

**New Business Development**  
Localization & Clusters Department

أرامكو السعودية  
**Saudi Aramco**



**Investing in Saudi Arabia**

## Table of Content:

- [Incentives for Foreign Investors](#)
- [Investment Enablers at a glance](#)
- [Development of local oil & gas support industries](#)
  - [Initial Stage: assessment](#)
  - [Intermediate Stage: Project Execution plan](#)
  - [Final Stage: Execution](#)
- [Guidelines for foreign Investors to Establish Manufacturing or services Enterprise in the Kingdom of Saudi Arabia \(KSA\)](#)
  - [Establish contact with Saudi Aramco](#)
  - [Contact SAGIA to understand KSA's enablers and incentives](#)
  - [Prepare feasibility studies](#)
  - [Select Local Partner](#)
  - [Apply for Investment License, Reference Number, and Commercial Registration](#)
  - [Apply for Industrial land](#)
  - [Apply for Gas](#)
  - [Apply for Loan](#)
  - [Validate Requirement and facility layout via LBS&R](#)
  - [Start Construction](#)
  - [Apply for human Resources Development Fund](#)
  - [Initiate plant approval as a local manufacturer](#)
- [Important & Useful Links](#)
  - [Mega Companies](#)
  - [Land Allocation Entities](#)
  - [Funding Entities](#)
  - [Government and semi-government entities](#)
  - [Vocational, Technical and Educational Entities](#)

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## Incentives for Foreign Investors

Except as otherwise noted and subject to limitations and/or exclusions published by the Saudi Government, the following incentives are provided to foreign and local investors:

- Can own 100 percent of their investment projects in the Kingdom of Saudi Arabia (KSA), as applicable.
- Shall enjoy all the benefits, incentives and guarantees extended to national (100% Saudi owned) investments.
- Under the current Saudi Arabian Income Tax Law, shall pay a maximum of 20 percent tax on corporate profits above SR 100,000 (U.S. \$26,700).
- Subject to the provisions of the Saudi Arabian Income Tax Law and Companies Regulations, are allowed to repatriate 95% of their capital, profits and dividends (5% is deducted as a withholding tax and there are no currency conversion or currency export restrictions).
- May freely transfer shares.
- Can enjoy:
  - incentives provided under the Protection and Promotion of the National Industries Act, including exemption from customs duties on imports of machinery and equipment, raw materials and spare-parts if imported for industrial use.
  - Preferential treatment for national products in governmental procurement.
- Can apply for industrial loans on favorable terms from the Saudi Industrial Development Fund (SIDF) or other lending agencies.
- Will benefit from the Kingdom's WTO accession commitments and applicable bilateral investment protection and promotion agreements signed by the government.
- Subject to Saudization requirements, can sponsor foreign employees (i.e., to obtain entry and exit visas and residency and work permits) pertaining to the investment project.
- Can refer disputes to the Board of Grievances and Investment Disputes Settlement Committee.
- Can carry over current tax losses into future years to offset taxes on future profits.
- Can benefit from non-imposition on personal income tax.
- Shall receive the same treatment, protection and incentives accorded to a national investment since the Kingdom is member of the Multilateral Investment Guarantee Agency (MIGA).
- Shall be provided pre-investment assistance by Saudi Arabian General Investment Authority (SAGIA) such as in:
  - Conducting feasibility studies for industrial projects.
  - Providing information and statistics for investment projects within the scope of Saudi Arabia's development plans.

## Investment Enablers at a glance

- Availability of low cost energy.
- Availability of low cost feedstock.
- Availability of developed industrial sites on short, medium, and long-term rental at nominal charges.
- Provision of basic utilities at government set rates.
- The SIDF is ready to provide interest-free loans up to 50% of project capital or up to SR 600 million (U.S. \$160 million) whichever is lower.
- Availability of duty-free zone at Jeddah and Dammam Seaports.
- Promotion of non-oil product and service exports of by the Saudi Export Development Center (established under the umbrella of the Saudi Council of Chambers of Commerce and Industry).
- Availability of financial support from Human Resources Development Fund (HRDF) for indigenous manpower employment for vocationally qualified and non-qualified for a maximum of SR 1,500 (U.S. \$400) per month during training, and up to SR 2,000 (U.S. \$533) per month upon employment for up to 2 years.

