



Saudi Arabian General Investment Authority
SAGIA

Asir Region

Economic Report

1434/1435 - 2014





Forward

In the framework of its strategy to stimulate and encourage investment in the 13 Saudi regions, with a special focus on supporting investment in the less developed regions, the General Investment Authority (SAGIA) to provide the economic reports for 2014 to the interested and officials in the relevant regions to provide them with a close-up picture of the reality in each region to assist those who make the decisions on the investment in the development in these regions.

The issuance of the Economic Report of the Asir Region for the year 2014 comes as an extension of the reports that were released in 2007 and 2010. This report aims to provide basic data about the fundamentals and potential of the region, highlighting the most important economic developments it has witnessed and monitoring the most important new investment opportunities and ideas commensurate with the potential of the region. The report, in this new version, includes a chapter comparing between the indicators that have been monitored in the previous reports, issued in the two past reports and the indicators that have been monitored in the current report for 2014 to gauge the extent of development in the region in the period between the three reports.

Accordingly, SAGIA hopes that this report will support development in the regions and be a source for accurate information for decision makers and stakeholders in the region to stimulate and develop investments in the region.

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Introduction

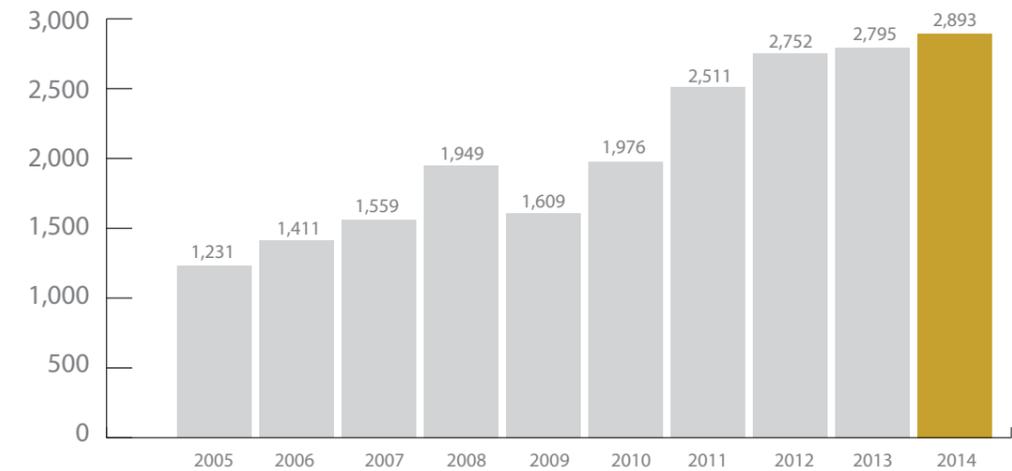
1. Economic Developments in KSA

The Kingdom's economy has achieved continuous growth during the last four years. The growth rates reached 7.4%, 8.6, 5.8 and 3.8 on the years 2010, 2011, 2012 and 2013 consecutively. The decrease in growth rates on the years 2012 and 2013, compared with the high rates on the previous years were due to the decrease in oil production compared to 2011. Due to the continuous huge public expenditure, supported by the high level in bank credits to companies and the increase in local demand, the Kingdom's economy is expected to witness strong growth. Government expenditure is expected to reach 30% of GDP compared to an average of about 30.4% for the last ten years. The contribution of the non-oil private sector in GDP is expected to rise to about 9.4% compared to an average growth rate of 4.9 for the last ten years.

	2009	2010	2011	2012	2013*	2014**
GDP (billion Riyals) at current prices	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 (billion Riyals) at constant prices	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)



Public revenues in 2014 budget are expected to reach SR855 billion, while expenditure is estimated to have the same levels as the revenues, i.e to reach SR 855 billion also. The most prominent features of expenditure in 2014 budget that it focuses on development projects in the sectors of education, health, security services, social services, municipality, water, sewage, roads, electronic transactions, and scientific research support. The budget includes new projects and programs and additional phases for projects already have been approved.

Following is an overview of the allocations in the budget for 2014 by major sectors.

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



2. General Investment Authority Strategy

Vision

Enabling quality investments for sustainable development.

Mission

Attracting and fostering investments through improvement of investment environment, incentives and raising service quality, utilizing high skilled talents and efficient partnership.

SAGIA Objectives

Attracting and fostering investments

- Coordination with other government entities and unification of the efforts for attracting and encouraging investments
- Preparing and promoting investment opportunities
- Offering and introducing adequate incentives for attraction of investments with focus on promising sectors

Improving investment environment

- To continue improvement of business climate, investment environment and regulations in the Kingdom
- Simplification of procedures for local and foreign investments in collaboration with other concerned government entities
- Assessment of the contribution of foreign investment in the Kingdom and the value added achieved
- SAGIA capacity building to facilitate and support research activities and analysis for developing strategies and policies

Investors Services

- Raising the quality of services provided in business centers through the use of efficient electronic services
- Enabling high value added investments using quantitative and qualitative tools, measures and conditions
- Formulating necessary tools and procedures for follow up of licenses implementation, enabling and support



Part I

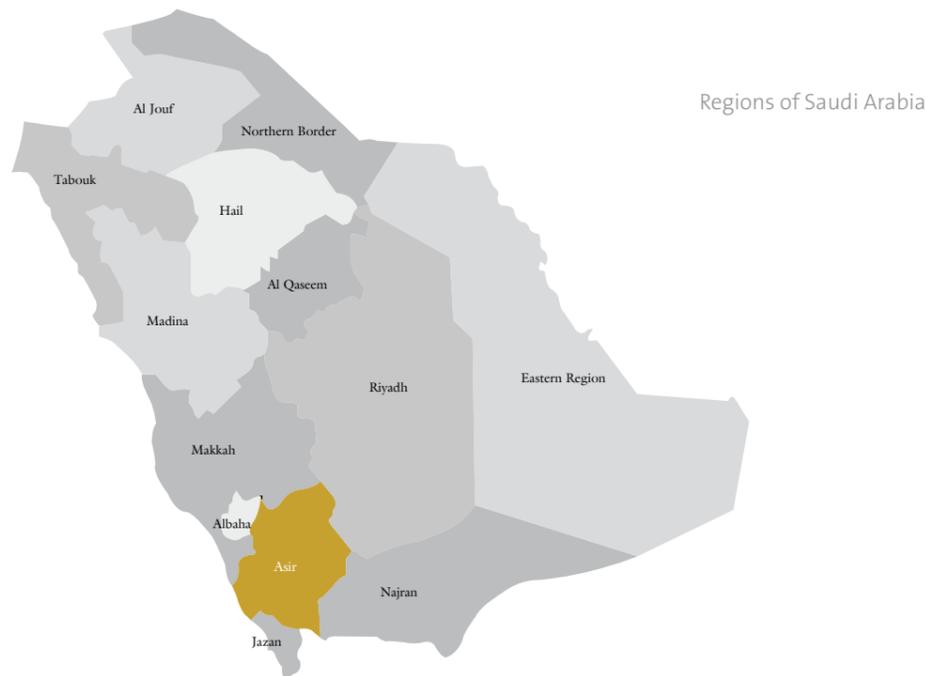
Status and Prospects of Development in Asir Region

