

Saudi Arabia Trade Corridors Outlook: Boosting Global Connections



Opening up a world of opportunity

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Executive summary

Saudi Arabia is booming: it was the fastest-growing economy in the G20 in 2022, growing by 8.7%. Moreover, its GDP rose to over \$1 trillion in 2023 for the first time, and the country ranks among the Top 10 globally for fiscal reserves. Over the eight years since the launch of the Saudi Arabia Vision 2030, the Kingdom has also made significant strides in developing an environment for international corporates and investors. This has included legal and market reforms, as well as financial and non-financial incentives, all of which are bringing Saudi Arabia's regulatory and business environments in line with international practices.

Few countries have moved so fast and changed so much in such a short timespan as Saudi Arabia. Moreover, Saudi Arabia's non-oil activities contributed over 50% to GDP for the first time in 2023, indicating considerable success in diversifying the economy beyond oil, as well as being aligned to renewable energy targets of 50% by 2030 as per the Saudi Green Initiative Target. Additionally, corporates and investors can look forward to an overall positive outlook for Saudi Arabia's economy until at least 2029, as the IMF forecasts the Kingdom's growth to rise to 4.7 per cent in 2025 and moderate to 3.5 per cent in 2029.

The longer-term outlook for inbound investment is also promising, based on strong fundamentals such as a steady supply of energy resources. At the same time, Saudi Arabia is also pushing towards renewables and economic diversification as part of Vision 2030.

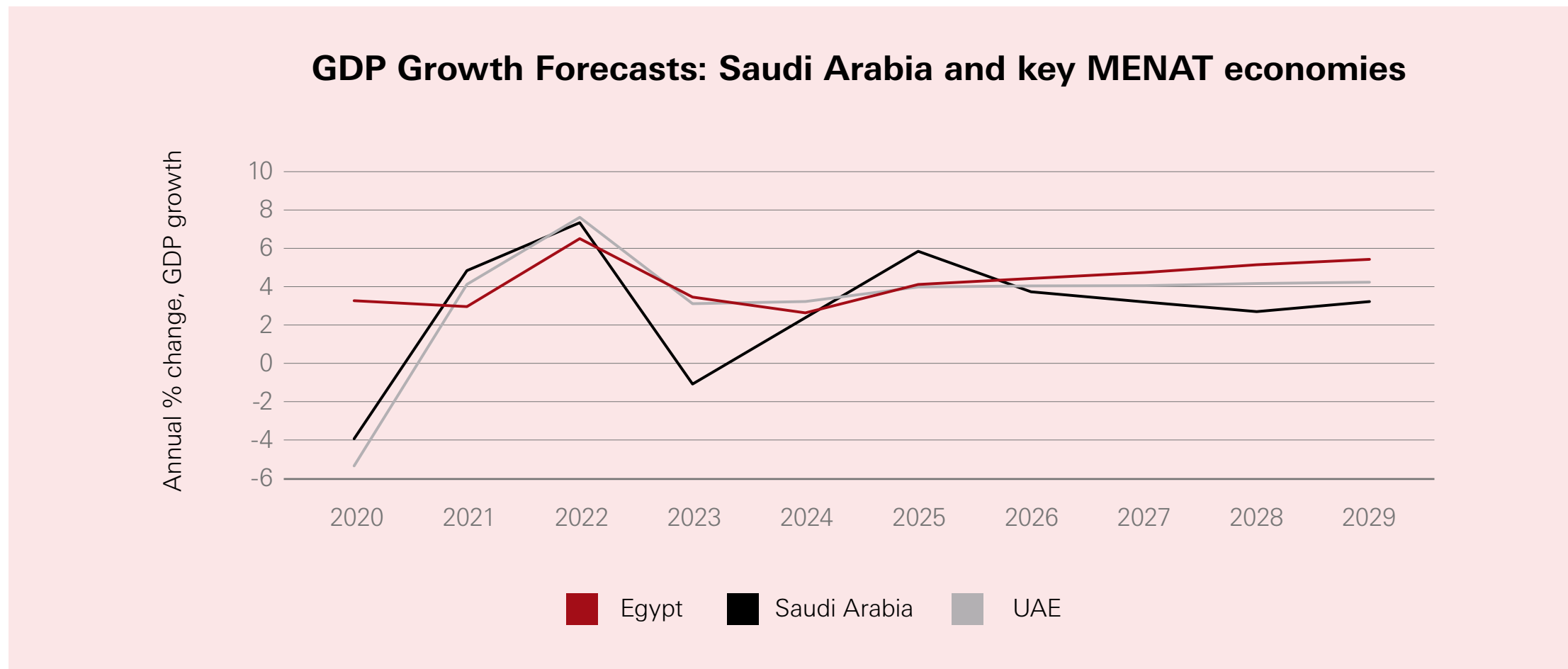
Based on project details and sector targets announced to date, one study¹ in 2023 forecast a \$1 trillion opportunity for investments in six strategic sectors: upstream energy, downstream energy, metals & mining, information and communication technology ICT & digital transformation, transport & logistics, and clean technologies for the green economy (renewable energy, EV production, and clean hydrogen). Real estate and healthcare are also priority sectors.

Furthermore, our analysis based on International Trade Centre (ITC) data finds there is still \$112 billion of export potential to Saudi Arabia for global corporates and investors from seven major economies that are either key import or export partners for Saudi Arabia: China, Egypt, Germany, India, UAE, UK, and US.

Corporates and investors considering opportunities in the Kingdom can look to three priority sectors that are core for Saudi Arabia to realise its Vision 2030 ambition and goals: agriculture & food processing, tourism & quality of life, and healthcare & life sciences. Additionally, capabilities that cut across sectors can help corporates and investors further unlock growth. For Saudi Arabia, this cross-cutting enabler is its ICT market, the largest and fastest growing in the Middle East and North Africa (MENA) region, valued at \$40.9 billion and contributing 4.1 per cent to national GDP².

The big picture: Sustained growth with plenty of potential

1. GDP growth forecasts and FDI Inflows suggest a sustained growth trajectory for Saudi Arabia as 2030 draws nearer



Source: IMF WEO Database, April 2024³

3. Multiple National Strategies and Blueprints are supplementing Vision 2030's ambition in greater detail, guiding growth to 2030 and beyond



Source: Kearney⁵, Saudi National Plans, HSBC Analysis

2. Projected \$112 billion untapped trade potential until 2028 from key global markets into Saudi Arabia



Source: ITC Export Potential Map⁴

4. Multiple key and other sector opportunities abound for global corporates and investors to benefit from

Key sector opportunities:

- Agriculture & food processing
- Tourism & quality of life
- Healthcare & life sciences
- Technology (including ICT)

Other important sectors:

- Industrial & manufacturing
- Transport & logistics

Source: HSBC Analysis

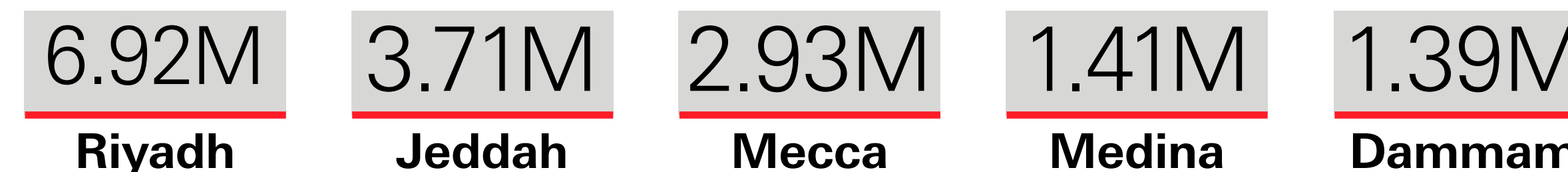
What are the main regions and cities in Saudi Arabia?

Saudi Arabia is organised into 13 administrative regions. High-level details of these regions are provided below, indicating the abundant trade and investment potential for inbound global investors. Major cities include Riyadh, Jeddah, Mecca, Medina, and Dammam.