## Development of local oil & gas support industries

### Initial Stage

- If so requested by the investor, LBS&R will assess Saudi Aramco's consumption for a specific commodity/service.
- LBS&R will be available to assist the investor in developing a preliminary commercial assessment of his project opportunity related to the product or service.

### Intermediate Stage

- Following completion of the preliminary study, the investor will perform a detailed feasibility study focusing on the intended commodity/service range and associated financial, operational and construction elements of the project.
- Based on the results of the detailed feasibility study, the investor creates a project execution/planning team to develop the new venture.
- The investor applies for an Investment license at SAGIA's In Kingdom (IK) offices or submits an online application via SAGIA's Web site.
- Next, the investor applies for a Reference number, and a Commercial Registration. Both Applications need to be done at one of SAGIA offices in KSA.
- As applicable, the investor next submits an industrial land allocation application to the respective Royal Commission or Industrial City authority in KSA.
- The investor should also apply to the gas Regulator within the Ministry of Petroleum and Mineral Resources for the allocation of sales gas and/or ethane if required by the project.
- Once the land allocation and/or gas allocation is secured, the investor can submit a loan application to any Government organization (e.g., SIDF, GOSI, etc.) from which financing for the project will be sought.

### Final Stage

- The investor develops a robust execution plan.
- Project execution begins with commencement of plant design & construction.
- The investor must apply for a Commercial Registration number through the appropriate office of the Ministry of Commerce and Industry when the plant is about to commence operations or the service offering is available.
- When the plant begins production or service offering is available, all required documentation is submitted to Saudi Aramco for approval.
- Once the new manufacturer/service provider is approved, Saudi Aramco is ready to initiate the procurement process if prices are competitive, and delivery terms are acceptable.

## Guidelines for foreign Investors to Establish Manufacturing or services Enterprise in the Kingdom of Saudi Arabia (KSA)

These guidelines summarize early assistance available to potential Foreign Investors who wish to establish oil and gas related facilities in KSA

### 1) Establish contact with Saudi Aramco

Foreign Investors need to initiate communication to establish contact with Saudi Aramco (as per below table), to:

- Discuss opportunities and seek advice.
- Obtain “investor opportunity white paper” if available.
- Explore alternative options.
- Request early technical acceptance of products, if needed.
- Request information on Saudi Aramco’s past consumption.

Saudi Aramco	Contact Details			
	Location	Phone	Fax	e-mail
Local Business Support & Relations (LBS&R)	Dhahran, North Park 2	(+966) 3-874-1275	(+966) 3-874-1734	NBD-LEDD@aramco.com