Part I: Status and prospects of development in Asir Region

1.1 Inputs and Bases of Economic Development in the Region

Asir distinguished location

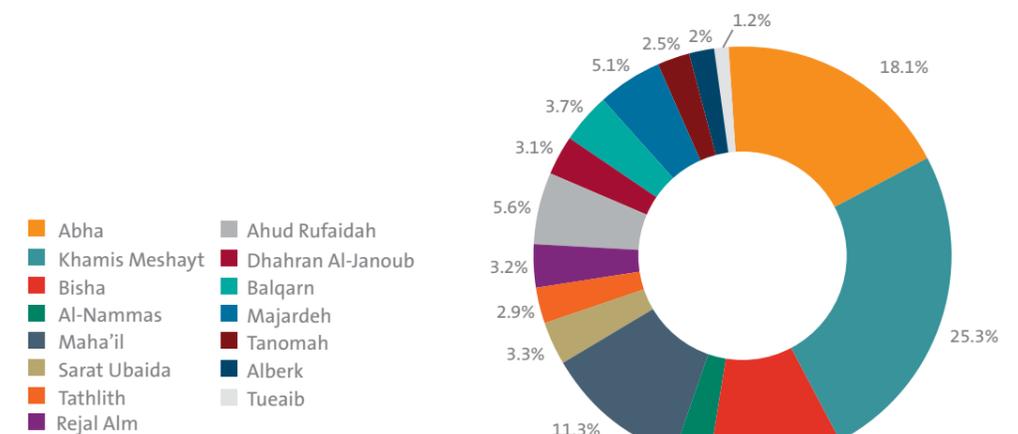
Asir region is located in the south-western part of Saudi Arabia, surrounded by five other administrative regions of the Kingdom: Riyadh region (in the north-east), Najran region (east), Makkah and Baha regions (north), Jazan region (south). The region overlooks the Red Sea in the west for 140 km long. The region is characterized by favorable climate and diversity of natural terrain, where it is divided into three parts: the mountain range known of its elevation ranging from 1,500 to 3,300 meters above sea level; the second part is Tihama Asir plain in the west along the coast; and the central part which is a series of variable elevation hills, between the two other parts. This location is one of the most important elements of economic development in the region, particularly in tourism and agriculture sectors. The area of Asir region is around 84 thousand square kilometers, or about 3.7% of the total area of the Kingdom. The region is divided administratively into: the Principality of the Region and fifteen governorates: Abha, Khamis Meshayt, Bisha, Al-Nammas, Maha'il, Sarat Ubaida, Tathlith, Rejal Alma', Ahud Rufaidah, Dhahran Al-Janoub, Majardeh, Tanomah, Alberk, Tueaib.



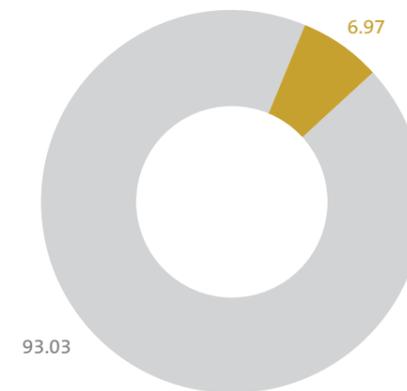
Population in Asir Region

According to the estimations of the Central Department of Statistics and Information (CDSI) the total population in the region of Asir amounted at about 2.15 million people, representing about 6.97% of the total population of the Kingdom, which amounted to about 30.8 million people in 2014. The estimated number of Saudi population in Asir is 1.76 million people, while there are about 385 thousand non-Saudis. The governorate of Khamis Mushayt has the vast portion of the total population of the region, with 25.3%, followed by Abha, 18.1%, then Mahayel 11.3%, Bisha 10.1%, Ahud Rufaidah, 5.6%, Majardeh 5.1%, Balqarn 3.7%, Sarat Obaidah, 3.3%, and finally the governorate of Rejal Alma' with 3.2%.

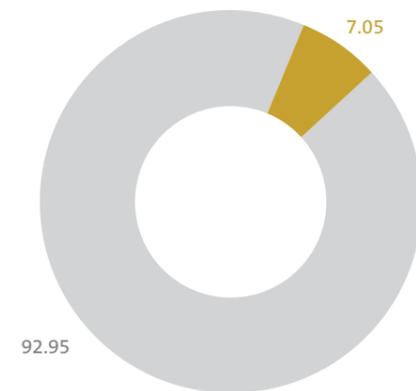
Percentage Distribution of the region population by its administrative divisions



% of Asir population to the total population of the Kingdom 2014



% of Asir population to the total population of the Kingdom 2010



Rest of KSA Asir Region

Infrastructure in Asir

A) Road network in the region

The total lengths of paved roads supervised by municipalities in Asir region amount to some 15,605 km accounting for 17.1% of total lengths of the Ministry of Municipal and Rural Affairs roads in the Kingdom, which reached on the end of 2012 more than 91 thousand kilometres. The length of highways, dual and single roads of the Ministry of Transport in the region is about 1,488 kilometres constitute for 9.4% of the total length of the roads of the Ministry of Transport in the Kingdom which reached about 16 thousand kilometres on 2012. The lengths of agricultural and dirt roads in the region were 21,610 km by the end of 2012. The region is currently witnessing new projects and expansions in the road network, in addition to the roads linking the region with other regions. There are several new projects under construction of which:

- Completion of the dual carriageway Taif / Abha (the section in Asir region)
- The second side of the dual carriageway Bisha / Raniya in Asir Region

B) Air transport and airports in Asir

Asir region has two regional airports, one airport in the city of Abha, Abha Airport, and the second is in Bisha. The two airports provide passengers and goods transportation services for the geographical scope of the region, and link Asir to other regions of the Kingdom. The number of passengers using the two airports amounted in 2011 and 2012 to about 1.96 million and 2.29 million passengers, respectively, representing about 16% and 5.86% of total air traffic of passengers in the Kingdom, which reached during the two mentioned years about 33.6 and 38.5 million passenger consecutively. The quantities of goods transported through the two airports in 2011 and 2012 reached about 3.6 and 4.2 thousand tons, at rates of about 18% and 0.77% of the total air cargo transported through the airports of Saudi Arabia, which reached about 465 and 536 thousand tons during the two mentioned years. Air transportation movement in Asir is one of the basic and important pillars upon which the present and future economic development projects in the region depend.

C) Water

Asir region secures its drinking water from several sources, including underground water, surface water and desalinated water. There are local water networks in the cities. Drinking water is provided for villages and small centers in the region through mini-water projects, consisting of

a well, an overhead tank and a filling tap in areas where water is suitable for drinking. In areas that do not have underground water, potable water is provided by water contractors, through water tankers, under the supervision of the Ministry of Water and Electricity. The need for potable water in the region on 2012 estimated to be about 86 million cubic meters, of which 87% was provided by desalinated water. There are now more than 44 under construction projects for water and sewage in the region including construction of potable water tanks, water networks, sewage networks and treatment and desalination plants with a total cost of about 878 million riyals.

