Saudi Arabian General Investment Authority
SAGIA

Tabouk Region

Economic Report

1434/1435 - 2014

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Forward

Within the scope of the strategy of the Saudi Arabian General Investment Authority (SAGIA) towards stimulating and encouraging investment in the thirteen regions of the KSA and particularly focusing on promoting investment in the less developing regions, the Saudi Arabian General Investment Authority is pleased to provide the 2014 specialized economic reports to those who are interested in and those who are responsible for such regions in an attempt to put a real account on each region in the hands of decision makers to help promote investments in such regions.

The release of the Economic Report on the Tabouk Region for the year 2014 comes as an extension of the two reports issued in 2007 and 2010. It is worth mention that this Report seeks to offer basic data on the capabilities and potentials of the Region along with shedding light on the most important economic developments witnessed by the Region and monitoring the most vital new investment opportunities and ideas that go well with the region potentials. This Report includes a chapter that compares between the indicators monitored in the two previous reports and those monitored in the current 2014 Report for the purpose of identify the extent of development witnessed by the Region during the period between the three reports.

Therefore, SAGIA hopes that this Report will support development in the Region and be a source for accurate information for decision makers and those interested in the development and promotion of investments in the Region.

Table of Contents

Introduction

1. Economic Developments in KSA

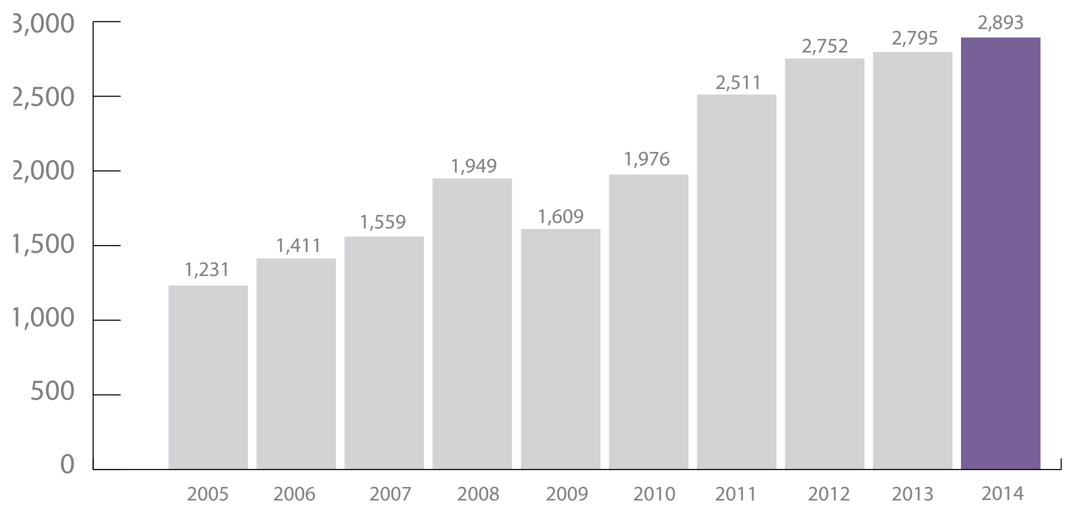
The economy of the Kingdom achieved a steady growth in the last four years recording growth rates of 7.4%, 8.6%, 5.8% and 3.8% respectively. The growth decline of 2012 and 2013, as compared with the high level growth of past years, is attributed to the decline of oil production as compared to 2011 .

The Saudi economy is expected to witness a strong recovery in 2014 thanks to continued huge governmental expenditure supported by the rise in the levels of corporate bank lending, in addition to vigorous local demand. The total governmental expenditure is expected to reach to 30% of GDP as compared with an average of around 30.4% in the past ten years. The private non-oil GDP is expected to grow by around 9.4%, compared to a growth average rate of 4.9% in the last ten (10) years.

	2009	2010	2011	2012	2013*	2014**
GDP at current prices (billion SR)	1,609	1,976	2,511	2,752	2,795	2,893
Annual change rate	17.4%	22.8%	27.1%	9.6%	1.5%	3.5%
GDP at fixed prices (billion SR)	993	1,067	1,159	1,225	1,272	1,318
Annual change rate	1.8%	7.4%	8.6%	5.8%	3.8%	3.6%

* Preliminary figures ** Estimated figures Source: SAMA Annual Report, 2013

Development of the total GDP value at current prices (in billion riyals)



According to the 2014 Budget forecasts, the State's public revenues are expected to reach 855 billion Saudi Riyals, while expenditure is estimated also at 855 billion Saudi Riyals, which is the same level of expected revenues.

The most prominent features of expenditure in the Budget of 2014 is that it is focused on the development projects of the sectors of education, health, security, social and municipal services, water and wastewater, electronic services and scientific research support. The Budget included also carrying out new programs and projects and performing additional phases of some projects that were approved under previous budgets. The following is an overview of the provisions included in the Budget of 2014, by main sectors:

- Education and human resources development sector: SR 210 billion
- Health and social development sector: SR 108 billion
- Municipal services sector: SR 39 billion
- Infrastructure and Transport: SR 66.6 billion
- Water, agriculture, industry and other economic resources sector: SR 61 billion
- Specialized development funds and other government finance programs: SR 89 billion

2. General Investment Authority Strategy

Vision

Enabling quality investments for achieving sustainable development.

Mission

Develop and attract investments through enhancement of investment environment, incentives, improvement of services with capable hands and effective partnerships.

Objectives of SAGIA

Develop and Attract Investments

- Coordinate with other government agencies to unify efforts of investment attraction and promotion
- List and promote investment opportunities.
- Indentify, introduce and provide incentives required for attracting investments, focusing on promising sectors

Enhance Investments Environment

- Continued enhancement of business climate and investment environment and regulations in the Kingdom
- Facilitation of local and foreign investment procedures, through coordination with relevant government agencies
- Evaluation of foreign investment contribution to the Kingdom and value added achieved
- Building SAGIA's capabilities, for the purpose of facilitating and supporting research and analysis efforts and development of strategies and policies

Investor Services

- Upgrading services provided by Business Centers through provision of quality electronic services
- Enabling high value-added investments through quantitative and qualitative mechanisms, standards and conditions
- Creating mechanisms and procedures for tracking the implementation of licences, with the objective of activating and supporting proposed project.

Part I

Status and Prospects of Development in the Region

Part I: Status and Prospects of Development in the Region

1.1 Capabilities and Potentials of Economic Development in the Region

Location

Tabouk region lies in the extreme north-west Saudi Arabia. It is bordered in the north by Jordan and in the west by the Gulf of Aqaba and the Red Sea. It is surrounded by three other administrative regions of the Kingdom: Al Jouf and Ha'il in the east and Medina in the south. This location is considered one of the most important elements of economic development in the region, in view of the long coast of the region on the Red Sea, as well as for being a border area, through which a large proportion of trade movement between the Kingdom and Egypt, Jordan, Syria, Lebanon and Turkey passes; in addition to the movement of passengers and pilgrims from those countries and other countries of the North Africa. The area of Tabouk region is about 139 thousand square kilometers, or about 6.2% of the total area of the Kingdom. The region is divided administratively into: the Principality of Tabouk, the five governorates, namely: Al-Wajh, Diba, Taimaa, Amlaj, and Haql.

