li>▪ Audio-visual and media services</li> <li>▪ Land transportation services, excluding intra-city passenger transport by trains and buses within public transport systems for high-population cities, which have public transport systems approved by the Council of Ministers</li> <li>▪ Services provided by midwives, nurses, physical therapy services, and quasi-doctoral services internationally classified at CPC 93191</li> <li>▪ Fisheries</li> </ul>

Source: Saudi authorities.

2.38. SAGIA is responsible for formulating government policies on investment activities; proposing plans and regulations to enhance the investment climate in Saudi Arabia; and evaluating and licensing investment proposals. SAGIA operates an Investor's Service Centre (ISC) to issue licences to foreign companies, provide services to investment projects, offer detailed information on the investment process, and coordinate with government ministries in order to facilitate investment procedures. The ISC must decide to grant or refuse a licence within 30 days of receiving an application and supporting documentation from the investor.

2.39. In addition to policy formulation, SAGIA is responsible for approving all foreign investments, except where the authority depends on the sector, such as the Saudi Arabian Monetary Agency (SAMA), the Capital Market Authority (CMA), the Communication and Information Technology Commission (CITC) or the Presidency of Meteorology and Environment (PME). Saudi investors are not required to obtain a licence from SAGIA to invest (which is a national treatment limitation inscribed in Saudi Arabia's Schedule on Specific Commitments in Services).<sup>28</sup> Investors from other GCC member States do not require a licence either, provided they are not in partnership with a foreign investor.

<sup>28</sup> WTO document WT/ACC/SAU/61, 1 November 2005.

2.40. Foreign investors may obtain more than one licence to practice the same activity or other different activities provided that a competent department under the SAGIA issues a report stating that there are no violations or observations to that effect on the existing project. A foreign facility licensed under the Foreign Investment Act is entitled to own real estate (except real estate investment in Makkah and Madina) for practising the licensed activity and for the housing of staff. The Regulation of Ownership and Investment in Real Estate by Non-Saudis<sup>29</sup> allows foreign investment in real-estate worth SAR 30 million or more, including GCC nationals.

2.41. A foreign investor has the right to transfer out of Saudi Arabia their share derived from selling their equity or profits, as well as any amounts required for the settlement of contractual obligations pertaining to the project. There is a flat 20% tax rate on profits and capital gains and a 5% withholding tax on dividends while losses may be carried forward. There are no taxes on personal income (Section 3.3.1). According to the regulations, a court order is necessary to confiscate foreign investments, and they may not be subjected to expropriation wholly or partly except for reasons in the public interest and in exchange for an equitable compensation.

2.42. Both the government and private investment companies are involved in investment promotion. Besides SAGIA, majority-government-owned Saudi Arabian Basic Industries Corporation (SABIC), the Saudi Industrial Development Fund (SIDF), Saudi Arabia Industrial Property Authority (MODON) and other entities are actively involved in the promotion of investment in Saudi Arabia. Meanwhile, private investment companies such as the National Industrialization Company, Saudi Venture Capital Group, Saudi Industrial Development Company, Royal Commission for Jubail and Yanbu, and Arriyadh Development Authority are involved in investment promotion in industrial cities and other regions.<sup>30</sup>

2.43. As per the Foreign Investment Law, foreign investors in violation of the law shall be subject to any of the following penalties: (i) withholding all or some of the incentives and benefits given to the Foreign Investor; (ii) imposing a fine not exceeding SAR 500,000; and/or (iii) revoking the foreign investment licence. The penalty issued may be appealed before the Board of Grievances.

2.44. In order to improve transparency and to aid investors, in August 2015, SAGIA published the second edition of its Services Manual.<sup>31</sup> The Manual sets out the objectives for investments, the requirements to qualify for a licence to invest and conduct business in Saudi Arabia, the licence fees, and the cost of subscribing to services provided by SAGIA. In many cases, such as minimum capital requirements, the requirements apply equally to domestic as well as foreign investors (Table 2.3). The objectives for investment include: transfer and localization of technological knowhow; diversification of the economy; improving the terms of trade; development of Saudi human resources; reinforcement of economic competitiveness and Saudi products in both domestic and foreign markets; balanced development among the different regions of the Kingdom; and environmentally friendly firms manufacturing products in accordance with the state of the art specifications and international quality standards.<sup>32</sup>

**Table 2.3 Licence fees, initial subscription rates, and selected requirements for investment**

Licence	Licence fee	First year subscription SAR	Minimum capital <sup>a</sup> SAR	Minimum Saudi participation
<b>New licences</b>				
Industrial activity	2,000	10,000	1,000,000	n.a.
Commercial	2,000	10,000	26,666,667 <sup>b</sup>	25%
Communications	2,000	10,000	n.a.	30%
Communications value added	2,000	10,000	n.a.	30%
Insurance	2,000	10,000	100,000,000	40%
Reinsurance	2,000	10,000	200,000,000	40%
Real estate financing	2,000	10,000	200,000,000	40%
Real estate development	2,000	10,000	30,000,000 (Total value of investment)	n.a.

<sup>29</sup> Royal Decree No. M715 of 17/4/1421H.

<sup>30</sup> United States Department of State online information. Viewed at: <http://www.state.gov/e/eeb/afd/2008/101779.htm> [October 2015].

<sup>31</sup> SAGIA (2015).

<sup>32</sup> SAGIA (2015), p.4.

Licence	Licence fee	First year subscription SAR	Minimum capital <sup>a</sup> SAR	Minimum Saudi participation
Management of construction projects, detailed engineering design and EPC contracts	2,000	10,000	n.a.	25%
<b>Temporary licences</b>				
Temporary certificate to bid for government projects	n.a.	n.a.	n.a.	n.a.
Temporary licences for the performance of government/semi-government contracts	2,000	10,000	n.a.	n.a.
Temporary contracting licences for 3 years for firms wishing to study the market with the aim of establishing investment entities <sup>c</sup>	2,000	500,000 <sup>d</sup> (3 years)	n.a.	n.a.
<b>Additional licences and branches</b>				
Existing licence holders seeking another licence for a new activity	2,000	10,000	n.a.	n.a.
<b>Amendment of licences</b>				
	2,000	n.a.	n.a.	n.a.
<b>Renewal of licences</b>				
- Annual	2,000	n.a.	n.a.	n.a.

n.a. Not applicable.

a - Minimum capital requirements apply to domestic and foreign investors equally except as indicated under note b.

b - The 25% minimum Saudi participation equates to a foreign equity limit of 75% (minimum SAR 20 million) as set out under Distribution Services in the Schedule of Specific Commitments in Services (WTO document WT/ACC/SAU/61/Add.2, 1 November 2005).

c To convert to a permanent licence the firm must have a minimum of 12 engineers, of which at least 50% must be Saudis; a minimum of 5 completed projects of a value of SAR 50 million, assets not less than SAR 10 million; and revenue not less than SAR 20 million.

d Under Article 2 of the Foreign Investment Law, SAGIA may give a temporary or permanent licence. A temporary licence does not require the establishment of legal presence in Saudi Arabia and enables a company to investigate the market before requesting a permanent licence and establishing legal presence.

Source: SAGIA (2015), *SAGIA Services Manual, Second Edition*, August. Viewed at: [http://www.sagia.gov.sa/Documents/Wizard/SAGIA%20Manual%20final\\_en\\_2016a.pdf](http://www.sagia.gov.sa/Documents/Wizard/SAGIA%20Manual%20final_en_2016a.pdf) [January 2016].

2.45. Licences are classified into a number of categories and special incentives and privileges granted depending on the classification. The advantages and benefits granted include licence duration, service priority in business centres, and the annual financial fees associated with their services (Table 2.4). The classification is based on several factors, including:

- profit growth ratio and reversible losses;
- the stock and inventory ratio, compared to average ratios of the sector;
- ratio of operational revenues to total revenues;
- presence of technological content or patents;
- products must be manufactured according to the international standard specifications; and
- the presence of research laboratories or training centres.<sup>33</sup>

<sup>33</sup> SAGIA (2015), p. 107.

**Table 2.4 Investment classification, 2015**

Classification	Definition	Licence period	Service priority in business centres	Annual fee SAR
Strategic	Firms committed to deepening the value chain across targeted sectors, such as: transportation, healthcare, education and technology, and bringing in associated investments	5	1	30,000
Distinctive	Firms employing not less than 10 Saudis, with monthly wages of a minimum of SAR 10,000 each, and which are within the "platinum" category prescribed by the Ministry of Labour; firms with a labour force that exceeds 100 employees and a Saudization rate of over 50%; and finally, the top 10 firms in different sectors based on their capital	3	2	30,000
Advanced	Publically listed companies or international consulting firms with no less than 25 employees, in which the Saudization range is within the "platinum" category; contracting companies with more than 300 employees with monthly average wages of not less than SAR 5,000 per employee, and in the "green" category prescribed by the Ministry of Labour	2	3	45,000
Limited	Contracting companies with less than 300 employees with monthly average wages of less than SAR 5,000 per employee; individual establishments, firms working in the restaurant industry, technology companies that are not internationally classified, and industrial workshops	1	4	60,000
Innovative and promising	Innovative firms which have registered patents	1	1	10,000
Non-classified	Contracting companies without classification will be granted a temporary licence to help them establish a sustainable foundation and obtain categorization from MOMRA	3	3	500,000 (for 3 years)

Source: SAGIA (2015), *SAGIA Services Manual, Second Edition*, p. 107-109, August. Viewed at: [http://www.sagia.gov.sa/Documents/Wizard/SAGIA%20Manual%20final\\_en\\_2016a.pdf](http://www.sagia.gov.sa/Documents/Wizard/SAGIA%20Manual%20final_en_2016a.pdf) [January 2016].

2.46. In total, Saudi Arabia has signed 23 bilateral investment treaties (Table A2.3), one of which, with Japan, was signed since the last Review. Saudi Arabia is a member of the Multilateral Investment Guarantee Agency. Saudi Arabia has also signed agreements for the avoidance of double taxation and/or the prevention of tax evasion with 43 countries (Table A2.4). In addition, Saudi Arabia has signed and ratified the Convention on Mutual Administrative Assistance in Tax Matters, and the Convention is to enter into force in March 2016.<sup>34</sup>

<sup>34</sup> OECD online information. Viewed at: <http://www.oecd.org/ctp/exchange-of-tax-information/conventiononmutualadministrativeassistanceintaxmatters.htm> [December 2015].

### 3 TRADE POLICIES AND PRACTICES BY MEASURE

#### 3.1 Measures Directly Affecting Imports

##### 3.1.1 Customs procedures

3.1. The basic customs legislation in Saudi Arabia is the GCC Common Customs Law and its Rules of Implementation and Explanatory Note. According to the authorities, during the period under review, customs legislation was expanded to cover e-commerce, IPR violations, pre-arrival clearance, GCC members' international obligations, and adoption of the 2015 Unified Guide for Customs Procedures at First Points of Entry to facilitate customs operations in the GCC member States.<sup>1</sup> According to the authorities, these improvements have gone a long way towards meeting the obligations of the Trade Facilitation Agreement.

3.2. The Customs Department under the Ministry of Finance is the principal agency responsible for implementing customs procedures although several other government agencies are responsible for specific products or issues related to imports, such as the Saudi Food and Drug Authority (SFDA), the Ministry of Agriculture, and the Ministry of Commerce and Industry (MCI).

3.3. Since the implementation of the GCC customs union in 2003, the customs procedures and documentation requirements are, in principle, the same among the GCC member States. However, implementation of the Common Customs Law and application of the Unified Guide for Customs Procedures is the responsibility of each GCC member State's customs agency. Furthermore, each member State may determine its own list of prohibited or restricted products, although members are developing a common list; imports that are prohibited/restricted in a GCC member State and permitted in others may not transit through the States in which they are prohibited.

3.4. Customs legislation and related operational guidelines are available online.<sup>2</sup> According to the authorities, meetings between Saudi Customs and relevant stakeholders are held periodically to discuss customs matters.

3.5. All enterprises, including importers and exporters, irrespective of nationality, must register with the Ministry of Commerce and Industry (MCI) before engaging in any business. The commercial registration is required when applying for import licences (Section 3.1.6.2) and when clearing customs for imported goods. The commercial registration is valid for five years, renewable for additional periods of five years. Using a Saudi commercial agent<sup>3</sup> is required only when importing/exporting agricultural machinery.

3.6. According to the World Bank's Doing Business 2016 report, Saudi Arabia was ranked 150<sup>th</sup> out of 189 economies for trading across frontiers. The report states that the time and cost (excluding tariffs) for imports into Saudi Arabia are greater than the average in the Middle East North Africa region for both border and documentary compliance with 12 different documents required to import a container (Table 3.1). The report also noted that in 2013 Saudi Arabia increased the number of documents needed to import (and export), which made trading across borders more difficult.<sup>4</sup> The authorities expressed their reservation about the World Bank's Doing Business report, in particular the methodology of information collecting; the authorities indicated that delays might be caused by mis-submission of customs documents or by other procedures and

---

<sup>1</sup> GCC Secretariat (2015).

<sup>2</sup> Saudi Customs Authority online information, "Rules and Regulations". Viewed at: <http://www.customs.gov.sa/sites/sc/en/sRules/>; and "Customs Procedures". Viewed at: <http://www.customs.gov.sa/sites/sc/en/CustomsGuideNew/HQweb/Pages/Pages/LandingPage.aspx>.

<sup>3</sup> Under the Commercial Agencies Law (Royal Decree No. M/11, 20/2/1382H), commercial agent is a natural or legal person as a representative of foreign distributors/producers. A commercial agent is not a customs broker.

<sup>4</sup> World Bank (2016).



documentation not required by Customs.<sup>5</sup> It was also noted that, in 2014, under the World Bank's Logistics Performance Index, Saudi Arabia was ranked much higher, at 49<sup>th</sup> out of 160 economies.<sup>6</sup>

**Table 3.1 Summary of time and cost for trading across borders, 2015**

	Saudi Arabia	Middle East & North Africa
Time to import: border compliance (hours)	228	120
Cost to import: border compliance (US\$)	779	594
Time to import: documentary compliance (hours)	131	105
Cost to import: documentary compliance (US\$)	390	385
Time to export: border compliance (hours)	69	65
Cost to export: border compliance (US\$)	264	445
Time to export: documentary compliance (hours)	90	79
Cost to export: documentary compliance (US\$)	105	351

Source: World Bank (2016), *Doing Business 2016, Economy Profile*. Viewed at: <http://www.doingbusiness.org/reports/globalreports/-/media/giawb/doing%20business/documents/profiles/country/SAU.pdf>.

3.7. All commercial imports, irrespective of value, must be declared to Saudi Customs. According to the World Bank, in general, the Customs Department requires importers to submit a customs import declaration, bill of lading, commercial invoice, certificate of origin, certificate of conformity, and proof of payment method to avoid money laundering and terrorist financing. Saudi Customs noted that the consignee's authorization of customs broker; and the company registration document are available in its database; therefore, they do not need to be submitted each time. For certain consignments, a packing list; and an import licence are required, depending on the nature of the imported goods.

3.8. The Customs Department uses an electronic data interchange (EDI) system, which allows electronic submission and processing of import declarations. There is no country-wide single window for customs procedure operating in Saudi Arabia, but a pilot programme is operating in Jeddah Islamic Seaport Customs Office.

3.9. The Customs Department also operates a pre-arrival document verification procedure, the Direct Clearance System, for certain products, including new vehicles, pipes, timber, and building materials, upon the request of importers. The authorities are considering widening the scope of goods that the Direct Clearance System applies to.

3.10. Upon arrival, all imports are subject to customs inspections. Physical inspection may be carried out for goods on a random basis determined by risk profiling. According to the authorities, about 90% of imported consignments are subject to X-ray scanning while the remaining 10% are inspected physically. Upon payment of customs duties, imported goods may be released from Customs. The authorities stated that clearance of goods from customs takes an average of one day regardless of the mode of transport.

3.11. For perishable imports, such as items for human consumption, the SFDA inspectors control the consignment at the border including taking a sample for laboratory analysis. In general, the Customs Department immediately releases consignments with an undertaking from the importer until the analysis results are disclosed. Customs release of perishable goods such as food does not imply that the import may be freely circulated in the market. Free circulation in the market is subject to the decision of the SFDA (see Section 3.1.9).

3.12. The Customs Department adopted an authorized economic operator (AEO) scheme, called *Eltizam*, on 5 April 2014. An action plan for the AEO scheme in Saudi Arabia was approved by the Administrative Decision No. 56946. Details of the AEO scheme were not available to the

<sup>5</sup> In a separate World Bank report, the *Logistics Performance Index 2014*, the ease of customs procedures in Saudi Arabia was ranked 56<sup>th</sup> out of 160 countries. Viewed at: [http://d21a6b425f3bbaf58824-9ec594b5f9dc5376fe36450505ae1164.r12.cf2.rackcdn.com/LPI\\_Report\\_2014.pdf](http://d21a6b425f3bbaf58824-9ec594b5f9dc5376fe36450505ae1164.r12.cf2.rackcdn.com/LPI_Report_2014.pdf).

<sup>6</sup> World Bank online information. Viewed at: <http://lpi.worldbank.org/> [December 2015].

Secretariat, but the authorities stated that the conditions and requirements for the Saudi AEO scheme are consistent with the relevant guidelines from the World Customs Organization (WCO).

3.13. Using custom brokers is voluntary. Customs brokers must be licensed by Saudi Customs, and must be nationals of GCC member States.

3.14. There are no legal provisions pertaining to advance rulings. According to the authorities, Saudi Customs answers, on a case-by-case basis, requests for information on customs matters such as classification, valuation, and rules of origin.

3.15. According to the authorities the use of pre-shipment inspection is voluntary.

3.16. There have been no changes in Saudi's appeal procedures against Customs' decisions since the last TPR.<sup>7</sup> Importers that disagree with Customs' decisions concerning, *inter alia*, classifications, valuation, and IPR violations, may appeal to the Director of Customs or the relevant customs committees. Importers may then refer the case to the Board of Grievances if they are not satisfied with the outcome of the appeal.

3.17. With regard to the WTO Agreement on Trade Facilitation (TFA), Saudi Arabia has submitted its Category A notification: upon the TFA's entry of force, Saudi Arabia will implement all of the provisions contained in Section I of the TFA except for providing opportunities to comment and information before customs measures enter into force (Article 2.1); and a single window for customs procedures (Article 10.4).<sup>8</sup> As at end-2015, Saudi Arabia had not deposited its Instrument of Acceptance; the authorities indicated that ratification of the TFA is under active consideration.

### 3.1.2 Customs valuation

3.18. There has been no change in customs valuation legislation since the last TPR. The rules were set out in the GCC Common Customs Law and its Rules of Implementation.<sup>9</sup>

3.19. The transaction value is the primary basis for determining customs value. The transaction values used are c.i.f. values. In the event that transaction values cannot be used, the customs value is calculated by proceeding through the basic methods established by the WTO Agreement on Customs Valuation (CVA). No minimum or reference prices are applied. According to the authorities, 96% of all import declarations in 2014 were accepted in accordance with the transaction value method.

### 3.1.3 Rules of origin

3.20. Saudi Arabia does not maintain any non-preferential rules of origin.<sup>10</sup>

3.21. Saudi Arabia maintains preferential rules for goods originating from countries that it has free-trade arrangements with (Section 2.4.2). Regarding preferential rules, products are considered originating from the country where wholly obtained or where they underwent substantial transformation. Substantial transformation may be expressed as:

- a change of HS tariff heading or subheading criterion;
- local accumulation criterion; or
- value added criterion.

3.22. As regards the value added criterion, at least 40% of local value added must be contained in the goods in order to benefit from the preference. Moreover, direct transport is required for maintaining the preference.

<sup>7</sup> WTO document WT/TPR/S/256/Rev.1, 14 February 2012.

<sup>8</sup> WTO document WT/PCTF/N/SAU/1, 22 July 2014.

<sup>9</sup> WTO document G/VAL/N/1/SAU/1, 6 February 2007.

<sup>10</sup> WTO document G/RO/N/48, 8 November 2006.



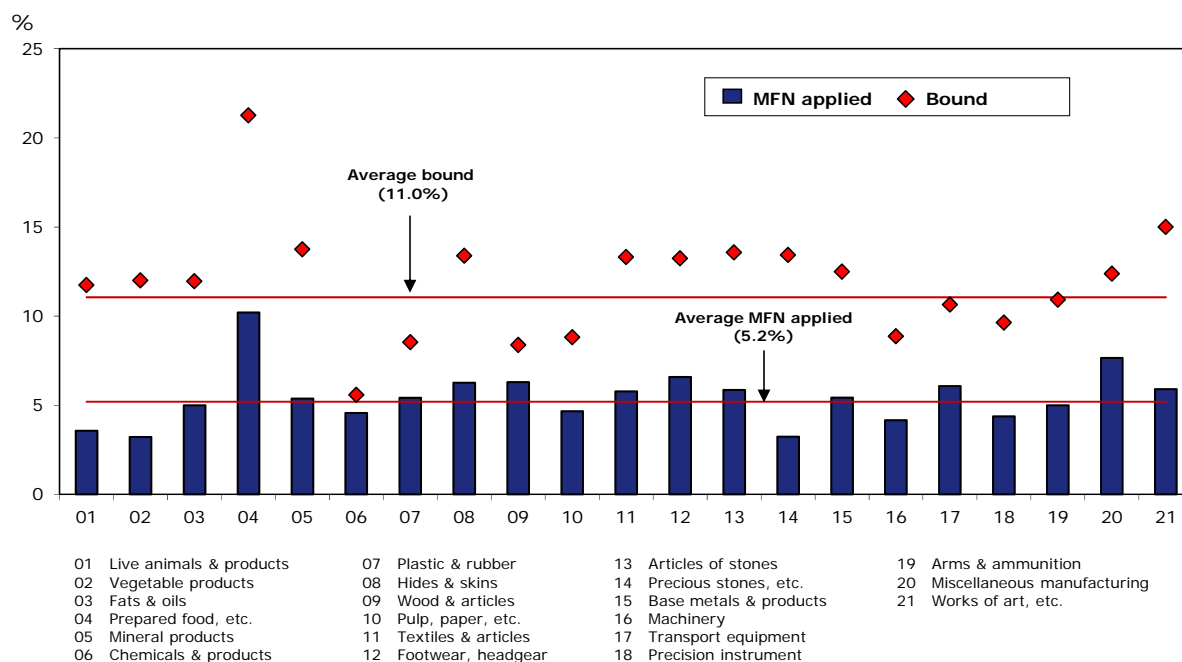
3.23. Saudi Arabia does not maintain preferential rules of origin for goods from least developed countries (LDCs).

### 3.1.4 Tariffs

#### 3.1.4.1 WTO bound tariffs

3.24. With the exception of prohibited products, as listed in its Schedule, all tariff lines in Saudi Arabia are bound. The simple average bound tariff rate is 11.0%, more than double the simple average applied MFN rate of 5.2% (Chart 3.1).

**Chart 3.1 Average applied MFN tariff and bound rates, by HS section, 2015**



Source: WTO Secretariat calculations, based on data provided by the authorities of Saudi Arabia.

3.25. The highest bound rates cover tobacco and tobacco products: the bound tariff for each line in HS heading 24 is 200% or a specific duty (e.g. HS 24022000 (cigarettes containing tobacco) has a bound duty of 200% or SAR 200 per 1,000 cigarettes). The largest differences between the bound and applied rates are found among prepared food. The ratio of the bound rate over the applied rate is the largest for precious stones, i.e. the simple average of the bound rate is more than three times the applied MFN rate. The smallest gap is found for chemical and chemical products (Chart 3.1).

#### 3.1.4.2 MFN applied tariffs

3.26. Saudi Arabia provides at least MFN treatment to all countries and territories with which it trades.

3.27. Saudi Arabia applies the GCC common external tariff. Under the "single port of entry" principle, items imported into Saudi Arabia (or any other GCC State), and destined for another GCC market, are subject to customs duty only at the first point of entry into the GCC.

3.28. The tariff nomenclature is based on the Harmonized Commodity Description and Coding System (HS), and further specified at the eight-digit level. The current nomenclature reflects the

fifth amendment to the HS (HS 2012). The authorities maintain a public online database of tariff rates applied to imports.<sup>11</sup>

3.29. During the period under review, applied MFN rates remained largely unchanged; modifications to the tariff mainly reflect changes in nomenclature or tariff code (e.g. split lines, or merge lines). The 2015 tariff comprises 7,325 lines at eight-digit level: 11% of all tariff lines are duty free and 79.8% of lines were at the rate of 5% (Chart 3.2).<sup>12</sup> There are no tariff lines subject to tariff quotas and no lines have "nuisance" rates. The simple average applied MFN tariff rate was 5.2% in 2015, the same as in 2011. Based on the WTO definition, the average applied rate for agricultural products was 5.9% in 2015, down from 6.1% in 2011; for non-agricultural products, the average was 5.1%, compared with 5.0% in 2011 (Table 3.2).

**Table 3.2 Structure of the tariff schedule in Saudi Arabia, 2011 and 2015**

	2011	2015
Total number of tariff lines	7,151	7,325
Bound tariff lines (% of all tariff lines)	100.0	100.0
Non- <i>ad valorem</i> tariffs (% of all tariff lines)	1.4	1.5
Non- <i>ad valorem</i> with no AVEs (% of all tariff lines)	1.4	1.5
Lines subject to tariff quotas (% of all tariff lines)	0.0	0.0
Duty free tariff lines (% of all tariff lines)	10.6	11.0
Dutiable lines tariff average rate (%)	5.8	5.9
Simple average tariff (%)	5.2	5.2
WTO agriculture	6.1	5.9
WTO non-agriculture (incl. petroleum)	5.0	5.1
Domestic tariff "peaks" (% of all tariff lines) <sup>a</sup>	1.8	0.6
International tariff "peaks" (% of all tariff lines) <sup>b</sup>	1.8	0.6
Overall standard deviation	5.8	5.7
Nuisance applied rates (% of tariff lines) <sup>c</sup>	0.0	0.0

a Domestic tariff peaks are defined as those exceeding three times the overall average applied rate.

b International tariff peaks are defined as those exceeding 15%.

c Nuisance rates are greater than 0% but inferior or equal to 2%.

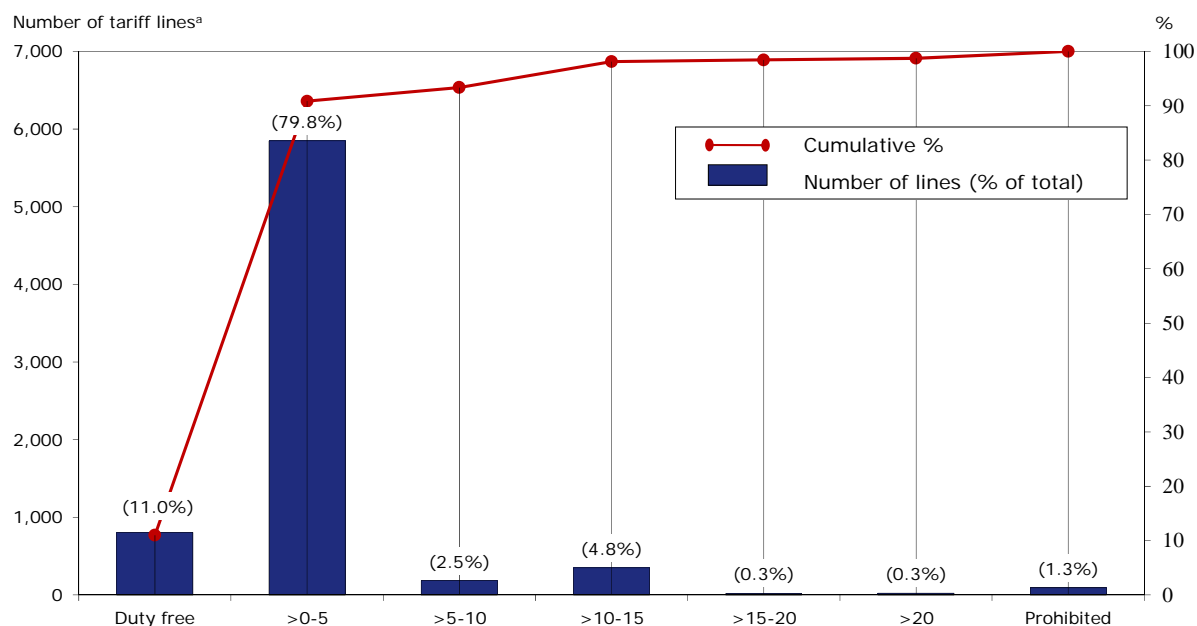
Source: WTO Secretariat calculations, based on data provided by the authorities.

3.30. In the 2015 tariff schedule, 1.5% of total lines have non-*ad valorem* rates; *ad valorem* equivalents (AVEs) for these lines were not provided by the authorities. The tariff on some of these lines is 100% with a minimum specific duty, for example the tariff on HS 24022000 (cigarettes containing tobacco) is 100% with a minimum of SAR 100 per 1,000 units. In the absence of *ad valorem* equivalents for these tariff lines, the tariff analysis assumes the applied tariff is 100%. The analysis also disregards banned products.

<sup>11</sup> Saudi Customs Authority online information, "Custom Tariffs Browsing". Viewed at: <http://www.customs.gov.sa/sites/sc/en/SCTariffs/Pages/Pages/SectionsPage.aspx>.

<sup>12</sup> There are no tariff rates between zero and 5% in Saudi Arabia's MFN tariff schedule.

Chart 3.2 Frequency distribution of MFN tariff rates, 2015



a The total number of *ad valorem* lines is 7,214 and 19 non-*ad valorem* (mixed duties).

Source: WTO Secretariat calculation, based on data provided by the authorities.

3.31. The presence of a few tariff lines with *ad valorem* rates of 100% and minimum specific duties, increases the average tariff and standard deviation for the beverages and tobacco category to 32.9% and 43.3% respectively. The average for all WTO categories, which do not include tobacco is between 3.5% and 6.5% with low dispersion – as reflected in the low standard deviations (Table 3.3).

Table 3.3 Summary analysis of Saudi Arabia's MFN tariffs, 2015

Description	MFN				Final bound range (%)
	No. of lines	Average (%)	Range (%)	Standard deviation	
<b>Total</b>	<b>7,325</b>	<b>5.2</b>	<b>0 - 100</b>	<b>5.7</b>	<b>0 - 200</b>
HS 01-24	1,374	5.4	0 - 100	12.2	0 - 200
HS 25-97	5,951	5.2	0 - 20	2.6	0 - 20
<b>By WTO category</b>					
WTO agriculture	1,195	5.8	0 - 100	13.1	0 - 200
- Animals and products thereof	158	3.5	0 - 20	4.6	0 - 25
- Dairy products	35	5.0	5 - 5	0.0	6 - 25
- Fruit, vegetables and plants	358	4.0	0 - 40	4.0	5 - 40
- Coffee and tea	38	5.3	0 - 15	4.7	5 - 15
- Cereals and preparations	183	3.9	0 - 15	2.9	5 - 25
- Oil seeds, fats and oils and their products	101	4.8	0 - 5	1.0	6 - 15
- Sugars and confectionary	40	3.9	0 - 10	3.0	6 - 20
- Beverages, spirits and tobacco	84	32.9	0 - 100	43.3	0 - 200
- Cotton	5	5.0	5 - 5	0.0	6 - 15
- Other agricultural products n.e.s.	193	4.2	0 - 5	1.8	5 - 15
WTO non-agriculture (incl. petroleum)	6,130	5.1	0 - 20	2.6	0 - 20
- WTO non-agriculture (excl. petroleum)	6,095	5.1	0 - 20	2.6	0 - 20
- - Fish and fishery products	265	3.5	0 - 5	2.3	5 - 15
- - Minerals and metals	1,202	5.3	0 - 15	1.9	0 - 20
- - Chemicals and photographic supplies	1,258	4.7	0 - 6.5	1.5	0 - 15
- - Wood, pulp, paper and furniture	431	6.5	0 - 20	4.7	0 - 20
- - Textiles	717	6.0	0 - 15	2.8	0 - 15
- - Clothing	254	5.1	5 - 12	0.6	8 - 15
- - Leather, rubber, footwear and travel goods	212	6.1	5 - 15	2.6	6.5 - 15
- - Non-electric machinery	647	4.4	0 - 15	2.3	0 - 15
- - Electric machinery	314	3.7	0 - 15	3.1	0 - 15

Description	MFN				Final bound range (%)
	No. of lines	Average (%)	Range (%)	Standard deviation	
- - Transport equipment	252	6.1	0 - 15	3.9	0 - 15
- - Non-agriculture articles n.e.s.	543	4.8	0 - 15	2.0	0 - 15
- Petroleum	35	5.9	5 - 10	1.9	5 - 10
<b>By HS section</b>					
01 Live animals & products	439	3.6	0 - 20	3.2	0 - 25
02 Vegetable products	460	3.2	0 - 40	3.9	5 - 40
03 Fats & oils	63	5.0	5 - 5	0.0	6 - 15
04 Prepared food etc.	412	10.2	0 - 100	21.3	0 - 200
05 Minerals	211	5.4	5 - 15	1.7	5 - 15
06 Chemicals & products	1,199	4.6	0 - 6.5	1.5	0 - 15
07 Plastics & rubber	272	5.4	5 - 15	1.1	0 - 15
08 Hides & skins	86	6.3	5 - 15	2.8	8 - 15
09 Wood & articles	190	6.3	0 - 20	4.4	5 - 20
10 Pulp, paper etc.	195	4.7	0 - 15	3.2	0 - 15
11 Textile & articles	944	5.8	5 - 15	2.4	5 - 15
12 Footwear, headgear	74	6.6	5 - 15	2.9	8 - 15
13 Articles of stone	229	5.9	0 - 15	2.5	0 - 15
14 Precious stones, etc.	65	3.2	0 - 5	2.4	7 - 15
15 Base metals & products	737	5.4	5 - 15	1.8	0 - 20
16 Machinery	953	4.2	0 - 15	2.7	0 - 15
17 Transport equipment	264	6.1	0 - 15	3.8	0 - 15
18 Precision equipment	286	4.4	0 - 12	1.8	0 - 15
19 Arms and ammunitions	23	5.0	5 - 5	0.0	7 - 15
20 Miscellaneous manufacturing	212	7.7	5 - 15	4.2	5 - 15
21 Works of art, etc.	11	5.9	5 - 15	2.9	15 - 15

Note: Bound rates are provided in HS07 classification and applied rates in HS12; therefore there may be a difference between the number of lines included in the calculation.

Source: WTO Secretariat, based on the information provided by the authorities.

3.32. With regard to non-agricultural goods, wood, pulp, paper and furniture have the highest simple average applied MFN rates at 6.5%, followed by transport equipment (6.1%) and leather, rubber, footwear and travel goods (6.1%), textiles (6.0%), petroleum (5.9%), and minerals and metal (5.3%).

3.33. From the information provided by the authorities, it appears that a number of tariff lines may have applied MFN rates in excess of their corresponding bound rates (Table A3.1). Nearly all these lines are related to products destined for civil aircraft. In most cases, the bound rates differentiate between goods for use in civil aircraft, which are duty free, while the same good for other purposes has a bound duty. However, from the information provided, the applied tariff does not distinguish between goods destined for use in civil aircraft and other goods.

#### 3.1.4.3 Preferential rates

3.34. Preferential tariffs are granted to countries that Saudi Arabia has free-trade agreements with. Except alcohol, pork, and pork-related products, which are banned on religious grounds (Section 3.1.6), imports meeting the preferential rules of origin for GCC member States and PAFTA members are duty free.

3.35. With regard to imports from Singapore, 6,750 lines have been duty free since 1 April 2015. For imports from EFTA states, 6,535 lines have been duty free since 1 July 2015.