For irrigation, the region depends on dams for protection from floods and storage and control of water. By the end of 2012 there are 86 dams in the region with storage capacity of about 433 million cubic meters.

D) Electricity

There is an electric power supply network consisting of three plants in Abha, Bisha and Tathleeth, linked to a series of 132 KV transformer stations spread throughout the region, such as North Abha, East Abha, Dhahran Aljanoub, Mhyaal, Rufaidah, North Khamis, South Bisha, Alnammas, Mjardah, Tanomah, Surat Obaidah, Jubail stations and others. All these stations are linked with transformation lines of 132 KV. The electricity network in Asir covers about 95% of the total centers in the region. The total power generation capacity in the region is 1720 MW on 2013.

F) Communications

Asir region is covered by fixed, mobile and DSL networks. The number of fixed telephone lines in the region reached about 236 thousand lines, representing about 4.9 of the total number of fixed telephone lines in the Kingdom, which are 4.8 million on 2012. The total number of Internet users in Asir region amounted to 1.18 million, representing about 7.4% of the total number of Internet users in the Kingdom, which amounted to about 15.81 million on 2012. Number of subscription in Broadband lines in the region reached 93 thousand representing about 3.7% of the total number which is 2.54 million lines.

By the end of 2012, the region had have 81 major post offices, 16 branch post offices, 31 post agency offices, 71 surface mail points and 40 thousand mailboxes. There are also television and radio broadcast stations; offices for the Saudi Press Agency and others.

1.2 Economic Activities in Asir

A) Agriculture:

Agriculture is one of the important economic sectors in Asir, where the total crops area amounted in 2011 to about 14.5 thousand hectares, representing about 1.8% 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 agricultural and livestock production:

Development of agricultural and livestock activity in Asir *

	2007	2008	2009	2010	2011	Average annual growth rate	Rate of Region's production as % of the total Kingdom in 2011
Production of crops:							
Wheat (1000 tons)	13	10	9.5	1.7	2.5	- 20 %	0.2 %
Barely (1000 tons)	2.0	2.1	1.8	0.3	0.3	-21 %	1.9 %
Sorghum	7.4	7.7	5.7	4.5	4.8	- 8.8 %	4.1 %
Vegetables (1000 tons)	83	86	89	68	69	- 4.2 %	2.6 %
Palm dates (1000 tons)	39	32	31	20	21	-12 %	2.1 %
Fruits	65	64	59	44	59	- 2.4 %	3.7 %
Livestock:							
Camels (1000)	14	10	9	7	8	-11%	3.6%
Sheep (1000)	14	647	680	661	646	- 2.7 %	9.9 %
Goats (1000)	667	352	185	129	127	-17 %	11.9%
Cattles (1000)	306	12.6	12.7	11.8	10.5	-7 %	2.2 %
Poultry (millions)	17	53	51	57	68	7.5 %	12.9 %

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

It is noted from the table above that the production of the region of all agricultural products has declined. The average annual production of wheat, barley, sorghum, vegetables dates and fruits in Asir reached 20%, 21%, 8.8%, 4.2%, 12% and 2.4%, respectively. The numbers of camels, sheep and cows decreased by 11%, 2.7% , 17% and 7% respectively, while the number poultry increased by 7.5 annually during the period.

B) Industry

In the Asir region, there is an industrial city on a total area of 3 million square meters, the first phase of which has been completed and work is under way to complete the development of the remaining phases. The city is expected to accommodate more than 100 factories when completed. The number of existing producing plants in the region is 213 representing about 3.3% of the total number of producing factories in Saudi Arabia, totaling 6,364 by the end of 2013. The total industrial investments in Asir is about 4.8 billion riyals, representing about 0.55% of the total funding of producing plants in the Kingdom, which amounted to about 873.2 billion riyals. The number of workers in the plants of Asir region is about 19 thousand workers, representing about 2.3% of the total number of workforce in the industrial sector in the Kingdom, which reached 828 thousand workers by the end of 2013.

The production capacities of these plants are in different sectors, including: food industry, chemical industries, plastic products, building materials, metallurgy, and printing and its products.

C) Mining and Quarrying

Mining and quarrying sector in Asir is considered one of the important economic activities, which contribute in exploitation of resources and natural wealth in the region and secure the needs of other industrial sectors such as industry, building, construction and others. Recently the exploitation of raw gold, silver and accompanying minerals has been started in Alhajjar in Asir region by MEA'DEN Gold and Base Metals Company. The annual production of this location about 180 kilograms of gold, 1,600 kilograms of silver. Mining and quarrying sector is considered one of the most important and promising sectors in Asir Region this because of the availability of mineral resources such as limestone, granite, feldspar and others. The following table illustrates the most important raw materials in the region and their locations:

SN	Raw materials	Location of large mines and quarries	Location of small mines and quarries
1	Gold, silver and accompanying minerals	Alhajjar, Sharas	
2	Limestone and granite	Alshahdan Mountain – Bisha	
3	Feldspar	Bia Valley - Majardeh	
4	Marble stone and granite		Aldhant Mountains – West Tathleeth

Source: Technical, Financial and Statistical Report for the year 1433H (2012), Ministry of Petrol and Mineral Resources – Directorate of Mineral Resources

D) Trade

The total number of establishments and businesses operating in the region amounted in 2012 to about 50 thousand establishments engaged in various aspects of economic activities, representing approximately 4.2% of the total number of enterprises in the Kingdom amounting to 1.19 million. These establishments are distributed as follows:

Trade sector: including wholesale and retail, distribution, agency establishments.

Agricultural sector: including agricultural and livestock production and agricultural services.

Industrial sector: including industrial production, licensing municipal workshop and other establishments.

Construction sector: including general and specialized contracting, maintenance and operation establishments.

Services sector: including public services, education, training and transport establishments.

Other sectors: including establishments for personal services, etc.

The average annual increase in the number of new businesses and establishments in Asir during the period (2004-2012) is estimated at 3,160 new establishments

E) Tourism

The activities of tourism sector in Asir are of the most important economic activities, as they almost cover the entire region, in addition to the fact that they provide a large number of job and business opportunities associated with these various tourist activities and projects. Furthermore, the region enjoys many components of tourism, including moderate climate, proper environment, diverse natural geographic terrain and coastal beaches on the Red Sea, and wildlife; in addition to gardens, parks, traditional villages, palaces, mosques, and forts, and others.

In the region of Asir, there are hotels, restaurants, resorts and tourist villages, hostels and a variety of other tourist facilities. The number of tourists (Saudis and other Gulf nationals), who are visiting the region every year, is estimated at about one million tourists annually spending over 10 million tourist nights.

