



Saudi Arabian General Investment Authority
SAGIA

Qassim 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 the Qassim 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

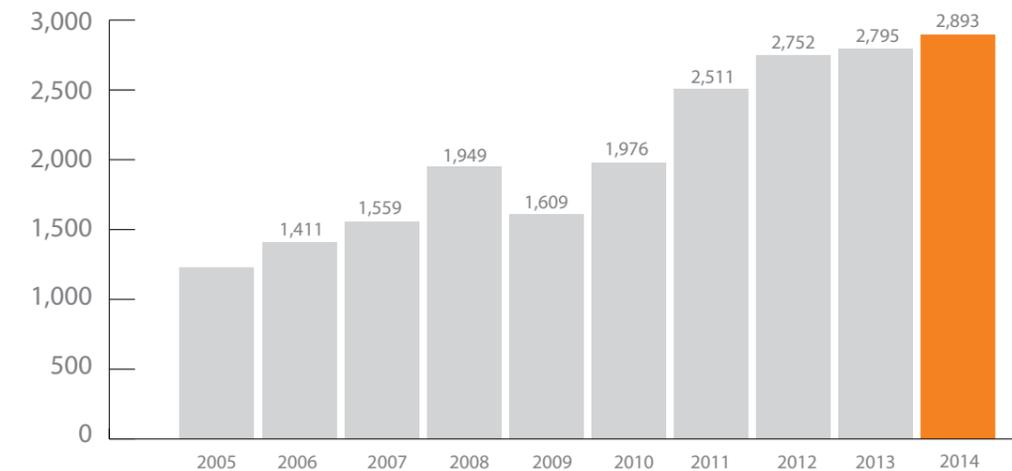
The economy of the Kingdom achieved a steady growth in the last four years recording growth rates of 7.4%, 8.6%, 5.8% and 3.8% respectively. The growth decline of 2012 and 2013, as compared with the high level growth of past years, is attributed to the decline of oil production as compared to 2011.

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:

- 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 & 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

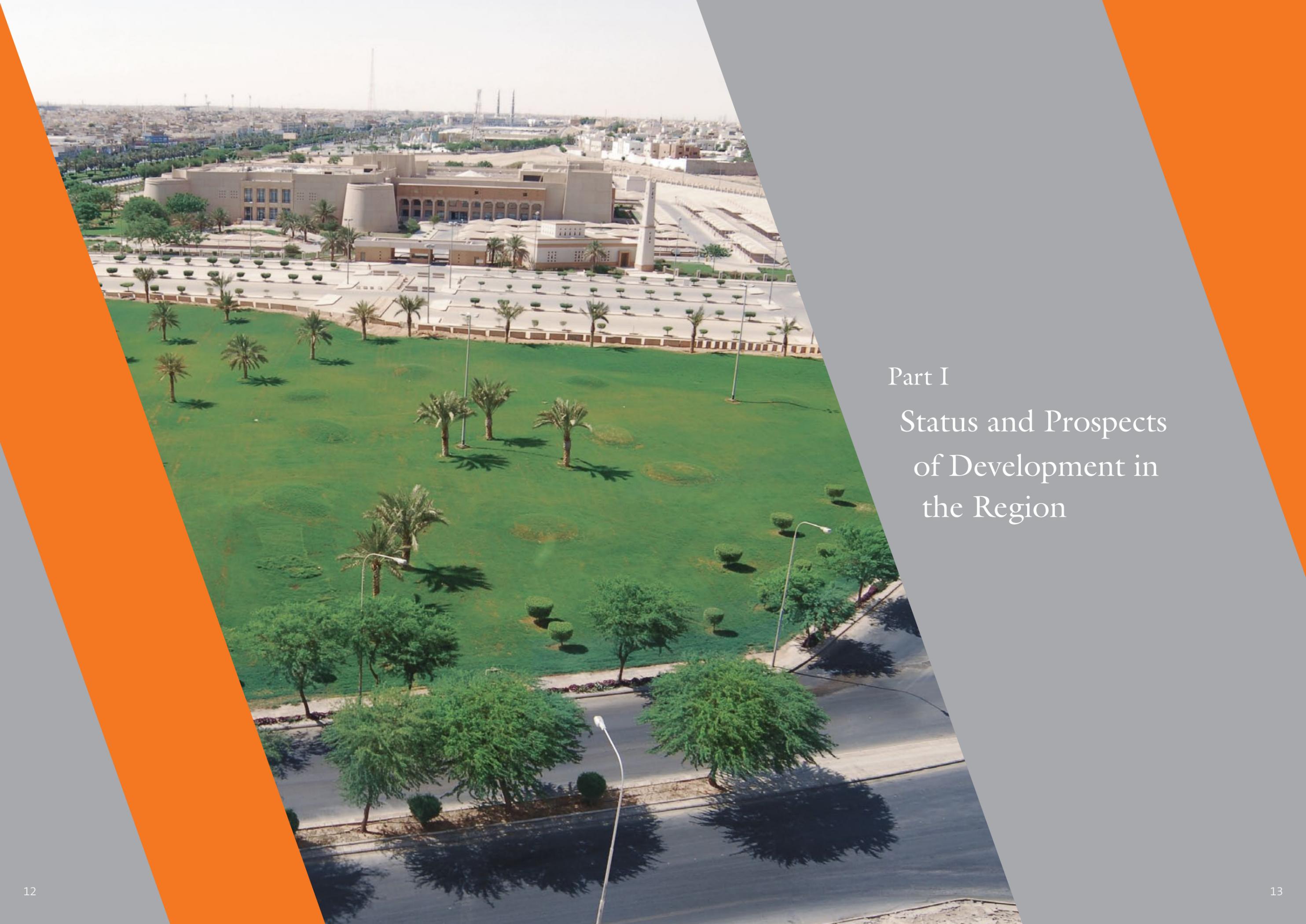
- Coordinate with other government agencies to unify efforts of investment attraction and promotion.
- List and promote investment opportunities.
- Identify, introduce and provide incentives required for attracting investments, focusing on promising sectors.

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
the Region

Part I : Status and Prospects of Development in the Region

1.1 Capabilities and Potentials of Economic Development in the Region

Location:

Qassim region is located in the center of Saudi Arabia, and is bordered by Ha'il Region in the west and north-west, Riyadh Region in the south and east and by Medina in the south-west. Due to its fertility, most land area is suitable for the cultivation of all types of agricultural crops. The region has a great importance as it is situated between the major regions of the Kingdom, with which it is linked by a sophisticated network of important highways.

The area of Qassim region is about 70 thousand square kilometers, representing about 3.1% of the total area of the Kingdom. The region is divided administratively into: the Principality of the Region and eleven governorates, namely Buridah, Unaizah, Al-Rass, Al-Mozneb, Bakeriah, Al-Bada'e, Alasiah, Annabhanayah, Eyoun Al Jawa, Riyadh Al-Khubara, and Al-Shammasia.

