



**MINISTÈRE
DE L'ÉCONOMIE,
DES FINANCES
ET DE LA SOUVERAINETÉ
INDUSTRIELLE ET NUMÉRIQUE**

*Liberté
Égalité
Fraternité*

French Treasury
Economic Department in Riyadh

SAUDI ARABIA'S ECONOMIC OVERVIEW CHALLENGES & OPPORTUNITIES

**Zakarya Sadmi, Economic & Financial Attaché
Riyadh Economic Department, Embassy of France**

The Economic Department and its missions

The Riyadh Economic department of the French Embassy covers Saudi Arabia and Bahrain

MISSIONS

- Analyzing country risk
- Monitoring major projects
- Advising the Ambassador on economic topics
- Developing export from France
- Promoting the attractiveness for FDI in France

TEAM

- Samuel Ménard (Head of the Economic Dpt.)
- Moufida Traboulsi (Assistant)
- Esma Laouadi (Deputy Head)
- Zakarya Sadmi (Macroeconomics and Finance Attaché)
- Imène Basrire (Energy, Industry and Infrastructure Attaché)
- Stéphane Sandre (Regional Agriculture and Agri-Food Counsellor)
- Karim Hamdi (Intern)

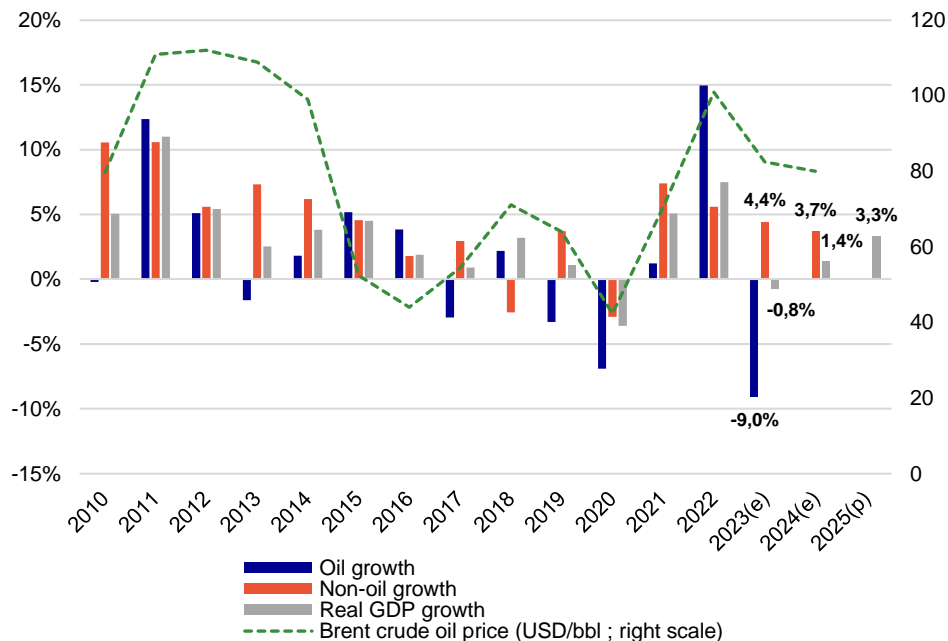
Contents

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2. A bilateral relationship to be strengthened
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1. A historically favourable socio-economic environment

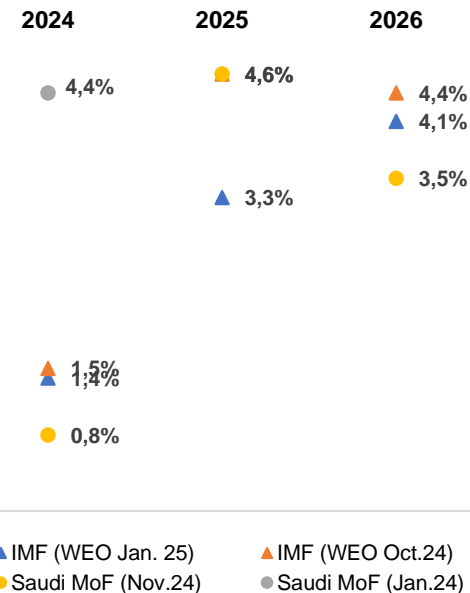
A fluctuating oil sector and a steadily growing non-oil sector

Trend in real GDP growth, by activity



Sources: IMF (Article IV), Ministry of Finance (MoF), Economic Department

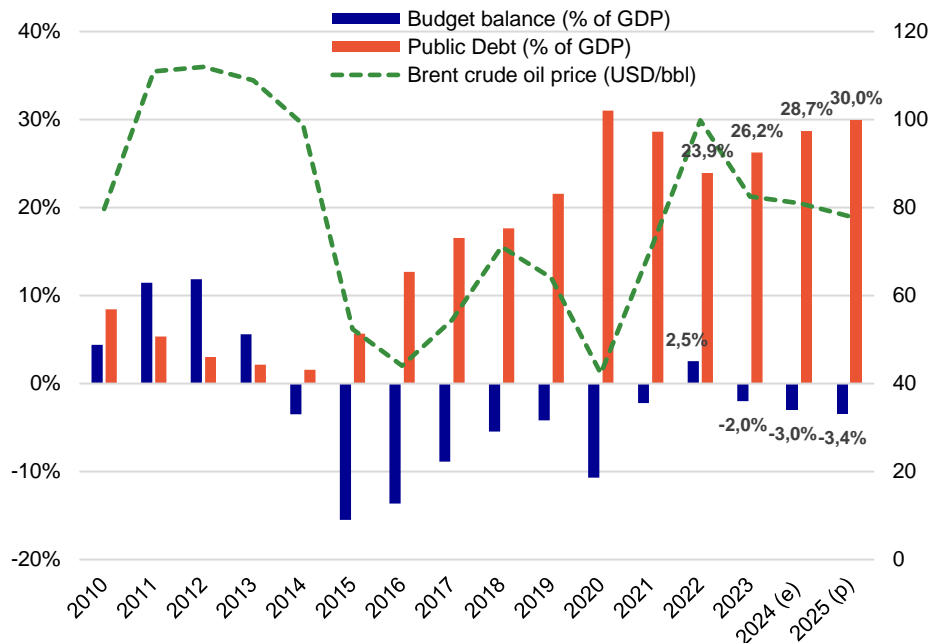
GDP growth forecasts



Sources: IMF (World Economic Outlook, Article IV), MoF, Economic Department

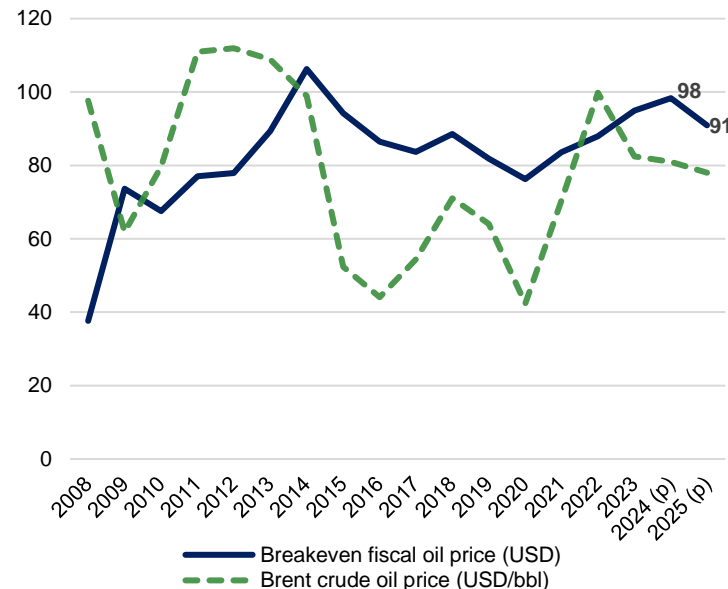
Public finances are still extremely dependent on the uncertainties of oil prices.