3.36. Saudi Arabia does not accord preferential tariff rates to imports from least developed countries.

#### 3.1.4.4 Tariff exemption

3.37. Saudi Arabia grants tariff exemptions to national and foreign investors for imports of raw materials, machinery, equipment, and semi-manufactured substances required for industrial production based on the GCC Common Industrial Law. Exemptions from customs duties are also applied to investors in the mining sector, irrespective of an investor's nationality.

3.38. The authorities stated that there is no tariff drawback system operating in Saudi Arabia.

### 3.1.5 Internal taxes collected at the border

3.39. Saudi Arabia does not have a value added tax (VAT) or excise duties, therefore no internal taxes on imported goods are collected at the border.

3.40. There is an "other duty or charge" (ODC) imposed on tobacco and tobacco products at SAR 0.03 for each packet, as set out in Schedule CLVIII of the Kingdom of Saudi Arabia, which, the authorities stated, is applied for public health reasons.

3.41. For goods left in Customs Department's sheds and not cleared within 10 days of the unloading date, storage charges are levied at SAR 20 per tonne per day; no charges are levied if the delay was not caused by the importer. Goods in transit are subject to a service charge at a rate of 0.004% of the customs value. The authorities indicated that the charge is commensurate with the service cost.

3.42. There are no customs inspection charges imposed on goods. However, a scanning charge of SAR 100 per consignment is applied to scanned goods.

### 3.1.6 Import controls

#### 3.1.6.1 Import prohibitions and restrictions

3.43. Import prohibitions are maintained based on security, public safety, moral, and religious considerations, as well as on international obligations such as international conventions requirements and UN sanction resolutions.<sup>13</sup> At the eight-digit level, 92 tariff lines are subject to import prohibition, covering, *inter alia*, narcotics, alcoholic beverages, live swine and swine products, worn clothes, and electronic cigarettes (Table 3.4). Compared to the list of import prohibition in the previous TPR, four items (all related to satellite internet receivers) are no longer prohibited from importation, but imports of such products are still restricted.

**Table 3.4 Import prohibitions, 2015**

HS code	Description
01031000	Live swine, pure-bred breeding animals
01039100	Other live swine, weighing less than 50 kg
01039200	Other live swine, weighing 50 kg or more
02031100	Meat of swine, fresh or chilled: carcasses and half-carcasses
02031200	Meat of swine, fresh or chilled: hams, shoulders and cuts thereof, with bone in
02031900	Other meat of swine, fresh or chilled
02032100	Meat of swine, frozen: carcasses and half-carcasses
02032200	Meat of swine, frozen: hams, shoulders and cuts thereof, with bone in
02032900	Other meat of swine, frozen
02050090	Other, meat of asses, mules or hinnies, fresh, chilled or frozen
02063000	Edible offal of swine, fresh or chilled
02064100	Edible offal of swine, frozen: livers
02064900	Other edible offal of swine, frozen
02089091	Frogs' legs
02101100	Meat of swine: hams, shoulders and cuts thereof, with bone in
02101200	Meat of swine: bellies (streaky) and cuts thereof
02101900	Other meat of swine
05021000	Pigs', hogs' or boars' bristles and hair and waste thereof
09082100	Mace, neither crushed nor ground
09082200	Mace, crushed or ground
12079100	Poppy seeds
12079910	Poppy
12079920	Hemp seeds
12113000	Coca leaf
12114000	Poppy straw
12119020	Black poppy
12119060	Hemp

<sup>13</sup> Under the GCC Common Customs Law, each GCC member State determines its own list of prohibited or restricted products, although members are developing a common list. Imports that are prohibited in some GCC member States and permitted in others must not transit through the States in which they are prohibited.

HS code	Description
13021100	Opium
13021910	Hashish
15011000	Lard
15012000	Other pig fat
15030011	Oleostearin of pig
15030021	Oleo-margarine of pig
15030091	Other oils of pig
15180011	Animal or vegetable fats and oils and their fractions, excluding those of heading 15.16
16010010	Sausages and similar products, of meat, meat offal or blood; food preparations based on these products: of swine or animal blood
16024100	Other prepared or preserved meat, meat offal of swine: hams and cuts thereof
16024200	Other prepared or preserved meat, meat offal of swine: shoulders and cuts thereof
16024900	Other prepared or preserved meat, meat offal or blood: other, including mixtures
16029030	Preparations of animal blood
17049080	White Chocolate containing alcohol
18063110	Chocolate and other food preparations containing cocoa, in blocks- slabs or bars, filled, containing alcohol
18063210	Chocolate and other food preparations containing cocoa, in blocks- slabs or bars, not filled, containing alcohol
20082010	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, containing added spirit
20083010	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, containing added spirit
20084010	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, containing added spirit
20085010	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, containing added spirit
20086010	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, containing added spirit
20087010	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, containing added spirit
20088010	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, containing added spirit
20089310	Other- including mixtures other than those of subheading 2008.19, containing added spirit
20089710	Other- including mixtures other than those of subheading 2008.19, containing added spirit
20089910	Other- including mixtures other than those of subheading 2008.19, containing added spirit
22030000	Beer made from malt.
22041000	Sparkling wine
22042100	Other wine; grape must with fermentation prevented or arrested by the addition of alcohol : in containers holding 2 L or less
22042900	Other wine; grape must with fermentation prevented or arrested by the addition of alcohol
22043000	Other grape must
22051000	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances, in containers holding 2 L or less
22059000	Other vermouth and other wine of fresh grapes flavoured with plants or aromatic substances
22060000	Other fermented beverages; mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included.
22072090	Other ethyl alcohol and other spirits of any strength
22082000	Spirits obtained by distilling grape wine or grape marc
22083000	Whiskies
22084000	Rum and other spirits obtained by distilling fermented sugar-cane products
22085000	Gin and Geneva
22086000	Vodka
22087000	Liqueurs and cordials
22089090	Other undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol.
23070010	Wine lees
25241000	Crocidolite
25249000	Other asbestos
28299021	Potassium bromates
29399110	Cocaine
36041010	Fireworks, signalling flares and other pyrotechnic articles, for children
40121100	Retreaded tyres: of a kind used on motor cars (including station wagons and racing cars)
40121200	Retreaded tyres: of a kind used on buses or lorries
40121300	Retreaded tyres: of a kind used on buses aircraft
40121900	Other retreaded tyres
40122000	Used pneumatic tyres
41033000	Other raw hides and skins, of swine
41063100	Tanned or crust hides and skins of swine: in the wet state (including wet-blue)
41063200	Tanned or crust hides and skins of swine: in the dry state (crust)
41132000	Leather further prepared after tanning or crusting, of swine
49019911	Holy Quran
63090000	Worn clothing and other worn articles.
68114000	Articles of asbestos-cement, of cellulose fibre-cement or the like, containing asbestos
68128000	Fabricated asbestos fibres; mixtures with a basis of asbestos or magnesium carbonate, of crocidolite
68129300	Compressed asbestos fibre jointing, in sheets or rolls
68132000	Containing asbestos
85437030	Electronic cigarette
90132010	Portable laser pointers, in form of pens, medals, etc.

Source: Information provided by the authorities.

3.44. Temporary import prohibitions based on sanitary and phytosanitary considerations are notified to the WTO (Section 3.1.9), according to the authorities.

3.45. Under the Basel, Rotterdam, and Vienna Conventions, imports of recycled plastic waste are restricted. Imports of ozone depleting substances (ODSs) under the Montreal Protocol are also restricted.

### 3.1.6.2 Import licensing

3.46. Import licensing requirements and procedures have remained unchanged since Saudi Arabia's accession to the WTO.<sup>14</sup> Licensing requirements are applied to imports from all trading partners except other GCC member States.

3.47. Saudi Arabia does not operate an automatic licensing scheme while the non-automatic licensing system is maintained for the purpose of meeting requirements of domestic legislation and/or for compliance with international conventions. The list of products subject to licensing requirements is maintained by the Ministry of Commerce and Industry (MCI), and may be amended periodically.

3.48. For imports of each product subject to import licensing requirements, licensing procedures are handled by a single relevant administrative body and an eligible importer may apply to that authority for a licence (Table 3.5). Licence applications may be submitted 21 days prior to the arrival of goods; it takes a maximum of 30 days to process the applications, but the authorities indicated that normally licences are decided in a shorter period.

**Table 3.5 Import licensing regime, 2015**

HS code	Description	Licensing authority
01 01 10 10	Arabian breed, pure-bred horses	Equestrian Club
01 01 10 20	Arabian breed, pure-bred horses	Equestrian Club
01 01 90 10	Arabian breed, pure-bred horses	Equestrian Club
01 01 90 20	Arabian breed, pure-bred horses	Equestrian Club
06 02 20 10	Date palm, and seedlings thereof	Ministry of Agriculture
23 09 90 50	Preparations for the animal forage	MOA
Chapters 28 and 29	Chemicals	SFDA for chemicals involved in the remanufacturing of medical preparations, required by health organizations and non-radioactive reagents, and precursors Public Security Department for the chemicals used in explosives; Ministry of Commerce and Industry, or Presidency of Meteorology and Environment for the chemicals falling within their competence and supervision other than those stated above
ex 30.03	Medicines, for veterinary use	Saudi Food & Drug Authority
ex 30.04	Medicines, for veterinary use	Saudi Food & Drug Authority
25 01 00 30	Sodium chloride	Arms & Explosives Department
27.12, except 27 12 10 00	Paraffin, vaseline	Arms & Explosives Department
31 02 30 00	Explosives, fireworks, gunpowder, propellant	Arms & Explosives Department
31 02 50 00	powders, prepared explosives, detonating fuses,	Arms & Explosives Department
36 01 00 00	percussion or detonating caps, igniters, electric	Arms & Explosives Department
36 02 00 00	detonators, safety fuses, sulphate turpentine oils,	Arms & Explosives Department
36 03 00 10	polymethyl methacrylate, cellulose nitrates,	Arms & Explosives Department
36 03 00 90	aluminium powders and flakes, magnesium powder	Arms & Explosives Department
25 01 00 30	and flakes	Arms & Explosives Department
35 03 00 10		Arms & Explosives Department

<sup>14</sup> WTO document WT/ACC/SAU/61, Annex E, 1 November 2005.



HS code	Description	Licensing authority
38 05 10 00		Arms & Explosives Department
39 06 10 00		Arms & Explosives Department
39 12 20 00		Arms & Explosives Department
76 03 20 00		Arms & Explosives Department
81 04 30 00		Arms & Explosives Department
31.02	Chemical fertilizers	Ministry of Agriculture
31.03	Chemical fertilizers	Ministry of Agriculture
31.04	Chemical fertilizers	Ministry of Agriculture
31.05, except 31 02 30 00 and 31 02 50 00	Chemical fertilizers	Ministry of Agriculture
36 04 10 00	Lighting fireworks for occasions	Arms & Explosives Department
36 04 90 00		Arms & Explosives Department
38 08 30 00	Herbicides, anti-sprouting products, plant-growth regulators	Ministry of Agriculture
ex 58 07 10 00	Military uniforms, military badges, etc.	Competent Military Agency
ex 58 07 90 00		Competent Military Agency
ex 61 01		Competent Military Agency
ex 61 03		Competent Military Agency
ex 62 01		Competent Military Agency
ex 62 03		Competent Military Agency
65 05 90 94	Peak caps	Competent Military Agency
65 06 10 30	Helmets, for military use	Competent Military Agency
ex 73 26 90 99	Other items of iron and steel, for military use	Competent Military Agency
ex 90 05 10 00	Night vision binoculars	Competent Military Agency
83 01 40 20	Security equipment such as security surveillance	Public Security Department
85 25 40 00	Security cameras, CTV systems, anti-theft alarm systems	Public Security Department
85 43 89 20	Metal detectors not for use in civil aircraft	Public Security Department
85 31 10 00	Magnetic card or thumb impression operated	Public Security Department
90 22 19 90	Access/exit doors and equipment, metal	Public Security Department
90 22 19 10	Detecting doors and equipment, baggage screening equipment	Public Security Department
84 19 40 00	Distillation equipment	Ministry of Commerce and Industry
84 59 61 00	Key cutting, copying and repairing machines and instruments of any type	Public Security Department
84 59 69 00	Key cutting, copying and repairing machines and instruments of any type	Public Security Department
84 72 30 00	Postage franking machines	General Directorate of Posts
85 25 20 11	Transmission apparatus for military purposes	Communication & Information Technology Commission
85 25 20 19	Transmission apparatus whose operation requires a frequency assignment from CITC	Communication & Information Technology Commission
85 25 20 30	Transmission apparatus whose operation requires a frequency assignment from CITC	Communication & Information Technology Commission
85 25 20 40	Transmission apparatus whose operation requires a frequency assignment from CITC	Communication & Information Technology Commission
85 25 20 50	Transmission apparatus whose operation requires a frequency assignment from CITC	Communication & Information Technology Commission
85 25 20 60	Transmission apparatus whose operation requires a frequency assignment from CITC	Communication & Information Technology Commission
85 25 20 90	Video boosters whose operation requires a frequency assignment from CITC	Communication & Information Technology Commission
85.26 in addition to any other relevant heading	Transmission apparatus whose operation requires a frequency assignment from CITC	Communication & Information Technology Commission
85 42 10 00	Mobile telephone chips and prepaid mobile phone cards	Communication & Information Technology Commission
ex 87.03	Armoured vehicles	Ministry of Interior
89 02 00 00	Fishing vessels	Border Security
Chapter 93	Arms and ammunitions	Arms & Explosives Department
Different headings	Wild animals, plants and their products thereof, according to CITES	Saudi Wildlife Authority
Different headings	Cultural and archaeological property	General Directorate of Archaeology & Museum
Different headings	Products containing currency pictures, models or wrappers in shape of currency or otherwise	Saudi Arabia Monetary Authority
Different headings	Items imported for display in trade fairs	Ministry of Commerce & Industry



HS code	Description	Licensing authority
84 24 81 10 84 24 81 20 84 24 81 30 84 24 81 90	Irrigation equipment	Ministry of Agriculture
82.01	Agricultural tractors	Ministry of Agriculture
84 13 19 84 13 19 90 84 13 80 84 38 11 00 84 38 20 00	Water pumps	Ministry of Agriculture
84 32 10 00 84 32 21 00 84 32 29 00	Ploughing machinery	Ministry of Agriculture
84 32 30 00 84 32 40 00 84 32 80 00	Seeders	Ministry of Agriculture
84 33 11 00 84 33 20 00 84 33 30 00 84 33 40 00 84 33 51 00 84 33 52 00 84 33 59 00 84 33 60 00	Harvesting machinery	Ministry of Agriculture

Source: WTO document WT/ACC/SAU/61, Annex E, 1 November 2005.

3.49. An import licence is valid for one year from its date of issuance,<sup>15</sup> and is consignment specific. No licensing fees, other than administrative charges or deposits, are required for issuing a licence. Import licences are not transferable.

3.50. In addition, imports of live animals and birds and of plants for planting also require an application for a licence from the Ministry of Agriculture on the grounds of SPS considerations (Section 3.1.9). Imports of endangered species of wild fauna and flora under CITES or under national legislation<sup>16</sup> must apply to the Saudi Wildlife Authority (SWA) for import permits; the applications must be accompanied by CITES certificates issued by the exporting/re-exporting country.

3.51. With regard to information and communication technology equipment, the Communication and Information Technology Commission (CITC) is the responsible agency for type approval procedures prior to equipment importation; for special wireless equipment, additional frequency licences or device licences are required from the CITC.

### 3.1.7 Contingency measures

3.52. The GCC Common Law on Anti-dumping, Countervailing and Safeguard Measures (hereafter, the GCC Common Law) is applied in Saudi Arabia.<sup>17,18</sup>

3.53. Under the Common Law, the determination of injury is based on the overall market of the GCC member States.<sup>19</sup> The 2011 amendment to the Common Law established a Ministerial Committee, a Permanent Committee, and a Technical Secretariat for trade remedy issues within the GCC market. The Technical Secretariat is the investigating authority for trade remedy proceedings. A complaint must be submitted to the Technical Secretariat, which reviews it and submits an initial report to the Permanent Committee with a recommendation to pursue an

<sup>15</sup> Extension of validity may be granted if it is in the public interest.

<sup>16</sup> The Act on Trade of Endangered Wildlife Species and Their Products, Royal Decree No. M/9 of 8 June 2000.

<sup>17</sup> WTO documents G/ADP/N/1/SAU/2; G/SCM/N/1/SAU/2; and G/SG/N/1/SAU/2, 12 November 2014.

<sup>18</sup> WTO documents G/ADP/N/1/SAU/1; G/SCM/N/1/SAU/1; and G/SG/N/1/SAU/1, 11 March 2009.

<sup>19</sup> GCC member States have also agreed that the domestic industries eligible to submit complaints are the GCC producers of "like products" as a whole, or those whose collective output represents more than 50% of the GCC production of those products, i.e. trade remedy investigations examine the GCC market as one market, and all GCC producers of the "like products" within the GCC are treated as a single domestic industry.

investigation or not. Based on the initial report by the Technical Secretariat, the Permanent Committee may decide whether to initiate an investigation and whether to impose provisional measures. Based on the findings of the investigation, the Permanent Committee may propose the imposition of definitive measures to the Ministerial Committee.

3.54. The General Department of Anti-dumping, Countervailing and Safeguard Measures, under the MCI, is the competent agency for issues related to trade remedies in Saudi Arabia. The General Department is not an enforcement agency for contingency measures, but serves an advisory role for the MCI in the Ministerial Committee by reviewing the actions and decisions of the GCC Technical Secretariat.

3.55. The authorities noted that Saudi Arabia has not conducted any proceedings nor imposed any measures with regard to anti-dumping, countervailing, or safeguard measures.

### 3.1.8 Standards and technical requirements

3.56. The institutional framework for standards and technical regulations in Saudi Arabia remained largely unchanged since its previous review in 2012. The relevant legislation includes the Technical Directive.<sup>20</sup> The TBT enquiry point is the Saudi Standards, Metrology and Quality Organization, known as SASO.<sup>21</sup>

3.57. The SASO notified 640 technical regulations and conformity assessment procedures to the WTO in the period from 1 January 2012 to 31 December 2015. The notifications cover, *inter alia*, food and beverages, consumer chemicals, electrical equipment, plastics piping systems, and motor vehicles. The notifications normally specify a comment period of at least 60 days and a proposed date of adoption. The authorities also submitted a number of addenda, providing additional information on the adoption, entry into force, extension of comment period, and contents of the final text of previously notified TBT measures. Since the last review, some WTO Members in the TBT Committee expressed their concerns about Saudi's technical regulations on motor vehicles, toys, and energy drinks.<sup>22</sup>

3.58. Any interested party (i.e. the public sector, the private sector, academia, and members of the public) may submit proposals for national standards to SASO. All draft standards, technical regulations, and conformity assessments are made available on the SASO website for public comment for at least 60 days. After the SASO Board of Directors approves a proposed standard, there is usually a period of six months between final publication and entry into force. Technical committees make recommendations to the SASO Board of Directors on whether a standard should be voluntary or mandatory. According to the authorities, the criteria for adopting a standard as mandatory are based on the fulfilment of legitimate objectives such as protection of health, safety, national security, Islamic law, and the environment. Currently, there are 1,820 technical regulations in force, 516 of which were adopted during 2012-15 (Table A3.2).

3.59. The Technical Directive, requires SASO to consider relevant international standards as a basis for preparing national standards and technical regulations unless the international standards are ineffective (due to a climate or geographical factor, for instance) or inappropriate to achieve the intended, legitimate objectives (e.g. inconsistency with Islamic law). As of end-October 2015, there were 28,924 national standards in force. According to the authorities, 90% of Saudi standards were aligned with international standards, and 10% were developed/modified to suit specific situations in Saudi Arabia.

3.60. The Gulf Standards Organization (GSO) is mandated to establish and harmonize standards and technical regulations within the GCC member States. GCC-wide standards may be

---

<sup>20</sup> The Saudi Standards, Metrology and Quality Organization (SASO) online information, "Technical Guide". Viewed at: <http://www.saso.gov.sa/en/eservices/tbt/Pages/TechnicalGuide.aspx>.

<sup>21</sup> The Saudi Standards, Metrology and Quality Organization (SASO) is the main agency responsible for developing national standards, quality control and assurance, conformity assessment, certification, as well as accreditation. For more details, see SASO online information at: <http://www.saso.gov.sa/en/about/Pages/tasks.aspx>.

<sup>22</sup> WTO documents G/TBT/M/56, 20 March 2012; G/TBT/M/63, 18 June 2014; G/TBT/M/64, 5 November 2014; G/TBT/M/65, 18 March 2015; and G/TBT/M/66, 17 June 2015.

proposed/initiated by a representing body in a member State, and are prepared by the technical committees of the GSO. In general, GSO standards are based on international standards. Once a GSO standard is approved, each GCC member State may transpose it into a national standard through domestic legal procedures. According to the authorities, Saudi Arabia develops standards and technical regulations at its national level only when there is a pressing need. At end-2015, 55% of Saudi standards in force were adopted from GCC standards.

3.61. With regard to medical devices/products, the Medical Device Interim Regulation is applied to manufacturers, authorized representatives of overseas manufacturers, importers and distributors. It covers all medical devices, and their accessories, contact lenses and laser surgical equipment for cosmetic rather than medical purposes, and their accessories. Distributors, importers and authorized representatives of medical devices must obtain a licence issued by the SFDA; and medical devices must obtain SFDA authorization before entering Saudi Arabia's market.

3.62. Products subject to technical regulations must comply with the relevant regulations before they are placed on the market. SASO may grant a certificate of conformity, or, for products that comply with standards and technical requirements, a licence to use the quality mark. The quality mark scheme is voluntary, and available for goods either domestically produced or imported.

3.63. All consignments of imported consumer goods must be accompanied by a "Certificate of Conformity for commodities and products to be exported to the Kingdom of Saudi Arabia", or the consignment may be subject to random sampling in the port for laboratory testing to verify conformity before clearing customs. The certificate of conformity may be issued by an accredited certification body, or an accredited laboratory as a third party. Saudi Arabia recognizes the certification bodies accredited by the accreditation body in the exporting country as long as the accreditation body is a member of the International Accreditation Forum (IAF), and accepts the certificates issued by these certification bodies.

3.64. Saudi Arabia has signed mutual recognition agreements (MRAs) with: Argentina; China; Egypt; Germany; Indonesia; Jordan; the Republic of Korea; Malaysia; Pakistan; the Philippines; Singapore; South Africa; Tunisia; and Turkey.

3.65. Labels must be in Arabic in addition to any other language. A small number of products with labels only in English may be approved, on a case-by-case basis, for marketing test purposes. As an Islamic country, Saudi Arabia has strict marking and labelling requirements for meat and poultry products, including that the product was slaughtered in accordance with Islamic halal procedures.

### **3.1.9 Sanitary and phytosanitary measures**

3.66. During the review period, the institutional framework for sanitary and phytosanitary (SPS) requirement remained largely unchanged. The Saudi Food and Drug Authority (SFDA) is the national notification authority and enquiry point for SPS matters in the WTO.<sup>23</sup> The SFDA is the competent authority for food and feedstuffs (including animal products for human consumption, e.g. meat and poultry meat), medicine, as well as for medical devices; and the Ministry of Agriculture for live animals, animal products, plants, and plant products.

3.67. Between 1 January 2012 and 31 December 2015, Saudi Arabia notified 134 regular and 33 emergency SPS measures to the WTO. Saudi Arabia considered that for 55 notified measures there was a relevant international standard and they conformed to that international standard. Apart from the emergency notifications, almost all notifications specified a 60-day period for public comment; for the rest, the authorities considered that a comment period was not applicable or practical. In addition, the authorities submitted a number of addenda during the period under review, providing additional information on previously notified SPS measures. Since the last review, concerns relating to import conditions for poultry have been discussed in the SPS Committee.<sup>24</sup>

<sup>23</sup> WTO documents G/SPS/NNA/16 and G/SPS/ENQ/26, 11 March 2011.

<sup>24</sup> WTO document G/SPS/R/73, 15 January 2014.

3.68. During the review period, Saudi Arabia maintained import bans on bovine meat, sheep and goat meat, poultry meat, and their products from a number of trading partners for a number of reasons (Table A3.3).

3.69. Saudi Arabia is a member of the World Organization for Animal Health (OIE), the Codex Alimentarius Commission, and a contracting party to the International Plant Protection Convention (IPPC). With regard to animals, plants, and their products, SPS measures are harmonized at the GCC level under the Veterinary Quarantine Law and the Plant Quarantine Law, and the corresponding Executive Regulations provide details of their implementation in Saudi Arabia. Saudi Arabia maintains bilateral arrangements on SPS matters with Belgium, Brazil, Canada, Denmark, Djibouti, Ethiopia, France, India, Ireland, the Netherlands, Kenya, Pakistan, Sudan, Turkey, the United Arab Emirates (Abu Dhabi), and the United States.

3.70. All food, including imported food, must comply with the general requirement laid down in the Food Law<sup>25</sup> and specific standard requirements depending on the product.<sup>26</sup>

3.71. All imports of live animals and products of animal origin (including animal products<sup>27</sup>, animal offal, animal fodder, and animal biological preparations) from anywhere outside the GCC require import permits from the Ministry of Agriculture.

3.72. All imports of live animals and products of animal origin from non-GCC member States must be quarantined at the point of entry for a period of 21 to 30 days depending on the diseases and exporting countries in question. Imported animals for slaughter or breeding may be transported to their final destinations if all documentation conditions are met, and there is no suspicion of an epizootic or contagious disease.<sup>28</sup> Imported sperm for industrial insemination and foetuses, and hen eggs for hatching are also allowed, subject to sampling and testing.

3.73. In addition to obtaining a commercial registration (Section 3.1.1), food importers must register with the SFDA and specify the food items that they import. All imports of food and animal products for human consumption are subject to import permits issued by the SFDA. For imports of meat and poultry meat, a Halal Certificate<sup>29</sup> and an Islamic slaughter certificate are required for each consignment, in addition to other documentation generally required for customs clearance.<sup>30</sup>

3.74. Imports of meat and poultry meat must only be sourced from the establishments on the list maintained by the SFDA.<sup>31</sup> This list can be consulted by sector or by country.<sup>32</sup> Establishments that wish to supply meat and poultry meat to Saudi Arabia must apply for approval from the SFDA; the approval process involves an evaluation including an on-site audit by the SFDA. If the evaluation outcome is satisfactory, the SFDA grants an approval certificate to the establishment in question; the approval certificate is valid for five years, and renewable. The inspection and approval fees are borne by the individual establishment. Since 9 March 2014, the SFDA has begun to delegate to the competent authority of the exporting country to approve establishments on the list, provided that the competent authority of the exporting country signs bilateral minutes with the SFDA and

---

<sup>25</sup> Saudi Food and Drug Authority (SFDA) online information (in Arabic). Viewed at: <http://www.sfda.gov.sa/ar/Documents/ssfda.pdf>.

<sup>26</sup> SFDA online information, "General Standards for Food". Viewed at: [http://www.sfda.gov.sa/en/food/about/administration/mangement\\_food/Pages/EDOIFC-GeneralSpecificationForFood.aspx](http://www.sfda.gov.sa/en/food/about/administration/mangement_food/Pages/EDOIFC-GeneralSpecificationForFood.aspx).

<sup>27</sup> Under the GCC Veterinary Quarantine Law, the term "animal products" covers fresh, dried, chilled and frozen processed, smoked, powdered red and white meat and fish powder; fresh, dried and concentrated dairy and its products; eggs whether for consumption, hatching, or scientific purposes; spermatozoa; foetuses; and animal gelatin.

<sup>28</sup> Under this scenario, the supervising veterinarian of the nearest veterinary centre must be notified prior to the arrival of animals for observation.

<sup>29</sup> SFDA online information, "Islamic Centers". Viewed at: [http://www.sfda.gov.sa/en/food/about/administration/mangement\\_food/Pages/EDOIFC-IslamicCenter.aspx](http://www.sfda.gov.sa/en/food/about/administration/mangement_food/Pages/EDOIFC-IslamicCenter.aspx).

<sup>30</sup> SFDA online information, "Food Import Requirements". Viewed at: [http://www.sfda.gov.sa/en/food/about/administration/mangement\\_food/Pages/EDOIFC-FoodImportReq.aspx](http://www.sfda.gov.sa/en/food/about/administration/mangement_food/Pages/EDOIFC-FoodImportReq.aspx).

<sup>31</sup> SFDA online information, "Meat Imported from Approved Establishments". Viewed at: [http://www.sfda.gov.sa/en/food/about/administration/mangement\\_food/Pages/Imported-Meat-from-Approved-Establishments.aspx](http://www.sfda.gov.sa/en/food/about/administration/mangement_food/Pages/Imported-Meat-from-Approved-Establishments.aspx).

<sup>32</sup> SFDA online information, "Meat and Importing Countries". Viewed at: [http://www.sfda.gov.sa/en/food/about/administration/mangement\\_food/Documents/0134\\_001.pdf](http://www.sfda.gov.sa/en/food/about/administration/mangement_food/Documents/0134_001.pdf).

assures compliance with the GSO standards. The authorities indicated that the delegation to the competent authority of the exporting country is a trade facilitating measure, and the measure has been notified to the WTO.<sup>33</sup>

3.75. With regard to the maximum residues levels (MRLs) of pesticides, Saudi Arabia adopts the Saudi and GCC standards of MRLs. If an MRL does not exist, a reference must be made to the *Codex Alimentarius* standard; if an MRL is not indicated in the Saudi/GCC/Codex standards, a reference may be made to the EU or the US standard, whichever is lower.<sup>34</sup>

3.76. All imports of food are subject to inspection at the border inspection posts (BIPs). The inspection involves documentary, identity, and physical checks. If needed, the imported food may be referred to an authorized laboratory for additional tests; under this scenario, the import will be held indefinitely until the final decision is taken. The authorities indicated that in the case of compliance, imported food is usually cleared by customs within one day.

3.77. The GCC rapid alert system for food (GRASF) operates to allow food and feed authorities of GCC member countries to exchange information on existing direct or indirect risks to consumers' health.<sup>35</sup> According to the authorities, GRASF functions in a similar way to the Rapid Alert System for Food and Feed of the European Union.

3.78. Under the GCC Plant Quarantine Law and its Executive Regulations in Saudi Arabia, phytosanitary requirements are applied to: plants, plant products, beneficial organisms, and regulated articles. All plants or plant products contaminated with pests listed in the "approved united pest list of the GCC" are prohibited from importation. The list is published on the Ministry of Agriculture portal<sup>36</sup>; the Ministry of Agriculture has the authority to amend the list. In addition, all types of palm trees and their derivatives (except dates), plants, and products of anaesthetic types, or poisonous types<sup>37</sup> are prohibited from importation. Furthermore, natural soil and natural organic fertilizers may not be imported into Saudi Arabia.<sup>38</sup>

3.79. Importers of plants and plant products are required to apply for import permits issued by the Ministry of Agriculture.<sup>39</sup> In order to apply for an import permit, importers must provide a phytosanitary certificate as well as a country of origin certificate issued by the exporting country. Usually, it can take up to three working days to process the request and issue an import permit. The authorities indicated that no applications for import permits were rejected during the review period.

3.80. All imports of plants and their products must be inspected at the point of entry into Saudi Arabia.<sup>40</sup> There are no inspection fees or other treatment fees imposed on imports of plants and plant products, although the Executive Regulation of the GCC Quarantine Law provides for the possibility of such fees. Samples may be taken from suspected consignments and delivered to a laboratory for further testing. In practice, it takes two to seven days to complete a lab testing; the lab test cost is borne by the authorities, or by the importer, dependent on the imported plant species. Depending on the test result, the imports may be subject to quarantine treatments, re-export, or destruction.

3.81. During the period under review, the Organic Agriculture Act was issued.<sup>41</sup> The Department for Organic Agriculture, under the Ministry of Agriculture, maintains and updates regularly a

<sup>33</sup> WTO document G/SPS/N/SAU/93, 28 January 2014.

<sup>34</sup> SFDA online information, "Circulars". Viewed at: <http://www.sfda.gov.sa/en/food/circulations/Pages/circulations.aspx>.

<sup>35</sup> Gulf Rapid Alert System for Food. Viewed at: <http://grasf.sfda.gov.sa/>.

<sup>36</sup> Ministry of Agriculture online portal. Viewed at: [www.moa.gov.sa](http://www.moa.gov.sa).

<sup>37</sup> For example, khat, marijuana, milkweed, castor bean, oleander, field poppy, and jimson weed were banned from being imported into Saudi Arabia.

<sup>38</sup> Article 20, the GCC Plant Quarantine Law; Article 6(2), the Executive Regulations of the GCC Plant Quarantine Law in the Kingdom of Saudi Arabia.

<sup>39</sup> Article 15, the GCC Plant Quarantine Law.

<sup>40</sup> For some perishable products or products packaged in a special condition, inspection and sampling may be carried out at the final destination. See Articles 16 and 17, the Executive Regulations of the GCC Plant Quarantine Law in the Kingdom of Saudi Arabia.

<sup>41</sup> Royal Decree No. M/5 of 1435H - 2014G.

positive list of inputs and their characteristics (including fertilizers, soil conditioner, plant protection materials, food additives, etc.) which are in compliance with the Act. Agricultural products (including fresh and processed products and agricultural production inputs for organic farming activities) that comply with the Saudi organic farming law may be marketed as "organic", using a Saudi national logo for organic agricultural products or for organic production inputs. Producers of organic products are subject to compliance checks, at least once a year; the compliance checks are carried out by private bodies designated by the Department. Organic producers may face removal from the authorization list if severe infringement is found during the compliance check. According to the authorities, imported products may also be marketed as "organic" only when they meet the requirements of the law and are approved by the Department.

3.82. Imports of GM food must be accompanied by a certificate issued from the competent authority of the exporting country, confirming that the GM food in question is allowed to be consumed in the country of origin. Labelling of GM food follows a positive labelling approach, i.e. all ingredients must be indicated in the labels. Under the Council of Ministers Cable No. 7/5/2911 (dated 16/1/1425H - 7 March 2004), genetically modified dates, seeds, seedlings, and ornamental plants are banned from importation to Saudi Arabia.

### 3.2 Measures Directly Affecting Exports

#### 3.2.1 Export procedures and requirements

3.83. Registration and documentation requirements for exports, in general, are similar to those for imports. Exporters must be registered with the MCI and food exporters must register with the SFDA. Pre-departure declarations for exports must be submitted to Saudi Customs. According to the authorities, all exports are subject to inspection or X-ray scanning.

3.84. Exporters must obtain certificates of origin from the MCI for all their exports. In addition, some products under export control are subject to export licensing (Section 3.2.3). For exports of food, certificates issued by the SFDA are required.

#### 3.2.2 Export taxes and duties

3.85. On 10 September 2013, Saudi Arabia eliminated export duties on hides and skins. According to the authorities there are no export taxes.

#### 3.2.3 Export control

##### 3.2.3.1 Export prohibitions

3.86. According to Saudi Customs, Saudi Arabia does not maintain any export prohibitions/restrictions on any trading partners.

3.87. Saudi Arabia maintains export bans on seven categories of products (Table 3.6). Compared to the list of export prohibitions in the previous TPR, it appears that exports of wood and of antiques items are no longer prohibited.

**Table 3.6 Export prohibitions, 2015**

Product
Livestock and horses of all kinds (male and female)
Baby milk of all kinds
Animal feeds such as barley and Sudanese sorghum
Poultry feeds such as yellow corn and soya beans
Natural sand and sand containing minerals
Gas cylinders with the specifications of the National Gas & Industrial Company (GASCO)
Zamzam water

Source: Information provided by the authorities.



### 3.2.3.2 Export licensing

3.88. There are 10 categories of goods subject to export licensing requirements (Table 3.7). Exports of antiques are no longer prohibited but subject to approval (licensing) from the Saudi Commission for Tourism and Antiquities. Exports of any wildlife species (animals or plants) and their products must be accompanied by a CITES permit from the Saudi Wildlife Authority. Exports of crude oil and its derivatives are subject to automatic licensing requirements.