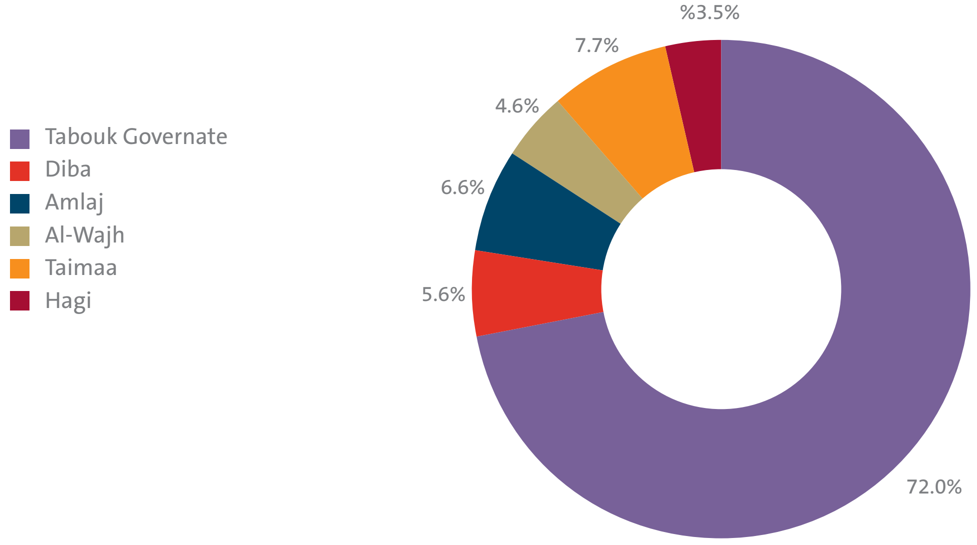
Regions of Saudi Arabia

Population

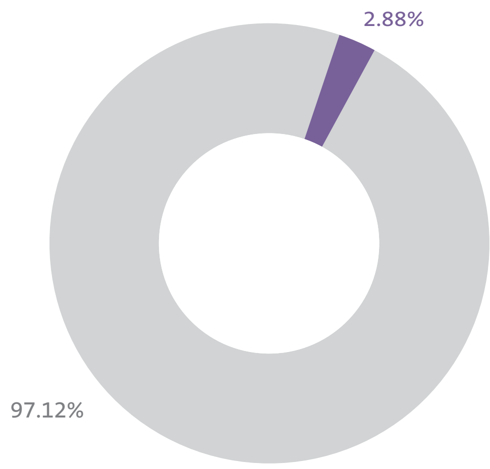
According to the estimations of the Central Department of Statistics and Information, the total population of the Region is expected to amount to about 887 thousand people, representing about 2.88% of the total population of the Kingdom, which is expected to amount to about 30.8 million people in 2014. The number of Saudi population in the Region is estimated at 732 thousand against 155 thousand non-Saudis.

Tabouk governorate has about 72% of the total population of the region, followed by Amlaj with 7.7%, Debaa with 6.6%, Wajeh with 5.6%, Taima with 4.6%, and finally Haql governorate with 3.5% of the total population.

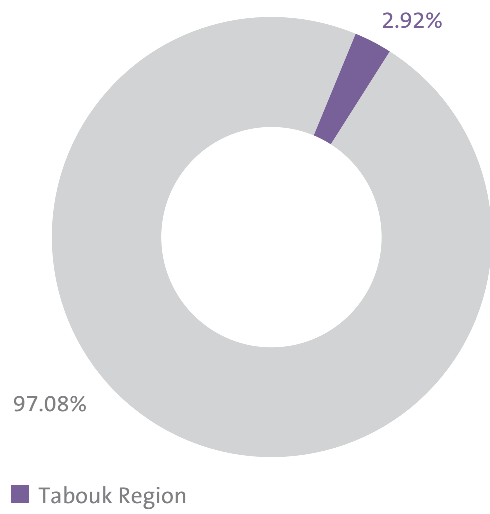
Percentage Distribution of the region population by its administrative divisions



Region's population as % of the total population of Saudi Arabia 2014



Region's population as % of the total population of Saudi Arabia 2010



Infrastructure in Tabouk Region

A) Road network

The total length of paved roads, affiliated to the municipalities in the region, amount to about 3,068 linear km accounting for 3.4% of the total roads of the Ministry of Municipal and Rural Affairs in the Kingdom; the total lengths of which by the end of 2012 were over 91,000 km. The lengths of express ways, two-way and one-way roads in the Region under the supervision of the Ministry of Transport amounted to about 886 km representing around 5.6% of the total roads of the Ministry of Transport, the total of which recorded about 16,000 km by the end of 2012. The total lengths of agricultural and earth roads in the Region amounted to about 10,133 kilometers by the end of 2012. The Region is currently witnessing new projects and expansions in its internal road network as well as the roads linking the Region with other areas, as the implementation of several new projects are currently underway of which:

- Completion of the two-way road of Tabouk / Hagl / the part locating between Bin Hermas Well / Alsharaf (Second Phase)
- Completion of the two-way road of Sherma /Albeda' / Alsharaf/ Hagl
- Completion of the ring road around in Tabouk Region with the crossing of Madina
- Completion of the ring road around Tabouk city

B) Air Transport and Airports

Tabouk region has two regional airports, one of them is Prince Sultan Bin Abdulaziz Airport in the city of Tabouk, and the other is Al-Wajh Airport. The two airports provide passengers and goods transport services for the geographical scope of the region, and link the region to other regions of the Kingdom. The number of passengers using the two airports amounted in 2011 and 2012 to about 806 thousand and 938 thousand passengers, respectively, with increase rate of 16% representing about 2.4% and 2.44% of total air traffic of passengers in the Kingdom which recorded in the said two years 33.6 million and 38.5 million passengers respectively. The quantities of goods transported through the airports in 2011 and 2012 reached 2.14 and 2.08 thousand tons, respectively, representing about 0.46% and 0.39% of total air cargo in Saudi Arabia, which recorded about 465,000 ton and 536,000 ton respectively in the said two years. Air traffic in Tabouk region is one of the basic and important pillars upon which the present and future economic development projects depend.

C) Maritime Transport and Diba Port

Tabouk region has an important sea port at the Red Sea, namely Diba Port, which is 210 km away from the city of Tabouk. The contribution of this port, which has gone through several development stages, is still limited to the total shipping movement of the Kingdom, where quantities of products, goods and materials handled at the port (loaded and unloaded) were 1.80 million tons in 2013, representing 0.9% of the total goods handled at the Kingdom's ports, which amounted in the same year to 195 million tons. Diba Port ranks first in the Kingdom regarding the movement of passengers (arrivals and departures), as their number reached about 555 thousand passengers, representing about 41.2% of the total movement of passengers by maritime transport in the Kingdom, which reached 1.35 million passenger in 2013.

D) Water

The main cities in the region of Tabouk secure 82% of its drinking water needs through government and private groundwater wells, while drinking water is provided for the cities of the Haql, Amlaj, Al-Wajh, and Diba, which are located on the Red Sea coast through small seawater desalination plants. In addition, 90% of the cities and urban areas in the region are covered by primary and secondary water distribution networks. In the meantime, villages, small towns and helmets in the region obtain their drinking water through small projects, each consisting of a well, an elevated tank, and a filler outlet, in the areas where water is suitable for drinking. In areas that do not have ground water, potable water is provided by tankers under the supervision of the Ministry of Water and Electricity. The quantity of potable water distributed in the Region in 2012 reached about 56 million cubic meters, in which the desalinated water represented about 18%. Currently, implementation is underway for more than 35 projects of water and wastewater in the Region including construction of drinking water tanks, water supply systems, wastewater systems, treatment and purification plants with a total cost of 597 million riyals.

For irrigation, the region depends on groundwater, and there are 10 dams to control rainfall and floods with an estimated storage capacity of 7 million cubic meters in 2012.

E) Electricity

The region has 7 power generation plants; 4 gas - powered stations in Tiamaa, Haql, Ber bin Hermas and Amalj; 2 two gas-powered plants in Diba and Kherba Al Manjour and 1 main double station (gas / diesel) in the city of Tabouk. These plants are linked to a series of transformer stations, including Al Kuliabah Station (230 KV) and Al-Bada' Transformer Station (230 KV). All stations are linked by 132 KV transmission lines. The electricity network covers about 94% of the total townships and villages in the region. Power generation capacity in Tabouk was at 1,204 MW in 2013.

F) Communications

Tabouk Region is covered by the fixed, mobile and digital lines and DSL telecommunications services. The number of landlines in the Region amounted to about 97,000 lines representing around 2.0% of the total landlines in the Kingdom in 2012 which recorded about 4.8 million lines. The number of Internet users in the Region amounted to about 462 thousand, representing about 2.9% of the total number of Internet users in the Kingdom, which amounted to about 15.81 million in 2012. The broad band subscriptions in the Region recorded about 48,000 lines representing about 1.9% of the total number of broadband lines in the Kingdom which amounted to 2.54 million lines.

