

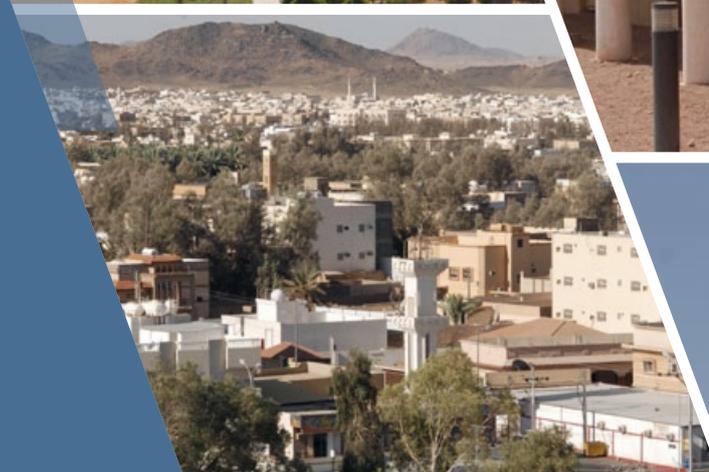


Saudi Arabian General Investment Authority
SAGIA

Hail Region

Economic Report

1434/1435 - 2014



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 Hail 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 identifying 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.

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Introduction

1. Economic Developments in KSA

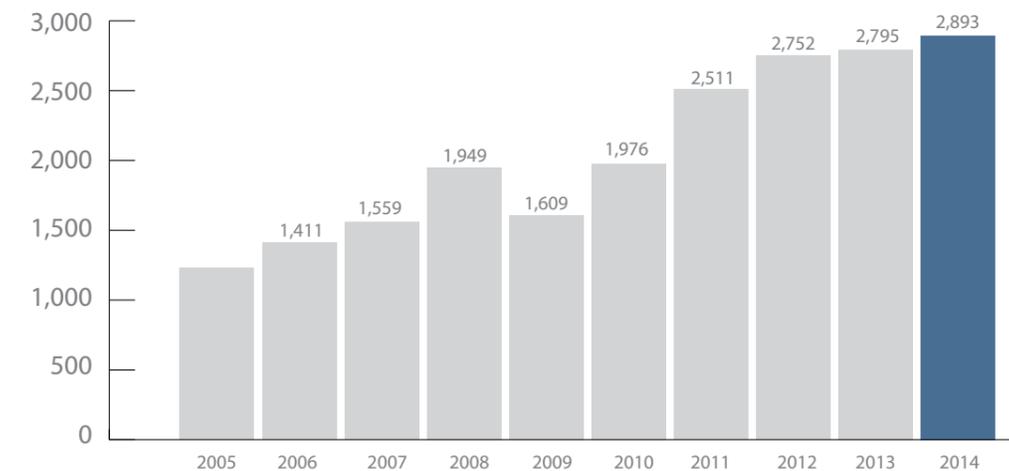
The economy of the Kingdom achieved a steady growth in the last four years recording growth rates of 7.4%, 8.6%, 5.8% and 3.8% respectively. The growth decline of 2012 and 2013, as compared with the high level growth of past years, is attributed to the decline of oil production as compared to 2011.

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

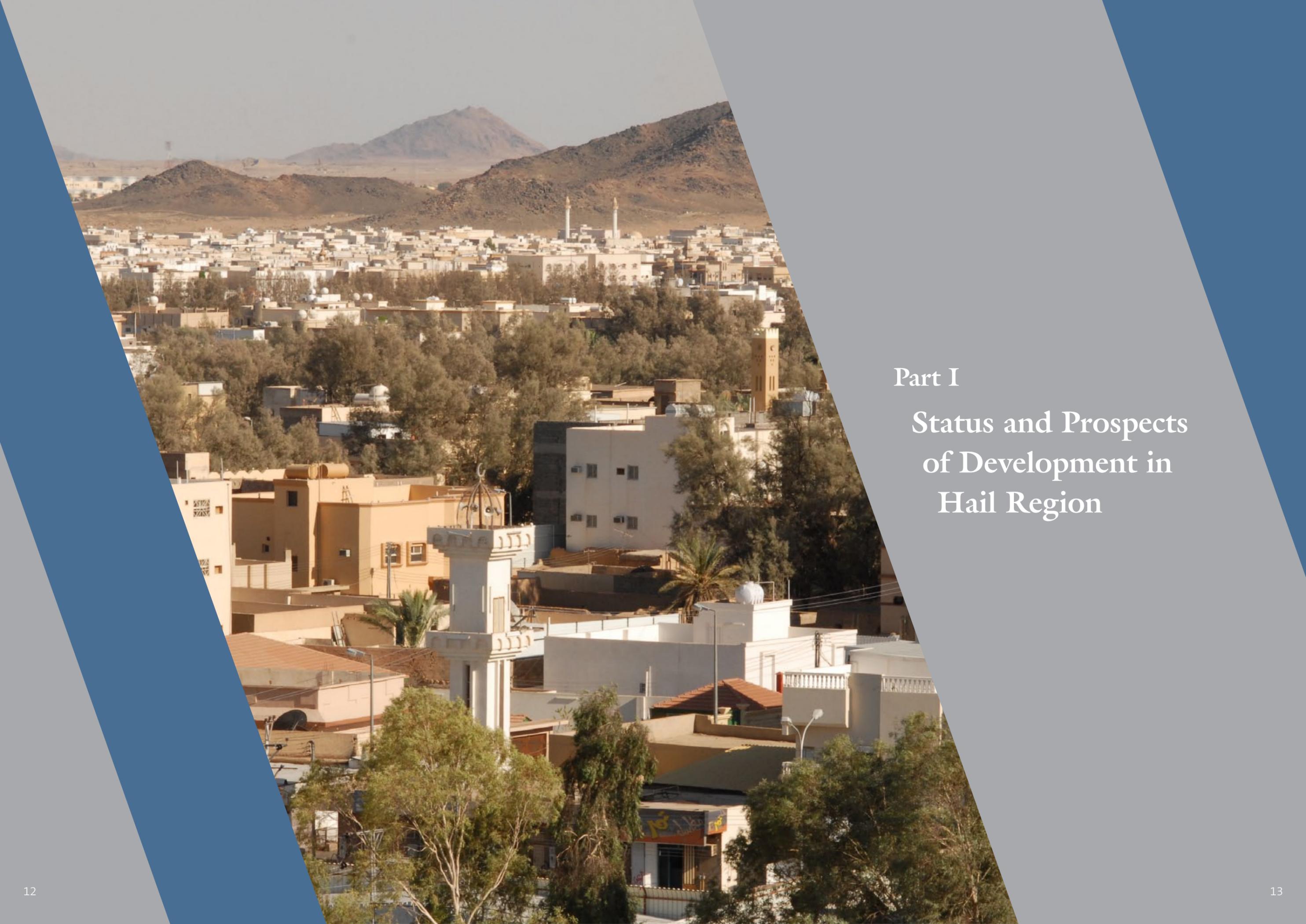
- Coordinate with other government agencies to unify efforts of investment attraction and promotion.
- List and promote investment opportunities.
- Identify, introduce and provide incentives required for attracting investments, focusing on promising sectors.