**Table 3.7 Products requiring export licences, 2015**

HS code	Description	Licensing authority
01 01 10 10	Horses, pure-bred	Equestrian Club
01 01 10 20	Horses, pure-bred	Equestrian Club
01 01 90 10	Horses, pure-bred	Equestrian Club
01 01 90 20	Horses, pure-bred	Equestrian Club
10 01	Wheat	Grain Silos and Flour Mills Organization
10 03 00 00	Barley	Ministry of Finance
10 05 90 10	Golden corn	Ministry of Finance
10 05 90 20	White corn	Ministry of Finance
11 01 00 10	Wheat flour	Ministry of Finance
12 01	Soya beans	Ministry of Finance
19 01 10 10	Milk-based infant food	Ministry of Finance
19 01 10 20	Milk-based infant food	Ministry of Finance
25 05	Sand	Ministry of Petroleum and Mineral Resources
25 06 21 10	Sand mixed aggregates	Ministry of Petroleum and Mineral Resources
25 06 21 20	Sand mixed aggregates	Ministry of Petroleum and Mineral Resources
25 15 11 00	Marble	Ministry of Petroleum and Mineral Resources
25 17	Stone mixtures	Ministry of Petroleum and Mineral Resources
25 22	Limestone	Ministry of Petroleum and Mineral Resources
27 09	Crude oil	Ministry of Petroleum and Mineral Resources
27 10, except Naptha	Fuels	Ministry of Petroleum and Mineral Resources
27 11	Gases, including liquefied gases	Ministry of Petroleum and Mineral Resources
27 14	Asphalt	Ministry of Petroleum and Mineral Resources
28 44	Radioactive materials	Ministry of Interior
28 45	Radioactive materials	Ministry of Interior
90 22 19 10	Radioactive materials	Ministry of Interior
90 22 19 90	Radioactive materials	Ministry of Interior
29 03 19 10	Ozone depleting materials	Presidency of Meteorology and Environment
29 03 45		
29 03 49		
30 03	Medicines	Saudi Food and Drug Authority
30 04	Medicines	Saudi Food and Drug Authority
73 11 00 30	Filled gas cylinders	Ministry of Petroleum and Mineral Resources
84 07 90 00	Agricultural machinery	Saudi Agricultural Bank
84 08 80 00		
84 11		
84 12 80 00		
84 13 50 00		
84 13 60 00		
84 13 70 00		
84 13 81 00		
84 32		
84 33		
87 01 10 00		
87 01 30 00		
87 01 90 00		
85 48 10 00	Scraps of batteries, etc.	Presidency of Meteorology and Environment
Different headings	Wild fauna and flora, and products thereof	Saudi Wildlife Authority

Source: Information provided by the authorities.

3.89. Exporters must obtain licences from the relevant authorities before submitting export declarations. Procedures for export licence applications are similar to those for import licences. There are no licence fees.

### 3.2.4 Export finance, insurance, guarantees and assistance

3.90. The Saudi Export Programme (SEP) is the official national export credit agency, with the objective of diversifying Saudi Arabia's non-oil exports through the provision of financing to Saudi exporters or importers in other countries of non-oil goods from Saudi Arabia.<sup>42</sup> The authorities stated that, based on commercial considerations, the SEP facilitates trade transactions through local and foreign banks, and develops its own assessment and classification of the political and commercial risk of relevant markets. The financing offered by the SEP includes finance (i.e. loans) and credit guarantees. According to the authorities, these financial products are made on commercial market-based terms. To be eligible for a loan/guarantee the application must show local value added of at least 25%. The SEP may provide loans for up to 100% of the transaction value, if the transaction value is SAR 100,000 or more. The maximum periods for loan repayment are: two years for consumable goods and raw materials; seven years for consumable durables and semi-capital goods; and 15 years for capital and durable goods or other long-term projects. With regard to guarantees, the SEP offers to cover up to 90% of non-payment risks, including commercial and political risks. In 2014, the SEP approved SAR 2.1 billion in its operations, among which SAR 1,056 million as loans and SAR 1,071 as guarantees (Table 3.8).

**Table 3.8 Export finance and guarantees, 2012-14**  
(SAR million)

Goods and products	2012		2013		2014	
	Finance	Guarantees	Finance	Guarantees	Finance	Guarantees
Manufactured metal products, machines and equipment	18.75	0.00	11.25	0.00	112.50	0.00
Chemical and plastic products	1,387.50	1,998.00	2,418.75	917.00	0.00	954.00
Capital projects	0.00	13.05	0.00	6.00	67.50	0.00
Credit lines	502.50	0.00	431.25	0.00	243.75	0.00
Other	0.00	54.11	0.00	390.00	632.81	117.00
<b>Total</b>	<b>1,908.75</b>	<b>2,065.16</b>	<b>2,861.25</b>	<b>1,313</b>	<b>1,056.56</b>	<b>1,071.00</b>

Source: SAMA (2015), *Fifty-First Annual Report*. Viewed at: [http://www.sama.gov.sa/en-US/EconomicReports/AnnualReport/5600\\_R\\_Annual\\_En\\_51\\_Apx.pdf](http://www.sama.gov.sa/en-US/EconomicReports/AnnualReport/5600_R_Annual_En_51_Apx.pdf).

3.91. In addition to the SEP, the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) provides export credit guarantees to member States; it also provides member States with investment insurance and guarantees against country risks.<sup>43</sup>

3.92. The Saudi Export Development Authority (Saudi Exports) is an independent national authority that provides assistances with the diversification of exports through three strategic themes: enhancing small-and-medium-sized enterprises' export readiness; generating opportunities for export-ready businesses; and advocating ecosystem efficiency and international market access. Saudi Exports provides administrative, technical, and consultative assistance for marketing exports and attracting foreign investors; it also cooperates with trade representatives abroad and chambers of industry and commerce to identify best exporting practices, create new opportunities for exporters, and improve the export environment.

### 3.2.5 Free zones

3.93. There is no legislation in Saudi Arabia other than the GCC United Customs Law pertaining to the establishment of free zones or free economic zones. The authorities note that no free zones have been set up in Saudi Arabia.

<sup>42</sup> Saudi Export Programme online information. Viewed at: <http://www.sep.gov.sa>.

<sup>43</sup> ICIEC online information. Viewed at: <http://www.iciec.com>.



### 3.3 Measures Affecting Production and Trade

#### 3.3.1 Taxation and tax incentives

##### 3.3.1.1 Taxation

3.94. Tax revenue represented about 1.2% of GDP in 2013<sup>44</sup>, or about 3.5% of total government revenue, while oil revenues represented about 87% of total government revenue.

3.95. The tax system in Saudi Arabia is relatively simple with no sales tax or value added tax, no excise duties, and no personal income tax on salaries. Compared to most other countries tax rates and the cost of tax compliance are low with an effective total tax rate (including social contributions) of 14.5% of profits and 64 hours per year required for compliance.<sup>45</sup>

3.96. Non-nationals are taxed at a rate of 20% on income from self-employment, returns from capital investment, and profits from business activities conducted in the Kingdom. Saudi nationals and nationals of other members of the GCC are subject to Zakat at 2.5% of net worth.

3.97. Employers and employees also make social security contributions at 9% and 11% of gross salaries respectively.

##### 3.3.1.2 Tax incentives

3.98. Saudi Arabia allows companies to transfer loss indefinitely in regard to profit tax.

3.99. Tax concessions are granted to projects in six selected Saudi regions<sup>46</sup> for training and recruitment of local labour: 50% deduction from annual training expenses of Saudis, and 50% deduction from the annual salaries paid to Saudis, provided the investment capital is not less than SAR 1 million and not less than five Saudis are employed in technical or administrative positions under contracts of not less than one year. In addition, a one-time capital tax credit is granted to industrial projects that fulfil certain conditions, including that foreign capital share does not exceed 15% of the total.

#### 3.3.2 Non-tax incentives

3.100. Saudi Arabia established a Saudi Industrial Development Fund (SIDF) to help diversify its industrial base. The SIDF extends loans to eligible Saudi and foreign companies/firms that are registered in the commercial registries. The SIDF loan provides a maximum term of 15 years covering up to 50% of the fixed assets, pre-operating expenses and start-up working capital<sup>47</sup>; for projects in less developed or remote cities, the term may be extended to 20 years and the loan may be increased up to 75%.<sup>48</sup> According to the authorities, the fees paid to SIDF on loans are similar to, and in some cases higher, than the interest charged by comparable commercial banks. Furthermore, the SIDF is required by law to recover the principle and loan fees cover commercial costs. The SIDF may not finance projects in the sectors that it considers "non-commercially viable".<sup>49</sup> In 2013, the SIDF approved SAR 6,680 million in new loans to a wide range of sectors, including consumer products; food and beverage; textiles; furniture; paper products; printing; chemicals; oil & gas products; rubber products; plastic products; building materials; ceramic products; glass products; cement; engineered products; metals; machinery; electrical equipment;

---

<sup>44</sup> IMF eLibrary Data from World Revenue Longitudinal Data (WORLD). Viewed at: <http://data.imf.org/> [August 2015].

<sup>45</sup> World Bank (2015).

<sup>46</sup> The six regions are: Ha'il, Jazan, Najran, Al-Baha, Al-Jouf, and the Northern Territory.

<sup>47</sup> The SIDF does not finance the purchase of used machinery or equipment.

<sup>48</sup> The SIDF online information, "Important Information for Investors". Viewed at: <http://www.sidf.gov.sa/En/GuidetoIndustrialLoans/Pages/Important-Notices.aspx>.

<sup>49</sup> The SIDF online information, "Non-Commercially Viable Sectors". Viewed at: <http://www.sidf.gov.sa/En/GuidetoIndustrialLoans/Pages/ClosedSectors.aspx>.

and transport equipment. When considering cumulative values, the chemical sector is the largest sector receiving loans.<sup>50</sup>

3.101. The authorities indicate that other financial incentives may be offered by regional programmes such as the Arab Fund for Economic and Social Development (AFESD), the Arab Monetary Fund, and the Arab Trade Financing Programme.

3.102. Saudi Arabia has notified the WTO that it does not grant or maintain any subsidy programmes as defined in Article 1.1 of the Agreement on Subsidies and Countervailing Measures.<sup>51</sup>

### 3.3.3 State trading, state-owned enterprises, and privatization

3.103. Saudi Arabia notified the WTO that it did not maintain any state-trading enterprises within the meaning of Article XVII of the GATT 1994, and the Understanding on the Interpretation of Article XVII.<sup>52</sup>

3.104. In addition to direct holdings by the Government in some undertakings, government agencies such as the Public Investment Fund, the General Organization of Social Insurance (GOSI), and the Public Pension Agency have holdings in a number of businesses (Table 3.9):

- The Public Investment Fund was established by Royal Decree No. M/24 of 1971 to provide financing support to commercial projects that are strategically significant to the economy and which the private sector could not implement. The Fund lends to enterprises, takes equity holdings, and, for some rail projects, provides complete funding. At end-2011:
  - Total lending was SAR 120.2 billion for petrochemical and petroleum works, iron and steel factories, water and electricity projects, rail projects, mining, aircraft, and accommodation for pilgrims;
  - Total equity participation was SAR 63.2 billion in 41 national corporations (including 10 wholly-owned companies), and SAR 14.9 billion in 27 bilateral and pan-Arab corporations; and
  - Complete funding was provided for the North-South Rail Road, and the Haramain High Speed Rail with total value of contracts at that date of SAR 14.5 billion and SAR 47.2 billion.<sup>53</sup>
- GOSI was established to implement the Social Insurance Law issued under Royal Decree No. M/22 of 1969 as amended by Royal Decree No. M/33 of 2000. Its responsibilities include managing the investment fund which is invested in real estate and companies in Saudi Arabia. At end-2008 GOSI had invested SAR 46.1 billion in 62 companies with a total market value estimated at SAR 86.6 billion.<sup>54</sup>
- The Public Pension Agency (PPA) was created by Cabinet Decision No. 277 of 2003, taking over from the Retirement Pension Directorate as the administrator for civil and military services pension schemes. Under Cabinet Decision No. 3 of 2004, the PPA is an independent entity with the Minister of Finance as the Chairman. It was reported that the PPA had 32% of its investments in listed equities and 12% in real estate and, at end-2012, its holdings in Saudi-listed equities were valued at SAR 41.8 billion.<sup>55</sup>

<sup>50</sup> The SIDF online information, "SIDF Lending Activity". Viewed at: <http://www.sidf.gov.sa/En/Achievements/Pages/AccumulatedLendingActivities.aspx>.

<sup>51</sup> WTO documents G/SCM/N/155/SAU; G/SCM/N/186/SAU; and G/SCM/N/220/SAU, 12 April 2012; and G/SCM/N/253/SAU, 28 May 2014.

<sup>52</sup> WTO document G/STR/N/13/SAU, 3 October 2011.

<sup>53</sup> Ministry of Finance online information. Viewed at: <https://www.mof.gov.sa/english/Pages/investment.aspx> [December 2015].

<sup>54</sup> GOSI (2009).

<sup>55</sup> Sleiman M., Rashad M., and McDowall A. (2014).

**Table 3.9 Selected publicly listed companies with state investments in 2014**

Enterprise	Main activities	State holding	Total assets	Operating revenue	Net profit
			SAR mn	SAR mn	SAR mn
Saudi Telecom	Telecoms	Public Investment Fund 70.00% GOSI 7.00%	90,869	45,826	10,959
Samba Financial Group	Finance	Public Pension Agency 6.77% Public Investment Fund 22.90% Public Pension Agency 15.00% GOSI 11.70%	217,399	7,385	5,005
Riyad Bank	Finance	Public Investment Fund 21.75% GOSI 21.62% Public Pension Agency 9.18%	214,589	8,012	4,352
Saudi Investment Bank	Finance	Public Pension Agency 17.32% GOSI 17.26% National Commercial Bank 7.20%	93,626	2,531	1,436
The National Commercial Bank	Finance	Public Investment Fund 44.29% Public Pension Fund 10.04% GOSI 10.00%	434,878	16,228	8,655
The Company for Cooperative Insurance	Insurance	Public Pension Agency 23.79% GOSI 22.83%	9,939	6,208 <sup>a</sup>	560
Saudi Electricity Co.		Saudi Government 74.30% Saudi Arabian Oil Co. 6.92%	317,908	38,491	3,607
The National Shipping Co. of Saudi Arabia	Shipping	Public Investment Fund 22.55% Saudi Aramco Development Co. 20%	17,123	3,626	534
Saudi Real Estate Co.	Real estate	Public Investment Fund 64.57%	3,687	241	276
Saudi Arabian Mining Co. (MA'ADEN)	Minerals	Public Investment Fund 49.99% GOSI 7.98% Public Pension Agency 7.45%	84,541	10,792	1,357
Southern Province Cement Co.	Cement	Public Investment Fund 37.4% GOSI 15.8%	3,890	1,878	1,045
SABIC		Public Investment Fund 70% GOSI 5.7%	340,041	188,123	23,347
Saudi Arabian Fertilizers Co.	Fertilizer	SABIC 42.99% GOSI 12.20%		4,456	3,174
Saudi Ground Services Co.	Airline grounds services	General Authority of Civil Aviation 52.5% National Aviation Ground Support 14.70%		2,408	657
Saudi Airlines Catering Co.	Airline catering	Saudi Arabian Airlines 35.7% Strategic Unit for Catering 25.61%		2,136	653

a Gross premiums.

Source: Annual reports and GulfBase online information. Viewed at: <http://www.gulfbase.com/> [August 2015].

3.105. In addition to investments through public agencies, the State also directly or indirectly has holdings in several other companies. Some of these companies are publicly listed companies, such as the Saudi Electricity Company, while others are wholly owned by the State such as the Saudi Railways Organization, Saudi Arabian Airlines, and the Saudi Arabian Oil Co. (Saudi Aramco).

3.106. The state-owned Saudi Aramco is a fully integrated, global petroleum and chemicals enterprise. Production in 2014 was 3,489 million bbl of crude oil, 11.3 billion standard cubic feet per day of gas, and 239.9 million bbl of natural gas liquids. With recoverable reserves of about 261.1 billion bbl of crude and 294 trillion standard cubic feet of gas, production at 2014 levels could continue for many years to come<sup>56</sup> – although reserves of both oil and gas are increasing due to new discoveries and better recovery. Saudi Aramco is also important for government revenue, as oil revenues accounted for 87.5% of total revenue in 2014 (down from 92.5% in 2011).<sup>57</sup>

3.107. In 2015, it was announced that the Supreme Council for Saudi Aramco would be reconstituted<sup>58</sup> and it is now responsible for "the company's broadest policy and objectives".<sup>59</sup>

<sup>56</sup> Saudi Aramco (2015).

<sup>57</sup> Saudi Arabian Monetary Agency (2015), Table 9.6.

<sup>58</sup> El Gamal R., Shamseddine R., and Johnson C. (2015); Kerr S., Raval A., and Sheppard D. (2015).

<sup>59</sup> Saudi Aramco online information. Viewed at:

<http://www.saudiaramco.com/en/home/about/governance/leadership-team.html> [August 2015].

According to the authorities, Saudi Aramco operates on a commercial basis with autonomy for all operating decisions in compliance with government regulations and production limits and policies established by the Government. The Government sets oil production limits within the territory of the Kingdom of Saudi Arabia.

3.108. Saudi Arabian Airlines (Saudia) is the national flag carrier operating domestic and international flights. As a prelude to privatization, the Council of Ministers approved the conversion of business units into companies which are to become independent subsidiaries of a holding company. Two of these business units have been partially privatized: the Saudi Airlines Catering Company was incorporated in January 2008 and listed in May 2012; and the Saudi Ground Services Company was established in July 2008 and listed in June 2015 (Table 3.9).

3.109. The state budget also includes approval for budgetary revenue and expenditure of public institutions connected to the state budget. Some of these are commercial or quasi-commercial entities, including Saudia, the Saudi Ports Authority, and the Saudi Credit and Savings Bank (Table 3.10).

**Table 3.10 Budget appropriations for selected public institutions, 2012-15**  
(SAR million)

	2012	2013	2014	2015	Operating revenue (year)
Saudi Ports Authority	1,710.1	1,897.2	1,752.0	1,840.8	..
Saudi Arabian Airlines	20,413.0	24,690.0	26,595.0	28,478.0	..
Grain Silos and Flour Mills Organization (General Organization for Grains since December 2015)	1,914.7	2,236.8	2,481.7	2,916.7	1,749.5 (2013)
Saline Water Conversion Corporation	15,461.3	15,692.6	16,576.1	15,574.8	..
Saudi Railways Organization	1,765.4	2,036.3	1,876.0	1,657.1	..
Saudi Post	2,277.4	2,524.0	2,859.0	3,156.1	..
Saudi Credit & Savings Bank	..	423.4	562.2	597.6	..

.. Not available.

Source: Saudi Arabian Monetary Agency (2015), *Fifty-First Annual Report*, Table 9.3; and GSFMO Annual Report.

3.110. The basis for the privatization programme has not changed since the last review.<sup>60</sup> However, the Council of Economic and Development Affairs, which took over the responsibilities of the Supreme Economic Council in early 2015, is now responsible for overseeing the privatization programme and monitoring its implementation. The Council of Ministers Resolution No. 219 of 2002 identified a number of projects for privatization, including water and sanitation facilities, desalination, communications, mail services, air transport and related services, airport services, ports services, railroads, and management, operation and maintenance of existing highway roads and construction and operation of new ones. The Objectives of the Tenth Development Plan include: "Finalizing the implementation of the privatization strategy in accordance with a specified schedule".<sup>61</sup> Under Decision of the President of the Council of Ministers No. 35 of 27/1/1437H - 09/11/2015G the Grain Silos and Flour Mills Organization (GSFMO) became the Saudi Grain Organization (SAGO) and approval was given for the establishment of four flour mills (see Section 4.2.3

### 3.3.4 Competition policy and price controls

#### 3.3.4.1 Competition policy

3.111. The laws on competition are set out in the Competition Law<sup>62</sup>, Royal Order No. A/292 of 2005 (which established the Council of Competition), and the Implementing Regulations of the

<sup>60</sup> WTO (2012).

<sup>61</sup> Ministry of Economy and Planning (2014), p. 5.

<sup>62</sup> Royal Decree No. M/25 of 04/05/1425H – 22/06/2004G as amended by Royal Decree No. M/24 of 11/04/1435H – 30/08/2014G.

Competition Law<sup>63</sup>. Furthermore, the authorities noted that Islamic law also prohibits a number of anti-competitive practices under the general rule requiring fair dealing in all commercial exchanges. In addition, there are Regulatory Guidelines<sup>64</sup> which do not have the status of legislation but do indicate how the legislation is to be applied by the Council.<sup>65,66</sup>

3.112. The Competition Law applies to firms operating in Saudi Arabia where a firm is defined as a "[f]actory, corporation or company owned by natural or corporate person(s), and all groupings practicing commercial, agricultural, industrial or service activities, or selling and purchasing commodities or services". It does not apply to state entities or to enterprises which are wholly owned by the State.

3.113. The Council of Competition, chaired by the Minister of Commerce and Industry, was established by the Competition Law and Royal Order No. A/292 of 2005 as an independent body to implement the law on competition. It is responsible for investigations and prosecutions for violations of competition law and examining applications for mergers and acquisitions.

- Under Article 4, the Law prohibits several activities that cause, or have the effect of causing, market distortion, including:
  - Practices, agreements or contracts (whether written or verbal, expressed or implied) among currently or potentially competing firms, if the objective or the impact is the restriction of commerce or violation of competition; and
  - Any practice by a firm with dominant status (defined as market share of 40% or more) which restricts competition, particularly controlling prices, flooding the market, or hampering establishment of competing firms.

In these cases, the Council may choose not to apply the Law to practices and agreements in violation of competition in cases which improve the performance of firms and realize a benefit for the consumer exceeding the effects of restricting freedom of competition.

- In addition, under Article 5, the Law prohibits several other practices by firms with dominant positions, including below-cost selling, restrictions on supply intended to increase prices, imposing conditions on sales and purchases on other firms, or refusing to deal with another firm in order to restrict its entry into the market.
- Under Article 6 of the Law, firms involved in mergers or acquiring assets, proprietary rights, or shares that lead to a dominant position and firms that want to combine management into a joint management which leads to a dominant position (defined as a market share of greater than 40%) are obliged to notify the Council of Competition 60 days before completing the acquisition. The merger or acquisition may go ahead if the Council responds favourably, or within 60 days if the Council neither rejects nor notifies the parties that the deal is under investigation, or with 90 days of notification by the Council that the deal is under investigation but without a notification of approval or rejection.

3.114. Based on a complaint or on its own initiative, the Council of Competition may undertake an investigation into a breach of the Competition Law and make a recommendation to an independent committee. This committee has the jurisdiction to review the case and impose a fine or an order to suspend the activity. The committee is appointed by the Minister for Commerce and Industry and made up of representatives of various stakeholders.

3.115. Under Royal Decree No. M/24 of 2014, which amended the Competition Law, penalties may include fines not exceeding 10% of turnover or not exceeding SAR 10 million (double for

---

<sup>63</sup> Council Resolution Nos. 13/2006 of 25/11/1427H, 35/2008 of 9/9/1429H, and 126 of 4/9/1435H – 01/07/2014G.

<sup>64</sup> Council Resolution No. 25/2008.

<sup>65</sup> The Competition Law and Regulations are available in English at: <http://www.ccp.org.sa/go/p.vbhtml?lang=en-sa&page=internal&id=63&tag=Council+Rules> [October 2015].

<sup>66</sup> Hatem Abbas Ghazzawi & Co. (2015).

repeat violations). If violations continue, the Council of Competition may oblige the firms to cease the activity or revoke their operating licences. In addition, the offending parties are obliged to refund all gains made as a result of the violation. Decisions by the Council may be appealed to the Board of Grievances within 15 days of notification of the decision and the Board of Grievances may then review the violation and impose any relevant penalty.

3.116. From its establishment to end-2014, the Council has delivered 145 decisions (28 in 2014), and reviewed 92 reports (11 in 2014) on issues previously dealt with. In addition, it has initiated 50 investigations (14 in 2014) based on complaints or on its own initiative, and received 20 applications for approval of mergers and acquisitions. The authorities noted that implementation of the Competition Law has been intensified with extra staff engaged, provision for online complaints, and an undertaking to respond promptly after receiving a complaint.

### 3.3.4.2 Price controls

3.117. The general principle in Saudi Arabia is to let market forces determine prices, although some products and services are subject to regulations which set maximum prices (Table 3.11). The list of products and services subject to price regulation has not changed since the last review.<sup>67</sup> The authorities noted that price regulations are applied on a non-discriminatory basis.

**Table 3.11 Price regulation, 2015**

(SAR)

1. Goods subject to price regulation		
Item	HS Code	Current regulated price
Wheat flour	1101 0010	22 per 45 kg
Infant milk		400 gm can 29 Cans > 400 gm 70 per kg
Cement		ex-factory 12 per 50 kg bag consumer price 14 per 50 kg bag bulk 240 per tonne
Barley		40 per 50 kg bag
Fuel oil	2710 1140	0.06-0.12 per litre
Petrol	2710 1121	0.60/0.45 per litre
Diesel	2710 1130-3	0.37 per litre
Kerosene	2710 1129	0.435 per litre
Liquefied petroleum gas (LPG) (cooking gas)	2711 10	0.72 per litre
Natural gas liquids		Pursuant to Council of Ministers Resolution No. 260
Propane	2711 1200	
Butane	2711 1300	
Natural gasoline	2710 1114	
Asphalt	2714	300 per tonne
Natural gas (ethane and methane)	2711 11	2.81 MMBTU
Crude oil (used as fuel)	2709	0.10 per litre
2. Pharmaceuticals		
Item	HS Code	Current price controls
Pharmaceuticals	Chapter 30	Based on several factors including therapeutic importance, price of similar products, pharmaceutical studies, price in country of origin, price in reference countries, proposed price, number of registered generic products, etc. (see below)

<sup>67</sup> WTO (2012), Section 3(3)(ii).

3. Price regulation in services	
Services	Current regulated price
Energy transportation services, including pipeline transportation services	Tariffs established based on cost of services provided and administered in a non-discriminatory manner. Current single pipeline tariff: 539 per 1,000 barrels
Port – general cargo	35 per tonne on part thereof
Port – vehicles and equipment	35 per tonne or part thereof
Port – bagged cargo and foodstuff	20 per tonne or part thereof
Port – bagged cement	10 per tonne or part thereof
Port – bulk cargo (including bulk handled at the cement silos, grains, oils or similar; excluding crude oil, gas and liquefied petroleum products)	6 per tonne or part thereof
Port – exported bulk cement and clinker	3 per tonne or part thereof
Port – container 20 feet long or less	270 per unit
Port – container over 20 feet long	415 per unit
Port – sheep/goat	2 per head
Port – other livestock	5 per head
(a) Electricity consumption for household purposes:	
1-2,000 kilowatts per hour/monthly basis	0.05 per kW
2,001-4,000 kilowatts per hour/monthly basis	0.10 per kW
4,001-6,000 kilowatts per hour/monthly basis	0.12 per kW
6,001-7,000 kilowatts per hour/monthly basis	0.15 per kW
7,001-8,000 kilowatts per hour/monthly basis	0.20 per kW
8,001-9,000 kilowatts per hour/ monthly basis	0.22 per kW
9,001-10,000 kilowatts per hour/monthly basis	0.24 per kW
10,001 and more kilowatts per hour/monthly basis	0.26 per kW
(b) Electricity consumption for governmental purposes:	
1 and more kilowatts per hour/monthly basis	0.26 per kW
(c) Electricity consumption for commercial purposes:	
1-4,000 kilowatts per hour/monthly basis	0.12 per kW
4,001-8,000 kilowatts per hour/monthly basis	0.20 per kW
8,001 and more kilowatts per hour/monthly basis	0.26 per kW
(d) Electricity consumption for agricultural purposes:	
1-2,000 kilowatts per hour/monthly basis	0.05 per kW
2,001-5,000 kilowatts per hour/monthly basis	0.10 per kW
5,001 and more kilowatts per hour/monthly basis	0.12 per kW
(e) Electricity consumption for industrial purposes in consumption period (October-April):	
1 and more kilowatts per hour/monthly basis with contracted load of 1 MWA or less	0.12 per kW
1 and more kilowatts per hour/monthly basis with contracted load of more than 1 MWA	0.14 per kW
(f) Electricity consumption for industrial purposes in consumption period (May-September):	
1 and more kilowatts per hour/monthly basis	0.15 per kW

Source: Information provided by the Saudi authorities.

3.118. Under the New Pricing Scheme for pharmaceuticals approved in 01/10/1432H (31/08/2011G) by the board of directors of the Saudi Food and Drug Authority and effective since 01/01/1433H (27/11/2011G) prices of innovative pharmaceuticals are based on several factors:

- The therapeutic importance of the product;
- The price of similar products, if they exist;
- Pharma-economic studies, if they exist;
- The ex-factory, wholesale, and retail prices in the country of origin, in local currency;
- The proposed CIF, or ex-factory price as proposed by the company;
- The CIF price in the 30 countries listed in the price list<sup>68</sup>; and
- Reference prices, if available.

<sup>68</sup> Algeria; Australia; Argentina; Bahrain, Kingdom of; Belgium; Canada; Cyprus; Denmark; Egypt; France; Germany; Greece; Hungary; Ireland; Italy; Japan; Jordan; Korea, Rep. of; Kuwait, the State of; the Netherlands; New Zealand; Oman; Portugal; Lebanon; Spain; Sweden; Switzerland; Turkey; the United Arab Emirates; and the United Kingdom.



3.119. Taking these factors into account, the Committee for Pricing of Pharmaceutical Products may recommend a ceiling price to the Registration Committee for Drug Companies which may accept or revise the recommendation. Pharmaceutical companies may appeal the price through a letter with supporting scientific justification. Approved prices are published by the SFDA and may be reviewed. Once the patent period is over, and the first generic product is registered with the SFDA, the price of the innovative product is reduced by 20%. Prices of generic products are based on the same factors as innovative products, or, for the first generic the price is set at 65% of the innovative product, the second generic product at 90% of the first, the third at 90% of the second, the fourth at 90% of the third. The price of the fourth generic is then the ceiling price for subsequent registered generic products. All prices set by the SFDA for innovative products and generic products are ceiling prices.<sup>69,70</sup>

### 3.3.5 Government procurement

3.120. Total government expenditure in Saudi Arabia in 2012 was SAR 873.3 billion, in 2013 SAR 976 billion, and in 2014 SAR 1,109.9 billion and the budget for 2015 was SAR 860 billion (source: SAMA Annual Report).

3.121. The official policy objectives for government procurement of efficiency, transparency, non-discrimination, and fairness remain the same and there have been no changes to the legislative or regulatory structure. The basic legislation (Table 3.12) has not been amended and.<sup>71</sup> According to the authorities, Saudi Arabia has a developed regime that governs the structure, process, and transparency of procurement.

**Table 3.12 Legislation on government procurement, 2015**

Title	Reference	Date
Government Tenders and Procurement Law	Royal Decree No. M/58	04/09/1427H - 27/09/2006G
Government Tendering and Procurement Regulations	Resolution of the Council of Ministers No. 223	02/09/1427H – 02/09/2006G
	Minister of Justice Circular No. 13/T/2971	17/09/1427H – 17/09/2006G
Implementing Regulations of Government Tenders and Procurement Law	Minister of Finance Decision No. 362	20/03/1428H – 10/03/2007G
GCC Unified Rules on Granting Priority in Government Procurements to National Products and Products of National Origin	Resolution of the Council of Ministers No. 139	25/06/1407H – 24/02/1987G
	Resolution of the Council of Ministers No. 23	17/01/1428H - 05/02/2007G
	Resolution of the Council of Ministers No. 155	09/06/2008G

Source: WTO document WT/TPR/S/265/Rev.1 and Crowell & Moring (2013), *So you want to do business with the Saudi Government*. Viewed at: <https://www.crowell.com/files/So-You-Want-to-Do-Business-with-the-Saudi-Government-Crowell-Moring.pdf> [October 2015].

3.122. The Government Tenders and Procurement Law applies to all government authorities, ministries, departments, public institutions and public bodies with independent corporate personalities, apart from the exceptions set out in the Law itself or in cases where there are provisions on procurement in the legislation relating to the agency. Each government agency is responsible for procurement from its own budget and, in compliance with the Law, each agency is required to establish a committee to examine bids and make recommendations. The final decision rests with the Minister or head of the government agency who may delegate this authority for contracts of SAR 3 million or less. However, if the term of the contract is longer than one year and the value is SAR 5 million or more, the contract must be reviewed and approved by the Ministry of Finance (Article 32).

<sup>69</sup> SFDA (2011).

<sup>70</sup> Khan T.M., Emeka P., Suleiman A.K., Alnutafy F.S., and Aljadhey H. (2015).

<sup>71</sup> WTO (2012), Section 3(2)(vii).



3.123. Under the Law the principal selection process is through public tenders (Article 6) which must be announced in the Official Gazette and advertised in local newspapers and on the government agency's website or advertised abroad for projects for which no domestic supplier or contractor is available (Article 7). For projects under SAR 50 million, the request for tenders must be advertised for at least 30 days, and for projects of SAR 50 million or more, the request must be advertised for at least 60 days (Article 10(5) of the Implementing Regulations).

3.124. Direct purchase is permitted for procurement up to SAR 1 million but at least three offers must be obtained and, for purchases over SAR 0.5 million, the Minister or head of the agency is responsible for selection (Articles 44-45). Other exceptions to selection by public tender are allowed in some cases (Article 47), including:

- Procurement of weapons, and military equipment and their spare parts may be through direct purchase from manufacturers, which are selected by a ministerial committee formed by royal decree which makes recommendations to the President of the Council of Ministers;
- Procurement of consultancy and technical works, studies, setting specifications, plans and supervision of their execution, services of accountants, lawyers, and legal advisors. In these cases bids must be sought from five offices licensed in Saudi Arabia to provide these services;
- Procurement of spare parts where three specialists should be invited to submit bids;
- Procurement of goods, construction works, or services available only from one source may be procured from that source; and
- Procurement of medical supplies urgently needed in cases of epidemics.

3.125. Domestically produced products qualify for a price preference of 10% and products from other GCC states a preference of 5%. Furthermore, where a contractor is a foreign company or less than 51% Saudi-owned at least 30% of the value of the contract must be sub-contracted to wholly Saudi-owned companies.<sup>72</sup>

3.126. Saudi Arabia is an observer to the WTO Plurilateral Agreement on Government Procurement (GPA).<sup>73</sup>

### 3.3.6 Intellectual property rights

3.127. Intellectual property rights in Saudi Arabia are governed by the: Copyright Law<sup>74</sup> and Implementing Regulations<sup>75</sup>; Law of Patents, Layout-Designs of Integrated Circuits, Plant Varieties and Industrial Designs<sup>76</sup> and Implementing Regulations<sup>77</sup>; Trademarks Law<sup>78</sup> and Implementing Regulations<sup>79</sup>; Regulations for the Protection of Confidential Commercial Information<sup>80</sup>; and Regulations for Border Procedures.<sup>81</sup>

<sup>72</sup> Council of Ministers Resolution No. 124 25/9/1403H - 14/03/1983G, as clarified by Ministry of Finance. Circular No. 5767/404 9/11/1404H – 06/08/1984, Minister of Finance Circulars Nos. 3/1742 and 3/174312/3/1406H – 24/11/1985G, and Council of Ministers Resolution No. 145 dated 7/7/1406H – 17/03/1986G.

<sup>73</sup> In its WTO accession commitments, Saudi Arabia indicated that it would initiate negotiations for GPA membership (see WTO document WT/ACC/SAU/61, 1 November 2005, paragraph 231).

<sup>74</sup> Royal Decree No. M/41, 2/7/1424H (30 August 2003), published in Official Gazette No. 3959, 19 September 2003.