As for the postal services in the Region, there were 15 central offices, 7 express mail offices, 19 mail agents, and 12 subscriber box rooms at the end of 2012; while the post office boxes amounted to 13 thousand. There are also TV and radio broadcasting stations and an office for the Saudi News Agency.

1.2 Economic activities in Tabouk Region

A) Agriculture:

Agriculture is one of the most important economic sectors in Tabouk, where the total crop area mounted in 2012 to about 48.9 thousand hectares, representing about 6.2% of the total crop area in the Kingdom, which amounted to 788 thousand hectares in 2011.

The following table shows the region's contribution to the agricultural and livestock production of the Kingdom:

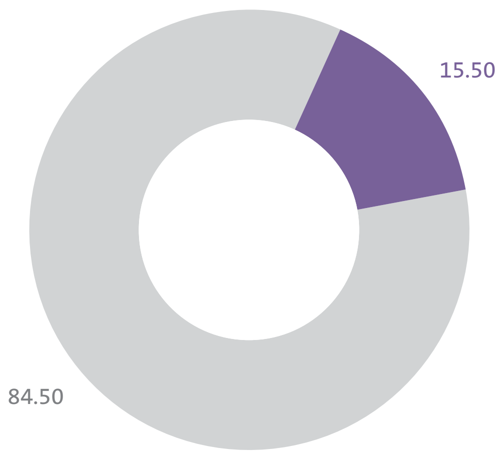
Development of Agricultural and Livestock Activities*

	2007	2008	2009	2010	2011	Average annual growth rate	Tabouk share of total KSA production (2011)
Crop production:							
Wheat (1,000 tons)	200	185	115	152	157	-5.4%	13.3%
Barley (1,000 tons)	4.6	3.1	2.2	2.1	2.4	-12%	15.5%
Green fodders (1,000 tons)	176	195	192	202	221	6.4 %	6.1 %
Vegetables (1,000 tons)	104	111	120	96	114	2.4 %	4.3 %
Dates (1,000 tons)	30	22	21	21	20	-8.2 %	2 %
Fruits (1,000 tons)	114	92	75	70	90	-5.2 %	5.6 %
Livestock:							
Camels (1,000 heads)	3.9	1.9	1.8	1.3	1.8	- 13 %	0.8 %
Sheep (1,000 heads)	88	69	55	44	48	- 11 %	0.7 %
Goats (1,000 heads)	90	75	61	51	53	-10 %	5 %
Cattle (1,000 heads)	2.6	2.7	2.5	3.1	2.6	0.0 %	0.5 %
Poultry (1,000,000 chickens)	3.5	4.2	5.4	4.9	6.2	19 %	1.2 %

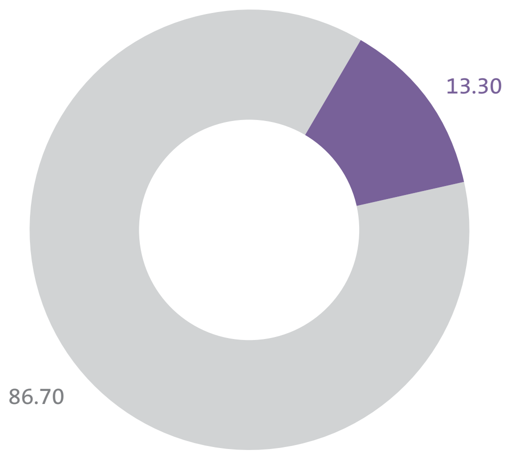
* Source: Statistical Annual Agricultural Yearbook 1433H (2012).

It is noted from the table above that during the period there were: a significant decrease in the average annual production of wheat, barley, dates and fruits amounting in average to 5.4%, 12%, 8.2% and 5.2%, respectively, while there was an annual increase in the production of vegetables and green fodders by 2.4% and 6.4% respectively; a significant decrease in the numbers of camels, sheep and goats, in average to 13%, 11% and 10% annually, respectively; while there was increase of 19% in the numbers of poultry.

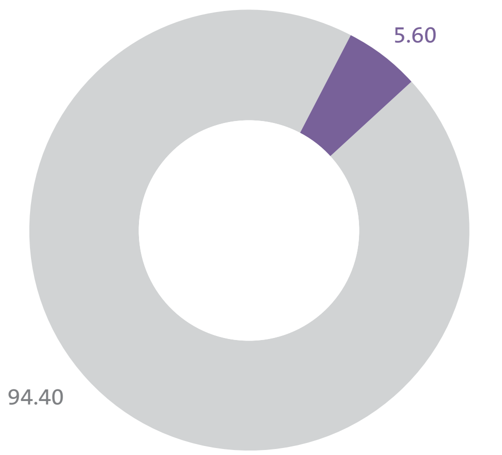
Rate of Region barley production as % of total Kingdom



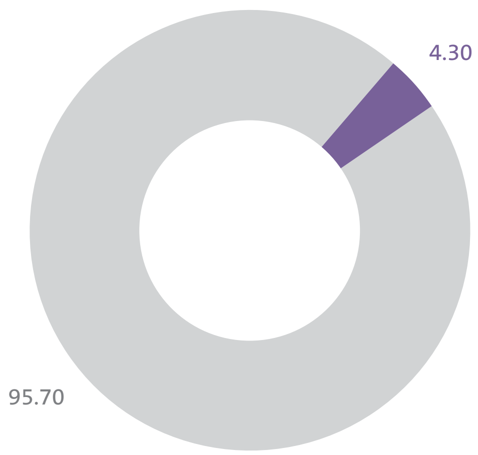
Rate of Region wheat production as % of total Kingdom



Rate of fruits production of the total Kingdom



Rate of Region vegetables production as % of total Kingdom



Rest of KSA   Tabouk Region

B) Industry

In the city of Tabouk, there is an industrial city on a total area of 4 million square meters. The total number of productive factories in the region amounted to 39, representing about 0.6% of the total number of the Kingdom, totaling 6,364 at the end of 2013. Total investments in Tabouk factories amounted to SR2.43 billion representing 0.28% of the total funding of productive plants in the Kingdom, which amounted to about 873.2 billion riyals. The number of factory workers in Tabouk recorded about 3.7 thousand workers representing around 0.45% of the total industrial manpower in the Kingdom which amounted to 828,000 workers by the end of 2013.

The production of plants is distributed in different sectors, as follows

- Food industry: (dairy products, meat products, poultry, olive oil, bakery products, and juices)
- Chemical and plastic industries: (human medicine, industrial gases, plastic bags, packs and tubes)
- Building materials: (cement, concrete block, flooring and sidewalks tiles, marble and granite)
- Metal industries: (metal sheets, and aluminum doors and windows)

C) Mining and Quarrying

The mining and quarrying sector in Tabouk is one of the important and promising activities which can contribute to the exploitation of the natural resources in the Region, and cover the needs of other economic sectors such as industry, building and construction and others. Recently, one of the biggest and most important iron ore sites in the Kingdom has been exploited by the Saudi Arabian Mining Co. (Maaden) and that is Al-Sawaween north west Dhiba governorate. There are other mining and quarrying activities in Tabouk Region such as limestone ore, which is used in cement production and Silica sand which has several uses.

The main natural resources and their sites in the Region include:

No.	Ores	Major mine and quarry sites	Minor mine and quarry sites
1	Irion	Al-Sawaween Valley	
2	Limestone	Ras Maharish, Alghal Valley	
3	Clay	Taimaa	
4	Gypsum	Magna	
5	Bozzolan	Ras Gara	Hillat Al-Mehdath
6	Loam	Kuwaiter and Naqeeb mountain	

Source: Technical, Financial and Statistical Mining Report 1433H (2012), Ministry of Petroleum and Mineral Resources – Deputy Ministry for Mineral Resources

D) Trade

The total number of establishments and businesses operating in the region of Tabouk amounted in 2012 to about 26.9 thousand, representing about 2.3% of the total number in the Kingdom amounting to 1.19 million. They operate in various economic activities as follows:

- Trade Sector: including wholesale, retail, distribution and agency establishments
- Agricultural sector: including agricultural, livestock and agricultural services establishments
- Industrial sector: including factories and municipal licenses for workshops etc
- Contracting sector: including general and specialized contracting, maintenance and operation companies
- Services sector: including public services, education, training, and transport
- Other sectors: including personal and other services

The annual average increase in the numbers of new enterprises in Tabouk during (2004-2012) is about 1,160 enterprises

1.3 Prospects of Economic Development

To achieve development in Tabouk, more infrastructure facilities and basic services should be provided; production base, which is based primarily on the region's self potential, should be expanded; and a local strategy supporting the current investments and activities, encouraging new investments and economic activities in the region should be in place. However, the most important development needs in the region include:

Productive sectors: production base; untapped sectors, the most important of which are industry, mining, and tourism, and infrastructure and facilities serving these areas.