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

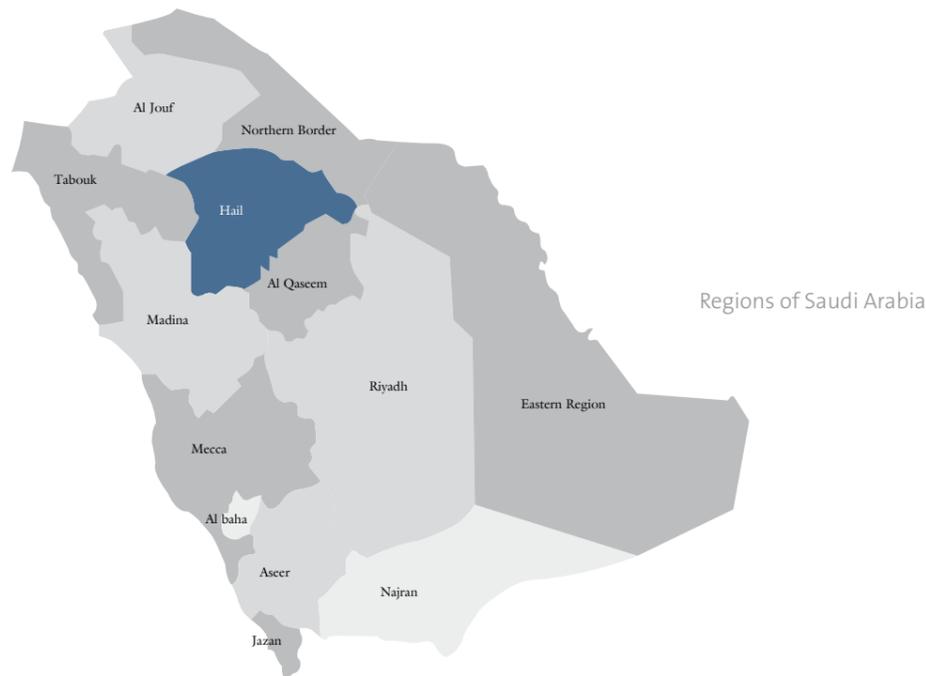
Status and Prospects of Development in Hail Region

Part I: Status and prospects of development in Hail Region

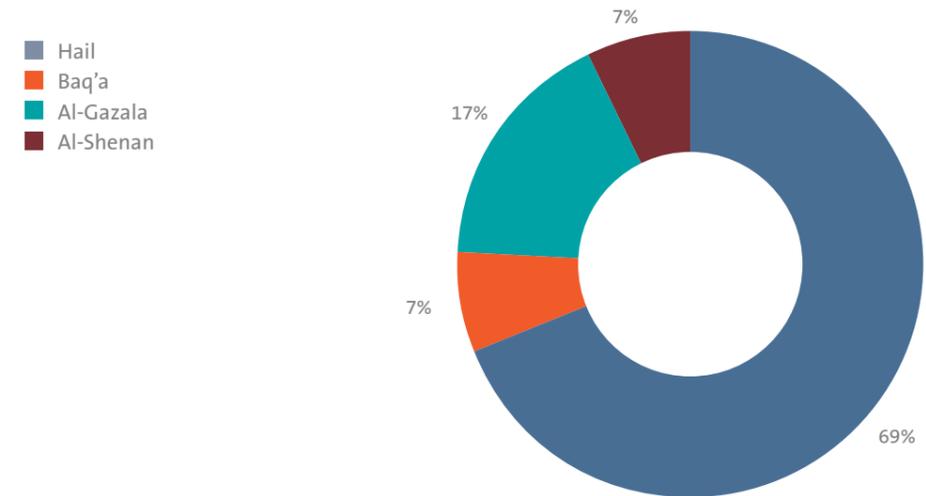
1.1 Inputs and Bases of Economic Development in the Region

Location

Hail is located in the north-central Saudi Arabia, surrounded by five other administrative regions of the Kingdom: Al Qassim (east), Medina (south), Tabouk (west), and Al Jouf and Northern Border (North). This location is one of the most important elements of economic development in the region, especially after the establishment of Prince Abdul Aziz bin Musaid Economic City, and the implementation of the new railway line (North-South). The area of the Hail is about 118 thousand square kilometers, or about 6% of the total area of the Kingdom. The region is divided administratively into the Principality of Hail and three governorates: Baq'a, Al-Shanan and Ghazala.

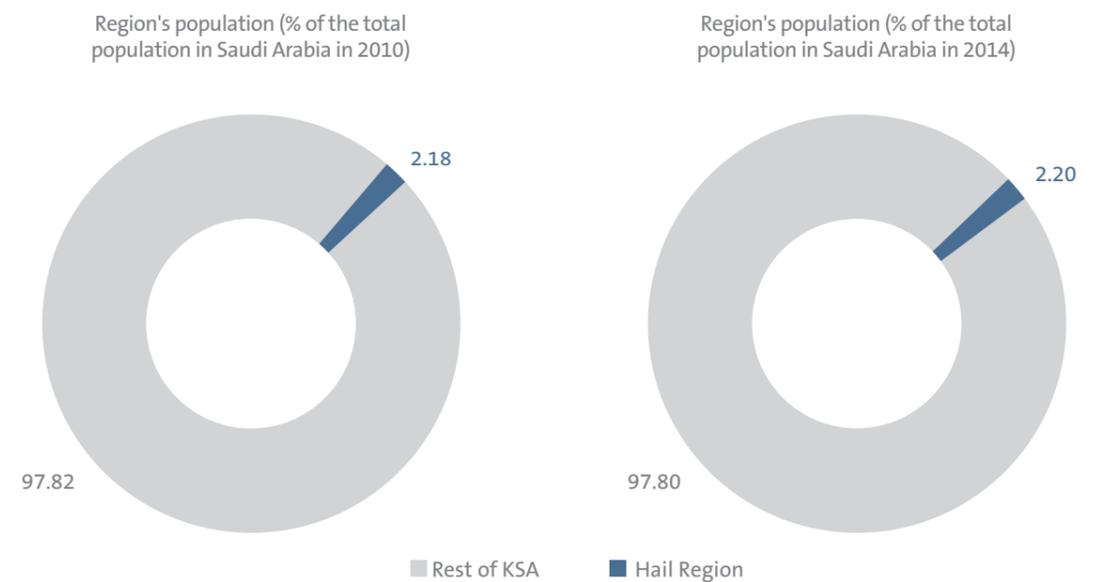


Percentage distribution of the region population by its administrative divisions



Population

According to the estimated figures of the Central Department of Statistics and Information, the total population of the Region is expected to amount to about 670 thousand people, representing about 2.18% 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 539 thousand against 131 thousand non-Saudis. The governorate of Hail has the vast proportion of the population of the region, with 69.2%, followed by Gazalleh with 17.1%, Shannan 7%, with and Baq'a with 6.7%



Infrastructure in Hail Region

A) Road network

Hail has a good network of main and secondary roads linking its governorates, major cities, facilities, various agricultural, commercial and industrial activities. The network also links Hail to the surrounding areas. The total length of paved roads controlled by the municipalities in the Region is around 5,763 linear km accounting for 6.3% 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 1,258 km representing around 7.9% 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 12,382 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 including:

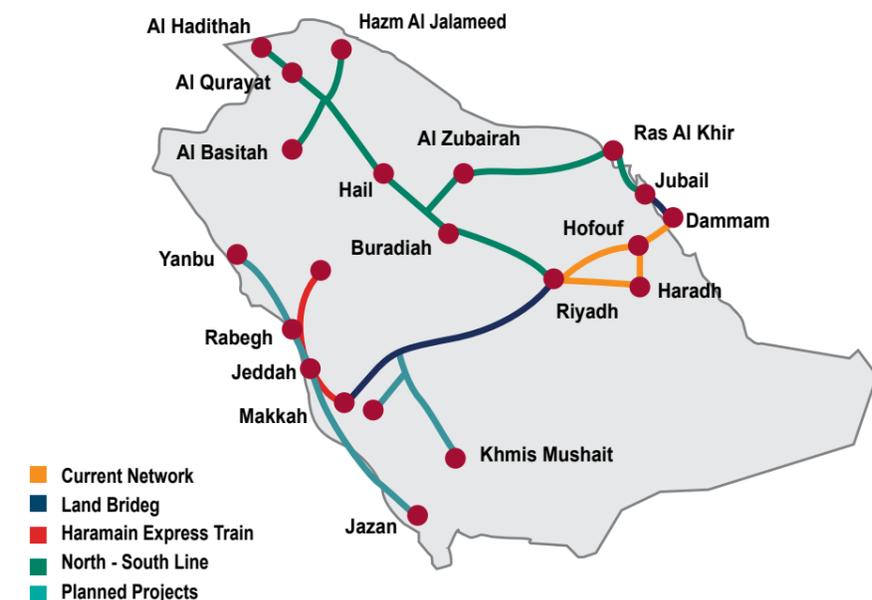
- Completion of the two-way of Hail/Rafha;
- Hail/ Rafha Road (Phase Two);
- Two-way Direct Road of Hail/ Madina Monawara;
- Completion of the works for Hail Ringroad (Airport Road Crossing, Al-Suwelefa Crossing, Crossing No 13, Extension of Al-Haraj Road)

B) Air transport and airports

There is one regional airport, serving the geographical scope of the region in terms of passengers and goods air transport. It links the region to the other regions of the Kingdom. The number of passengers using the airport in 2011 and 2012 amounted to about 330 thousand, and 465 thousand passengers, respectively, with an increase of 41%, representing more than about 1% and 1.2% respectively of the 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 this airport amounted to about 1,261 and 1,157 thousand tons in 2011 and 2012 respectively; representing about 0.27% and 0.22% of total air cargo in Saudi Arabia, which recorded about 465,000 ton and 536,000 ton respectively in the said two years. The air traffic in Hail is one of the fundamental and important pillars on which the present and future economic development projects in the Region can rely on.

C) Rail Transport

The railway service has been recently introduced into the Region through the operation of the north-south railway read which consists of two main lines: the first starting from Riyadh city extending to the north-west side towards Al Haditha city adjacent to the Jordanian borders and passing through Qassim, Hail and Al-Jouf Regions. The second line extends approximately from the center of the Riyadh-Haditha line to Al-Zubairah area in the north, passing through Al-Zubairah bauxite deposit fields up to the treatment and export facilities of Ras Alkhair Industrial City on the Arabian Gulf coast in the east. Several other secondary railroads will be constructed as a part of the project, including the railroad branching from Riyadh-Haditha main railroad which will serve Al Jalameed phosphate mines in the north-west side of the Kingdom, in addition to a second branch for serving Al-Basitah agricultural area in Al Jouf Region. Another secondary railroad will also be constructed to extend from the main railroad of Al Zubairah – Ras Alkhair to serve the bauxite coal mines of Al Zubairah, in addition to another secondary railway for serving Jubail Industrial City on the Arabian Gulf. The total length of the north-south line is estimated at about 2,400 km, in addition to side shunting tracks, yards, maintenance points, stations and administrative buildings. The total cost of the line and its branches is estimated at more than SR 12 billion. Six stations on the north-south train project have been allocated for passenger transport services. These include King Khalid International Airport station in Riyadh in addition to the stations of Al Majmaah, Qassim, Hail, Al Jouf and Al Hadithah. The operation of the industrial phase of the project was started in 2011 for the purpose of transporting minerals from Hasm Al Jalameed and Al-Zubairah mines to the refineries of Ras Alkhair to the north of Jubail. This industrial line contains nine (9) stations for cargo services covering the areas of Riyadh, Sudair, Qassim, Hail, Al Jouf, Al Busaita, Ras Alkhair, Jubail and Al-Hadithah. Raw phosphate and bauxite will be transported from the north central parts of the Kingdom to the treatment and mining facilities of Ras Alkhair industrial area on the Arabian Gulf.



D) Water

Hail secures its drinking water from government run wells through Hail Water Project, which supplies water to the city of Hail. Drinking water is provided to towns, villages and hamlets in the region through mini water projects consisting of one well and one elevated water tank and one water filler, in the areas where water is suitable for drinking. In areas where there is no potable ground water, drinking water is provided by tankers under the supervision of the Ministry of Water and Electricity. Consumption of potable water in the Region is estimated to 25 million cubic meters on 2012. Currently, implementation is underway for more than 23 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 SR 396 million riyals.

For irrigation, the region depends on groundwater, where there are 27 storage dams on 2012 with a capacity of 17 million cubic meters approximately. The northern, eastern and western areas of Hail, are rich in groundwater water which is suitable for cultivation. Groundwater is also found in the northeast part of the city of Al-Heta, heading east, then south-east of Salma Mountain, to the borders of Al Qassim region.

F) Electricity

There is a power supply network fed by the gas powered generation plant in Hail, which is linked to a series of 132 KV transformer stations spread throughout the region, including stations in Baq'a, Moukak, Al-Jahafah, Dhargatt, Ghazala, Al-Jethamiah, Al-hait, Al-Kahfah, Halifa and others. All of these stations are linked by 132 KV transmission lines. Hail gas powered generation plant is linked to power generation plant in Buraida via a 380 KV transmission line. The electricity network in Hail covers more than 94% of the total centers in the region. The total power generation capacity in the region was estimated at about 814 MW in 2013.

G) communications

Hail governorates and cities are covered by the fixed, mobile and digital lines telecommunications services. The number of landlines in the Region amounted to about 75,000 lines representing around 1.6% 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 321 thousand, representing about 2.0% 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 34,000 lines representing about 1.3% 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 16 central offices, 7 express mail offices, 17 mail agents, and 17 subscriber box rooms at the end of 2012; while the post office boxes amounted to 15.3 thousand. There are also TV and radio broadcasting stations and an office for the Saudi News Agency.

1.2 Economic activities of Hail Region

A) Agriculture:

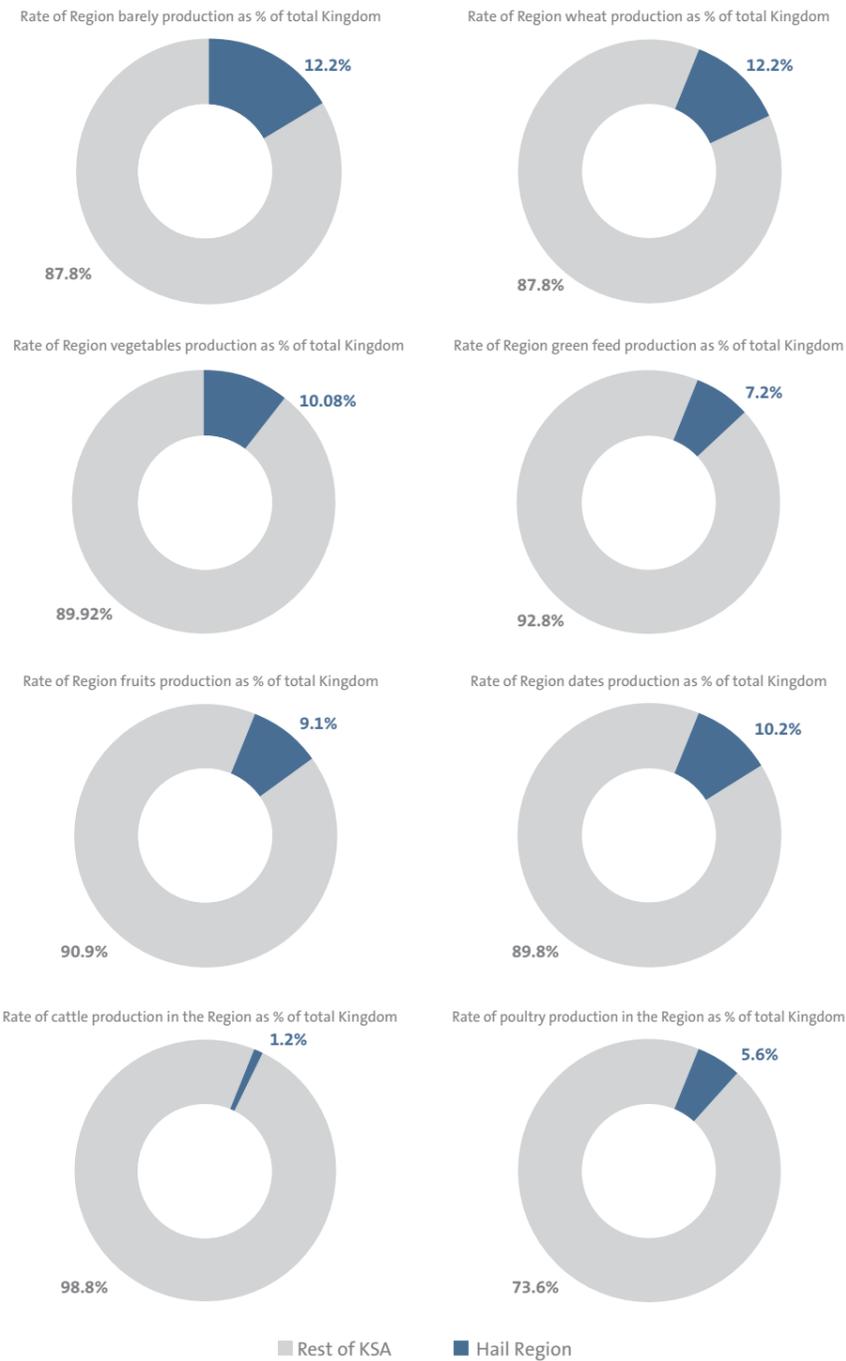
Agriculture is one of the most important economic sectors in Hail, affecting many segments of the society in the region. Significant comparative advantages, including water quality and availability, soil suitable for cultivation and appropriate climate for the cultivation of most crops, are available in Hail, which led to a significant increase in the rates of production of many important crops such wheat, vegetables, fruits, dates, and green fodders. The total crop area in the region amounted in 2011 to about 84 thousand hectares, representing about 10.7% of the total crop area in the Kingdom, which amounted to 788 thousand hectares in 2011. In Hail, there is a large number of specialized agricultural projects and agricultural landholdings, the most important of which are Hail Agricultural Company. The region also features large pastoral areas and breeders of livestock with high level of expertise in breeding sheep and camels.

Development of Agricultural Activity and livestock*

	2007	2008	2009	2010	2011	Average annual growth rate	Hail's share of total KSA production (2011)
Crop production:							
Wheat (thousand tons)	375	316	165	204	196	-12 %	16.5 %
Barley (thousand tons)	4.1	3.5	2.8	2.0	1.9	-13 %	12.2 %
Corn (thousand tons)	92	115	106	39	80	-3.4 %	87 %
Green fodders (thousand tons)	196	226	222	254	261	8.3 %	7.2 %
Vegetables (thousand tons)	327	332	310	265	285	3.2 %	10.8 %
Dates (thousand tons)	108	113	115	109	103	-1.1 %	10.2 %
Fruits (thousand tons)	168	162	159	149	147	-3.1 %	9.1 %
Livestock:							
Camels (thousand)	23	19	20	18	21	-2.3%	9.6%
Sheep (thousand)	702	575	498	420	379	-11.5 %	5.8 %
Goats (thousand)	104	80	65	51	51	-12.7%	4.8 %
Cattle (thousand heads)	4.4	4.6	5.2	5.5	5.7	7.2 %	1.2 %
Poultry (million chickens)	22	24	26	26	29	7.9 %	5.6 %

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

It is noted from the table above that the region production of wheat, barley, corn, vegetables, fruits and dates decreased during the period amounted to an annual average of about 12%, 13%, 3.4%, 3.2%, 1.1%, 3.1% respectively, while there was an increase in the production of green fodders of an annual average of 8.3% . The numbers of camels, sheep and goats decreased by about 2.3%, 11.5%, and 12.7% respectively per annum, while the numbers of cattle and poultry increased by 7.2% and 7.9% respectively per year.



B) Industry

In Hail , there are 45 productive factories representing about 0.7% of the total number of productive factories in the Kingdom, totaling 6,364 at the end of 2013. The total investments in Hail factories amounted to 2.36 billion riyals representing 0.27% of the total funding of productive plants in the Kingdom, which amounted to about 873.2 billion riyals. The number of factory workers in Hail recorded about 6,200 workers representing around 0.75% of the total industrial manpower in the Kingdom which amounted to 828,000 workers by the end of 2013.

In addition, there is a modern industrial city, located south of Hail city, of a total area of 2.5 million square meters. The industrial city includes a large number of productive factories in addition of a number of new factories under construction .

C) Mining and Quarrying

The mining and quarrying sector in Hail 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 the construction and industrial sectors of raw materials and others. There are other activities in Hail Region such as mining and quarrying working on raw materials such as limestone, used for manufacturing cement and clay ore, kaolin and magnesium. The main natural resources and their sites in the Region include:

No.	Ores	Major mine and quarry sites	Minor mine and quarry sites
1	Limestone	Teraba	
2	Clay	Baq'a	
3	Magnesium	Dharqat	

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 various establishments and businesses in Hail amounted in 2012 to about 41.8 thousand, representing 3.5% of the total trading establishments in the Kingdom which amounted to 1.19 million establishments. 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 Hail during (2004-2012) is about 2,862 enterprises.

1.3 Prospects of Economic Development

Development in Hail region requires more infrastructure facilities and basic services in, addition to increasing the important production base, which is based primarily on the self inputs and development potential in the region. It also needs a local strategy aiming to inject more investments and activities in the region. The most important needs and requirements of development in Hail include:

Productive sectors: The productive base should be developed and untapped sectors activities, including industry, mining, transport and tourism should be increased, through the development of infrastructure and facilities that serve these sectors.

Infrastructure: Successful development in Hail needs to complete the elements of the infrastructure and public services in the Region and to pay more attention to the small population communities. This includes roads, electricity, water, communications and sewage.

Education Services: Hail region needs to continue the development and improvement of public education services, increasing technical and intermediary education services and to increase the services of higher education in its scientific and literary disciplines.

Health Services: Hail Region needs to increase the current health services and to provide medical services in specialties that are not available in the Region.

Housing: In addition to providing job opportunities, the provision of adequate housing is one of the fundamental pillars for the stability of population in Hail Region. The provision of housing and residential units at production sites is one of the most important requirements for employment in the projects. All services, especially social and entertainment services should be provided.