1.3 Future Vision of Economic Development

To achieve development in Asir, more infrastructure facilities and basic services should be provided, in addition to the development of the productive base, which is based primarily on the development potentials of the region itself and a local strategy aiming at supporting the current investments and activities and stimulate new investments and increase activities in the region. The most important needs and requirements of development in Asir include:

Productive sectors: development in Asir requires the development of the productive base and the increase of the activities of unused sectors in the region, the most important of which are industry and mining through the development of infrastructure and facilities that serve these sectors, in addition to exerting more efforts in promoting tourism in the region.

Infrastructure: successful development in Asir needs to complete elements of infrastructure and public services in the region and to pay more attention to the small population groupings. This includes roads, electricity, water, communications and sewage services.

Education services: The services of public education in Asir need more development and improvement and technical and intermediate education need to be increased. In addition, higher education services should be provided in various scientific and literary disciplines, especially those that are commensurate with the nature of economic, current and expected activities in the region, foremost among which are mining and tourism

Health services: Asir needs to increase the current health services and to provide medical services in specialties not available there.

Housing: In addition to providing job opportunities, the provision of adequate housing is one of the main pillars of development and population stability in the region. The provision of housing and residential units at the sites of production is one of the necessary requirements for employment in 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 the 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.

To achieve development in the region, it is necessary for the concerned administrative agencies and governmental organizations in the region to provide all required data and information to domestic and foreign investors.

Sectors with Comparative Advantages in Asir

Asir 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) **Tourism sector:** The region is characterized by having many and diverse elements of tourist attractions, the most important of which include: moderate climate and temperatures especially in the summer; geographical diversity, as the region is situated among mountains, plains and valleys; the region is rich in many areas and tourist attractions where many tourism attraction events are held. The size of the current tourism activities can be increased further by developing the hotels and other tourist services, the establishment of tourist projects and recreational lakes and creation of more resorts and tourist villages. The region is currently experiencing increased growth in internal and external tourism and recreational activities. The tourism statistics in the Kingdom for the year 2012, indicate that Asir Region received about 1.2 million internal tourist trips representing about 6.4% of the total internal tourist trips, which amount to 19 million tourist trips on 2012. Hotels occupancy rate in Asir Region reached about 70%, which is considered one of the highest in the Kingdom. In Asir Region there are 18 hotels and more than 1,000 furnished apartments. The size of expenditure in tourism sector reached about 2.1 billion riyals in 2012, representing about 6.4% of the total expenditure in the internal tourism sector in the Kingdom, which amounted to about 33 billion riyals in 2012.
- 2) **Mining sector:** This is a promising sector in the region, which has tremendous untapped potential, raw materials and natural mineral resources that are characterized by their economic size, large reserves and feasibility of industrial use. They include important industrial raw materials such as precious stones like gold and silver at sites of Hajjar, Fra' Qarn, Jadmah, Hamadah, Laqitah, Al-Qariyah Al-Aula, and Wadi Al-Tanvn; base metal ores such as copper, lead and zinc in Muekrah, Hanash and Al-Shaguib areas; industrial rocks such as feldspar in Lipa Valley, Majardeh Tanomah areas; quartz in Bisha; basalt in Harret Al-Berak; granite ornamental stones in Ummahat and Cham Mountains, Al-Mmazabih Mountains, Akhdar Al-Zeebah, Samgh Mountains, Al-Areen and others; and marble ornamental stones in Mahawi Mountains and Waddi Khat.
- 4) **Industry:** Due to the importance of Asir as one of the tourist areas in the Kingdom, industrial sector has a significant comparative advantage because of the magnitude of the market, especially in the fields of food, furniture and other industries associated with tourism and hotel activities. In addition, this sector is natural extension of mining activities, which are expected grow in the region over the coming period. So, industry in the region has the potential enabling it to continue growth and increase diversity in production, thus attracting large investments in foodstuff, agricultural equipment machinery and other industries, such as mining.

Investment Incentives

In addition to the significant support, backing and facilities provided by SAGIA and other governmental and administrative authorities 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 under the Law for the Protection and Encouragement of National Industries, exempting imports of industrial goods and equipment from customs duties and that such industrial goods and equipment may receive the same preferential treatment received by the national products to secure the government procurement; and that land may be allocated in the industrial cities at a nominal cost
- The ability to own the property required for any investment project, including the project staff accommodation and housing
- The benefits available under the bilateral and multilateral agreements on taxation and investment
- Prohibitions against the confiscation of any investment project without legal judgment
- Unhindered transfer of capital and profits abroad and freedom to transfer shares among shareholders
- The ability of the licensed project to sponsor the foreign investor and his non-Saudis staff
- The right to obtain public utilities and services at discounted prices
- The right to apply for loans, from the Saudi Industrial Development Fund
- The ability to carry losses forward for tax purposes

Investment benefits and incentives in the Industrial Cities in the Kingdom

- Availability of complete infrastructure in the Industrial Cities and continuous development of services (water, advanced communication networks, industrial security, government services, trade complexes, residential complexes
- Rent value of industrial lands in the Industrial Cities starts from one riyals per square meter
- Availability of different areas and locations in all the regions of the Kingdom
- Industrial services and lands with low prices
- Handover of land in the available cities within short period after submission of the application electronically through Modon Website
- Investment opportunities in industrial, residential, logistical, trade, services and technological sectors
- Near local and international markets
- Financial facilities and loans reaching 75% of the cost of the project
- Duty exemption of machinery, equipment and raw materials
- Provision of the essential services such as roads and electricity
- Opportunity for investment in building and renting model plants (prefabricated)
- Investment opportunities in developing and operating services by BOT system

An aerial night photograph of a city, likely in the Asir region, showing a dense urban area with numerous lights from buildings and streets. The city is set against a dark background, with a prominent yellow diagonal graphic element on the left side of the image. The text is overlaid on a light gray triangular area on the right.

Part II
Economic
Indicators for
Asir Region

Part II: Economic Indicators for Asir Region

2.1 Gross Domestic Product

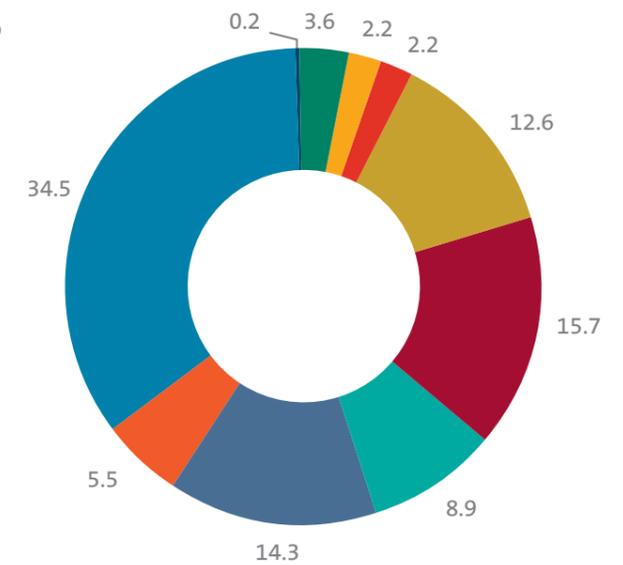
The Gross Domestic Product (GDP) of Asir Region amounted in 2012 to about 58.1 billion riyals, representing 2.1% of the total GDP of the Kingdom, and 4.1% of the GDP of the Kingdom without crude oil and gas. The average annual growth rate in the GDP of the region amounted to about 20% during the period from 2009 to 2012. Trade sector ranked first in terms of region's contribution to the GDP by 15.7%, followed by financial services and real estate sector by 14.3%, construction and building by 12.6%, transport, storage and communications by 8.9%, collective and personal services by 5.5%, agriculture by 3.6%, and industry by 2.2%.