Infrastructure: for successful development in the region, elements of infrastructure; public services should be completed; and more emphasis should be placed on the services of small population communicates; including roads, electricity, water, communications and sewage. In particular, Tabouk Airport should be developed and expanded to enhance the comparativeness of the region. In addition, the national road network crossing the region as well as the local roads should be developed and improved; water sources and projects in various cities should be developed and capacities of desalination plants should be increased. Moreover, sewage networks construction should start in the cities of the region and development of the region's industrial city should be accelerated as it is considered one of the major requirements for its development.

Education services: public education services need to be increased; technical and intermediate education services should improved; and higher education services in various scientific and literary disciplines should be provided.

Health services: current health services should be increased and medical services in specialties that are not available in the region should be provided

Housing: The provision of adequate housing is one of the main pillars of development and population stability in Tabouk region. The provision of housing and residential units at the sites of production is one of the necessary requirements for employment in the projects. All services, especially social and entertainment services should be provided

Small and medium enterprises (SMEs): These enterprises are of great importance for the success of the development process in Tabouk Region. They need to be supported and encouraged on a continuous basis, through the provision of soft loans and technical and marketing support, as well as the services and facilities of the administrative departments and government organs in the region.

Sectors with Comparative Advantage

Tabouk Region has great potentials, which make it eligible to attract more domestic and foreign investments in various economic activities, especially the sectors of comparative advantage, the most important of which are:

1) **Agricultural sector:** Due to the importance of the agricultural sector in Tabouk Region and its significant share of contribution to the production of agricultural crops in the Kingdom, it is eligible to attract large investments in the production of food products, manufacture of agricultural equipment and machinery and other industries and activities related to agricultural activity in the region.

2) **Mining sector:** Tabouk region has several untapped natural mineral resources, which are characterized by their economic size and industrial feasibility, including industrial minerals and rare elements such as nephiline cyanite in Soda Mountain to the south of city of Haql, kaolin in Damj area to the west of the city of Tabouk, quartz at Jabal Abu Mro to west of the city of Tabouk and to north of Deba, high content silica sand northwest of the city of Tabouk and in other areas to south and east of the city of Timaa, limestone near Haql; gypsum in areas to south of the city of Mount Al-Rgamah, sulfur in areas to south of the city of Al-Wajh and basalt rocks to the east of Amlaj. Therefore, the mining in Tabouk is a promising sector with a great comparative advantage for the region.

3) Tourism sector: Tabouk region has many tourist attractions, the most important of which is that it overlooks the Red Sea on a coast extending from the city Haql in north to the city of Amlas in the south, which can be exploited in establishing many high standard tourist resorts and villages, attracting visitors from within the Kingdom to spend vacations and holidays and compete regionally to attract tourists from outside the Kingdom. In addition, the area enjoys a good reputation of therapeutic tourism in some existing tourist facilities.

4) Industry: Industry sector in the region has a great comparative advantage in view of the development and prosperity of the agricultural sector, which will encourage food and agricultural equipment and industries, as well as mining industries dependent on raw materials and natural resources of the region; in addition to export potential for the existence of the Diba Port on the Red Sea coast.

5) Higher education sector: Education indicators in the region show that education is one of the sectors which are expected to attract major investments in the areas of general education, all scientific and literary sections of higher education as well as in technical colleges, which are not sufficient in the region at the time being.

Investment Incentives

In addition to the significant support, backing and facilities provided by the governmental and administrative authorities in the region to all domestic and foreign investments, the foreign investment projects enjoy the same advantages, incentives and guarantees available to domestic projects under the Foreign Capital Investment Law, including:

- The incentives provided for in the National Industries Protection and Encouragement Law, including the exemption of imports of goods and industrial equipment from customs duties, preferential treatment for national products to secure governmental purchases and allocation of land in the industrial cities at nominal cost
- Ownership of the properties directly related to any project, including project staff accommodation and housing
- The benefits available under the bilateral and multilateral agreements with regard to taxation and investment
- Prohibitions against confiscation of any investment without judicial judgment
- Unhindered transfer of capital and profits abroad
- Freedom to transfer shares among shareholders
- The licensed project's right to sponsor the foreign investor and his non-Saudis staff
- Provision of public utilities and services at discounted prices
- Provision of loans from Saudi Industrial Development Fund
- Carrying losses forward for the following years for tax purposes

Investment Advantages and Incentives in KSA's Industrial Cities

- The industrial cities have complete and integrated infrastructure, in addition to the continuous development and provisions of more services (e.g. water, advanced communications networks, industrial safety and security, governmental services, commercial and trade centers, residential compounds)
- Rents in the industrial cities start from one Saudi Riyal per square meter of industrial land
- Availability of several and various areas and locations throughout the Kingdom's Regions.
- Industrial services and lands are offered at discounted prices
- Delivery of land in the available cities within a short time of the date of application through the website of the Saudi Industrial Property Authority (MODON)
- Availability of investment opportunities in industrial, residential, logistic, commercial, service and IT projects
- Proximity to local markets and easy access to international markets
- Financial facilities and loans up to 75% of project cost
- Customs duty exemptions for equipment and machinery
- Customs duty exemptions for raw materials
- Governmental commitment to provide basic services and utilities, such as roads and electricity
- Possible investment in construction and lease of buildings for ready-built factories (Jahiz)
- Availability of investment opportunities in BOT development and operation projects

Part II
Economic Indicators for the Tabouk Region

Part II: Economic Indicators for the Tabouk Region

2.1 Gross Domestic Product

The Gross domestic product (GDP) of Tabouk region amounted in 2012 to about 28.4 billion riyals, representing 1.03% of the GDP of the Kingdom and 1.99% of the GDP of the Kingdom without crude oil and gas. The average annual growth rate of the GDP of the region amounted to about 23% during the period from (2009 – 2012). Trade sector ranks first in terms of contribution to the GDP of the Tabouk by 17.3%, followed by construction and building sector with 15.4%, financial and real estate services sector with 12%, transport and communications sector with 9.8%, agriculture with 6%, and industry with 2.2%

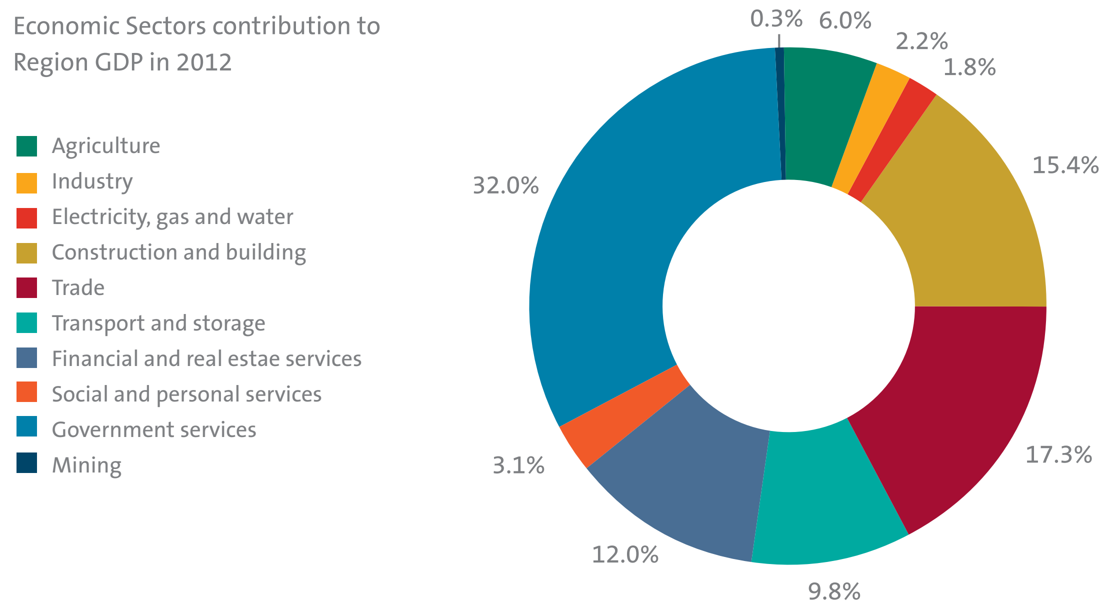
Tabouk Region's Contribution to Kingdom's GDP in 2009 and 2012