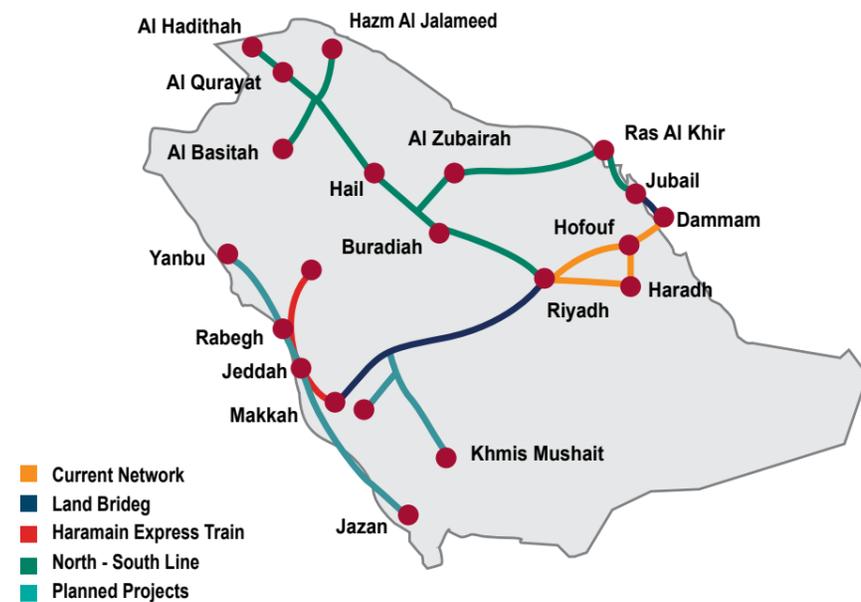
Small and Medium Enterprises (SMEs): These enterprises are of great importance for the success of the development process. They need to be supported and encouraged on a continuous basis, through the provision of soft loans and technical and marketing support, as well as the services and facilities of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

In order to achieve development in the Region, it is necessary to provide and make available all data and information by the administrative and governmental departments in the Region to the local and foreign investors.

Sectors with Comparative Advantage

Hail 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:

Transport sector: transport is one of the most important sectors of comparative advantage in Hail given the outstanding location of the region at the local and regional levels. The region is linked to five other administrative regions in the Kingdom, which qualifies Hail to be a link between the central Saudi Arabia regions (Riyadh and Qassim) and the northern regions (Tabouk, Jouf, and Northern Border) as well as the western regions, including (Mecca and Medina). Regionally, it can play a major role in regional trade between the Kingdom and other Arab countries, such as Iraq, Jordan, Syria, Kuwait, Egypt. In addition, Hail may be a major station for airlines at the regional and world levels. The distinctive location of the region will have a great role in the establishment of the new economic city (Prince Abdul Aziz bin Musaid Economic City).



The railway line which has been operated recently linking the areas of phosphate ores in north Kingdom and bauxite ores in Hail to the manufacturing and export areas in Ras Al-Khair as well as the extension of the railway line to the regions of Qassim and Riyadh will constitute a key transport hub in the region, which qualifies the transport sector to attract large investments in various relevant activities.

Agricultural sector: The significant growth and development of the agricultural sector in the region over the past few years and the potential of this sector in region ensures the continuity of growth and increasing diversity in the production of agricultural crops, which can attract large investments in production of food products, manufacturing agricultural equipment and machinery and other industries and activities related to agricultural activity.

Mining sector: Hail region has untapped great potentials, raw materials and natural mineral resources which are characterized by their economic volume and industrial feasibility, including magnetite which is found in the area of Dhargatt with quantities estimated at 4.5 million tons and it is used in the refractory industry; Kaolin is found in the area of Al-Zubayrah with quantities estimated at 30 million tons and it is used in ceramics industries; silica sands, which is one of the purest types of silica in the world. It is found in different locations in the region and is used in glass industry. In addition, there are other materials, including basalt, granite, pyrite and cement industry raw materials.

Tourism Sector: Hail area is characterized with many tourist attracting elements, the important of which the geographic diversity of the region, which includes mountains, landscapes and valleys. The region includes also many historical sites and Islamic antiquities. The region is witnessing now vast growth of internal recreational tourism represented in the natural locations, resorts, recreational places and different sports facilities.

Higher education sector: Education indicators in the region show that education is one of the sectors which are expected to attract huge investments, particularly in the areas of higher education, technical colleges and training institutes, to provide the disciplines which are not available in the region, particularly with the implementation of the anticipated mining projects and the establishment of the economic city that will create more jobs and employment opportunities in all disciplines.

Investment Incentives

In addition to the significant support, backing and facilities provided by the governmental and administrative authorities in Hail 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; and
- 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
Hail Region



Part II: Economic Indicators for Hail Region

2.1 Gross Domestic Product

The Gross domestic product (GDP) of Hail Region amounted in 2012 to about SR 29.6 billion, representing 1.08% of the GDP of the Kingdom and 2.07% 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 22% during the period 2009-2012. Trade sector ranks first in terms of contribution to the output of Hail region by 26%, followed by construction and building sector by 17%, transport and communications sector by 14.8%, agricultural sector by 12.1%, social and personal services 3.8% and financial and real estate services sector by 3.8%.

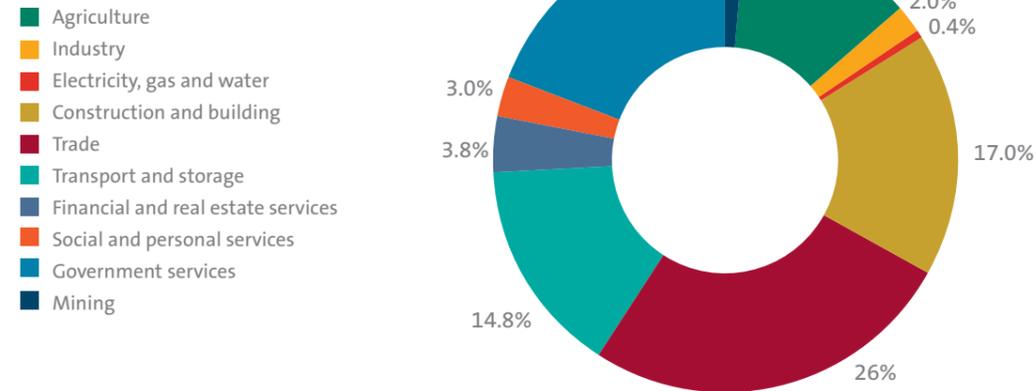
Hail Region's Contribution to Kingdom's GDP in 2009 and 2012

	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) **	17.8	29.6	22.0%
Region GDP to total Kingdom	1.11%	1.08%	
Region GDP to total Kingdom without crude oil and gas	1.79%	2.07%	
Average per capita GDP of the region (000' SR)	30	46	17.7%

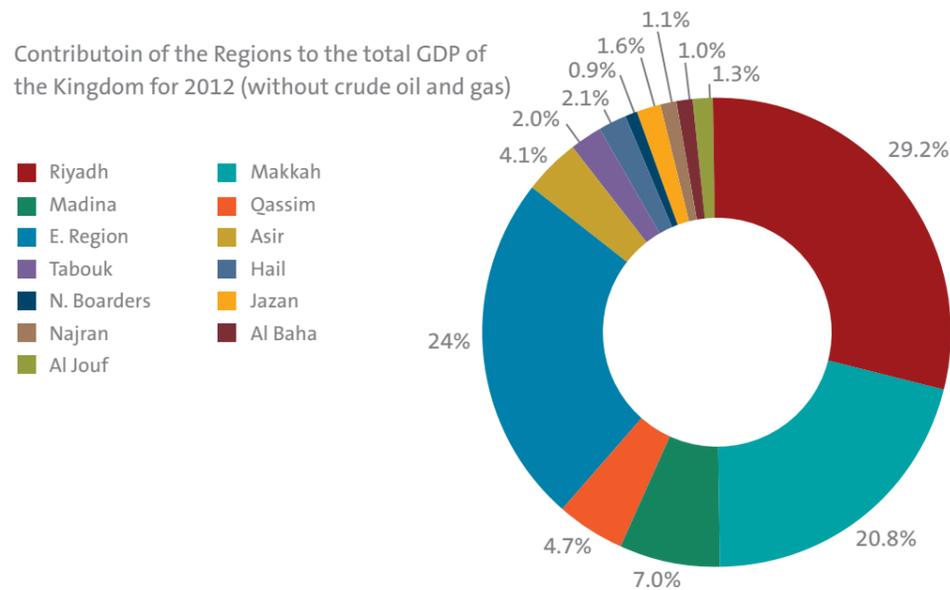
* Does not include import duties ** Study's estimates

Central Department of Statistics and Information, Ministry of Economy and Planning

Economic Sector contribution to GDP in 2012



Contributoin of the Regions to the total GDP of the Kingdom for 2012 (without crude oil and gas)



2.2 Migration Rate and Population Attraction

According to the estimated figures of the Central Department of Statistics and Information (CDSI), the total population of Hail Region in 2014 amounted to about 670.5 thousand people representing about 2.18% of the Kingdom's total population which is expected to record around 30.8 million in 2014. According to the population Census of 2004, the population of Hail was about 527 thousand, and 606.2 thousand according to the Census of 2010.