Region	Population (2022)	Known for
Riyadh	8,591,748	The city of Riyadh is the political and business capital as well as Saudi Arabia's largest city
Makkah	8,021,463	Home to Mecca, Islam's holiest city, the Red Sea coastal cities and trade hubs of Jeddah and King Abdullah Economic City (KAEC)
Dammam and Khobar	5,125,254	Capital city is Dammam; The Eastern Province is a major contributor to oil production and exports
Medina	2,137,983	The holy city of Medina, and Al Ula, Saudi Arabia's first UNESCO Heritage Site; the Medina region is a growing business hub as well
Aseer	2,024,285	Rising tourist destination, with \$3 billion of PIF projects in the pipeline
Jazan	1,404,997	Several Red Sea islands are located in Jazan, and this region is close to international shipping lines
Qassim	1,336,179	Major food producer and agricultural region
Tabuk	886,036	NEOM and Red Sea Project are based in Tabuk, along with other giga-projects
Hail	746,406	2 UNESCO World Heritage Sites; Hail also benefits from 259 development projects worth more than \$1.5 billion
Al-Jouf	595,822	Agricultural and mineral resources, and also a good location to generate wind and solar energy
Najran	592,300	Agricultural and mineral resources
Northern Borders	373,577	Rich in natural resources, e.g. natural gas fields and phosphate mines
Al-Baha	339,174	Nature parks and archaeological villages
Total	32,175,224	



Top 5 cities by population:



Source: Invest Saudi®, Saudi Census⁷



An attractive
destination for global
investors

Global Macroeconomic Context

Global outlook: The global trade outlook is difficult to constantly track, given the inherent dynamic changes in the market. Nonetheless, the trade outlook for 2024 is looking more positive after the macroeconomic difficulties of 2023⁸. For example, UNCTAD's March 2024 update projects a modest but positive increase for both goods and services trade globally in Q1 2024.⁹ The key drivers for the slight uptick in global trade include robust demand for container shipping and raw materials, and the lengthening of supply chains that may enhance opportunities for regions such as East Asia and Latin America.¹⁰ Moreover, for the second half of 2024, fundamentals remain constructive, and improvements in cyclical momentum in countries beyond just the US is anticipated to foster earnings growth as well.¹¹ Notably, there are still challenges facing the global trade landscape in 2024, which will continue to moderate growth, such as the volatility of commodity prices, increases in subsidies and trade restrictive measures, and shipping route disruptions.¹²

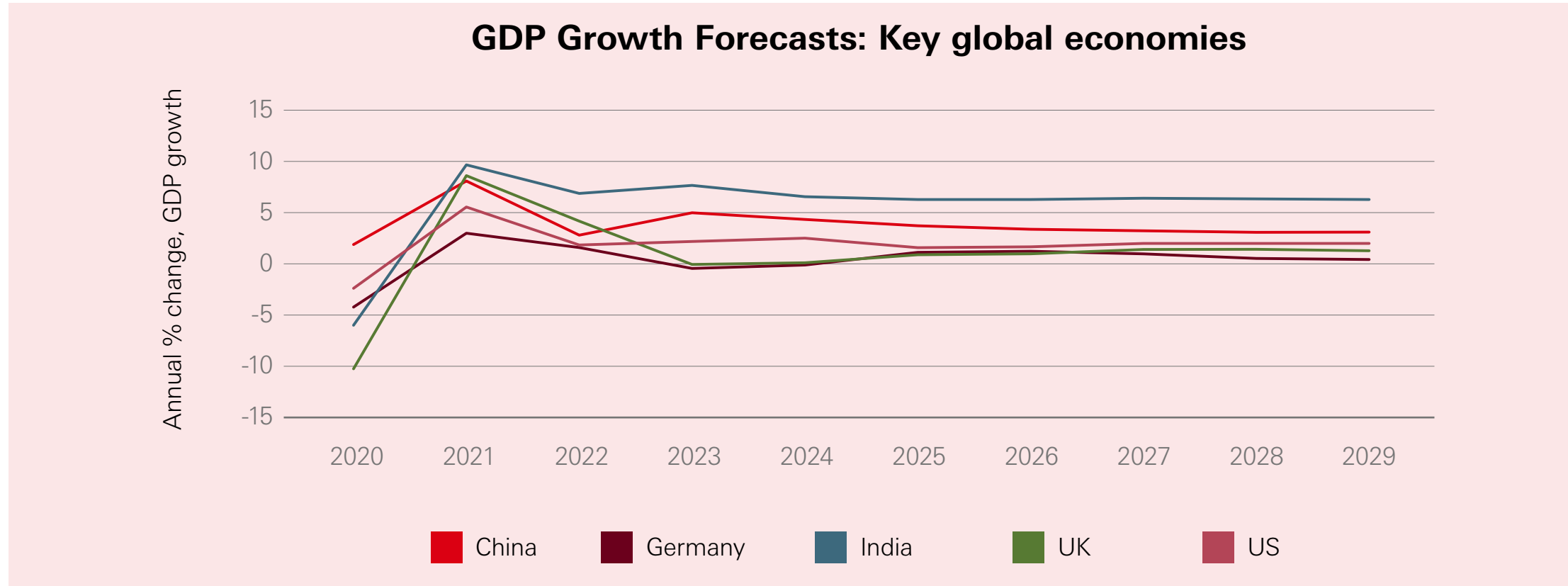
GDP and FDI inflows suggest constructive outlook: For Saudi Arabia and most other key global economies, the GDP forecasts and FDI inflows indicate a positive outlook. GDP forecasts to 2029 show sustained growth in key global economies, while recoveries from 2024 onwards in Saudi Arabia and key MENAT economies (Egypt, UAE) are also robust, though with a more volatile path. Historically, FDI inflows rose over 2012–2022 for key global and MENAT economies even as they fluctuated during that period. For Saudi Arabia, FDI inflows increased from \$3.3 billion in 2013 to \$12.3 billion in 2023, but declined from \$23.1 billion in 2021 and \$28 billion in 2022.