Contribution of Asir Region to Kingdom's GDP in (2009-2012)

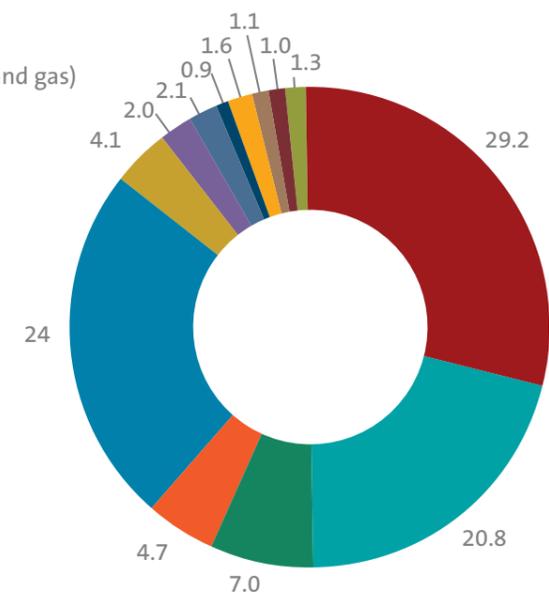
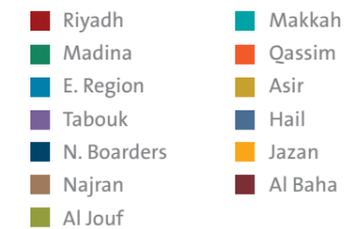
	2009	2012	Average annual growth rate
GDP* of the Kingdom at current prices (billion riyals)	1,596	2,731	19.8%
GDP* of the Kingdom without crude oil and natural gas (billion riyals)	995	1,429	11.9%
GDP of Asir **(billion riyals)	33.7	58.1	20%
Asir portion of the total GDP of the Kingdom	2.1%	2.1%	
Asir portion of the total GDP of the Kingdom without the oil and gas	3.4%	4.1%	
Average per capita GDP of Asir (SR)	18	28	18.5%

Source: * Department of General Statistics and Information **Does not include import duties ** Study's estimates

Region economic sectors contribution to GDP without crude oil



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



2.2 Population Migration rates

According to the estimations of the Department of General Statistics and Information, the total number of population of Asir in 2014 amounted to 2.15 million people. The region population represented 7% of total population of the Kingdom in 2014 which is estimated to be 30.8 people. The population of Asir in the Census of 2004 was about 1.69 million people and about 1.94 million people in the Census of 2010.

The average annual growth rate of population in the region during the period (2004 - 2014) amounted to about 2.43%. The annual growth rate of Saudi in the region during the same period amounted to 2.07%, which is less than the general average of growth rate of Saudi in the kingdom for the same period. Therefore Asir Region is not considered an attracting region. On the contrary, it is leading the regions that feed other regions with population.

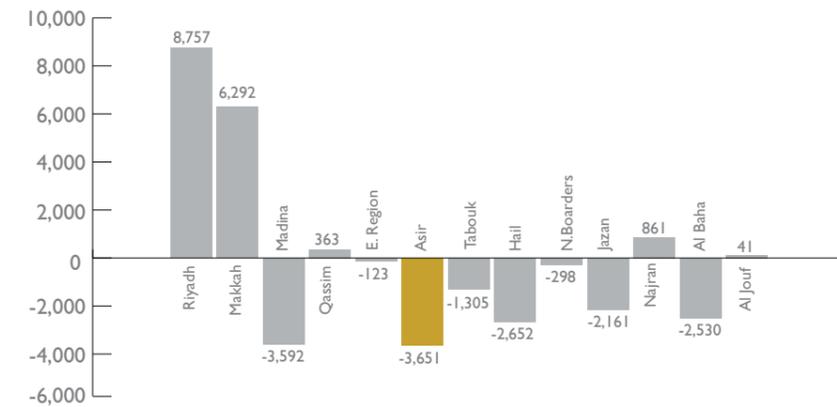
Development of Population

		2004*	2010**	2014**	Average annual growth rate (2004-2014)	Saudi population in the region on 2014 using general growth rate of Saudi in the Kingdom	Difference in the population of the Region 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	22,673,528	27,563,432	30,770,375	3.10 %		
Asir Population	Saudis	1,434,759	1,613,470	1,760,494	2.07 %	1,796,999	36,505
	Non-Saudis	253,609	328,683	385,239	4.27 %		
	Total	1,688,268	1,942,153	2,145,733	2.43 %		

* Results of the Census of 1425H / 2004

** Department of General Statistics and information estimations based on results of 2010 Census

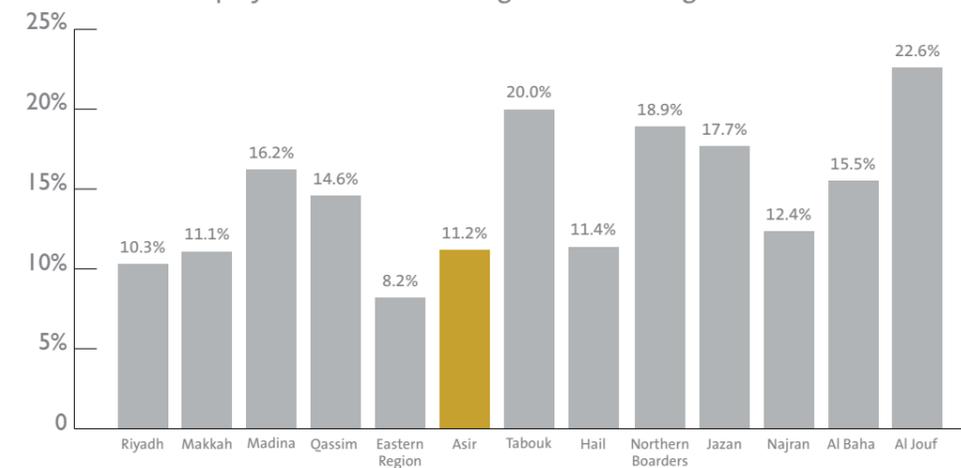
Annual rate of Saudi nationals migration (from / to) the regions of the Kingdom (as per population estimates for 2004 -2014)



2.3 Employment and Unemployment rates

Due to lack of sufficient employment opportunities in Asir Region for the Saudi who are seeking work in the Region, the unemployment rate in the region, as per the estimates of Department of Statistics for 2012, amounted to about 11.2% of the total Saudi labor force in Asir, which amounted to 382,007 (males and females). This rate is considered relatively low compared to the average rate of unemployment in the Kingdom, estimated at about 12.1% in 2012.