	2009	2012	Average annual growth rate
Kingdom GDP at current prices (billion SR)*	1,596	2,731	19.8%
Kingdom GDP without oil and gas (billion SR)*	995	1,429	11.9 %
Region GDP (billion SR) **	16.8	28.4	23.0 %
Region GDP to total Kingdom	1.05%	1.03 %	
Region GDP to total Kingdom without crude oil and gas	1.69 %	1.99 %	
Average per capita GDP of the region (000' SR)	21	34	20.6 %

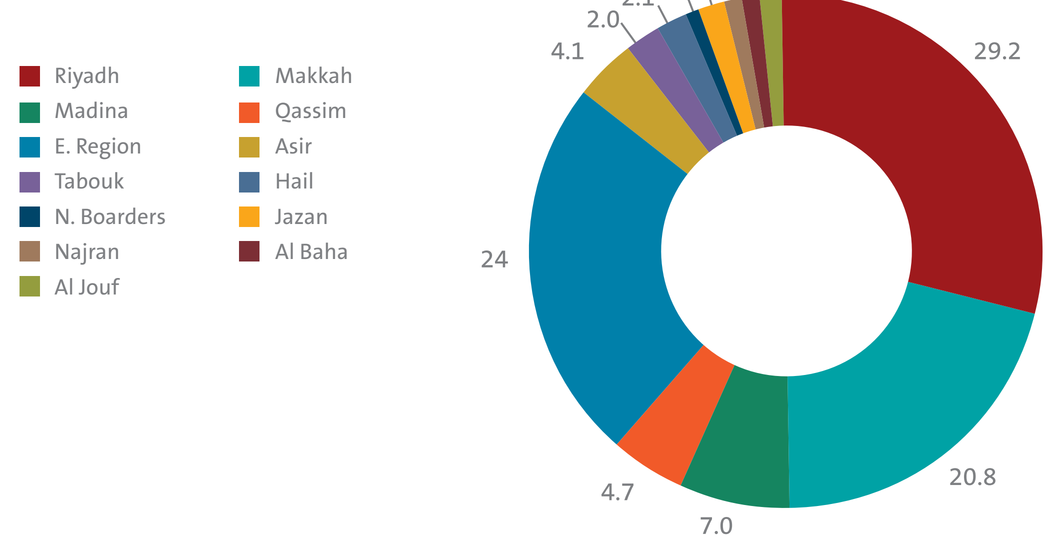
* Does not include import duties ** study's estimates
Central Department of Statistics and Information Ministry of Economy

Source: Central Department of Statistics and Information * Do not include import customs
** Study's estimates

Economic Sectors contribution to Region GDP in 2012



Kingdom regions contribution to GDP of Kingdom in 2012 (without crude oil and gas)



2.2 Migration rates

According to the estimation of the Central Department of Statistics and Information, the population of the region of Tabouk is expected to reach 887.4 thousand people on 2014, representing about 2.88% of the Kingdom's population, which is estimated to reach about 30.8 million people on 2014. Population of Tabouk region was about 691.5 thousand people in the Census of 2004 and about 803.4 thousand on the census of 2010,

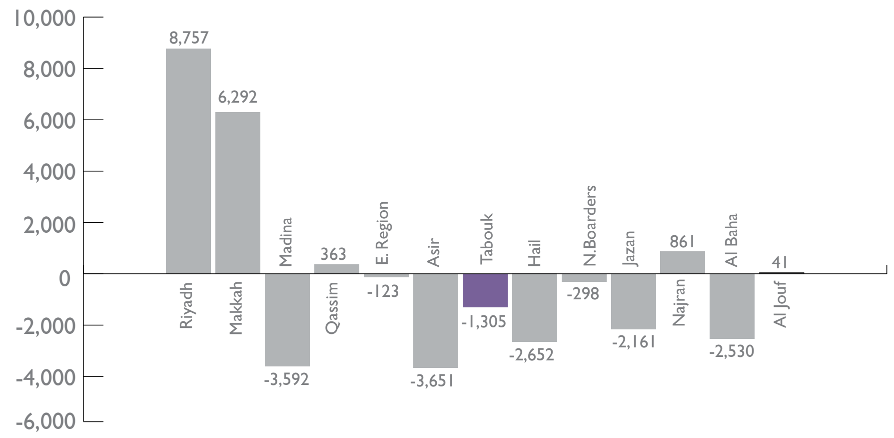
The average annual growth rate of population in the region during the period (2004 - 2014) amounted to about 2.53%. while the average annual growth rate of the Saudi population in the Region recorded 2.10%. This rate is lower than the overall growth rate of Saudi population Kingdom-wide during the same period, which indicating little rate of Saudi migration to the Region.

Development of Tabouk Population

		2004*	2010**	2014**	Average annual growth rate (2004-2014)	Estimated Saudi population in the Region in 2014 using overall growth rate of Saudis	Difference in Region's population in 2014
Total Population of the Kingdom	Saudis	16,529,302	18,973,615	20,702,536	2.28 %		
	Non-Saudis	6,144,236	8,589,817	10,067,839	5.06 %		
	Total	22,673,538	27,563,432	30,770,375	3.10 %		
Tabouk Population	Saudis	594,591	670,055	731,658	2.10 %	744,710	13,052
	Non-Saudis	96,936	132,863	155,725	4.86 %		
	Total	961,517	803,418	887,383	2.53 %		

* Results of the Census of (1425H / 2004) ** CDSI Estimates based on the results of the Census of 2010

Annual rate of Saudi nationals migration (from / to) the regions of the Kingdom (as per population estimates for 2004 -2014)

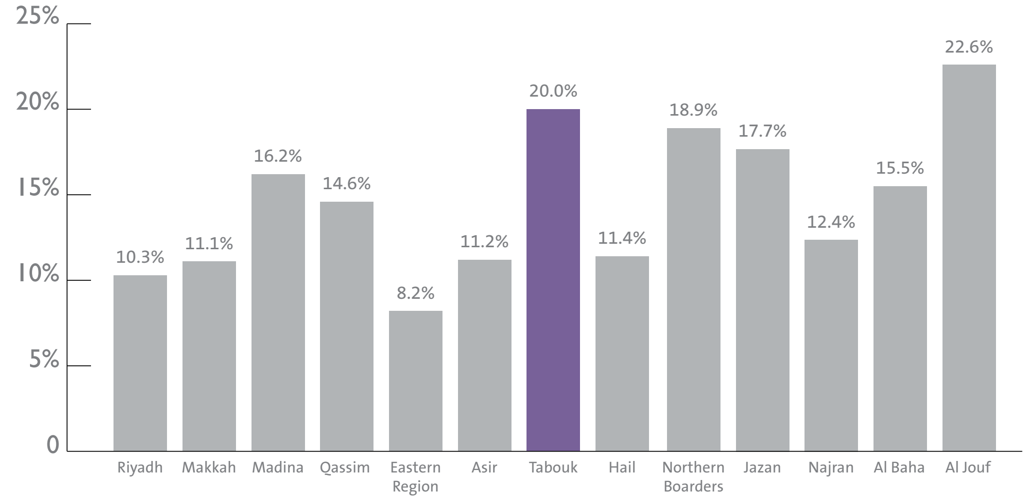


Source: Annual Report No. 46 of the Saudi Arabian Monetary Agency, 1431 (2010), Department of Statistics and Information, Ministry of Economy and Planning.

