



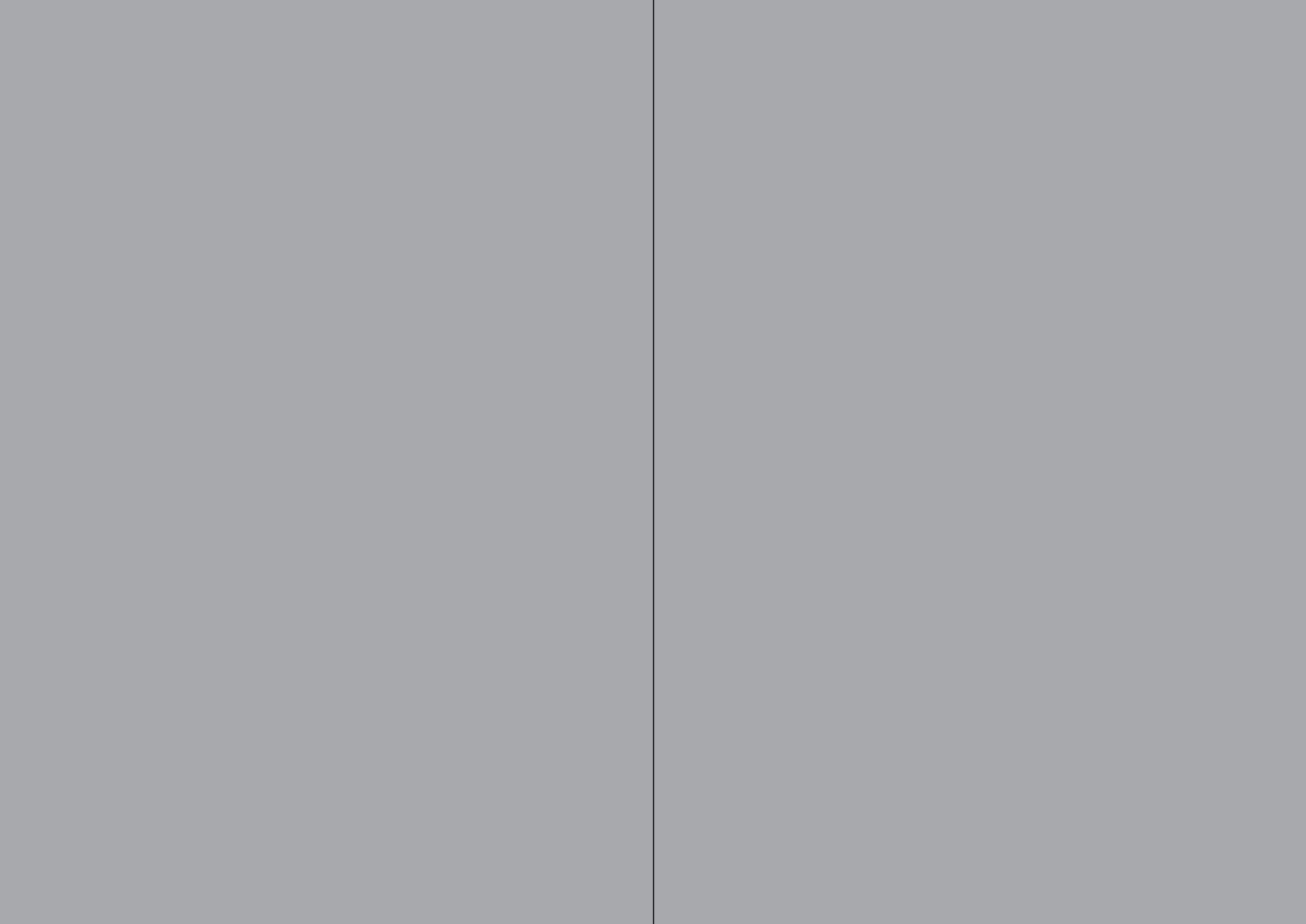
Saudi Arabian General Investment Authority
SAGIA

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

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

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Introduction

1. Economic Developments in KSA

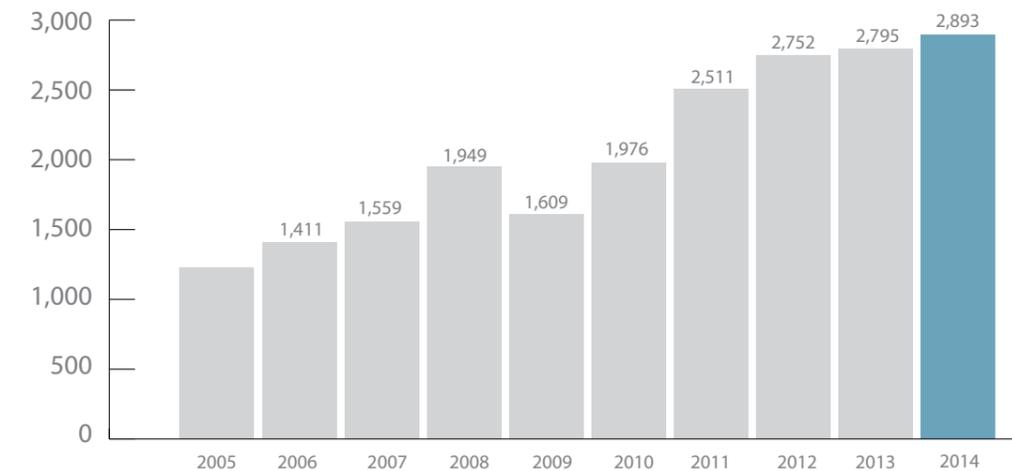
The economy of the Kingdom achieved a steady growth in the last four years recording growth rates of 7.4%, 8.6%, 5.8% and 3.8% respectively. The growth decline of 2012 and 2013, as compared with the high level growth of past years, is attributed to the decline of oil production as compared to 2011 .

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:

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

Part I : Status and Prospects of Development in the Region

1.1 Inputs and Bases of Economic Development in the Region

Location

Jazan region lies in the extreme south-west of Saudi Arabia, and is bounded in the north by Asir region; and west by the Red Sea; and in the south and east by Yemen. The region is situated on around 300 kilometers along the Red Sea coast. The region includes more than 80 Red Sea islands the most important of them are Farasan Islands. This location is one of the most important elements of economic development in the region as most trade movement between the Kingdom and the Republic of Yemen is exchanged through this border area, and this site is expected to be of great importance, especially after the establishment of the Jazan Economic City and the implementation of industrial projects there. The area of Jazan region is about 16 thousand square kilometers, or about 0.7% of the total area of the Kingdom. The region is divided administratively into the Principality of the Jazan and thirteen governorates: Sabia', Abu Arish, Samtah, Al-Harth, Damdh, Al-Rith, Bisch, Farasan, Beni Malik, Ahad Al-Masareha, Al-Edabi, Al-Aredah, and Al-Darb.