<sup>75</sup> Ministerial Decision No. 1688/1, 10/4/1425H (29 May 2004), published in Official Gazette, June 2004; entry into force 2 August 2004.

<sup>76</sup> Royal Decree No. M/27, 17 July 2004, published in Official Gazette No. 4004, 6 August 2004; and entry into force 6 September 2004.

<sup>77</sup> Ministerial Decision No. 118828/10, 14/11/1425H (26 December 2004) and entry into force on the same date.

<sup>78</sup> Royal Decree No. M/21, 7 August 2002.

<sup>79</sup> Ministerial Order No. 1723, 4 October 2002.

3.128. As part of its WTO accession protocol, Saudi Arabia committed itself to the full implementation of the WTO TRIPS Agreement. The Saudi intellectual property legislation was reviewed by the WTO TRIPS Council in February 2007.<sup>82</sup>

3.129. The government institutions responsible for intellectual property matters are: the Ministry of Commerce and Industry (MCI) for trademarks (Trademarks Office) and for the protection of confidential commercial information; the King Abdulaziz City for Science and Technology (KACST) (Saudi Patent Office) for patents, industrial designs, layout-designs of integrated circuits, and plant varieties; the Ministry of Culture and Information for copyrights; the Customs Department for border measures; and the Board of Grievances for judicial rulings.

3.130. Saudi Arabia is a party to: the Convention Establishing the World Intellectual Property Organization (WIPO) (22 May 1982); the Berne Convention for the Protection of Literary and Artistic Works (11 March 2004); the Paris Convention for the Protection of Industrial Property (11 March 2004); the Universal Copyright Convention (13 April 1994); the Arab Regional Copyright and Related Rights Agreement (22 December 1985); and the GCC amended Patent Law (29 August 2001). Saudi Arabia joined the Patent Cooperation Treaty and the Patent Law Treaty in August 2013.

3.131. Innovation and technology development are central to the National Science, Technology and Innovation Plan (NSTIP) which is implemented by: the KACST; science, technology, and innovation institutions, including universities and government agencies; and the private sector. The NSTIP provides funds for research and development through a variety of programmes targeting strategic sectors such as water technologies, biotechnology, advanced materials, nanotechnology, and the oil and gas sector. The programmes cover a number of areas including capacity building, technology transfer, human resources, and intellectual property laws.<sup>83</sup>

3.132. According to WIPO statistics, IP activity in Saudi Arabia has been increasing for several years in both absolute numbers and in terms of its ranking among WIPO members: in 2000 there were 94 patent applications by residents; while in 2013 there were 492 applications. Over the 1999-2013 period, 42% of patent applications were for chemistry and chemical engineering. Since 2006, applications for patents have continued to increase. However, there were no applications in Saudi Arabia for registration of utility models or trademarks (Table 3.13).

**Table 3.13 IP applications, grants, and registrations in Saudi Arabia, 2006-14**

		2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Patents</b>										
Resident	Applications	118	128	222	224	325	358	409	492	652
	Grants	7	17	23	22	40	39	21	37	49
Non-resident	Applications	414	642	663	552	606	629	652	449	135
	Grants	137	240	278	248	278	309	191	196	512
Abroad	Applications	42	38	37	34	34	34	25	25	..
	Grants	52	54	52	47	39	40	35	31	..
<b>Utility models</b>										
Abroad	Applications	..	1	..	..	1	5	..	3	..
<b>Trademarks</b>										
Abroad	Applications	1,024	2,070	1,596	1,697	2,085	2,439	2,347	3,534	..
	Registrations	64	63	59	58	59	58	60	58	..

<sup>80</sup> Council of Ministers Decision No. 50, 25/2/1426H (4 April 2005).

<sup>81</sup> Ministerial Decision No. 1277, 15/5/1425H (3 July 2004).

<sup>82</sup> WTO document IP/Q-Q4/SAU/1, 16 March 2007.

<sup>83</sup> Alsodais S. (2013).

		2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Industrial designs</b>										
Resident	Applications	97	225	132	209	170	269	143	153	236
	Registrations	87	117	62	76	37	210	198	51	237
Non-resident	Applications	159	234	222	287	333	483	517	539	444
	Registrations	152	230	220	256	232	464	433	261	794
Abroad	Applications	1	36	46	-	5	5	180	62	..
	Registrations	1	99	96	45	4	7	174	82	..
<b>International applications via WIPO administered treaties</b>										
PCT System		54	45	61	70	82	147	286	187	..
Madrid System		..	1	2	3	1	..	..	..	..
Hague System		..	..	..	..	..	..	..	..	..

.. Not available.

Source: Information provided by authorities.

### 3.3.6.1 Patents

3.133. During the period under review, the Saudi Patent Office has been working on changes to the Implementing Regulations of the Law of Patents, Layout-Designs of Integrated Circuits, Plant Varieties, and Industrial Designs that harmonize the patent legislation in Saudi Arabia with the PLT and PCT. These changes were notified in the official gazette on 20 November 2015 and came into effect in December 2015. Under the provisions of the Law on Patents, Layout-Designs of Integrated Circuits, Plant Varieties and Industrial Designs, patents are granted for 20 years (not renewable) from the date of filing the application with the Saudi Patent Office.<sup>84</sup> Patents are granted for inventions in all fields of technology and innovative ideas that could be manufactured and are not contradictory to the provisions of Islamic Law or the rules of conduct. However, as per Article 45 of the Law; the following are not considered inventions: discoveries, scientific theories, and mathematical methods; schemes, rules, and methods of conducting commercial activities, exercising pure mental activities or playing a game; plants, animals and processes – which are mostly biological – used for the production of plants or animals, with the exception of micro-organisms, non-biological and microbiology processes; or methods of surgical or therapeutic treatment of human or animal bodies and methods of diagnosis applied to human or animal bodies with the exception of products used in any of these methods.

3.134. Compulsory licences for a patented invention may be granted by the Saudi Patent Office. However, the applicant for a compulsory licence needs to prove the ability to use the invention industrially, and needs to provide fair compensation to the patent holder.<sup>85</sup> The licence is not exclusive and is granted so as to meet the demands of the local market. In addition, the GCC Unified Law on Patents (Article 19) requires that at least three years have elapsed after the granting of the patent; that the applicant proves that efforts were made to obtain a licence from the patent owner; and adequate compensation under fair terms. Furthermore, consensus of all six GCC countries is necessary for granting a compulsory licence.

### 3.3.6.2 Copyrights and related rights

3.135. There have been no changes to the copyright legislation in Saudi Arabia since 2003. Under the provisions of the Copyright Law, copyright protection is granted for the author's lifetime plus 50 years. It covers works of art expressed in writing, sound, drawing, photography or motion pictures, and computer software, as well as all intellectual works whether literary, scientific or artistic of any type, as far as their distribution is allowed in Saudi Arabia.<sup>86</sup> The related rights covered concern performers, producers of sound recordings, and broadcasting organizations. Saudi

<sup>84</sup> Patents are subject to various fees, including an application filing fee (SAR 800) and annual fees (ranging from SAR 500 in the first year to SAR 10,000 in the 20<sup>th</sup> year). These fees are for establishments; fees for individuals are half these amounts.

<sup>85</sup> A grant of a compulsory licence costs SAR 8,000 for a company (SAR 4,000 for an individual).

<sup>86</sup> The copyright legislation gives authors and their successors in title the right to authorize or prohibit the commercial rental to the public of originals or copies of their copyright works within the limits allowed under Article 11 of the TRIPS Agreement.

Arabia has no copyright registration procedures and follows the provisions of the Berne Convention. Additionally, parallel imports of copyrighted materials are prohibited in Saudi Arabia.<sup>87</sup>

### 3.3.6.3 Trademarks

3.136. Trademark legislation has remained unchanged during the review period. Under the Trademarks Law, protection is granted for ten years, and is renewable indefinitely for periods of ten years at a time. Exclusive rights are granted upon registration.<sup>88</sup> Furthermore, protection of well-known marks is assured in Saudi Arabia even if they are not registered. Under the provisions of the Law, registration can be rescinded for trademarks that have not been used for five consecutive years, unless the owner submits an acceptable justification.

3.137. The owner of a registered trademark has the sole right to produce, import or distribute the trademarked goods or service and the right to prevent any other person from using the trademark without permission. A separate application needs to be filed with respect to each trademark for goods or services. Trademarks are not granted for alcoholic products, or for retail and wholesale services. The Trademarks Law includes provisions on the protection of geographical indications. However, geographical names cannot be registered as trademarks if their use causes a misunderstanding as to the source of products or services, or to their origin, for example those related to religion or sovereignty. The Trademarks Law provides for the right of appeal within 30 days before the Board of Grievances against decisions by the Ministry of Commerce and Industry.<sup>89</sup>

### 3.3.6.4 Layout-designs (topographies) of integrated circuits, industrial designs, and plant varieties

3.138. The Law of Patents, Layout-Designs of Integrated Circuits, Plant Varieties and Industrial Designs is being amended. The change in regulations has been notified in the Official Gazette of 20 November 2015 and the changes are expected to come into force in December 2015. Under the Law, protection of integrated circuits and industrial designs is granted for ten years from the date of filing the application with the Industrial Property Directorate.<sup>90</sup> The Law requires that the design must be new, have specific features, and not be contrary to Islamic law. The Law also provides for the right to issue a compulsory licence for integrated circuits, industrial designs, and plant varieties. Plant varieties are entitled to protection if they are new, distinct, uniform, stable and subject to denomination. Protection is for 20 years (25 for trees) from the date of filing the application with the Saudi Patent Office.<sup>91</sup>

### 3.3.6.5 Enforcement

3.139. All intellectual property rights laws in Saudi Arabia contain enforcement provisions. Additionally, the Law of the Board of Grievances (the administrative judiciary of Saudi Arabia), the Rules and Procedures of the Board of Grievances, and the Border Measures Regulations related to IPR contain provisions regarding enforcement. The laws also provide for recourse to the Board of Grievances to contest the decisions of the administrative bodies.<sup>92</sup>

---

<sup>87</sup> WTO document WT/ACC/SAU/61, 1 November 2005.

<sup>88</sup> Trademarks, including service marks, are subject to the following fees: application (SAR 1,000); registration (SAR 3,000); renewal of registration (SAR 3,000); changes to the registration (SAR 1,000); and delayed renewal (SAR 1,000).

<sup>89</sup> The Trademarks Law also incorporates the right of third parties to file a complaint before the Board of Grievances against the registration or deletion of a trademark.

<sup>90</sup> Protection for layout-designs of integrated circuits is subject to fees, including an application fee (SAR 1,000) and annual fees (ranging from SAR 1,000 in the first year to SAR 5,500 in the tenth year). The corresponding fees for industrial designs are: application filing fees (SAR 300) and annual fees ranging from SAR 300 in the first year to SAR 1,500 in the tenth year. These fees are for establishments; individuals pay half of these amounts.

<sup>91</sup> Fees for plant varieties include an application filing fee (SAR 1,000) and annual fees (ranging from SAR 1,000 in the first year to SAR 5,500 in the 20<sup>th</sup> year).

<sup>92</sup> Administrative and judicial decisions are required to be in writing and well-reasoned. According to the authorities, fines and imprisonment are imposed based on the circumstances of each case, the gravity of the offence in each case, and ensuring a deterrent effect. A rights-holder who is not satisfied with the level of

3.140. With regards to patents, layout-designs of integrated circuits, plant varieties, and industrial designs, the Committee for Examining Patents on Inventions Lawsuits is in charge of enforcing the law and its implementing regulations. At the request of the rights holder, the Committee grants an injunction to prevent the infringement, in addition to the necessary damages, and may impose a fine not exceeding SAR 100,000 (which may be doubled in case of repetition).<sup>93</sup>

3.141. With respect to the enforcement of copyrights, the Law sets out a three-step procedure: provisional seizure; confiscation; and destruction and imposition of penalties if the goods are found to violate the Copyrights Law as deemed by the Violation Review Committee of the Ministry Culture and Information, which is responsible for enforcement of the Law. Under the provisions of the Law, copyright violators are subject to: imprisonment for up to six months (which may be doubled for repeat offences), a maximum fine of SAR 250,000 (which may be doubled for repeat offences), closing the establishment, and confiscation of all copies of the work. According to the authorities, most cases of copyright infringement relate to DVDs and CDs.

3.142. On trademarks, the Ministry of Commerce and Industry addresses any possible violations and if deemed appropriate, conducts an immediate investigation. The Bureau of Investigations and Public Prosecution initiates a penal action before the Board of Grievances, while the Customs Department applies border procedures against imports of counterfeit goods. Under the Trademarks Law, criminal actions include imprisonment for a term not exceeding one year and/or a maximum fine of SAR 1 million (penalties may be doubled in the case of recurrence).

3.143. Additionally, judicial and administrative bodies are permitted to issue provisional seizure orders. Moreover, customs authorities, in coordination with the MCI and the Ministry of Culture and Information, may seize consignments infringing IPRs. So as to improve IPR enforcement particularly at the border, Saudi Customs established an internal IPR Unit in March 2008, which is to create a database for customs' use to assist with enforcement against forged and counterfeit goods.

---

fine or imprisonment has the right to file an appeal to the Board of Grievances to increase the fine and/or prison term.

<sup>93</sup> If the Committee believes that the infringement warrants imprisonment, the infringer is referred, from the start, to the Board of Grievances; the Committee may take measures necessary to prevent damage resulting from the infringement.

## 4 TRADE POLICIES BY SECTOR

### 4.1 Overview

4.1. This section covers the following sectors in some detail: agriculture; energy and mining; construction; financial services; transport; and tourism.

4.2. There have not been any major changes to agricultural policy over the 2011-2015 period as the Eighth, Ninth, and Tenth Development Plans have maintained the general objectives improving the use of water and rationalizing production and export of water-intensive products. As a result, the Grain Silos and Flour Mills Organization (GSFMO), now the Saudi Grain Organization (SAGO), reduced its purchases of domestically produced wheat with the last purchases taking place in 2015. Saudi Arabia continues to provide subsidies for feedstuffs but the overall level of Amber Box support to agriculture is lower than its peak in 2008. Green Box support has declined since 2010 as spending on infrastructure services fell. In late-2015, the GSFMO was replaced by the SAGO. The Government's intention is to separate the flour milling operations from the SAGO into four corporate units.

4.3. Saudi Arabia is a world leader in terms of oil reserves, production, export, and refining capacity. Apart from the Saudi Arabia-Kuwait Divided Zone, the state-owned Saudi Aramco is the sole extractor of crude while refineries and gas plants are operated as joint-ventures. Saudi Aramco has autonomy for all operating decisions while the Government sets limits for production of oil within the Kingdom. The Electricity and Cogeneration Regulatory Authority is regulator for the electricity and water desalination industry and the majority state-owned Saudi Electricity Company is the main operator engaged in generation, transmission, and distribution. The Government is currently implementing a plan for comprehensive market reform in five stages starting with unbundling of SEC into four generation companies, a transmission company, and a distribution company.

4.4. The construction sector represents 5.4% of GDP and 3% of total employment, although the majority of construction workers are not Saudi nationals. In the 2010-2014 period, the construction sector expanded due to a large number of major investment projects, including the construction of a number of economic cities where development is being regulated by the Economic Cities Authority and supported by incentives.

4.5. The banks and insurance sector are regulated by the Saudi Arabia Monetary Agency (SAMA) and capital markets are regulated by the Capital Markets Authority (CMA). There are 12 commercially licensed domestic banks and 12 licensed commercial bank branches of foreign banks operating in Saudi Arabia. To get a banking licence, a natural or legal person must be a Saudi national or a joint venture with a public Saudi joint-stock company and meet prudential criteria. In the 2010-2014 period the level of non-performing loans declined, and other prudential indicators suggest the banking sector is stable. Islamic banking is growing in importance with four banks completely Shariah compliant and others offering Shariah compliant products. Each bank assesses compliance with Shariah for its own products.

4.6. The insurance sector continued to grow in the 2010-2014 period as gross written premiums more than doubled to SAR 30.5 billion as many businesses started or improved health insurance for employees and third-party insurance for motorists became compulsory. There are about 35 insurance companies operating. The sector is based on licensed public joint-stock insurance companies operating in a cooperative manner, and is Shariah compliant. Foreign insurance companies may establish a commercial presence, but it must be in the form of a locally incorporated cooperative insurance joint-stock company, or as an established direct branch of an international insurance company operating in Saudi Arabia as a cooperative insurance provider. Non-Saudi investment in such a joint-stock company in Saudi Arabia is permitted up to 60%.

4.7. The Saudi stock exchange, Tadawal, is the largest in the GCC: in 2014 70 billion shares were traded; at end-2014 market capitalization reached SAR 1,813 billion; and in 2014 the value of Sukuk (deeds and financial certificates) and bonds traded was SAR 25.5 billion. Direct trading in shares is restricted to Saudi citizens, foreign residents, and GCC nationals, but there are no restrictions on investment by non-resident foreign investors in government bonds, treasury bills or Saudi investments funds, ETFs, and swap agreements. Non-GCC nationals that hold shares of



public joint-stock companies traded in the equity share market must obtain permission from the CMA prior to buying or selling their shares. The CMA has also permitted the trading of Sukuk in order to promote a market in instruments less exposed to risk than ordinary equities. Furthermore, since 15 June 2015, qualified foreign investors were allowed to invest in listed shares.

4.8. Saudi Arabia has signed 28 bilateral air services agreements, 12 of which cover fifth freedom rights. Domestic air transport and cabotage are not open to foreign companies. The regulator, the General Authority of Civil Aviation (GACA), is the owner and operator of all airports although GACA signed a public-private-partnership contract with an international consortium for the construction and operation of the New Prince Muhammad bin Abdulaziz International Airport. The state-owned Saudia is the flag carrier and the main operator for passenger and freight air transport, and holds one of the two licences for ground-handling services; the other is held by SwissPort.

4.9. In 2014, the National Shipping Company of Saudi Arabia (Bahri) merged with Vela International Maritime Limited and, at end-2015, had a fleet of 69 vessels, including 32 VLCCs. Bahri is the exclusive supplier of VLCC shipping to Saudi Aramco. Bahri is a publically listed company, 20% owned by the Saudi Aramco Development Company and 22% by the Public Investment Fund. Except for the port in King Abdullah Economic City, all ports are owned by the Kingdom of Saudi Arabia Ports Authority (SEAPA) but managed and operated by the private sector. The port in King Abdullah Economic City is owned and being developed by the Port Development Company, a joint venture between a Saudi and UAE company and regulated by the Economic Cities Authority.

4.10. Religious tourism is important to the Saudi economy; of nearly 14.5 million visitors in 2014, over 11 million were pilgrims who came to perform Hajj and Umrah. Including direct and indirect tourism-related contributions, the sector accounted for 4.5% of GDP and 11% of total employment. However, the authorities stated that the Government does not gain any income from pilgrims, rather it provides for them through infrastructure investments and services provisions. Foreign investment is prohibited for tourist orientation and guidance services related to Hajj and Umrah. Business-related tourism, such as exhibitions and conferences, are officially encouraged but Saudi Arabia does not provide for visas for tourism only, although it does have an Umrah Plus Programme to allow pilgrims an additional 30 days to travel in the country.

4.11. Communications is not covered in this section of the review. Over the review period there have not been any major changes to the legislation, regulation, or the telecommunications market. However, the authorities indicated that revisions to the Telecommunications Act<sup>1</sup> were under consideration to take account of changes in technology. The regulator is the Communications and Information Technology Commission. Broadband penetration is one of the highest in the world, with 95% population penetration for mobile and 43% household penetration for fixed broadband (which is currently undergoing a switch in technology from ADSL to FTTH). Telecom services revenues were SAR 68.2 billion in 2014.<sup>2</sup> There are three mobile network operators (STC, Mobily, and Zain) and two mobile virtual network operators (Virgin Mobile, and Lebara).

4.12. Policies relating to manufacturing are set out in various other sections of the review, including Sections 2.5 and 3.1. The manufacturing sector contributed 10.9% to GDP (of which 2.5% was from petroleum refining) and accounted for 7.2% of total employment in 2014. The sector grew strongly in the 2011-2014 period, averaging over 8.5% per year, almost entirely due to growth outside petroleum refining. The growth in manufacturing is in line with government policies, through the Development Plans and the National Industrial Strategy Until 1441H (2020G)<sup>3</sup> which emphasize diversification of the industrial and economic base to protect the national economy from fluctuations in oil prices and revenues to achieve balanced growth.<sup>4</sup> The Saudi Arabia General Investment Authority is responsible for policy on investment. The Saudi Industrial Development Fund (SIDF) contributes to the development of Saudi industry by providing loans for new industrial projects (Section 3.3.2). In addition, the Saudi Arabian Basic Industries Corporation

<sup>1</sup> Royal Decree No. M712 of 12.03.1422H – 03.06.2001G .

<sup>2</sup> Communications and Information Technology Commission (2015).

<sup>3</sup> Council of Ministers Resolution No. 35 of 07.02.1430H – 02.02.2009G.

<sup>4</sup> Saudi Industrial Development Fund online information. Viewed at:

<http://www.sidf.gov.sa/en/IndustryinSaudiArabia/Pages/IndustrialStrategy.aspx> [December 2015].

(SABIC), Saudi Arabia Industrial Property Authority (MODON) and other entities are actively involved in the promotion of investment in Saudi Arabia. Private investment companies, such as the National Industrialization Company, Saudi Venture Capital Group, Saudi Industrial Development Company, Royal Commission for Jubail and Yanbu, and Arriyadh Development Authority, are also involved in investment promotion in industrial cities and other regions.

## 4.2 Agriculture

### 4.2.1 Features

4.13. Agriculture, forestry, and fishing contributed nearly SAR 54 billion, or 1.9%, to GDP in Saudi Arabia in 2014. Although agriculture GDP increased in nominal and real terms from 2009 to 2014, its contribution to GDP declined from 2.8% in 2009 to 1.9% in 2014. Agriculture, animal husbandry, and fishing account for about 4% of total employment.

4.14. Agricultural production in Saudi Arabia faces several challenges related to the harsh desert climate, very limited water resources, and poor quality soils. Historically, production was limited to dates and small-scale production for subsistence and nomadic livestock. Under government programmes that began in the 1970s: irrigation, transport, and storage facilities were constructed; research and training programmes were started; and land was allocated to farmers.

4.15. Over the past few years, land use has changed as crop production has declined significantly. The change in land use reflects the change in policy under the Eighth Development Plan (2005-2009) and the Ninth Development Plan (2010-2014). These plans emphasized improving the use of water and rationalizing production and export of water-intensive products. As a result, the total area under crop production has declined from nearly 1 million ha in 2008 to less than 700,000 ha in 2013. Furthermore the crop mix has changed as the area under grain production has declined by an average of over 18% per year from 2008 to 2013 while production of green fodder and dates increased (Saudi Arabia is the third biggest producer of dates in the world<sup>5</sup>) (Table 4.1).

**Table 4.1 Crop production, 2008-13**

(Production in '000 tonnes, area in '000 ha)

		2008	2009	2010	2011	2012	2013
Wheat	Production	1,986	1,152	1,349	1,185	854	660
	Area	326	196	220	193	144	103
Barley	Production	24	20	16	16	14	11
	Area	4	4	2	2	2	2
Total grains	Production	2,438	1,593	1,571	1,418	1,088	885
	Area	469	329	287	260	212	166
Total vegetables	Production	2,696	2,676	2,521	2,647	2,651	2,731
	Area	109	107	109	111	110	106
Dates	Production	986	992	992	1,008	1,031	1,095
	Area	157	162	155	156	157	157
Total fruits	Production	1,616	1,619	1,549	1,609	1,640	1,689
	Area	233	239	226	229	228	227
Green fodders	Production	2,984	2,974	3,603	3,651	3,919	3,978
	Area	161	160	184	187	195	196
Total crops	Production	9,734	8,862	9,244	9,325	8,211	9,283
	Area	972	835	807	787	746	695

Source: Saudi authorities.

4.16. In 2009-13, production of some livestock products increased considerably, particularly eggs and poultry. Although total production of red meat (beef, sheep meat, goat meat, and camel meat) remained stable in this period, there were slight increases in the numbers of camels, cows, and sheep but a decline in the number of goats (Table 4.2).

<sup>5</sup> FAO Stat online database. Viewed at: <http://faostat3.fao.org> [June 2015].



**Table 4.2 Livestock and animal products, 2008-13**

	2008	2009	2010	2011	2012	2013
<b>Livestock numbers (thousand head)</b>						
Camels	242	230	213	220	223	233
Cows	386	424	393	426	487	456
Sheep	6,974	5,886	5,922	6,563	6,250	5,988
Goats	1,872	1,334	1,058	1,069	1,075	1,036
Poultry	443,820	493,202	444,680	527,717	585,910	602,251
<b>Animal products (thousand tonnes)</b>						
Red meat	170	171	172	171	173	174
Milk	1,690	1,718	1,763	1,838	1,872	1,943
Eggs	170	191	219	220	220	240
Poultry	459	494	447	529	588	604

Source: Saudi authorities.

#### 4.2.2 Trade

4.17. With domestic production limited to relatively few products and with a surplus of production over consumption only in milk and dates, Saudi Arabia is a net importer of agricultural products (WTO definition<sup>6</sup>). Exports of agricultural products fell to US\$0.6 billion in 2008 but recovered quickly to stabilize at about US\$3.6 billion in 2012. The main exports are fruit juices, and products made from cereals and milk (Table 4.3). Dates have been a traditional export, although the value and volume has fluctuated considerably. The main destination for exports is other Arab countries, particularly other GCC member States.

**Table 4.3 Exports of agricultural products, 2007-14**

(US\$ million)

HS		2007	2008	2009	2010	2011	2012	2013	2014
	<b>Total exports</b>	<b>233,174</b>	<b>313,462</b>	<b>192,314</b>	<b>251,143</b>	<b>364,698</b>	<b>388,401</b>	<b>375,873</b>	<b>342,432</b>
	<b>Total agriculture exports</b>	<b>2,135</b>	<b>642</b>	<b>966</b>	<b>2,996</b>	<b>3,481</b>	<b>3,577</b>	<b>3,509</b>	<b>3,575</b>
2009	Fruit juices and vegetable juices	185	109	140	274	294	341	395	444
1905	Bread, pastry, cakes, biscuits and other bakers' wares	107	..	135	211	239	313	357	344
0406	Cheese and curd	165	187	225	330	357	311	311	335
0402	Milk and cream, concentrated or containing added sugar	139	16	60	140	134	171	180	225
0401	Milk and cream, not concentrated nor containing added sugar	101	..	..	169	189	224	246	223
2202	Waters with added sugar	159	32	33	147	172	193	214	222
1701	Cane or beet sugar and pure sucrose, in solid form	260	148	115	263	278	271	196	195
1902	Pasta, whether or not cooked or stuffed	45	..	..	79	96	121	123	178
0804	Dates, figs, pineapples, avocados and mangosteens, fresh or dried	42	..	2	79	89	83	107	135
0403	Buttermilk, curdled milk and cream or yogurt	121	80	92	156	235	227	261	121

.. Zero or negligible.

Source: UNSD Comtrade and Saudi authorities.

4.18. Imports of agricultural products fell in 2009 but then increased steadily from US\$10.6 billion in 2009 to US\$24.4 billion in 2014. (Table 4.4). The most important import is barley for animal feed, mostly from Argentina, Germany, Ukraine, Australia, and the Russian Federation. After barley, poultry meat (mostly from Brazil and France), and rice (mostly from India) are the next

<sup>6</sup> For the purposes of this section of the Trade Policy Report, the definition of agriculture product used is that set out in Annex 1 of the Agreement on Agriculture where fish and fish products are taken to include HS Headings 020840, 03, 051191, 1504, 1603, 1604, 1605, and 230120.

biggest imports. Imports of wheat have increased in tandem with the reduction in domestic production and an increase in the strategic reserve, from negligible levels in 2007 to US\$1.02 billion in 2014 (mostly from Germany, Australia, and Lithuania).

**Table 4.4 Imports of agricultural products, 2007-14**

(US\$ million)

HS		2007	2008	2009	2010	2011	2012	2013	2014
	<b>Total imports</b>	<b>90,214</b>	<b>115,134</b>	<b>95,552</b>	<b>106,863</b>	<b>131,587</b>	<b>155,593</b>	<b>168,155</b>	<b>173,834</b>
	<b>Total agricultural imports</b>	<b>11,780</b>	<b>12,360</b>	<b>10,601</b>	<b>16,582</b>	<b>19,618</b>	<b>21,148</b>	<b>24,090</b>	<b>24,434</b>
1003	Barley	2,142	2,919	1,259	1,917	1,959	2,514	3,250	1,993
1006	Rice	626	1,495	1,373	1,310	1,125	1,084	1,387	1,769
0207	Meat and edible offal, of the poultry	727	1,054	1,067	1,305	1,827	1,757	2,028	1,709
0402	Milk and cream, concentrated or containing added sugar	677	684	422	636	876	905	878	1,138
2106	Food preparations not elsewhere specified or included	448	319	336	717	846	1,021	1,052	1,093
2402	Cigars, cheroots, cigarillos and cigarettes	474	442	514	669	772	880	958	1,044
1001	Wheat and meslin	1	50	373	400	641	743	720	1,024
0104	Live sheep and goats.	497	414	396	522	577	677	825	861
1701	Cane or beet sugar and pure sucrose, in solid form	394	505	513	899	873	565	904	681
1005	Maize (corn)	466	579	378	471	611	629	686	681

Source: UNSD Comtrade and Saudi authorities.

#### 4.2.3 Policies

4.19. The Ministry of Agriculture is responsible for developing and implementing agricultural policy. In addition to the Ministry, the Agricultural Development Fund (ADF) (formerly the Saudi Arabia Agricultural Bank (SAAB)) provides low interest loans and loan repayment subsidies, and the Saudi Grain Organization (SAGO) (which replaced the Grain Silos and Flourmills Organization (GSFMO) in November 2015) purchases and stores wheat, mills wheat for human consumption, and is responsible for the strategic stockpile of 6 months' consumption. It also produces wheat-based animal feeds.

4.20. Historically, agriculture in Saudi Arabia had focused on small-scale production of vegetables and fruits and nomadic stock raising. Starting in the 1970s, government programmes to develop the sector and significant investment in infrastructure, particularly irrigation, increased production and, by 1992, Saudi Arabia had become a major exporter of wheat with 2.4 million tonnes exported in that year.<sup>7</sup> However, production at this level required high levels of inputs, particularly water, much of which was from non-renewing aquifers.

4.21. Under the Eighth Development Plan (2005-2009), and the Council of Ministers Resolution No. 335 of November 2007, agricultural policy underwent a marked reform away from emphasizing domestic production and the pursuit of self-sufficiency in several key products towards greater emphasis on sustainable production, particularly more efficient use of water. To improve food security, the Government also began to encourage investment in agriculture abroad through the King Abdullah Agricultural Initiative.

4.22. Under the general policy of economic diversification in the Ninth Development Plan (2010-2014), the overall objective for agriculture policy is "modern agriculture that focuses on high value added, used advanced water saving techniques, and which improves efficiency of natural resource utilization". The objective is based on the vision of putting the sector on a path to sustainable development, promoting scientific research for high-yielding salinity-resistant varieties, and diversifying the production base of the economy through water-efficient crops. The plan includes five specific objectives:

<sup>7</sup> UNSD Comtrade database. Viewed at: <http://comtrade.un.org/data/> [July 2015].

- Enhance the role of agriculture in the process of socio-economic development;
- Improve efficiency of utilization of natural resources to achieve sustainable agricultural development;
- Increase the size of investments in agricultural activities abroad;
- Boost regional and international cooperation in agriculture; and
- Maintain, develop and diversify fisheries resources.

4.23. To achieve these objectives and targets, the Ninth Development Plan includes programmes to increase production of water-efficient crops; improve agricultural markets; improve farm extension services, and research and development; and improve sustainable management of rangelands and forests. Financial allocations to the Ministry of Agriculture and the GSFMO were SAR 8,944.4 million, and SAR 13,824.0 million respectively under the Eighth and Ninth Development Plans.<sup>8</sup> According to the authorities, most of these amounts were for food security.

#### 4.2.3.1 Trade policies

4.24. According to the notifications to the WTO Committee on Agriculture, Saudi Arabia does not provide export subsidies for agricultural products.<sup>9</sup>

4.25. Bound tariffs on agricultural goods vary from as low as 5% to as high as 20% – with some tobacco-related lines at 200%. Imports of some products are prohibited (any product containing alcohol, and pig products). Applied tariffs vary from duty free to 100% with some compound tariffs for tobacco products (Section 3.1.4).

#### 4.2.3.2 Domestic policies

4.26. Lack of water is the biggest constraint to production in Saudi Arabia. In 2009, agriculture accounted for about 15 billion m<sup>3</sup> of the total water consumption of 18 billion m<sup>3</sup> per year in Saudi Arabia. Water for agriculture is mostly from ground wells tapping aquifers, as well as dams to collect runoff, and recycled wastewater which is distributed through of irrigation canals.<sup>10</sup> Under the Ninth Development Plan (2010-2014), water for agricultural purposes was to be reduced by 3.7% annually, dam storage capacity was to increase by 85% to 2.5 billion m<sup>3</sup>, and greater use was to be made of treated wastewater.

4.27. Until November 2015, the GSFMO was responsible for importing and purchasing domestically produced wheat, and milling wheat in Saudi Arabia. Under the Government Decree No. 335 of 2008, the GSFMO began reducing purchases of domestically produced wheat by 12.5% per year and replacing them with imports. The final purchases of domestic wheat were to have taken place in 2015. The SAGO buys domestically produced wheat at SAR 1,000 per tonne. In 2013, it bought 626,496 tonnes of domestically produced wheat – down from 1,724,733 tonnes in 2008 when it started importing. In 2013, it imported 2.54 million tonnes at an average price of US\$318.8 per tonne.<sup>11</sup>

4.28. At end-2014, GSFMO owned silos with total capacity of 2.7 million tonnes. As part of planned future expansion, several projects are being implemented to increase silo storage capacity to 3.2 million tonnes. The GSFMO also operated flour mills with total capacity of 12,630 tonnes per day, and feed mills with total capacity of 2,900 tonnes per day. In August 2011, the Supreme Economic Council agreed to the privatization of GSFMO's flour mills and some silos. In line with this decision, in late-2015, the Council of Ministers issued a decision which approved the regulatory arrangements for the privatization of the GSFMO. The Saudi Grains Organization (SAGO) was created and replaced the GSFMO. Four flour mill companies are to be established, and

<sup>8</sup> Ministry of Economy and Planning (2010), pp 30, 71-72, 74, 77.

<sup>9</sup> WTO documents G/AG/N/SAU/1, 25 September 2007; G/AG/N/SAU/3, 19 July 2010; G/AG/N/SAU/5, 19 September 2011; and G/AG/N/SAU/9, 26 February 2014.

<sup>10</sup> Al-Zahrani K.H. (2009).

<sup>11</sup> GSFMO (2014).

a regulation issued for the flour production, with the intention of selling them to the private sector after a trial period.

4.29. Saudi Arabia has not provided price support for barley production since 2003 and imports nearly all its requirements. In 2014, it imported 10.5 million tonnes, nearly all for animal feed and much of which was not processed but fed raw to livestock which resulted in high levels of waste. Barley for feed is bought at international prices and distributed to farmers at a fixed price of SAR 800 per tonne. To encourage better quality animal feed, the Government provides subsidies for soya bean and maize-based animal feeds for poultry producers. The subsidy is based on the energy and protein levels of the feed.

4.30. The Agricultural Development Fund provides interest-free loans for agricultural investment and a repayment subsidy of up to 25% of the loan value. Since 2006, the number and value of short-term loans has declined as medium-term loans have increased (Table 4.5).