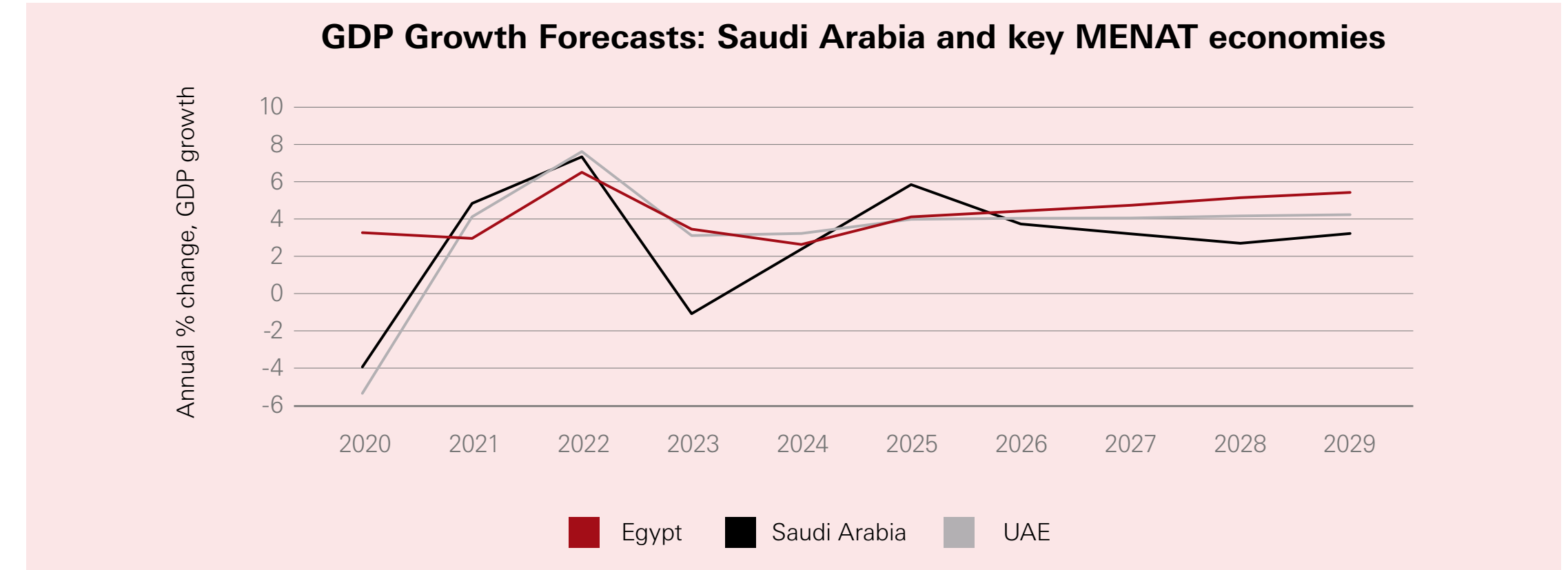
\$112 Billion

Export potential of seven
key global economies
to Saudi Arabia

GDP Growth Forecasts: Key global and Saudi Arabia/ MENAT economies

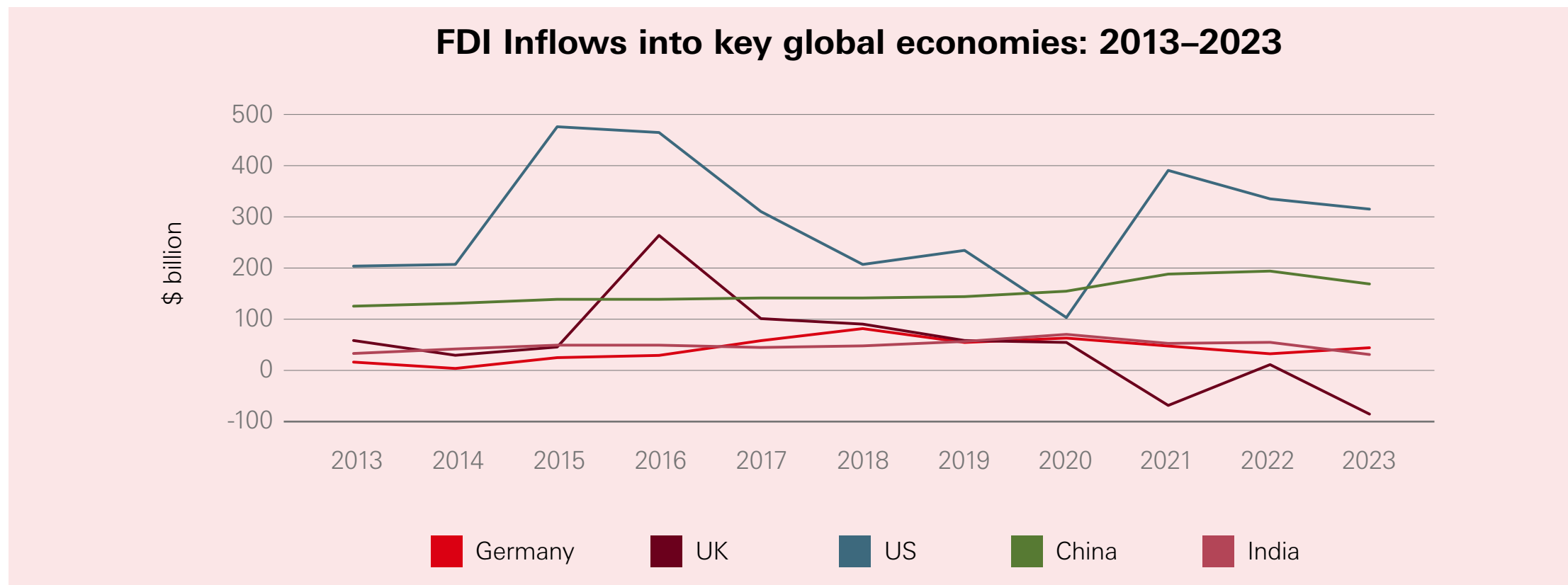


Source: IMF WEO Database, April 2024¹³

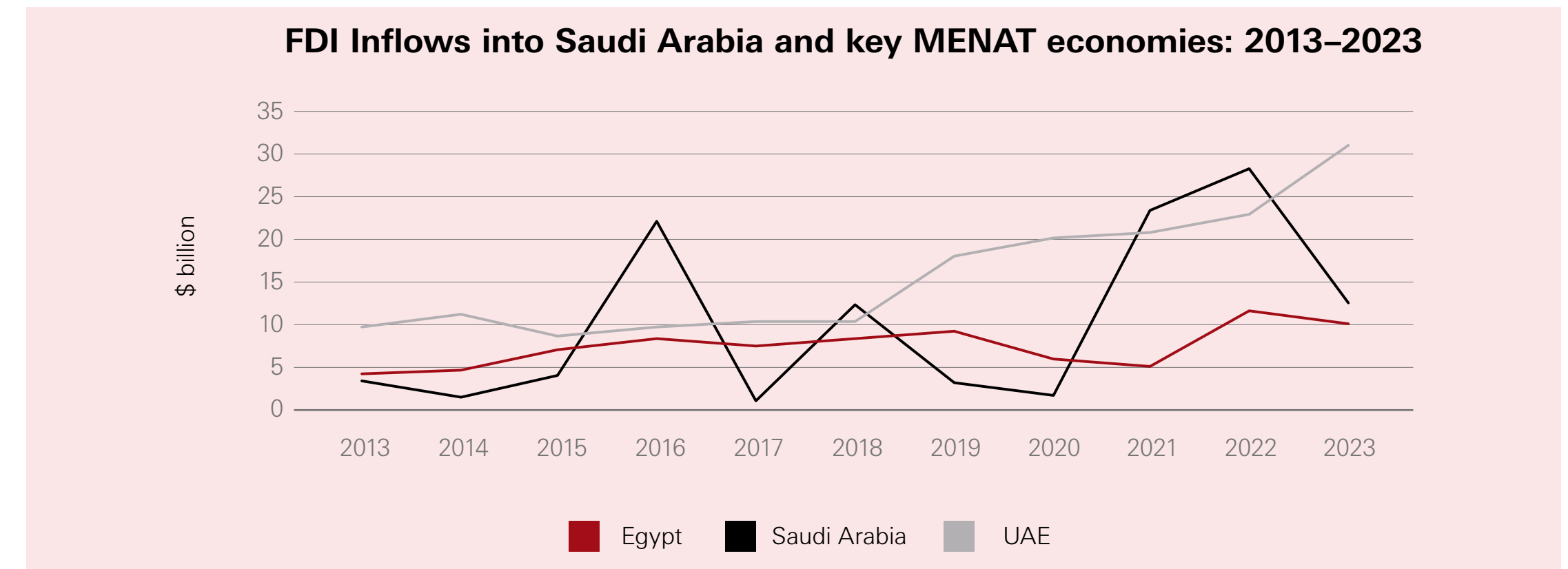


Source: IMF WEO Database, April 2024¹⁴

FDI Inflows: Key global and Saudi Arabia/ MENAT economies



Source: World Investment Report 2024¹⁵



Source: World Investment Report 2024¹⁶

The rapid economic transformation is creating a conducive ecosystem for business

Rapid transformation providing growth impetus: Along with its GCC counterparts, Saudi Arabia is making diversifying away from oil dependency and has begun rapidly developing non-oil sectors, in line with the global energy transition. Some of these non-oil sectors being actively developed are travel and tourism, real estate and construction, manufacturing, telecommunications, and financial services. Saudi Arabia, along with other MENAT countries, is also rapidly transforming in response to wider global megatrends, such as a shift in economic power eastwards, demographic changes, and the rise of digital technology. As MENAT's largest economy, Saudi Arabia is exposed to regional events and is also a significant conduit for regional trade and investment. Consider the following:¹⁷

Shift in economic power eastwards: Three of the six GCC countries are part of the world's Top 10 global oil producers (Saudi Arabia, the UAE, and Kuwait), and Saudi Arabia straddles the major Asian, African, and European trade routes, making Saudi Arabia geographically and economically well-positioned to benefit from the shift in economic power eastwards.

- ♦ **Demography:** 67% of Saudi citizens are under the age of 35, and Saudi Arabia's population (35.2 million) makes up 60% of the GCC's population.¹⁸ Women are playing an increasingly important economic role too, with the female labour force participation more than doubling between 2017-2023, from 17.4% to 36%, following Saudi labour law reforms which have removed or reduced several barriers for women in the workplace¹⁹
- ♦ **Global digital revolution with potential strong impact on Saudi Arabia and the region:** Digitalisation is having a major impact in key MENAT markets and nations such as Saudi Arabia are investing heavily in digital-first cultures, and this digital trend is particularly favourable in Saudi Arabia due to its young demographics. For example, Gartner forecasts that the MENA region will spend \$183.8 billion on IT in 2024, up by 4% from \$176.8 billion in 2023.²⁰ Moreover, the World Bank estimates that a fully digital MENA economy could lead to a regional rise in GDP of 46% over 30 years, amounting to a long-term gain of \$1.6 trillion.²¹

Along with high mobile penetration rates, increasing IT spend and developments such as the growth of the geospatial analytics market – projected to grow to \$570 million in Saudi Arabia alone by 2029²² – is propelling the rise of the digital economy in Saudi Arabia and regionally and these new realities will likely create opportunities for global corporates in digital-heavy and digital-enabling industries in MENAT