2.3 Employment and Unemployment rates

Due to reduced employment opportunities in Tabouk compared with other regions in the Kingdom, the unemployment rate as estimated by Department of Statistics for 2012 amounted to about 20% among the total Saudi labor force in the region, amounting to 170,116 (males and females). This is high rate compared to average rate of unemployment in the Kingdom, which was estimated at about 12.1% in 2012. This rate is also considered high compared with the unemployment rates of other population non-attracting regions in the Kingdom.

Unemployment rates in the regions of the Kingdom in 2012



Source: Department of Statistics and Information, Manpower Research 1433 (2012)Ministry of Economy and Planning.and Information, Ministry of Economy and Planning.

2.4 GDP per capita

Due to the increase in the contribution of different sectors to the Region GDP and the increase in the Region's GDP annual growth rate, which reached 23.7% during the period (2009-2012), which is considered a high rate of growth, compared with other regions.

GDP per capita Development (2009 and 2012)

	2009	2012	Annual growth rate
Region GDP (SR billion)	16.8	28.4	23.0%
Total Region population	783,352	844,208	2.53%
(Average GDP per capita (000' SR	21	34	20.6%

* Study's estimates

2.5 Contribution to exports of the Kingdom

The products of the economic sectors in Tabouk region are not generally export-oriented commodities, with the exception of cement, barley, medicines and some other miscellaneous products. The products of the region are concentrated so far in the products of agricultural crops and livestock that are consumed within the region and other neighboring areas. The contribution of the region products to Saudi exports in 2012 accounted for about 0.03%, i.e. about 450 million riyals.

2.6 Education Services Indicators

Public Education

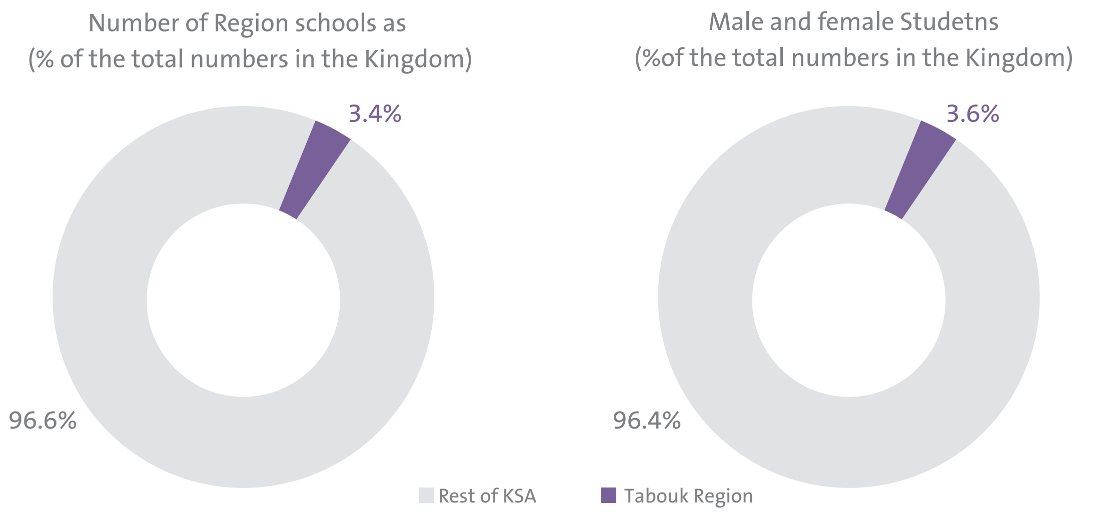
The total number of schools in various education stages in Tabouk amounted in 2013 to 1,316, including 1,198 schools affiliated to the Ministry of Education and 118 private and other schools, representing about 9% of the total number of schools in the Region. The total number of male and female students in all public stages amounted to 219.7 thousands, including 193.7 thousands in the schools of the Ministry of Education and 26 thousands in private schools, representing 11.8% of the total number of students, males and females.

Development of Public (Governmental) Education Services in Tabouk*

	2005	2008	2012	2013	Average annual growth rate (2005-2013)	Ratio to total number in KSA in 2013
Total number of schools at all levels	843	952	1,144	1,198	5.3 %	3.4 %
Total number of classrooms for all stages	6,143	6,510	8,428	8,743	5.3 %	3.4 %
Total number of male and female students (,000)	143.3	150.7	191.0	193.7	4.4 %	3.6 %
Total number of teachers (,000)	11.3	11.9	16.6	17.0	6.3 %	3.2 %

* Source: Statistical Abstract of Public Education in the Kingdom (1432/1433H, 1433/1434H) / Department of Statistical Information, Ministry of Education.

Indicators of public Education in Tabouk show that the public education services required to be increased compared with the total of the Kingdom as the rate of numbers of schools, classrooms and teachers in the region amounted in 2013 to about 3.4%, 3.4% and 3.2%, respectively of their total numbers of schools, classrooms and teachers in the Kingdom; while the total numbers of male and female students in the region accounted for about 3.6% of the total number of students in the Kingdom.



Teacher/Students index compared to the total average of Kingdom in 2013

Tabouk Region: primary stage (1 : 12.7), intermediary stage (1 : 10.5) and secondary stage (1 : 12.3).

Overall average in the Kingdom: primary stage (1 : 10.9), intermediate stage (1:9.7), and secondary stage (1 : 10.7).

These figures show that the number of male and female teachers should be increased in all education stages.

2.7 Health Services Indicators

Tabuk has 73 health-care centers and 11 governmental hospitals affiliated to the Ministry of Health including 1,125 beds. The health services provided by the private sector in the region include one private hospital, 45 medical centers, 7 private clinics, 3 laboratories, 171 pharmacies and 44 optics shops.

Health Services *

	2008	2009	2010	2011	2012	Ratio to total number in KSA in 2012
Ministry of Health Services:						
Health centers	62	67	67	68	73	3.2%
Visits to centers (thousand)	1,694	1,634	1,629	1,646	1,495	8.2%
Laboratory tests made in the centers (thousand)	67	81	44	26	32	0.5%
Hospitals	10	11	11	11	11	4.2%
Hospital beds	951	1,001	1,122	1,125	1,125	3.1%
Hospital doctors	645	570	701	883	936	3.6%
Outpatient visits (thousand)	474	508	499	407	431	3.7%
Inpatients (thousand)	61	63	61	60	54	3.2%
Surgical operations (thousand)	20.2	27.8	24.3	15.2	11.9	2.6%
Private sector services:						
Medical centers and clinics	37	39	40	40	45	2.1%
Clinics (all types)	9	11	7	7	7	3.5%
Private hospitals	1	1	1	1	1	0.7%
Private hospitals beds	86	86	86	86	86	0.6%
Inpatients in private hospitals (thousand)	11.3	5.3	5.7	5	8.1	0.9%
Private laboratories	3	3	3	4	3	3.1%
Physiotherapy centers	3	1	1	1	1	1.3%
Optics shops	38	33	45	45	44	2.3%
Pharmacies	137	136	173	148	171	2.5%

* Source: Statistical Yearbook (2009, 2010, 2011, 2012, Ministry of Health.

Indicators of health services in the region compared to overall KSA average in 2012:

Bed-to-people ratio in the region = (1: 698); overall average bed-to-people ratio for the Kingdom = (1:584).

Physician-to-people ratio in the region = (1:716); overall average Physician-to-people ratio for the Kingdom = (1:603).

Comparing indicators of health services in Tabuk, it is noted that they are higher than the overall bed-to-people and physician-to-people ratios in the Kingdom as shown by the indicators above. This indicates that numbers of hospitals and beds as well as number of doctors should be increased in the region.