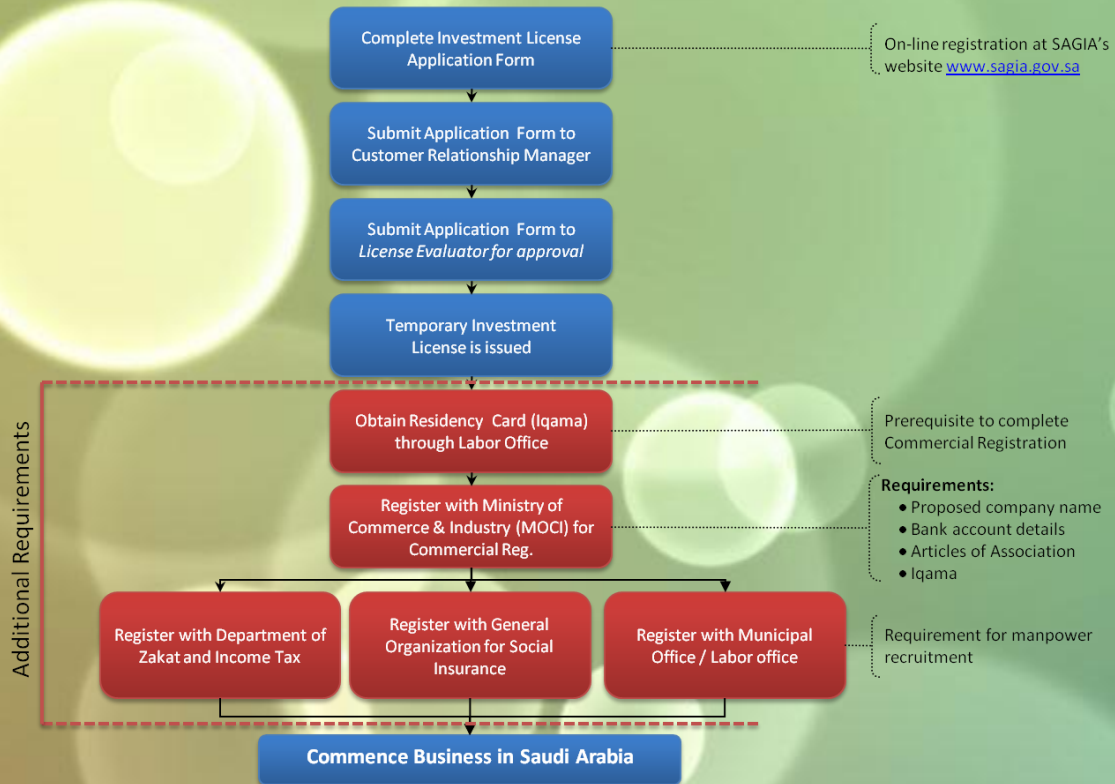
### 2) Contact SAGIA to understand KSA’s enablers and incentives

SAGIA’s role is to grant the international investor with the investment license, and provide further information on incentives and guidance throughout the process.

#### How can SAGIA help?

- **Providing business support**: everything from advice on organizing visas and building regulations, to financing and legal support.
- **Business facilities**: SAGIA is planning four Economic Cities in key locations around the nation with complete services.
- **Qualified Workforce**: SAGIA can link businesses to the ready workforce.
- **Investor Assist**: is a service provided to investor by SAGIA to make staying in the Kingdom as enjoyable and stress-free as possible
- **Global outreach**: through nine International Offices on four continents these offices can be found in Australia, China, United States, United Kingdom, Germany, France, Italy, Japan, and Singapore, with more in the pipeline.
- **Asaleeb**: is a SAP-powered (CRM) solution that enables real-time information exchange between bankers, executives, lawyers, analysts, and government agencies.

## Obtain an Investment License from SAGIA



Saudi Arabian General Investment Authority (SAGIA)	Contact Details	
<b>Out of Kingdom office locations</b>	<b>Phone</b>	<b>Fax</b>
<b>Contact SAGIA offices at any Embassy of the Kingdom of Saudi Arabia world wide</b>		
Web site	<a href="http://www.sagia.gov.sa">www.sagia.gov.sa</a>	
Call Center	+966-2-653-9510	+966-2-657-2097
<b>In-Kingdom office locations</b>	<b>Phone</b>	<b>Fax</b>
Dammam	+966-3-881-2088	+966-3-881-1990
Riyadh	+966-1-448-4533	+966-1-448-1234
Jeddah	+966-2-657-1580	+966-2-657-2097
Toll free Number	800-244-9990	+966-2-657-2097

Departments	email
Education Sector	<a href="mailto:education@sagia.gov.sa">education@sagia.gov.sa</a>
Energy Sector	<a href="mailto:energy@sagia.gov.sa">energy@sagia.gov.sa</a>
Health Sector	<a href="mailto:health@sagia.gov.sa">health@sagia.gov.sa</a>
ICT Sector	<a href="mailto:ict@sagia.gov.sa">ict@sagia.gov.sa</a>
Legal	<a href="mailto:legal@sagia.gov.sa">legal@sagia.gov.sa</a>
Life Science Sector	<a href="mailto:life_science@sagia.gov.sa">life_science@sagia.gov.sa</a>
Marketing & Media Sector	<a href="mailto:Marketing_dept@sagia.gov.sa">Marketing_dept@sagia.gov.sa</a>
Recruitment	<a href="mailto:recruitment@sagia.gov.sa">recruitment@sagia.gov.sa</a>
Transportation Sector	<a href="mailto:transportation@sagia.gov.sa">transportation@sagia.gov.sa</a>

### 3) Prepare feasibility studies

Foreign investors need to make a decision whether the opportunities are feasible:

- If feasible, go to step #4 to select a local partner, if needed.
- If not, go back to step #1 to discuss other options with LBS&R of Saudi Aramco.