Reform momentum is creating opportunities: Few countries have moved so fast and changed so much in such a short timespan as Saudi Arabia. Moreover, Saudi Arabia's non-oil activities contributed over 50% to GDP for the first time in 2023, indicating considerable success in diversifying the economy beyond oil. Several financial, legal and market reforms and initiatives are taking place across the MENAT region that underline the countries' strong desire to create competitive environments that can attract global and regional businesses. Key drivers of this reform impetus include digitalisation, energy security, a desire to increase youth employment, and the green transition. This recent reform momentum is creating latent potential for unlocking opportunities between Saudi Arabia and key global and MENAT economies such as those highlighted in this report, including China, Egypt, Germany, India, UAE, UK, and US. The pace of reform is regarded as swift and decisive, delivering frameworks aligned with best international standards are set to drive even further investment. Some of the significant reforms in Saudi Arabia that indicate the country's willingness to open its economy:²³

- ♦ **New Investment and Labour Regulations:** Recent Saudi regulatory changes in 2024, effective February 2025, aim to simplify regulations for investors, provide new incentives, allow for alternative dispute resolution (ADR) mechanisms and improve the labour market.
- ♦ **New Companies Law:** This came into force in January 2023 and is intended to set a 'best international practice' benchmark²⁴
- ♦ **Bankruptcy Law:** This new law came into force in 2018 and gives more certainty to investors, by allowing the rescue of insolvent businesses through reorganisation and financial restructuring²⁵
- ♦ **The change of SAGIA's status:** Now SAGIA is a full-fledged Ministry of Investment (MISA) headed by a dedicated Minister, which ensures investment promotion is a focus at the cabinet-level and drives co-ordination in policy making and strategic implementation²⁶
- ♦ **Special Economic Zones (SEZs):** In April 2023, Saudi Arabia announced four new SEZs, spread out strategically across the country. The new zones are King Abdullah Economic City (KAEC) SEZ, Jazan SEZ, Ras Al Khair SEZ, and the Cloud Computing SEZ, which is situated in King Abdulaziz City for Science and Technology (KACST). These zones cover a broad set of industries, such as advanced manufacturing and logistics, food products, the maritime industry, and cloud computing.²⁷ Along with a streamlined application process, there are various tax incentives on offer in the SEZs, as well as regulations enabling the hiring of foreign talent for the first five years.²⁸ The SEZs' clear purpose is to boost growth and development, and correspondingly they have ambitious targets, e.g. \$25.8 billion GDP contribution by 2040, \$941 billion of exports targeted by 2040, and 166,000 new jobs to be created by 2040²⁹
- ♦ **Market reforms:** e.g. increasing liquidity and trading in Gulf capital markets, and floating state-owned assets on local stock exchanges

Saudi Arabia is strategically creating a conducive ecosystem for businesses: Saudi Arabia is very much open for business and keen to foster wide-ranging economic relationships with global partners. Along with multiple national strategies in place, Saudi Arabia is offering attractive financial and non-financial incentives for businesses, such as for R&D and land-based incentives.³⁰ Moreover, new sukuk issuances with strong demand³¹ also indicate that momentum in the lead up to 2030 remains strong.

A few of the most prominent national strategies currently in place to guide Saudi Arabia’s development.

Strategy	Key sectors targeted	Key figures
National Investment Strategy	<ul style="list-style-type: none"> ◆ Green energy ◆ Technology ◆ Healthcare ◆ Biotechnology 	<ul style="list-style-type: none"> ◆ 3x investment volume ◆ 2x domestic investment ◆ 20x FDI
National Industrial Strategy	<p>12 key industrial sub-sectors³²</p> <ul style="list-style-type: none"> ◆ Aerospace ◆ Automotive ◆ Building Materials ◆ Chemicals ◆ Food Processing ◆ Machinery and Equipment ◆ Medical Devices ◆ Military Industries ◆ Mining Industries ◆ Maritime ◆ Pharmaceuticals ◆ Renewables 	<ul style="list-style-type: none"> ◆ \$377 billion industrial contributions to GDP by 2035 ◆ 3.3 million total industrial sector jobs by 2035 ◆ \$238 billion in industrial exports by 2035 ◆ Top 15 ranking on global indices related to industrial performance
National Transport and Logistics Strategy	<ul style="list-style-type: none"> ◆ Air, maritime, rail, and road transport 	<ul style="list-style-type: none"> ◆ 25% reduction in fuel consumption ◆ 10% sector GDP contribution by 2030 (from current 6%) ◆ \$12 billion non-oil revenues by 2030
Saudi Maritime Transport System Strategy	<ul style="list-style-type: none"> ◆ Maritime 	<ul style="list-style-type: none"> ◆ 160+ projects and 1 million new job opportunities by 2030
National Strategy for Data & AI	<p>Data and artificial intelligence (AI) – especially for:</p> <ul style="list-style-type: none"> ◆ Education ◆ Government ◆ Healthcare ◆ Energy ◆ Mobility 	<ul style="list-style-type: none"> ◆ 20,000 qualified data and AI opportunities ◆ SAR 75 billion in data and AI investment ◆ 300 data and AI start-ups
National Tourism Strategy	<ul style="list-style-type: none"> ◆ Accommodation ◆ Travel services ◆ Food and beverage ◆ Tourism retail ◆ Culture and entertainment ◆ Sports and recreation ◆ Road, water, railway, and air transportation 	<ul style="list-style-type: none"> ◆ Around 10% contribution to GDP by 2030 ◆ 1.6 million job opportunities by 2030 ◆ 100 million overnight visits to Saudi Arabia ◆ 37 million+ Hajj and Umrah visitors
Saudi Green Initiative	<ul style="list-style-type: none"> ◆ Cross sectoral, protecting Saudi land and sea environments 	<ul style="list-style-type: none"> ◆ 10 billion trees planted by 2030 ◆ 30% of terrestrial and marine areas protected by 2030

Source: Kearney³³, Saudi National Plans, HSBC Analysis



Key global opportunities

This report focuses mainly on the opportunities arising from inbound trade and investment from seven key global and MENAT partners for the Kingdom: China, Egypt, Germany, India, UAE, UK, and US. These seven countries are major global economies and are either key import or export partners for Saudi Arabia, or key global economies that warrant inclusion on that basis (e.g. Germany and the UK). Alongside Saudi Arabia, these seven economies make up 56% of global GDP and 44% of global population.³⁴

We then analyse the overall trade opportunities between Saudi Arabia and these seven markets, based on export potential data. Finally, The report will probe several sector opportunities, highlighting sectors in Saudi Arabia that are ripe for inbound investment from global partners such as these major economies. The data shows that now is an opportune time for global corporates and investors to enter the Saudi market, which is becoming increasingly receptive to global businesses.

Saudi Arabia's digital economy and startup ecosystem is also growing considerably. For example, data from Magnitt in July 2024 showed Saudi Arabia captured the highest share of total VC funding in the MENA region in the first half of 2024, accounting for 54% of the total capital deployed regionally, up from 38% in the first half of 2023. Moreover, non-mega funding (deals under \$100 million) grew impressively by 84% year-on-year as well. These numbers suggest Saudi Arabia's startup ecosystem is growing rapidly and is one to watch for those interested in digital and venture spaces.

Significant
opportunities with
global markets



Saudi's digital leap opens doors for global business



Two key drivers of the positive long-term outlook for Saudi Arabia's growth are its continued constructive fundamentals and foreign investors' confidence. On the first point, Saudi Arabia's abundant energy resources, strong push towards economic diversification (e.g. as shown by the rise in its non-oil GDP share) and good credit rating reflect a positive outlook for Saudi Arabia. On the second point, rankings from the FDI Confidence Index 2023 show a high global rank for Saudi Arabia and improvement compared to previous years.³⁵

Saudi Arabia is making tangible efforts to become a global trade and logistics hub: Saudi Arabia is investing an estimated \$133bn into logistics infrastructure and freight handling capacity as it seeks to diversify its economy and increase non-oil GDP and to establish itself as a global logistics centre.^{36,37} Large-scale projects are underway in the maritime sector to upgrade ports and terminals – and to develop new gateways and introduce new trade routes. The aim is to more than quadruple the country's annual container throughput, to 40 million TEU, by 2030.³⁸ Through the strategic Landbridge project, the country's rail network should be expanded considerably, linking Saudi's Red Sea and Arabian Gulf ports leveraging its geographic advantage in trade over other Regional hubs.³⁹

Riyadh Airport is also to be transformed into a massive aviation hub, with six parallel runways and a 'Special Integrated Logistics Zone', also called 'Riyadh Integrated', covering some three million square metres.⁴⁰ The new national airline, Riyadh Air, is headquartered there. Saudi Arabia has also unveiled a 'Master Logistics Centres Plan' to boost local, regional, and inter-continental connectivity for international trade networks and global supply chains. Approximately 40 logistics centres will be built, covering an area exceeding 100 million square metres, around half that number presently exist, up from only two in 2020.⁴¹ Saudi Arabia has the resources and ambition to become a major regional and global hub over the next decade – a conduit for trade between some of the fastest-growing markets in Asia and Africa, as well as serving the rest of the Middle East and parts of Europe. Its large domestic and export market will give it an advantage over other hub ports in the region which focus largely of transshipments.