Unemployment rates in the regions of the Kingdom in 2012



Source: Department of General Statistics and Information – Workforce Report 1433H (2012)- Ministry of Economy and Planning



2.4 Per capita GDP

Due to the high contribution of different economic sectors in the GDP of the region and its annual growth rate of 20% during the period (2009-2012), the average per capita GDP in Asir increased from 18 thousand riyals in 2009 to 28 thousand riyals in 2012.

Per Capita GDP Development (2009-2012)

	2009	2012	Annual growth rate
GDP of Asir Region* (million riyals)	33.7	58.1	20%
Total population of Asir region	1,903,462	2,045,285	2.43%
Average per capita GDP of Asir region	18	28	18.5%

* Study's estimates

2.5 Contribution to exports of the Kingdom

The products of the economic sectors on Asir are not export oriented goods in general, with the exception of some industrial products such as paints. Therefore, the contribution of the region in the value of exports of the Kingdom is extremely limited, 0.11%, in 2012.

2.6 Education indicators in Asir Region

Public education

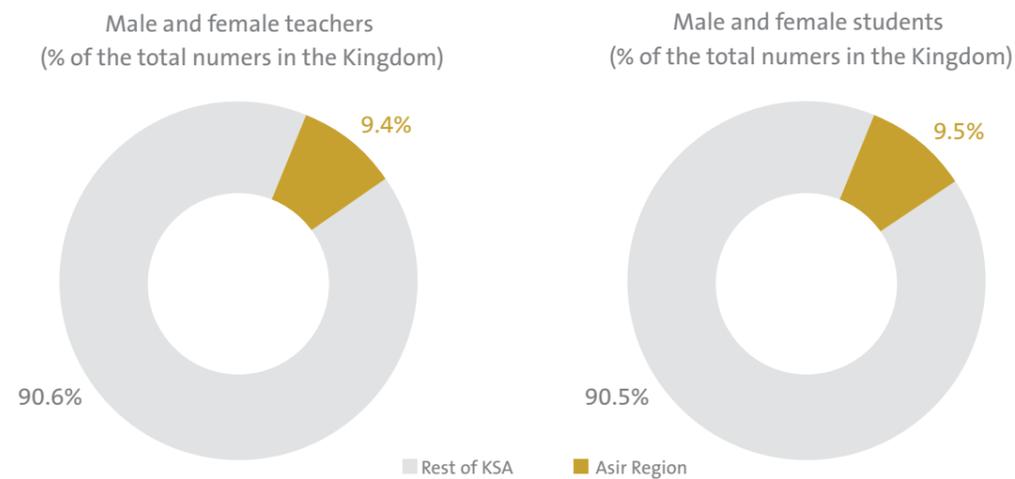
The total number of schools of various levels of education in Asir amounted to 4,110 schools in 2013, including 3,942 Ministry of Education schools, 168 private schools accounting for about 4.1% of the total number of schools in the region. The total number of students in public education amounted to 527 thousand, of whom 507 thousand are in the Ministry of Education schools and 20 students in private schools, i.e. 3.7% of the total number of students in the region.

Public (government) education services development in Asir*

	2005	2008	2012	2013	Average annual growth rate (2005-2013)	Ratio to total number in KSA in 2013
Total number of schools (all stages)	3,484	3,817	3,943	3,942	1.6%	11.3 %
Total number of classes (all stages)	19,859	21,553	23,555	24,064	2.7%	9.4 %
Total number of students (in thousands)	355	377	412	507	5,3 %	9.5 %
Total number of teachers (in thousands)	38.4	42.7	47.7	49.3	3.5%	9.4 %

* Source: Statistical report of Public Education in KSA (1432/1433H-1433-1434H) / Department of Statistical Information, Ministry of Education.

Indicators of public education in Asir show that the services of public education, compared the services in the Kingdom as a whole, are good, as the total numbers of classes, male teachers and female teachers in the region represent 9.4% in 2013. In the meantime, the total numbers of male and female students in Asir account for about 9.5% of the total number of students in Kingdom.



Teacher-student ratio compared to total average of the Kingdom

In Asir: primary stage (1:9.0), intermediary stage (1:8.0), and secondary stage (1: 9.4).

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

This shows that the indicators in Asir Region in all education levels are fairly better than the general average for the Kingdom.

Higher education

In Asir region, there is King Khaled University in the city of Abha, including 50 faculties teaching nearly all scientific, art, Shariah and Figh specialties. Colleges of King Khaled University are spreading over all municipalities and cities of the region. In addition, there is also Prince Sultan College for Tourism and Administration, which is a private college.

The total numbers of students enrolled at the higher education in Asir Region in 2013 about 70 thousand students, both males and females. The number of male and female graduates is about 9.1 thousand. Faculty members of the higher education, including professors, assistant professors, lecturers, assistant lecturers and teachers, are about 3.9 thousand in 2013.

Technical education, vocational training and specialized institutes

In addition to the technical colleges located in Asir region, there are a large number of other technical education facilities and private institutes., The General Organization for Technical and Vocational Training (GOTVT) also implement a program for joint training in Asir like other regions of the Kingdom, with a view of training in specific professions in order to better meet the actual needs of the labor market. There is a number of GOTVT technical colleges and vocational institutes in addition to other private training institutions, language centers, computer, administration, technological specialties and others.

2.7 Health Services Indicators

There are 317 health-care centers, 27 government hospitals affiliated to the Ministry of Health including 2,870 beds; in addition to a number of ambulance posts. The health services provided by the private sector in Asir include 11 hospitals, including 780 beds, 1258 clinics and two private medical centers, 5 laboratories, 4 physiotherapy, 547 pharmacies, 103 optics shops and more than 20 pharmaceutical warehouses.

Health Services in Asir*

	2008	2009	2010	2011	2012	Ratio to total number in KSA in 2012
Services of the Ministry of Health:						
Number of medical centers	290	299	303	303	317	14 %
Number of visits to centers (in thousands)	5,772	5,406	5,476	5,256	5,188	9.7%
Number of laboratory tests (in thousands)	869	748	650	635	610	9.0%
Number of hospitals	22	23	23	23	27	10.4 %
Number of hospital beds	2,515	2,565	2,814	2,720	2,870	8 %
Number of physicians in hospitals	1,168	1,420	1,728	1,749	1,765	6.7%
Visits to outpatient (in thousands)	1,034	983	1,036	1,003	964	8.3%
Number of inpatient hospitals (in thousands)	163	169	171	161	158	9.4%
Number of surgical operations (in thousands)	58	54	50.8	50.2	47.5	10.5%
Private sector services:						
Number of medical centers	128	129	143	115	158	7.3%
Number of clinics (all types)	-	3	3	2	2	1.0%
Number of private hospitals	10	9	9	9	11	8.0%
Number of beds in private sector hospitals	800	800	800	800	780	5.5%
Number of inpatients in private sector hospitals	14	15	23	23	23	2.6%
Number of private laboratories	7	4	5	5	5	5.1%
Number of physiotherapy centers	4	3	3	2	4	5.0%
Number of optics shops	75	78	97	67	103	5.4%
Number of pharmacies	382	401	522	498	574	8.3%

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

Indicators of health services in Asir compared to overall average of the Kingdom:

Bed-to-people ratio for Asir Region = (1: 560); overall average bed-to-people ratio for the Kingdom = (1:584).

