

## MARKET ANALYSIS SAUDI ARABIA



- **First economic power of the Middle East**, Saudi Arabia is the richest Arab country. Taking advantage of a large budget surplus, the country is currently making a giant leap through the digitalization of its public services and the launch of gigantic infrastructure projects. These projects are part of the “Vision 2030” roadmap, which aims to challenge the foundations of the traditional economy to push investment in innovative sectors. For the first time in its history, this market of 34 million inhabitants is now experiencing a period of unprecedented socio-economic changes and is fully counting on the diversification of the economy to free itself from its dependence on oil.
- **Saudi Vision 2030**, announced in 2016 by Crown Prince Mohammed bin Salman, is a strategic framework to reduce Saudi Arabia's dependence on oil, diversify its economy, and develop public service sectors such as health, education, infrastructure, energy, circular economy, recreation, entertainment and tourism by a relaxation of the conservative societal measures. Key goals include reinforcing economic and investment activities, increasing non-oil international trade, and promoting a softer and more secular image of the Kingdom. It is indeed now the right time to discover the new Saudi Arabia.
- **Strong reform** momentum is continuing. The rapid increase in labor market participation of Saudi females and reforms to the Kafala sponsorship system for expatriate workers are very important to boost growth, productivity, and household incomes, while **visas and e-**

**visas** are easier than ever to obtain. Further, the program to codify legal practices, the PPP/asset sales program, the deepening of the domestic capital markets, reforms for e-government and to harness the potential of digitalization, and the support to SMEs and entrepreneurs are all important to embrace a more diversified and inclusive recovery.

### Sectors to focus on:

#### Construction/Infrastructures



Saudi Arabia has announced several ambitious plans to launch a **wave of megaprojects** that are set to transform the country into a global economic powerhouse.

Some upcoming megaprojects set to transform the nation:

- ◆ **NEOM** ('**New Future**') is the name of a future city to be built in northwestern Saudi Arabia. It is planned to incorporate smart city technologies and to function as a tourist destination. The site will cover a total area of 26,500 km<sup>2</sup> and will extend 460 km along the coast of the Red Sea.
- ◆ **THE LINE**, part of NEOM, will eventually accommodate 9 million people and will be built on a footprint of just 34 square kilometers. This will mean a reduced infrastructure footprint, creating never-before-seen efficiencies in city functions. Residents will also have access to all facilities within a five-minute walk, in addition to high-speed rail – with an end-to-end transit of 20 minutes. The Line's outer mirror façade will provide its "unique character" and allow its small footprint to blend with nature.
- ◆ **Qiddiya**, located on the outskirts of Riyadh, will offer a wide range of experiences based on five cornerstones: Sports & Wellness, Nature & Environment, Parks & Attractions, Motion & Mobility, and Arts & Culture.
- ◆ The largest public transport network projects in the world, the **Riyadh Metro** project features a length of approximately "176 kilometres of railway lines, on which electric trains operate without drivers.
- ◆ **Riyadh Air** is a planned second flag carrier of Saudi Arabia. The airline's main operational base will be at King Khalid International Airport in Riyadh. The airline is planning to be the **largest** in the Middle East operating domestic and international scheduled flights to over 100 destinations worldwide.

## Digital Economy

- The World Bank considers Saudi Arabia among the faster moving countries worldwide in deploying digital technology. “When it comes to 5G internet, Saudi Arabia is among the **top five** worldwide”.
- Saudi Arabia's digital sector is valued at around \$40 billion, comprising 318,000 jobs and making it one of the largest in the region. And with further projected investments of \$24.7 billion set for various technologies by 2025, it's among the highest government expenditure on technology in the world.
- The Kingdom aims to make **high quality internet** accessible to all sectors and segments of society across the Kingdom, at affordable rates.
- Saudi Arabia aspires to play a leading role in the development of emerging technologies, and become the **leading regional platform**, and a leading global launch-pad for innovation and technological advancement.

## Renewable energies/Circular Economy

- Following the launch of Vision 2030 in 2016, the Kingdom of Saudi Arabia has taken decisive steps towards a more sustainable future. Inaugurated in 2021, **SGL** unites environmental protection, energy transition and sustainability programs with the overarching aims of offsetting and reducing emissions, increasing the Kingdom's use of clean energy, and addressing climate change. Three overarching targets guide SGL's work - **emissions reduction, afforestation, and land and sea protection**. Since the launch of SGL in 2021, 77 initiatives have been activated, with further progress to be achieved in year two and beyond.
- The Kingdom has committed to have 50% of its power generated from renewable sources by **2030**. Beyond a domestic energy mix transformation, SGL is steering a range of ambitious initiatives that will reduce emissions. These include investing in new energy sources, improving energy efficiency, and developing a **carbon capture and storage program** via increasing vegetation cover by planting 10 billion trees to serve as a carbon sink, backed by a water strategy that considers Saudi Arabia's specific vulnerabilities to climate change.
- The authorities are also ramping up investments in **blue and green hydrogen production** and are undertaking research and development with a focus on the circular carbon economy.

## Healthtech

- The Saudi healthcare market is expected to generate US\$464m in 2022, growing **12.79%** until 2025. Due to its young population, it is estimated that Saudi Arabia will require more than 20,000 **additional hospital beds** by 2035. Hospital stays are becoming shorter as more procedures can be carried out on an outpatient basis. This is thanks to advances in diagnostic techniques and treatments, as well as the availability of better-quality medical equipment.
- With the pressure of the global pandemic, the Saudi government has begun working on the development of a **unified vision of e-health** provision across the Kingdom. It'll enable patients to access streamlined, efficient, and high-quality care regardless of location.
- New technologies are already being implemented across the Kingdom's hospitals. There are currently **190 health tech startups (Feb 2023)** operating within the Kingdom. One of these is **Cura** — a locally developed application that allows users to receive remote video consultations with doctors across 34 different specialties.