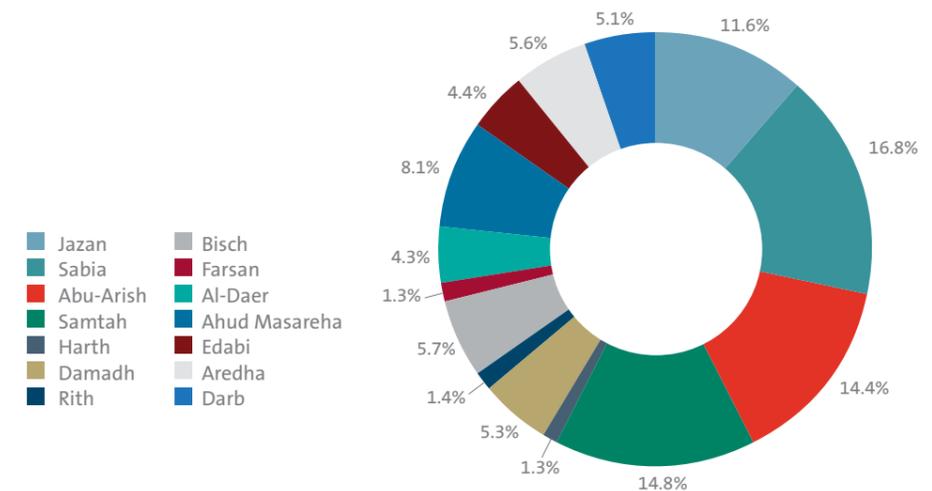


Population

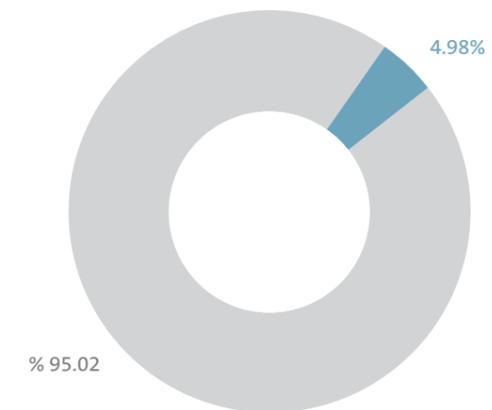
According to the estimated figures of the Central Department of Statistics & Information, the total population of the Region is expected to amount to about 1.53 million people, representing about 4.98% of the total population of the Kingdom, which is expected to amount to about 30.8 million people in 2014. The number of Saudi population in the Region is estimated at 1.22 million against 310 thousand non-Saudis.

Sabia' governorate has 16.8% of the total population of the region, followed by Samtah governorate by 14.8%, followed by Abu Arish governorate by 14.4%, Jazan governorate by 11.6%, Ahad Al-Masareha governorate by 8.1%, Bisch governorate by 5.7%, Al-Aredah governorate by 5.6%, Damdh governorate by 5.3%, Al-Darb governorate by 5.1%, and finally Al-Edabi governorate by 4.4%.

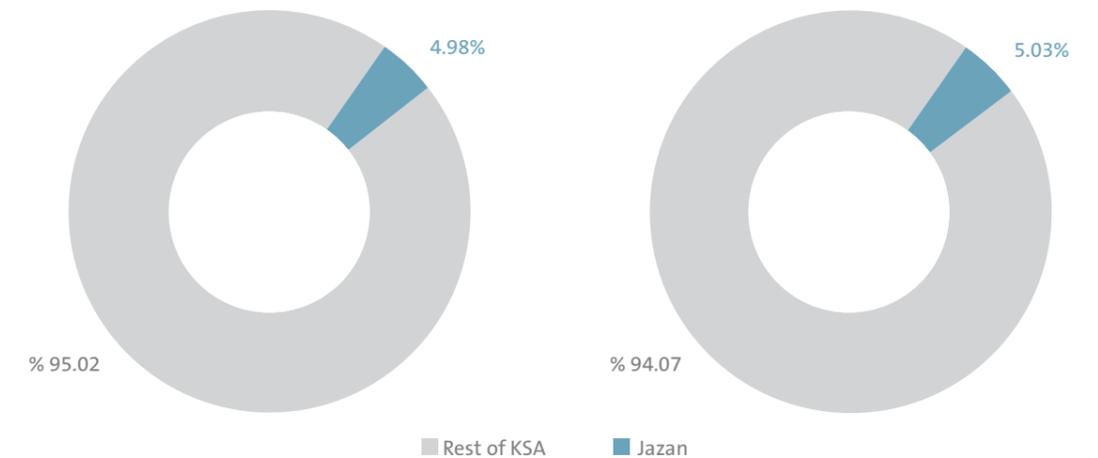
Percentage Distribution of the region population by its administrative divisions



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



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



Infrastructure in Jazan Region:

A) Road network

The total length of paved roads controlled by the municipalities in the Region is around 3022 linear km accounting for 3.3% 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 1335 km representing around 8.4% 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 4932 kilometers by the end of 2012. The Region is currently witnessing new projects and expansions in its internal road network as well as the roads linking the Region with other areas, as the implementation of several new projects are currently underway of which:

- Construction of two roads from South to North and from East to West in Jazan.
- Completion of the coastal road (Al-Shiqaiq/ Al-Tewal), first phase without crossings.

B) Air Transport & Airports

Jazan region has one regional airport, serving the needs of the geographical spread of the Region of passengers and goods transport. This Airport links the Region at the national level too. The number of passengers using the Airport of Jazan amounted to 799 thousand and 968 thousand passengers in 2011 and 2012 respectively, recording an increase of about 21% and representing about 2.38% and 2.51% 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 3,196 and 2,552 thousand tons in 2011 and 2012 respectively; representing about 0.69% and 0.48% 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 Jazan is one of the fundamental and important pillars on which the present and future economic development projects in the Region can rely on.

C) Maritime Transport

Jazan region has an important sea outlet at the Red Sea, namely Jazan Port, one of the important Red Sea ports of the Kingdom. This port, which has gone through several developmental stages, serves all regions in southern areas of the Kingdom. However, its contribution to the total shipping movement of the Kingdom is still limited to the total shipping movement of the Kingdom, where quantities of products, goods and materials handled at the port (loaded and unloaded) were 3.72 million tons in 2013, representing 1.9% of the total goods handled at the Kingdom's ports, which amounted in the same year to 195 million tons. Jazan Port ranks second in the Kingdom regarding the movement of passengers (arrivals and departures), as their number reached in 2013 about 415 thousand passengers, representing about 31% of the total movement of passengers by maritime transport in the Kingdom, which reached 1.35 million passenger in 2013.