Public balance and debt



Sources: IMF (WEO Oct. 2024), Economic Department

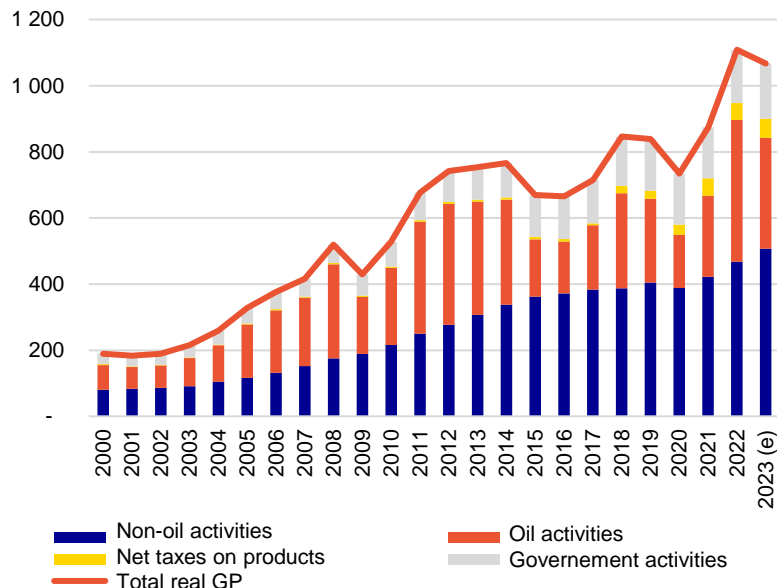
Breakeven fiscal oil price (KSA)



Sources: IMF, Economic Department

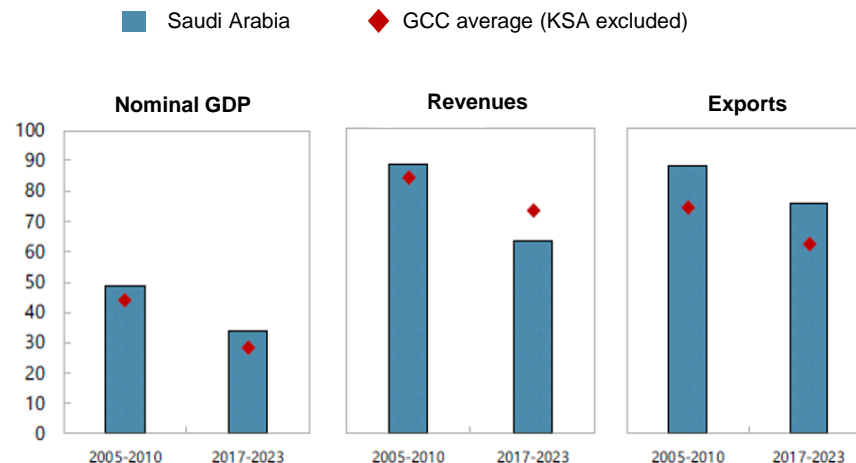
Diversification is underway at several levels

Non-oil sector's share in real GDP (USD billion)



Sources: Saudi Statistical Authorities (GASTAT), Economic Department

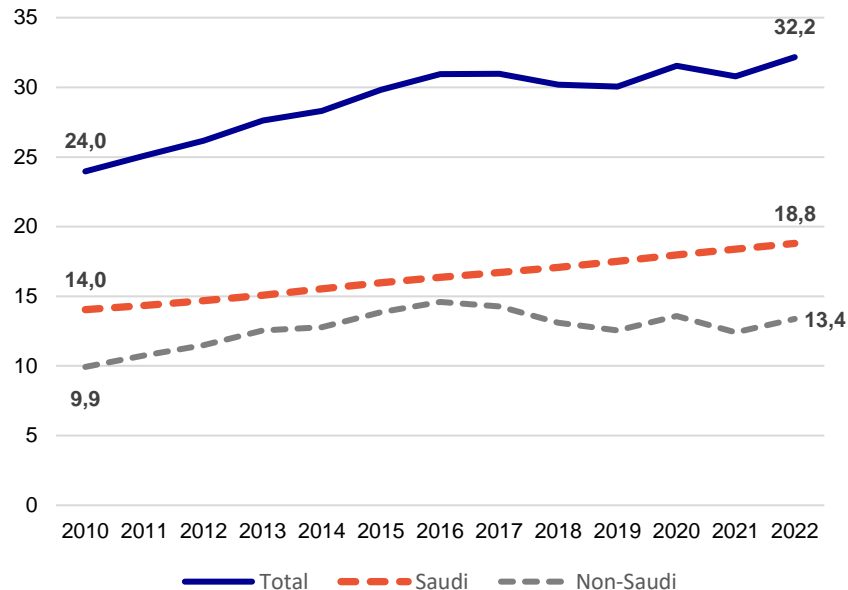
Hydrocarbon dependence (%)



Source: IMF (Article IV 2023)

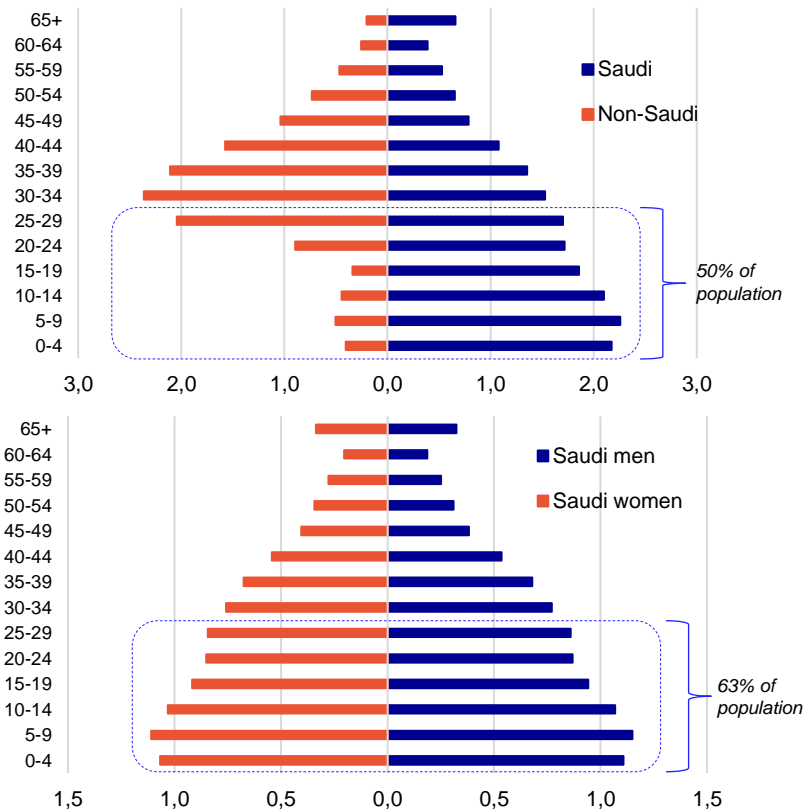
A young and fast-growing population

Population trends (million inhabitants)



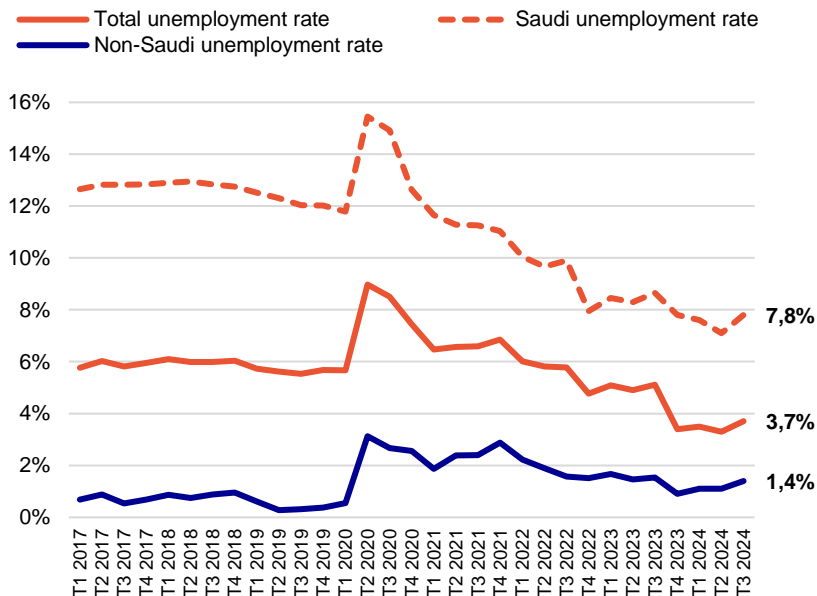
Sources: GASTAT, Economic Department

Population pyramids (million inhabitants)