**Table 4.5 Agricultural Development Fund lending, 2006-14**

(Number of loans, and SAR million)

	Medium-term loans approved		Short-term loans approved		Total loans approved		Total subsidies
	Number	Value	Number	Value	Number	Value	Value
2006	3,179	792	1,124	177	4,303	968	258.6
2007	3,159	975	611	69	3,770	1,044	32.9
2008	2,397	761	304	31	2,701	792	32.8
2009	2,236	844	124	12	2,360	856	41.8
2010	2,712	742	145	11	2,857	753	42.8
2011	3,025	899	266	17	3,291	916	55.7
2012	3,278	909	312	15	3,590	924	42.8
2013	4,193	1,034	331	15	4,524	1,048	41.4
2014	4,450	1,280	221	12	4,671	1,292	50.5

Source: Saudi authorities.

4.31. The ADF also launched the Agricultural Information Centre (AIC) in 2013, which is to provide data and information to stakeholders to help them identify opportunities in the agricultural sector through the provision of market data and economic analysis. The AIC is currently engaged in preparing a project to collect and monitor wholesale and retail prices for fruits and vegetables in Riyadh. The development plan for the AIC includes the development of an agricultural information system to support decision-making by the public and private sectors, and the establishment of AIC branches throughout the Kingdom to collect information.

4.32. Under King Abdullah's Initiative for Saudi Agricultural Investment Abroad, the private sector has been encouraged to invest in production of targeted products (wheat, barley, maize, sorghum, soya beans, rice, sugar, oil seeds, green fodder, livestock, fisheries, and other staple food products).<sup>12</sup>

#### 4.2.3.3 WTO notifications

4.33. The most recent notification to the WTO on agriculture support is for the calendar year 2011. This notification, along with earlier ones, indicates that support to agriculture in Saudi Arabia varies considerably from one year to another, partly due to changes in programmes but also due to the nature of the barley feed support which varies with changes in international prices (Chart 4.1).

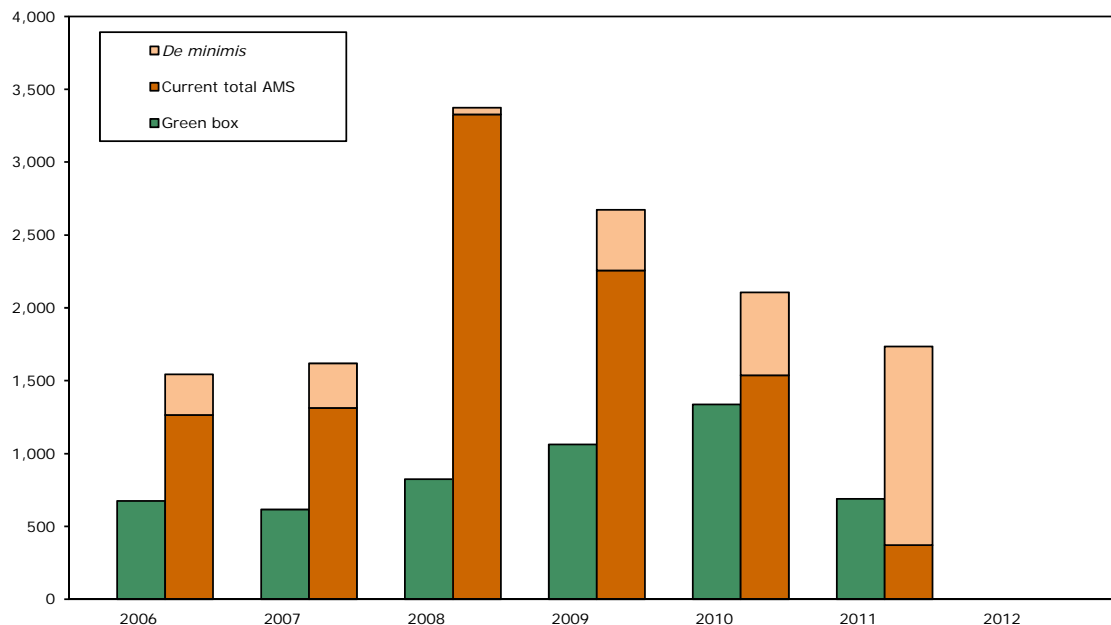
4.34. In the 2006-12 period, support notified as Green Box increased to a maximum of SAR 1,338 million in 2010 before declining sharply to SAR 690 million in 2011 due almost entirely to a decline in spending on infrastructural services (irrigation-related works) (Chart 4.2).

<sup>12</sup> Ministry of Agriculture (2010).

4.35. Support notified under the Amber Box (including *de minimis*) has been declining steadily since 2008 as input subsidies for livestock and poultry declined and purchases of wheat by GSFMO were being phased out (Chart 4.1 and Chart 4.3).<sup>13</sup>

**Chart 4.1 Support for agriculture in Saudi Arabia, 2006-12**

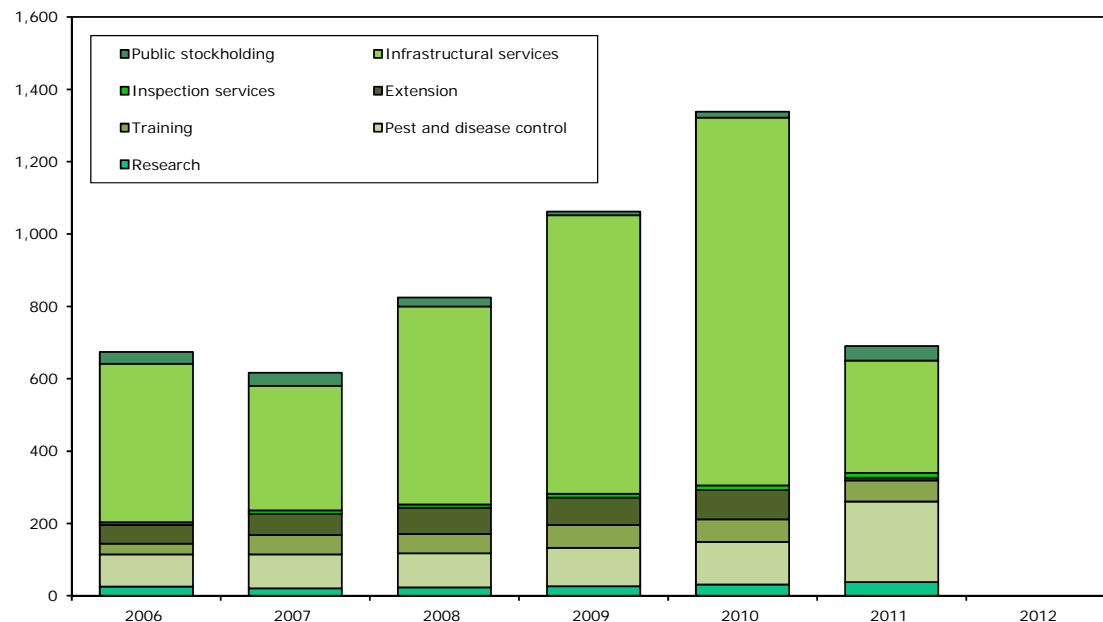
(SAR million)



Source: WTO notifications.

**Chart 4.2 Green Box support for agriculture in Saudi Arabia, 2006-12**

(SAR million)

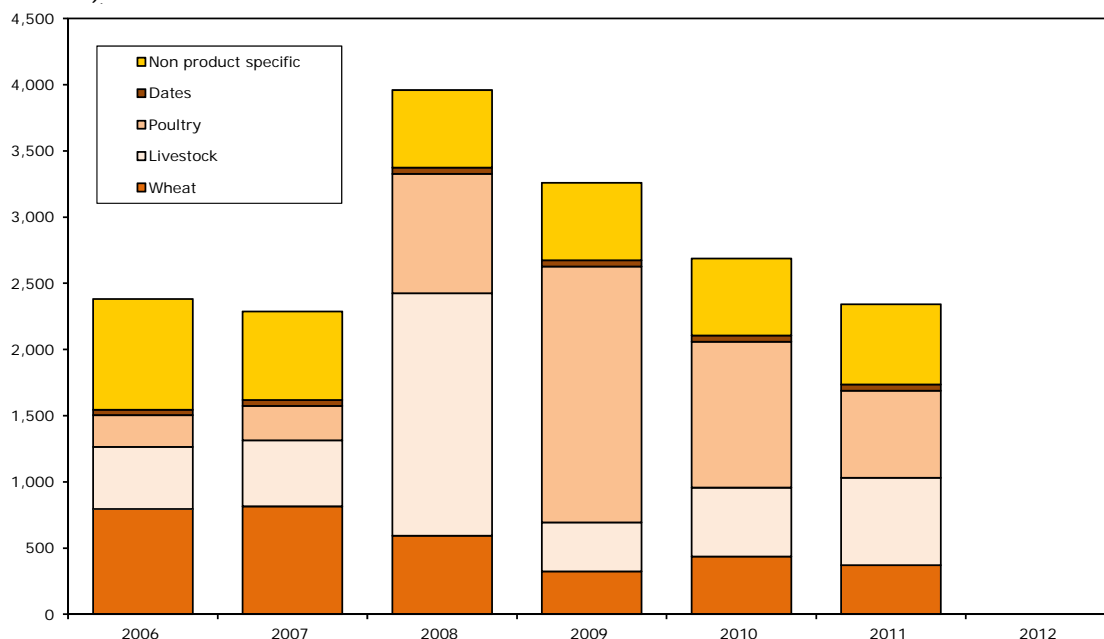


Source: WTO notifications.

<sup>13</sup> WTO documents G/AG/N/SAU/2, 23 October 2007; G/AG/N/SAU/4, 19 April 2011; G/AG/N/SAU/6, 19 September 2011; G/AG/N/SAU/7, 16 May 2012; and G/AG/N/SAU/8, 26 February 2014.

**Chart 4.3 Amber Box support for agriculture in Saudi Arabia, 2006-12**

(SAR million)



Note: For the year 2012, no notification as of end-December 2015.

Source: WTO notifications.

### 4.3 Mining and Energy

#### 4.3.1 Energy

##### 4.3.1.1 Overview and policy objectives

4.36. As stipulated in the Basic Law of Governance, all mineral resources are 100% owned by the State. The Ministry of Petroleum and Mineral Resources is the competent authority for developing and implementing policies for the energy and mining sectors, in particular policies related to petroleum and petroleum products.

4.37. On 29 January 2015, Saudi Arabia dissolved the Petroleum and Mineral Supreme Council, and its oversight responsibilities were assumed by the Economic and Development Affairs Council (see Section 2).

4.38. According to the authorities, there have been no major changes in the policy objectives set for the energy sector; Saudi Arabia continues diversifying the energy sources for domestic use from oil and petroleum towards gas and other renewable energies.

##### 4.3.1.2 Oil and petroleum

4.39. Saudi Arabia is the world leader in terms of oil reserves, production, export, and refining capacity. According to OPEC, in 2014 Saudi Arabia held 266.58 billion barrels of crude oil in proven reserves (approximately 22.1% of proven OPEC member reserves).<sup>14</sup>

4.40. The Saudi Arabian Oil Company (Saudi Aramco) is wholly owned by the Saudi Government. The authorities note that Saudi Aramco operates on a commercial basis with complete autonomy

<sup>14</sup> The reserves figure only refers to proven reserves, but does not include probable and possible reserves, or reserves currently not recoverable with available technologies. See OPEC online information, "OPEC Share of World Crude Oil Reserves, 2014". Viewed at: [http://www.opec.org/opec\\_web/en/data\\_graphs/330.htm](http://www.opec.org/opec_web/en/data_graphs/330.htm).

for operational decisions, in compliance with the production policies established by the Government (Section 3.3.3). The Saudi Government sets the oil production limits within its territory.

4.41. Saudi Aramco is the sole concessionaire producing crude oil in Saudi Arabia, with the exception of production in the Saudi Arabia-Kuwait Divided Zone. All crude oil for domestic refineries is supplied by Saudi Aramco, and 95% of Saudi Arabia's exports of crude oil were from Saudi Aramco.

4.42. Daily crude production had been relatively stable at about 8.2 million bbl/day for several years up to 2010. However, in 2011 production increased and averaged about 9.7 million bbl/day in 2012-14 (Table 4.6). According to the Joint Organization Data Initiative, the average crude oil output of Saudi Arabia was 10.3 million bpd in August.<sup>15</sup> It has also been reported that Saudi Arabia will gain additional production capacity by end-2017<sup>16</sup> and continue to invest in oil exploration, production, and refining.<sup>17</sup>

**Table 4.6 Daily crude oil production, 2009-14**

(1,000 barrels per day)

	2009	2010	2011	2012	2013	2014
Daily production	8,184.0	8,165.6	9,311.0	9,763.0	9,637.0	9,710

Source: OPEC (2015), *Annual Statistical Bulletin 2014*. Viewed at:

[https://www.opec.org/opec\\_web/static\\_files\\_project/media/downloads/publications/ASB2014.pdf](https://www.opec.org/opec_web/static_files_project/media/downloads/publications/ASB2014.pdf)

4.43. Saudi Arabia is the largest oil exporter in the world.<sup>18</sup> Asia and the Far East remain the largest market for crude oil and refined products: more than 60% of crude oil production and over 56% of refined products were destined for Asia in 2014. The United States is the second largest market for Saudi's crude oil whereas Europe is the second largest market for refined products<sup>19</sup> (Table 4.7).

**Table 4.7 Exports of crude oil and refined products, by region, 2012-14**

(Million bbl)

Destination	2012		2013		2014		% share in 2014	
	Crude oil	Refined products	Crude oil	Refined products	Crude oil	Refined products	Crude oil	Refined products
North America	521.0	0.6	532.5	0.0	456.7	4.7	17%	1%
South America	25.0	4.5	29.1	3.0	25.1	4.8	1%	1%
Western Europe	362.6	40.6	347.4	27.9	347.5	41.1	13%	11%
Middle East	102.7	55.4	99.4	43.0	99.8	67.9	4%	19%
Africa	79.1	34.9	81.0	33.4	69.7	41.7	3%	12%
Asia and Far East	1,669.6	178.5	1,670.8	182.5	1,610.0	200.3	62%	56%
Oceania	5.8	1.1	3.2	0.0	2.1	0	0.1%	0%
<b>Total</b>	<b>2,765.8</b>	<b>315.6</b>	<b>2,763.3</b>	<b>289.8</b>	<b>2,611.1</b>	<b>360.6</b>	<b>100%</b>	<b>100%</b>

Note: Including LP/NG.

Source: Information provided by the authorities.

<sup>15</sup> Joint Organization Data Initiative online information, "The JODI Oil World Database". Viewed at: <https://www.jodidata.org/oil/>.

<sup>16</sup> Oxford Business Group (2015).

<sup>17</sup> Raval A. and Kerr S. (2015).

<sup>18</sup> According to the International Energy Agency, Saudi Arabia exported around 77% of its oil production in 2013 (the latest available data). Viewed at: <http://energyatlas.iea.org/?subject=-1920537974>.

<sup>19</sup> Saudi Aramco online information, "Facts & Figure 2014". Viewed at:

<http://www.saudiaramco.com/en/home/news-media/publications/corporate-reports/facts-figures-2014.html>

4.44. In the subsector of refining, participation of foreign investment takes the form of joint-venture with Saudi Aramco. Saudi Arabia's refineries produce substantial quantities of petrol, diesel, liquefied petroleum gas (LPG), propane, and butane (Table 4.8). In 2014, the refining capacity in Saudi Arabia was 2.9 million barrels per day.<sup>20</sup>

**Table 4.8 Domestic production and consumption of refined products, crude oil, and natural gas, 2010-14**

(Million barrels)

Product	2010	2011	2012	2013	2014
<b>Domestic production</b>					
Liquefied petroleum gas	12.2	12.0	11.2	13.9	16.2
Premium gasoline	137.1	142.6	145.9	134.7	160.9
Jet fuel and Kerosene	58.1	60.7	63.8	59.5	77.3
Diesel	231.2	229.4	234.1	219.8	274.8
Fuel oil	162.6	152.2	168.4	166.2	175.7
Crude oil	2980.4	3398.5	3573.4	3517.6	3545.1
Asphalt	18.2	18.7	17.7	19.6	20.1
Natural gas liquids	445.0	461.4	482.0	455.9	471.3
<b>Domestic consumption</b>					
Liquefied petroleum gas	13.4	18.3	16.4	15.3	15.2
Premium gasoline	151.4	162.5	175.9	184.1	190.7
Jet fuel and kerosene	23.3	23.9	24.8	25.6	27.3
Diesel	225.9	237.6	260.2	266.3	274.9
Fuel oil	81.8	94.4	96.4	112.3	138.5
Crude oil	192.9	190.8	193.6	177.0	202.5
Asphalt	22.8	20.5	20.0	20.9	28.6
Lubricating oil	1.9	1.8	1.6	1.6	1.9
Natural gas	521.8	550.7	598.0	597.2	614.6

Source: Information provided by the authorities.

4.45. Saudi Aramco's commercial strategy includes diversification from its energy holdings from oil production in order to become more "integrated across the hydrocarbon value chain"<sup>21</sup>. In this regard, Saudi Aramco has invested heavily in refineries at home and abroad. In 2014, two joint-ventures, with Total and Sinopec, became operational; each of the joint-ventures has a refining capacity of 400,000 bbl/day. Saudi Aramco also plans to open another fully owned refinery in 2017. Currently, Saudi Arabia is steadily increasing its imports of light and middle distillate products such as diesel and petrol (Table 4.8); however, some market observers predicted that Saudi Arabia will become a net exporter of distillates by 2020 as a result of its recent investment in refineries.<sup>22</sup>

4.46. Saudi Aramco is also diversifying its investment into other downstream activities such as power generation and petrochemicals manufacturing.

4.47. According to the authorities, Saudi Aramco follows market-based procurement policies. Under its procurement policies, the major objectives are: completion of work on schedule, conformance with demanding technical standards, and lowest overall cost to Saudi Aramco. The procurement opportunities are offered to all qualified suppliers of goods and services from all WTO Members through competitive bidding. Nonetheless, Saudi Aramco also seeks to encourage the development of a reliable local contractor base in the company's areas of operation.<sup>23</sup> Saudi Aramco selects the most technically and financially qualified contractor whose bid represents the least overall cost.

<sup>20</sup> Saudi Aramco online information, "Facts & Figure 2014". Viewed at: <http://www.saudiaramco.com/en/home/news-media/publications/corporate-reports/facts-figures-2014.html>.

<sup>21</sup> Saudi Aramco (2015).

<sup>22</sup> Oxford Business Group (2015).

<sup>23</sup> WTO document WT/ACC/SAU/61, 1 November 2005.



#### 4.3.1.3 Natural gas

4.48. According to OPEC, Saudi Arabia ranks 5<sup>th</sup> in the world for gas reserves. Its total natural gas reserves were estimated at 293.7 trillion standard cubic feet (scf) in 2013.<sup>24</sup>

4.49. Saudi Aramco enjoys certain exclusive rights and privileges in the gas sector. Foreign investors participate in the gas upstream sectors (e.g. extractions) through joint-ventures with Saudi Aramco. Major foreign partners for these joint-ventures include: Shell, Total, Lukoil, Sinopec, Repsol, and Eni. Large-scale gas projects are operated in Hawiyah, Haradh, and Khurasaniyah. In 2013, Saudi Arabia's natural gas feed to gas plants was 4.02 trillion scf.

4.50. The gas plants processing capacity of Saudi Arabia in 2013 was 13.2 billion scf/day. Natural gas is considered as fuel for local power and desalination, as well as feedstock for petrochemical plants. According to the authorities, Saudi Arabia has no plan to export natural gas due to the high costs for liquefying, transporting, and re-gasifying. Prices of natural gas supplied to domestic users are regulated at 281 halalas/mmbtu<sup>25</sup>; the authorities note that the regulated price for natural gas is based on a combination of commercial reasons and environmental (flaring) concerns.

4.51. Natural gas liquids (NGLs) are produced either from petroleum-based or natural gas-based products. NGLs are also used as fuel supply and feedstock in Saudi Arabia; NGLs are also exported. In 2014, Saudi Aramco produced about 471 million bbl of NGLs. NGLs for industrial use are priced on a commercially agreed basis.

4.52. According to the authorities, Saudi Arabia has begun to develop its unconventional gas resources (e.g. hydro-fracking).

#### 4.3.1.4 Electricity

4.53. The Electricity and Cogeneration Regulatory Authority (ECRA), a financially and administratively independent organization, is the regulator in the electricity and water desalination industry in Saudi Arabia. According to the authorities, its mission is to develop and pursue a regulatory framework, in accordance with government laws, regulations, policies, and standards, as well as international best practices in order to guarantee the provision of safe, reliable and efficient electric power and desalinated water to the consumers of Saudi Arabia. The ECRA issues licences to operators for generation/cogeneration, transmission, and distribution; it also assesses and approves electricity tariffs.

4.54. The Saudi Electricity Company (SEC) is a dominant operator in the electricity industry, engaged in generation, transmission, and distribution. The SEC was publicly traded on the Saudi capital market, and the Saudi Government owns 74.3% of the share. A number of independent power generation plants also supply electricity directly to larger consumers, including to the SEC for distribution.

4.55. During the period under review, Saudi Arabia began implementing a "comprehensive" market reform programme with an aim to enhance the competitiveness of the electricity market. The reform programme is being implemented with a 5-phase approach. In the first phase, the plan is to unbundle the SEC, by vertical segregation, into four generation companies, a transmission company, and a distribution company. An independent system operator, which manages the national grid, has been therefore established, allowing more independent power producers to compete with the SEC generation companies. The authorities are also considering creating a new mechanism for more transparent setting of electricity tariffs.

4.56. Saudi Arabia continues to promote the use of renewable energy for the electricity and desalination industries. For example, the ATLAS programme for monitoring and mapping renewable sources to enable potential users to quantify potential resources in specific locations;

---

<sup>24</sup> OPEC online information, "Oil and Gas Data". Viewed at: <http://www.opec.org/library/Annual%20Statistical%20Bulletin/interactive/current/FileZ/Main-Dateien/SubSection3.html>.

<sup>25</sup> For information on the regulated prices of energy products in Saudi Arabia, see WTO documents WT/ACC/SAU/61, Annex A-1, 1 November 2005.

the ECRA has made regulatory provisions for the integration of electricity from renewable sources into the national system; and the King Abdullah City for Atomic and Renewable Energy (KACARE) aims to generate 9.5 GW from renewable energy by 2023.

4.57. Since 2010, all grids of the GCC member States have become interconnected as a Gulf Cooperation Council Interconnection Authority (GCCIA) Power Grid. According to the authorities, the aim of the GCCIA Grid is to increase the national grid reliability through reserve sharing (e.g. opportunities for electricity exchange based on the variations of the daily and seasonal electricity demand). In 2013, Saudi Arabia and Egypt signed a general agreement to interconnect the grids of both countries, and the work for interconnection began in 2014.

### 4.3.2 Mining

4.58. The Mining Investment Law opens the mining sector to private investors; it does not discriminate between local and foreign applicants for licences.<sup>26</sup> The non-hydrocarbon mineral extraction sector is administered by the Ministry of Petroleum and Mineral Resources. The Ministry allocates mineral rights, and awards mining and extraction licences based on several factors including the technical and financial competence of the applicant. Licences are granted on a first-come-first-serve basis (Table 4.9).

**Table 4.9 Number of licences for non-hydrocarbon minerals, 2010-14**

	2010	2011	2012	2013	2014
Reconnaissance licences	43	26	26	0	0
Exploration licences	121	104	254	414	448
Mining and raw materials quarry licences	69	74	77	77	77
Building materials quarry licences	1,313	1,286	1,292	1,226	1,473
<b>Total</b>	<b>1,618</b>	<b>1,490</b>	<b>1,649</b>	<b>1,717</b>	<b>1,998</b>

Source: Information provided by the authorities.

4.59. The Saudi Arabian Mining Company (Ma'aden) is the largest extractor of non-hydrocarbon minerals in Saudi Arabia. Ma'aden is 50% owned by the Saudi Government through the Public Investment Fund, and the other 50% is owned by Saudi institutional and individual investors. It has no monopoly over mineral rights, and extracts minerals and exports refined gold, copper, and zinc. Ma'aden does not have an export monopoly; exporters in the private sector are also permitted to export these products.

## 4.4 Construction

### 4.4.1 Overview

4.60. Construction and building contributed 5.4% to GDP in 2014, up from 4.6% in 2010<sup>27</sup> and employed 1.4 million people or 13% of total employment (Table 4.10). The majority of construction workers are not Saudi nationals. The growth in construction activity over the past few years has been driven by government investment with annual capital expenditure having increased from SAR 199 billion in 2010 to SAR 370 billion in 2014.<sup>28</sup>

<sup>26</sup> See Articles 5 and 11, the Mining Investment Law.

<sup>27</sup> Central Department of Statistics and Information (2015).

<sup>28</sup> Saudi Arabian Monetary Agency (2015), p. 127.

**Table 4.10 Construction and building in Saudi Arabia, 2010-14**

(GDP SAR million, employment ,000 persons)

		2010	2011	2012	2013	2014
Total GDP	SAR million	1,975,543	2,510,650	2,752,334	2,806,686	2,821,722
of which						
Construction and building	SAR million	90,780	107,021	118,513	134,445	152,367
Total employment	,000	..	9,936	10,390	10,729	11,068
of which						
Construction		..	1,294	1,704	1,518	1,417
of which		..	..	..	..	..
Saudi nationals		..	107	141	137	130

.. Not available.

Source: Central Department of Statistics and Information (2015), *Annual Yearbook 2014*, and *Labour Force Surveys 2011-2014*, Tables 45 and 47. Viewed at: <http://www.cdsi.gov.sa/english/index.php> [August 2015].

4.61. A large number of major investment projects are currently under way in Saudi Arabia and more are planned (Table 4.11). These include the construction of economic cities, of which, as at end-August 2015, three were under development. According to the authorities, each of the new economic cities is based on at least one competitive cluster or industry with a business friendly regulatory environment.<sup>29</sup> According to the SAGIA, the Government acts as the regulator, facilitator, and promoter while the private sector is the capital provider, owner, and developer. The development of the cities is regulated by the Economic Cities Authority (ECA), which was separated from SAGIA in 2014.<sup>30</sup> To encourage investment, the ECA offers a comprehensive package of incentives. The three economic cities currently under development are:

- King Abdullah Economic City (KAEC) in Rabigh located on the Red Sea, which is to have six main components: industrial zone, sea port, residential areas, sea resort, educational zone, and a central business district. The main developer is Emaar, The Economic City (EEC), which is listed on the Saudi Stock Exchange and whose major shareholders are: Dayim Modern Co.; ME Royal Capital Co.; Emaar Middle East Co.; ME Holdings Co.; ME Strategic Investments Co.; and ME Partners Co.<sup>31</sup>;
- Knowledge Economic City (KEC) in Madinah, which is to focus on knowledge-based industries and services with an Islamic focus. The main developer is the company Knowledge Economic City whose main shareholders are The King Abdullah Foundation for His Parents, the Developers of Knowledge Economic City Co., and the Savola Group (all of which are based in Saudi Arabia)<sup>32</sup>;
- Jazan Economic City (JEC) on the Red Sea is to focus on energy and labour intensive industries. Originally planned as a joint venture with MMC Corporation of Malaysia and the Saudi Binladin Group, the SAGIA cancelled their rights as developers in March 2013<sup>33</sup> and Saudi Aramco was given the task of developing the infrastructure for the first phase.<sup>34</sup>

4.62. In addition to the economic cities, work is also under way on a number of other cities including:

- Kingdom City near Jeddah, which is being developed by the Jeddah Economic Company – a joint venture which includes Kingdom Holding Company, Abrar Holding Company, Qila'a Jeddah Company, and Saudi Binladin Group. In the city, construction started in

<sup>29</sup> SAGIA (2007).

<sup>30</sup> Driver M. (2013).

<sup>31</sup> King Abdullah Economic City (2014).

<sup>32</sup> Knowledge Economic City Company (2011), p. 15.

<sup>33</sup> MMC (2013).

<sup>34</sup> Saudi Aramco online information. Viewed at:

<http://www.saudiaramco.com/en/home/citizenship/economy/jec.html>.

April 2013 on the Kingdom Tower which, if completed as planned, will be the tallest building in the world<sup>35</sup>; and

- Several cities are under development by the Saudi Industrial Property Authority (MODON), including Riyadh (1, 2 & 3), Jeddah (1, 2, 3 & 4), Dammam (1, 2 & 3), Makkah, Qassim (1 & 2), Al-Ahssa'(1 & 2), Madinah, Al-Kharj, Sudair, Al-Zulfi, Shaqraa, Dhurma, Hail, Tabuk, Ar'ar, Al-Jouf, Assir, Jazan, Najran, Al-Baha(1 & 2), Taif, and Hafr Al-Baten. MODON was established in 2001 under Resolution No. 235 of the Council of Ministers.<sup>36</sup>

4.63. Furthermore, public and private investment includes several other large-scale projects such as the Riyadh Metro, the Haramain high-speed rail network, the King Abdulaziz International Airport, and the housing programme (Table 4.11).

**Table 4.11 Selected large-scale construction projects in Saudi Arabia, 2015**

Project	Master developer	Approximate value SAR million
King Abdullah Economic City	Emaar, The Economic City	207,000
Knowledge Economic City in Medina	Quad International	8,000
Jazan Economic City	Saudi Aramco	40,000
Kingdom City	Kingdom Holding	20,000
Sudair Industrial City	Saudi Industrial Property Authority (MODON)	40,000
Saudi housing programme	Housing Ministry	70,000
Riyadh Metro	Arriyadh Development Authority	22,480
Sadara chemical complex, Jubail	Sadara Chemical Company	20,000
Haramain high-speed rail network	Saudi Railways Organization	13,743
Security compounds	Interior Ministry	13,000
Yanbu Aramco Sinopec refinery	Yanbu Aramco Sinopec Refining Company	10,000
Maaden/Alcoa aluminium complex	Saudi Arabian Mining Company (Maaden)	9,900
Manifa Arabian heavy crude programme	Saudi Aramco	9,280
King Abdulaziz International Airport	General Authority of Civil Aviation	8,172
Sipchem complex phase 3, Jubail	Saudi International Petrochemical Company (Sipchem)	7,860
Waad al-Shamal Phosphate City	Mosaic/Saudi Basic Industries Corporation (SABIC)	7,225
King Abdullah Financial District	Rayadah Investment Company	7,000
PetroRabigh phase 2	Rabigh Refining and Petrochemical Company (PetroRabigh)	7,000
Wasit Gas Development	Saudi Aramco	5,000
Jabal al-Kaaba	Abdul Latif Jameel Real Estate Investment Company	2,666

Source: Canadian Trade Commissioner Service (2014), *Construction Sector Profile – Saudi Arabia*, January; and developers' websites.

4.64. The construction industry in Saudi Arabia is dominated by a number of domestic private companies including: the Saudi Binladin Group, Saudi Oger, Al Arrab Contracting Company, Al Fouzan Trading & General Construction Company, and El Seif Engineering Contracting Company. While each of these companies has its headquarters in Saudi Arabia they also have operations abroad and have interests outside of construction.

#### 4.4.2 WTO Commitments

4.65. In acceding to the WTO, Saudi Arabia agreed to commitments concerning construction and related engineering services and related business services as set out in Table 4.12. These included the reservations that commercial presence requires incorporation under the Companies Act and a foreign equity limit of 75% on construction-related business services; and that Mode 4 would be unbound except for specialized personnel. Foreign companies working in the engineering sector are defined as vocational companies and are required: to form a partnership with a Saudi partner who has at least 25% of the company's capital; and to have the approval of the Saudi Council for Engineers. Foreign construction companies, on the other hand, need the approval of the SAGIA in

<sup>35</sup> Jeddah Economic Company online information. Viewed at: <http://www.kingdom.com.sa/> [August 2015].

<sup>36</sup> MODON online information. Viewed at: <http://www.modon.gov.sa/en/Pages/default.aspx> [August 2015].

order to be established in Saudi Arabia and approval from the Saudi Council of Engineers before they can engage in engineering, procurement, and construction (EPC) activities.<sup>37</sup>

**Table 4.12 Saudi Arabia's WTO construction-related services commitments**

	Limitations on market access				Limitations on national treatment			
	Mode				Mode			
	1	2	3	4	1	2	3	4
<b>1 BUSINESS SERVICES</b>								
1.D Architectural services	None	None	Foreign equity limited to 75%	Unbound, except as indicated in the horizontal section	None	None	None	Unbound, except as indicated in the horizontal section
1.E Engineering services								
1.G Urban planning and landscape architectural services								
<b>3 CONSTRUCTION AND RELATED ENGINEERING SERVICE</b>								
3.A General construction work for buildings	Unbound, except consultancy and advisory services	None	None	Unbound, except as indicated in the horizontal section	Unbound, except consultancy and advisory services	None	None	Unbound, except as indicated in the horizontal section
3.B General construction work for civil engineering								
3.C Installation and assembly work								
3.D Building completion and finishing work								
3.E Other								
Commercial presence for all services listed above is subject to incorporation under the Companies Act either as joint-stock companies or as limited liability companies. Commercial presence for business services listed above is subject to formation of a company, and registration of such a company under the Professional Companies Law								
Horizontal section, Mode 4, unbound except for the entry and temporary stay of natural persons in the following categories: business visitors; intra-corporate transferees; contractual service suppliers; independent professionals; and installers and maintainers								

Note: Mode 1: Cross border supply.  
 Mode 2: Consumption abroad.  
 Mode 3: Commercial presence.  
 Mode 4: Presence of natural persons.

Source: WTO, World Bank I-TIP online database.

#### 4.4.3 Policies

4.66. Several government agencies are responsible for policies affecting the construction sector including, the Ministry of Municipal and Rural Affairs, the Ministry of Housing, and the Ministry of Transport. In particular, the Ministry of Municipal and Rural Affairs is responsible for the "classification of contractors, management of the construction and building sector database, management of the Mina and the Holy Sites Development Project, and the building and construction laboratories. During the Eighth Development Plan, other responsibilities were added, such as: managing and implementing the Building Code, applying the real-estate registration system in coordination with the Ministry of Justice, and issuing municipal licences for commercial, industrial, artisanal and vocational activities".<sup>38</sup>

4.67. The Saudi Building Code, first published in January 2007, sets out the minimum requirements for construction works and testing and inspection of works. By reference, the Code applies the specifications developed by relevant standard-setting organizations in the United States.<sup>39</sup> Other standards and technical regulations apply to construction-related materials and works and testing methods as set out by the Saudi Standards, Metrology and Quality Organization.

4.68. Even though 100% foreign ownership is permitted for contracting activities, many foreign companies choose to have joint ventures with local partners, particularly as consultants and engineers must be approved by the Ministry of Commerce and Industry and the Saudi Council of Engineers. To tender for contracts with government agencies, a foreign entity must be classified by the Ministry for Municipal and Rural Affairs with classifications ranging from first (allowing the contractor to perform projects with a value generally in excess of SAR 420 million) to fifth (allowing the contractor to perform projects with a value of up to approximately SAR 0.42 million).

<sup>37</sup> WTO (2012).

<sup>38</sup> Ministry of Economic Planning (2013).

<sup>39</sup> General Secretariat of the Saudi Building Code National Committee (2007).

---

An application for classification will involve an examination of the applicant's financial, technical, administrative, and execution ability.

4.69. Engineering consultancy licences may be obtained from, and are regulated by, the Ministry of Commerce and Industry and require pre-approval of the Saudi Council of Engineers. A foreign company can be licensed to conduct engineering consultancy activities in Saudi Arabia if it meets certain requirements, including: it is licensed to practice the same business in the country of origin; it has at least 10 years working experience, during which time it has exercised, without interruption, engineering consultancy work; a financial institution in Saudi Arabia certifies its financial viability, reputation and commercial dealings; and performance certificates are provided in respect of works it has completed either inside or outside Saudi Arabia.