D) Water

Jazan secures its drinking water from two main sources, which are the desalinated sea water, which brought through special pipes from the desalination plants in Al-Shaqaiq on the Red Sea coast, which represents about 54% of the total quantity supplied to Jazan Region. The other source for potable water is the government run water wells. Drinking water is provided to towns, villages and hamlets in the region through mini water projects consisting of a well, an elevated water tank and filler, in the areas where water is suitable for drinking. In areas that do not have potable ground water, drinking water is provided by tankers under the supervision of the Ministry of Water and Electricity. The quantity of potable water distributed in the Region in 2012 reached about 52 million cubic meters. Currently, implementation is underway for more than 30 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 751 million riyals.

For irrigation, Jazan depends on the dams spread throughout the region, groundwater and rainwater, The number of dams in the region amounted in 2012 to 10 with different storage capacities amounting to 313 million cubic meters. These dams are used for the storage and control of surface water and to raise groundwater level in agricultural areas.

E) Electricity

There is a power supply network from several power generation plants in Jazan, Samtah, Bish and Farasan, in addition to the new power generation plant in Al-Sheqaiq. These plants are linked to a series of 132 KV transformer stations spread throughout the region; all of them are linked by 132 KV transmission lines. The electricity network covers about 92% of the total centers in the region. The total power generation capacity in the region amounted to about 2359 MW in 2013.

F) Communications

Jazan Region is covered by the fixed, mobile and digital lines and DSL telecommunications services. The number of landlines in the Region amounted to about 108,000 lines representing around 2.2% 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 419 thousand, representing about 2.7% 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 54,000 lines representing about 2.1% 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 30 central offices, 7 express mail offices, 17 mail agents, and 26 subscriber box rooms at the end of 2012; while the post office boxes amounted to 12.8 thousand. There are also TV and radio broadcasting stations and an office for the Saudi News Agency.

1.2 Economic Activities in the Region

A) Agriculture

Agriculture is one of the most important economic sectors in Jazan, affecting many segments of the society in the region. Significant comparative advantages, including water quality and availability, arable soil and appropriate climate for the cultivation of most crops are available in the region, which led to a significant increase in the rates of production of many important crops, such as sorghum, millet, sesame, green fodder and vegetables and fruits. The total crop area in the region amounted in 2011 to about 63 thousand hectares, representing about 8% of the total crop area in the Kingdom, which amounted to 788 thousand hectares in 2011. The region is characterized by the high growth rate in large fishery and shrimp farming projects because of the appropriate environment and climate and high productivity. The production of the region of fish and shrimp amounts to about 40% of the total production of the Kingdom. In addition, the region includes large pastoral areas, and highly experienced sheep and camel breeders.

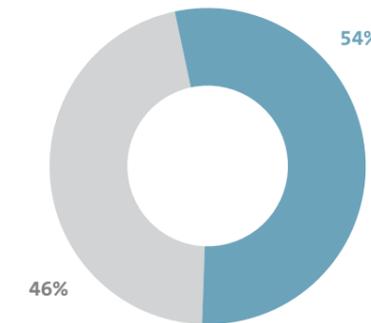
Development of Agricultural Activity and Livestock in Jazan*

	2007	2008	2009	2010	2011	Average annual growth rate	Jazan's share of total KSA production (2011)
Crop production:							
Sorghum (thousand tons)	208	230	218	104	107	- 12 %	91 %
Millet (thousand tons)	3.2	3.5	4.2	3.4	2.8	-3 %	54 %
Sesame (thousand tons)	4.0	3.7	3.3	4.4	2.5	- 9 %	83 %
Green fodders (thousand tons)	203	256	213	172	155	-6 %	4 %
Vegetables (thousand tons)	51	56	60	47	49	-1 %	1.9 %
Fruits (thousand tons)	32	43	57	57	35	2 %	2.1 %
Livestock:							
Camels (thousand)	3.2	4.0	3.8	4.2	4.5	11 %	2.1 %
Sheep (thousand)	304	288	255	234	236	-5.6 %	3.6 %
Goats (thousand)	305	267	2.3	166	157	- 12 %	14.7 %
Cattle (thousand heads)	19.4	19.8	17.6	16.8	19.1	-5 %	3.9 %
Poultry (million chickens)	5.6	1.3	1.3	1.6	1.6	- 18 %	0.3 %

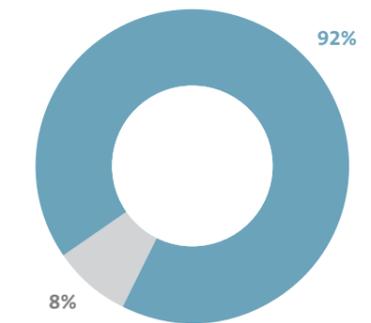
* Source: Statistical Annual Agricultural Yearbook 1433H (2012).

It is noted from the table above that there was a decrease in the production of most crops such as sorghum, millet, sesame, green fodders and vegetables during the period with different annual average rates, which are 12%, 3%, 9%, 6% and 1%, respectively, while the production of fruits increased by 2% per year. However, the region has seen a decline in the numbers of all livestock, except camels, where numbers of sheep, goats, cattle and poultry decreased by 5.6%, 12%, 0.5%, and 18%, respectively, per year. The region has distinguished production of honey, which represented 28% of the total production in the Kingdom, which reached about 119 tons in 2011.

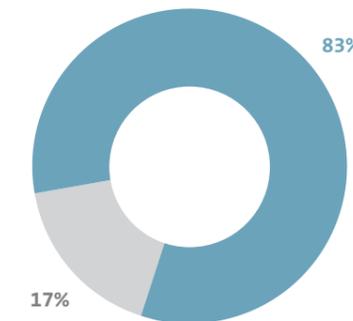
Rate of Region millet production as % of total Kingdom



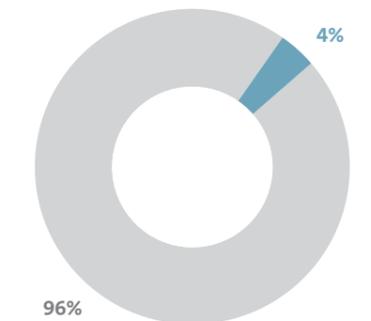
Rate of Region sorghum production as % of total Kingdom



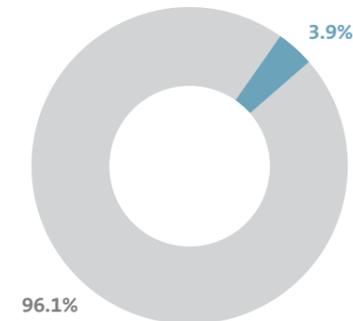
Rate of Region sesame production as % of total Kingdom



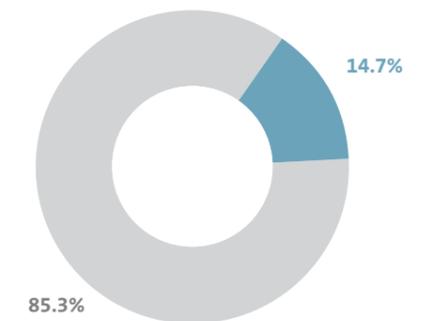
Rate of Region fodders production as % of total Kingdom



Rate of Region cattle production as % of total Kingdom



Rate of Region goats production as % of total Kingdom



■ Rest of KSA ■ Jazan

B) Industry

In Jazan, there are 52 productive factories representing about 0.8% of the total number of productive factories in the Kingdom totaling 6364 factories at the end of 2013. The total investments in Jazan factories amounted to 4.6 billion riyals representing about 0.5% of the total investments in productive plants in the Kingdom, which amounted to about 873.2 billion riyals. The number of factory workers in Jazan recorded about 4,900 workers representing around 0.6% of the total industrial manpower in the Kingdom which amounted to 828,000 workers by the end of 2013.