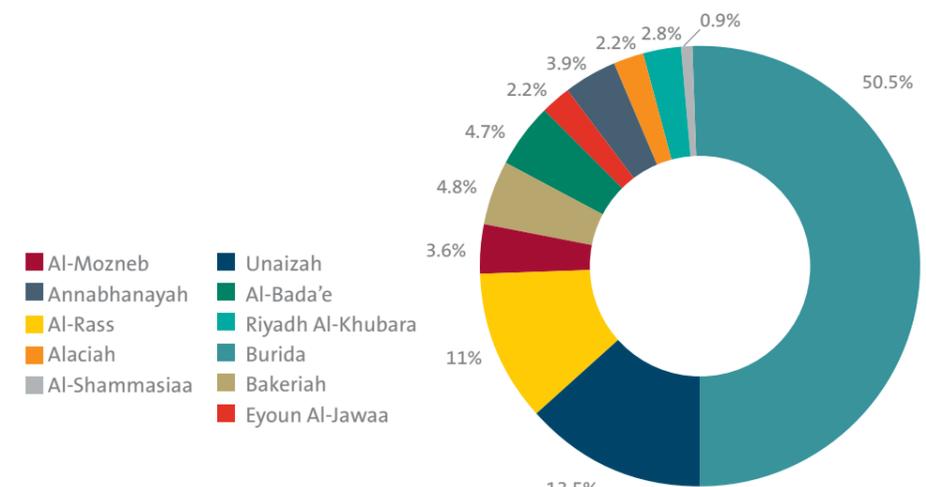


Population

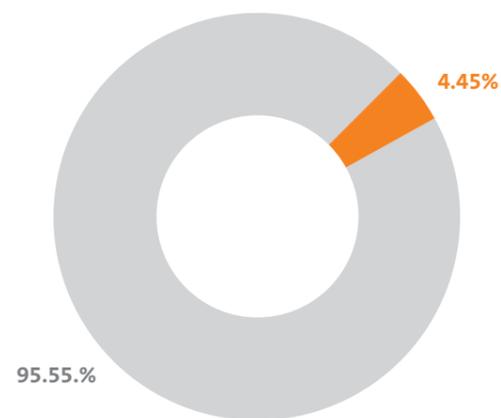
According to the estimated figures of the Central Department of Statistics & Information, the total population of the Region is expected to amount to about 1.37 million people, representing about 4.45% of the total population of the Kingdom, which is expected to amount to about 30.8 million people in 2014. The number of Saudi population in the Region is estimated at 1.03 million against 343 thousand non-Saudis.

Buraidah governorate accounts for the largest proportion of the Region's population with 50.5%, followed by Unaizah 13.5%, Al Rass 11%, Bakeriah 4.8%, Al Badae' 4.7%, and finally Annabhanayah 3.9%.

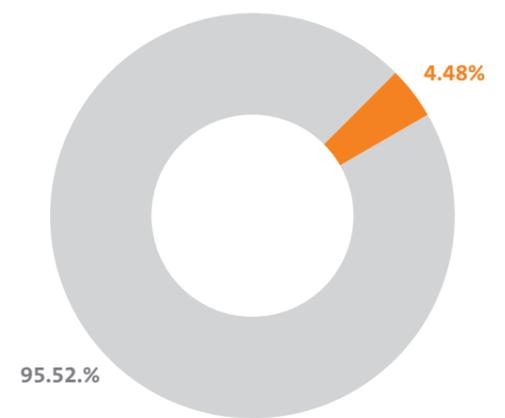
Percentage Distribution of the region population by its administrative divisions



Region's population 4.45% of total population in Saudi Arabia in 2014



Region's population 4.48% of total population in Saudi Arabia in 2010



Infrastructure in Qassim Region

A) Road network

Qassim has a good network of main and secondary roads linking the governorates and major cities, industrial, commercial agricultural facilities of the Region as well as the Region with the neighboring areas. The total length of paved roads controlled by the municipalities in the Region is around 11,541 linear km accounting for 12.7% 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 861 km representing around 5.4% 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 18,416 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.

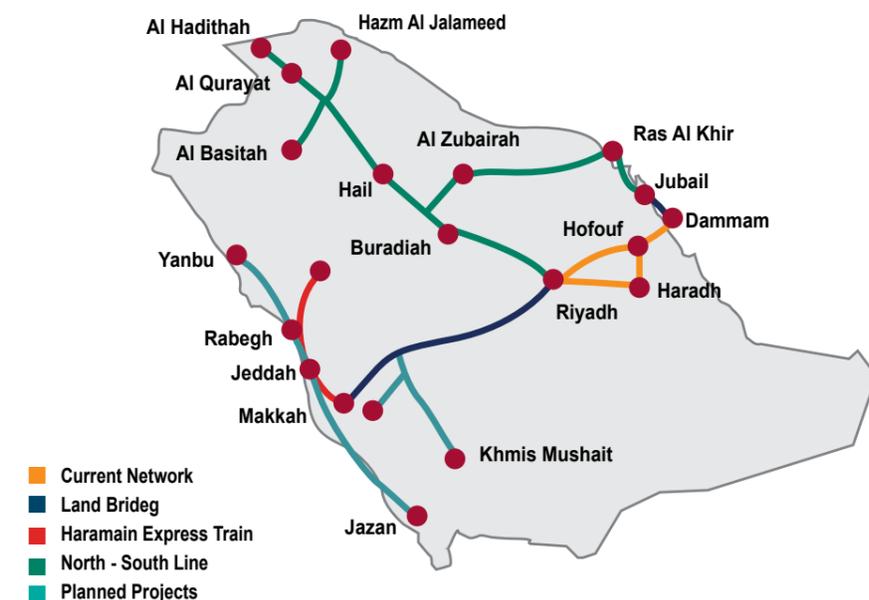
B) Air Transport & Airports

Qassim region has one regional airport, Prince Nayef bin Abdulaziz 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 Qassim amounted to 392 thousand and 470 thousand passengers in 2011 and 2012 respectively, recording an increase of about 20% and representing about 1.17% and 1.22 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 1,110 and 1,019 thousand tons in 2011 and 2012 respectively; representing about 0.24% and 0.19% 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 Qassim is one of the fundamental and important pillars on which the present and future economic development projects in the Region can rely on.

C- Railway 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 Hasam 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

Qassim region depends in obtaining drinking water on two main sources, namely groundwater and desalinated sea water. The groundwater which is brought about from government-run and private water wells represents about 97% of the Region's water needs which amounted in 2012 to around 118 million cubic meters. This quantity is being provided through several major water projects serving the cities of Buriada, Uneiza, Al Rass, Bakeriya and Riaydh Al Khubaraa. These projects consist of treatment and purification plants, elevated tanks and distribution networks. Drinking water is provided to hamlets, villages and small centers in the Region through mini-water projects consisting of one water well, an elevated water tank and a water filler, in the areas where water is unfit 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. Currently, implementation is underway for more than 57 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 1 billion. For irrigation purposes, the Region relies mainly on groundwater, in addition to the surface water, where there are 11 dams in 2012 with a storage capacity of about 8 million cubic meters. Qassim Region is rich in underground water that is suitable for cultivation.

E) Electricity

The electricity network covers more than 99% of the total centers of Qassim Region. The total power generation capacity in the Region amounted to about 1715 MW in 2013. In the Region, there is a power supply network, comprising two gas-powered generation plants in Buraida and Uneiza. They are linked to a series of 132 KV transformer stations spread throughout the Region, including plants in Al Rass, Al Khubaraa, Al Qawara, Al Batra, Akalet Al Sokour, Al Mozaneb and others. All of these stations are linked to 132 KV power transmission lines, linking the Region to the regions of Riyadh and Hail electrically through 380 KV conversion plants in Buraida, Riyadh and Hail, through a 132 KV power transmission line.