### 4) Select Local Partner(s), if needed.

Foreign investors may communicate their interest to the Saudi Chamber of Commerce to:

- Request potential local Investors
- Shortlist potential local Investors
- Select local investor

Chamber of Commerce	Contact Details			
Location	Phone	Fax	e-mail	Website
Dammam	+966-3-857-1111	+966-3-857-0607	<a href="mailto:chamber@chamber.org.sa">chamber@chamber.org.sa</a>	<a href="http://www.chamber.org.sa">www.chamber.org.sa</a>
Riyadh	+966-1-404-0044	+966-1-402-1103	<a href="mailto:info@rdcci.org.sa">info@rdcci.org.sa</a>	<a href="http://www.riyadhchamber.com">www.riyadhchamber.com</a>
Jeddah	+966-2-651-5111	+966-2-651-7373	<a href="mailto:info@jcci.org.sa">info@jcci.org.sa</a>	<a href="http://www.jic.gov.sa">www.jic.gov.sa</a>

### 5) Apply for Investment License, Reference Number, and Commercial Registration

Foreign Investors need to apply by themselves, or appoint a local partner, or local lawfirm, at one of SAGIA in-Kingdom offices (please refer to the tables in step #2), for:

- Investment License (Industrial or Services)
- Reference Number and Commercial Registration

### 6) Apply for Industrial land, if needed

Upon receiving the Investment License and Commercial Registration, the foreign investor may apply for industrial land through MODON:

#### Introduction:

Saudi Industrial Property Authority (MODON) runs and supervises all 18 Saudi Arabia's Industrial Cities that covers about 93 million square meters.

#### MODON's Role in local content:

- Establish, develop, and operate industrial cities
- Provide integrated service to meet investors needs

