

SAUDI ARABIA TRADE SECTOR OPPORTUNITIES





Enter The Saudi Market with 100% Ownership

Vision 2030 is guiding the country towards a more progressive vibrant competitive economy.

The second pillar of Saudi Arabia's Vision 2030 is to make our nation an investment powerhouse with a greater openness to foreign investment and trade. As one of the first steps towards achieving these goals, our Government has approved the issuance of licenses allowing foreign companies 100% ownership in the trading sector.

Since our objective is to become among the top 20 competitive economies in the world by 2020, we are focusing on eliminating barriers to reach this objective, while focusing on enhancing the ease of doing business in Saudi Arabia. The 100% ownership by foreign companies is now an option to enter the market of Saudi Arabia, in addition to the previous and still existing options, via a joint venture or through agencies.

This offers direct access to the markets. It puts the investors in direct contact with their customers, while enhancing competitiveness and integration with global markets. Additionally, 100% ownership will open the B2B, B2G, B2C to a wider range of companies, creating a win-win for investors and Saudi Arabia. It will stimulate job creation, provide opportunities for local sub contractors while accelerating the diversification of the economy.



Overview of the Trade Sector

Trading in Saudi Arabia covers a wide range of activities taking place in Saudi Arabia, and beyond. The Kingdom has the largest market in the GCC and it's central location makes it a natural hub for the MENA region.

16th
Largest
exporter

29th
Largest
importer

19th
Largest
economy

Direct Land, Sea and
Air link to GCC & Africa
Market

31.7 M
Population

60%
Of the population
is under 30

Largest free market
economy in GCC

\$746.2
GDP in Billions

\$20,700
GDP per capita



Success Story



The Dow Chemical Company (NYSE: DOW) recently became the first company to receive a trading license from the Government of Saudi Arabia, allowing 100 percent ownership in the country's trading sector, expanding Dow's long history of partnership and investment in the Kingdom.

The trading license advances Dow's ability to deliver high-value, innovative products that will benefit Saudi Arabia in the areas of sustainable development, energy-efficiency, oil and gas, alternative energy and water. Saudi Arabia recently approved the issuance of trading licenses to companies outside of the Kingdom in alignment with the country's strategy to diversify its economy and address challenges brought by lower global energy prices.

"Dow is truly honored to be the first company to receive a trading license and advance our legacy of strategic partnerships and investments in the Kingdom. Dow has been a strategic partner in Saudi Arabia for nearly 40 years and we look forward to playing a key role in helping advance the Saudi's Vision 2030 plan designed to create a vibrant society and a thriving diversified economy." - June, 2016

Andrew N. Liveris

Chairman and Chief Executive Officer
Dow Chemical

Market Opportunities

► Huge Opportunities Across All Sectors (B2B, B2C, and B2G):

The new path Vision 2030 has set the country on is opening up opportunities throughout the economy, across sectors and different types of businesses, trade being one of these sectors, be it Wholesale, Retail or E-commerce.

E-commerce is currently on the rise in the Kingdom, creating opportunities for investors to deploy modern retails formats to capture the ongoing migration to online stores.

The E-commerce value chain will also create opportunity elsewhere to enhance logistics development and technology to stimulate productivity and growth.

Saudi Arabia has the least Corporate Tax Rates (20%) among the G20, with financial support up to 75% of the project cost (Repayment Period – 15 years) and up to 50% contribution of Saudi Labor's Salaries (for 2 years). *



Market Entry Options

Foreign companies may choose one of three options to enter the Saudi market in The Trading sector: agencies, or partnerships, or 100% ownership.

Conditions of owning 100% trading license:

Companies seeking 100% ownership in trading activities, who have a presence in at least three countries can enter the Saudi market either by:

Option 1: Investment of SAR 300 million (\$US 80 million) over the first five-year period (inclusive of a 30 million SAR paid-in capital - \$US8 million)

Option 2: Minimum capital contribution of 200 million SAR (\$US 53.3 million) over the first five-year period (inclusive of the initial 30M SAR), while committing to adding value to the Kingdom in at least one of the following areas during the first five years:

- a. Manufacturing: 30% of the company's products sold in the Kingdom are manufactured locally.
- b. Research programs: R&D intensity of at least 5% of total KSA Sales.
- c. Distribution and logistics hubs: Establishment of a regional hub of an in-house sales and aftercare services.

If the investment goes through Option 1 or 2, it has to:

- 1-** Recruit Saudis in compliance with the percentage determined by the Ministry of Labor, and develop and implement a plan to promote Saudi nationals to leadership positions in the first five years and to ensure its continuity.
- 2-** Train 30% of Saudi nationals annually.