Part III

Comparison of the Region's Economic Indicators for 2005, 2009 and 2012

Part III: Comparison of the Region's Economic Indicators for 2005, 2009 and 2012

3.1 Population and Gross Domestic Product

	2005*	2009	2012
Kingdom's total population (million)	23.1	25.4	29.2
Total population of the Region (thousand)	720	783	887
Region Population ratio to total of Kingdom	3.1 %	3.1 %	3.0%
GDP* of the Kingdom at current prices (in billion riyals)	1,172	1,596	2,731
GDP* of the Kingdom without crude oil and natural gas (in billion riyals)	604	995	1,429
Region GDP* (in billion riyals)	13.6	16.8	28.4
Region portion of GDP of the Kingdom	1.16 %	1.05 %	1.03%
Region portion of GDP of the Kingdom without oil and gas	2.25 %	1.69 %	1.99%
Per capita GDP in Tabouk (000' SR)	19	21	34

Source: Tabouk Economic Report for 2007 and 2010 ,Saudi Arabia General Investment Authority

3.2 Export Indicators

	2005*	2009	2012
Total value of exports of the Kingdom (billion riyals)	666	697	1,457
Value of exports of the Kingdom without crude oil (billion riyals)	152	164	284
Value of exports of the Region (billion riyals)	150	220	450
Region share of total exports of the Kingdom	0.02 %	0.03 %	0.03%
Region share of total exports of the Kingdom without crude oil	0.1 %	0.13 %	0.15%

Source: Tabouk Economic Report for 2007 and 2010, Saudi Arabia General Investment Authority

3.3 Infrastructure Indicators

	2005*	2009	2012
Total lengths of paved roads (km)	2,062	2,769	3,068
Length of agricultural and earth roads (km)	8,842	9,647	10,133
Number of storage reservoirs and rain and flood water control dams	3	8	10
Power generating capacity (MW)		808	1,204
Electricity coverage in the Region	87 %	92 %	94%
Number of central post offices	15	15	15
Number of branch post offices	4	3	
Number of mail agents	101	132	
Number of mailboxes (thousands)	12.3	12.2	13.0

* Source: Economic Report of Tabouk for 2007 and 2010 , Saudi Arabia General Investment Authority (SAGIA)

3.4 Economic Sectors Indicators

	2005*	2009	2013
Industry:			
Total number of factories	32	39	39
Total funding in industry (in billion riyals)	1.44	1.80	2.43
Region’s share of total industrial investments in the Kingdom	0.5 %	0.4 %	0.3%
Sector's contribution to GDP of the Region	2.7 %	4.2 %	2.2%
	2005	2009	2011
Agricultural sector:			
Wheat (thousand tons)	199	115	157
Barley (thousand tons)	11	2.2	2.4
Green fodder (thousand tons)	162	192	221
Vegetables (thousand tons)	91	120	114
Dates (thousand tons)	45	21	20
Fruits (thousand tons)	128	75	90
Sector's contribution to GDP of the Region	11.5 %	8.9%	6.0%

* Source: Economic Report of Tabouk for 2007 and 2010 , Sauadi Arabia General Investment Authority (SAGIA)

3.5 Education and Health Services Indicators

	2005*	2009	2012
Public Education:			
Teacher - student ratio in primary stage	1 / 13.40	1 / 13.34	1 / 12.70
Teacher - student ratio in preparatory stage	1 / 11.28	1 / 12.12	1 / 10.50
Teacher - student ratio in secondary stage	1 / 14.17	1 / 14.05	1 / 12.30
Higher Education:			
Number of universities of Ministry of Higher Education	-	1	1
Number of private universities	-	-	
Total number enrolled in public universities (in thousands)		5	36
Health services:			
Bed – patient ratio	1 / 806	1 / 745	1 / 698
Physician – patient ratio	1 / 1214	1 / 848	1 / 716

* Source: Economic Report of Tabouk for 2007 and 2010 , Saudi Arabia General Investment Authority (SAGIA)

Part IV

Investment Opportunities in Tabouk Region

Part IV: Investment Opportunities

According to what has been reviewed above on Tabouk Region, and based on the information available and development future plans of the region, following are the most important investment opportunities and major projects, which investors can study in detail and make sure of their economic feasibility, and then they can begin their implementation:

4.1 Investment opportunities in large projects

Opportunity No (1)	Project for preparation and processing silica sand used in the manufacture of high quality glass products.
Justifications and potentials	Availability of a high content raw materials in the region in several locations in huge quantities.
Target market	Crystal and flat glass plants in the Kingdom, and export markets.
Economic impact	Creating new job opportunities, achieving industrial integration, and increasing exports of the Kingdom.

Opportunity No (2)	Factory for crystal glass products.
Justifications and potentials	Availability of the raw materials of the high content silica sand in the Tabouk.
Target market	Markets in Kingdom and the Gulf region, and export markets globally.
Economic impact	Creating new job opportunities, increasing the GDP per capita in the Region, and increasing the value of the Saudi exports.

Opportunity No (3)	Factory for the production of ceramic products
Justifications and potentials	Availability of raw materials (kaolin) in the region at Damj area.
Target market	Markets in the Kingdom and the Gulf region, and export markets globally
Economic impact	Creating new job opportunities, and increasing the GDP per capita in the Region, and increasing the value of the Saudi exports

Opportunity No (4)	Project for the production of gypsum and stuccowork products.
Justifications and potentials	Availability of the raw material of gypsum in the region, in area of Haql to south of Tabouk, to south of the city of Wajeh.
Target market	Domestic market in the Kingdom, and export markets globally.
Economic impact	Creating new job opportunities, achieving industrial integration, and increasing exports of the Kingdom.

Opportunity No (5)	Tourist resort (villas, chalets, recreational facilities, sports activities, water sports).
Justifications and potentials	Proper environment for the success of the project in the region of Tabouk; extended coastline on the Red Sea.
Target market	Internal and external tourism.
Economic impact	Creating new job opportunities, and increasing the GDP per capita in the Region.

Opportunity No (6)	Modern cooling and storage facilities.
Justifications and potentials	The region needs to increase services of special storage warehouses for imported or exported goods and products.
	Population of the Eastern Region, tourists and visitors.
Target market	Trade sector in the region.
Economic impact	Creating new job opportunities, contributing to the Kingdom's exports and providing basic services of export.

Opportunity No (7)	A company for the development, operation and maintenance of the Diba Port facilities.
Justifications and potentials	Importance of providing logistical services for the efficient operation of the port.
Target market	Diba Port.
Economic impact	Creating new job opportunities and providing one of the pillars of development of maritime sector in the region.

Opportunity No (8)	Power generation plant according to plans and regulations of the Saudi Electricity Company for the establishment of these stations under BOT or other systems.
Justifications and potentials	Current shortage of electric energy in the region, the area of covered by electricity in the region is 94% so far.
Target market	Tabouk Region / Saudi Electricity Company.
Economic impact	Creating new job opportunities, contributing to the development of infrastructure projects and the provision of electric energy in the region.

Opportunity No (9)	Construction of juices plant in the city of Qulaiba and fleet of refrigerated vehicles.
Justifications and potentials	Existence of agricultural products in the region, such as grapes, peaches, lemon and orange etc. the project will provide many investment opportunities (construction of the factory and warehouses, procurement of distribution fleet, installation of security and safety equipment etc..).
Target market	Supermarkets and malls in cities and villages of Tabouk and surrounding areas.
Economic impact	Creating new job opportunities, developing the city of Tabouk and pulling many migrants from the countryside.

Opportunity (10)	Expansion in rose projects in Governorate of Taimaa.
Justifications and potentials	Availability of water, fertile soil, mild climate and large agricultural areas; agricultural nature of the region; existence of agricultural extension and quarantine offices; high-quality flowers and roses, opportunities for exports to Europe; development of perfume industries and promotion of scientific studies and agricultural research.
Target market	Europe, the Americas and Asia.
Economic impact of the opportunity	Diversifying sources of national income, creating new jobs, brining in hard currency and increasing the balance of payments.

Opportunity (11)	Construction of a factory for perfume and cosmetics in the city Taima.
Justifications and potentials	Existence of farms and high quality of roses. Large consumption of perfumes in the Kingdom and the need to boost this industry.
Target market	Residents of Tabouk and other regions of the Kingdom.
Economic impact of the opportunity	Localizing an important industry, on which billions of riyals are spent, diversifying sources of income, supporting the balance of payments and creating new job opportunities for residents of the villages.