The production of these plants is in different sectors, including:

- Food industry: (meat of fish and shrimps, poultry foders, dairy products, ice cream, bottled drinking water)
- Building materials: (cement, concrete blocks, floors and sidewalks tile, red clay blocks)
- Paper and printing and products: (packing bags and business publications)
- Chemical and plastic industries: (industrial gas and plastic bags)
- Metal industries: (metal furniture, castings, steel and aluminum doors and windows)

C) Trade

The total number of establishments and businesses operating in Jazan region in 2012 amounted to about 18.1 thousand, operating in various aspects of economic activities, and representing approximately 1.5% of the total number of enterprises in the Kingdom amounting to 1.19 million. These enterprises are distributed 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 Jazan during (2004-2012) is about 1168 enterprises.

1.3 Prospects of Economic Development

Jazan region is eligible for economic development if important infrastructure facilities and basic services are provided, in addition to the development of the productive base, which must be based mainly on the self inputs and development potentials of the region. The most important needs and requirements of development in Jazan include:

Productive Sectors: Development in the Jazan region needs to develop the productive base and to increase activities of unused sectors in the region, the most important of which are industry, mining, transport and tourism, through the development of infrastructure and facilities that serve these sectors.

Infrastructure: Successful development in Jazan needs to update 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.

Education Services: Jazan region needs to develop, improve and increase the services of technical and intermediate education, to face the expected increase in the numbers of students.

Health Services: The region of Jazan needs to increase the current health services in the region and to provide medical services in specialties, which are 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 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.

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

Jazan 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) **Fish and shrimp farming:** The region is characterized by a long coastline on the Red Sea, which is estimated at about 300 km. Therefore, fish and shrimp farming is one of the most important sectors with comparative advantages in the region, in view of the successes achieved on the ground by the existing projects. The number of fish farms in the region is estimated at about 150 farms, more than 80% of which are currently engaged in activity.
- 2) **Transport sector:** Transport is one of the most important sectors of comparative advantage in Jazan region, especially with the establishment of Jazan Economic City, which will provide logistical services for the maritime traffic and world shipping lines passing through the Red Sea. Jazan region can also be major shipping transit point for regional and global forwarders for storage, unloading, supply and other services. The location of Jazan region will be significantly enhanced with the establishment of the new economic city.
- 3) **Mining sector:** Jazan region has potentials, raw materials, natural mineral resources, which have not been sufficiently exploited and which are characterized by their economic size and industrial feasibility, including important industrial raw materials such as clay, silica sand, limestone, dolomite, marble gypsum, potash, basalt rocks and stones and soda ash; in addition to the salt which is found in the city of Jazan, and Farasan Island. All these materials qualify this sector to attract significant investments for their exploitation.
- 4) **Tourism sector:** Jazan region has many archaeological sites, and unique and fascinating coastal and mountainous tourist sites. In the eastern area of the region, there are the high mountains, the elevation of some of which is 3500m. The charm of the region is enhanced by the golden sandy beaches extending from Qahmah in the north to Al-Mawsim in the south, along more than three hundred kilometers. In addition, there is the archipelago of Farasan Islands, which are promising tourist attractions in the region, due to their natural and heritage potentials, and which are one of the most important nature reserves in the Kingdom. Perhaps, one of the most important characteristics of the region is its location on the Sea coast, with its tourist activities and marine sports. This is can be a promising sector if support services are developed to attract substantial investments to the region.



- 5) **Higher education sector:** Education indicators in the region show that education is one of the sectors which are expected to attract huge investments, especially with the establishment of the economic city, which will provide 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 Jazan Region to all domestic and foreign investments, the foreign investment projects enjoy the same advantages, incentives and guarantees available to domestic projects under the Foreign Capital Investment Law, including:- The incentives provided for in the National Industries Protection and Encouragement Law, including the exemption of imports of goods and industrial equipment from customs duties, preferential treatment for national products to secure governmental purchases and allocation of land in the industrial cities at nominal cost

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

Investment Advantages and Incentives in KSA's Industrial Cities

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

1.4 Jazan Economic City (JEC)

On March, 2013, the Custodian of the Two Holy Mosques, King Abdullah bin Abdulaziz, ordered the Ministry of Petrol and Mineral Resources to endorse Saudi Aramco, which constructing now Jazan Refinery Project and the Power Generation Plant for Jazan Economic City, to construct the infrastructure required for the first phase of Jazan Economic City (JEC). This is expected to accelerate the completion of the economic city, which is located 50 kilometers north of Jazan city, with 12 kilometers length, along the coastline and 8 kilometers in depth. The area of JEC is 102 million square meters. It is mainly targeting the heavy industries, petrochemicals, vital energy supplies, metal industries, manufacturing, shipbuilding and exploitation of metals, agricultural and animal resources.

Major divisions of the City

JEC consists of several integrated components, including the city seaport, which will be, thanks to its strategic location near the Strait of Bab Al-Mandab, its huge capabilities, and its 3.3 million square meters area, one of the largest ports in the region, and additional key station on the Red Sea coast, taking advantage of the increasing growth in the global navigation lines of the Red Sea.

Due to its modern facilities and ability to receive giant ships, the port will provide many opportunities in various fields related to shipbuilding, shipment, consignment and transshipping to all World. The port, which will provide all support logistical services, will include also a dry port for the repair and services of ships and fishing boats. Two thirds of the Economic City has been allocated to the development of an advanced industrial zone, equipped with the most superior network and state of the art infrastructure facilities, necessary for industrial development, including roads, water systems, desalinated water systems, industrial drainage systems, sanitary and electricity networks and other facilities and services. In addition to the port and the industrial city, JEC will include the following sections:

- Logistical Services Center.
- Cultural Center
- Water Desalination and Cooling Plant
- Corniche.
- Residential area
- Health services area
- Business Center Island
- Education area





Part II
Economic Indicators
for Jazan Region

Part II : Economic Indicators for Jazan Region

2.1 Gross Domestic Product

The Gross Domestic Product (GDP) of Jazan Region amounted in 2012 to about 23.3 billion riyals, representing 0.9% of the total GDP of the Kingdom, and 1.6% 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 15% during the period from 2009 to 2012. Trade sector ranks first in terms of contribution to the GDP of the region by 14.4%, followed by transport, storage and communication sector by 8.1%, agricultural sector 7.4%, construction and building sector by 6.8%, industry sector 5.1%, personal and social services by 4.6% and finally electricity, gas and water sector by 3.7%.