Physician-to-people ratio for Asir Region = (1:659); overall average Physician-to-people ratio for the Kingdom = (1:603).

Comparing the indicators of health services in the region with the total average of the Kingdom, it is noted that they are higher than those of the Kingdom in terms of numbers of beds, but they are low in terms of physicians, as shown by the indicators above, which means that the region is in need of more physicians.



Part III

Region's Economic Indicators in the years 2005, 2009 and 2012

Part III: Region's Economic Indicators in the years (2005, 2009, 2012)

3.1 Population and Gross Domestic Product

	2005*	2009	2012
Kingdom's total population (million people)	23.1	25.4	29.2
Total population of Asir (in millions)	1.7	1.9	2.05
Population ratio to total of the Kingdom	7.4 %	7.5%	7.0%
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
Asir GDP* (in billion riyals)	25.4	33.7	58.1
Asir portion of GDP of the Kingdom	2.2 %	2.1 %	2.1%
Asir portion of GDP of the Kingdom without oil and gas	4.3 %	3.4 %	4.1%
Per capita GDP in Asir (in thousand riyals)	15	18	28

Source: Asir Economic Report for 2007, 2010 (General Investment Authority)

3.2 Indicators of Exports

	2005*	2009	2012
Total value of exports of the Kingdom (in billion riyals)	666	697	1,457
Value of exports of the Kingdom without crude oil (in billion riyals)	152	164	284
Value of exports of Asir region (in billion riyals)	0.17	0.21	0.30
Asir's share of total exports of the Kingdom	0.03 %	0.03 %	0.02 %
Asir's share of total exports of the Kingdom without crude oil	0.11 %	0.12 %	0.11 %

*Source: Economic Report of Asir Region for (2007, 2010) General Investment Authority (SAGIA)

3.3 Infrastructure Indicators

	2005*	2009*	2012
Total lengths of paved roads (km)	3,770	13,548	15,605
Length of agricultural and soil roads (km)	20,368	20,718	21,620
Number of storage reservoirs and rain and flood water control dams	54	77	86
Power generating capacity (thousand MW)		1,036	1,720
Electricity coverage in the region	88 %	93 %	95%
Number of fixed telephone lines (millions)	203		236
Number of mobile telephone lines (millions)	250		
Number of digital subscriber lines / DSL (in thousands)	742		
Number of main post offices	82	82	81
Number of sub-post offices	12	11	
Number of surface mail point	669	865	
Number of mailboxes (thousands)	23.8	28	40

* Source: Economic Report of Asir for (2007, 2010) General Investment Authority (SAGIA)

3.4 Indicators of Economic Sectors

	2005*	2009*	2013
Industry:			
Total number of factories	89	121	213
Total funding in industry (in billion riyals)	1.9	3.9	4.8
Asir share of total industrial investments in the Kingdom	0.6%	1 %	0.55%
Sector's contribution to GDP of the region	1.9 %	4.6 %	2.2%
	2005*	2009*	2011
Agricultural sector:			
Amount of wheat production (thousand tons)	11.1	9.5	2.5
Amount of barley production (thousand tons)	1.4	1.8	0.3
Amount of sorghum production (thousand tons)	6.9	5.7	4.8
Amount of vegetables (thousand tons)	61	89	69
Amount of palm date production (thousand tons)	50	31	21
Amount of fruits (in thousand tons)	74	59	59
Sector's contribution to GDP of the region	5.3 %	4.8 %	3.6%

* Source: Economic Report of Asir for (2007, 2010) General Investment Authority (SAGIA)

3.5 Indicators of education and health services

	2005*	2009*	2012
Public Education:			
Teacher - student ratio in primary stage	1 / 9.09	1 / 8.78	1/9.00
Teacher - student ratio in intermediate stage	1 / 8.88	1 / 8.94	1/8.00
Teacher - student ratio in secondary stage	1 / 11.12	1 / 9.42	1/9.40
Higher Education:			
Number of universities of Ministry of Higher Education	1	1	1
Number of private universities	-	-	1
Total number enrolled in public universities (in thousands)	11.1	52.6	70,0
Health services:			
Bed – people ratio	1 / 577	1 / 550	1/560
Physician – people ratio	1/851	1 / 951	1/659

* Source: Economic Report of Asir for (2007, 2010) General Investment Authority (SAGIA)



Part IV

Investment
Opportunities in
Asir Region

Part IV: Investment Opportunities in Asir Region

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

4.1 Investment Opportunities in Large-sized Enterprises

Opportunity No (1)	Projects for mining gold and silver ores.
Potentials and justifications	Availability of a large number of sites containing precious ores in the region; reserve in Hajjar area is estimated at about 6 million tons.
Target market	Domestic market, and export.
Economic impact	Creating new job opportunities, exploiting natural resources, and increasing the per capita GDP of the region.

Opportunity No (2)	Mining of copper, lead and zinc ores.
Potentials and justifications	Availability of a large number of sites containing precious ores in the region; the reserve in Al-Sho'eib is estimated at about 1.7 million tons.
Target market	Domestic market and export.
Economic impact	Creating new job opportunities, exploiting natural resources, and increasing the per capita GDP of the region.

Opportunity No (3)	Mining project for feldspar extraction.
Potentials and justifications	Availability of a large number of sites containing feldspar ore, which is used in many industrial products; ore reserve is estimated at about of 60 tons.
Target market	Domestic market and export.
Economic impact	Creating new job opportunities, exploiting natural resources, and increasing the per capita GDP of the region.

Opportunity No (4)	Project for extraction marble and granite stones
Potentials and justifications	The is region rich in the sites containing ornamental stones (marble and granite) with a high value quality and specifications
Target market	Domestic market and export.
Economic impact	Creating new job opportunities, exploiting natural resources and increasing the per capita GDP of the region

Opportunity No (5)	Factory for the production of marble and granite slabs.
Project justifications and potentials	The region is rich in the sites containing ornamental stones (marble and granite) with a high value quality and specifications.
Target market	Domestic market and export.
Economic impact	Creating new job opportunities, providing products for building finishes and increasing the per capita GDP of the region.

Opportunity No (6)	Factory for the manufacture of animal fodders.
Project justifications and potentials	The region's need for this type of plants for the abundance of resources of fodders of agricultural products.
Target market	Farm and livestock owners within Asir and surrounding regions.
Economic impact	Modernizing the production and animal feed industry; developing the agricultural economy, and providing goods which are required.