F) Telecommunications

Qassim region is covered by a network of fixed, mobile and digital (DSL) lines telecommunications services. Computers penetration rate in the Region is moderate. The number of landlines in the Region amounted to about 187,000 lines representing around 3.9% 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 616 thousand, representing about 3.9% of the total number of Internet users in the Kingdom, which amounted to about 15.81 million in 2012. The broad band subscriptions in the Region recorded about 94,000 lines representing about 3.7% 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 51 central offices, 20 express mail offices, 2 mail agents, 53 mail points and 49 subscriber box rooms at the end of 2012; while the post office boxes amounted to 34 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, affecting many segments of society in the Region. Qassim has significant comparative advantages, including water quality and availability, soil suitable for cultivation and climate appropriate for growing most crops, which has led to a significant increase in the rates of production of many important crops such as, vegetables, fruits and dates. The total area of crop land in the Region amounted in 2011 to about 104 thousand hectares, representing about 13.2% of the total crop area in the Kingdom, which amounted to 788 thousand hectares in 2011. The Region has several specialized agricultural projects along with a large number of agricultural holdings. The major companies operating in the Region include Qassim Agricultural Company and Al-Watania Poultry Co. (Al-Rajehi). The Region is characterized also by its large pastoral area and livestock breeders with expertise in the areas of sheep and camel breeding.

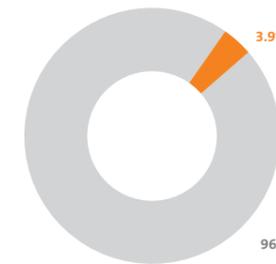
Development of Agricultural Activity and Livestock in Qassim*

	2007	2008	2009	2010	2011	Average annual growth rate	Rate of Region's production as % of the total Kingdom in 2011
Production of agricultural crops:							
Wheat (thousand tons)	410	233	117	145	125	- 17 %	10.6 %
Barley (thousand tons)	1.1	0.7	0.4	0.4	0.6	- 11 %	3.9 %
Green fodder (thousand tons)	357	336	339	493	514	- 11 %	14 %
Vegetables (thousand tons)	328	342	328	288	305	1.8 %	11.5 %
Dates (thousand tons)	177	175	178	188	193	2.3 %	19 %
Fruits (thousand tons)	221	218	223	232	237	1.8 %	14.7 %
Livestock:							
Number of camels (thousand heads)	32	34	32	20	22	- 7.8 %	10 %
Number sheep (thousand heads)	1196	1045	854	725	736	- 9.6 %	11 %
Number of goats (thousand heads)	126	96	63	45	47	-15.7 %	4.4 %
Number of cattle (thousand heads)	18.3	16.7	15.6	16.3	15.9	- 3.3 %	3.3 %
Chicken and poultry (millions)	135	141	140	141	140	0.8 %	26.4 %

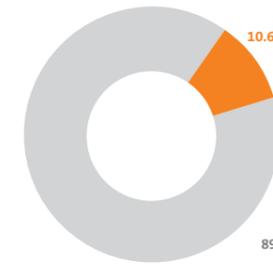
*Source: Annual Agricultural Statistical Yearbook 1433H (2012)

It is noted from the table above, that there was a significant decrease in the Region's production of wheat and barley which amounted during the period to an average of about 17% and 11%, respectively per year. Also, the numbers of camels, sheep, goats and cattle decreased by about 7.8%, 9.6%, 15.7% and 3.3% respectively, while the numbers of poultry increased by 0.8% in the same period. In addition, the Region's production of green feed dates and fruits grew by 11%, 2.3% and 1.8% annually.

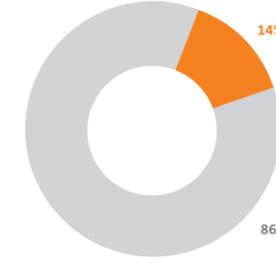
Rate of Region barely production as % of total Kingdom



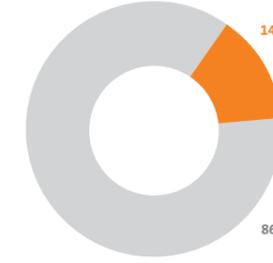
Rate of Region wheat production as % of total Kingdom



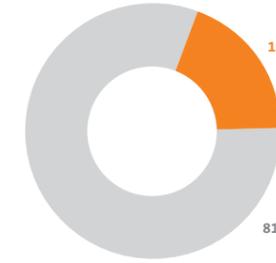
Rate of Region vegetables production as % of total Kingdom



Rate of Region green feed production as % of total Kingdom



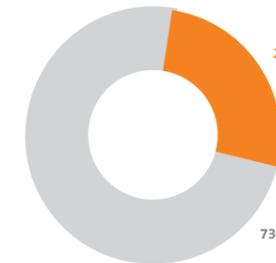
Rate of Region dates production as % of total Kingdom



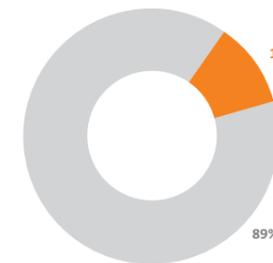
Rate of Region fruits production as % of total Kingdom



Rate of poultry production in the Region as % of total Kingdom



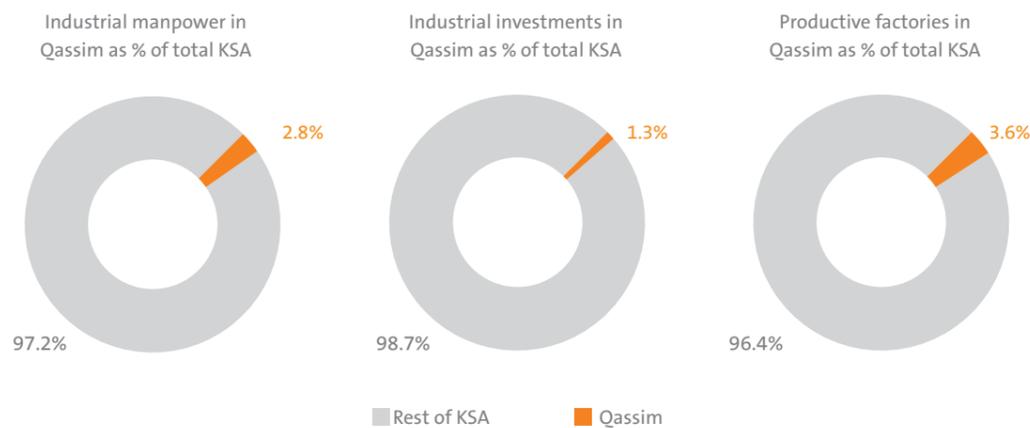
Rate of sheep production in the Region as % of total Kingdom



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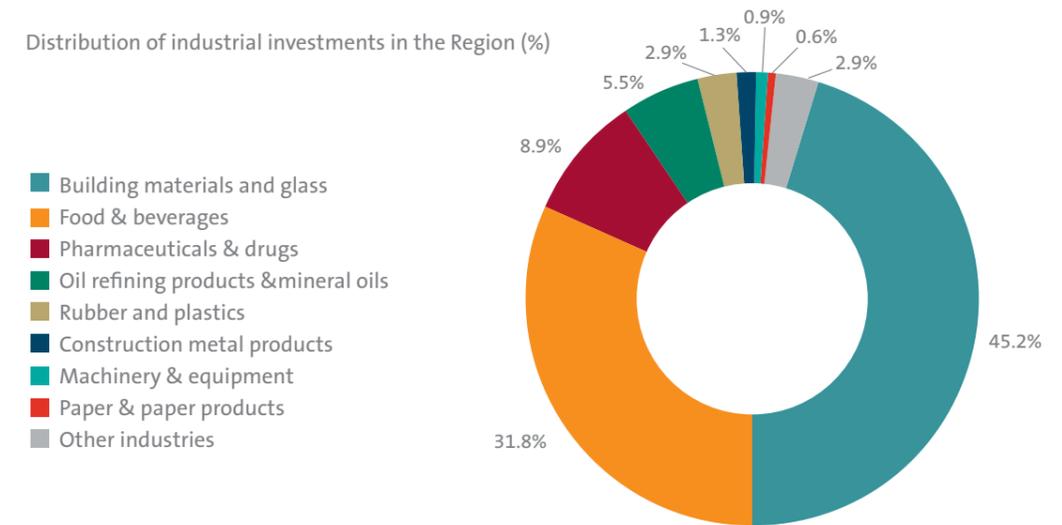
B) Industry