In addition to infrastructure, Saudi Arabia is actively working on digitising trade and modernising the rules & laws that underpin trade. By trying to implement UNCITRAL's Model Law on Electronic Transferable Records (MLETR) for example, Saudi Arabia's trade sector will benefit from the same laws that protect physical instances of title documents to enable full digital deployment.⁴² This change will effectively release the documentary friction that exists in trade today and increase its overall velocity particularly with corridor countries that have already implemented MLETR.

\$112 billion export potential for global corporates and investors into Saudi Arabia

International Trade Centre (ITC) data indicates there is still \$112 billion of latent export potential to Saudi Arabia for global corporates and investors from seven major economies that are either key import or export partners for Saudi Arabia: China, Egypt, Germany, India, UAE, UK, and US. This suggests considerable room for trade growth between Saudi Arabia and these key trading partners. China, UAE, and the US are the countries with the highest export potential to Saudi Arabia, with China the clear leader at \$46 billion. This is unsurprising, as China and the US are key global economic engines and have longstanding linkages with Saudi Arabia, while the UAE is a key regional engine of growth as well. Other notable exporters above \$10 billion are India and Germany. The table below maps ITC's estimations of the export potential of these seven key global economies to Saudi Arabia up to 2028. The data suggests sizeable opportunities for global corporates and investors to tap into Saudi Arabia.

Key global exporters to Saudi Arabia

Market	Exporter	Export Potential to Saudi Arabia (\$ billion)
Into Saudi Arabia	From China	46
	From UAE	19
	From US	18
	From India	11
	From Germany	10
	From UK	5.3
	From Egypt	2.6
	TOTAL	111.9

Source: ITC Export Potential Map⁴³

\$112 Billion

Export potential of seven key global economies to Saudi Arabia

Sector investment opportunities

Several promising sectors based on export potential data: At a more granular level, data from ITC on sectors with the greatest untapped export potential highlight the most promising sector opportunities for global corporates and investors from key global and MENAT countries. Broadly, the most sizeable sectoral export gaps for global corporates, i.e. areas where these global countries can export much more than they do now to Saudi Arabia (based on unrealised potential remaining in individual products) include machinery and electricity, motor vehicles & parts, pharmaceutical components, and precious metals. Looking ahead, given that motor vehicles & parts is a top sector for several countries, there is strong potential for developing an EV ecosystem in Saudi Arabia as a key part of the country's diversification strategy.

Key global markets to Saudi Arabia

Into Saudi Arabia	From China		From Germany		From India		From UK		From US	
	Top Sectors	Export Gap (\$ million)	Top Sectors	Export Gap (\$ million)	Top Sectors	Export Gap (\$ million)	Top Sectors	Export Gap (\$ million)	Top Sectors	Export Gap (\$ million)
	Electronic equipment	4,300	Motor vehicles & parts	1,200	Pharmaceutical components	859	Motor vehicles & parts	810	Motor vehicles & parts	1,100
	Machinery, electricity	4,000	Machinery, electricity	704	Machinery, electricity	604	Machinery, electricity	372	Chemicals	702
	Miscellaneous manufactured products	2,300	Plastics & rubber	260	Apparel	523	Pharmaceutical components	278	Machinery, electricity	622

Source: ITC Export Potential Map⁴⁴

Key MENAT markets to Saudi Arabia

To Saudi Arabia	From Egypt		From UAE	
	Top Sectors	Export Gap (\$ million)	Top Sectors	Export Gap (\$ million)
	Fruits	211	Precious metals	1,400
	Precious metals	147	Metals (except ferrous & precious)	840
	Mineral products	134	Machinery, electricity	535

Source: ITC Export Potential Map⁴⁵

Sector-level opportunities

Leaning into Vision 2030's momentum

There are numerous sectors that are open to foreign corporates and investors. For instance, Invest Saudi, the national investment promotion agency, lists 15 priority sectors. In this outlook, we consider four priority sectors that are core to realise the ambition and goals of Vision 2030: agriculture & food processing, tourism & quality of life, and healthcare & life sciences, and technology (including ICT). We also consider ESG (including environmental services) as a cross-cutting enabler and look in lesser detail at other sectors via our opportunity matrix mapping.

Core priority sectors:



Agriculture & Food Processing

Key figures: \$26.6 B in current GDP contribution⁴⁶ (2022)

Current state: Agriculture is a substantial supporting pillar of the Saudi economy — in 2022, it accounted for 2.4% of domestic GDP, the biggest GDP share among GCC nations⁴⁷

Future potential opportunities:

- ♦ With a National Agriculture Strategy 2030 and an Agriculture Development Fund Strategy 2021–2025 in place⁴⁸, the sector is poised for further growth in large segments such as poultry, eggs, animal feed, and cold chain logistics.⁴⁹
- ♦ Other future-focused possibilities include next generation technologies such as hydroponics, aquaponics, drones, and automated farming⁵⁰

Key projects:

- ♦ Saudi AgTech business Red Sea Farms (RedSea) has raised \$37 million+ from investors and deployed its technology across 58 hectares⁵¹
- ♦ Tamala company unites 3,000 local farms to enable farmers to sell directly to Red Sea Global's resorts⁵²



Tourism & Quality of Life

Key figures: \$36 B in current GDP contribution⁵³ (2023)

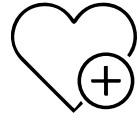
Current state: Several tourism-focused national giga projects and Riyadh-focused tourism mega projects are under development including Qiddiyah, Diriyah, Amaala, and the Red Sea Project

Future potential opportunities:

- ♦ Tourism is expected to grow substantially in Saudi Arabia, with an expected GDP contribution of 10% by 2030, up from the current 4.5%.⁵⁴
- ♦ Opportunities could potentially cover a broad range of possibilities, including increased cultural, entertainment, nature-based, and religious types of tourism

Key projects:

- ♦ New Murabba, a development with a \$50 billion GDP target that aims to create 334,000 jobs⁵⁵
- ♦ Other giga-projects for tourism include Diriyah and the Red Sea Project, with Diriyah showcasing 300 years of Saudi history⁵⁶ Other Riyadh-focused mega-projects, such as Al Widyan, a mixed-use leisure development, and some new super malls



Healthcare & Life Sciences

Key figures: \$39.8 B in current market size⁵⁷ (2022)

Current state: Healthcare is one of the key areas of spending for Saudi Arabia, which accounts for 60% of GCC healthcare spending. The Kingdom earmarked \$50.4 billion for spending on healthcare and social development (16.96% of GDP) in 2023, the second largest line item after education

Future potential opportunities:

- ♦ The enormous levels of government spending, coupled with an aging population from 4.1 million (2015) to 12.5 million (2030) and rise in chronic conditions from 5 million (2015) to 8 million (2030), creates opportunities for segments such as medical devices and pharmaceuticals⁵⁸
- ♦ Trends such as precision health and predictive care are also driving market opportunities in Saudi healthcare⁵⁹

Key projects:

- ♦ SEHA Virtual Hospital, launched in 2022, connects 150+ hospitals with 30+ specialised health services.⁶⁰
- ♦ Saudi Genome Program, a project to develop a national genetic database that will help enable the use of personalised medicine and limit and prevent the spread of genetic diseases⁶¹



Technology (including ICT)

Key figures: \$5.15 B e-commerce market, making up 6% of the domestic retail market (\$92.6 B)⁶²

Current state: Saudi Arabia's ICT market is the largest and fastest growing in MENA, valued at \$40.9 billion and 4.1% of national GDP.⁶³ The rise of Saudi Arabia's digital economy presents an opportunity for global investors to make considerable gains, too. The total value of Saudi's digital economy was \$122.6 billion as of Feb 2024⁶⁴

Future potential opportunities:

- ♦ With the rise of technological disruptions — such as Artificial Intelligence, machine learning, distributed ledger technology, and the increasing importance and availability of data — technology is set to play a key role in Saudi Arabia's strategy to transform its economy
- ♦ The leading sub-sectors poised for growth include cybersecurity, Internet of Things, cloud computing, and e-commerce

Key projects:

- ♦ Digitising basic government services, which has led to SAR 23 million of savings and over 160 million saved trips so far⁶⁵
- ♦ Similarly, 95% of the justice sector's hearings are now conducted online, and case processing time has reduced from an average of 217 days to 30 days⁶⁶

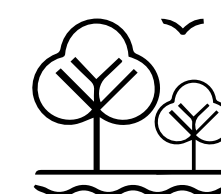
Unlocking sector opportunities in all corners of Saudi Arabia

Each of the 13 administrative regions in Saudi Arabia offer significant opportunities across six priority sectors and 32 sub-sectors, based on Invest Saudi's assessment (education is covered under "Other" heading). The six broad sectors are agriculture & food processing, tourism & quality of life, healthcare & life sciences, ICT & digital sectors, digital & other services, industrial & manufacturing, and transport & logistics.

