Export Opportunities in Saudi Arabia

In 2017, Saudi Arabia ranked 20th among U.S. export destinations and 20th among Virginia export destinations. Some of the top opportunities for U.S. exporters in Saudi Arabia include:

- Oil & Gas Field Machinery
- Energy
- Medical Equipment
- Pharmaceuticals
- Construction
- Mining and Minerals
- Education and Training
- Information and Communication Technology

Top Virginia Exports to Saudi Arabia

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>All Commodity Chapters</td>
<td>$203.3</td>
<td>-29%</td>
</tr>
<tr>
<td>Food Residues</td>
<td>$49.0</td>
<td>13%</td>
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<tr>
<td>Industrial Machinery</td>
<td>$48.2</td>
<td>-12%</td>
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<tr>
<td>Electrical Machinery</td>
<td>$23.2</td>
<td>-27%</td>
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<tr>
<td>Rubber</td>
<td>$9.3</td>
<td>4900%</td>
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<tr>
<td>Medical Instruments</td>
<td>$8.9</td>
<td>-19%</td>
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<tr>
<td>Wood Pulp</td>
<td>$5.9</td>
<td>41%</td>
</tr>
<tr>
<td>Arms And Ammunition</td>
<td>$5.6</td>
<td>-84%</td>
</tr>
<tr>
<td>Furniture</td>
<td>$4.9</td>
<td>3%</td>
</tr>
<tr>
<td>Edible Animal Products</td>
<td>$4.5</td>
<td>-1%</td>
</tr>
<tr>
<td>Plastics</td>
<td>$4.1</td>
<td>18%</td>
</tr>
</tbody>
</table>

In US$ Millions

(U.S. Central Intelligence Agency)

U.S. Exports to Saudi Arabia

In US$ Billions

- 2015: $19.8
- 2016: $18.0
- 2017: $16.3
The Kingdom of Saudi Arabia accounts for 59.4 percent regional market share for the purchase of pharmaceutical products in the Gulf region. Saudi Arabia's expenditures of pharmaceuticals was valued at USD 6.9 billion in 2016 with industry estimates suggesting a 10 percent annual growth rate. Major factors affecting the pharmaceutical market is the Kingdom's growing population, high obesity rates, and an increase in health care spending.

Top prospects for U.S. exporters to Saudi Arabia include:
- Diabetic Care
- Cardiovascular Drugs
- Antibiotics

The construction equipment market in Saudi Arabia is expected to grow to approximately $4.8 billion by 2017, despite a drop in government revenue from a 2015 crush in oil prices. Population growth will require 3.2 million new housing units and a 300% increase in electrical coverage over the next two decades. Vast mega cities, rail links, and bridges are in the pipeline.

The best prospects for U.S. exporters include:
- Electricity/Telecom Sectors
- Water Resources

The Saudi Arabian Oil Company (Aramco) is the world's largest oil producer, maintaining the world's second largest reserves through new field discoveries and product optimization. Maximum sustainable crude production capacity will be 12 million barrels per day through 2020. Aramco is planning to double gas production over the next decade and invest $140 billion towards new gas and oil plants in the next 5-6 years.

Top opportunities for U.S. exporters include:
- Marine Equipment & Services
- Filtration systems

The Government of Saudi Arabia allocated over $53 billion in its 2017 budget for education and human resource development, the second largest allocation behind defense. 411 new schools were built in 2016 and new scholarship programs and female colleges are still in development. Over the last decade, Saudi Arabia has become the 4th largest source of international college students in the U.S.

The best prospects are:
- Technical and administrative training
- Distance learning
- Accounting and financial management
FAST FACTS

Economic Overview

Saudi Arabia has an oil-based economy with strong government controls over most economic activities. The petroleum sector accounts for nearly 87% of budget revenues, 42% of GDP, and 90% of export earnings in Saudi Arabia.

The Saudi Arabian government is encouraging growth in the private sector in an attempt to diversify its economy and employ more Saudi nationals. The primary sectors for diversification include power generation, telecommunications, natural gas exploration, and petrochemical sectors. The government has established six “economic cities” across the country to promote foreign investment. The Saudi Arabian government is also focused on employing its large youth population, which generally lacks the education and technical skills the private sector needs.

In 2017, the Kingdom incurred a budget deficit estimated at 8.3% of GDP. The government recently introduced a 5% value-added tax.

(CIA World Factbook)

GDP Growth Rate

Considerable time should be spent building relationships prior to doing business in Saudi Arabia.

- Patience and courtesy are essential in Saudi Arabia, as it can be quite common for meetings to be interrupted.
- Public sector working days are Saturday to Wednesday, and office hours are mainly 8am to 3pm. However, many private companies are moving to a 8am to 5pm working day.
- The majority of Saudis are Sunni Muslims. Muslims pray five times a day and all shops and many offices will close to observe prayer times.
- The best way to get around for men and women is to use a chauffeured car supplied by the hotel or to use taxis. Many local business contacts will be happy to send a car to pick up foreign visitors from their hotel.
- Alcohol consumption is forbidden and anyone caught smuggling or distributing alcohol can face a long prison sentence. No pork or pork products are allowed.
- Members of the government and senior officials can be addressed as “Your Excellency” or “Minister” if they hold a ministerial position. Royal family members should be addressed as “Your Highness” or “Your Royal Highness.”

(UK Trade & Investment)
Virginia Economic Development Partnership - International Trade offers a number of export-related services to Virginia businesses, including trade missions and market research by our Global Network of in-country consultants. These services are available to all Virginia exporters.

For more information, please visit our website: ExportVirginia.org

Additional Resources:

- Saudi Arabia Overview
  Global Edge - Michigan State University

- Taxation
  Chartered Accountants of England & Wales

- Arab News (English)
  Leading English Language Daily News

- Kwintessential Saudi Arabia
  Kwintessential Guide to Saudi Arabia

- Saudi Arabia Country Commercial Guide
  U.S. Commercial Service

- Doing Business in Saudi Arabia
  United Kingdom Trade & Investment

- Ease of Doing Business Report
  World Bank