Industry is one of the important sectors in the Region, which is a home for a large number of factories manufacturing a wide variety of products, especially foodstuff, beverages and construction materials. Qassim has a developed industrial city constructed on an area of 1.5 million m², where over fifty (50) factories are operating. The construction of another industrial city is already underway on an area of 4 million m². The Region includes 228 productive factories representing about 3.6% of the total number of the Kingdom amounting to 6364 by the end of 2013. The total industrial investments in the Region amounted to some SR11.5 billion representing about 1.3% of the total investment in productive plants in the Kingdom, which amounted to about SR 873.2 billion. The number of factory workers in Qassim recorded about 23,000 workers representing around 2.8% of the total industrial manpower in the Kingdom which amounted to 828,000 workers by the end of 2013.



There are many and various industrial products in Qassim. Building materials and glass industries come on top of the list in terms of size of investments recording 45.2%, followed by foodstuff and beverage industries 31.8% , drugs and pharmaceuticals 8.9%, refinery and mineral oils products 5.5%, rubber and plastic products 2.9%.

Distribution of industrial investments in the Region (%)



The major industrial products in the Region include:

- Building materials (cement, blocks and tiles, clay blocks, pre-cast concrete, marble and granite).
- Food and beverages (bottled water, juices, beverages, pastries and dairy products).
- Plastic and chemical industries (drugs and pharmaceuticals, plastic products, packaging materials).
- Paper, printing and their products (paper, corrugated cardboard, paper napkins, printed matters and files).
- Metal and engineering industries (metal furniture, steel and aluminum doors and windows, etc.)
- Wood and wooden products (furniture, wooden kitchen and wooden doors and decorations).

C) Trade

The total number of various establishments and businesses in Qassim amounted in 2012 to about 78.7 thousand, representing 6.6% 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 Qassim during (2004-2012) is about 6382 enterprises.

D) Mining & Quarrying

The mining and quarrying sector in Qassim 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. There is a number of specialized corporations which are operating for the exploitation of the sites of raw materials such as limestone, gypsum for manufacturing cement and gypsum products, ceramic raw materials (such as clay and kaolin) and other natural raw materials.

Recently, one of the biggest and most important bauxite sites in the Kingdom has been exploited by the Saudi Arabian Mining Co. (Maaden) and that is Al-Boaitha (Zubeira) site adjacent to Al-Boaitha village in Qassim, which is abundant with bauxite and Kaolin fields.

Also in Qassim there is one of the major precious metals of the Kingdom, which is being exploited by the Saudi Precious Metals Co. (a subsidiary of Maaden) and that is Al-Sekhibrat mine adjacent to Oklat Al Sogour, where the ore is extracted from the mine then treated for ultimate production of gold. The annual production of this mine is estimated at over 200 kg of gold and 35 kg of silver.

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

No.	Ores	Major mine & quarry sites	Minor mine and quarry sites
1	Gold, silver and allied metals	Al-Sekhibrat	
2	Limestone	Kuwaiter & Naqeeb mountain	
3	Bauxite	Al Boaitha (Zubeira)	
4	Kaolin	Al Boaitha (Zubeira)	
5	Gypsum	Kuwaiter & Naqeeb mountain, Ein bin Fehaid, Asiah	Awshazeya – Uneizah
6	Loam	Kuwaiter & Naqeeb mountain	
7	Clay		Houdh Umm Al Hamam

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



1.3 Prospects of Economic Development

Development in Qassim requires the provision of more basic infrastructure facilities and services in addition to the improvement of the production base, which is based primarily on the potentials of the Region. The region also needs a local strategy that encourages attraction of investments and activities to the Region. The most important areas that need increased development in the Region include:

Productive Sectors: Development in Qassim Region needs to develop the productive base, increase activities of unused sectors in the Region, foremost among which are the sectors of industry, mining, transport, housing and real estate development, through the development of infrastructure and facilities serving these sectors.

Infrastructure: Successful development in Qassim 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: Qassim 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: Qassim 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 the Qassim 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. The estimated annual demand for housing in the Region amounts to about 6000 new units.

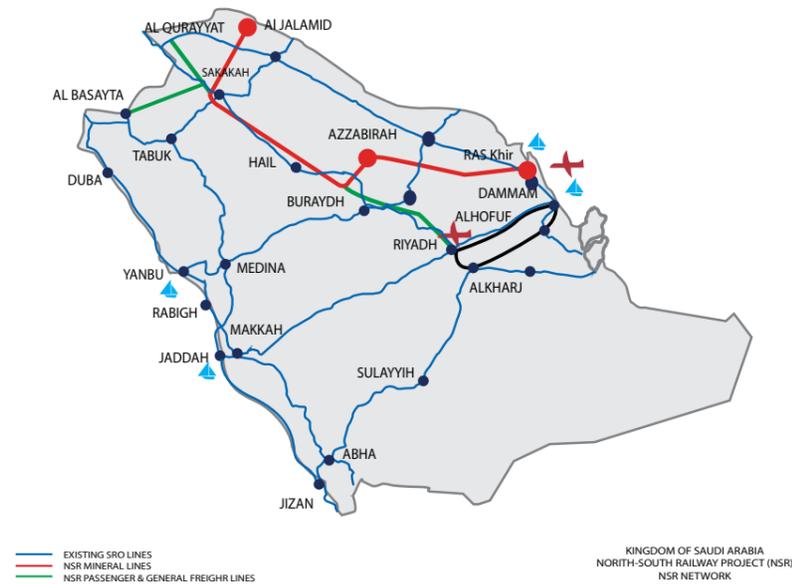
Small and Medium Enterprises (SMEs): These enterprises are of great importance for the success of the development process. They need to be supported and encouraged on a continuous basis, through the provision of soft loans and technical and marketing support, as well as the services and facilities of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

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

Transport and Support Services Sector: Transport is one of the most important sectors of comparative advantage in the Qassim Region, given its important location at the center of the Kingdom. The Region is linked to other five administrative regions of the Kingdom, which makes it eligible to be the connecting link between Riyadh and Eastern regions, the northern regions (Hail, Tabouk, Jawf, and Northern Border) and the western regions (Mecca and Medina).



In addition, the railway line which is under way to link the areas of phosphate ores production in northern Saudi Arabia and bauxite ores to the areas of manufacture and export in Ras Azzawr. This line, which will be extended to Qassim and then to Riyadh, will convert the Region to a key transport hub and qualify this sector to attract large investments in various relevant activities.

Agricultural Sector: The significant growth and development of the agricultural sector in the Region during the past few years and its great potential ensure the continuity of growth and diversity in the production of agricultural crops that can attract large investments to the production of food products, agricultural equipment and machinery and other industries and activities related to agricultural activity.

Mining Sector: Qassim Region has untapped great potentials, raw materials and natural mineral resources which are characterized by their economic volume and industrial feasibility. The most important raw materials found in the region include: bauxite, which exists in the area of Azuberah in quantities estimated at 102 million tons, and which is used in aluminum industry; in addition to many other raw natural materials, such as limestone and loam in Al-Zubairah and west Buraida; gypsum in the area of Ein Ibn Faheed; Dolomites in the areas of Gal Khartam and Tree Mountain; silica sand and sandstone in Al-Shehya, Al-Bakerya, north Riyadh Al-Khubara, Hanadir, Al-Jaabalah and Alkuar Mountain; and salt in the area of the Al-Shaqqa Al-Olya in the west of Buraida and Al-Awsajaya.

