



Market profile

Saudi Arabia is the world's 18th largest economy, a member of G20 and the largest economy in the Middle East and North Africa (MENA) region.

Economy and business structure

Saudi Arabia is an oil-based economy with strong government control. It possesses about 16% of the world's proven petroleum reserves, ranks as the largest exporter of petroleum, and plays a leading role in OPEC.

With a reported \$1.11 trillion (GDP) in 2022, the country is poised to maintain its top position as the largest economy in the Middle East and the 19th largest in the world.

The Saudi economy is expected to grow by 2.7% in 2024 and 5.5% for 2025, according to the IMF. The aggressive investment strategy aimed at accelerating the realization of Vision 2030, the ambitious national reform plan to reform the Saudi economy, is primarily responsible for this increase.

- GDP: 1.11 trillion \$USD (2022)
- GDP per capita: 30,447.88 \$USD (2022)
- GDP Growth 2021 3.9%, 2022 8.7%, 2023 0.8%, 2024f 2.7% , 2024f 5.5%
- Projected inflation in 2024: 2.2%
- Unemployment rate: 5.22% (2024f)
- Finland exports to Saudi Arabia 2023 : 336 Million Euros
- Finland imports from Saudi Arabia 2019: 14 Million Euros

2024 Spending plans on some key sectors:

- 1- Military 67bn Euros
- 2- Public Admin 10.7bn Euros
- 3- Infrastructure & Transportation 9.5bn Euros
- 4- Education 48.7bn Euros
- 5- Health 53.7bn Euros

FACTS

- Merchandise exports : 336mEUR (2023).
- Petroleum, Mineral Products, Plastics and Rubbers
- Capital: Riyadh
- Official language: Arabic
- Area: 2.15 million km²
- Population: 36.41 million (2022)

Key industries and their trends

A modern sector for ICT is integral to today's advanced industrial activities. The government aims to transform Saudi Arabia into a globally competitive ICT hub, with modern technologies and an empowered information society. The drive envisages many investment themes, including the development of the digital content and media, the expansion of the telecommunication system, the digitization of the country, and the creation of new high-tech and smart industries.

- (ITU 2023) **2nd** rank among G20 nations in the International Telecommunication Union's 2023 index

Mining

Mining is a priority sector by the government in Saudi Arabia. Saudi Arabia is considered the largest by landmass in the Middle East and 13 in the World, with an abundant and diverse range of over 48 minerals and metal resources, which at least 15 minerals that are commercially viable. Vision 2030 positions the mining industry as the third pillar of the kingdom's economic growth.

The primary objective is to increase the mining sector's contribution to ~4% of the GDP by 2030, coupled with a target to reduce mineral imports by ~39% by 2035.

Energy

Energy is growing rapidly and is considered one of the most important strategic sector in Saudi Arabia. This led to the emergence of renewable energy as a key objective in Vision 2030 with focus on efficiency as an important element in sustainable growth.

- 6th country worldwide in Solar Energy potential
- 13th country worldwide Onshore wind energy potential
- 27.3 GW Capacity of renewable energy by 2024
- 58.7 GW Renewable energy target by 2030

Construction

The Saudi Arabian construction market is expected to witness significant growth and offer lucrative potential, due to its Vision 2030, and several ongoing reforms to diversify away from oil.

Along with a significant investment in housing and infrastructure development promoted across the country by local authorities, are revitalizing the construction industry and generating interest in a growing number of international players.

Some of the Government's Giga projects are :

Neom <https://www.neom.com/en-us/>

Red Sea Development Project <https://www.theredsea.sa/en>

Qiddiya entertainment city <https://qiddiya.com/>

Amaala <https://www.amaala.com/en/home>

King Salman Park (KSP) <https://kingsalmanpark.sa/en/>

Health

The Saudi healthcare sector is one of the main focus areas of Saudi Vision 2030 and National Transformation Program 2020 (NTP) that both aim to increase the quality of healthcare services and facilities across the Kingdom. The budget for Health and Social Affairs in 2024 is 214 billion riyals, or nearly 17% of overall government spending, making Healthcare the third largest beneficiary after education and the military.

Food

Saudi Arabia is the biggest F&B GCC market, accounting for around 55% of the regional market volume. Around \$70 billion worth of food was consumed in Saudi Arabia during 2018 with total consumption of organic, gourmet and health products reached \$27 billion end of 2019.

With more than 33 million residents, 50% of which are under the age of 25, Saudi Arabia has the largest population in the GCC and arguably the population most susceptible to Western consumer food trends.

Important things to consider when doing business in Saudi Arabia

Saudi Arabia is the most improved country in the world for doing business according to World Bank report 2020. The country placed 62nd globally (from 92nd) in ease of doing business rankings among 190 countries.

Language

Despite the fact that Arabic is the official language in the Saudi Arabia, English is extensively utilised in business dealings. Arabic is frequently preferred within the public sector.

Cultural considerations and success factors:

- **Know-Who**, the most important success factor > contact & decision making network
- **Establishing trust** is an essential part of Middle East business culture; therefore cultivating solid business relationships before entering into business dealings is key to your success.
- **Respect and friendship** are values that are held very highly by the Arab people.
- **Punctuality** is not necessarily a strongly entrenched norm, but foreigners are expected to be prompt. Before a meeting, folks would sometimes keep waiting.
- **Face-to-face** meetings are favoured over phone or email meetings since they are perceived as impersonal.
- General introductions begin with a **handshake** when entering a meeting. You should greet everyone of your colleagues separately. Shaking hands with a lady should be avoided unless she extends her hand first.

Market data sources and other useful links

- Kingdom of Saudi Arabia – Government website <https://www.my.gov.sa/wps/portal/snp/main>
 - Ministry of Foreign Affairs <https://www.mofa.gov.sa/sites/mofaen/pages/default.aspx>
 - Ministry of investment (previously SAGIA) <https://www.misa.gov.sa/en/about/>
 - Ministry of Education <https://www.moe.gov.sa/en/Pages/default.aspx>
 - Ministry of Health <https://www.moh.gov.sa/en/Pages/Default.aspx>
 - Ministry of Communications and Informational Technology <https://www.mcit.gov.sa/en>
 - Ministry of Energy <https://www.moenergy.gov.sa/>
 - Ministry of Environment, Water and Agriculture <https://www.mewa.gov.sa/en/Pages/default.aspx>
 - Ministry of Industry and Mineral Resources <http://mim.gov.sa/>
 - Ministry of Commerce <https://www.mci.gov.sa/en/Pages/Default.aspx>
 - Saudi Food & Drug Administration <https://www.sfda.gov.sa/En/Pages/default.aspx>
 - Saudi Customs <https://www.customs.gov.sa/en>
 - Saudi Standards, Meteorology and Quality Organization (SASO) <https://www.saso.gov.sa/en/pages/default.aspx>
 - General Authority for Statistics <https://www.stats.gov.sa/en>