Three other sectors to watch for the future which are not covered by the mapping include pharma & biotech, environmental services, and human capital innovation. These are briefly covered indirectly by the mapping or in other parts of this report.

- ♦ **Agriculture & Food Processing:** Regions that are competitive in this sector include mostly the lesser populated ones, e.g. Jazan, Qassim, Hail, Al-Jouf, and Al-Baha
- ♦ **Tourism & Quality of Life:** Tourism is competitive or emerging throughout Saudi Arabia, with no discernible pattern, indicating broad national potential
- ♦ **Healthcare & Life Sciences:** Riyadh has emerged as a clear hub
- ♦ **ICT & Digital Sectors:** Riyadh dominates in competitiveness, indicating the capital's current primacy compared to other major cities
- ♦ **Industrial & Manufacturing:** Regions that are competitive in this sector include mainly Madinah and other populous regions such as Riyadh, Makkah, and the Eastern Province. This is understandable given these regions are home to key cities and resources, which feeds into industrial production as well
- ♦ **Transport & Logistics:** Similar to Industrial & Manufacturing, the most populous regions that contain key cities are most competitive across sub-sectors related to Transport & Logistics and Infrastructure

ESG as a cross-cutting enabler to unlock further growth in Saudi Arabia



ESG (environment, social and governance)

Context: The government has launched a Saudi Green Initiative, along with a Middle East Green Initiative, to guide national and regional climate action.⁶⁷ ESG audits are also increasing in Saudi Arabia, and ESG factors are increasingly considered by decision makers nationally, in line with global trends towards greater consideration of ESG concerns.⁶⁸ The Saudi Exchange also has ESG disclosure guidelines in place.⁶⁹

Key figures: \$187 billion across 60+ programmes and projects under the Saudi Green Initiative to help boost the domestic green economy

Saudi Sub-Sector Opportunities Matrix

Sectors	Sub-sectors	Riyadh	Makkah	Eastern Provinces	Medina	Aseer	Jazan	Qassim	Tabuk	Hail	Al-Jouf	Najran	Northern Borders	Al-Baha
Agriculture & Food Processing	Almond harvest													◆
	Coffee													◆
	Dates production							◆						
	Evergreen, tropical fruits/ vegetables						◆							
	Fishing and aquaculture		◆				◆		◆					
	Fruits, vegetables and grains (including citrus fruits)									◆	◆	◆		◆
	Honey production					◆								◆
	Olive cultivation										◆			
	Poultry and livestock production							◆		◆				
Tourism & Quality of Life	Cultural and heritage tourism	◆			◆	◆				◆	◆	◆		◆
	Eco-tourism										◆			
	Hajj and umrah visits		◆		◆									
	Sun, sand and mountains tourism and/ or adventure tourism		◆			◆	◆		◆	◆				◆
Healthcare and life sciences	Healthcare and life sciences	◆												
ICT & digital sectors	Fintech	◆												
	Healthcare and life sciences	◆												
	Information and communication technology (ICT)	◆							◆					
	Insurance and insurtech	◆												
Industrial & Manufacturing	Aluminium/ bauxite				◆			◆						
	Automotive		◆	◆										
	Chemicals												◆	
	Copper and other base metals				◆									
	Gold		◆		◆									
	Mining											◆	◆	
	Machinery and other equipment	◆												
	Other high potential minerals				◆									
	Petrochemicals			◆	◆		◆							
Silver				◆										
Transport & Logistics	Air infrastructure	◆	◆											
	Port infrastructure		◆	◆										
	Rail infrastructure	◆		◆										
	Transportation & logistics												◆	
Other	Education	◆												

◆ Competitive sector for region ◆ Emerging sector for region

Source: Based on Invest Saudi's Regional Report⁷⁰, HSBC Analysis; NB Columns are sorted by most populous regions on the left to least populous on the right; sub-sectors are listed in alphabetical order within each sector category

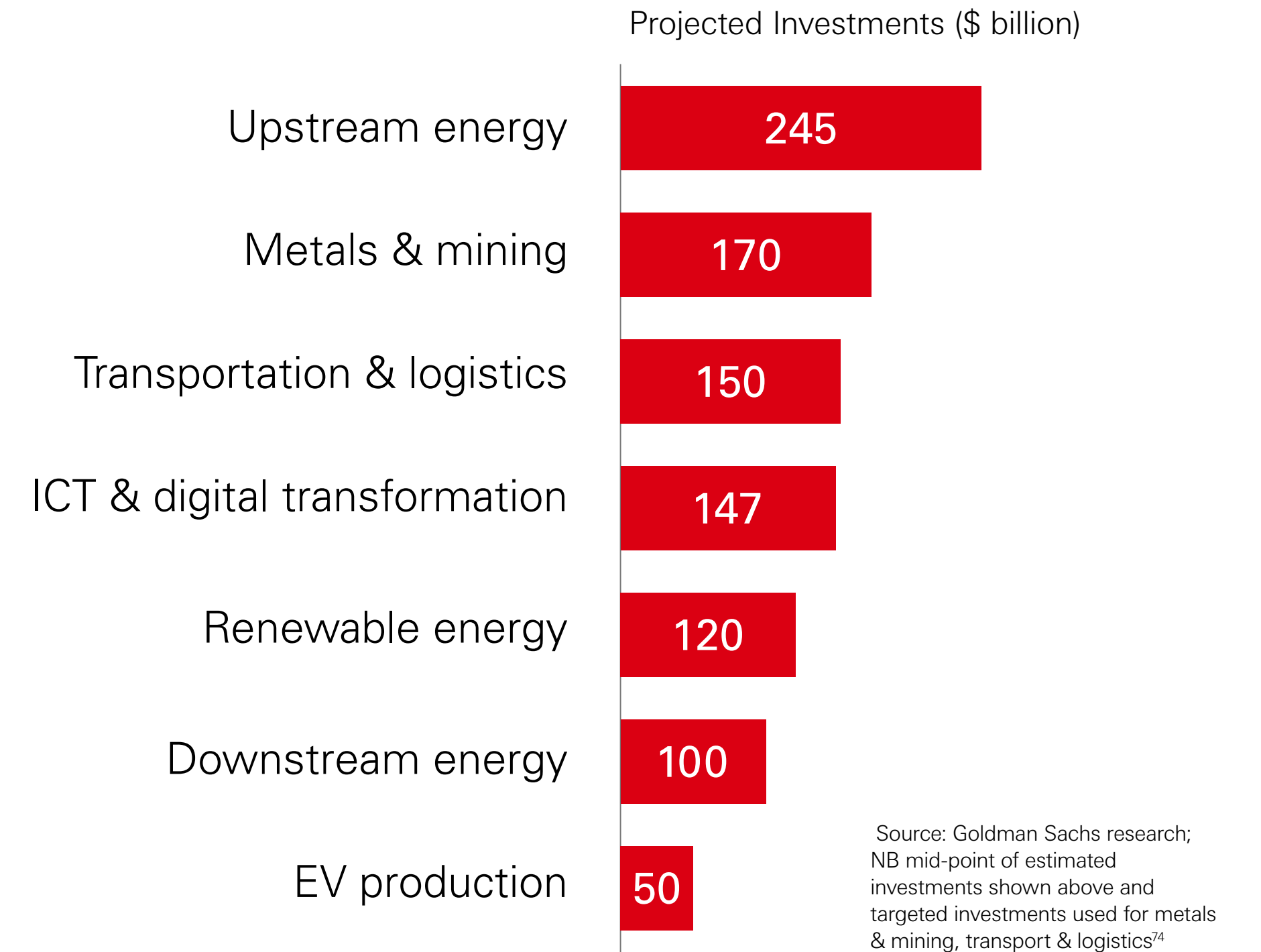
Other sector-level opportunities: Industrial sectors and green economy

Vision 2030 is also creating vast industrial investment opportunities for corporates to tap into: based on details from projects and sector targets announced to date, there is a projected \$1 trillion opportunity for investments in six strategic sectors in Saudi Arabia: upstream energy, downstream energy, metals & mining, ICT & digital transformation, transport & logistics, and clean technologies for the green economy (renewable energy, EV production, and clean hydrogen).⁷¹ Real estate and healthcare are also priority sectors.⁷²

For context, \$1 trillion is approximately 30% of the entire value of the \$3.3 trillion commitment made in Saudi Arabia's National Investment Strategy in 2021, which is helping realise Vision 2030's implementation.⁷³ As such, global corporates have ample industrial opportunities to tap into over the medium term.