Education and Training: General Education indicators in Qassim Region show that it has adequate numbers of schools. However, the Region needs to increase the higher education and technical education facilities. This sector is expected to be one of the sectors attracting investments especially in the field of higher education in its scientific and literary disciplines and technical colleges, which is insufficient in the Region, especially with the implementation of the anticipated mining projects, and the continued growth of the productive sectors such as agriculture and industry, which 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 the Region to all domestic and foreign investments, the foreign investment projects enjoy the same advantages, incentives and guarantees available to domestic projects under the Foreign Capital Investment Law, including:

- The incentives provided for in the National Industries Protection and Encouragement Law, including the exemption of imports of goods and industrial equipment from customs duties, preferential treatment for national products to secure governmental purchases and allocation of land in the industrial cities at nominal cost
- Ownership of the properties directly related to any project, including project staff accommodation and housing



- The benefits available under the bilateral and multilateral agreements with regard to taxation and investment
- Prohibitions against confiscation of any investment without judicial judgment
- Unhindered transfer of capital and profits abroad
- Freedom to transfer shares among shareholders
- The licensed project's right to sponsor the foreign investor and his non-Saudis staff
- Provision of public utilities and services at discounted prices
- Provision of loans from Saudi Industrial Development Fund
- Carrying losses forward to 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)



Part II
Economic Indicators
for Qassim Region

Part II : Economic Indicators for Qassim Region

2.1 Gross Domestic Product

The Gross domestic product (GDP) of Qassim Region amounted in 2012 to about SR 67.5 billion, representing 2.5% of the GDP of the Kingdom and 4.7% 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 21.7% during the period 2009-2012. Construction sector ranks first in terms of contribution to the output of Qassim region by 21.5%, followed by construction sector by 18%, transport and communications sector by 12.2%, agricultural sector by 8%, and industrial sector by 4.8%.

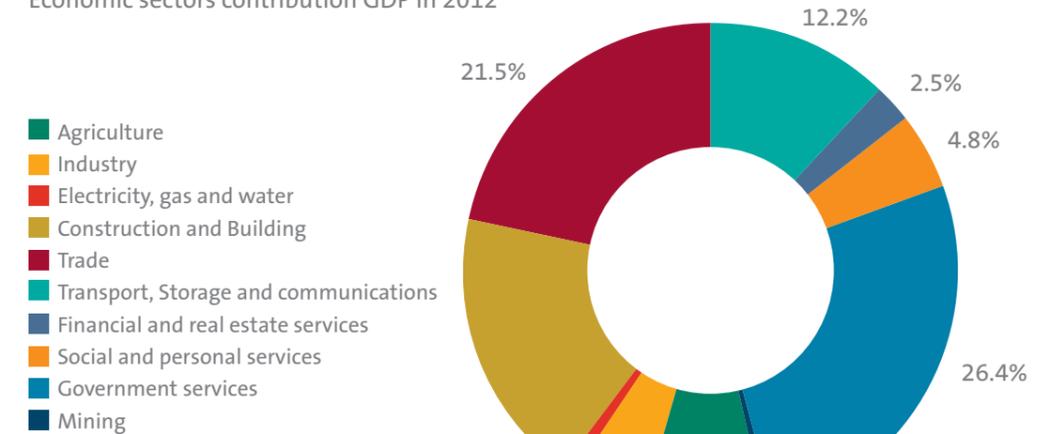
Qassim Region's Contribution to Kingdom's GDP in 2009 and 2012

	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) **	37.3	67.5	21.8 %
Region GDP to total Kingdom	2.3%	2.5 %	
Region GDP to total Kingdom without crude oil and gas	3.7 %	4.7 %	
Average per capita GDP of the region (000' SR)	31.6%	51.8	21 %

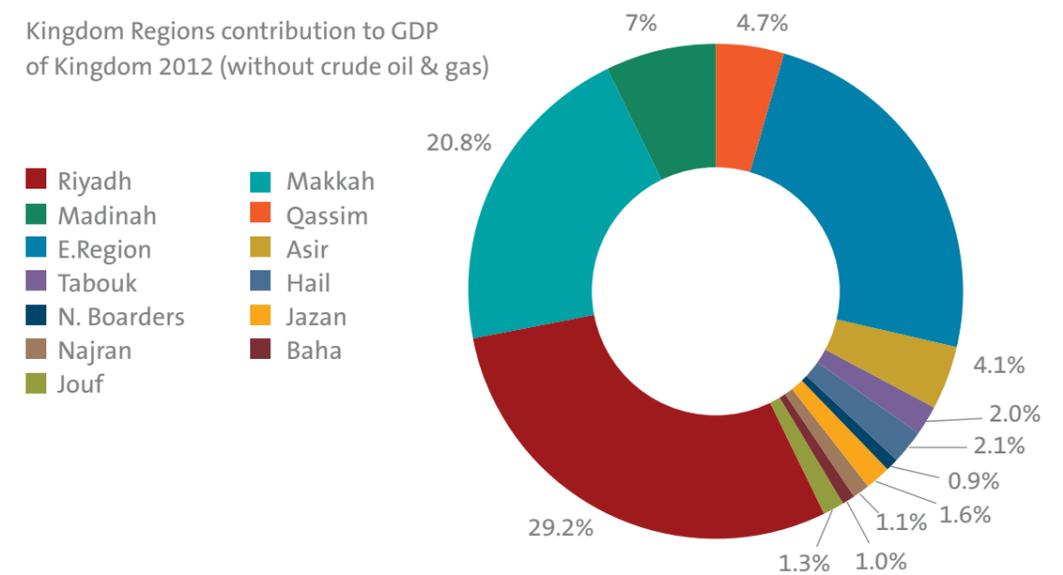
* Does not include import duties ** Study's estimates

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

Economic sectors contribution GDP in 2012



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



2.2 Migration Rate and Population Attraction

According to the estimated figures of the Central Department of Statistics & Information (CDSI), the total population of Qassim Region in 2014 amounted to about 1.37 million people representing about 4.45% 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 Qassim was about one million, and 1.23 million according to the Census of 2010.

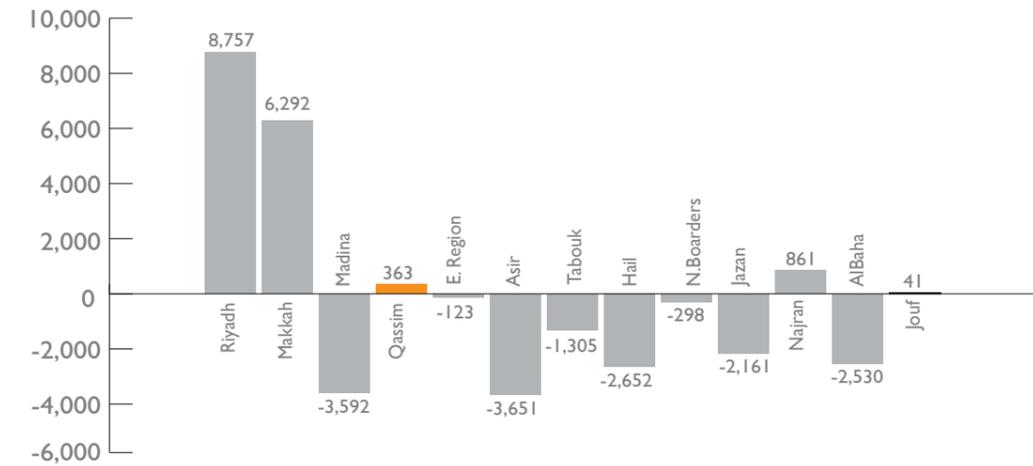
The average annual growth rate of the overall population in Qassim during 2004-2014 recorded about 3.03, while the average annual growth rate of the Saudi population in the Region recorded 2.31%. This rate is higher than the overall growth rate of Saudi population Kingdom-wide during the same period. Accordingly, Qassim is one of the population-attracting regions of the Kingdom.