#### Advantages of MODON Industrial Cities:

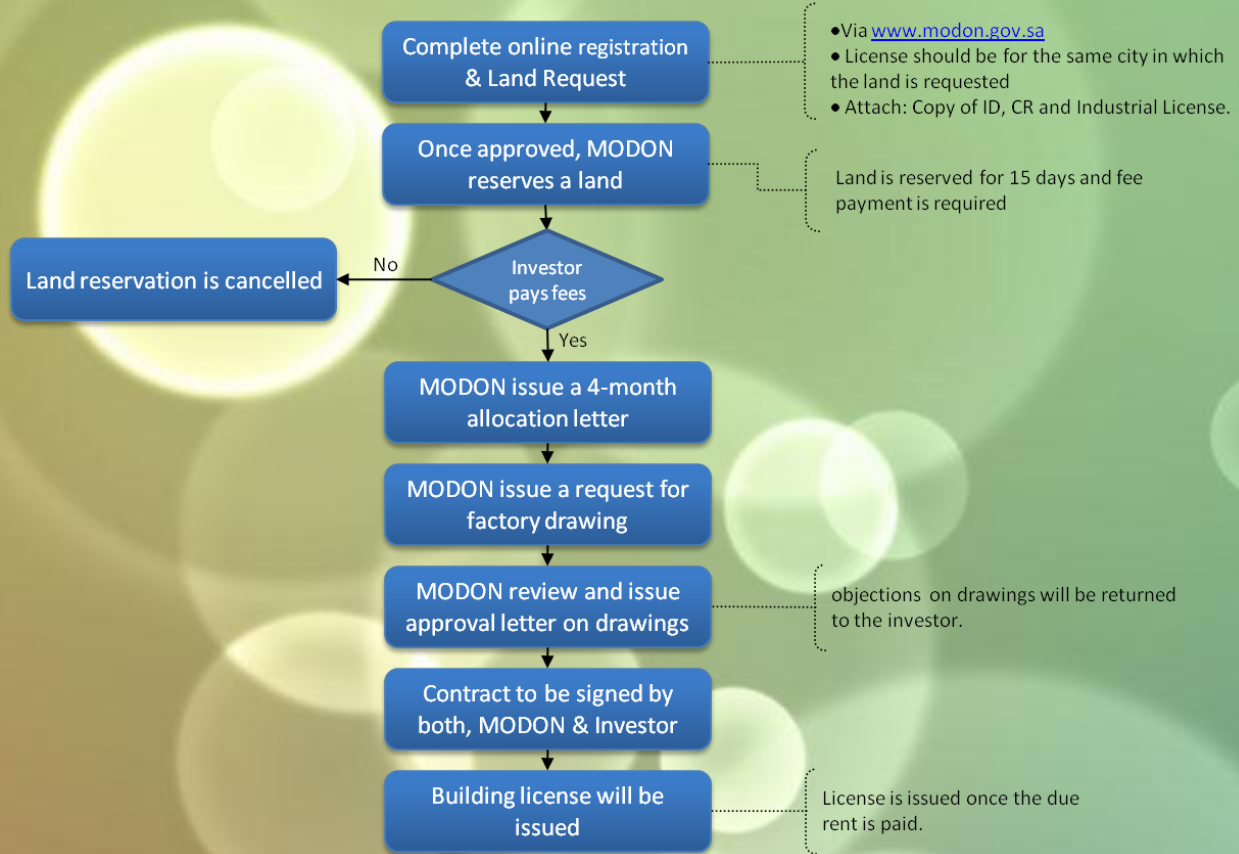
MODON provides various services to the tenants and potential manufacturers.

- **Commercial and Industrial Rents:** MODON offer a competitive annual rate within industrial cities comparing to land elsewhere. The annual rental fees could be as low as SR 1 (US \$ 0.26) per square meter.

- **Electricity:** the fees are as follow
  - Starting from SR. 0.05 (US\$0.013) per KWH for residential use
  - Starting from SR. 0.12 (US\$0.032) per KWH for industrial use.
- **Water:** fees depend on the source, type of water, amount of usage (by cubic meters) and location of the industrial city. It can be provided by *Ministry of Water & Electricity* or through private companies.
  - Ministry of Water: rate of water depends on the amount of water used following specific groups.
  - Private companies: Rate varies based on type of water (e.g. drinking water, wastewater and industrial water) and the industrial city.
- **Diesel:** SR.0.36 [US\$0.096] per liter.
- **Industrial Fuel Oil:** SR.0.125 (US\$0.033) per liter.
- **Liquid Gas:** SR.2.81 (US\$0.75)/MMBTU.

*Note: Data illustrated above, are valid as of published date.*

## Acquiring an industrial land from MODON



Investors may also acquire industrial lands through The Royal Commission for Jubil and Yanbu (RCJY)

Industrial Land	Contact Details			
	Location	Phone	Fax	Website
Saudi Industrial Property Authority (MODON)	Head Office, Riyadh	+966-1-283-1331	+966-1-477-5235	<a href="http://www.modon.gov.sa">www.modon.gov.sa</a>
	Dammam 1 <sup>st</sup>	+966-3-847-3331	+966-3-847-2509	
	Dammam 2 <sup>nd</sup>	+966-3-812-1019	+966-3-812-1118	
	Riyadh 1 <sup>st</sup>	+966-1-446-0848	+966-1-446-0779	
	Riyadh 2 <sup>nd</sup>	+966-1-265-2280	+966-1-265-2059	
	Jeddah 1 <sup>st</sup>	+966-2-636-4929	+966-2-636-4712	
	Jeddah 2 <sup>nd</sup>	+966-2-636-4929	+966-2-636-4712	
The Royal Commission for Jubil and Yanbu (RCJY)	Jubail	+966-3-341-4039	+966-3-341-6209	<a href="http://www.rciy.gov.sa">www.rciy.gov.sa</a>
	Yanbu	+966-4-321-6304	+966-4-321-2332	