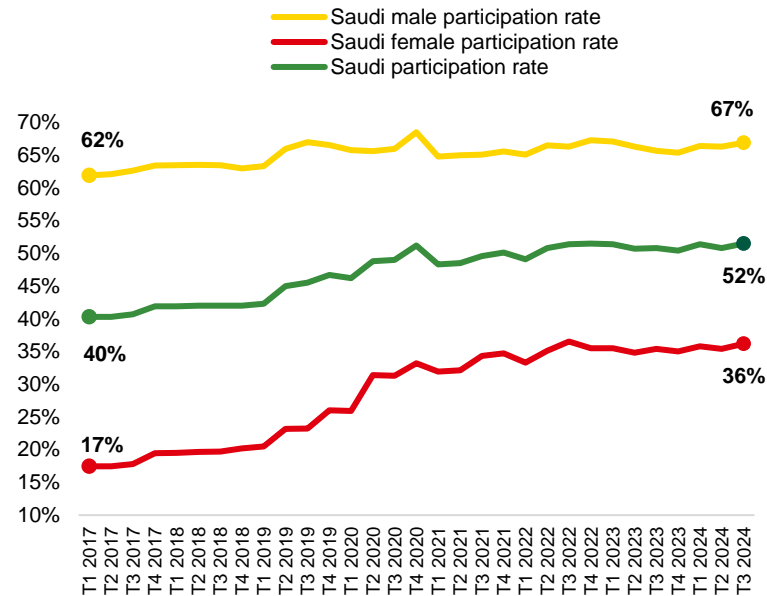


Business activity up and unemployment down sharply

Unemployment and activity rates by nationality



Trends in the participation rate of Saudis, by gender

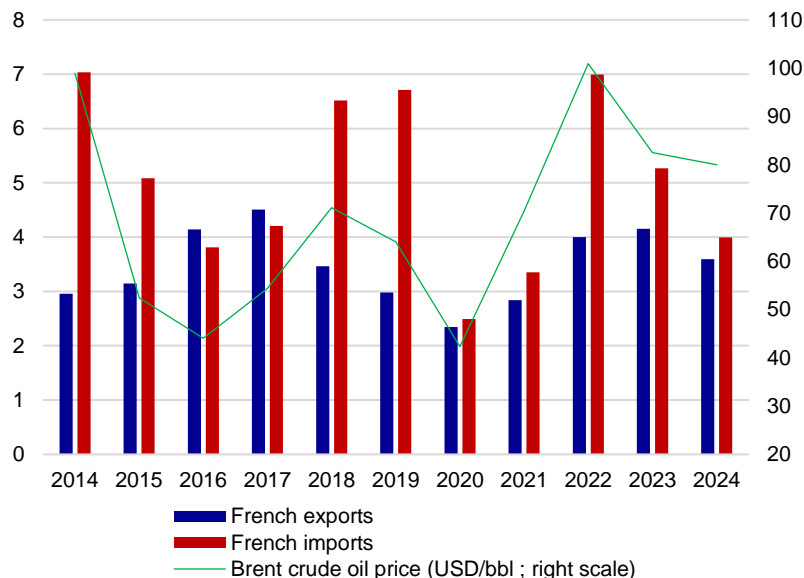


Sources: GASTAT, Economic Department

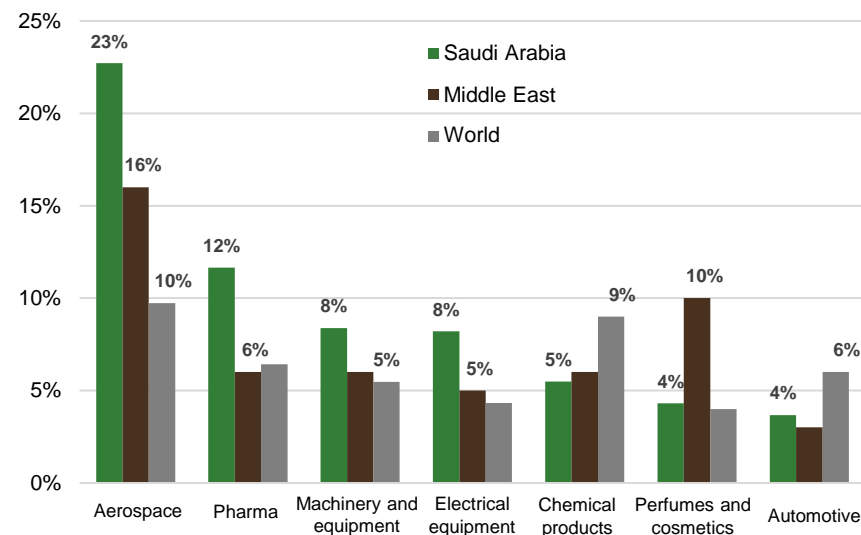
2. A bilateral relationship to be strengthened

Our bilateral trade with Saudi Arabia is still highly dependent on oil prices and our exports to the country are not sufficiently diversified

Trade between France and Saudi Arabia (EUR Bn)



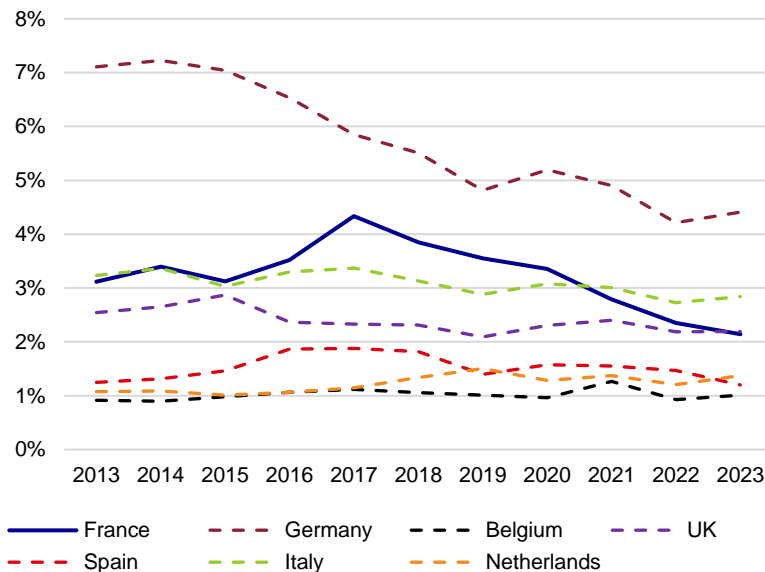
French exports to Saudi Arabia, other GCC countries and the world in 2024: breakdown by product (%)



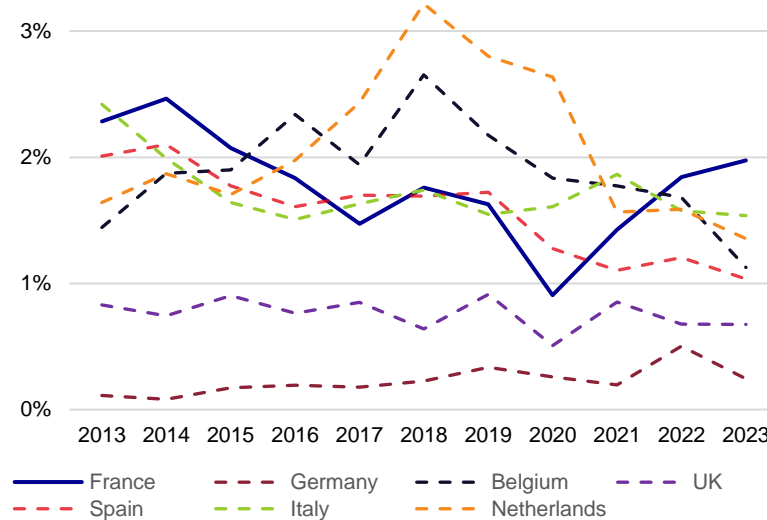
Sources: French customs, Economic Department