Development of Qassim 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 %		
Qassim Population	Saudis	817,492	941,695	1,027,504	2.31 %	1,023,888	3,616 %
	Non-Saudis	199,264	292,836	343,223	5.59 %		
	Total	1,016,756	1,234,531	1,370,727	3.03 %		

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

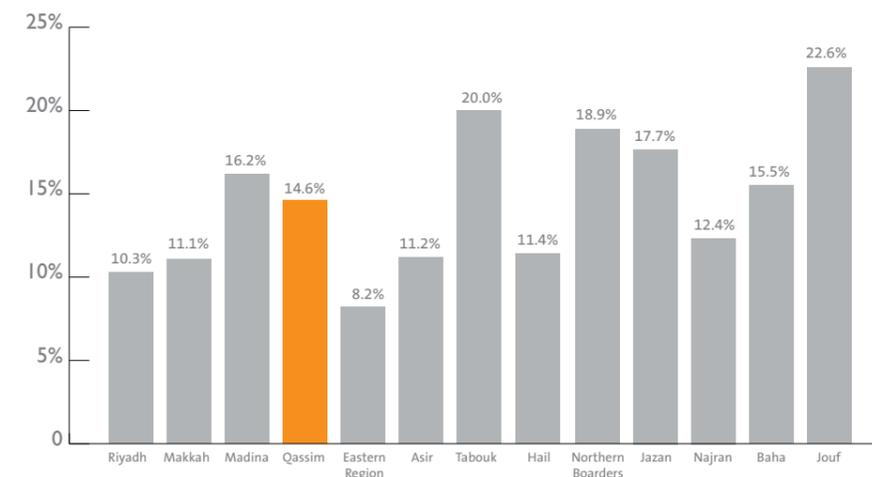
Annual rate of Saudi nationals migration (from / to) the regions of the Kingdom (as per population estimates for 2004 -2014)



2.3 Employment and Unemployment Rates

According to the estimates of the Central Department of Statistics & Information (CDSI), the unemployment rate in Qassim amounted to about 14.6% of the total Saudi labor force in the Region, which amounted to 268,743 (males and females). This is considered a high rate compared to the average rate of unemployment in the Kingdom, which was estimated at 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 increase in the Region's GDP annual growth rate, during the period (2009-2012) to approximately 22%, as a result of increased contributions of different sectors to the Region GDP and the good rates of growth in the trade, construction and mining sectors of the Region, the average GDP per capita in Qassim increased from around SR 31.6 thousand in 2009 to about SR 51.8 in 2012.

GDP per capita Development (2009 and 2012)

	2009	2012	Annual growth rate
Region GDP (SR billion)	37.3	67.5	21.8%
Total Region population	1,180,548	1,303,623	3.03%
Average GDP per capita (000' SR)	31.6	51.8	21%

* Study's estimates

2.5 Contribution to Exports of the Kingdom

The products of economic sectors in the Region are not export-oriented commodities. They are mainly products of agricultural crops and livestock that are consumed by the population of Qassim Region and other nearby regions. Therefore, the Region's contribution to Saudi exports is very limited, as it is estimated at about 0.01% of the total value of Saudi exports in 2012.

2.6 Education Services Indicators

Public Education

The total number of schools in various education stages in Qassim amounted in 2013 to 2702, including 2533 schools affiliated to the Ministry of Education and 169 private and other schools, representing about 6.2% of the total number of schools in the Region. The total number of male and female students in all public stages amounted to 284.7 thousands, including 263.4 thousands in the schools of the Ministry of Education and 21.3 thousands in private schools, representing 7.4% of the total number of students, males and females.

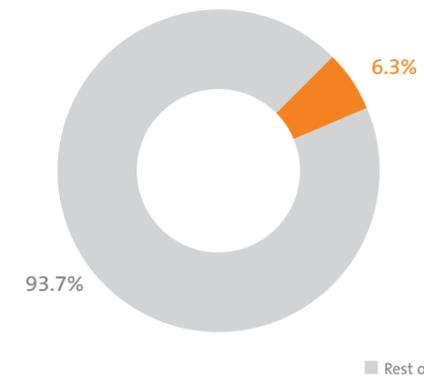
Development of Public (Governmental) Education Services in Qassim*

	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	2,160	2,267	2,465	2,533	2.2 %	7.3 %
Total number of classrooms for all stages	12,358	12,734	15,065	15,076	2.8 %	5.9 %
Total number of male and female students (,000)	213,1	227,5	258,0	263,4	3,0 %	4.9 %
Total number of teachers (,000)	23,8	25,9	31,5	33,1	4,9 %	6.3 %

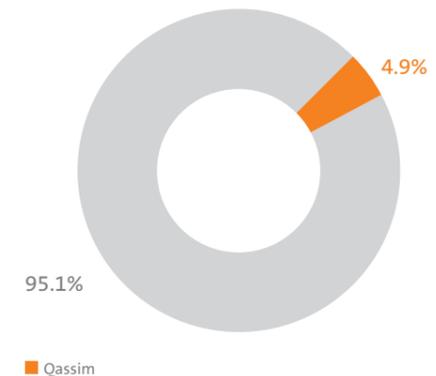
* Source: Statistical Abstract of Public Education in the Kingdom (1432/1433H, 1433/1434H) / Department of Statistical Information, Ministry of Education.

The indicators of public education are high 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 7.3%, 5.9% and 6.3% 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 4.9% of the total numbers in the Kingdom in the same year.

Male and female teachers (% of the total numbers in the Kingdom)



Male and female students (% of the total numbers in the Kingdom)



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

In Qassim Region: primary stage (1:8.6), intermediary stage (1:7.8) and secondary stage (1:8.7).

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 higher than the overall average of the Kingdom.

Higher Education:

In Qassim Region, there is a governmental university encompassing 35 colleges covering a wide range of scientific and literary specialties and including the colleges of:

Sharia and Islamic Studies, Arabic and Social Sciences, Agriculture and Veterinary Medicine, Economics and Management, Science and Arts, Nursing, Medicine, Engineering, Computer, Applied Medical Sciences, Pharmacy, Dentistry, Science, Teachers Training, Community, etc. The University colleges spread in major cities of the Region, with the largest number in Buraidah.

There is also a number of other higher and private educational institutions in Qassim including: Buraidah colleges in Buraidah city and these are four (4) colleges for Engineering & IT, Pharmacy & Dentistry, Applied Medical Sciences and Administrative & Humanity Sciences, in addition to Sulaiman Al – Rajhi private colleges (3 colleges) in Bakireyah city.

The total number of male and female students enrolled at the University and other colleges of Qassim amounted in 2013 to about 80 thousand, while the number of male and female graduates recorded about 10,000 and number of faculty members in 2013 about 4.4 thousand including professors, associate professors, assistant professors, lecturers teachers and readers.