### 7) Apply for Gas, if needed

Foreign investors then need to prepare an execution plan to apply for gas allocation, if needed, via the following contacts:

Gas Allocation	Contact Details			
	Location	Phone	Fax	Website and e-mail
Saudi Aramco	Dhahran, East Park, Bldg 7002	+966-3-862-5567	+966-3-862-5585	<a href="http://www.saudiaramco.com">www.saudiaramco.com</a>
Ministry of Petroleum and Minerals (MinPet)	Riyadh	+966-1-476-6930	+966-1-285-8753	<a href="http://www.mopm.gov.sa">www.mopm.gov.sa</a> <a href="mailto:info@mopm.gov.sa">info@mopm.gov.sa</a>

## 8) Apply for Loan, if needed

Foreign investors then may apply for a loan if needed. This step could be initiated in parallel with step #7.

### Introduction to SIDF

Saudi Industrial Development Fund (SIDF) provides financial assistance in the form of short term loans to investors in industry in addition to offering technical, administrative, financial, and marketing advice.

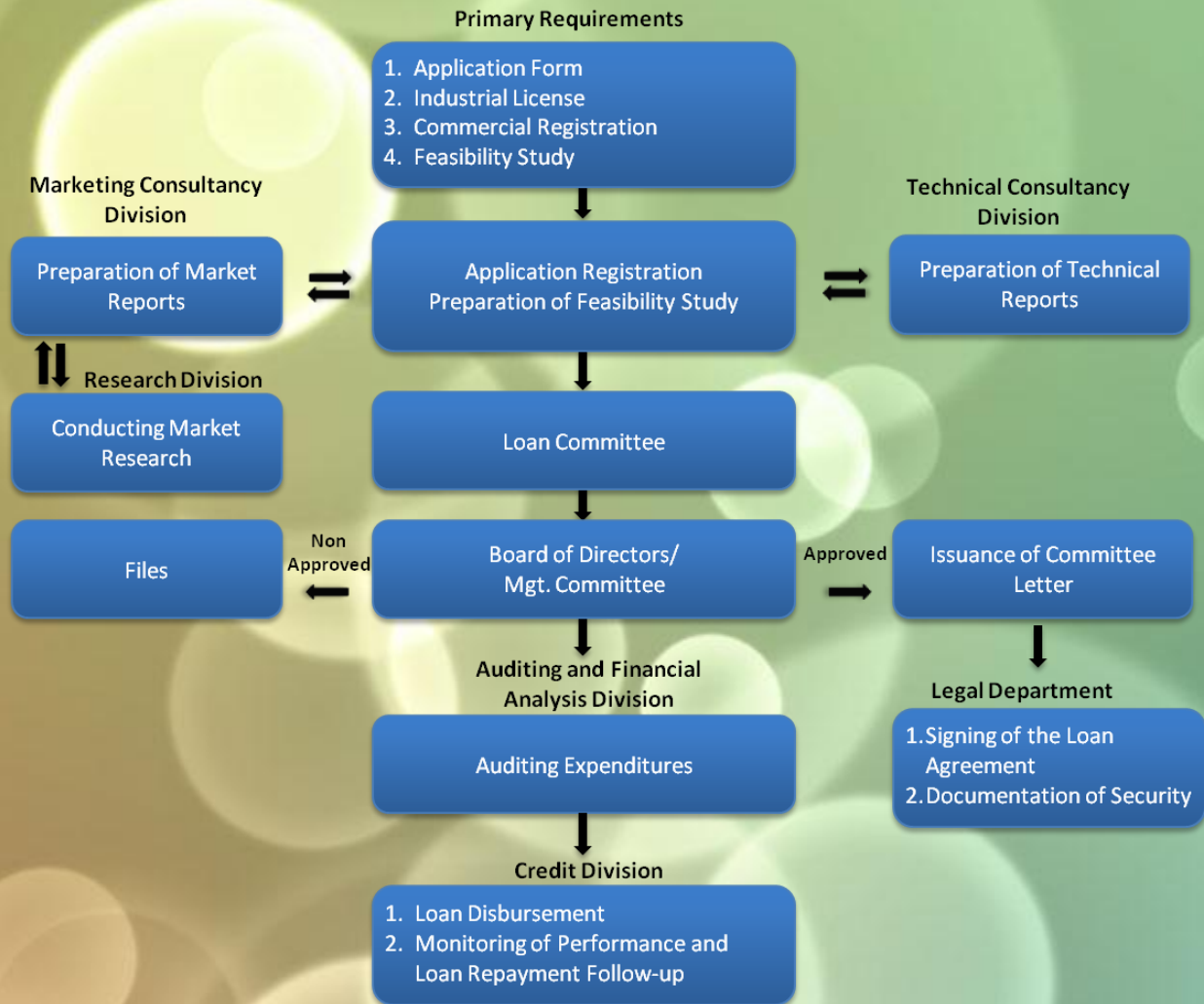
### SIDF support to Borrowers

- Financial Management: to help project sponsors to select and implement suitable financial systems.
- Operation Management: the fund's consultants help project sponsors to define their goals and objectives, select a viable business plan, implement proposed policies, hire qualified personnel and apply systems and controls, which lead to the success of the project.
- IT Consultancy: ITD provides technical advice to maximize the benefits of the new Information Technologies as part of the Fund's loan request processing procedure.