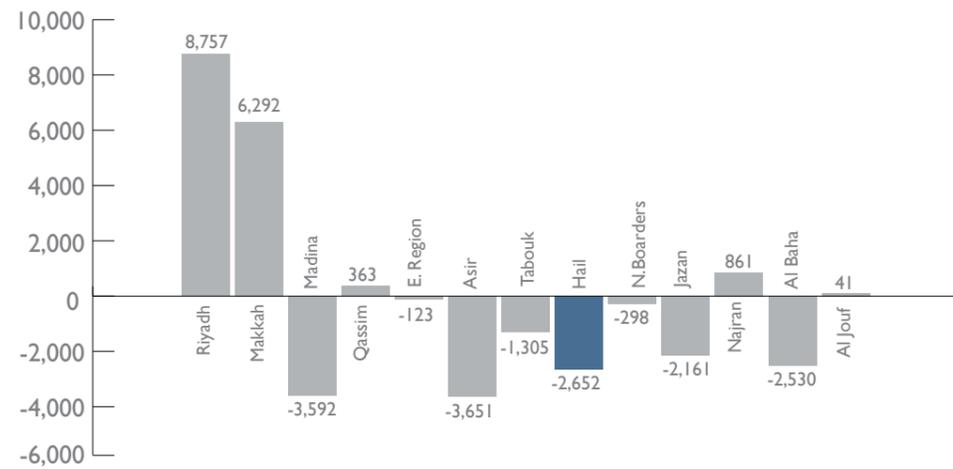
The average annual growth rate of the overall population in Hail Region during 2004-2014 recorded about 2.44, while the average annual growth rate of the Saudi population in the Region recorded 1.79%. This rate is lower than the overall growth rate of Saudi population Kingdom-wide during the same period. Accordingly, Hail Region is one of the population-non-attracting regions of the Kingdom.

Development of Hail 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	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 %		
Population of the Kingdom	Total	22,673,538	27,563,432	30,770,375	3.10 %		
Hail Population	Saudis	451,647	494,132	539,159	1.79 %	565,676	26,518
	Non-Saudis	75,386	112,032	131,309	5.71 %		
	Total	527,033	606,164	670,468	2.44 %		

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

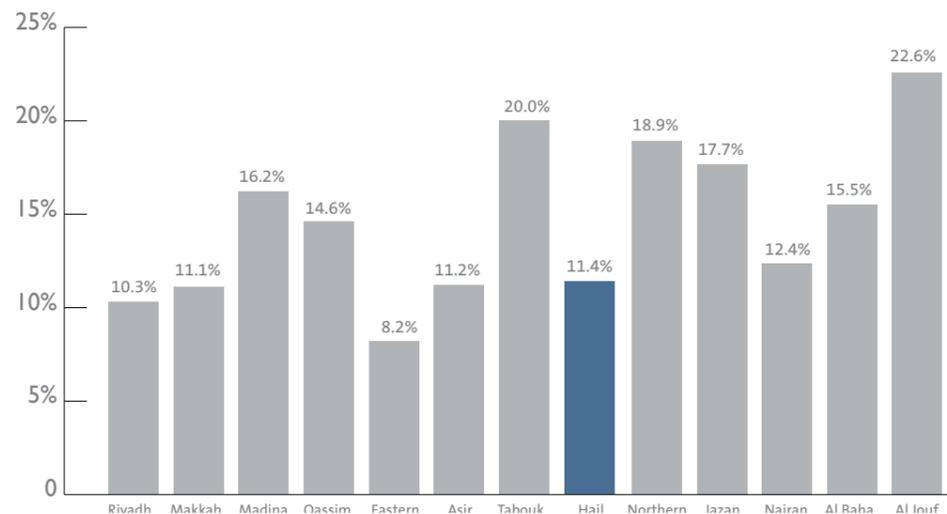
Annual rate of Saudi nationals migration (from / to) the regions of the Kingdom (as per population estimates for 2004 -2014)



2.3 Employment and Unemployment Rates

Due to lack of job opportunities in Hail Region comparing with other regions in the Kingdom, the unemployment rate as per the Department of Statistics estimates for 2012 amounted to about 11.4% of the total Saudi labor force in the region, which amounted to 137,515 (males and females). This rate is closer to the average rate of unemployment in the Kingdom, which was estimated at 12.1% in 2012, but considered lower compared with the unemployment rates in the other non-attracting to population regions in the Kingdom.

Unemployment rates in the regions of the Kingdom in 2012



2.4 GDP per Capita

Due to the increase in the contribution of the different economic sectors in the Region's GDP during the period (2009-2012) and its annual growth rate which reached to approximately 22%, which is considered one of the good rates comparing with other regions, GDP per capita in Hail increased from around SR 30 thousand in 2009 to about SR 46 thousand in 2012.

GDP per capita Development (2009 and 2012)

	2009	2012	Annual growth rate
Region GDP (SR billion)	17.8	29.6	22.0%
Total Region population	594,440	638,954	2.44%
Average GDP per capita (000' SR)	30	46	17.7%

* Study estimates

2.5 Contribution to exports of the Kingdom

The products of economic sectors in the region are not export - oriented, as they are concentrated so far in the products of agricultural crops and livestock that are consumed within Hail and other neighboring regions, so the region does not contribute to the Saudi exports.

2.6 Education Services Indicators

Public Education

The total number of schools in various education stages in Hail Region amounted in 2013 to 1,120 ,including 1,086 schools affiliated to the Ministry of Education and 34 private and other schools, representing about 3% of the total number of schools in the Region. The total number of male and female students in all public stages amounted to 80 thousands, including 78.1 thousands in the schools of the Ministry of Education and 1.9 thousands in private schools, representing 2.4% of the total number of students, males and females.

2.7 Health Services Indicators

There are 100 health-care centers, 11 government hospital affiliated to the Ministry of Health including 1,095 beds. The health services provided by the private sector in Hail include one hospital including 60 beds, 33 clinics, 2 private clinics, 8 laboratories, 230 pharmacies and 52 optics shops.