Germany is Europe's leading supplier to Saudi Arabia, which is reducing its share of supplies from the EU

Saudi Arabia imports from France and its European neighbors (% of total imports)



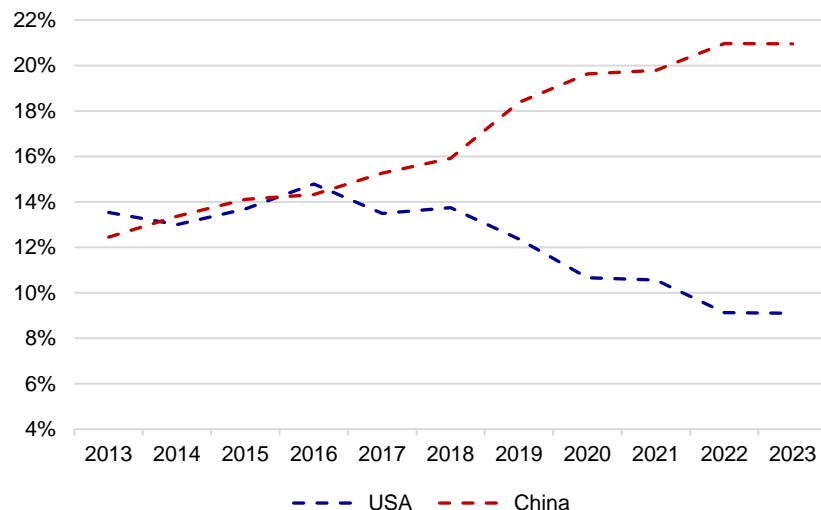
Saudi Arabia's exports to France and its European neighbors (% of total exports)



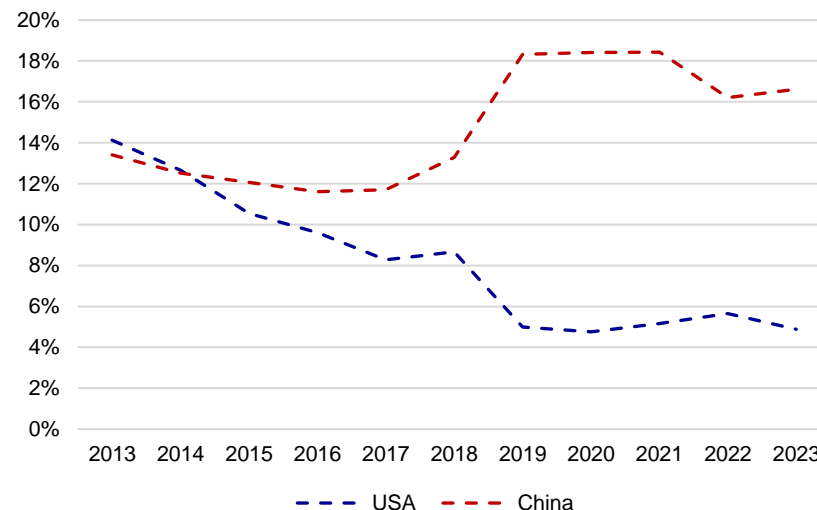
Sources : GASTAT, SE Riyadh

Saudi Arabia continues to strengthen its trade relationship with China at the expense of its trade with the United States

**Saudi imports from China and the United States
(% of total imports)**



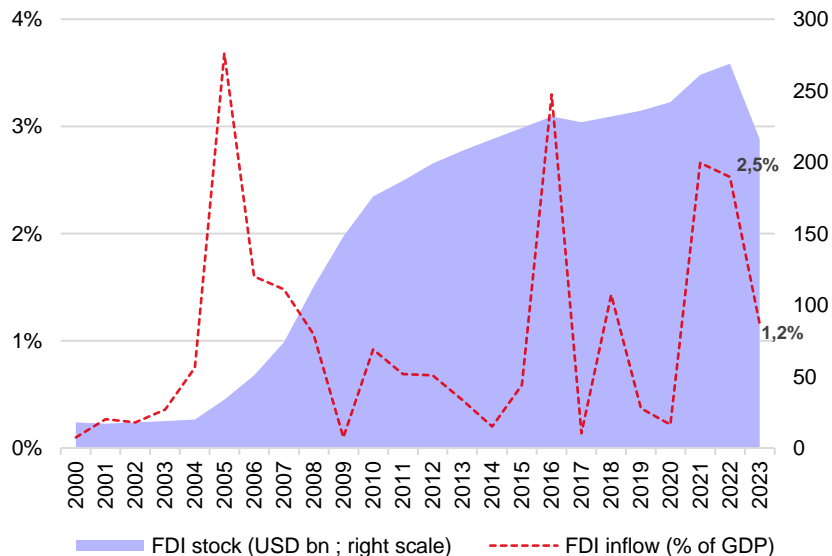
**Saudi exports to China and the United States
(% of total exports)**



Sources: GASTAT, Economic Department

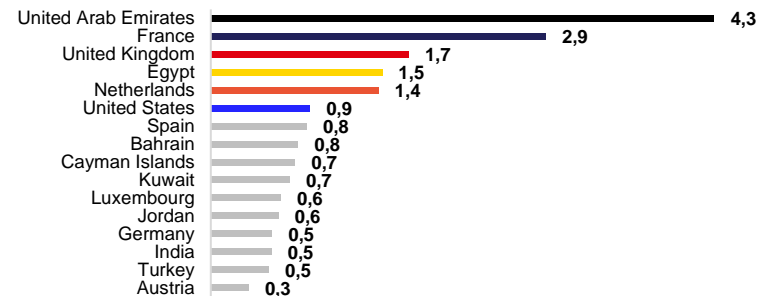
France, a leading investor in Saudi Arabia

FDI stock and inflow in Saudi Arabia

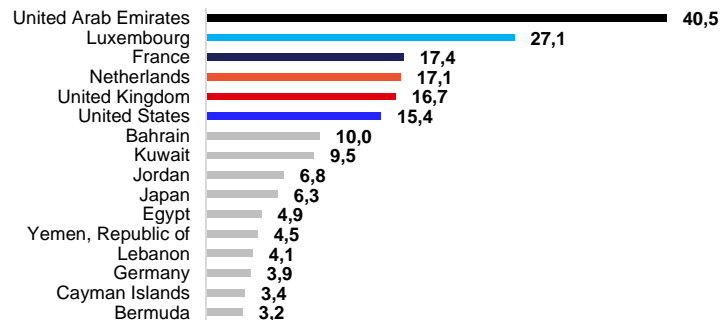


Sources: UNCTAD, Economic Department

FDI net inflow distribution by countries in 2023 (USD Bn)



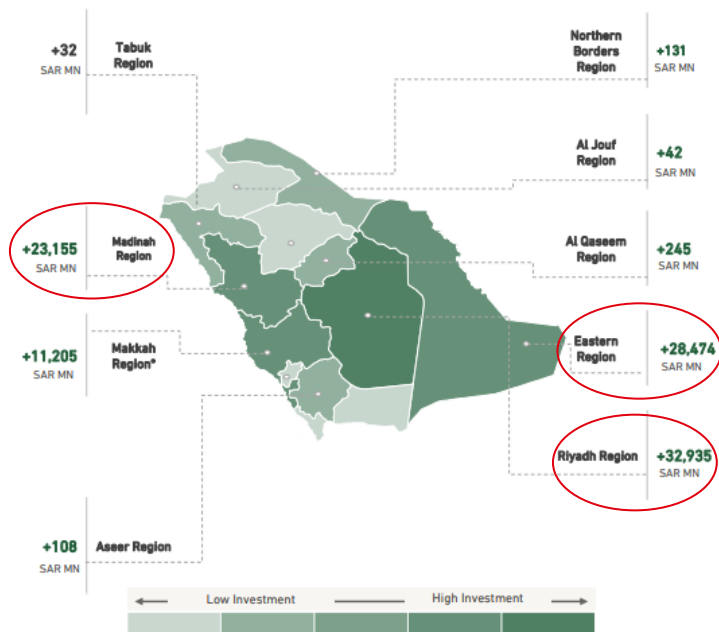
FDI stock distribution by countries in 2023 (USD Bn)