- Technical Management: The Fund's technical consultants provide relevant consultation on various activities aimed at increasing production efficiency
- Marketing Management: SIDF marketing consultants provide assistance in collecting and analyzing marketing information to build a solid base for management decisions.

### SIDF-Borrower's Cash Flow:

Description	Cash Flow
Analysis and Evaluation by SIDF.	- (1.5%-2.5%) of the total loan by SIDF deducted from the first loan disbursement.
Disbursement payments (Borrower has to submit all bills to get the payment).	+ 50 % of the borrower expenses.
Visits by SIDF every 4-6 months.	- \$ 1000 to \$ 5,000 for each visit (through check).
Repayments (the first one starts after 1-1.5 year from production).	- % of the total Repayment agreed on.
Follow up by SIDF every 4-6 months until all the repayments completed.	- \$ 1000 to \$ 5,000 for each visit (through check).

## SIDF Loan Application



Industrial Fund	Contact Details			
	Location	Phone	Fax	Website and e-mail
Saudi Industrials Development Fund (SIDF)	Riyadh	+966-1-477-4002 (Ext. 131, 127, 101)	+966-1-477-5138	<a href="http://www.sidf.gov.sa">www.sidf.gov.sa</a> <a href="mailto:sidf@sidf.gov.sa">sidf@sidf.gov.sa</a>

### 9) Validate Requirement and facility layout via LBS&R

Foreign investors need to validate Saudi Aramco's requirements and define product mix and share facility layout with Saudi Aramco where LBS&R (please refer to the table in step #1) will coordinate that internally.

### 10) Start Construction

Foreign investor then could begin construction of the facility.