Saudi Arabia is forecast to invest \$1 trillion+ in six strategic sectors until 2030






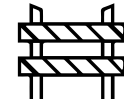


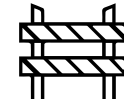


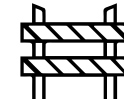


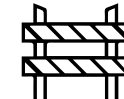
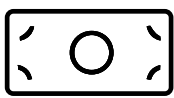


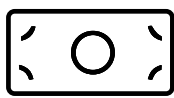

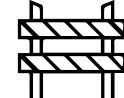
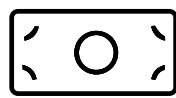

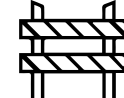
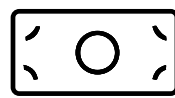

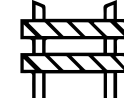


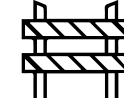




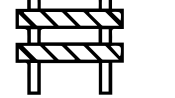


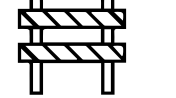


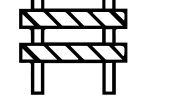


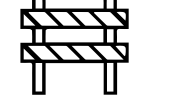


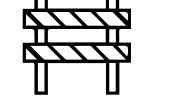
Spotlight on Saudi Arabian mega-projects & giga-projects

Saudi Arabia’s giga-projects and Riyadh-focused mega-projects are making good progress: a Saudi review by the country’s top economic body, the Council of Economic and Development Affairs, reported in May 2024 that 87% of Vision 2030 projects are completed or on track.⁷⁵ Moreover, Saudi Arabia’s annual progress report on Vision 2030 stated in April 2024 that a third of 1,064 planned Vision 2030 projects have been completed and 561 initiatives are on track.⁷⁶ The well-known giga-projects include NEOM, Qiddiyah, Red Sea Global, and Diriyah.⁷⁷ Riyadh’s development in particular seems to be a key priority, given its central role as the capital, and with its role as host of Expo 2030.⁷⁸

In this section, we present two infographics that give some indication of the type of national giga-projects and Riyadh-focused mega projects that are underway, including some key metrics such as total project value, total value of commissioned projects to date, and completion status.

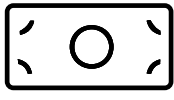

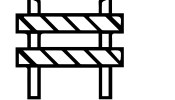
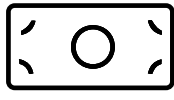

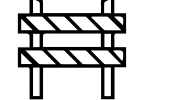


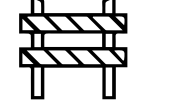


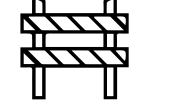


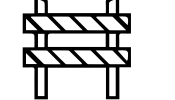
Giga Projects in Saudi Arabia



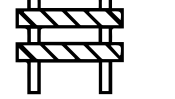


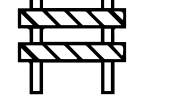


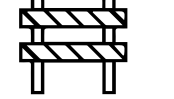
NEOM A mega city for the future			JEDDAH ECONOMIC CITY A mixed-use mega project			JEDDAH CENTRAL PROJECT A revitalisation project centered on the city’s history			DIRIYAH GATE A mixed-use cultural and historical heritage city			KING SALMAN PARK The world’s largest urban park & community		
														
\$ 500 B	\$7.5 B	29%	\$30 B	\$1.7 B	74%	\$20 B	N/A	N/A	\$20 B	\$5 B	46%	\$17 B	\$1.2 B	30%
RED SEA PROJECT The world’s most ambitious luxury tourism development			AL ULA A world class hub for arts, culture and nature			KING ABDULLAH FINANCIAL DISTRICT A new financial centre in the heart of Riyadh			QIDDIYAH An entertainment-led mega project			KING ABDULLAH ECONOMIC CITY A mixed-use mega project		
														
\$16 B	\$3.2 B	57%	\$15 B	\$700 M	49%	\$10.5 B	\$10 B	98%	\$9 B	\$2.5 B	61%	\$8 B	\$4.5 B	95%

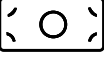


THAKHER A mixed-use urban development			JDC – JABAL OMAR A mega urban development project			MASAR-MAKKAH A mega urban development project			SDC-SOUDAH & RIJAL ALMAA A tourism project to showcase Saudi Arabia's natural beauty			AMAALA A unique and high end luxury tourism destination		
														
\$8 B	\$976 M	100%	\$4.4 B	\$3.9 B	83%	\$4.4 B	\$1.7 B	67%	\$3 B	N/A	N/A	\$1.4 B	\$569 M	38%

Source: Knight Frank⁹⁹, MEED Projects, HSBC Analysis

Mega Projects in Riyadh

DAHIYAT AL FURSAN A mixed-use residential community			SEDRA COMMUNITY A vibrant residential community			AL WIDYAN A mixed-use development and leisure destination			MALL OF SAUDI A colossal mega mall development			THE AVENUES MALL A new mega mall for Riyadh		
														
\$20 B	N/A	N/A	\$13 B	\$6.3 B	31%	\$5 B	\$316 M	98%	\$4.3 B	\$15 M	57%	\$2.9 B	\$1.7 B	44%

LAYSEN VALLEY A unique mixed-use wellbeing community			MISK FOUNDATION CITY The world's largest non-profit city			MALL OF ARABIA A new super-regional mall for Riyadh		
								
\$1.8 B	\$1.8 B	80%	\$800 M	\$181 M	78%	\$325 M	N/A	N/A

 Project value
 Total value of commissioned projects to date
 Construction progress of commissioned projects

Source: Knight Frank⁹⁰, MEED Projects, HSBC Analysis



Saudi-China Trade Opportunities

- ♦ **Key trade agreements:** A Bilateral Investment Treaty has been in force between Saudi Arabia and China since May 1997.⁸¹ Although no overarching trade agreement yet exists, China-Saudi dialogue has been increasing at pace. Moreover, a China-GCC Free Trade Agreement is in the pipeline.⁸²
- ♦ **Major projects:** The Saudi-China corridor is Saudi Arabia's fastest growing inbound trade corridor. China is a key partner in developing Saudi's IT infrastructure, and Chinese firms are key partners in the Kingdom's giga-projects.⁸³ Moreover, Chinese investments accounted for 58% of all greenfield FDI inflows to Saudi Arabia in 2023, growing more than ten times from \$1.47 billion in 2022 to \$16.75 billion in 2023.⁸⁴ In December 2023, the two nations signed deals worth \$25 billion, covering key sectors including agriculture, tourism, financial services, logistics, infrastructure, technology and healthcare⁸⁵
- ♦ **Key Chinese investment sectors in Saudi Arabia:**⁸⁶
 - **Automotive:** \$5.6 billion of FDI inflows from China to Saudi Arabia's automotive sector in 2023
 - **Metals:** \$5.26 billion of FDI inflows from China to Saudi Arabia's metals sector in 2023
 - **Semiconductors:** \$4.26 billion of FDI inflows from China to Saudi Arabia's semiconductors sector in 2023