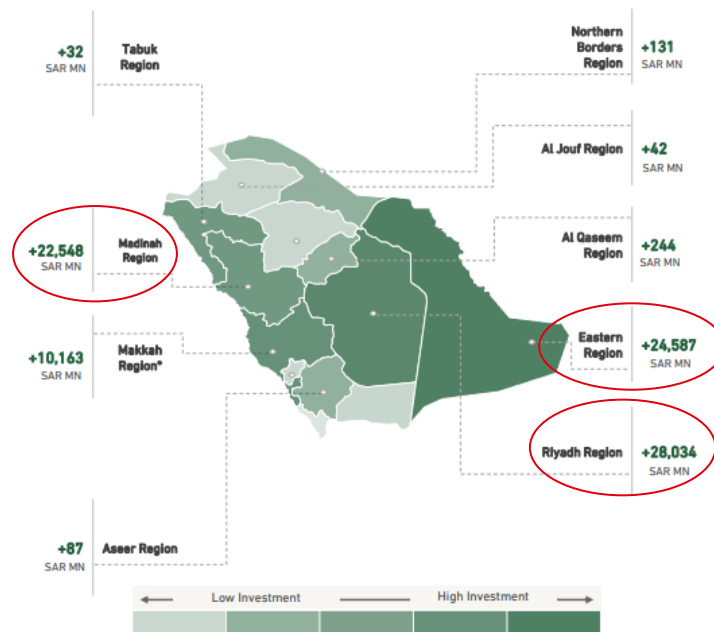
Sources: MISA, Economic Department

Riyadh (34 %), Eastern (30 %), and Madinah (24 %) regions accounted for 88 % of FDI inflows in 2023

FDI inflow distribution by administrative regions in 2023 (SAR Mn)



FDI net inflow distribution by administrative regions in 2023 (SAR Mn)



Source: MISA

The French private sector has a strong presence in Saudi Arabia

+170 French companies and subsidiaries in Saudi Arabia

Main sectors

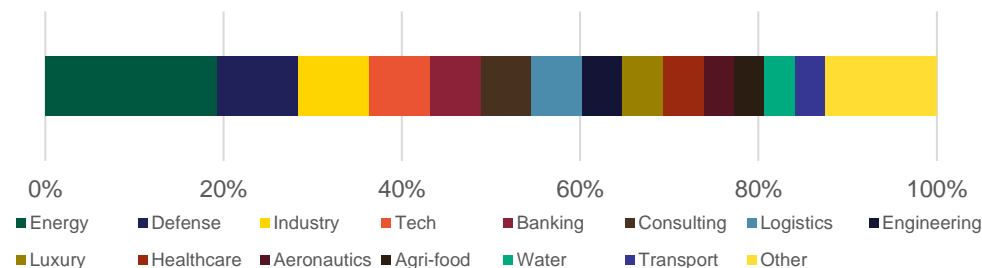
- Energy
- Transportation
- Defense
- Aeronautics
- Construction

Recognized engineering expertise (Egis, Systra)