Development of Health Services in Hail Region *

	2008	2009	2010	2011	2012	Ratio to total number in KSA in 2012
Ministry of Health Services:						
Health centers	89	93	93	96	100	4.4 %
Visits to centers (thousand)	1,797	1,854	1,916	1,884	1,871	3.5%
Laboratory tests made in the centers (thousand)	245	218	228	247	250	4.0%
Hospitals	9	9	11	11	11	4.2 %
Hospital beds	939	939	1,062	1,095	1,095	3.1 %
Hospital doctors	442	502	679	760	766	2.9%
Outpatient visits (thousand)	286	241	286	286	287	2.5%
Inpatients (thousand)	72	80	78	81	71	4.2%
Surgical operations (thousand)	12.3	13.9	13.3	14.5	16.3	3.6%
Private sector services:						
Medical centers	20	24	21	31	33	1.5%
Number of clinics of all type	-	-	-	2	2	1.0%
Private hospitals	1	1	1	1	1	0.7%
Private hospitals beds	66	66	60	60	60	0.4%
Inpatients in private hospitals (thousand)	1.6	1.6	0.8	2.8	2.3	0.3%
Private laboratories	3	3	3	6	8	8.2%
physiotherapy centers	6	6	10	11	15	18.8%
Optics shops	23	25	38	41	52	2.7%
Pharmacies	122	125	146	192	230	3.3%

* 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: 553); overall average bed-to-people ratio for the Kingdom = (1 : 584).

Physician-to-people ratio in the Region = (1 : 451); overall average Physician-to-people ratio for the Kingdom = (1 : 603).

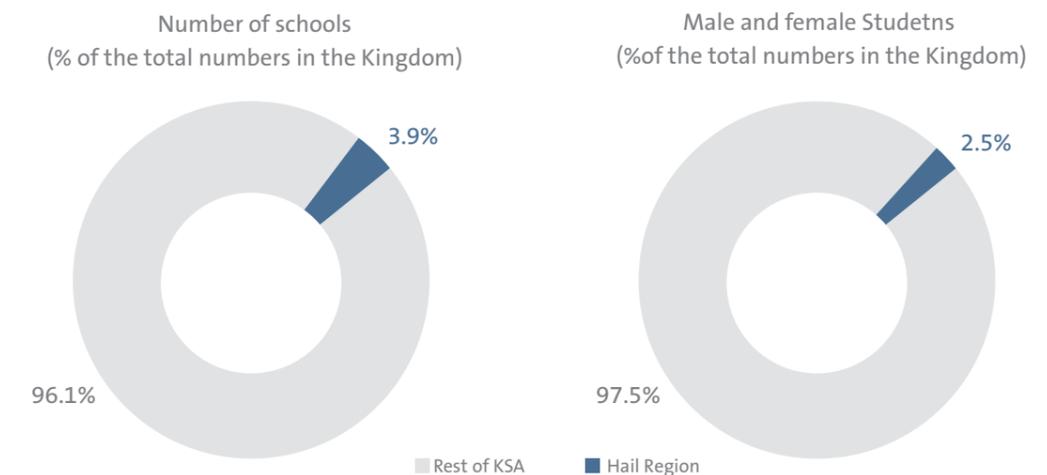
Comparing the indicators of health service in the Region with the overall average of the Kingdom, it is noted that they are higher than the overall average of the Kingdom, as shown above, which means that health services in the Region are good.

Development of Public (Governmental) Education Services in Hail*

	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	1,183	1,239	1,336	1,342	1.7 %	3.9 %
Total number of classrooms for all stages	6,678	6,976	7,963	8,470	3.4 %	3.3 %
Total number of male and female students (,000)	108.7	113.7	129.9	133.7	2.9 %	2.5 %
Total number of teachers (,000)	12.6	13.5	14.7	16.5	3.8 %	3.1 %

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

The indicators of public education in Hail Region are good compared with the total education services in the Kingdom as a whole, because the rates of total numbers of schools, classrooms and teachers in the Region amounted to 3.9%, 3.3% and 3.1% respectively of their total numbers in the Kingdom as a whole, as per the estimations of 2013; while male and female students in the Region represented about 2.5% of the total numbers in the Kingdom.



Teacher-student ratio compared to total average of the Kingdom

In Hail Region: primary stage (1 : 8.9), intermediary stage (1 : 8.4) and secondary stage (1 : 9.5).

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 Region's indicators for all education stages are better than the overall average of the Kingdom.



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)	539	594	639
Region Population ratio to total of Kingdom	2.33 %	2.34 %	2.19%
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)	11.7	17.8	29.6
Region portion of GDP of the Kingdom	1.0 %	1.1 %	1.1%
Region portion of GDP of the Kingdom without oil and gas	1.9 %	1.8 %	2.1%
Per capita GDP in Hail (000' SR)	22	30	46

Source: Hail Economic Report for 2007 and 2010, SAGIA

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)	-	-	-
Region share of total exports of the Kingdom	-	-	-
Region share of total exports of the Kingdom without crude oil	-	-	-

Source: Hail Economic Report for 2007 and 2010, SAGIA

3.3 Infrastructure Indicators

	2005*	2009	2012
Total lengths of paved roads (km)	2,631	5,537	5,736
Length of agricultural and earth roads (km)	10,710	11,800	12,382
Number of storage reservoirs and rain and flood water control dams	14	25	27
Power generating capacity (MW)		432	814
Electricity coverage in the Region	86%	92%	94%
Number of fixed telephone lines (thousands)	63		75
Number of mobile telephone lines (thousands)	87		
Number of digital subscriber lines / DSL	666		
Number of central post offices	13	12	16
Number of branch post offices	5	5	
Number of mail agents	440	309	
Number of mailboxes (thousands)	11.9	14	15.3

* Source: Economic Report of Hail for 2007 and 2010 , SAGIA

3.4 Economic Sectors Indicators

	2005*	2009	2013
Industry:			
Total number of factories	30	33	45
Total funding in industry (in billion riyals)	0.22	0.35	2.36
Region's share of total industrial investments in the Kingdom	0.1%	0.1%	0.3%
Sector's contribution to GDP of the Region	0.5%	0.2%	2.0%
	2005	2009	2011
Agricultural sector:			
Wheat (thousand tons)	355	165	196
Barley (thousand tons)	14	2.8	1.9
Corn (thousand tons)	68	106	80
Green fodder (thousand tons)	174	222	261
Vegetables (thousand tons)	314	310	285
Dates (thousand tons)	104	115	103
Fruits (thousand tons)	157	159	147
Sector's contribution to GDP of the Region	30%	21.5%	12.1%

* Source: Economic Report of Hail for 2007 and 2010 , SAGIA

3.5 Education and Health Services Indicators

	2005*	2009	2012
Public Education:			
Teacher - student ratio in primary stage	1 / 8.71	1 / 7.98	1 / 8.90
Teacher - student ratio in preparatory stage	1 / 8.05	1 / 7.73	1 / 8.40
Teacher - student ratio in secondary stage	1 / 9.58	1 / 9.44	1 / 9.50
Higher Education:			
Number of universities of Ministry of Higher Education	-	1	1
Number of private universities	-	-	-
Total number enrolled in public universities (in thousands)	15	20	43
Health services:			
Bed – patient ratio	1 / 638	1 / 566	1 / 553
Physician – patient ratio	1 / 878	1 / 781	1 / 451

* Source: Economic Report of Hail for 2007 and 2010 , SAGIA



Part IV

Investment Opportunities in Hail Region

Part IV: Investment Opportunities in Hail Region

According to the above review of Hail Region, and based on the available information and future development 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)	Establishment of a dry port
Project justifications and potentials	To develop the port for transport.
Target market	Population of Hail
Economic impact	Diversifying sources of national income and Creating new job opportunities

Opportunity No (2)	Establishment of a company for train station services
Project justifications and potentials	To implement the North-South railway line project, which crosses Hail Region
Target market	Logistical services in the region for the railway transportation sector
Economic impact	Diversifying sources of national income and Creating new job opportunities

Opportunity No (3)	Project for extraction, processing and production of all types of limestone and marble
Project justifications and potentials	Availability of raw materials in the region, the high current demand for the product, and the expected large size of the demand
Target market	Concrete block plants and water treatment plants in the Hail and neighboring regions
Economic impact	Creating new job opportunities, achieving the industrial integration, and increasing per capita GDP of the region