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

	2009	2012	Average annual growth rate
Kingdom GDP at current prices (billion SR)*	1,596	2,731	19.8%
Kingdom GDP without oil and gas (billion SR)*	995	1,429	11.9 %
Region GDP (billion SR) **	16.0	23.3	15 %
Region GDP to total Kingdom	1.0%	0.9 %	
Region GDP to total Kingdom without crude oil and gas	1.6 %	1.6 %	
Average per capita GDP of the region (000' SR)	12	16	11 %

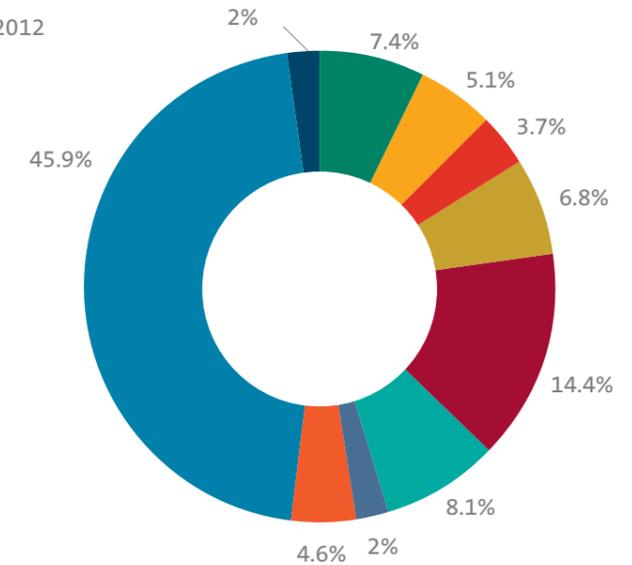
* Does not include import duties ** Study's estimates

Statistical Yearbook (Ministry of Economy and Planning) + Consultant's Estimates



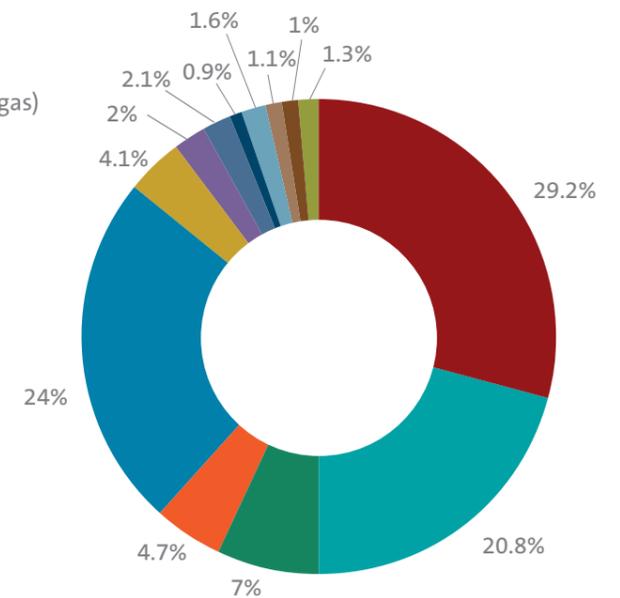
Economic sectors contribution GDP in 2012

- Agriculture
- Industry
- Electricity, gas and water
- Construction and Building
- Trade
- Transport, Storage and communications
- Financial and real estate services
- Social and personal services
- Government services
- Mining



Kingdom Regions contribution to GDP of Kingdom 2012 (without crude oil & gas)

- Riyadh
- Madinah
- E. Region
- Tabouk
- N. Borders
- Najran
- Jouf
- Makkah
- Qassim
- Asir
- Hail
- Jazan
- Baha



2.2 Migration Rate and Population Attraction

According to the estimated figures of the Central Department of Statistics & Information (CDSI), the total population of Jazan Region in 2014 amounted to about 1.53 million people representing about 5% 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 Jazan was about 1.19 million, and 1.39 million according to the Census of 2010.

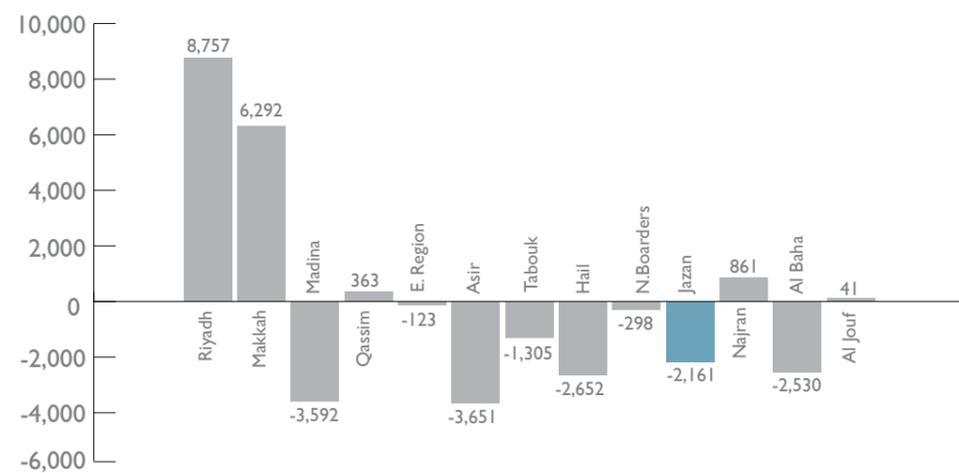
The average annual growth rate of the overall population in Jazan during 2004-2014 recorded about 2.60, while the average annual growth rate of the Saudi population in the Region recorded 2.1%. This rate is lower than the overall growth rate of Saudi population Kingdom-wide during the same period. Accordingly, Jazan is one of the population non-attracting regions of the Kingdom.