New emerging sectors

- Health
- Digital
- High value-added technologies

French companies in Saudi Arabia by sector



THALES



CMA CGM

ALSTOM

RATP dev

ENGIE

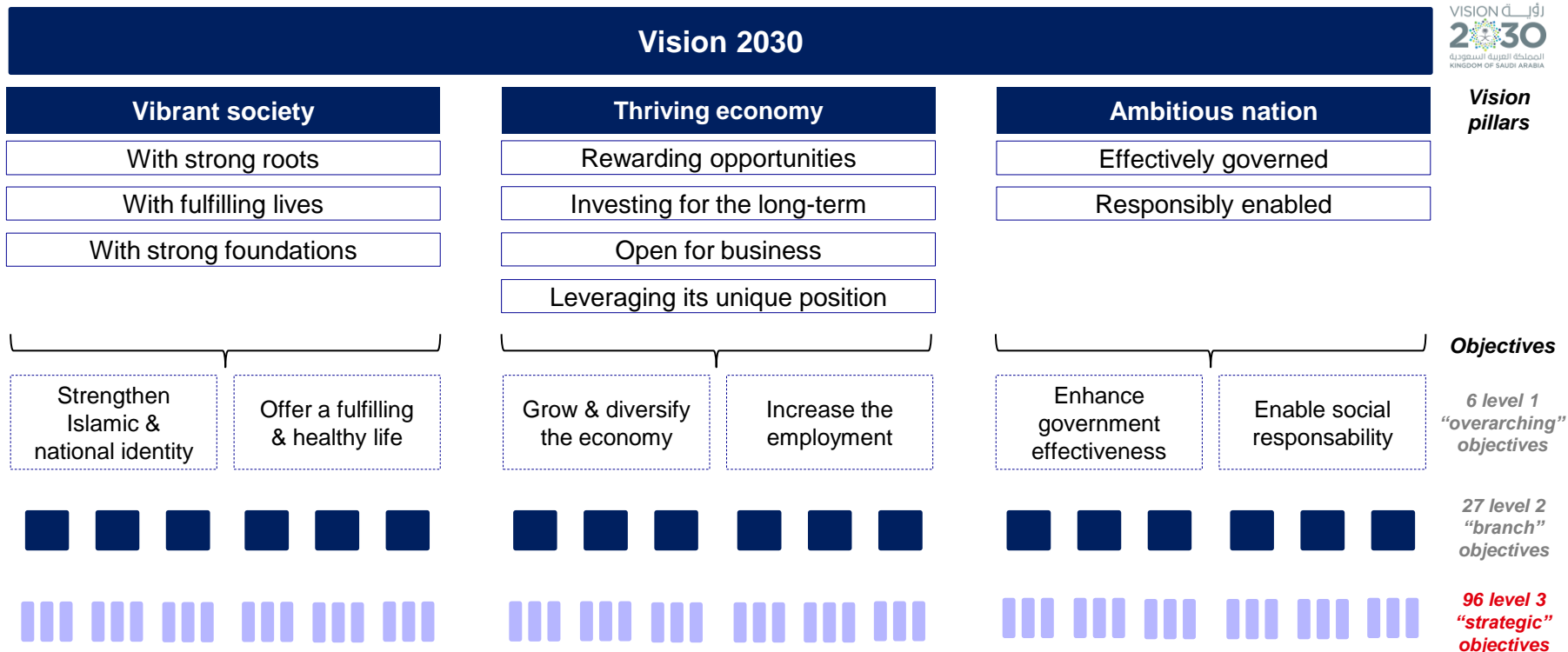
egis

AIRBUS



3. By adapting to the objectives of Saudi Vision 2030

From Vision 2030 to 96 strategic objectives



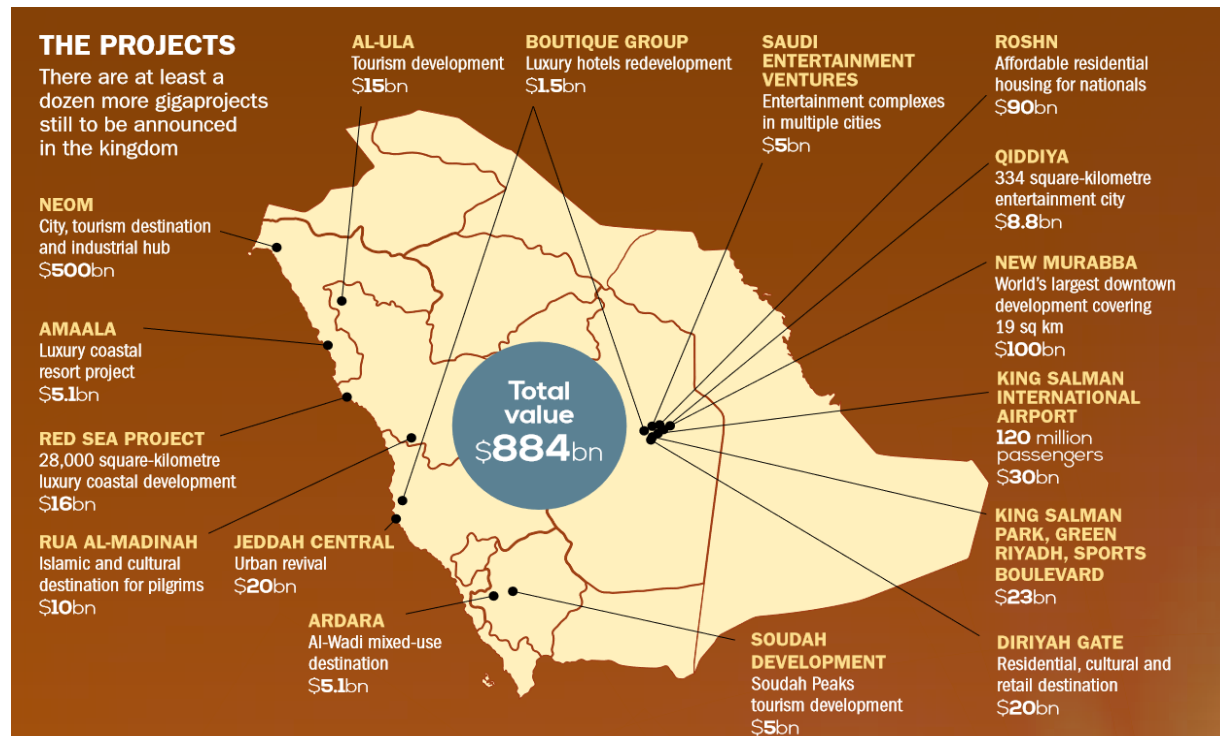
Vision 2030: economic transformation is progressing well, attracting FDIs is still a priority

<i>Vision Realization Programs (VRPs)</i>	Economic objectives	Indicators	Baseline	Current	Target
Fiscal Sustainability Program	Achieving a sustainable fiscal balance and reducing dependency on oil revenues	Non-oil revenues	\$44 Bn	\$115 Bn	\$250 Bn
		Share of non-oil exports in non-oil GDP	18%	70%	80%
Housing Program	Improve home ownership for Saudis	Homeownership rate	47%	64%	70%
Human Capability Development Program	Skilled and productive workforce	Unemployment rate among Saudis	12%	7,8%	5% ²
	Strengthen education and skills development	Saoudization rate for high-skilled jobs	32%	42%	40% ¹
		Female participation rate	22,8%	35,8%	30%
National Transformation Program	Coordinate implementation of Vision 2030	Contribution of the digital economy to GDP	0,2%	14%	19,2% ¹
	Economic diversification, private sector growth, job creation	Contribution of SMEs to GDP	20%	29%	35%
Privatization Program	Promote private sector participation in GDP	Private sector contribution to GDP	40%	45%	65%
	Attract FDI through privatization initiatives	Inward FDI (% of GDP)	1,2%	1,2%	5,7%
PIF Program	Strengthen PIF's role as a catalyst for growth	Assets under management	\$160 Bn	\$925 Bn	\$2000 Bn ²

¹ 2025 target

² Revised objective

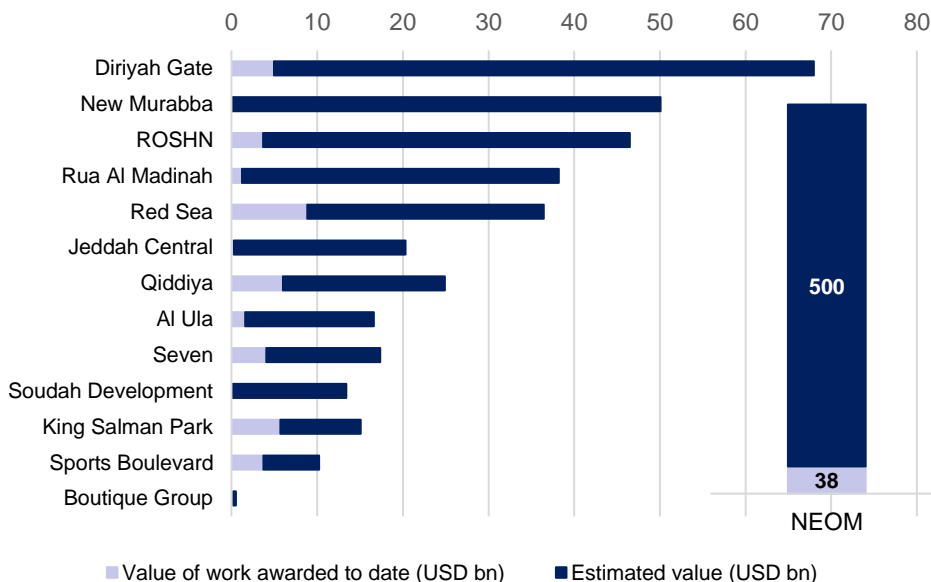
The Saudi Gigaprojects, mainly located in Riyadh and on the West coast



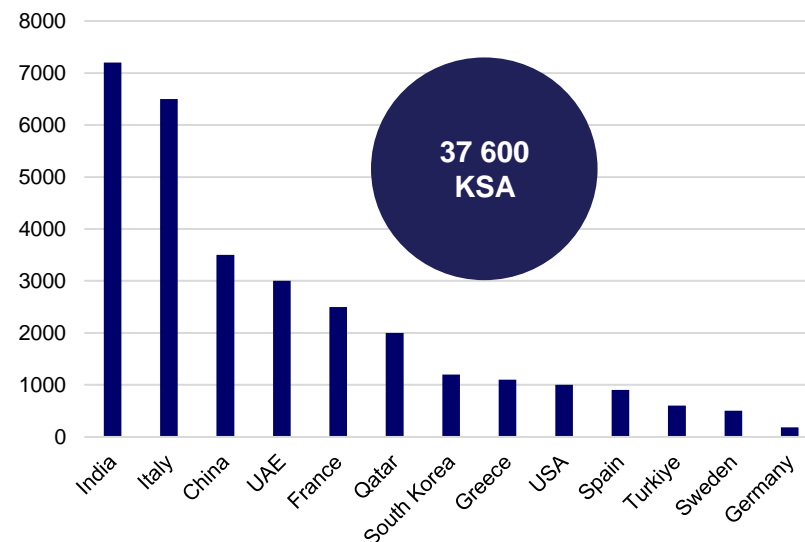
Source: MEED

Gigaprojects : expenditure on the projects till date have been a small portion of what has been planned

Estimated value and value of work awarded to date (USD bn)



Estimated contract amounts awarded by nationality of contracting company (USD Million)



Sources: MEED, Economic Department

Saudi Arabia, the new host country for international events

2029
Asian Winter Games



2030
World Expo



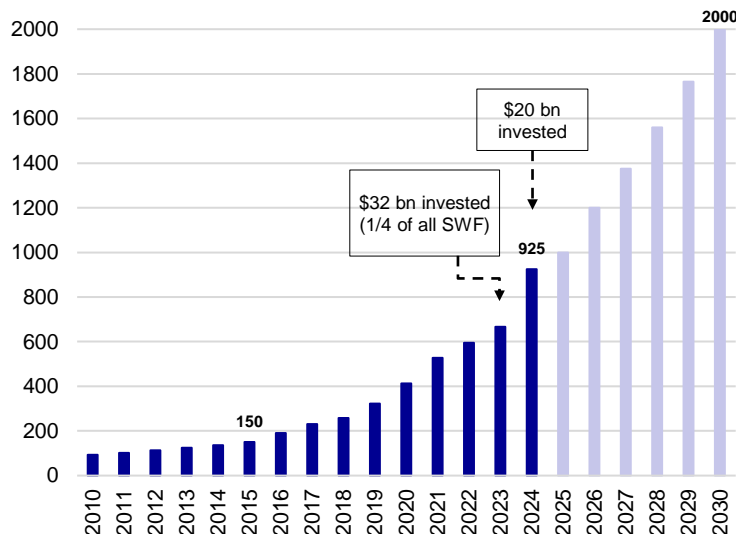
2034
FIFA World Cup



International deadlines pushing the country to meet the deadlines of certain major infrastructure projects

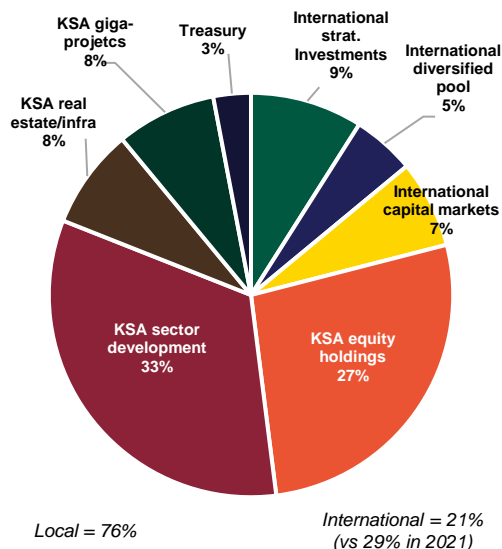
The Saudi Sovereign Wealth Fund (Public Investment Fund or “PIF”) is the financial arm of Vision 2030 and is focusing on local investments

Evolution and projection of PIF assets under management (USD billion)



Sources: PIF (2018-2022), Global SWF, SWF Institute, Ec. Dpt.