Opportunity (12)	Establishment of museums in the cities of Tabouk, Uyainah, Khuraybah, Chwaq and Moaileh; construction of the management complex, and development of historical research and monuments of Tabouk Region.
Justification for the project	There are many archeological sites, castles, wells and springs in addition to the famous Battle of Tabouk. Availability of many investment opportunities for scientific research, historical monuments development and tourism promotion.
Target market	Supreme Commission for Tourism and Antiquities, local and international colleges of monuments, Department of Egyptian Museums, archaeology students, and local tourists and foreigners.
Economic impact of the opportunity	Contributing to the activation of tourism, diversifying sources of income, creating new jobs and developing the relevant villages.

Opportunity (13)	Establishment of a museum for the collection of heritage in the village of Bada, and development of tourism infrastructure (agencies, booklets, brochures, buses, grouping) to activate tourism in the region (Tabouk and Ula, Tema.And Omlej).
Justification for the project	There are religious monuments (home of Prophet Jacob and His sons - peace be upon them all – who moved from there to His Son, Prophet Joseph in Egypt.
Target market	European tourists from all universities and research centers of Archaeological Sciences in addition to the local population.
Economic impact of the opportunity	Promoting tourism in the region, creating new opportunities for income and new job opportunities for youth.

Opportunity (14)	Establishment of company for tourism promotion and development of tourist villages, facilities and infrastructure in the cities of Tabouk and Taima.
Justification for the project	Existence of tourism features in the beautiful villages of Tabouk Region (coastal: , Khuraybah and Mowaileh), Aldesa, Albaedha, Ain Alakhdar, Alenaba, Albadea' and availability of many investment opportunities for tourism activities and in areas of historical scientific research.
Target market	Tourists from Jordan, Syria, Lebanon, Egypt and Europe as well as the people of the cities and villages of the region.
Economic impact of the opportunity	Promoting national tourism, bringing in tourists and hard currency, supporting balance of payments and creating new jobs.

Opportunity (15)	Development of Deeseh village in the Valley of Dama to become a model tourist village and the promotion of tourism there.
Justification for the project	Availability of water springs and large number of different kinds of palm trees in the region. The village is one of the beautiful tourist areas in Tabouk region. This project will provide many opportunities for the development of real estate, 5 stars hotels, rest houses, tourist restaurants, stadiums, gas stations and fast modern buses to promote tourism in the region.
Target market	Foreign tourists from Jordan, Egypt and Syria in addition to the people of the cities of Tabouk region and surrounding areas.
Economic impact of the opportunity	Diversifying sources of national income, bringing in hard currency, supporting balance of payments and creating new job opportunities.

Opportunity (16)	Development of villages of Al Bidha, Ein Al Khdhar and Uyainah (Harat Al-rahaa, 110 kilometers from Tabouk) to tourist villages.
Justification for the project	Availability of water and moderate climate in the region. The need to develop tourist villages according to their advantages. Presence of many investment opportunities, which include real estate development and construction of hotels, rest houses, restaurants, tennis, golf, tennis, volleyball courts and petrol stations. Development of research stations, technical and scientific research sector, which will contribute to the development of these villages.
Target market	Foreign tourists from Jordan, Syria and Egypt, in addition to the local people of the cities and villages of the region.
Economic impact of the opportunity	Diversifying sources of national income, bringing in hard currency, supporting balance of payments and creating new job opportunities.

Opportunity (17)	Bir Hermas Development Project (60 km north of Tabouk, on the road of Jordan and Syria of pilgrims).
Justification for the project	The pilgrims coming from Syria and Jordan. The urgent need to develop the area. To provide many opportunities in the activities of real estate development and construction of new residential communities.
Target market	People of the region and pilgrims road from Jordan, Syria and Lebanon.
Economic impact of the opportunity	Diversifying sources of national income, bringing in hard currency, promoting religious tourism and creating new job and investment opportunities.

4.2 Investment opportunities in medium sized projects

Opportunity No (1)	Establishment of a100-bed hospital (Tabouk, Deba, Amlaj, Al-Wajh, Timaa).
Justifications and potentials	The need of region for increasing the health services.
Target market	All segments of population in the region.
Economic impact	Creating new job opportunities and contributing to the provision of basic services in the region.

Opportunity No. (2)	Medical complex (Tabouk, Deba, Amalaj, Al-Wajh, Tima).
Justifications and potentials	The need of the region increasing health services.
Target market	All segments of population in the region.
Economic impact	Creating new job opportunities, contributing to the provision of one of the basic services and reducing the migration of population from the region.

Opportunity No (3)	School complex accommodating 1,500 students (Tabouk, Deba, Amalaj, Al-Wajh, Taima).
Justifications and potentials	The need of the region for increasing basic education services and the increase in the numbers of male and female students.
Target market	All segments of population in the region.
Economic impact	Creating new job opportunities, contributing to the provision of a basic services to reduce the migration of population from the region.

Opportunity No (4)	100-room 5-star hotel.
Justifications and potentials	Expected demand for hotel services.
Target market	the tourism sector in the region and visitors either to work or trade.
Economic impact	Creating new job opportunities, and increasing the GDP per capita in the Region.

Opportunity No (5)	A company for passenger transportation services in the region.
Justifications and potentials	Expected significant growth in the transport of passengers in the Kingdom and the region.
Target market	Companies, institutions and individuals in the region and the rest parts of the Kingdom.
Economic impact	Creating new job opportunities, and increasing the GDP per capita in the Region.

Opportunity No (6)	Company for fuel stations and car services and repairs on roads in the region.
Justifications and potentials	Lack of these services in the region.
Target market	Users of the roads in the region.
Economic impact	Creating new job opportunities, and providing services that contribute to the economic growth in the region.

Opportunity No. (7)	A specialized medical center for diabetics.
Justifications and potentials	The region's need for this specialized medical service.
Target market	Diabetics patients in the region and neighboring areas.
Economic impact	Creating new job opportunities, providing specialized medical services and increasing the GDP per capita in the region.

Sources of Data & Information

Description	Source
Economic Developments in KSA	SAMA Annual Report, 2013. Statement of Ministry of Finance on the public Budget of the Kingdom, 1435 – 1436H.
Population	Central Department of Statistics & Information (CDSI)
Infrastructure	
Roads	Statistical Yearbook 2012, CDSI, Ministry of Transport. Reports and statistics of Ministry of Municipal & Rural Affairs.
Air Transport	Statistical Yearbook 2012, CDSI, Saudi Airlines.
Railway Transport	Saudi Railways Organization, Saudi Railway Co.
Sea Transport	Ports Reports and statistics 2013, Saudi Ports Authority.
Water	Annual Report, Saline Water Conversion Corporation (SWCC). Report of Water in KSA, Ministry of Water & Electricity.
Electricity	Annual Reports, Saudi Electricity Co., Ministry of Water & Electricity.
Communications	Statistical Yearbook 2012, CDSI, Communications and Information Technology Commission (CITC), Saudi Post.
Economic Activities	
Oil & Gas	Oil and Gas Statistics, SAMA Annual Report 2013, Ministry of Petroleum & Resources, Aramco Annual Report.
Industry	Report of Industry in KSA 2013, Ministry of Commerce & Industry.
Agriculture	Annual Agricultural Statistical Yearbook 2012, Ministry of Agriculture.
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Mining	Technical, Financial Statistical Report on Mining Activities for 2012, Ministry of Petroleum & Mineral Resources.
Tourism	Saudi Commission for Tourism & Antiquities, Tourism Information & Research Center (MAS).
Economic Indicators	
Region's GDP	SAMA Annual Report 2013, Estimates of the Study.
Immigration Rates & Population Attraction	Results of KSA's Population Census 2004-2010, CDSI.
Employment & Unemployment Rates	Manpower Research Study 2012, CDSI.
Per Capita GDP	SAMA Annual Report 2013, Estimates of the Study.
Region's Contribution to Exports	KSA Exports Statistical Bulletin 2012, CDSI.
Educational Services Indicators	Statistical Abstract of Education in KSA, 2011, 2012 and 2013, Ministry of Education.
Health Services Indicators	Annual Statistical Yearbook 2012, CDSI, Ministry of Health.