4.70. Foreign ownership of engineering and consultancy companies is limited to 75% and the experience of the foreign investor's representative in Saudi Arabia and the national partner are examined. The partners are jointly and fully liable in respect of their operation and not limited to their shares in the professional company.<sup>40</sup>

4.71. Despite strong growth in construction over the past few years and the number of large-scale projects actually under way or in planning, several challenges face the construction sector. Many expatriate workers have been employed in the construction industry (Table 4.10) and were affected by the official amnesty allowing illegal immigrants to leave Saudi Arabia by end-November 2013 without penalties. It has also been reported that the Nitaqat Programme, which requires employment of a specific minimum proportion of Saudi nationals depending on the size of the enterprise, could affect the cost of doing business and could lead to the closure of some companies.<sup>41</sup>

## 4.5 Services

### 4.5.1 Financial services

4.72. The financial sector in Saudi Arabia comprises the banking sector, the insurance sector and capital markets. The banking sector and the insurance sector are regulated and supervised by the Saudi Arabia Monetary Agency (SAMA). Capital markets are regulated by the Capital Markets Authority (CMA).

4.73. As part of its WTO accession terms, Saudi Arabia undertook broad commitments on banking; protection and savings; insurance; non-life insurance (general insurance and health insurance); reinsurance and retrocession; insurance intermediation (brokerage and agency); and services auxiliary to insurance (consultancy, actuarial, risk assessment and claims settlement services).<sup>42</sup>

4.74. In 2014, the sector was responsible for over 10% of GDP and 2% of employment in the economy.

#### 4.5.1.1 Banking sector

##### 4.5.1.1.1 Structure

4.75. The sector consists of 12 commercially licensed domestic banks and 12 licensed commercial bank branches of foreign banks. The sector is concentrated, with the six largest banks accounting for 75% of the total assets of the banking system (Table 4.13).

---

<sup>40</sup> O'Riordan P. and Barrett R. (2015); Hatem Abbas Ghazzawi & Co (2015).

<sup>41</sup> Saudi Hollandi Capital (2012).

<sup>42</sup> WTO document WT/ACC/SAU/61/Add.2, pp. 21-23, 1 November 2005.

**Table 4.13 Saudi Arabia's banking sector, 2010-14**

	2010	2011	2012	2013	2014
<b>Structure</b>					
Number of licensed banks	23	23	23	24	24
Number of banks accounting for:					
25% of total assets	2	2	2	2	2
75% of total assets	6	6	6	6	6
Total assets (% of GDP)	71.6	61.5	63.0	67.8	76.2
Total loans (% of GDP)	39.2	39.8	36.3	40.1	44.7
Credit to private sector (% of GDP)	37.6	30.0	34.9	38.6	43.1
Total deposits, excluding interbank (as % of GDP)	49.9	44.0	45.8	50.2	56.3
<b>Capital adequacy</b>					
Regulatory capital to risk-weighted assets	17.6	17.6	18.2	17.9	17.9
<b>Asset quality</b>					
Net loans to total assets	55.1	55.8	58.2	59.8	60.3
Gross NPLs to net loans	3.0	2.2	1.7	1.3	1.1
Total provisions to gross NPLs	115.7	132.8	145.1	157.4	182.9
Net NPLs to total capital <sup>a</sup>	-2.7	-3.0	-3.7	-3.4	-4.1
Total provisions for loan losses (as % of total loans)	3.5	3.1	2.8	2.2	2.1
Contingent and off-balance sheet accounts to total assets	91.4	96.2	91.7	90.8	100.2
<b>Profitability</b>					
Profits (% change)	-2.6	18.4	8.4	6.5	12.5
Average pretax return on assets	2.0	2.1	2.1	2.0	2.5
Return on equity	13.6	15.0	15.1	14.6	18.2
Noninterest expenses to total income	52.7	46.9	47.0	47.7	45.5
Average lending spread	4.3	4.1	3.8	3.7	3.5

a The negative sign reflects that provisions exceed gross NPLs.

Source: IMF (2015), *Country Report No. 15/251*.

4.76. As a result of SAMA's prudent regulations, the sector remained largely insulated from the fallout of the global financial crisis. The sector has exhibited robust performance during the review period, with total assets rising from US\$377.4 billion in 2010 to US\$568.7 billion in 2014, which is equivalent to over 76% of GDP (Table 4.13). Furthermore, growth in the banking sector was higher than GDP growth as well as non-oil GDP growth. Lending is relatively widely distributed across sectors, with the "other" category accounting for 42% of lending commercial sector accounting for 21% of lending and manufacturing another 13% (Table 4.14).

**Table 4.14 Bank credit to private sector by economic activity, 2012-14**

(SAR million)

	2012	2013	2014
Agriculture and fishing	9,210	12,001	11,573
Manufacturing and production	126,203	139,764	158,441
Mining and quarrying	12,171	16,348	20,287
Electricity, water and other utilities	34,385	34,315	36,102
Building and construction	75,381	76,555	83,259
Commerce	206,023	234,768	255,645
Transport and communications	38,396	37,924	43,263
Finance	30,451	27,915	35,196
Services	56,542	64,004	60,235
Others	371,712	432,799	500,739
Total	960,472	1,076,393	1,204,831

Source: Saudi Arabian Monetary Agency (2015), *Fifty-First Annual Report*, June. Viewed at: [http://www.sama.gov.sa/en-US/EconomicReports/AnnualReport/5600\\_R\\_Annual\\_En\\_51\\_Apx.pdf](http://www.sama.gov.sa/en-US/EconomicReports/AnnualReport/5600_R_Annual_En_51_Apx.pdf).

4.77. The period under review has also seen the non-performing loans (NPLs) ratio decline. The stock of NPLs as a proportion of total bank loans declined to 1.1% in 2014 from its peak of 3% in 2010 and 1.7% in 2012. NPLs are concentrated in the commerce, building and construction, and services sectors.



4.78. The sector is very well provisioned for the NPLs; the average capital adequacy ratio is close to 18% with over 90% being tier 1 capital and loan loss provisioning in 2014 was 183%. Additionally, all banks have met the Basel III capital adequacy requirements.

4.79. A notable feature of the country's banking sector is that from a regulatory point of view, no distinction is made by either the regulator or licensed banks between Islamic and conventional institutions (Box 4.1).

#### Box 4.1 Islamic banking

Islamic banking entails a financial system that is consistent with Shariah (Islamic law). Under Shariah, the collection and payment of interest are prohibited, as are trading in financial risk (perceived as a form of gambling) and investment in businesses considered haram (forbidden) such as those involving alcohol and pork.

However, Islamic banking does allow gains on capital, and banking activity is guided by four basic principles:

- risk-sharing: the terms of financial transactions need to reflect a symmetrical risk/return distribution each participant to the transaction may face;
- materiality: a financial transaction needs to have a "material finality", that is directly or indirectly linked to a real economic transaction;
- no exploitation: a financial transaction should not lead to the exploitation of any party to the transaction; and
- no financing of haram (sinful) activities. Islamic financial instruments take the form of contracts between providers and users of funds to manage risk.

In order to ensure compliance with Shariah law, Islamic banks and banking institutions that offer Islamic banking products and services are required to establish Shariah advisory committees/consultants to advise them and to ensure that the operations and activities of the bank comply with Shariah principles.

Taking these principles into account, the main Shariah compliant financial instruments prevalent today are:

- Mudarabah (profit sharing), which is a contract, with one party providing 100% of the capital and the other party providing its specialized knowledge to invest the capital and manage the investment project. Profits generated are shared between the parties according to a pre-agreed ratio. If there is a loss, the first partner "rabb-ul-mal" will lose his capital, and the other party "mudarib" will lose the time and effort invested in the project.
- Murabahah, which is the sale of goods (such as real estate, commodities, or a vehicle) where the purchase and selling price, other costs, and the profit margin are clearly stated at the time of the sale agreement. Murabahah has become "the most prevalent" Islamic financing mechanism. Murabahah works as finance when the lender/buyer pays the bank/seller for the good over a period of time, compensating the bank/seller for the time value of its money in the form of "profit" not interest. With a fixed rate of profit determined by the profit margin for the purchase of a real asset, this is a fixed-income loan. The bank is not compensated for the time value of money outside of the contracted term (i.e., the bank cannot charge additional profit on late payments); however, the asset remains as a mortgage with the bank until the default is settled.
- Hibah (gift), which is a token given voluntarily by a debtor in return for a loan. Hibah usually arises when Islamic banks pay their customers a "gift" on savings account balances, representing a portion of the profit made lending funds from savings account balances. Unlike interest and like dividends on shares of stock, Hibah cannot be guaranteed. Additionally, it is not time bound.
- Istisna (manufacturing finance), which is a process where payments are made in stages to facilitate the work of manufacturing/processing/construction. An instalment of Istisna, for example, may enable a construction company to finance construction of sections of a building or help manufacturers pay for an order of raw materials.
- Ijarah, which means lease, rent or wage. Generally, the Ijarah concept refers to selling the benefit of use or service for a fixed price or wage. Under this concept, the bank makes available to the customer the use of service of assets / equipment such as plant, office automation, or motor vehicles for a fixed period and price.
- Musharakah (joint venture), which is a relationship between two parties or more that contribute capital to a business and divide the net profit and loss *pro rata*. This is often used in investment projects, letters of credit, and the purchase of real estate or property. In the case of real estate or property, the bank assesses an imputed rent and will share it as agreed in advance. All providers of capital are entitled to participate in management, but not necessarily required to do so. The profit is distributed among the partners in pre-agreed ratios, while the loss is borne by each partner strictly in proportion to respective capital contributions. This concept is distinct from fixed-income investing (i.e. issuance of loans).
- Sukuk (Islamic bonds); a major difference between conventional bonds and sukuk is that the structure of sukuk removes interest based elements which are replaced by an asset based income structure using most typically Ijara or Wakala contracts. According to data published by the Islamic Financial Services Board, total outstanding sukuk as of end of 2014 was US\$294 billion.

As of 2014, Islamic banking assets were in excess of US\$1.5 trillion, which is more than 1% of global banking

assets. Furthermore, Islamic banking has been growing much faster than conventional banking, although from a much lower base. During the period 2009-13, Islamic banking assets grew at an average annual rate of 18% and were expected to grow at an average annual rate of 20% during the period 2014-20.

Source: Islamic Financial Services Board.

4.80. In principle all banking activity undertaken in Saudi Arabia is Islamic or Shariah- (Islamic law) compliant. However, no local bank has been officially classified as an Islamic bank and it is up to each bank to satisfy its customers on Shariah compliance with regards to services and products that they offer.

4.81. With its prominent position in the Islamic world and the status of Shariah in Saudi Arabia's legal system, Islamic banking plays an important role in Saudi Arabia's banking sector. The Islamic banking sector comprises four banks, which are run completely in accordance with Shariah, while all other banks offer both conventional and Shariah-compliant products. Approximately, 48% of the banking sectors assets in 2014 were Shariah-compliant. Furthermore, in terms of profitability, the Islamic banking segment has outperformed the conventional banking sector. Shariah-compliant lending grew by a compound annual growth rate of 16.3% between 2007 and 2012 compared with 9.8% for conventional loans over the same period.<sup>43</sup>

#### 4.5.1.1.2 Regulation

4.82. The main legislation governing the banking sector continues to be the Banking Control Law of 1966, which is administered by SAMA.<sup>44</sup> Under the provisions of the Law and the Charter of SAMA, SAMA is responsible for *inter alia*: developing and administering the regulatory and supervisory framework, including issuing guidelines pertaining to supervision, operations and inspections; issuing licences; and onsite and offsite inspection. Under Article 2 of the Banking Control Law, a natural or legal person is required to have a licence to engage in a banking business. Under Article 3 of the Law, the licensing requirements for a Saudi national bank or a joint venture bank stipulate that it must be a public Saudi joint-stock company. Upon the recommendation of SAMA, the Minister of Finance and the Council of Ministers evaluate each recommendation before granting a licence for a branch of foreign bank, a Saudi national bank or a joint venture bank. The licensing criteria are prudential in nature and deal with issues such as capital adequacy, liquidity, profitability and corporate governance.

4.83. Foreign banks are allowed to operate in Saudi Arabia either as a locally incorporated joint-stock company or as a branch of an international bank. Non-Saudi participation in a joint venture is permitted up to 60%.

4.84. With regards to Islamic banking, Saudi Arabia allows financial institutions to ensure compliance with respect to the Shariah compatibility of the products and services they offer. The compliance is monitored by an internal Shariah Board within each bank.

#### 4.5.1.2 Insurance

##### 4.5.1.2.1 Structure

4.85. The insurance sector in Saudi Arabia is based on a "Cooperative" model, which is Shariah-compliant, and based on the following principles<sup>45</sup>:

- The policyholders co-operate actively for their common good;
- Every policyholder pays his subscription in order to help those who need it;
- It spreads liability in the community by a pooling system;
- It does not aim at deriving undue advantage for one at the cost of other individuals; and

<sup>43</sup> Oxford Business Group (2014).

<sup>44</sup> Royal Decree No. M/5, 22/2/1386H (11 June 1966). The Charter of SAMA is contained in Article 1 of Royal Decree No. 23, 23/5/1377H (15 December 1957).

<sup>45</sup> Institute of Islamic Banking and Insurance online information. Viewed at: [http://www.islamicbanking.com/basis\\_and\\_principle\\_of\\_takaful.aspx](http://www.islamicbanking.com/basis_and_principle_of_takaful.aspx).

- The element of uncertainty is eliminated as far as determination of the premiums is concerned.

4.86. The insurance sector in Saudi Arabia comprises 35 companies, with 16 companies licensed to provide both insurance and reinsurance policies, and one sole reinsurer. Additionally there are 89 insurance brokers, 82 insurance agents, two actuaries, 15 loss assessors and adjusters, 9 insurance claims settlement specialists and 8 insurance advisors.

4.87. In Saudi Arabia, general insurance, which includes accident and liability, motor, property and fire, marine, aviation, energy and engineering insurance, is offered as are health insurance and protection and savings insurance.

4.88. During the period under review, the insurance sector has grown considerably, albeit from a low base. Gross written premiums more than doubled from SAR 15 billion in 2009 to SAR 30.5 billion in 2014. The increase has come about due to the provision of health insurance by many businesses for their employees and the requirement of at least third-party insurance for all motorists.

#### 4.5.1.2.2 Regulation

4.89. Insurance is undertaken through licensed public joint-stock insurance companies operating in a cooperative manner, as provided by the Cooperative Insurance Companies Control Law.<sup>46</sup> SAMA is tasked with administering the Law as well as subsidiary implementing regulations.<sup>47</sup> SAMA monitors and supervises the entire insurance sector for compliance with regulatory requirements, and assists in the development of future government policy in the sector.

4.90. Cooperative insurance allows policyholders and shareholders to benefit from their contributions and investments through the distribution of surpluses in the ratio of 90% for the shareholders and 10% for the policyholders. The accounting methods for the distribution of surpluses are set out in the Law's Implementing Regulations.<sup>48</sup> A separate Law on Cooperative Health Insurance is concerned primarily with the consumption side.<sup>49</sup> The Council of Cooperative Health Insurance headed by the Minister of Health is responsible for the enforcement of this Law.

4.91. Under the terms of accession to the WTO, Saudi Arabia undertook extensive commitments in the insurance sector in all modes of supply.<sup>50</sup>

4.92. A foreign insurance company may establish a commercial presence but it must be in the form of a locally incorporated cooperative insurance joint-stock company, or as an established direct branch of an international insurance company operating in Saudi Arabia as a cooperative insurance provider. Non-Saudi investment in such a joint-stock company in Saudi Arabia is permitted up to 60%.

4.93. To establish a new locally incorporated public joint-stock cooperative insurance company, a foreign insurance company is required to: (i) obtain a licence from SAMA (per Articles 4-11 of the Cooperative Insurance Companies Control Law); (ii) obtain approval from SAGIA; (iii) apply to the Ministry of Commerce and Industry pursuant to the Companies Law; (iv) obtain approval from the Council of Ministers and a Royal Decree; and (v) obtain an authorization to conduct business from SAMA. In accordance with Article 7 of the implementing regulation: the applicant must pay the Agency a non-refundable licensing application processing fee of SAR 10,000. Upon approval of the application, the applicant must pay the Agency the following licensing fee: SAR 100,000 for an insurance company; SAR 200,000 for a re-insurance company; SAR 300,000 for an insurance and re-insurance company; SAR 25,000 for insurance and re-insurance services providers, except actuaries and insurance advisors and SAR 5,000 for actuaries and insurance advisors.

<sup>46</sup> Royal Decree No. M/32, 2/6/1424H (31 July 2003).

<sup>47</sup> For the legislation governing the insurance sector, see SAMA online information. Viewed at: <http://www.sama.gov.sa/sites/samaen/Insurance/Pages/LawsandRegulations.aspx>.

<sup>48</sup> For a detailed description of Saudi Arabia's cooperative insurance market, see WTO document WT/ACC/SAU/61, paragraphs 289-295, 1 November 2005.

<sup>49</sup> Royal Decree No. M/10, 1/5/1420H.

<sup>50</sup> See WTO document WT/ACC/SAU/61/Add.2, 1 November 2005.

4.94. To reinforce the resilience of the Saudi insurance sector to enable it to withstand potential market turbulences a number of prudential requirements are applied by SAMA. For instance, SAMA requires each insurance company to deposit in SAMA or a local bank an amount equivalent to 10.0% of its paid-up capital as a statutory deposit to meet any unexpected obligations towards policy holders. These deposits cannot be withdrawn without the approval of SAMA. In addition, SAMA prohibits Saudi insurance firms from extending reinsurance to non-Saudi companies that have received a rating below BBB from S&P, or its equivalent from another internationally recognized credit rating agency: the objective being to add to the resilience of the market and enhance its ability to withstand shocks resulting from interconnectedness with global markets.

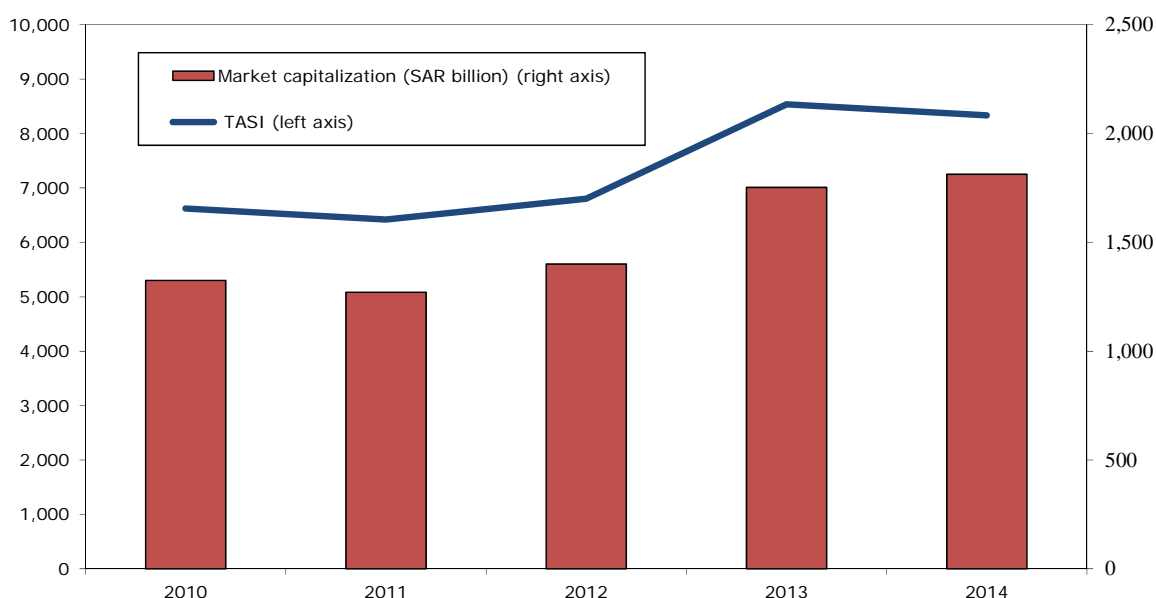
4.95. The Saudi insurance sector nearly meets the solvency margin requirement set by the insurance law and the implementing regulations. Its reported solvency margin rose by 29.5 percentage points to 99.0% of the 100% benchmark in 2014. Recognizing the need for insurance companies to raise their solvency margins and return to the required levels, SAMA advised them to submit plans as to how they would bring the solvency margins up to the required level. In addition, SAMA also took various steps to enhance profitability in the market such as actuarial pricing, and required companies to take into consideration the loss experience during the underwriting process. As a result the solvency margin in the second quarter of 2015 rose to 111%.

#### 4.5.1.3 Capital markets

##### 4.5.1.3.1 Structure

4.96. Saudi Arabia has the largest stock market of the GCC countries, with 169 listed companies that are classified into 15 sub-sectors. As of end-2014, market capitalization was approximately SAR 1,813 billion and the Tadawal All Share Index (TASI) was 8,333 points, up from 6,621 at end-2010 (Chart 4.4). The market is highly concentrated, with the banking and financial services sector, and the petrochemicals sector accounting for more than half the market capitalization. Furthermore, during the review period activity in the market has increased, as the number of shares traded rose slightly above 33 billion in 2010 to over 70 billion in 2014, and trading in Sukuk (deeds and financial certificates) and bonds reached SAR 108 million in 2014.

**Chart 4.4 Market capitalization, 2010-14**



Source: Information provided by the Saudi authorities.

#### 4.5.1.3.2 Regulation

4.97. Under the provisions of Article 20 of the Capital Market Law of 2003<sup>51</sup>, "A market shall be established in the Kingdom for the trading in securities which shall be known as 'the Saudi Stock Exchange', and will have the legal status of a joint stock company in accordance with the provisions of this law...". Consequently, the Saudi Stock Exchange was established by the Royal Decree No. 15 of 2007. Under the provisions of the Law, Tadawal is the only entity authorized to trade in securities in Saudi Arabia.

4.98. The Capital Market Law also established the Capital Market Authority (CMA) as sole regulatory authority. The CMA has the authority to promulgate and enforce rules for the regulation of all aspects of securities trade. The CMA has established a Committee for the Resolution of Securities Disputes, which has jurisdiction over disputes falling under the provisions of the Capital Market Law, its Implementing Regulations, and the regulations, rules, and instructions issued by the Authority and the Exchange, with respect to public and private actions. The Committee's decisions may be appealed before the Appeal Panel within 30 days of their notification date.

4.99. Direct share trading in Saudi Arabia is restricted to Saudi citizens, GCC nationals, and foreign residents, but there are no restrictions on investment by non-resident foreign investors in government bonds, treasury bills or Saudi investments funds, ETFs, and swap agreements. Non-GCC nationals that hold shares of public joint-stock companies traded in the equity share market must obtain permission from the CMA prior to buying or selling their shares. The CMA has also permitted the trading of Sukuk in order to promote a market in instruments less exposed to risk than ordinary equities.

4.100. Saudi Arabia permits foreigners to invest in open-ended investment funds that invest in the Saudi Stock Exchange and are managed by an authorized person licensed by the CMA. Foreign investors are permitted to participate directly in corporate debt, government debt, and mutual funds. The participation of foreign investors in the stock market to buy and sell shares is under consideration by the CMA. ETFs and swap agreements were recently added as two additional channels through which non-resident foreign investors may invest in the Saudi Capital Market.

4.101. In June 2015, the Saudi government took a policy decision that allows certain qualified foreign institutional investors (QFIs) to directly invest in the Saudi stock market. This further opening of the market to QFIs is expected to further promote stability as these are qualified investors that can add to the level of maturity and sophistication in the market.

4.102. Furthermore, the capital market regulator has continued issuing and amending rules and regulations to create an investment-conducive environment that supports investor confidence and protection. In addition to the qualified foreign investors (QFIs), Credit Rating Agencies Regulations became effective on September 2015. The Special Purpose Entities Regulations are being drafted, while the Investment Funds and Authorized Persons Regulations are being revised.

#### 4.5.2 Transport

4.103. Under its GATS commitments, Saudi Arabia does not maintain restrictions on Modes 1 to 3 with regard to market access and national treatment in the sectors of maritime transport, air transport, rail transport, and pipeline transport, except that Mode 3 in railway transport is limited to foreign investment in the form of "build, operate and transfer" (BOT) arrangements.<sup>52</sup> Saudi Arabia did not make any commitments under Mode 4 other than those indicated in the horizontal section.

##### 4.5.2.1 Aviation

4.104. The basic legislation pertaining to civil aviation services is the Civil Aviation Law. The General Authority of Civil Aviation (GACA) is the competent authority for implementing the legislation and overseeing the development of the aviation transport sector. In addition to making

<sup>51</sup> Royal Decree No. M/30, 2/6/1424H (13 July 2003).

<sup>52</sup> WTO document WT/ACC/SAU/61/Add.2, 1 November 2005.

sector development policies (e.g. infrastructure privatization or open services for private sector participation), other functions of the GACA include licensing carriage operators, licensing ground services operators, "adopting" air tariffs and prices, and navigation.

4.105. The policy objectives for the aviation sector are set out in Saudi Arabia's Air Transport Strategy, which, at end-2015, was not available to the public. According to the authorities, GACA's strategy is to encourage investment in all the sub-sectors in civil aviation and to implement initiatives for privatization in areas such as airports and navigation. In addition, GACA is seeking to meet rising demand for air transport and improve quality for passengers with infrastructure development to meet these needs. The strategy also includes measures to improve GACA's legislative and regulatory role, including improving standards and implementation of an evaluation programme.

4.106. Saudi Arabian Airlines (Saudia), the flag carrier, has the largest market share of passenger air transport in Saudi Arabia. Saudia is a public and independent corporation, 100% owned by the Saudi Government. According to the authorities, Saudia is represented by the Director-General who is appointed by the Prime Minister<sup>53</sup>; and is managed by a board of directors.<sup>54</sup>

4.107. The market for domestic flights was about 12 million passengers in 2014.<sup>55</sup> Since 2007, Nas Air (now Flynas) has operated in competition with Saudia. Flynas also operates several regional international flights.<sup>56</sup> Since 2011, GACA granted rights to three applicants for operating domestic flights: Al Maha, Saudi Gulf, and Nesma (all majority-owned by Saudi nationals). The authorities stated that, once the economic and technical requirements set out in their licences have been certified, they may commence operations.

4.108. Cargo flights are open to all licensed carriers including express delivery companies. There are currently 11 carriers licensed for cargo flights, among which 10 are foreign carriers. Similar to domestic passenger transport, air freighters operating on domestic routes must be locally incorporated in Saudi Arabia. For domestic air freight transport, Saudi Airlines Cargo continues its dominance in the air shipment business. At the end of 2014, air cargo shipments stood at 1,019 million tonnes, slightly below the 1,059 million tonnes in 2013.<sup>57</sup>

4.109. Saudi Arabia has about 80 bilateral air services agreements (Table A4.1), all of which are provisionally applied. None of these agreements covers the seventh freedom rights; the authorities note that the fifth freedom rights is allowed only by special approval from competent authorities. Moreover, all these agreements allow free pricing.

4.110. Almost all airports in Saudi Arabia are owned and managed by the GACA. However, as a reflection of the authorities' strategy of partial privatization, in 2012 the GACA signed a US\$1.2 billion public-private-partnership (PPP) contract with an international consortium led by Turkish airport operator, TAV, for the building and operation of the New Prince Muhammad bin Abdulaziz International Airport; the PPP contract maintains the ownership of the airport by the GACA but allows the private consortium to undertake the revenue risks associated with operating the airport.

4.111. The slot management is overseen by the Airport Sector of the GACA, however it is planned to outsource it to an independent slot coordinator in the near future. The authorities note that the time slot management follows international practice.

4.112. There are two licensees of general ground handling services. Saudia is the dominant services provider of ground handling services. Swissport was granted a licence to provide ground handling. According to the authorities, other operators were granted licences for specific ground handling services such as catering.

---

<sup>53</sup> By-Laws of the Saudi Arabian Airlines Corporation.

<sup>54</sup> The board of directors is composed of 11 members including the Director-General, and the chair is the President of the General Authority of Civil Aviation (GACA).

<sup>55</sup> GACA (2015).

<sup>56</sup> GACA granted domestic routes carrier licences to Flynas and Sama Airlines in 2007; Sama Airlines has not operated since August 2010.

<sup>57</sup> GACA (2015).



#### 4.5.2.2 Maritime Transport

4.113. The National Shipping Company of Saudi Arabia (Bahri) is the largest shipping company in Saudi Arabia; it is also the first national carrier. Bahri's business includes transportation of general cargo, crude oil, chemicals, liquefied petroleum gas (LPGs) and dry bulk. Bahri, through its subsidiaries, also provides ship management services. Bahri is a publicly listed company; 28% of its shares are owned by the Public Investment Fund of the Saudi Government; 20% by Saudi Aramco Development Company; and the rest by Saudi nationals.

4.114. Vela International Maritime Limited (Vela) was another major maritime transport company focused on transporting crude oil and petroleum-based chemicals. Vela was merged into the National Shipping Company of Saudi Arabia (Bahri) at the end of 2014, and now operates as part of Bahri. As a result of the merger, Bahri owns a fleet of 69 vessels, including 32 "very large crude carriers" (VLCCs), which gives Bahri the world's third-largest fleet of VLCCs. Bahri has also become the exclusive supplier of VLCC shipping to Saudi Aramco.

4.115. The Saudi Ports Authority (SEAPA) owns the majority of port facilities in Saudi Arabia. However, the SEAPA contracts out the operations of sea ports to the private sector, including the largest sea port, the Jeddah Islamic Port (JIP). Currently, 27 private companies provide port services. The contract for JIP's north and south container terminals is due to expire in 2019.

4.116. Saudi Arabia continues to seek more private sector participation through the model of public-private-partnership (PPP), in particular the "build-operate-transfer" (BOT) model. The King Abdullah Port is the first port in Saudi Arabia entirely financed by private capital; it is owned and developed by the Ports Development Company, a joint venture between Emaar Economic City (an UAE company) and the Binladin Group.<sup>58</sup> The King Abdullah Port aims to increase its capacity to 20 million twenty-foot-equivalent units (TEUs) per year.

4.117. The Yanbu Port experienced a rapid expansion in the last few years: the deadweight tonnes (DWT) throughput in Yanbu was 45 million in 2014, up from 28.9 million in 2010; a US\$559.8 million expansion programme began in 2014 to further increase its capacity.

4.118. Piloting services are provided by SEAPA only and cabotage is not permitted for foreign services providers.

#### 4.5.2.3 Railway transport

4.119. The basic legislation regarding the railway sector is the Railways Transportation Regulation, the Council of Ministers Resolution No. 155. The Saudi Railways Commission was established in 2013 as the regulator to implement the Regulation and to oversee the railway transport sector. Currently, the authority of the Railways Commission is exercised by the Saudi Railway Organization on an interim basis. The authorities indicated that the Railway Commission will become an independent organization once the Council of Ministers approves and relevant legislative procedures are completed.

4.120. The Saudi Railways Organization (SARO) is a fully state-owned entity under the Ministry of Transportation.<sup>59</sup> In addition to being a national carrier, SARO is responsible for railway network planning and infrastructure management. According to the authorities, SARO operates its business in accordance with commercial considerations.

4.121. The Saudi Railway Company (SAR) is another state-owned railway transport company with its own railway network. The SAR transports passengers, freight, and minerals on its network.

4.122. Saudi Arabia is in the process of developing its railway strategies in the Saudi Railway Master Plan 2015-2030. As at the end of 2014, the total length of the railway network was

---

<sup>58</sup> The partnership between Emaar Economic City and Binladin Group for the King Abdullah Port project began in 2010.

<sup>59</sup> The budget of the Saudi Railway Organization (SARO) is covered by the General Budget of the Saudi Government; the Government appointed all members of the SARO board of directors, of which the Minister of Transportation is the chair.



1,412 kilometres. The network links two regions: Eastern Province and Riyadh where 40% of the population is located as well as 50% of the economic activity. Saudi Arabia is in the process of upgrading and expanding the rail network through four large-scale construction projects: the 2,750-km north-south railway connecting Riyadh and Al Hadetha on the Saudi-Jordan border; the 450-km Haramain high-speed rail connecting Makkah and Medina via Jeddah and King Abdullah Economic City; the 1,400-km Saudi Land Bridge railway linking the Jeddah Islamic Port and Al Jubail; and the 663-km GCC railway line through Saudi Arabia (from its border with Kuwait to its border with the UAE). These construction projects are supervised by transport companies.

4.123. All of the current railway projects are fully funded by the Saudi Government, with private sector participation through tendering of operation and management concessions once the facilities have been completed. The authorities did indicate that private sector involvement through public-private-partnership in the Saudi Land Bridge project was considered but it was not successful.

#### 4.5.2.4 Pipeline transport

4.124. Saudi Arabia has 8,664 kilometres of petroleum pipelines: 212 km for condensate; 1,880 km for natural gas; 1,183 km for LPG; 4,241 km for oil; and 1,148 km for refined products. A crude oil pipeline supplying Bahrain is under development.

4.125. All pipelines in Saudi Arabia are owned by Saudi Aramco; the management of pipelines is contracted out to the private sector. Upon its accession to the WTO, Saudi Arabia committed to impose no restrictions on pipeline transport services for both market access and national treatment for Modes 1 to 3; Mode 4 was unbound except as indicated in the horizontal section.

#### 4.5.3 Tourism

4.126. On account of having the two holiest sites in Islam (Mecca and Medina); Saudi Arabia has a captive religious tourism market. However, according to the authorities the Government generates no revenue from Hajj and Umrah. In 2014, nearly 14.5 million people visited the Kingdom of Saudi Arabia; of these over 11 million were Muslim pilgrims who came to perform Hajj and Umrah. In 2014, the sector's direct contribution to GDP was over US\$21.3 billion (2.9% of GDP) and indirectly over US\$33.2 billion (4.5% of GDP). Furthermore, the tourism sector is directly responsible for nearly 7% of total employment in Saudi Arabia and indirectly for over 11% of total employment. Furthermore, as already stated (Section 2), real-estate investment in Mecca and Medina and land transportation services (excluding intercity passenger transport by trains) is reserved for Saudi nationals.<sup>60</sup>

4.127. The Government envisions the tourism sector as a driver of growth and employment in the Kingdom. In this regard the authorities are encouraging business tourism, with a particular emphasis on meetings, incentives, conferences and events.<sup>61</sup> However, Saudi Arabia does not provide any leisure tourism visas. In 2013, the authorities introduced the Umrah-plus programme, which allows pilgrims to travel freely throughout Saudi Arabia for 30 days after having completed the religious rituals. However, this limits any potential non-business tourism to Muslims only.

##### 4.5.3.1 Regulation

4.128. The Saudi Commission for Tourism and Natural Heritage (SCTH) is the body responsible for regulating the tourism industry. The SCTA is responsible for formulating and implementing a strategy to drive growth and investment in the sector by increasing the number of offerings as well as facilitate tourism through human resource development and infrastructure upgrades.

<sup>60</sup> See document WT/ACC/SAU/61, 1 November 2005.

<sup>61</sup> The Cabinet Resolution No. 246 issued in May 2013 specified that the exhibition and convention permanent committee, which was formed by the Royal Decree (7863/MB), shall be transformed into a national programme called "the Saudi Exhibition and Convention Bureau". The Bureau aims at developing and organizing the exhibition and convention sector in the Kingdom through preparing the required plans so as to meet the Bureau's objectives, tasks, and needs. The resolution also specified the formation of a committee supervising the Bureau.

4.129. The SCTH also encourages the formation of associations that can take on the SCTH's roles as the industry matures. In this regard proposals have been submitted to establish professional groupings for accommodation, travel and tour guides.

4.130. Increasingly, the Government is trying to achieve its strategic goals for tourism through public-private partnerships by reducing red tape and increasing access to funding. In this regard holding companies such as the Saudi Tourism Development and Investment Company have been set up.