Development of Jazan Population

		2004*	2010**	2014**	Average annual growth rate (2004-2014)	Estimated Saudi population in the Region in 2014 using overall growth rate of Saudis	Difference in Region's population in 2014
Total Population of the Kingdom	Saudis	16,529,302	18,973,615	20,702,536	2.28 %		
	Non-Saudis	6,144,236	8,589,817	10,067,839	5.06 %		
	Total	22,673,538	27,563,432	30,770,375	3.10 %		
Jazan Population	Saudis	993,675	1,120,810	1,222,941	2.10 %	1,244,552	21,611
	Non-Saudis	192,464	264,963	310,555	4.90 %		
	Total	1,186,139	1,385,773	1,533,496	2.60 %		

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

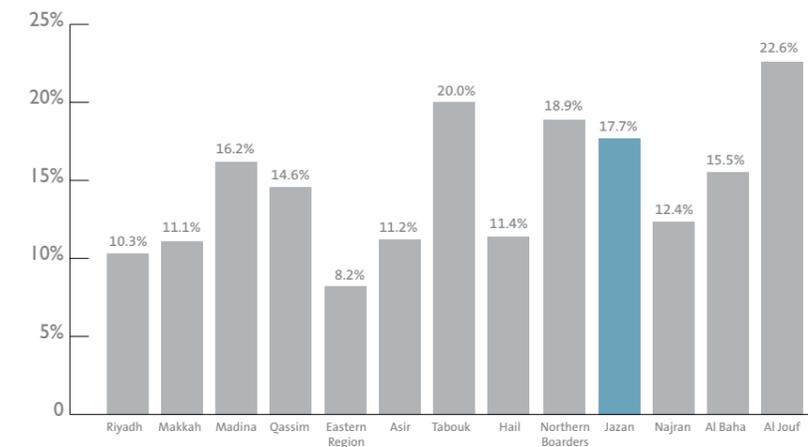
Annual rate of Saudi nationals migration (from / to) the regions (of the Kingdom (as per population estimates for 2004 -2014



2.3 Employment and Unemployment Rates

Due to lack of job opportunities to commensurate with the increase in the numbers of job seekers in the region, the rate of unemployment according to the estimates of the Central Department of Statistics & Information (CDSI) amounted in 2012 to about 17.7% of the total Saudi work force in region, amounting to 287,559 (males and females), which is one of the high unemployment rates compared with the average rate of unemployment in the Kingdom, which was estimated at about 12.1% in 2012.

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



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



2.4 GDP per Capita

Due to the high contribution of different economic sectors in the GDP of the region and the rate of annual growth, which amounted to 15% during the period (2009-2012), the average per capita GDP of the region increased from 12 thousand riyals in 2009 to about 16 thousand riyals in 2012.

GDP per capita Development (2009 and 2012)

	2009	2012	Annual growth rate
Region GDP (SR billion)	16.0	23.3	15%
Total Jazan Region population	1,348,681	1,456,711	2.60%
Average GDP per capita (000' SR)	12	16	11%

* Study's estimates

2.5 Contribution to Exports of the Kingdom

Jazan region products do not contribute to the Saudi exports, with the exception of some exports of cement, fish and shrimp, as the region products are concentrated so far in agricultural crops and livestock that are consumed within Jazan and other neighboring regions. The region contribution to the Saudi exports amounted to about 0.02% of the total exports of the Kingdom in 2012 and 0.1% of the total exports of the region without crude oil.

2.6 Education Services Indicators

Public Education

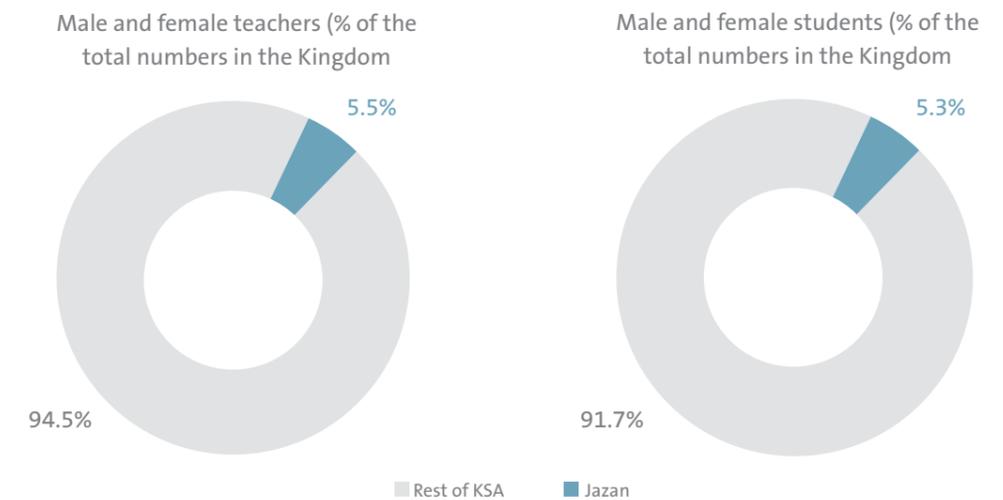
The total number of schools of various levels of education in the region amounted to 2364 in 2013, including 2311 schools affiliated to the Ministry of Education, and 53 private and other schools, representing 2.2% of the total number of schools in the region. The total number of male and female students in all public stages amounted to 287.4 thousands, including 281 thousands in the schools of the Ministry of Education and 6.4 thousands in private schools, representing 2.2% of the total number of students, males and females.

Development of Public (Governmental) Education Services in Jazan*

	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	2,157	2,194	2,221	2,311	0.9 %	6.6 %
Total number of classrooms for all stages	12,118	12,700	13,515	13,589	1.5 %	5.3 %
Total number of male and female students (,000)	235	258	271	281	2.5 %	5.3 %
Total number of teachers (,000)	23.3	25.4	26.9	28.7	2.9 %	5.5 %

* 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 show that the rates of the government-run education services in the region are good compared with the total education services in the Kingdom as a whole, because the rates of the total numbers of schools, classrooms and teachers in the region amounted to 6.6%, 5.3% and 5.5% respectively in 2013, while the rate of the total number of male and female students in the region was around 5.3% of the total numbers in the Kingdom in the same year.



Teacher-student ratio compared to total average of the Kingdom:

Jazan: primary stage (1:10.6), intermediate stage (1:8.9) and secondary stage (1: 11.0).

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

This indicates that the Region is in need for more male and female teachers in the secondary stage.

Higher Education:

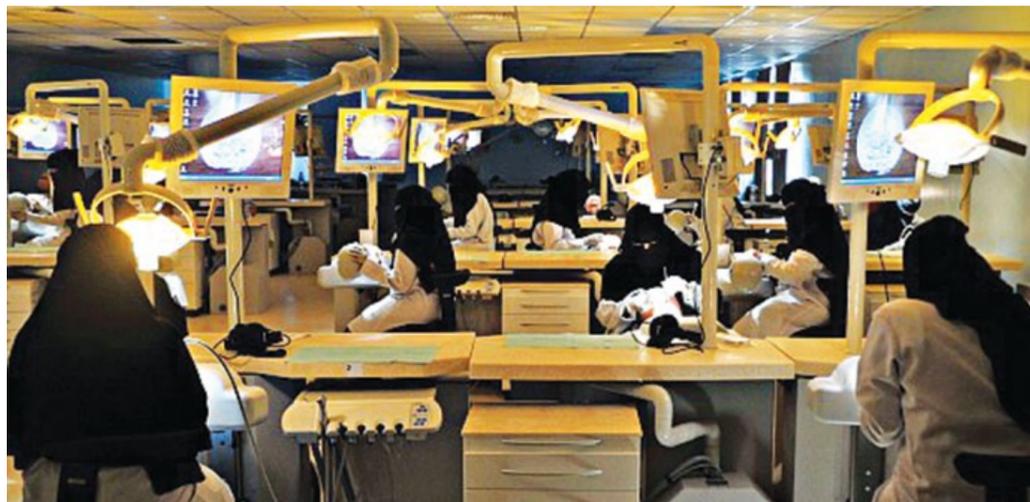
There is one university in Jazan region, which is Jazan University. It includes at present 23 colleges of all scientific, theoretical and literary disciplines, distributed in different governorates and cities of the region. The total number of male and female students enrolled at the University of Jazan amounted in 2013 to about 52 thousand, while the number of male and female graduates recorded about 5.4 thousand and number of faculty members in 2013 about 3 thousand including professors, associate professors, assistant professors, lecturers, demonstrators and teachers.