Breakdown of PIF's AUM in 2023



Sources: PIF, Economic Department

SWF ranking (february 2025)

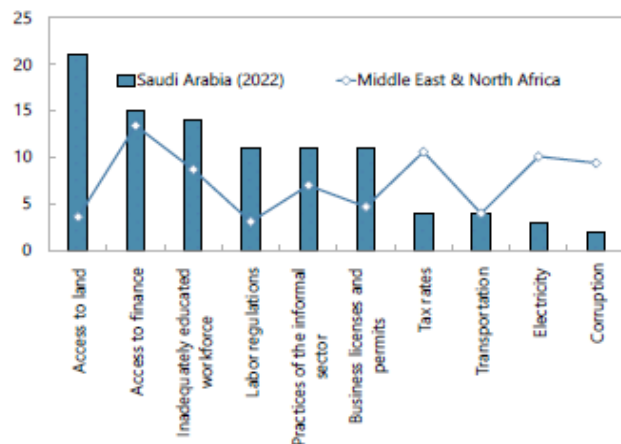
Rank	SWF (country)	AUM (USD bn)
1	NBIM (Norway)	1 738
2	CIC (China)	1 332
3	SAFE IC (China)	1 090
4	ADIA (Abu Dhabi)	1 057
5	KIA (Kuwait)	1 029
6	PIF (Saudi Arabia)	925
7	GIC (Singapor)	800
8	BPIDAN (Indonesia)	600
9	QIA (Qatar)	526
10	HKMAIP (Hong Kong)	514

Source: SWF Institute

4. And local market constraints

Business environment

Top Ten Business Environment Constraints
(Percent of firms)



Source: World Bank Enterprise Surveys 2022

Law/Regulation	Objective	Status
Commercial Courts Law	Efficient resolution of commercial disputes in KSA, including through expedited procedures, and mandatory mediation.	✓
Mining Investment Law	Accelerate foreign investment in the mining sector including by facilitating investor access to financing and supports exploration and geological survey activities.	✓
Anti-concealment Law	Prohibit concealment of ownership and beneficiary.	✓
Competition Law	Prohibits anti-competitive practices and agreements.	✓
Foreign Investment Law	Permit foreign investors to wholly own companies in most economic sectors, removing the requirement for a Saudi partner. It safeguards investors against expropriation and allows profit transfers abroad.	✓
Amending the List of Activities Excluded from Foreign Investment	Amendment allows foreign investment in the following services: domestic labor; audio and visual; land transport services; and home brokerage services.	✓
Anti-fraud and Breach of Trust Law.	Foster transparency and accountability, effective governance and responsible enablement through detailed punitive action for fraud.	✓
Companies Law	Simplifying the management of companies, thereby encouraging investment.	✓
New investment Law	Encouraging investment through incentives and fair treatment between local and foreign investors. Promoting investors rights, including through fair competition, dispute settlement.	In progress
Consumer protection Law	Safeguard the rights of consumers by preventing deceptive and unfair business practices. Ensure fair trade, competition and accurate information in the marketplace.	In progress
Sources: Authorities and IMF staff.		

Regional Headquarter (RHQ) policy

- Since January 2024, any company that does not have a registered office in the country will not be allowed to bid for public contracts
- The government had planned to attract **480 international companies by 2030**
- By February 2025, **600 international companies** had already received a **RHQ licence according to the Saudi minister of Finance**
- **At least 30 of them are French companies**
 - › Sectors : Aerospace, Transport, Energy, Construction, Agribusiness, Tech, Healthcare & Pharma, Consulting, TMT
- At least 45 other French companies are currently engaged in discussion with the Saudi Ministry of Investment to open their RHQ in the country
- Strong emphasis on quality of life and desire to improve the country's attractiveness to multinational firms

Incentives for companies (non-exhaustive list)

0% income tax on eligible Income

0% withholding tax on dividend payments made by RHQ entities to nonresidents

Government Tendering

10 years Saudization exemption

Spouse Work Permit & Dependent age extension to 25 years old

End to End services

Source: Ministry of Investment (MISA)



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*Liberté
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Fraternité*

Service économique de Riyad

Direction générale du Trésor

Thank you for your
attention

For further information:

www.tresor.economie.gouv.fr



Some French successes to celebrate!

EGIS - Project References in Saudi Arabia

Riyadh Metro SAUDI ARABIA



Project and construction management for 6 automated lines and 92 stations covering 177km - 60km underground, 36km over ground and 81km of viaduct sections.

Travel Forecast Models, Riyadh SAUDI ARABIA



Consultancy services for the development and maintenance of the upgraded travel forecast model for Riyadh. This includes maintaining the existing transport model and developing the updated version by upgrading from 1,500 zones to 3,000 zones, taking into consideration the socio-economic and demographic factors in the city.

Madinah Metro SAUDI ARABIA



Feasibility studies and preliminary design of Madinah metro to facilitate the mobility of the several million pilgrims that visit the holy city of Madinah each year. The plan included 95km of rails divided into three lines: green, blue and red with 25 km of underground and more than 40 km above ground.

Jeddah City Projects SAUDI ARABIA



Technical review services to several of Jeddah's PMO projects reviewing the infrastructure and engineering component, as well as the urban planning and development component.

AIUla Infrastructure Program SAUDI ARABIA



Developing, monitoring and administrating the overall Infrastructure Delivery Program, in coordination with the Asset Delivery Program, for the overall AIUla County (22,500 km³) aimed at making AIUla a sustainable, innovative and inclusive development designed to benefit the local population and visitors from around the world.

Green Riyadh SAUDI ARABIA



Program management and technical support services for the implementation of the 'Green Riyadh' strategy contributing to increasing the per capita share of green space in the Saudi capital.

Power Purchase Agreements For Taiba and Qassim IPP projects in addition to the expansion project of Rabigh IPP

With a total capacity of 8,400 MW

Agreement for Taiba (1) and Qassim (1) Projects
consortium between



Project Capacity

3600

MW

Agreement for Taiba (2) and Qassim (2) Projects
consortium between



Project Capacity

3600

MW

Rabigh Power Plant expansion project
by adding units using combined cycle
technology



Project Capacity

1200

MW



The projects will contribute to supplying power
to around 3.5 Million residential units annually



These projects are an extension of the energy ecosystem's
efforts towards realizing Vision 2030's objectives to achieve
optimal energy mix, as a part of the National Renewable Energy
Program, supervised by the Ministry of Energy

Taiba & Qassim

Consortium Partners:

- EDF
- Al Jomaih Energy and Water Co. Ltd. (JENWA)
- Buhur for Investment

PPA : Signed on November 13th 2023 - 25 years BOO contract with SPPC

EPC Contractor and Turbine Technology : China Energy Engineering Corporation (CEEC) is our EPC. Features the latest Class H Gas Turbines from SIEMENS, ensuring the highest efficiency in Combined Cycle operation with decarbonization

Technological Advancements : Aids Saudi Arabia's shift to renewable energy, aims to replace outdated, liquid-based, inefficient generation plants
Introduces carbon capture technologies for the first time in the Kingdom

Projected Impact : Expected to supply power to approximately 1.5 million residential units and attracts a significant investment of USD 3.9 billion.