Success Story



“As a global leader in developing innovative solutions, our goal is to play an important role in the Kingdom’s effort to diversify its economy through knowledge and technology transfer. We will work closely with the Saudi government to enhance our manufacturing investment plans, invest in specialized research and development centers, and create high-value, technically sophisticated jobs.” - June, 2016

H. C. Shin

Executive Vice President for International Operations

3M

SAGIA

Since 2000, SAGIA has been the central agency for inward investment into Saudi Arabia. SAGIA's mission is to help industrial and service organizations to access business opportunities in the Kingdom which are aligned with Saudi Arabia's objectives for growing and diversifying its economy.

SAGIA is coordinating with other government entities to implement an integrated strategy for investor support. This strategy encompasses a range of investment opportunities in the trading sector.

SAGIA's ambition is to work with investors across all stages of their journey in the Kingdom: from initial market entry to supporting their growth plans; to facilitating the development of their businesses and to work with them to manage their contribution to the Saudi economy. SAGIA will facilitate introductions to co-investors, incentives providers and key stakeholders in the Kingdom.

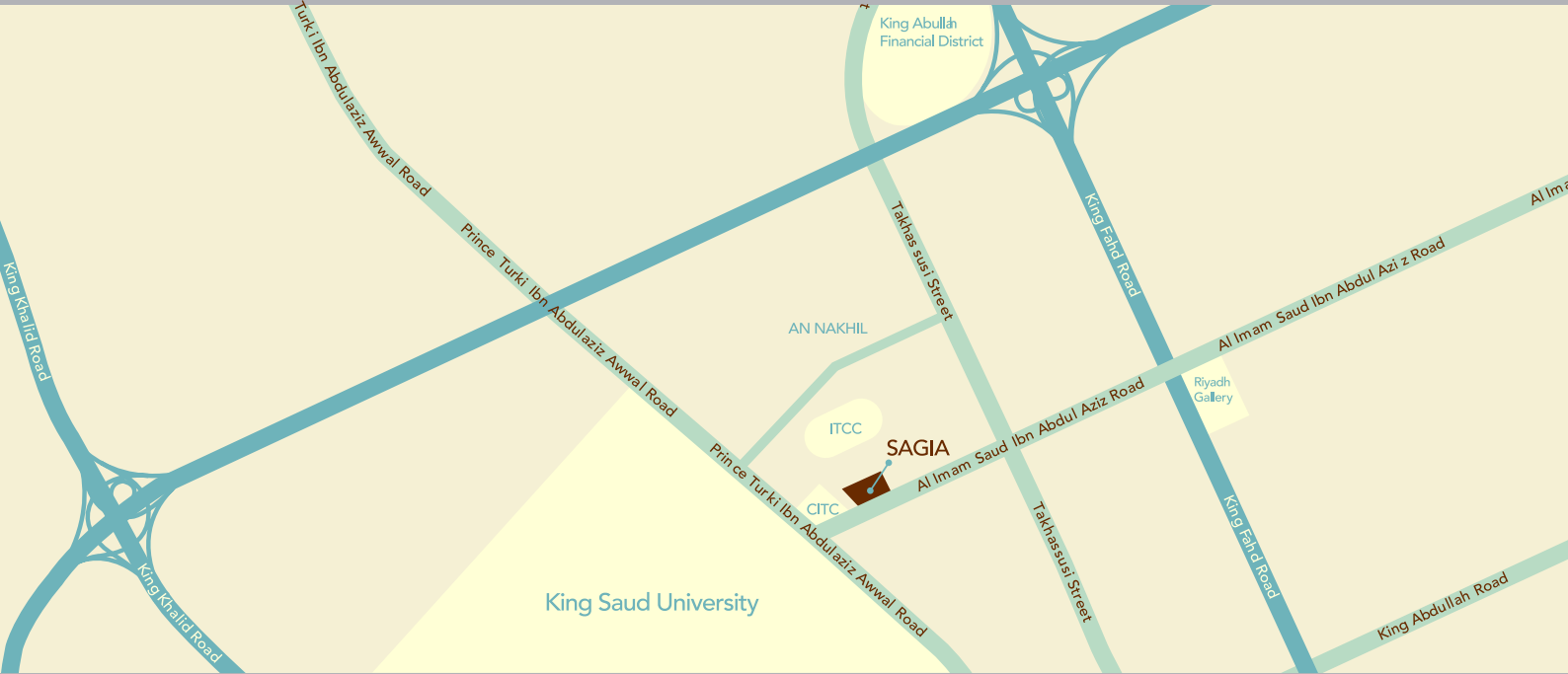
I look forward to supporting you in the Kingdom. It is my pleasure to invite to discuss your objectives with me, or answer any questions you may have.

Imad A.Al-Abdulqader

Director of Investor Attraction

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SAGIA Location Map



Saudi Arabia is embarking on an unprecedented and exciting investment program with a compelling portfolio of investment opportunities. To find out more about how your business can be part of the ongoing success story, please contact us.

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Saudi Arabian General Investment Authority
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