Technical education, vocational training and specialized institutes:

As in other regions of the Kingdom, the General Organization for Technical and Vocational Training (GOTVT) implements a program in Jazan for joint training in specific professions, to better meet the actual needs of the labor market. There is a number of GOTVT technical colleges and vocational institutes. In addition, there is a number of private training institutions for languages, computer, management and various technical disciplines.

2.7 Health Services Indicators

There are 155 health-care centers, 19 government hospital affiliated to the Ministry of Health including 1800 beds. The health services provided by the private sector in Jazan include only two 30-bed capacity private hospitals, 44 clinics and medical centers, one laboratory, 344 pharmacies and 50 optics shops and 1 pharmaceutical repository.



Development of Health Services in Jazan*

	2008	2009	2010	2011	2012	Ratio to total number in KSA in 2012
Ministry of Health Services:						
Health centers	144	149	146	146	155	6.9%
Visits to centers (thousands)	4,546	4,661	4,779	4,838	4,854	9.1%
Laboratory tests in centers (thousands)	588	643	648	644	666	10.7%
Hospitals	15	16	17	18	19	7.3%
Hospital beds	1,796	1,846	1,714	1,765	1,800	5.0%
Hospital physicians	976	976	1,226	1,338	1,333	5.1%
Outpatient visits (thousands)	747	719	738	791	759	6.5%
Inpatients (thousands)	103	106	113	113	109	6.5%
Surgical operations (thousands)	18.7	18.7	19.7	20.9	18.9	4.2%
Private sector services:						
Medical centers	49	40	40	42	44	2.0%
Private clinics of all types	-	1	1	-	1	0.5%
Private hospitals	2	2	2	1	1	0.7%
Private hospital beds	80	80	80	29	30	0.2%
Inpatients in private hospitals (thousands)	1.4	1.8	1.3	2.3	1.0	0.1%
Private laboratories	-	1	1	1	1	1.0%
Optics shops	42	47	57	52	50	2.6%
Pharmacies	235	278	280	321	344	5.0%

*Source: Statistical Yearbook (2009-2012), 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: 798); overall average bed-to-people ratio for the Kingdom = (1 : 584).

Physician-to-people ratio in the Region = (1 : 937); overall average Physician-to-people ratio for the Kingdom = (1 : 603).

Comparing indicators of health services in the region, it is noted that they are more higher than the overall average of the Kingdom in terms of numbers of beds and physicians, as shown above, which means that health services in the region should be increased in terms of numbers of hospitals and their beds as well as physicians.



Part III

Comparison of the Region's Economic Indicators

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)	1.23	1.35	1.46
Region Population ratio to total of Kingdom	5.33 %	5.38 %	5.0%
GDP* of the Kingdom at current prices (in billion riyals)	1,172	1,596	2,731
GDP* of the Kingdom without crude oil and natural gas (in billion riyals)	604	995	1,429
Region GDP* (in billion riyals)	12.8	16.0	23.3
Region portion of GDP of the Kingdom	1.01 %	1.0 %	0.9%
Region portion of GDP of the Kingdom without oil and gas	1.93 %	1.6 %	1.6%
Per capita GDP in Jazan (000' SR)	10.3	12	16

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

3.2 Export Indicators

	2005*	2009	2012
Total value of exports of the Kingdom (billion riyals)	666	697	1,457
Value of exports of the Kingdom without crude oil (billion riyals)	152	164	284
Value of exports of the Region (billion riyals)	0.34	0.54	0.36
Region share of total exports of the Kingdom	0.05 %	0.07 %	0.02%
Region share of total exports of the Kingdom without crude oil	0.22 %	0.33 %	0.10%

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

3.3 Infrastructure Indicators

	2005*	2009	2012
Total lengths of paved roads (km)	949	3,299	4,357
Length of agricultural and earth roads (km)	4,442	4,609	4,932
Number of storage reservoirs and rain and flood water control dams	5	7	10
Power generating capacity (MW)		1,374	2,359
Electricity coverage in the Region	85%	90%	92%
Number of fixed telephone lines (thousands)	83		108
Number of mobile telephone lines (thousands)	91		
Number of digital subscriber lines / DSL	463		
Number of central post offices	32	30	30
Number of branch post offices	2	2	4
Number of mail agents	425	524	514
Number of mailboxes (thousands)	7.6	11.1	12.8

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

3.4 Economic Sectors Indicators

	2005*	2009	2013
Industry:			
Total number of factories	38	42	52
Total funding in industry (in billion riyals)	1.6	1.7	4.6
Region's share of total industrial investments in the Kingdom	0.5%	0.42%	0.50%
Sector's contribution to GDP of the Region	3.2%	4.4%	5.1%
Agricultural:			
Sorghum (thousand tons)	188	218	107
Millet (thousand tons)	3.3	4.2	2.8
Sesame (thousand tons)	4.4	3.3	2.5
Green fodder (thousand tons)	174	213	155
Vegetables (thousand tons)	48	60	49
Fruits (thousand tons)	31	57	35
Sector's contribution to GDP of the Region	14.2%	10.1%	7.4%

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

3.5 Education and Health Services Indicators

	2005*	2009	2012
Public Education:			
Teacher - student ratio in primary stage	1 / 10.8	1 / 10.40	1 / 10.60
Teacher - student ratio in intermediate stage	1 / 9.05	1 / 9086	1 / 8.90
Teacher - student ratio in secondary stage	1 / 13.42	1 / 17.42	1 / 11.00
Higher Education:			
Number of universities of Ministry of Higher Education	-	1	1
Number of private universities	-	-	-
Total number enrolled in public universities (in thousands)		34	52
Health services:			
Bed – patient ratio	1 / 774	1 / 708	1 / 798
Physician – patient ratio	1 / 1541	1 / 1119	1 / 937