Opportunity No (7)	Establishment of farms for poultry and production of meat and eggs.
Project justifications and potentials	The region's need for more service projects to meet the growing demand for meat products.
Target market	Domestic markets in the cities and villages of Asir; and supermarkets of the Kingdom.
Economic impact	Promoting meat production, creating job and investment opportunities for all.

Opportunity No (8)	Establishment of an advanced industrial city.
Project justifications and potentials	Abundance of mineral resources and raw materials and the region's need for a complete industrial city containing many different industries.
Target market	Industrial companies in Asir region and the owners of licensed factories.
Economic impact	Increasing and abundance of raw materials which cover the local market, diversifying the sources of national income and creating and new job and investment opportunities.

Opportunity No (9)	Establishment of a company for tourist attractions development and preparation of new tourism programs to attract tourists.
Project justifications and potentials	The region's need for a company to develop tourism, exploit the tourism attractions available in Asir and to meet the high demand for tourism in the region.
Target market	Locals, tourists, visitors and different tourism companies.
Economic impact	Development of the tourism sector, increasing rates of tourist attraction, diversifying sources of national income, and creating employment opportunities.

Opportunity No (10)	Establishment of tourist project in Asir shores.
Project justifications and potentials	To increase the number of visitors, lack of such projects in the area.
Target market	Tourism sectors in the region and visitors for tourism and vacations.
Economic impact	Creating new job opportunities, creating one of the pillars of tourism and promoting tourism sector in the region.

Opportunity No (11)	Establishment of zoo park project in Abha.
Project justifications and potentials	There is no such project in the region, it is required as one of the attraction elements of tourism.
Target market	Tourism sectors in the region and visitors for tourism and vacations throughout the year.
Economic impact	Creating new job opportunities, creating one of the pillars of tourism and promoting tourism sector in the region.

4.2 Investment opportunities in medium sized projects

Opportunity No (1)	Plant fish and shrimp feeders.
Project justifications and potentials	Growth in domestic demand, absence of this industry in the region, exploit the advantages of strategic location, and export regionally.
Target market	Trade sector and local and regional marketing of the product.
Economic impact	Creating new job opportunities, contributing to the development of fish stocks, and increasing the per capita GDP of the region.

Opportunity No (2)	Factory for hotel furniture and computer tables.
Project justifications and potentials	Growing demand for the product; and to provide a product essential to furnishing hotel units.
Target market	Hotels, furnished apartments, guest houses, and tourist resorts in the region and other regions in the Kingdom.
Economic impact	Creating new job opportunities, increasing the value of the region's exports and increasing the per capita GDP of the region.

Opportunity No (3)	Sheep breeding project.
Project justifications and potentials	To exploit pastures and natural vegetation areas available in the region, and to provide necessary local sheep meat.
Target market	Markets of the Region and surrounding areas.
Economic impact	Creating new job opportunities, increasing the value of the region's exports and increasing the per capita GDP of the region.

Opportunity No (4)	Factory for natural leather tanning and processing.
Project justifications and potentials	The presence of sufficient numbers of animals in the region.
Target market	Leather products factories in the Kingdom, and export markets.
Economic impact	Creating new job opportunities, achieving industrial integration, and increasing exports of the Kingdom.

Opportunity No (5)	Poultry products factory (parts, pre-cooked products).
Project justifications and potentials	Availability of poultry wealth from specialized projects in the region, availability of local market in the region.
Target market	Markets of the Asir and neighboring regions.
Economic impact	Creating new job opportunities, increasing the value of the region's exports, and increasing the per capita GDP of the region.

Opportunity No (6)	Handcraft industries complex (all cities in the region and artisans grouping areas).
Project justifications and potentials	Growing demand for handicrafts in Asir and the development of this important sector in the region.
Target market	Tourism sector in the region and visitors for tourism, work or business.
Economic impact	Creating new job opportunities, contributing to the infrastructure of tourism sector and increasing the per capita GDP of the region.

Opportunity No (7)	Modern commercial markets complex.
Project justifications and potentials	Lack of this type of marketing and trade activities in the region.
Target market	Tourism sector in the region and visitors for tourism, work or business.
Economic impact	Creating new job opportunities, contributing to the infrastructure of the tourism sector, and increasing the per capita GDP of the region.

Opportunity No. (8)	Medical complex project.
Project justifications and potentials	The region's need to increase health services.
Target market	Segments of population in all cities and villages of the region.
Economic impact	Creating new job opportunities, contributing to the provision of a basic service and reducing the migration from the region.

Opportunity No. (9)	Laboratory for soil testing and geological work.
Project justifications and potentials	Expected increase in construction works, as well as in new mining projects in the region.
Target market	Companies, contractors and investors in Asir and the surrounding areas.
Economic impact	Creating new job opportunities, and increasing the GDP per capita in the Region.

Report Data Sources

Description	Source
Economic developments in the Kingdom	SAMA annual report 2013 Ministry of Finance, Statement on General Budget of the State for the year 1435/1436H Central Department of Statistics and Information

Infrastructure

Roads	Statistical Yearbook, 2012, Central Department of Statistics and Information , Ministry of Transport Reports and statistics of the Ministry of Municipalities and Rural Affairs
Air Transport	Statistical Yearbook, 2012 / Central Department of Statistics and Information , Saudi Airlines
Railway Transport	General Organization of Railways, Saudi Arabian Railways Company (SAR)
Marine Transport	Ports Statistical Report, 2013 / Ports Authority
Water	Annual Report of the General Organization for Water Desalination, 2013 Water Report of the Kingdom/ Water and Electricity Company
Electricity	Annual Reports of Saudi Electricity Company, Annual Reports of Water and Electricity Ministry
Communications	Statistical Yearbook 2012 / Central Department of Statistics and Information , Communication Authority, Saudi Post Authority

Economic Activities

Oil & Gas	Oil and Gas Statistics / SAMA Annual Report 2013, The Ministry of Petroleum and Mineral Resources, Aramco Annual Report
Industry	Industrial Report of the Kingdom 2013/ Ministry of Trade and Industry
Agriculture	Agriculture Statistics Yearbook 2012/ Ministry of Agriculture
Trade	Ministry of Trade and Industry
Building and Construction	Reports and statistics of the Ministry of Municipalities and Rural Affairs
Mining	Technical and statistical report for mining activities, 2012, Ministry of Petroleum and Mineral Resources
Tourism	Railways General Authority, Saudi Arabian Railways Company (SAR)

Economic Indicators

General Domestic Product (GDP) of the region	SAMA Annual Report 2013, Estimation of the Study
Migration rate and population attraction	Population Census 2004, 2010/ Central Department of Statistics and Information
Employment and unemployment rates	Workforce Report 2012/ Central Department of Statistics and Information
Per capita GDP	
Contribution of the region in the exportation	SAMA Annual Report 2013, Estimation of the Study
Education indicators	Statistical Abstract on Education in the Kingdom 2011, 2012, 2013/ Ministry of Education
Medical services indicators	Statistical Yearbook 2012 / Central Department of Statistics and Information