4.131. Religious pilgrimage (Hajj and Umrah) are regulated by the Ministry of Hajj. As per Council of Ministers Resolution No. 179, dated 26/6/1429H and the Council of Ministers Resolution No. 93, dated 10/6/1420H, the responsibilities of the ministry are *inter alia*:

- receiving the pilgrims at all entry ports of the Kingdom, including air, sea, and land ports, and completing their procedures in coordination with the concerned authorities at the ports;
- ensuring the availability of adequate and licensed accommodations for the pilgrims, and the availability of suitable means of transportation. These duties also include monitoring deficiencies in the services and any resulting consequences, providing any necessary field treatment for them, and preparing the necessary status confirmation report to inflict the disciplinary punishment specified by the regulations;
- approving the operational plans of the companies and establishments licensed to provide services, following up their performance, and ensuring their performance;
- field and electronic monitoring of the arrival rates of pilgrims;
- participating in the work of the committees concerned with pilgrims' affairs, led by the Hajj Supreme Committee, Hajj Central Committee, and the Hajj Committee in Medina. This is in addition to coordinating with the authorities concerned with planning the system of Hajj;
- referring ideas to the authorities concerned by suggesting ways to organize the pilgrims, regulations, or any amendments;
- supervision of the pilgrims within Saudi Arabia.

4.132. The Ministry of Hajj also issues licences for a number of companies and establishments to provide the pilgrims with direct services under its supervision. Under Saudi Arabia's protocol of accession, foreign investment is prohibited in tourist orientation and guidance services related to Hajj and Umrah.

## REFERENCES

- Alsodais S. (2013), "Science, Technology & Innovation in Saudi Arabia", *WIPO Magazine*, September. Viewed at: [http://www.wipo.int/wipo\\_magazine/en/2013/05/article\\_0006.html](http://www.wipo.int/wipo_magazine/en/2013/05/article_0006.html) [November 2015].
- Al-Zahrani K.H. (2009), "Sustainable Development of Agriculture and Water Resources in the Kingdom of Saudi Arabia", *Conference of the International Journal of Arts and Sciences*, 1(17): 3-37. Viewed at: <http://www.ewi.info/sites/default/files/audio-files/P29.pdf> [June 2015].
- Canadian Trade Commissioner Service (2014), *Construction Sector Profile – Saudi Arabia*, January.
- Central Department of Statistics and Information (2015), *National Accounts Indicators 2014*, Tables 1 and 5, and *Labour Force Survey 2011-2014*, Tables 45 and 47.
- Communications and Information Technology Commission (2015), *ICT Indicators in the Kingdom of Saudi Arabia (2014)*. Viewed at: <http://www.citc.gov.sa/English/Pages/default.aspx> [December 2015].
- Crowell & Moring (2013), "So you want to do business with the Saudi Government", *Crowell online*. Viewed at: <https://www.crowell.com/files/So-You-Want-to-Do-Business-with-the-Saudi-Government-Crowell-Moring.pdf> [October 2015].
- Driver M. (2013), "Saudi Arabia's Four New Economic Cities", *Metropolitan Corporate Counsel*, 6 February. Viewed at: <http://www.metrocorpocounsel.com/articles/22205/saudi-arabia%E2%80%99s-four-new-economic-cities> [August 2015].
- El Gamal R., Shamseddine R. and Johnson C. (2015), "Saudi Arabia Restructures Oil Giant Aramco", *Reuters*, edited by Evans C., 4 May; and Kerr S., Raval A., Sheppard D. (2015), "Saudi Prince Sees Power Grow in Oil Restructuring", *Financial Times*, May.
- GACA (2015), *Statistical Yearbook 2014*. Viewed at: <https://www.gaca.gov.sa/en-us/Statistics/Documents/2014/AnnualBook2014e.pdf>.
- GCC Secretariat (2015), *Unified Guide for Customs Procedures at First Points of Entry into the Member States of the Cooperation Council for the Arab States of the Gulf (GCC)*, GCC Secretariat-General, Division of Economic Affairs, Customs Affairs Department. Viewed at: <http://sites.gcc-sg.org/DLibrary/index-eng.php?action=ShowOne&BID=703> [September 2015].
- General Secretariat of the Saudi Building Code National Committee (2007), *Saudi Building Code*, SBC 302, January.
- GOSI (2009), *Thirty-First Annual Statistical Report 2009G*, Chapter V, Other Statistics, Section 1: GOSI Investments. Viewed at: [http://www.gosi.gov.sa/portal/c/document\\_library/get\\_file?uuid=559fac3e-a0dc-4c1c-8eed-ec335de3cc28&groupId=16](http://www.gosi.gov.sa/portal/c/document_library/get_file?uuid=559fac3e-a0dc-4c1c-8eed-ec335de3cc28&groupId=16) [December 2015].
- GSFMO (2014), *2013 Annual Report*. Viewed at: [http://www.gsfoo.gov.sa/Pages/\\_Studies\\_Reports.aspx](http://www.gsfoo.gov.sa/Pages/_Studies_Reports.aspx) [July 2015].
- Hatem Abbas Ghazzawi & Co. (2015), *Saudi Arabian Law Overview*, Chapter 8, *Saudilegal*. Viewed at: [http://www.saudilegal.com/saudilaw/08\\_law.html](http://www.saudilegal.com/saudilaw/08_law.html) [October 2015].
- IMF (2015), *Country Report No. 15/251, Saudi Arabia, Article IV Consultation*, September, Washington D.C.
- Khan T.M., Emeka P., Suleiman A.K., Alnutafy F.S. and Aljadhey H. (2015). "Pharmaceutical Pricing Policies and Procedures in Saudi Arabia: A Narrative Review", *Therapeutic Innovation and Regulatory Science*, October. Viewed at: <http://di.sagepub.com/content/early/2015/10/26/2168479015609648.abstract> [December 2015].

King Abdullah Economic City (2014), *Board of Directors Report 2013 for the Financial Year Ending on 31 December 2014*. Viewed at: <http://www.kaec.net/wp-content/uploads/2014/12/BOD-Annual-Report-2013-English.pdf>.

Knowledge Economic City Company (2011), *Unaudited Interim Financial Statements for the Three-Month Period ended June 30, 2011 and for the Period from July 27, 2010 to June 30, 2011*, p. 15, and Gulfbase online information. Viewed at: <http://www.madinahkec.com/sites/default/files/images/Financials-q2-En.pdf> and <http://gulfbase.com> [August 2105].

Ministry of Agriculture (2010), *King Abdullah's Initiative for Saudi Agricultural Investment Abroad: A Way of Enhancing Saudi Food Security*, presentation by Dr. Abdullah A. Al-Obaid, Deputy Minister for Agricultural Research and Development Affairs to an Expert Group Meeting on Achieving Food Security in Member Countries in Post-crisis World, Islamic Development Bank, Jeddah, 2-3 May. Viewed at: [http://www.isdb.org/irj/go/km/docs/documents/IDB\\_Developments/Internet/English/IDB/CM/Publications/IDB\\_AnnualSymposium/20thSymposium/8-AbdullaAlobaid.pdf](http://www.isdb.org/irj/go/km/docs/documents/IDB_Developments/Internet/English/IDB/CM/Publications/IDB_AnnualSymposium/20thSymposium/8-AbdullaAlobaid.pdf) [July 2015].

Ministry of Economy and Planning (2010), *Brief Report on the Ninth Development Plan 1431/32-1435/36 (2010-2014)*, pp 30, 71-72, 74, 77.

Ministry of Economic and Planning (2013), *Ninth Development Plan*, Chapter 32, Municipal Affairs.

Ministry of Economy and Planning (2014), *Objectives of the Tenth Development Plan (2015-2019)*, p.5. Viewed at: [http://www.mep.gov.sa/themes/BlueArc/index.jsp;jsessionid=DD93FB769CCC8AFAC3CD66AE601B98BB.gamma?event=View&ViewURI=/inetforms/themes/clasic/article/article\\_View.jsp;jsessionid=DD93FB769CCC8AFAC3CD66AE601B98BB.gamma&Article.ObjectID=119](http://www.mep.gov.sa/themes/BlueArc/index.jsp;jsessionid=DD93FB769CCC8AFAC3CD66AE601B98BB.gamma?event=View&ViewURI=/inetforms/themes/clasic/article/article_View.jsp;jsessionid=DD93FB769CCC8AFAC3CD66AE601B98BB.gamma&Article.ObjectID=119) [December 2015].

MMC (2013), *Stock Exchange Announcements – Others – Jazan Economic city Development in the Kingdom of Saudi Arabia*, 8 April. Viewed at: <http://www.mmc.com.my/content.asp?Menuid=100043&rootid=100003&AnnouncementId=550> [August 2015].

OPEC (2015), "Petroleum: An Engine for Global Development", *Annual Statistical Bulletin 2014*, 3-4 June, Vienna. Viewed at: [https://www.opec.org/opec\\_web/static\\_files\\_project/media/downloads/publications/ASB2014.pdf](https://www.opec.org/opec_web/static_files_project/media/downloads/publications/ASB2014.pdf)

O'Riordan P. and Barrett R. (2015), "The licensing landscape for contractors and consultants in the UAE, Qatar and Saudi Arabia", *Clyde & Co*. Viewed at: [http://www.clydeco.com/uploads/Files/Updates/CC006073\\_The\\_licensing\\_landscape\\_for\\_contractors\\_and\\_consultants.pdf?utm\\_source=Mondag&utm\\_medium=syndication&utm\\_campaign=View-Original](http://www.clydeco.com/uploads/Files/Updates/CC006073_The_licensing_landscape_for_contractors_and_consultants.pdf?utm_source=Mondag&utm_medium=syndication&utm_campaign=View-Original) [August 2015]; and Hatem Abbas Ghazzawi & Co (2015), "Saudi Arabian Law Overview", Chapter 5: Other Forms of Doing Business, *Saudilegal*. Viewed at: [http://www.saudilegal.com/saudilaw/05\\_law.html](http://www.saudilegal.com/saudilaw/05_law.html) [August 2015].

Oxford Business Group (2013), *The Report – Saudi Arabia 2013*. Viewed at: <http://www.oxfordbusinessgroup.com/saudi-arabia-2013>.

Oxford Business Group (2014), *The Report: Saudi Arabia, 2014*. Viewed at: <http://www.oxfordbusinessgroup.com/saudi-arabia-2014>.

Oxford Business Group (2015), *The Report: Saudi Arabia, 2015*. Viewed at: <http://www.oxfordbusinessgroup.com/saudi-arabia-2015>.

Raval A. and Kerr S. (2015), "Saudi Arabia oil: no gain without pain", *Financial Times*, 11 October. Viewed at: <http://www.ft.com/cms/s/0/954a7d86-6c0f-11e5-aca9-d87542bf8673.html#axzz3x2hx9ODp>.

SAGIA (2007), *Saudi Arabia's Economic Cities*, Presentation. Viewed at: <http://www.oecd.org/mena/investment/38906206.pdf> [August 2015].

SAGIA (2015), *Services Manual, Second Edition*, August. Viewed at: [https://www.sagia.gov.sa/Documents/Wizard/SAGIA%20Manual%20final\\_en\\_2016a.pdf](https://www.sagia.gov.sa/Documents/Wizard/SAGIA%20Manual%20final_en_2016a.pdf). [January 2016].

---

Saudi Arabian Monetary Agency (2015), *Fifty-First Annual Report*, June. Viewed at: [http://www.sama.gov.sa/en-US/EconomicReports/AnnualReport/5600\\_R\\_Annual\\_En\\_51\\_Apx.pdf](http://www.sama.gov.sa/en-US/EconomicReports/AnnualReport/5600_R_Annual_En_51_Apx.pdf).

Saudi Aramco (2015), *Saudi Aramco Annual Review 2014*. Viewed at: <http://www.saudiaramco.com/en/home/news-media/publications/corporate-reports/annual-review-2014.html>.

Saudi Hollandi Capital (2012), *Labor and the Nitaqat Program: Effect on the Saudi Arabian Economy*. Viewed at: <http://shc.com.sa/en/PDF/RESEARCH/Labor%20and%20The%20Nitaqat%20Program.pdf> [September 2015].

SFDA (2011), *The rules for Pharmaceutical Products Pricing*, (Arabic only). Viewed at: [http://www.sfda.gov.sa/ar/drug/drug\\_reg/Pages/drug\\_reg.aspx](http://www.sfda.gov.sa/ar/drug/drug_reg/Pages/drug_reg.aspx) [December 2015].

Sleiman M., Rashad M. and McDowall A. (2014), "Saudi pension agency eyes property investment, no plan to sell stocks", *Reuters*, edited by Torchia A., May. Viewed at: <http://www.reuters.com/article/2014/05/06/saudi-pensions-idUSL6N0NS33920140506> [August 2015].

Viewed at: <http://sites.gcc-sg.org/DLibrary/index-eng.php> [September 2015]. Viewed at: <http://www.doingbusiness.org/reports/global-reports/~media/giawb/doing%20business/documents/profiles/country/SAU.pdf>.

World Bank (2015), *Ease of Doing Business in Saudi Arabia*, Washington D.C. Viewed at: <http://www.doingbusiness.org/data/exploreconomies/saudi-arabia/#paying-taxes> [August 2015].

World Bank (2016), *Doing Business 2016, Economy Profile*, Washington D.C.; World Bank Group. Viewed at: <http://www.doingbusiness.org/reports/globalreports/~media/giawb/doing%20business/documents/profiles/country/SAU.pdf>.

World Bank (2016), *Doing Business 2016: Measuring Regulatory Quality and Efficiency*, Washington D.C.; World Bank Group. Viewed at: <http://www.doingbusiness.org/reports/global-reports/~media/giawb/doing%20business/documents/profiles/country/SAU.pdf>.

WTO (2012), *Trade Policy Review: The Kingdom of Saudi Arabia*, Geneva.

## 5 APPENDIX TABLES

Table A1.1 Merchandise exports by product and HS section, 2010-14

(US\$ million and %)

Description	2010	2011	2012	2013	2014
Total exports	251,143	364,698	388,401	375,873	342,433
	(% of total exports)				
1 - Live animals; animal products	0.5	0.4	0.4	0.4	0.5
2 - Vegetable products	0.2	0.1	0.1	0.1	0.1
3 - Animal or vegetable fats and oils; prepared edible fats	0.1	0.1	0.1	0.1	0.1
4 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco	0.5	0.4	0.4	0.4	0.5
19 Preparations of cereals, flour, starch or milk	0.1	0.1	0.1	0.1	0.1
20 Preparations of vegetables, fruit, nuts or other parts of plants	0.1	0.1	0.1	0.1	0.1
17 Sugars and sugar confectionery	0.1	0.1	0.1	0.1	0.1
22 Beverages, spirits and vinegar	0.1	0.1	0.0	0.1	0.1
5 - Mineral products	85.8	87.2	86.9	85.7	83.2
27 Mineral fuels, mineral oils and products of their distillation	85.7	87.1	86.9	85.6	83.1
6 - Products of the chemical or allied industries	4.3	4.5	4.7	4.9	5.8
29 Organic chemicals	3.0	3.3	3.3	3.5	4.1
28 Inorganic chemicals; organic or inorganic compounds of precious metals	0.1	0.2	0.3	0.5	0.7
7 - Plastics and articles thereof; rubber and articles thereof	4.5	4.0	4.0	4.6	5.5
39 Plastics and articles thereof	4.5	4.0	4.0	4.5	5.5
8 - Raw hides and skins, leather, fur skins and articles thereof; travel goods, handbags; articles of animal gut	0.0	0.0	0.0	0.0	0.0
9 - Wood and articles of wood; wood charcoal; cork and articles of cork	0.0	0.0	0.0	0.0	0.0
10 - Pulp of wood or of other fibrous cellulosic material; paper and paperboard and articles thereof	0.4	0.3	0.3	0.2	0.3
48 Paper and paperboard; articles of paper pulp, of paper or of paperboard	0.4	0.3	0.2	0.2	0.2
11 - Textiles and textile articles	0.2	0.2	0.2	0.2	0.2
12 - Footwear, headgear, umbrellas; prepared feathers and articles; artificial flowers	0.0	0.0	0.0	0.0	0.0
13 - Articles of stone, plaster, cement, etc.; ceramic products; glass and glassware	0.2	0.1	0.1	0.1	0.2
14 - Natural or cultured pearls, precious or semi-precious stones, precious metals	0.0	0.0	0.0	0.0	0.0
15 - Base metals and articles of base metal	0.9	0.7	0.7	0.9	1.2
76 Aluminium and articles thereof	0.2	0.1	0.2	0.3	0.6
73 Articles of iron or steel	0.3	0.3	0.3	0.2	0.3
72 Iron and steel	0.3	0.2	0.2	0.2	0.1
16 - Machinery and mechanical appliances; electrical equipment; television image and sound recorders	1.0	0.8	0.7	0.8	0.8
85 Electrical machinery and equipment; sound recorders and reproducers	0.4	0.3	0.3	0.4	0.3
84 Nuclear reactors, boilers, machinery and mechanical appliances	0.6	0.5	0.4	0.4	0.5
17 - Vehicles, aircraft, vessels and associated transport equipment	0.9	0.7	1.0	1.1	1.3
89 Ships, boats and floating structures	0.3	0.3	0.4	0.6	0.7
87 Vehicles other than railway or tramway rolling-stock, parts and accessories	0.5	0.3	0.4	0.4	0.5
18 - Optical, photographic, precision, medical or surgical instruments; clocks and watches; musical instruments	0.1	0.1	0.0	0.0	0.0
19 - Arms and ammunitions	0.0	0.0	0.0	0.0	0.0
20 - Miscellaneous manufactured articles	0.1	0.1	0.1	0.1	0.1
21 - Works of art, collectors' pieces and antiques	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0

Source: Central Department of Statistics and Information (CDSI), Saudi Arabia.

**Table A1.2 Merchandise imports by product and HS section, 2010-14**

(US\$ million and %)

Description	2010	2011	2012	2013	2014
Total	106,862	131,587	155,593	168,155	173,833
	(% of total imports)				
1 - Live animals; animal products	4.0	4.1	3.6	3.6	3.8
02 Meat and edible meat offal	1.8	1.9	1.6	1.7	1.5
04 Dairy produce; birds' eggs; natural honey; edible products of animal origin, n.e.s.	1.4	1.4	1.3	1.2	1.4
2 - Vegetable products	6.2	5.7	5.4	5.7	5.3
10 Cereals	3.8	3.3	3.2	3.6	3.1
3 - Animal or vegetable fats and oils; prepared edible fats	0.7	0.9	0.7	0.6	0.6
4 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco	4.9	4.6	4.2	4.5	4.4
21 Miscellaneous edible preparations	0.9	0.9	0.9	0.9	0.9
19 Preparations of cereals, flour, starch or milk	0.8	0.7	0.7	0.7	0.8
5 - Mineral products	1.9	1.9	1.8	2.5	2.6
27 Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	0.2	0.3	0.4	1.3	1.5
26 Ores, slag and ash	1.4	1.4	1.1	0.8	0.8
6 - Products of the chemical or allied industries	8.7	8.5	8.3	8.0	8.6
30 Pharmaceutical products	3.1	2.9	2.8	3.1	3.1
29 Organic chemicals	1.5	1.6	1.4	1.3	1.4
38 Miscellaneous chemical products	1.5	1.4	1.4	1.2	1.4
33 Essential oils and resinoids; perfumery, cosmetic or toilet preparations	1.1	1.0	1.0	0.9	1.1
7 - Plastics and articles thereof; rubber and articles thereof	3.6	3.8	3.6	3.4	3.4
39 Plastics and articles thereof	2.1	2.2	2.1	2.0	2.0
40 Rubber and articles thereof	1.5	1.6	1.5	1.4	1.4
8 - Raw hides and skins, leather, furskins and articles thereof; travel goods, handbags; articles of animal gut	0.3	0.3	0.3	0.3	0.3
9 - Wood and articles of wood; wood charcoal; cork and articles of cork	1.1	1.0	1.0	0.9	0.9
44 Wood and articles of wood; wood charcoal	1.1	1.0	1.0	0.9	0.9
10 - Pulp of wood or of other fibrous cellulosic material; paper and paperboard and articles thereof	1.6	1.5	1.3	1.2	1.2
48 Paper and paperboard; articles of paper pulp, of paper or of paperboard	1.4	1.3	1.1	1.1	1.0
11 - Textiles and textile articles	3.3	3.4	3.1	3.0	3.1
62 Articles of apparel and clothing accessories, not knitted or crocheted	1.5	1.4	1.3	1.3	1.3
61 Articles of apparel and clothing accessories, knitted or crocheted	0.5	0.7	0.5	0.5	0.6
12 - Footwear, headgear, umbrellas; prepared feathers and articles; artificial flowers	0.5	0.5	0.5	0.5	0.5
13 - Articles of stone, plaster, cement, etc.; ceramic products; glass and glassware	1.4	1.4	1.4	1.4	1.3
69 Ceramic products	0.6	0.6	0.6	0.6	0.6
14 - Natural or cultured pearls, precious or semi-precious stones, precious metals	1.2	1.9	1.9	3.0	2.9
71 Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; imitation jewellery; coin	1.2	1.9	1.9	3.0	2.9
15 - Base metals and articles of base metal	12.4	13.4	13.8	12.4	12.2
73 Articles of iron or steel	3.8	4.1	4.2	4.5	4.7
72 Iron and steel	4.3	4.7	5.0	3.6	3.3
74 Copper and articles thereof	2.0	2.3	2.1	2.0	1.9
16 - Machinery and mechanical appliances; electrical equipment; television image and sound recorders	24.7	26.7	26.4	26.2	26.2
84 Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	15.1	15.6	15.8	15.6	15.3
85 Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	9.6	11.2	10.6	10.6	11.0
17 - Vehicles, aircraft, vessels and associated transport equipment	18.4	15.6	17.7	17.1	16.7
87 Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	15.3	13.3	15.5	14.7	14.6
89 Ships, boats and floating structures	0.6	0.7	1.1	1.2	0.9
88 Aircraft, spacecraft, and parts thereof	2.0	1.4	1.0	1.0	1.0
18 - Optical, photographic, precision, medical or surgical instruments; clocks and watches; musical instruments	2.6	2.3	2.5	2.6	2.8
90 Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	2.3	2.0	2.1	2.2	2.4
19 - Arms and ammunitions	0.7	0.7	0.7	1.2	0.9



Description	2010	2011	2012	2013	2014
20 - Miscellaneous manufactured articles	1.8	1.8	1.9	2.0	2.2
94 Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like; prefabricated buildings	1.2	1.3	1.3	1.4	1.6
21 - Works of art, collectors' pieces and antiques	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0

Source: Central Department of Statistics and Information (CDSI), Saudi Arabia.

**Table A1.3 Merchandise exports by trading partner, 2010-14**

(US\$ million and %)

Description	2010	2011	2012	2013	2014
Total exports	251,143	364,698	388,401	375,873	342,433
	(% of total exports)				
America	15.1	15.7	16.0	15.9	14.4
United States	13.2	13.7	14.3	14.1	12.7
Other America	1.9	2.0	1.6	1.8	1.8
Brazil	0.8	0.9	0.8	0.9	0.9
Canada	0.8	0.7	0.7	0.7	0.6
Mexico	0.2	0.2	0.1	0.1	0.1
Europe	10.6	13.0	13.3	12.7	13.3
EU(28)	9.5	12.0	12.1	11.6	12.2
France	1.7	1.8	1.8	2.3	2.5
Spain	1.9	2.0	2.0	2.0	2.1
Italy	1.6	2.8	2.7	2.4	2.0
Belgium	1.4	1.3	1.4	1.4	1.9
The Netherlands	1.4	2.3	2.3	1.6	1.9
EFTA	0.1	0.1	0.1	0.0	0.0
Other Europe	1.0	0.9	1.1	1.1	1.1
Turkey	1.0	0.9	1.1	1.1	1.1
Commonwealth of Independent States (CIS) <sup>a</sup>	0.0	0.0	0.0	0.1	0.0
Africa	4.5	4.3	4.7	4.8	5.1
South Africa	1.2	1.3	1.9	1.9	1.7
Egypt	1.0	0.8	0.7	0.9	1.1
Morocco	0.9	0.8	0.7	0.7	0.7
Middle East	10.8	9.1	8.8	8.7	9.8
United Arab Emirates	3.5	2.8	2.7	2.8	3.5
Bahrain, Kingdom of	3.2	2.7	2.7	2.7	2.7
Jordan	1.4	1.2	1.3	1.1	1.4
Asia	59.0	57.9	57.3	57.8	57.4
China	11.9	12.5	12.9	13.4	12.5
Japan	14.4	13.2	13.2	12.8	12.2
Six East Asian Traders	20.6	20.5	18.9	18.6	19.4
Chinese Taipei	4.0	3.4	3.5	3.7	3.4
Singapore	4.0	4.4	3.7	3.1	3.6
Korea, Rep. of	9.8	10.0	9.2	9.3	9.6
Malaysia	0.7	0.7	0.6	0.6	0.8
Thailand	1.9	1.8	1.9	1.8	1.8
Hong Kong, China	0.2	0.1	0.1	0.1	0.1
Other Asia	12.1	11.7	12.2	13.1	13.3
India	7.6	7.6	8.3	9.2	8.9
Indonesia	1.5	1.3	1.4	1.5	1.6
Pakistan	1.3	1.2	0.9	1.1	1.1
Philippines	1.0	1.0	0.9	0.7	0.9
Other	0.0	0.0	0.0	0.0	0.0

a Commonwealth of Independent States (CIS) includes Armenia; Azerbaijan; Belarus; Georgia; Kazakhstan; Kyrgyz Republic; Moldova, Rep. of; Russian Federation; Tajikistan; Turkmenistan; Ukraine and Uzbekistan.

Source: Central Department of Statistics and Information (CDSI), Saudi Arabia.

**Table A1.4 Merchandise imports by trading partner, 2010-14**

(US\$ million and %)

Description	2010	2011	2012	2013	2014
Total imports	106,862	131,586	155,594	168,155	173,833
	(% of imports)				
America	18.7	18.2	18.6	18.9	17.5
United States	13.2	12.6	13.5	13.5	13.0
Other America	5.5	5.6	5.1	5.3	4.5
Brazil	2.9	2.9	2.0	2.0	1.7
Canada	1.4	1.2	1.5	1.0	1.0
Mexico	0.4	0.5	0.6	1.0	0.9
Argentina	0.4	0.5	0.6	1.0	0.6
Chile	0.2	0.2	0.2	0.1	0.1
Guatemala	0.1	0.1	0.1	0.1	0.0
Europe	32.8	31.5	30.1	30.5	30.8
EU(28)	28.4	27.0	25.3	25.3	26.3
Germany	7.7	6.9	7.1	7.1	7.2
France	4.1	3.7	3.2	3.1	3.4
Italy	3.2	3.5	3.0	3.2	3.4
United Kingdom	3.2	2.9	2.7	2.5	2.6
Spain	1.2	1.1	1.2	1.2	1.3
EFTA	2.3	2.6	2.5	3.2	2.9
Switzerland	2.1	2.5	2.3	3.1	2.8
Norway	0.2	0.1	0.1	0.1	0.1
Other Europe	2.1	1.9	2.3	2.0	1.7
Turkey	2.1	1.9	2.3	1.9	1.7
Commonwealth of Independent States (CIS) <sup>a</sup>	1.9	1.8	2.0	1.6	1.8
Russian Federation	0.8	0.9	0.9	1.0	1.1
Ukraine	1.0	0.9	1.0	0.6	0.7
Africa	3.2	3.2	3.0	3.1	3.4
Egypt	1.5	1.4	1.3	1.3	1.3
South Africa	0.4	0.4	0.3	0.5	0.6
D.R. Congo	0.2	0.3	0.4	0.4	0.5
Sudan	0.2	0.3	0.3	0.3	0.3
Somalia	0.1	0.2	0.1	0.2	0.2
Zambia	0.4	0.3	0.2	0.1	0.1
Middle East	7.3	8.0	7.9	8.8	8.4
United Arab Emirates	3.5	4.1	4.2	5.1	4.8
Bahrain, Kingdom of	1.0	1.0	0.9	1.0	1.1
Oman	0.4	0.7	0.9	0.9	0.8
Jordan	0.6	0.5	0.5	0.5	0.5
Qatar	0.2	0.4	0.4	0.4	0.3
Kuwait, the State of	0.3	0.4	0.3	0.3	0.3
Lebanon	0.3	0.3	0.3	0.3	0.2
Asia	36.1	37.4	38.5	37.1	38.0
China	11.7	13.1	12.7	12.4	13.4
Japan	7.5	6.3	6.7	5.6	5.7
Six East Asian Traders	9.3	10.7	11.1	10.7	9.9
Korea, Rep. of	4.4	5.9	6.1	5.7	5.0
Thailand	2.2	2.1	2.2	2.1	2.1
Chinese Taipei	0.9	1.0	1.1	1.1	1.1
Singapore	0.6	0.5	0.7	1.0	0.8
Malaysia	1.1	1.2	1.0	0.8	0.8
Hong Kong, China	0.1	0.1	0.0	0.0	0.0
Other Asia	7.7	7.2	8.0	8.4	9.0
India	3.8	3.3	3.4	3.5	3.6
Viet Nam	0.2	0.3	0.8	1.3	1.5
Indonesia	1.1	1.1	1.3	1.2	1.4
Australia	1.6	1.3	1.4	1.4	1.3
Other	0.0	0.0	0.0	0.0	0.0

a Commonwealth of Independent States (CIS) includes Armenia; Azerbaijan; Belarus; Georgia; Kazakhstan; Kyrgyz Republic; Moldova, Rep. of; Russian Federation; Tajikistan; Turkmenistan; Ukraine and Uzbekistan.

Source: Central Department of Statistics and Information (CDSI), Saudi Arabia.

Table A2.1 Main trade-related legislation at end-2015

Issue	
<b>Customs tariffs</b>	- GCC Common Customs Law (1999), Royal Decree No. M/41 dated 3/11/1423H (5 January 2003), and its rules of implementation
	- Royal Decree No. 104 dated 20/4/1423H (30 June 2002) (applying GCC Common Customs Tariff)
	- Royal Decree No. 40 dated 12/12/1424H (3 February 2004) (tariff rates for sensitive items)
<b>Import licensing</b>	- Council of Ministers Decision No. 84 dated 1.4.1421H (3 July 2000) (Import Licensing Guide)
	- The Import Licensing Law, Council of Ministers Decision No. 88 dated 6/4/1423H (16 June 2002) (Import Licensing Procedures)
<b>Quantitative import restrictions</b>	- Ministry of Commerce and Industry Decision No. 1308 dated 27/5/1424H (27 July 2003)
<b>Customs valuation</b>	- Royal Decree No. 190 dated 16/12/1409H (19 July 1989)
	- Royal Decree No. M/41 dated 3/11/1423H (5 January 2003) (Common Customs Law of the GCC)
	- Council of Ministers Decree No. 162 dated 17/6/1423H (28 August 2002)
	- Ministerial Decision No. 1207 dated 9/5/1425H (27 June 2004)
<b>Trade in transit</b>	- Ministerial Decree No. 5618 dated 15/11/1424H (8 January 2004)
<b>Preshipment inspection</b>	- Council of Ministers Decision No. 213 dated 3/8/1424H (30 September 2003) (cancelling the ICCP)
	- Ministerial Decision No. 6386 dated 21/6/1425H (8 August 2004) (establishing the ICCP Replacement Committee)
<b>Contingency measures</b>	- GCC Amended Common Law on Anti-Dumping, Countervailing Measures and Safeguard Measures of 1432H (2011)
<b>Technical barriers to trade</b>	- Saudi Arabian Standards Organization (SASO) Technical Directive, Parts I through 4, issued 18 July 2000, as amended on 19 July 2005
<b>Sanitary and phytosanitary measures</b>	- Shelf Life of Food Products, WT/ACC/SAU/27
	- Ministerial Decision No. 943 dated 1/5/1424H (1 July 2003) ("Sanitary and Phytosanitary Unified Procedures")
	- Council of Ministers Decision No. 109 dated 30/4/1424H (30 June 2003)
	- Council of Ministers Decision No. 85 dated 1/4/1421H (4 July 2000)
	- Council of Ministers Decree No. 207 dated 26/1/1396H (28 January 1976)
	- Royal Decree No. M/10 dated 3/3/1392H (16 April 1972)
	- Royal Decree No. M/3 dated 8/2/1423H (21 April 2002) (Law of Private Laboratories) and Implementing Regulations, issued pursuant to Ministerial Decision No. M/3 dated 21/2/1424H (23 April 2003)
	- Royal Decree No. M/4905 dated 1/6/1430H (26 May 2009) "Transferring SPS Responsibility from MCI to SFDA"
<b>Trading rights</b>	- Law on Commercial Registration, issued pursuant to Royal Decree No. M/1 dated 21/2/1416H (19 July 1995)
	- Law on Commercial Names, issued pursuant to Royal Decree No. M/15 dated 12/8/1420H (20 November 1999) and the associated rules and regulations
	- Professional Companies Law, issued pursuant to Royal Decree No. M/4 dated 18/2/1412H (29 August 1991)
	- Commercial Agencies Law, issued pursuant to Royal Decree No. M/11 dated 20/2/1382H (22 July 1962)
	- Implementing Regulations for Commercial Agencies Law, Ministerial Resolution No. 1897 dated 24/5/1401H (29 March 1981)
<b>Trade and environment</b>	- General Environment Regulations and Rules for Implementation in the Kingdom of Saudi Arabia
<b>Competition policies</b>	- Law on Competition Policies, issued pursuant to Royal Decree No. M/25 dated 4/5/1421H (22 June 2004)
<b>Pricing policies</b>	- Council of Ministers Resolution No. 68 dated 29/5/1412H (1 December 1991)
	- Council of Ministers Resolution No. 260 dated 23/10/1422H (7 January 2002) (cancelling Council of Ministers Resolution No. 68 dated 1 November 1992)
	- Supreme Council for the Petroleum and Mineral Affairs Resolution No. 15 dated 11/3/1422H (3 June 2001)
	- Law of the Pharmaceutical Established and Pharmaceutical (Preparations) and its Executive Regulations, issued by the Royal Decree No. (M/31) dated 1/6/1424H

Issue	
<b>Privatization</b>	- Council of Ministers Decision No. 219 dated 6/9/1423H (11 November 2002) (Privatization Strategy)
	- Supreme Economic Council Decision No. 1/23 dated 23/3/1423H (4 June 2002)
	- Council of Ministers Resolution No. 60 dated 1/4/1418H (5 August 1997)
	- Council of Ministers Resolution No. 257 dated 11/11/1421H (5 February 2001)
	- Royal Decree No. 7-B-16941 dated 6/11/1417H (15 March 1997)
<b>Investment regime</b>	- Council of Ministers Resolution 169 dated 11/8/1419H (30 November 1998) (restructuring electricity sector)
	- Foreign Investment Law, Royal Decree No. M/1 dated 5/1/1421H (9 April 2000) and implementing regulations issued 14/4/1423H (24 June 2002) (replacing the 1979 Foreign Capital Investment Law)
	- "Negative List", issued by Supreme Economic Council Decision No. 17/23 dated 1/12/1423H (22 May 1993)
	- Foreign Capital Investment Law, Royal Order No. M/4 dated 2/2/1399H (1 January 1979)
	- Capital Market Law, Royal Decree No. M/30 dated 2/6/1424H (13 July 2003)
<b>Government procurement</b>	- Council of Ministers Decision No. 50 dated 21/4/1415H (27 September 1994)
	- Council of Ministers Bureau Letter 8/490 dated 28/6/1414H (13 December 1993)
	Government Tenders and Procurement Law, Royal Decree No. M/58 dated 4/9/1427H (27 September 2006) and Government Tendering and Procurement Regulations, Council of Ministers Resolution No. 223, dated 2/9/1427 (2 September 2006)
	GCC Unified Rules on Granting Priority in Government Procurements to National Products and Products of National Origin, Resolution of the Council of Ministers No. 139, dated 25/6/1470 (24 February 2007), Resolution of the Council of Ministers No. 23, dated 17/1/1428 (5 February 2007), Resolution of the Council of Ministers No. 155 dated 9 June 2008
	- Copyright Law, Royal Decree No. M/41 dated 2/7/1424H (30 August 2003), and Implementing Regulations, Ministerial Decision No. 1688/1 dated 10/4/1425H (29 May 2004)
<b>Trade-related intellectual property</b>	- Law of Trademarks, issued pursuant to Royal Decree No. M/21 dated 29/5/1423H (7 August 2002) and Implementing Regulations, issued pursuant to Ministerial Order No. 1723 dated 26/7/1423H (4 October 2002)
	- Law of Trade Names, Royal Decree No. M/15 dated 12/8/1420H (20 November 1999)
	- Law of Commercial Data, Royal Decree No. M/15 dated 15/4/1423H (25 June 2002), and Regulations for the Protection of Confidential Commercial Information, Council of Ministers Decision No. 50 dated 25/2/1426H (4 April 2005), as amended by Ministerial Decision No. 3218 dated 25/3/1426H (4 May 2005), and Ministerial Decision No. 431 dated 1/5/1426H (8 June 2005)
	- GCC Patents Law
	- Law on Patents, Layout-Designs of Integrated Circuits, Plant Varieties and Industrial Designs, Royal Decree No. M/27 dated 29/5/1425H (17 July 2004), and Implementing Regulations, Ministerial Decision No. 118828/M/10 dated 14/11/1425H (26 December 2004)
<b>Agricultural policy</b>	- Border Measures Regulations, Ministerial Decision No. 1277 dated 15/5/1425H (3 July 2004)
	- Royal Decree No. 58 dated 3/12/1382H (6 May 1963) (founding the Saudi Arabian Agricultural Bank)
	- Royal Decree No. 184 dated 24/9/1419H (14 December 1998) (ending issuance by GSFMO of permits for importing or exporting any product)
	- Royal Decree No. 4/B/49434 dated 8/12/1423H (10 February 2003) (ending GSFMO receipt of domestic barley)

Issue	
	- Council of Ministers Resolution No. 335 dated 19/11/1428H "Phasing out local wheat production received by GSFMO within 8 years"
	- Royal Decree No. (M/9) dated 1/2/1430H (27 January 2009), The Agriculture Development Fund (ADF) replacing the Saudi Arabian Agriculture Bank (SAAB)
	- Decision of the President of the Council of Ministers No. 35 of 27/1/1437H (9 November 2015) dissolving the Grain Silos and Flour Mills Organization (GSFMO), creating the Saudi Grain Organization (SAGO), and providing for privatization of flour mills
<b>Industrial policy</b>	- Rules for the coordination of Industrial Establishments in the GCC States
	- Saudi Industrial Development Fund Law, promulgated by Royal Decree No. M/3 dated 26/2/1394H (20 March 1974)
	- Law for the Protection and Encouragement of National Industries
<b>Services</b>	- Cooperative Insurance Companies Control Law, Royal Decree No. M/32 dated 2/6/1424H (31 July 2003), and Implementing Regulations, issued pursuant to Ministerial Decision No. 1/596 dated 1/3/1425H (20 April 2004), as amended by Royal Decree No. 3120/MB dated 4/3/1426H (13 April 2005)
	- Compulsory Auto Insurance Act, Council of Ministers Decision No. 222 dated 12/8/1422H (29 October 2001)
	- Law of Cooperative Health Insurance, Royal Decree No. M/10 dated 1/5/1420H (12 August 1999)
	- Royal Decree No. M/5 dated 17/5/1405H (18 January 1986) (establishment of National Company for Co-operative Insurance)
	- Banking Control Law of 1966, Royal Decree No. M/5 dated 22/2/1386 (11 June 1966)
	- Capital Market Law, Royal Decree No. M/30 dated 2/6/1424H (13 July 2003)
	- Credit Information Law, Royal Decree No. M/37 dated 5/7/1429H (9 July 2008)
	Council of Ministers Resolution No. 179, dated 26/6/1429H (30 June 2008), and Council of Ministers Resolution No. 93, dated 10/6/1420H (20 September 2009) (regulating religious pilgrimages)

Source: Saudi authorities.