2.7 Health Services Indicators

There are 159 health-care centers, 18 government hospitals affiliated to the Ministry of Health with a bed capacity of 2409 beds. The health services provided by the private sector in Qassim Region include 5 private hospitals with 393 bed capacity, 83 medical centers, 5 clinics, 1 medical laboratory, 315 pharmacies and 77 optics shops.

Development of Health Services in Qassim*

	2008	2009	2010	2011	2012	Ratio to total number in KSA in 2012
Ministry of Health Services:						
Health centers	149	152	151	151	159	7.0%
Visits to centers (thousand)	3,600	3,676	3,653	3,526	3,482	6.5%
Laboratory tests made in the centers (thousand)	469	528	565	513	476	7.6%
Hospitals	17	17	17	17	18	6.9%
Hospital beds	2,168	2,168	2,243	2,330	2,409	6.7%
Hospital doctors	1,366	1,041	1,514	1,679	1,546	5.9%
Outpatient visits (thousand)	1,006	1,020	1,030	1,006	992	8.5%
Inpatients (thousand)	114	115	115	120	123	7.3%
Surgical operations (thousand)	26.2	26.3	26.3	26.2	28.8	6.4%
Private sector services:						
Medical centers	57	60	72	77	83	3.8%
Private clinics	4	5	3	3	3	1.5%
Private hospitals	3	5	5	5	5	3.6%
Private hospitals beds	113	363	363	340	393	2.8%
Inpatients in private hospitals (thousand)	8	10	13	20	22	2.5%
Private laboratories	1	1	1	1	1	1.0%
Physiotherapy centers	-	-	-	-	1	1.3%
Optics shops	60	61	66	73	77	4.0%
Pharmacies	228	246	271	295	315	4.5%

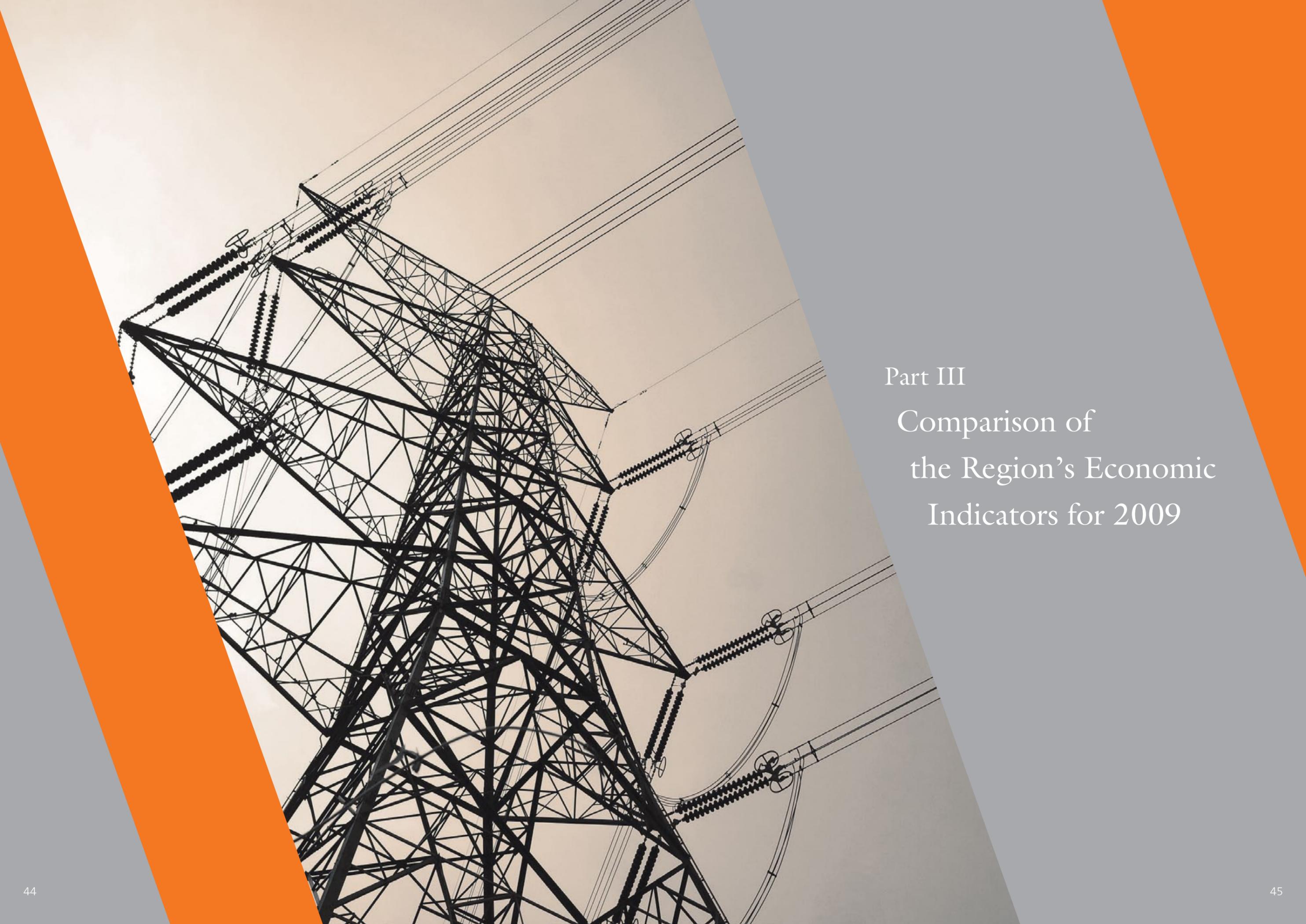
*Source: Statistical Yearbook (2009-2012), Ministry of Health

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

Bed-to-people ratio in the region = (1: 465); overall average bed-to-people ratio for the Kingdom = (1 : 584).

Physician-to-people ratio in the Region = (1 : 589); overall average Physician-to-people ratio for the Kingdom = (1 : 603).

It is noted that the indicators of health service in the Region are lower than the overall average of the Kingdom, as shown above, which means that health services in the Region are good but should be increased in terms of numbers of some services, such as medical laboratories.



Part III
Comparison of
the Region's Economic
Indicators for 2009

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)	1.0	1.2	1.3
- Region Population ratio to total of Kingdom	4.4 %	4.7 %	4.7%
- 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)	26.1	37.3	67.5
- Region portion of GDP of the Kingdom	2.2 %	2.3 %	2.5%
- Region portion of GDP of the Kingdom without oil and gas	4.3 %	3.7 %	4.7%
- Per capita GDP in Qassim (000' SR)	25.4	31.6	51.8

Source: Qassim 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	1457
- Value of exports of the Kingdom without crude oil (billion riyals)	152	164	284
- Value of exports of the Region (billion riyals)	0.12	0.3	0.2
- Region share of total exports of the Kingdom	0.02%	0.04%	0.01%
- Region share of total exports of the Kingdom without crude oil	0.08%	0.18%	0.07%

Source: Qassim Economic Report for 2007 and 2010 , SAGIA

3.3 Infrastructure Indicators

	2005*	2009	2012
- Total lengths of paved roads (km)	4,276	7,798	11,541
- Length of agricultural and earth roads (km)	16,000	17,000	18,416
- Number of storage reservoirs and rain and flood water control dams	4	9	11
- Power generating capacity (MW)		1074	1715
- Electricity coverage in the Region	98 %	99 %	99%
- Number of fixed telephone lines (thousands)	151		187
- Number of mobile telephone lines (thousands)	231		
- Number of digital subscriber lines / DSL	2154		
- Number of central post offices	35	35	51
- Number of branch post offices	26	26	26
- Number of mail agents	3	3	2
- Number of mailboxes (thousands)	29.8	32	34