Opportunity No (4)	Project for preparation and processing of silica sand used in the manufacture of glass ware
Project justifications and potentials	Availability of raw materials in the region; where there are large quantities of the material in the area of Mathoum Al-Saq, 50 km away from Hail
Target market	Factories producing flat glass and glass packaging products in Hail and the surrounding areas, and export markets
Economic impact	Creating new job opportunities, achieving industrial integration, and increasing the value of the Saudi exports

Opportunity No (5)	Project for extraction and purification of phosphate ores used in the industries of fertilizers, chemical products and some medicines
Project justifications and potentials	Availability of raw materials in the region and the great economic value of the products particularly in export markets
Target market	Fertilizer plants and chemical and pharmaceutical industries in the Kingdom, and export markets globally
Economic impact	Creating new job opportunities, achieving industrial integration, and increasing the value of the Saudi exports

Opportunity No (6)	Company for housing and real estate development
Project justifications and potentials	Significant increase in the demand for housing units in the region, especially with the start of the implementation of the development projects in the Region.
Target market	Citizens and newcomers to the region and the surrounding areas
Economic impact	To create new employment opportunities, contribute to the provision of housing for the residents of the region

Opportunity No (7)	Project for the production of concrete pads used in railroad construction
Project justifications and potentials	Expected heavy demand for this product in the coming period resulting from the construction of the North-South Railway Line, which crosses Hail.
Target market	Contractors of the new railway lines in Saudi Arabia
Economic impact	Creating new job opportunities, and contributing to a component of the establishment of railway lines

Opportunity No (8)	Project for cooling and storage warehouses
Project justifications and potentials	Expected significant growth in demand for transport and freight of various goods and products in the region at the inception of the Economic City. It is planned to transfer and distribute some 1.5 million tons of cargo annually
Target market	Trade sector in the region, locally, regionally and around the world.
Economic impact	Creating new job opportunities, achieving industrial integration, and increasing the value of the Saudi exports

Opportunity No (9)	Air cargo services company
Project justifications and potentials	Significant growth of traffic and air freight through Hail new airport, which is expected to exceed 130 tons. About 2.3 million passengers are expected to use various means of transportation in the region.
Target market	Air transport sector, Hail Airport and air freight service locally, regionally and around the world
Economic impact	Creating new jobs and providing one of the pillars of development of transport sector in the region

4.2 Investment opportunities in medium sized projects

Opportunity No (1)	Plant for soft drinks
Project justifications and potentials	Growth in domestic demand and absence of this industry in the region.
Target market	Trade sector, and local and regional marketing of the product
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 (2)	Establishment of a factory for marble, granite and building materials
Project justifications and potentials	Abundance of raw materials and high demand for construction materials
Target market	Population of Hail and surrounding areas.
Economic impact	Increasing amounts of construction materials and reducing their prices for consumers and creating new job and investment opportunities
Opportunity No (3)	Establishment of two mining companies to conduct geological surveys for mineral exploration and buried wealth in Hail
Project justifications and potentials	Exploration of minerals and raw materials to find out their underlying types and quantities, extracting them in preparation for the development of industries in the region
Target market	Hail and surrounding areas
Economic impact	Industrial development and diversification of sources of national income and creation new of jobs and investment opportunities
Opportunity No (4)	Plant for food products (canned and processed vegetables and fruits)
Project justifications and potentials	Abundant quantities of vegetables, fruits for low prices and providing the product to the domestic market and neighboring areas.
Target market	Markets in the region and neighboring 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. (5)	Plant for ceramic sanitary products
Project justifications and potentials	Availability of key raw materials required for the industry in the region, kaolin ore is available in Al- Zubayrah area in a quantity of about 100 million tons.
Target market	Dealers, agents and distributors of ceramic sanitary equipment in the Hail and the Kingdom, and export markets
Economic impact	Creating new job opportunities, increasing the value of the Saudi exports, and to increase per capita GDP of the region

Opportunity No (6)	A company for collecting, sorting, packaging and marketing of vegetables and fresh fruits.
Project justifications and potentials	Abundant quantities of vegetables and fruits are available in the region.
Target market	Supermarkets, companies and residential compounds in Hail and the 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 (7)	A major company for storage warehouses
Project justifications and potentials	Expected high increase in the demand for storage services.
Target market	Companies and organizations operating in the field of transport, road, air and rail freight.
Economic impact	Creating new job opportunities and increasing the per capita GDP of the region
Opportunity No (8)	Company for heavy transport equipment
Project justifications and potentials	expected high demand for transport of heavy equipment.
Target market	Construction and contracting sector, companies and others, in Hail and the neighboring areas
Economic impact	Creating new job opportunities and increasing the per capita GDP of the region
Opportunity No (9)	Company for low cost airlines
Project justifications and potentials	Expected significant growth for transport of passengers and various goods and commodities through Hail new airport.
Target market	Companies, institutions and individuals in Hail and the remaining areas and airports of the Kingdom
Economic impact	Creating new job opportunities and increasing the per capita GDP of the region
Opportunity No (10)	Issuance of a local newspaper for the Hail
Project justifications and potentials	Current and expected needs after the establishment of the University of Hail
Target market	Citizens and scholars at the university and colleges and other citizens and residents in the region of Hail .
Economic impact	Creating new job opportunities and increasing the per capita GDP of the region

Opportunity No (11)	Internet service provider
Project justifications and potentials	Substantial growth in demand for Internet services and communications. The absence of a company specialized in the region
Target market	Companies, institutions and individuals in the region
Economic impact	Creating new job opportunities and increasing the per capita GDP of the region

Opportunity No (12)	Cooperative Insurance Company
Project justifications and potentials	Expected growth in demand for the various types of insurance. The value of investments and new jobs in the Economic City
Target market	The individuals, companies, institutions, contractors and others, in the region and neighboring areas
Economic impact	Creating new job opportunities and increasing the per capita GDP of the region

Opportunity No (13)	Laboratory for soil testing and geological work
Project justifications and potentials	Expected increase in new construction and mining projects in the region.
Target market	Companies, contractors and investors in Hail and surrounding areas
Economic impact	Creating new job opportunities and increasing the per capita GDP of the region

Sources of Data and 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 and Information (CDSI)
Infrastructure	
Roads	Statistical Yearbook 2012, CDSI, Ministry of Transport. Reports and statistics of Ministry of Municipal and 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 and Electricity.
Electricity	Annual Reports, Saudi Electricity Co., Ministry of Water and Electricity.
Communications	Statistical Yearbook 2012, CDSI, Communications and Information Technology Commission (CITC), Saudi Post.
Economic Activities	
Oil and Gas	Oil and Gas Statistics, SAMA Annual Report 2013, Ministry of Petroleum and Resources, Aramco Annual Report.
Industry	Report of Industry in KSA 2013, Ministry of Commerce and Industry.
Agriculture	Annual Agricultural Statistical Yearbook 2012, Ministry of Agriculture.
Trade	Ministry of Commerce and Industry.
Construction	Reports and statistics of Ministry of Municipal and Rural Affairs.
Mining	Technical, Financial Statistical Report on Mining Activities for 2012, Ministry of Petroleum and Mineral Resources.
Tourism	Saudi Commission for Tourism and Antiquities, Tourism Information and Research Center (MAS).
Economic Indicators	
Region's GDP	SAMA Annual Report 2013, Estimates of the Study.
Immigration Rates and Population Attraction	Results of KSA's Population Census 2004-2010, CDSI.
Employment and 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.