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



Part IV
Investment
Opportunities

Part IV: Investment Opportunities

According to the above review of Jazan 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)	A plant for the production of gypsum products and other stuccowork, such as gypsum boards etc.
Project justifications and potentials	Availability of the raw materials in the region, the domestic demand, and increasing imports of Saudi Arabian of stucco work panels
Target market	Jazan and other regions, and export to Yemen
Economic impact	Creating new job opportunities, achieving industrial integration, and increasing exports of the Kingdom
Opportunity No (2)	Project for extraction and processing of clay and kaolin used in ceramic industries
Project justifications and potentials	Availability of the raw materials in Jazan region.
Target market	Factories of sanitary ware and ceramic tiles in the Kingdom and export markets
Economic impact	Creating new job opportunities, achieving industrial integration, and increasing exports of the Kingdom
Opportunity No (3)	Projects for shrimp and fish farming and plants for preservation, refrigeration, freezing and packaging
Project justifications and potentials	Suitable climatic environment, local expertise, successes of existing projects, export.
Target market	Kingdom market, export
Economic impact	Creating new job opportunities, achieving industrial integration, and increasing exports of the Kingdom

Opportunity No (4)	Cement industry castings (corrosion-resistant castings)
Project justifications and potentials	High demand from cement factories in the Kingdom and the raw materials are locally available; namely scrap steel and alloys.
Target market	Cement plants in Saudi Arabia and the Gulf region, and export markets globally
Economic impact	Creating new job opportunities, achieving industrial integration, and increasing exports of the Kingdom

Opportunity No (5)	Tourist projects (Farasan Islands) and other coastal areas
Project justifications and potentials	The existence of environment, beaches and islands appropriate to tourist projects and growth in demand for tourist resorts.
Target market	Tourists and visitors to the region, whether for business, employment, or recreation.
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 (6)	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. The volume of logistic services in the city is expected to amount to five billion riyals annually.
Target market	Trade sector in the region, locally and regionally.
Economic impact	Creating new job opportunities, achieving industrial integration, and increasing the per capita GDP in the region

Opportunity No (7)	Privately owned colleges (scientific disciplines)
Project justifications and potentials	Shortage in services and facilities of higher education in the region.
Target market	Students and scholars in the regions of Najran and Jazan
Economic impact	Creating new job opportunities, providing the basic services for stability of the population and reduction of migration

Opportunity No (8)	Plant for construction pre cast concrete units and elements
Project justifications and potentials	Increasing development and growing demand for the construction of markets, commercial centers and buildings using this type of construction elements, with the establishment of the economic city whose investments will exceed 100 billion riyals
Target market	Construction and building market in Jazan Economic City and the neighboring areas
Economic impact	Creating new job opportunities, providing a key product for building and construction sector and increasing the per capita GDP of the region

Opportunity No (9)	Power generation plant according to plans and regulations of the Saudi Electricity Company for the establishment of these stations under BOT or other systems
Project justifications and potentials	Current shortage of electric energy in the region.
Target market	Saudi Electricity Company
Economic impact	Creating new job opportunities, contributing to the development of infrastructure projects and providing electric energy in the region

Opportunity No (10)	A tourist company to develop tourism on Farasan Islands and Tarfa city in particular.
Project justifications and potentials	To utilize the suitable tourist climate throughout the year, implement tourism development strategy in the region, particularly the designs of Tarfa tourist city in Jazan and to secure organized tourism.
Target market	Local residents, tourists and visitors
Economic impact	Developing tourism sector, diversifying sources of national income, and creating new job and investment opportunities

Opportunity No (11)	A company for the production of heavy industries in Jazan Economic City
Project justifications and potentials	The urgent need and high demand for the heavy industries products, in addition to export to neighboring countries.
Target market	Jazan region markets
Economic impact	Diversify and strengthening sources of national income, supporting balance of payments and creating job opportunities

4.2 Investment opportunities in medium sized projects

Opportunity No (1)	A plant for the production of boats and yachts
Project justifications and potentials	Domestic demand for the product, availability of many of the needed materials locally, with tourist development of Farasan Islands and the rest of coast areas
Target market	Domestic market (individuals, tourism sector, sports and marine clubs, fishing sector, coast guards), and exports
Economic impact	Creating new job opportunities, increasing the value of Saudi exports, and increasing the per capita GDP of the region

Opportunity No (2)	Establishment of a100-bed hospital (Jazan, Sebia', Abu Arish, Samtah)
Project justifications and potentials	The need of the region for increasing the health services; the number of private hospitals in the region is only 2 hospitals with a capacity of 80 beds.
Target market	All segments of population in the region
Economic impact	Creating new job opportunities and contributing to the increase in the provision of basic services in the region

Opportunity No (3)	A specialized medical center for diabetics
Project justifications and potentials	The region's need for such medical service.
Target market	Diabetics patients in the region and neighboring areas
Economic impact	Creating new job opportunities, providing specialized medical services and increasing the per capita GDP in the region

Opportunity No (4)	A specialized medical center for dialysis
Project justifications and potentials	Increased demand for specialized medical services; there is no private specialized medical center in the region.
Target market	People of the region and neighboring areas
Economic impact	Creating new job opportunities and providing specialized medical services in the region

Opportunity No (5)	Complex for crafts industries (all cities in the region and areas of artisans)
Project justifications and potentials	Growing demand for handicrafts in the region, the development of this important sector in the region
Target market	Tourism sector in the region and visitors for tourism or work or trade
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 (6)	A major company for cooling and storage warehouses
Project justifications and potentials	Expected high increase in the demand for storage services in the region.
Target market	Trade sector, companies and organizations operating in the fields of road, air and rail transport and freight.
Economic impact	Creating new job opportunities and increasing the per capita GDP of the region

Opportunity No (7)	Fish preparation, processing and refrigeration industry
Project justifications and potentials	Existence of fisheries, fish farms and shrimp high production facilities
Target market	Jazan region and all parts of the Kingdom, as well as export to the neighboring countries
Economic impact	Creating new job opportunities, increasing the GDP per capita in the region and increasing the exports of the region

Opportunity No (8)	Project for plastic materials recycling
Project justifications and potentials	Presence of remnants of plastic bags and tools; environmental protection, high demand for the product.
Target market	Plastic products factories in Jazan region and other areas in the Kingdom
Economic impact	Creating new job opportunities, and increasing the GDP per capita in the Region

Opportunity No (9)	Issuance of a local newspaper for the Jazan
Project justifications and potentials	Current and expected needs in the Region.
Target market	Citizens and scholars at the university and colleges and other citizens and residents in the region of Jazan .
Economic impact	Creating new job opportunities and increasing the per capita GDP of the region

Opportunity No (10)	A company for heavy transport equipment
Project justifications and potentials	Expected great demand for transport heavy equipment during the establishment of the economic city, construction of housing units etc.
Target market	Construction sector, construction companies and others in Jazan region and neighboring areas
Economic impact	Creating new job opportunities, and increasing the GDP per capita in the Region

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

Sources of Data & Information

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