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

3.4 Economic Sectors Indicators

	2005*	2009	2013
Industry:			
- Total number of factories	146	178	228
- Total funding in industry (in billion riyals)	4.5	6.1	11.5
- Region's share of total industrial investments in the Kingdom	1.5 %	1.5 %	1.3%
- Sector's contribution to GDP of the Region	3.6 %	6.7 %	4.8%

	2005	2009	2011
Agricultural:			
- Wheat (thousand tons)	531	117	125
- Barley (thousand tons)	2	0.4	0.6
- Green fodder (thousand tons)	343	339	514
- Vegetables (thousand tons)	291	328	305
- Dates (thousand tons)	173	178	193
- Fruits (thousand tons)	220	223	237
- Sector's contribution to GDP of the Region	20.5 %	13.9%	8.0%

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

3.5 Education and Health Services Indicators

	2005*	2009	2012
Public Education:			
- Teacher - student ratio in primary stage	1/9.31	1/8.86	1/8,60
- Teacher - student ratio in preparatory stage	1/8.83	1/9.20	1/7,80
- Teacher - student ratio in secondary stage	1/9.69	1/8.93	1/8,70
Higher Education:			
- Number of universities of Ministry of Higher Education	1	1	1
- Number of private universities	-	-	2
- Total number enrolled in public universities (in thousands)		40	80
Health services:			
- Bed – patient ratio	1/487	1/487	1/465
- Physician – patient ratio	1/641	1/573	1/589

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



Part IV
Investment
Opportunities

Part IV: Investment Opportunities

According to the above review of Qassim 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)	Dairy farm and factory
Justifications	Abundance of pastures, the need for more milk, world demand for dairy, especially camel milk
Target market	Supermarkets of the Region and the Kingdom as a whole
Economic impact	Increasing the per capita GDP and providing employment opportunities

Opportunity No (2)	Plant for flat glass and glass products
Justifications and potentials	The existence of raw materials required for silica sand industry in the Region, increasing domestic demand and potential for export
Target market	Domestic market in the Region and the Kingdom and export markets outside the Kingdom
Economic impact	Creating new job opportunities, achieve industrial integration and value-added, and to increase the value of the Saudi Arabian exports.

Opportunity No (3)	Economic housing project
Justifications and potentials	Increasing demand for housing units in the Region.
Target market	Segments of low income youth and new graduates
Economic impact	Creating new job opportunities, contributing to the provision of affordable residential units and achieving stability for population.

Opportunity No (4)	Establishment of a factory for household ceramic appliances
Justifications and potentials	Existence of raw materials; namely clay and kaolin in the Region increasing domestic demand, export potentials. Kaolin is found in the area of Azubayrah, with a quantity of more than 100 million tons.
Target market	Domestic market in the Region and the Kingdom, and export markets outside the Kingdom
Economic impact	Creating new job opportunities, achieving industrial integration and value-added, and increasing the value of Saudi exports.

Opportunity No (5)	Cooling and storage depots
Justifications and potentials	Increasing growth of traffic and freight of various commodities and products in the Region particularly agricultural products.
Target market	Trade sector in the Region.
Economic impact	Creating new job opportunities and achieving industrial integration, and increasing the per capita GDP in the Region.

Opportunity No(6)	Establishment of a major construction company
Justifications and potentials	Expected increase in various kinds of construction work
Target market	Segments of infrastructure, construction and housing construction in Qassim Region and neighboring regions.
Economic impact	Creating new job opportunities and contributing to the development of infrastructure projects

Opportunity No (7)	Establishment of plants for the production of concrete pads used in railway construction
Justifications and potentials	The expected heavy demand for this product going forward.
Target market	Contractors of new railway lines in Saudi Arabia
Economic impact	Creating new job opportunities and contributing to the provision of one of the components and elements of rail road.

4.2 Investment opportunities in medium sized projects

Opportunity No (1)	Establishment of a company for export and marketing of dates and their derivatives
Justifications and potentials	Abundance of date products in the Region and the urgent need to marketing abroad because of the high global demand for dates.
Target market	Local population, rest of the Kingdom and foreign countries
Economic impact	Diversifying sources of national income, bringing in hard currency, supporting the balance of payments and creating new jobs

Opportunity No (2)	Mobile freezer fleet to transport vegetables and fruits
Justifications and potentials	Abundance of crop production, fertile soil, availability of water, and to transfer products to other cities
Target market	Markets of Qassim, Riyadh and other regions of the Kingdom
Economic impact	Reserving products for a longer period and delivering them intact to the markets.

Opportunity No (3)	Establishment of a company to export vegetables and fruits
Justifications and potentials	The urgent need to export the large surplus in vegetables and fruits to the Gulf states.
Target market	Saudi , Gulf and global markets
Economic impact	Bringing in hard currency, supporting balance of payments and exporting the surplus products.

Opportunity No (4)	Tourist areas development (Rass)
Justifications and potentials	The Region's need for tourism development to attract the largest number of tourists
Target market	Local population in and around Qassim
Economic impact	Diversifying sources of national income and creating new jobs

Opportunity No (5)	Plant for ready-made clothes (women's, boys, girls, men's wear)
Justifications and potentials	Promotion of national industry of clothing and to activate the women sector
Target market	People of the Region and surrounding cities with expansions in the future to cover Kingdom as a whole and its Arab neighbors
Economic impact	Diversifying sources of national income and creating new jobs

Opportunity No (6)	Establishment of a plant for food products (canned and processed vegetables and fruits)
Justifications and potentials	Existence of abundant quantities of low-priced vegetables and fruits, providing the product to the domestic market and neighboring regions.
Target market	Merchants and markets in Qassim and neighboring regions
Economic impact	Creating new job opportunities, increasing the value of the Region's exports and increasing the GDP per capita of the Region.

Opportunity No. (7)	Establishment of a medical center
Justifications and potentials	Current shortage of health services in the Region.
Target market	Citizens and residents in the cities of the Region.
Economic impact	Contributing the provision of health services, leading to population stabilization and curb immigration.

Opportunity No (8)	Establishment of a factory for manufacturing of foddors from wheat straw
Justifications and potentials	Availability of raw materials required for the production of foddors in the Region and providing foddors for livestock in the Region.
Target market	Livestock breeders (specialized and traditional)
Economic impact	Creating new job opportunities, increasing the added value and increasing the GDP per capita of the Region.

Opportunity No (9)	Establishment of a medical laboratory (in every city in the Region)
Justifications and potentials	There is a shortage of this kind of medical services in the Region.
Target market	Doctors and patients in all cities of the Region.
Economic impact	Creating new job opportunities and providing health services, leading to population stabilization and immigration reduction.

Opportunity No (10)	Establishment of a medical center for dialysis
Justifications and potentials	Increase in demand for specialized medical services and absence of such service in the Region.
Target market	population of the cities of the Region.
Economic impact	Creating new job opportunities and providing health services, leading to population stabilization and immigration reduction.

Opportunity No (11)	Establishment of a center for agricultural machinery and equipment maintenance
Justifications and potentials	The Region is naturally agricultural and the demand for these machines is on the increase as well as the demand for maintenance, due to the increase of agricultural land areas.
Target market	Farmers and agricultural companies in the Region.
Economic impact	Creating new job opportunities and increasing the GDP per capita of the Region.

Opportunity No (12)	Establishment of a mineral bottled water factory in Rass
Justifications and potentials	Abundance of groundwater, urgent need and high demand for mineral water.
Target market	Markets in towns and villages of the Region and neighboring cities
Economic impact	Diversifying sources of national income and creating new jobs

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.