Project Timeline:

Financial Closure (FC): February 9, 2024

Initial Commercial Operation Date (ICOD): May 31, 2026

Project Commercial Operation Date (PCOD): May 31, 2027





ENGIE, a key player in Saudi Arabia's energy transition

Through various activities: renewable energy, thermal production and desalination, and diverse subsidiaries: ENGIE Solutions, Tractebel and Laborelec



10%
of KSA power capacity



11%
of KSA desalination capacity



+2,000
employees



38%
female employees



38%
Saudi nationals



22
nationalities



4.1 billion USD
Estimated contribution to the
GDP of Saudi Arabia



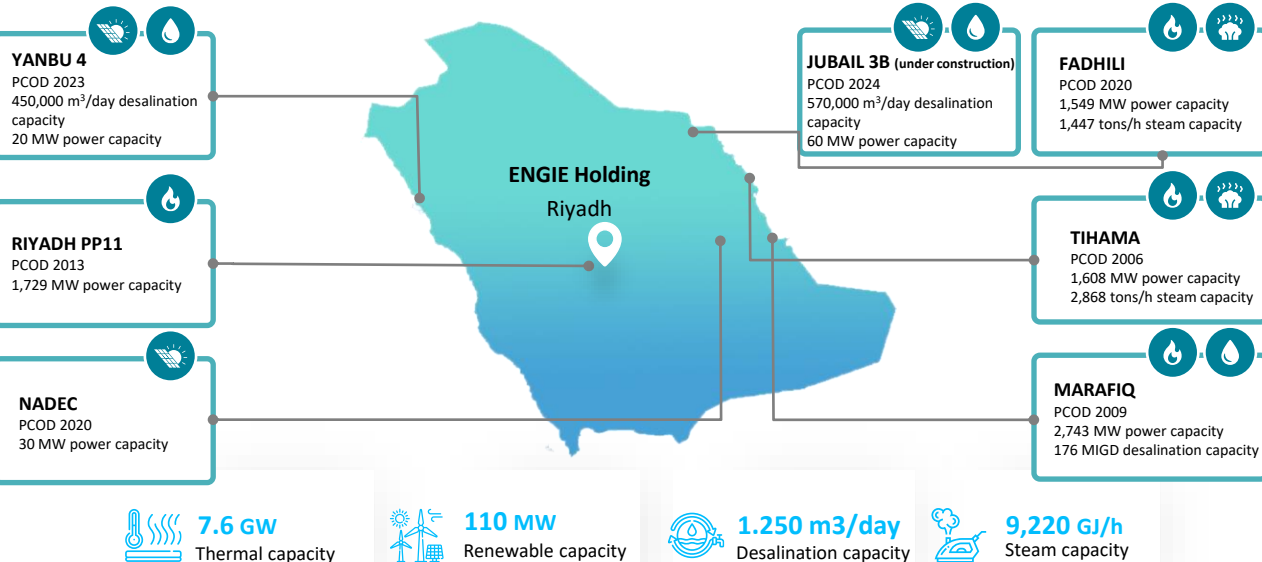
6.3 billion USD
Asset value investment plan
2021-2025



8.7 billion USD
Total asset value



178 million USD
Total revenue earned



PV



CCGT



SWRO



Steam Production

REDEFINING MOBILITY WITH LOW-CARBON TRANSPORT AND TRANSFORMING CITIES FOR A SUSTAINABLE FUTURE



Al Ula Tram - The world's longest battery-powered Tram line

- 22.4 km tram line connected to UNESCO World Heritage sites
- 20 state-of-the-art Citadis battery-trams, an impressive new standard for a low-carbon future, while preserving AlUla's cultural heritage
- A revolutionary step forward that redefines urban transportation in AlUla

Hydrogen Train - Exploring solutions for a sustainable Kingdom

- First run of Alstom's Hydrogen Train in the Middle East in collaboration with SAR and the TGA
- Support SAR to receive H2 operating license – first in the Region



Riyadh Metro – Lines 3, 4 5 & 6

- Alstom if the Rail Solutions provider for lines 3, 4, 5 & 6. As one of the world's largest urban transport and infrastructure projects, the Riyadh Metro will span 113km with 50 stations.
- Alstom is major member of the O&M entity called FLOW – fully responsible for the long term maintenance of the railway system

KAIA Automated People Mover

- Full system upgrade of Jeddah's International Airport Terminal 1 People Mover including the addition of four new cars contributing to the target that aims to serve 114 million passengers by 2030.
- A sustainable mobility solution, supporting the Saudi Green Initiative's goal to reduce transport emissions
- Full Operation and Maintenance of the System



WE DEDICATE EVERY DAY TO BETTER CITY LIVING

RIYADH METRO



CAMCO

Automated metro

Line 1 (Blue Line)
38 Kms / 25 Stations

Line 2 (Red Line)
25.3 Kms / 15 Stations

AUTONOMOUS VEHICLE



AL-ULA

Electric Buses

Autonomous Vehicles

RIYADH BUSES



PTC

87 lines including
2 Bus Rapid Transit

2 million travellers
per month

842 Buses
1.6K Stations

AUTONOMOUS SHUTTLES



MISK CITY POC

Autonomous
Shuttles

CMA CGM: Port of NEOM

KEY ACHIEVEMENTS

1st shipping line to offer
a fixed direct call
to/from NEOM

Over 5,000+ TEUs
delivered to date

Standard, Out-of-
gauge, Breakbulk
Reefer and Dangerous
cargo coverage

Capacity to offer
customs and delivery
services



Successful breakbulk transport to Neom

CHG EMISSION REDUCTION PLAN

MODE COMPARISON



VS



JEDDAH to NEOM (TRUCK)



JEDDAH to NEOM (SEA)



TEU / WK

100



141.8 tons



30.60 tons



111.2 tons

- 78 %

200



283.6 tons



61.20 tons



222.4 tons

- 78 %

300



425.4 tons



91.80 tons



333.6 tons

- 78 %



CMN NAVAL's commitment to vision 2030 proved to be one of the leading naval companies in the Kingdom to be awarded contracts totalling over 900 million Euros.

The program highlights include:

- **58 High speed interceptors (HSI32) for the Royal Saudi Naval Forces.**
- **31 vessels built by Constructions mécaniques de Normandie (CMN) a CMN NAVAL subsidiary.**
- **27 vessels built in the Kingdom through a Transfer of Technology program with Zamil offshore.**

CMN NAVAL continues it's commitment to the kingdom and various discussions are ongoing for future projects and beyond.



SAINT-GOBAIN IN SAUDI ARABIA

Worldwide leader in light and sustainable construction, Saint-Gobain designs, manufactures and distributes materials and services for the construction and industrial markets. Its integrated solutions for the renovation of public and private buildings, light construction and the decarbonization of construction and industry are developed through a continuous innovation process and provide sustainability and performance. The Group's commitment is guided by its purpose, "MAKING THE WORLD A BETTER HOME".



Present since 2007

Our Plants and Offices in KSA

300 employees

www.saint-gobain-emme.com



SOME INNOVATIONS AND COLLABORATIONS

TO BE CONTINUED AND PROMOTED



- Executing with ALM a pilot project spanning 20 kilometers in collaboration with the Ministry of Transportation, and 3 more inquiries received.
- One km length pilot executed with Riyadh region, discussion for additional sections.



- Successfully secured a large phase of COLCLAIR Beige, and operations have commenced.
- Identified the potential for 800,000 tons within the scope of the same project.



- Opportunity to implement 250 kilometers of COLCLAIR with the Royal Commission of AlUla.
- Completed mockups; mix design pending technical evaluation and approval.



- The King Salman Park is poised to become the world's largest urban park (16.6 sq km).
- Technical and commercial presentations to the architect, in conjunction with the KSPF, about the use of COLCLAIR in the park's roads, bike lanes, and paths.



- Engaging with key projects like Sports Boulevard and Green Riyadh, and more recently Riyadh expo and Riyadh metro, gaining recognition and inquiries, boosting our market profile