**Table A2.2 Dispute settlement cases with Saudi Arabia as a third party**

Case description	WTO document series
United States – Definitive Anti-Dumping and Countervailing Duties on Certain Products from China	WT/DS379
China — Measures Related to the Exportation of Various Raw Materials	WT/DS394
China — Measures Related to the Exportation of Various Raw Materials	WT/DS395
China — Measures Related to the Exportation of Various Raw Materials	WT/DS398
Canada — Certain Measures Affecting the Renewable Energy Generation Sector	WT/DS412
China — Countervailing and Anti-Dumping Duties on Grain Oriented Flat-Rolled Electrical Steel from the United States	WT/DS414
Moldova — Measures Affecting the Importation and Internal Sale of Goods (Environmental Charge)	WT/DS421
Canada — Measures Relating to the Feed-In Tariff Programme	WT/DS426
China — Anti-Dumping and Countervailing Duty Measures on Broiler Products from the United States	WT/DS427
China — Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum	WT/DS431
China — Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum	WT/DS432
China — Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum	WT/DS433
United States — Countervailing Measures on Certain Hot-Rolled Carbon Steel Flat Products from India	WT/DS436
United States — Countervailing Duty Measures on Certain Products from China	WT/DS437
Argentina — Measures Affecting the Importation of Goods	WT/DS438
China — Anti-Dumping and Countervailing Duties on Certain Automobiles from the United States	WT/DS440
Australia — Certain Measures Concerning Trademarks, Geographical Indications and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging	WT/DS441
Argentina — Measures Affecting the Importation of Goods	WT/DS444
Argentina — Measures Affecting the Importation of Goods	WT/DS445
Argentina — Measures Relating to Trade in Goods and Services	WT/DS453
China — Measures Imposing Anti-Dumping Duties on High-Performance Stainless Steel Seamless Tubes ("HP-SSST") from Japan	WT/DS454
India — Certain Measures Relating to Solar Cells and Solar Modules	WT/DS456
Australia — Certain Measures Concerning Trademarks, Geographical Indications and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging	WT/DS458
United States — Anti-dumping and Countervailing Measures on Large Residential Washers from Korea	WT/DS464
United States — Certain Methodologies and their Application to Anti-Dumping Proceedings Involving China	WT/DS471
European Union — Anti-Dumping Measures on Biodiesel from Argentina	WT/DS473
European Union — Cost Adjustment Methodologies and Certain Anti-Dumping Measures on Imports from Russia	WT/DS474
China — Measures Related to Demonstration Bases and Common Service Platforms Programmes	WT/DS489

Source: WTO Secretariat.



**Table A2.3 Bilateral investment treaties**

No.	Short title	Status	Date of signature	Date of entry into force
1	Austria	In force	30-06-2001	25-07-2003
2	Azerbaijan	Signed	09-03-2005	
3	Belarus	In force	20-07-2009	07-08-2010
4	BLEU (Belgium-Luxemburg-Economic Union)	In force	22-04-2001	11-06-2004
5	China	In force	29-02-1996	01-05-1997
6	Czech Republic	In force	18-11-2009	13-03-2011
7	Egypt	Signed	13-03-1990	
8	France	In force	26-06-2002	18-03-2004
9	Germany	In force	29-10-1996	08-01-1999
10	India	In force	25-01-2006	20-05-2008
11	Indonesia	In force	15-09-2003	05-07-2004
12	Italy	In force	10-09-1996	22-05-1998
13	Japan	Signed	30-04-2013	
14	Korea, Republic of	In force	04-04-2002	19-02-2003
15	Malaysia	In force	25-10-2000	14-08-2001
16	Philippines	In force	17-10-1994	11-11-1996
17	Singapore	In force	10-04-2006	05-10-2007
18	Spain	Signed	09-04-2006	
19	Sweden	In force	11-03-2008	01-10-2009
20	Switzerland	In force	01-04-2006	09-08-2008
21	Chinese Taipei	Signed	31-10-2000	
22	Turkey	In force	08-08-2006	20-02-2009
23	Ukraine	Signed	09-04-2008	
24	Uzbekistan	Signed	06-06-2011	

Source: UNCTAD (2013). Viewed at: [http://unctad.org/Sections/dite\\_pccb/docs/bits\\_saudi\\_arabia.pdf](http://unctad.org/Sections/dite_pccb/docs/bits_saudi_arabia.pdf) [January 2016].

**Table A2.4 Agreements and conventions on double taxation and prevention of tax evasion**

		Effective
1.	Austria	01.01.2008
2.	Azerbaijan	Signed 13.05.2014 (not in force)
3.	Bangladesh	01.01.2012
4.	Belarus	01.01.2011
5.	China	01.01.2007
6.	Czech Republic	01.01.2014
7.	Ethiopia	Signed 28.02.2013 (not in force)
8.	France	01.01.1981
9.	Greece	01.01.2011
10.	Hungary	Signed 23.03.2014 (not in force)
11.	India	01.01.2007
12.	Ireland	01.01.2014
13.	Italy	01.01.2010
14.	Japan	01.01.2012
15.	Kazakhstan	Signed 07.06.2011 (not in force)
16.	Korea, Republic of	01.01.2009
17.	Kyrgyz Republic	Signed 02.12.2014 (not in force)
18.	Luxembourg	01.01.2015
19.	Macedonia, Former Yugoslav Republic of	Signed 15.12.2014 (not in force)
20.	Malaysia	01.01.2008
21.	Malta	01.01.2013
22.	Netherlands	01.01.2011
23.	Pakistan	01.01.2007
24.	Poland	01.01.2013
25.	Romania	01.01.2013
26.	Russian Federation	01.01.2013
27.	Singapore	01.01.2012
28.	South Africa	01.01.2009
29.	Spain	01.01.2009
30.	Syrian Arab Republic	01.01.2011
31.	Tunisia	01.01.2014
32.	Turkey	01.01.2010
33.	Ukraine	01.01.2013
34.	United Kingdom	01.01.2010
35.	Uzbekistan	01.01.2011
36.	Viet Nam	01.01.2012
37.	Venezuela	Signed 11.11.2015 (not in force)
38.	Sweden	Signed 19.10.2015 (not in force)
39.	Portugal	Signed 08.04.2015 (not in force)
40.	Tajikistan	Signed 13.05.2014 (not in force)

Source: Ministry of Finance online information. Viewed at: <https://www.mof.gov.sa/arabic/DownloadsCenter/Pages/Agreements.aspx> (Arabic); treatypro.com online information. Viewed at: [http://www.treatypro.com/treaty\\_tables/saudi\\_arabia.asp#updates](http://www.treatypro.com/treaty_tables/saudi_arabia.asp#updates) [December 2015]; and the Saudi Authorities.

Table A3.1 MFN applied duties partially in excess of bound duties, 2015

HS12 code	MFN description	MFN rate	Ex	Bound description	Bound rate
39172100	- - Of polymers of ethylene	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	6.5
39172200	- - Of polymers of propylene	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	6.5
39172300	- - Of polymers of vinyl chloride	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	6.5
39172900	- - Of other plastics	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	6.5
39173100	- - Flexible tubes pipes and hoses, having a minimum burst pressure of 27.6 MPa	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	6.5
39173300	- - Other, not reinforced or otherwise combined with other materials, with fittings	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	6.5
39173900	- - Other	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	6.5
39174000	- Fittings	5	ex01	- - For use in civil aircraft	0
			ex02	- - Other	6.5
40169300	- - Gaskets, washers and other seals	12	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	15
73043100	- - Cold-drawn or cold-rolled (cold-reduced)	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	8
73043900	- - Other	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	8
73044100	- - Cold-drawn or cold-rolled (cold-reduced)	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	8
73044900	- - Other	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	8
73045100	- - Cold-drawn or cold-rolled (cold-reduced)	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	8
73045900	- - Other	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	8
73049000	- Other	5	ex01	- - For use in civil aircraft	0
			ex02	- - Other	8
73064000	- Other, welded, of circular cross-section, of stainless steel	5	ex01	- - For use in civil aircraft	0
			ex02	- - Other	8
73065000	- Other, welded, of circular cross-section, of other alloy steel	5	ex01	- - For use in civil aircraft	0
			ex02	- - Other	8
73121090	- - - Other	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	8
73129010	- - - Lifting ropes	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	8
73129090	- - - Other	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	8
76081000	- Of aluminium, not alloyed	8	ex01	- - For use in civil aircraft	0
			ex02	- - Other	8
76082000	- Of aluminium alloys	8	ex01	- - For use in civil aircraft	0
			ex02	- - Other	8
81089000	- Other	5	ex01	- - For use in civil aircraft	0
			ex02	- - Other	8
84138110	- - - For agricultural use	12	ex01	- - - - For use in civil aircraft	0
			ex02	- - - - Other	15
84183000	- Freezers of the chest type, not exceeding 800 L capacity	12	ex01	- - For use in civil aircraft	0
			ex02	- - Other	15
84184000	- Freezers of the upright type, not exceeding 900 L capacity	12	ex01	- - For use in civil aircraft	0
			ex02	- - Other	15
84186910	- - - Potable water coolers	12	ex01	- - - - For use in civil aircraft	0
			ex02	- - - - Other	15
84186940	- - - Refrigerating or freezing rooms of a capacity exceeding 900 L	12	ex01	- - - - For use in civil aircraft	0
			ex02	- - - - Other	15
84212300	- - Oil or petrol-filters for internal combustion engines	12	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	15

HS12 code	MFN description	MFN rate	Ex	Bound description	Bound rate
84213100	- - Intake air filters for internal combustion engines	12	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	15
84241000	- Fire extinguishers, whether or not charged	12	ex01	- - For use in civil aircraft	0
			ex02	- - Other	15
84251100	- - Powered by electric motor	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	8
84251900	- - Other	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	8
84254200	- - Other jacks and hoists, hydraulic	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	8
84254900	- - Other	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	8
84269900	- - Other	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	8
84281000	- Lifts and skip hoists	5	ex01	- - For use in civil aircraft	0
			ex02	- - Other	8
84282000	- Pneumatic elevators and conveyors	5	ex01	- - For use in civil aircraft	0
			ex02	- - Other	8
84283300	- - Other, belt type	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	8
85021200	- - Of an output exceeding 75 kVA but not exceeding 375 kVA	12	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	15
85021300	- - Of an output exceeding 375 kVA	12	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	15
85043300	- - Having a power handling capacity exceeding 16 KVA but not exceeding 500 kVA	12	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	15
85049000	- Parts	5	ex01	- - Printed circuit assemblies for products falling within this agreement, including such assemblies for external connections such as cards that conform to the PCMCIA standard. Such printed circuit assemblies consist of one or more printed circuits of heading	0
			ex02	- - Other	5
85071000	- Lead-acid, of a kind used for starting piston engines	12	ex01	- - For use in civil aircraft	0
			ex02	- - Other	15
85086000	- Other vacuum cleaners	5		- Other vacuum cleaners	0
85229000	- Other	5	ex01	- - For use in civil aircraft	0
			ex02	- - Printed circuit assemblies for products falling within this agreement, including such assemblies for external connections such as cards that conform to the PCMCIA standard. Such printed circuit assemblies consist of one or more printed circuits of heading	0
			ex03	- - Other	13
85238000	- Other	5	85238010	- - Unrecorded	0
			85238091	- - - Gramophone records	8
			85238092	- - - For reproducing phenomena other than sound or image	0
			85238093	- - - For videotape and recorders	0
			85238094	- - - For computers	0
			85238099	- - - Other	0
85261000	- Radar apparatus	5	ex01	- - For use in civil aircraft	0
			ex02	- - Other	7
85269200	- - Radio remote control apparatus	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	7

HS12 code	MFN description	MFN rate	Ex	Bound description	Bound rate
88031000	- Propellers and rotors and parts thereof :	5	ex01	- - For use in civil aircraft	0
			ex02	- - Other	7
88032000	- Under-carriages and parts thereof :	5	ex01	- - For use in civil aircraft	0
			ex02	- - Other	7
88033000	- Other parts of aeroplanes or helicopters	5	ex01	- - For use in civil aircraft	0
			ex02	- - Other	7
88039000	- Other	5	ex01	- - For use in civil aircraft	0
			ex02	- - Other	7
90109000	- Parts and accessories	5		- Parts and accessories	0
90149000	- Parts and accessories	5	ex01	- - For use in civil aircraft	0
			ex02	- - Other	8
90251100	- - Liquid-filled, for direct reading	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	5
90301000	- Instruments and apparatus for measuring or detecting ionizing radiations	5	ex01	- - For use in civil aircraft	0
			ex02	- - Other	8
90303100	- - Multimeters without a recording device	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	8
90318010	- - - Appliances for checking motor vehicle engines	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	5
90318090	- - - Other	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	5
90321000	- Thermostats	5	ex01	- - For use in civil aircraft	0
			ex02	- - Other	8
90322000	- Manostats	5	ex01	- - For use in civil aircraft	0
			ex02	- - Other	8
90328100	- - Hydraulic or pneumatic	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	8
90328900	- - Other	5	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	8
90329000	- Parts and accessories	5	ex01	- - For use in civil aircraft	0
			ex02	- - Other	8
94011000	- Seats of a kind used for aircraft	15	ex01	- - For use in civil aircraft	0
			ex02	- - Other	15
94032010	- - - Wardrobes	15	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	15
94032020	- - - Clothes stands for placing on the floor	15	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	15
94032030	- - - Microscope tables; laboratory benches (whether or not with glass cases, gas nozzles and tap fittings, etc.)	15	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	15
94032040	- - - Floor-mounted portable curtains	15	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	15
94032090	- - - Other	15	ex01	- - - For use in civil aircraft	0
			ex02	- - - Other	15
94037000	- Furniture of plastics	15	ex01	- - For use in civil aircraft	0
			ex02	- - Other	15

Source: WTO Secretariat estimates based on data provided by the authorities.

Table A3.2 Products affected by standards and technical requirements, 2012-15

Item	Harmonized System commodity codes
<b>Group I – Toys</b>	
Toys, including video games and other electronic toys	8712.00 / 9501 / 9502 / 9503 / 9504.10 / 9504.90 / 9505 / From 9506.99
Playground, amusement and fairground equipment	9508 / From 3407
<b>Group II - Electrical and electronics</b>	
Air conditioning systems up to 60,000 btu (5 tonnes)	8415.10.20 / 8415.81.20 / 8415.82.20 / 8415.83.20
Combined function audio and/or video systems (non-professional)	8518.30 / 8518.50 / 8520.30. Combinations of II-03, II-04, II-41, II-43
Non-professional stand-alone audio products (except radio receivers)	8518.21 / 8518.22 / 8518.29 / 8518.40 / 8519.21 / 8519.29 / 8519.31 / 8519.39 / 8519.92 / 8519.93 / 8519.99 / 8520.20 / 8520.90
Video playing and recording systems (non-professional)	8521.10 / 8521.90 / 8525.40
Generator sets up to 12 kw	8502.11 / 8502.20
Motors up to 12 kw	8501.10 / 8501.31 / 8501.32 / 8501.40 / 8501.51 / 8501
Fax and telex machines	8517.21 / 8517.22
Household cooking appliances	8516.60 / 8516.72
Clothes washing machines up to 10 kg and household dish-washing machines	8450.11 / 8450.12 / 8450.19 / 8422.1
Clothes drying machines up to 10 kg	8451.21
Electric irons, ironers and clothes steamers	8451.30 / 8516.40 / 8516.32
Domestic electromechanical kitchen appliances incl. food processors, meat choppers and grinders	8509.40 / 8509.80
Personal care/grooming appliances (shavers, hair clippers, hair-removal devices and massagers)	8510.10 / 8510.20 / 8510.30 / 9019.10
Lift and elevator systems	8428.10 / 8431.31
Household microwave ovens	8516.5
Electric ovens up to 10 kw	8516.6
Copy machines and accessories	9009.11 / 9009.12 / 9009.30 / 9009.21 / 9009.22 / 9009.90
Personal computers (desktops/portables), storage units, peripherals and other input/output devices	8471.41 / 8471.49 / 8471.50 / 8471.60 / 8471.70 / 8473.30
Power transformers and distribution transformers up to 1,000 kva	8504.21 / 8504.22 / 8504.31 / 8504.32 / 8504.33 / 8504.34
Household refrigerators and freezers up to 40 cu ft. including household refrigerating display cabinets	8418.10 / 8418.21 / 8418.22 / 8418.29 / 8418.30 / 8418.40 / 8418.50
Telephone sets, incl. mobiles, cordless telephones, and modems	8517.11 / 8517.19 / 8517.50 / 8525.20
Non-industrial vacuum cleaners, water suction appliances and shampooers	8509.10 / 8509.80
Household electric fires and heaters	8516.29 / 8516.21
Drinking water coolers and fountains	8418.69.10
Evaporative air coolers (desert coolers and humidifiers) up to 1.5 kw	8415.10.10 / 8415.82.10 / 8415.82.90 / 8415.83.10 / 8415.83.90
Domestic electric fans	8414.51 / 8414.60
Compressors for cooling units up to 60,000 btu	8414.3
Tea and coffee brewing appliances, and appliances for heating liquids	8516.71
Incandescent, fluorescent and discharge luminaires, fixtures and lamp holders	9405.10 / 9405.20 / 8536.61
Manually operated household switches, circuit breakers and fuses up to 40 a	8536.10 / 8536.20 / 8536.50
Incandescent, fluorescent and discharge lamps	8539.21 / 8539.22 / 8539.29 / 8539.31 / 8539.32
Ballasts for discharge type lamps (including tubular fluorescent lamps)	8504.1
Starters for discharge type lamps (including tubular fluorescent lamps)	8532.1
General use mains plugs, socket outlets and mains configuration adapters	8536.69
Luminaires for road and street lighting	9405.4
Batteries, including rechargeable and automotive	8506.10 / 8506.30 / 8506.40 / 8506.50 / 8506.60 / 8506.80 / 8507.10 / 8507.30 / 8507.40
Immersed swimming pool luminaries	9405.4
Hair care equipment (hand-held hair dryers, hair curlers, waving apparatus and curling tong heaters)	8516.31 / 8516.32
Water pumps up to 12 kw	8413.7
TV sets (colour, black and white)	8528.12 / 8528.13
General use mains voltage converters, power supplies and battery chargers	8504.4
Standalone radio receivers	8527.12 / 8527.13 / 8527.19 / 8527.21 / 8527.29
Storage and instant type water heaters up to 200 litres	8516.1
Watt hour meters	9028.3
Household sewing machines	8452.1
<b>Group III – Automotive</b>	
Passenger automobiles, trucks, buses and multi-purpose vehicles (new)	8701 / 8702 / 8703 / 8704 / 8705
Passenger automobiles, trucks, buses and multi-purpose vehicles (used)	8701 / 8702 / 8703 / 8704 / 8705
Automotive glass (windshield, side and rear glass)	7007.21

Item	Harmonized System commodity codes
Vehicle spare parts (new), including radiators and hoses, brakes and parts, lights, filters, silencers and exhaust pipes, clutches and parts, child restraints, spark plugs, wiper blades and motors, safety belts, fuel tanks, mirrors, bumpers, door locks and hinges, tyre tubes, and v-belts, gauges, rims and steering rods	40.09 / 4010.22 / 4013.10, 4013.90 / 70.09 / 8301.20 / 8302.30 / 8421.23 / 8421.31 / 8501.10 / 8511.10 / 8512.20 / 8512.40 / 8539.10 / 8708.10 / 8708.70 / 8708.21 / 8708.29 / 8708.91. 8708.92 / 8708.93 / 8708.94 / 8708.99 / 9026.20 / 9026.80 / 9401.20
New tyres for passenger automobiles, trucks, buses and multi-purpose vehicles	4011.10 / 4011.20
<b>Group IV – Chemical</b>	
Engine, transmission, hydraulic, turbine, and transformer oils, brake fluid and anti-freeze coolant	2710.00.52 / 2710.00.53 / 2710.00.54 / 2710.00.55 / 2710.00.94 .2710.00.95 / 2710.00.96 / 38.19 / 38.20
Paints	All 3208 / All 3209
Perfumes and cosmetics	3302.90 / All 3303 / All 3304 / All 3305 / All 3306 / 3307.10 / 3307.20 / 3307.30 / 3307.49.10 / 3307.90.10 / 3401.1
Domestic-use pesticides and insecticides	3808
<b>Group V – Others</b>	
Aluminium and aluminium alloy products for architectural application	7604 / 7606 / 7608 / 7609 / 7610 / 7616
Steel and iron alloy pipes	7304 / 7305 / 7306 / 7307
Gold and silver jewellery (including gemstones)	7113.11 / 7113.19 / 7113.20 / 7114.11 / 7114.19 / 7114.20 / 7116.10 / 7116.21
Head dress for men - cotton shemagh and ghutras	6505.90.10 / 6505.90.30
Fire extinguishers up to 24 kg	8424.1
Cement	2523.21 / 2523.29.10 / 2523.29.20
Safety matches	3605

Source: Information provided by the authorities.



**Table A3.3 SPS measures: products and countries affected, 2012-15**

HS No	Description of products	Nature of SPS Measure	Affected WTO Members and non-WTO members
201 202 2060200 20602001 2066200 2062900 15020010 16025010 16025090 16029010 16029021 16029030 16030010	All types of bovine meat and its products	Banned because of BSE (Bovine Spongiform Encephalopathy)	All EU countries (except the Netherland; Ireland; Denmark; France); Switzerland; Japan; and the United States
201 202 2060200 20602001 2066200 2062900 15020010 16025010 16025090 16029010 16029021 16029030 16030010	All types of bovine meat and its products	Banned because of FMD (Foot and Mouth Disease)	All African countries (except Ethiopia; Tunisia; Djibouti; Sudan; Kenya); China; Malaysia; Yemen; Iran, Chinese Taipei; Lebanon; Bahrain, Kingdom of; Kuwait, the State of; Palestine; Syrian Arab Republic; Cyprus; North Korea; Myanmar; Kazakhstan; Korea, Rep. of; Japan; Mongolia; Russian Federation; Tajikistan; Bangladesh; Paraguay; and Egypt
204 2068010 2068090 2069011 2069012 2069019 2069090	All types of sheep and goat meat and their products	Banned because of FMD (Foot and Mouth Disease)	All African countries (except Ethiopia; Tunisia; Djibouti; Sudan; Kenya); China; Malaysia; Yemen; Chinese Taipei; Lebanon; Bahrain, Kingdom of; Kuwait, the Sate of; Palestine; Syrian Arab Republic; Cyprus; North Korea; Myanmar; Kazakhstan; Korea, Rep. of; Japan; Mongolia; Russian Federation; Tajikistan; Bangladesh; Paraguay; and Egypt
204	All types of sheep and goat meat and their products	Banned because of Scrapie virus	All EU countries and Palestine
207 407	Poultry meat and its products	Banned because of Avian Influenza with the exception of thermally treated poultry products	Japan; Korea, Rep. of; Viet Nam; China; Thailand; Hong Kong, China; Lao PDR, Cambodia; Indonesia, Russian Federation; Kazakhstan; Mongolia, Azerbaijan, Bulgaria, Slovenia; Greece; Germany; India; Iran; Nigeria; Iraq; Bosnia and Herzegovina; Burkina Faso; Côte d'Ivoire; Niger; Afghanistan; Cameroon; Sudan, Serbia; Montenegro; Djibouti; Bangladesh; Ukraine and the United Kingdom, Egypt; Turkey; Myanmar; Netherlands; Italy; South Africa; Canada; Mexico; Ghana; Nepal; Libya; Palestine; Chinese Taipei; the United States; and Bhutan

Source: Information provided by the authorities.

Table A4.1 Air Transport agreements, 2015

Partner	Date	Entry into force	7 <sup>th</sup>	Cabotage	Designation	Withholding	Pricing	Stat
Afghanistan	2 Nov 2010	PA	N	N	M	SOEC	Lib	Y
Albania	26 Feb 2014	PA	N	N	M	SOEC	Lib	Y
Australia	10 Apr 2011	PA	N	N	M	SOEC	Lib	Y
Austria	13 Jun 1989 18 Oct 2008	PA	N	N	M	SOEC	Lib	Y
Azerbaijan	10 Dec 2012	PA	N	N	M	SOEC	Lib	Y
Bangladesh	10 Dec 2012	PA	N	N	M	SOEC	Lib	Y
Belgium	13 Apr 1986 1 Jul 2010	PA	N	N	M	SOEC	Lib	Y
Botswana	19 Nov 2014	PA	N	N	M	SOEC	Lib	Y
Brazil	10 Dec 2012	PA	N	N	M	SOEC	Lib	Y
Brunei Darussalam	9 Feb 1992 7 Jul 2009	PA	N	N	M	SOEC	Lib	Y
Burkina Faso	10 Dec 2012	PA	N	N	M	SOEC	Lib	Y
Cameroon	18 Nov 2014	PA	N	N	M	SOEC	Lib	Y
Canada	11 Dec 2012	PA	N	N	M	SOEC	Lib	Y
China	6 May 1986 23 Jul 2007 12 Dec 2012	PA	N	N	M	SOEC	Lib	Y
Colombia	18 Nov 2014	PA	N	N	M	SOEC	Lib	Y
Cote d'Ivoire	11 Dec 2013	PA	N	N	M	SOEC	Lib	Y
Cyprus	17 Jul 1998 22 Apr 2002	PA	N	N	S	SOEC	Lib	Y
Czech Republic	18 Oct 2011	PA	N	N	M	SOEC	Lib	Y
Denmark	3 May 1985 19 Mar 1987	PA	N	N	M	SOEC	Lib	Y
Ecuador	19 Nov 2014	PA	N	N	M	SOEC	Lib	Y
Egypt	21 Feb 2006	PA	N	N	M	SOEC	Lib	Y
Ethiopia	26 May 2002	PA	N	N	M	SOEC	Lib	Y
France	21 Jan 2009	PA	N	N	M	SOEC	Lib	Y
Gambia	9 Mar 2003	PA	N	N	M	SOEC	Lib	Y
Germany	19 Sep 1973 12 Nov 2008	PA	N	N	M	SOEC	Lib	Y
Greece	23 May 1989 9 Dec 2013	PA	N	N	M	SOEC	Lib	Y
Hong Kong, China	20 Nov 2005 24 Feb 2009	PA	N	N	M	PPoB	Lib	Y
Hungary	18 Nov 2014	PA	N	N	M	SOEC	Lib	Y
Iceland	17 Oct 2011	PA	N	N	M	SOEC	Lib	Y
India	23 Jan 2008	PA	N	N	M	SOEC	Lib	Y
Iran	2 May 1999 21 Nov 2007	PA	N	N	M	SOEC	Lib	Y
Iraq	16 May 1957	PA	N	N	M	SOEC	Lib	Y
Italy	17 Dec 1969 + Exchange of diplomatic notes in 18/10/1933H	PA	N	N	M	SOEC	Lib	Y
Japan	7 Apr 2006 18 Aug 2008	PA	N	N	M	SOEC	Lib	Y
Kazakhstan	18 Nov 2014	PA	N	N	M	SOEC	Lib	Y
Korea, Republic of	12 Nov 1976 29 Sep 2011	PA	N	N	M	SOEC	Lib	Y
Kyrgyz	20 Jun 2012	PA	N	N	M	SOEC	Lib	Y
Lebanese Republic	14 Jan 1961 15 Jun 1975	PA	N	N	M	SOEC	Lib	Y
Luxembourg	26 Jan 2011	PA	N	N	M	SOEC	Lib	Y
Maldives	12 Nov 2014	PA	N	N	M	SOEC	Lib	Y
Malta	26 Mar 2014	PA	N	N	M	SOEC	Lib	Y
Mauritania	24 Mar 2013	PA	N	N	M	SOEC	Lib	Y
Mauritius	9 Oct 2012	PA	N	N	M	SOEC	Lib	Y
Mexico	22 Aug 2014	PA	N	N	M	SOEC	Lib	Y
Morocco	7 Mar 1976	PA	N	N	M	SOEC	Lib	N
Nepal	4 Oct 1999	PA	N	N	M	SOEC	Lib	Y
Netherlands	13 Feb 1985 5 Aug 2008	PA	N	N	M	SOEC	Lib	N
New Zealand	10 Dec 2013	PA	N	N	M	SOEC	Lib	Y
Niger	7 Jan 2004	PA	N	N	M	SOEC	Lib	Y
Norway	15 Mar 1987	PA	N	N	S	SOEC	Lib	Y
Norway	3 May 1985 19 Mar 1987	PA	N	N	M	SOEC	Lib	Y
Pakistan	16 Jun 2015	PA	N	N	M	SOEC	Lib	Y
Paraguay	10 Dec 2013	PA	N	N	M	SOEC	Lib	Y

Partner	Date	Entry into force	7 <sup>th</sup>	Cabotage	Designation	Withholding	Pricing	Stat
Philippine	25 Sep 2012	PA	N	N	M	SOEC	Lib	Y
Qatar	14 May 2001	PA	N	N	M	SOEC	Lib	Y
Romania	28 Apr 2015	PA	N	N	M	SOEC	Lib	Y
Russian Federation	29 Nov 2005 11 Feb 2007	PA	N	N	M	SOEC	Lib	Y
Rwanda	11 Dec 2013	PA	N	N	M	SOEC	Lib	Y
Serbia	18 Nov 2014	PA	N	N	M	SOEC	Lib	Y
Seychelles	11 Dec 2013	PA	N	N	M	SOEC	Lib	Y
Singapore	22 Aug 2008	PA	N	N	M	SOEC	Lib	Y
South Africa	28 May 2000	PA	N	N	M	SOEC	Lib	Y
Spain	29 Sep 1987 21 Nov 2014	PA	N	N	M	SOEC	Lib	Y
Sri Lanka	8 Jun 1991 21 Oct 2011	PA	N	N	M	SOEC	Lib	Y
Swaziland	11 Dec 2013	PA	N	N	M	SOEC	Lib	Y
Sweden	3 May 1985 19 Mar 1987	PA	N	N	M	SOEC	Lib	Y
Switzerland	17 Mar 1976 18 Nov 2014	PA	N	N	M	SOEC	Lib	Y
Tajikistan	14 Jun 2010	PA	N	N	M	SOEC	Lib	Y
Tanzania	13 Dec 2013	PA	N	N	M	SOEC	Lib	Y
Thailand	10 May 2005	PA	N	N	M	SOEC	Lib	Y
Togo	10 Dec 2013	PA	N	N	M	SOEC	Lib	Y
Tunisia	12 Mar 1969	PA	N	N	M	SOEC	Lib	Y
Turkey	20 Nov 2014	PA	N	N	M	SOEC	Lib	Y
Turkmenistan	8 May 2012	PA	N	N	M	SOEC	Lib	Y
Ukraine	12 Sep 2013	PA	N	N	M	SOEC	Lib	Y
United Arab Emirates	25 Sep 1991	PA	N	N	M	SOEC	Lib	Y
United Kingdom	24 Jun 2008	PA	N	N	M	SOEC	Lib	Y
United States	2 Oct 1993 28 May 2013	PA	N	N	M	SOEC	Lib	Y
Uzbekistan	31 Oct 2007	PA	N	N	M	SOEC	Lib	Y
Viet Nam	10 Feb 2012	PA	N	N	M	SOEC	Lib	Y
Yemen	13 Nov 2007	PA	N	N	M	SOEC	Lib	Y
Zambia	10 Dec 2013	PA	N	N	M	SOEC	Lib	Y
Zimbabwe	11 Dec 2013	PA	N	N	M	SOEC	Lib	Y

PA Provisional applicable.  
M Multiple designation.  
S Single designation.  
SOEC Substantial ownership and effective control.  
PPoB Principal place of business.  
Lib Liberal pricing.

Note: The term "Air Transport Agreements" is used here to refer to Air Services Agreements, Memoranda of Understanding, Exchange of Notes, and other such relevant instruments.

Source: Table provided by the authorities.