Current bilateral trade volumes

92.7 billion

Source: IMF⁸⁷

Future export potential of
China to Saudi Arabia

\$46 billion

Source: ITC Export Potential Map

Saudi-US Trade Opportunities

- ♦ **Key trade agreements:** Trade and Investment Framework Agreement (TIFA) – an umbrella agreement in place since 2003⁸⁸
- ♦ **Major projects:** Blackrock,⁸⁹ Bechtel,⁹⁰ General Electric (GE),⁹¹ Cisco⁹²
- ♦ **Key US investment sectors in Saudi Arabia** (figures sourced from US Department of Commerce’s ITA⁹³ & Saudi Agriculture⁹⁴):
 - **Agriculture:** \$26.6 billion sector GDP (as of 2022)
 - **Healthcare:** \$50.4 billion spend on healthcare and social development in 2023 – 17% of 2023 budget
 - **Travel, Tourism, and Entertainment:** Strong momentum, e.g. 100,000 jobs created and 1,000+ companies in the sector
 - **Technology:** \$40.9 billion sector value, amounting to 4.1% of Saudi GDP
 - **Water:** \$80 billion allocated by Ministry of Environment, Water and Agriculture for upcoming water projects

Current bilateral trade volumes

\$32.4 billion

Source: IMF⁹⁵

Future export potential of US to Saudi Arabia

\$18 billion

Source: ITC Export Potential Map

Saudi-Egypt Trade Opportunities

- ♦ **Key trade agreements:** Both Saudi Arabia and Egypt are signatories to the Greater Arab Free Trade Agreement (GAFTA)
- ♦ **Major projects:** As of November 2023, Egyptian investments in Saudi Arabia reached \$1.6 billion across over 2,000 projects ⁹⁶
- ♦ **Key Egyptian US investment sectors in Saudi Arabia and/or areas of mutual co-operation:** These areas include manufacturing, retail and construction⁹⁷

Current bilateral trade volumes

\$13.9 billion

Source: IMF⁹⁸

Future export potential of Egypt to Saudi Arabia

\$2.6 billion

Source: ITC Export Potential Map

Saudi-UAE Trade Opportunities

- ♦ **Key trade agreements:** Both Saudi Arabia and the UAE are signatories to the Greater Arab Free Trade Agreement (GAFTA), and are both members of the Gulf Co-operation Council (GCC), a union of six countries on the Arabian Peninsula that encourages greater economic co-operation between the six Member States
- ♦ **Major projects:** Burjeel Holdings⁹⁹, traveltech firm Tumodo¹⁰⁰
- ♦ **Key UAE exports to Saudi Arabia (based on 2022 OEC data):**¹⁰¹
 - **Gold:** \$2.4 billion
 - **Broadcasting Equipment:** \$2.22 billion
 - **Computers:** \$1.67 billion

Current bilateral trade volumes

\$28.6 billion

Source: IMF¹⁰²

Future export potential of UAE to Saudi Arabia

\$19 billion

Source: ITC Export Potential Map

Saudi-India Trade Opportunities

- ♦ **Key trade agreements:** As of September 2023, India and Saudi Arabia have promised to work together on fast-tracking negotiations on the India-GCC Free Trade Agreement (FTA)¹⁰³
- ♦ **Major projects:** Saudi Arabia and India signed more than 50 agreements in September 2023, covering sectors including technology, entrepreneurship, renewable energy, agribusiness, chemicals, and advanced manufacturing.¹⁰⁴ Specific agreements between Saudi and Indian companies included between Alshalan and DD International and AMDD Foods (agribusiness) and an initial deal between Al Jomaih Energy and Water and Avaada Energy (renewable energy solutions)¹⁰⁵
- ♦ **Key Indian investment sectors in Saudi Arabia:** Management and consultancy services, construction projects, telecommunications, information technology, financial services and software development, pharmaceuticals¹⁰⁶

Current bilateral trade volumes

\$41.1 billion

Source: IMF¹⁰⁷

Future export potential of India to Saudi Arabia

\$11 billion

Source: ITC Export Potential Map

Saudi-Germany Trade Opportunities

- ♦ **Key trade agreements:** No overarching trade agreement yet in place – the European Union, which Germany is part of, has no trade agreements with Saudi Arabia currently¹⁰⁸
- ♦ **Major projects:** WIKA Group¹⁰⁹, Thyssenkrupp Uhde¹¹⁰, Siemens Energy¹¹¹
- ♦ **Key German investment sectors in Saudi Arabia and/or areas of mutual co-operation:** These areas include technology and innovation, renewable energy, infrastructure development, and healthcare and life sciences.¹¹² In March 2023, seven memoranda of understanding (MOUs) were signed between Germany and Saudi Arabia in areas including chemicals, waste management, renewables, engineering, and technology¹¹³

Current bilateral trade volumes

\$8.5 billion

Source: IMF¹¹⁴

Future export potential of Germany to Saudi Arabia

\$10 billion

Source: ITC Export Potential Map

Saudi-UK Trade Opportunities

- ♦ **Key trade agreements:** As of May 2024, both the UK and Saudi Arabia have indicated a strong willingness to conclude an ambitious and comprehensive GCC-UK FTA,¹¹⁵ though no overarching trade agreement is yet in place
- ♦ **Major projects:** Qiddiya’s Six Flags theme park and LME’s intention to list Jeddah as a new global metals warehouse location¹¹⁶. Moreover, UK FDI to Saudi Arabia reached \$13 billion as of 2023¹¹⁷
- ♦ **Key UK investment sectors in Saudi Arabia and/or areas of mutual co-operation:** These areas include critical minerals, healthcare, advanced manufacturing, education, and energy and climate

Current bilateral trade volumes

\$6.4 billion

Source: IMF¹¹⁸

Future export potential of UK to Saudi Arabia

\$5.3 billion

Source: ITC Export Potential Map

Conclusion

Now is the time to act on trade and investment opportunities in Saudi Arabia.

The Kingdom is on an upward growth momentum as reflected in its expected GDP growth of 2.6 per cent for 2024 before rising to 6 per cent in 2025. The IMF forecasts consistent growth until 2029 when the Kingdom's economy is projected to expand by 3.5 per cent.¹¹⁹

Amid this projected growth during the start of this second half of the 15-year journey towards Vision 2030, Saudi Arabia will likely continue to develop its regulatory and business environments to provide more clarity and make it easier for companies and investors to make the most of investment opportunities.

At this midpoint juncture, corporates and investors can capitalise on multiple sector opportunities, core of which are agriculture & food processing, tourism & quality of life, and healthcare & life sciences.

They will also need to apply capabilities that cut across sectors, such as ESG and technology, to unlock more growth as Saudi Arabia has committed to national and regional green initiatives, such as the Saudi Green Initiative and the Middle East Green Initiative, and as the Kingdom invests heavily in digital-first cultures that are driven by its youthful demographic.

A key part of Vision 2030 is creating an enabling economic environment for sustainable economic growth in Saudi Arabia to propel the Kingdom to become¹²⁰ the 15th largest in the world by 2030, as well as transforming it into an importer of capital, via various reform initiatives. This ambitious transformation is creating numerous opportunities in Saudi Arabia, making it an ideal time for companies to step in and explore these prospects.

HSBC Group, which operates in Saudi Arabia via its strategic banking partner Saudi Awwal Bank (SAB), is the oldest international bank operating in the Kingdom where it serves over 22,000 corporate customers, including 85 per cent of all multinationals operating in Saudi Arabia, and over 1.5 million retail customers.¹²¹

Additionally, HSBC Saudi Arabia (HBSA) is a leading investment bank in the Kingdom, coming first in MENA region league tables for various financing products, including ECM, DCM, ECA Financing and MLA.¹²² HBSA also completed landmark Saudi transactions such as the Ministry of Finance's syndicated loan (the largest globally in 2023) and is playing multiple roles to help deliver the Public Investment Fund's (PIF) five and ten year sukuk issuances.¹²³

HSBC is well-positioned to support businesses aiming to capitalise on the Kingdom's evolving opportunities. Leverage our global connections, local expertise, and comprehensive suite of financial solutions to help you navigate the dynamic landscape and maximise growth potential.

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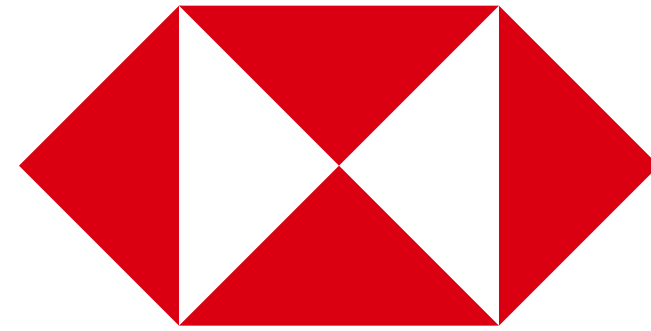
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