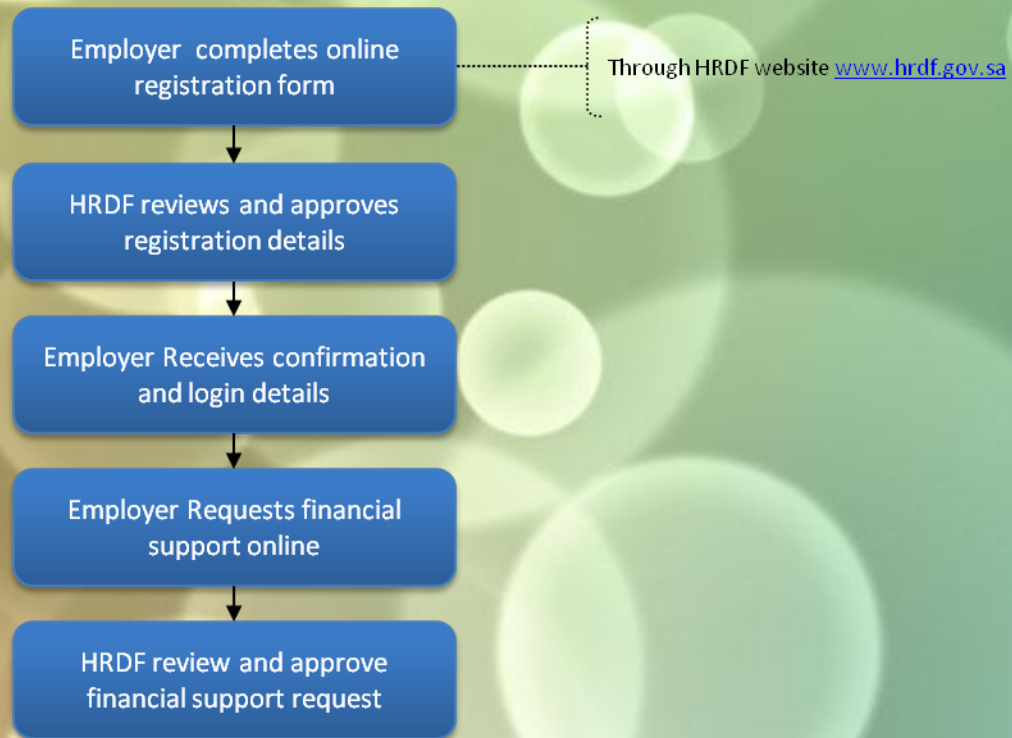


## 11) Apply for human Resources Development Fund

Foreign investor could apply to the Human Resources Development Fund (HRDF), during recruitment and to obtain monthly financial support for certain periods for hiring qualified professionals and technicians and unskilled Saudi personnel.

HR Fund	Contact Details			
	Location	Phone	Fax	e-mail
Human Resources Development Fund (HRDF)	Dammam	+966-3-833-0765	+966-3-835-4689	<a href="http://www.hrdf.org.sa">www.hrdf.org.sa</a> <a href="mailto:complaints@hrdf.org.sa">complaints@hrdf.org.sa</a>

### HRDF financial support Application



## 12) Initiate plant approval as a local manufacturer

Foreign investors need to coordinate with LBS&R to initiate approval for their new facility as a local manufacturer.

By then, the new manufacturers/service providers would receive preferable treatment and receive "Request for Quotation/Bid" provided they are able to meet delivery schedules and their prices are competitive and fall within equivalent guidelines.

## Important and Useful Links

### Mega Companies

- Saudi Basic Industries Corporation, [www.sabic.com](http://www.sabic.com)
- Saudi Electric Company, [www.se.com.sa](http://www.se.com.sa)
- Saline Water Conversion Corporation, [www.swcc.gov.sa](http://www.swcc.gov.sa)
- Water Utility Company for Jubail and Yanbu', [www.marafiq.com.sa](http://www.marafiq.com.sa)
- Saudi Arabian Oil Company (Saudi Aramco), [www.saudiaramco.com](http://www.saudiaramco.com)

### Land Allocation Entities

- Royal Commission for Jubail and Yanbu', [www.rcjy.gov.sa](http://www.rcjy.gov.sa)
- Saudi Industrial Property Authority (MODON), [www.modon.gov.sa](http://www.modon.gov.sa)
- Rabigh Conversion Industrial Park, [www.rabighCIP.com](http://www.rabighCIP.com)
- Dhahran Tecno-Valley, [www.kfupm.edu.sa/dtv](http://www.kfupm.edu.sa/dtv) (R&D Purposes)

### Funding Entities

- Saudi Industrial Development Fund, [www.sidf.gov.sa](http://www.sidf.gov.sa)
- Human Resourced Development Fund (HRDF), [www.hrdf.gov.sa](http://www.hrdf.gov.sa)
- Public Investment Fund, (via), [www.mof.gov.sa](http://www.mof.gov.sa)

### Government and semi-government entities

- Saudi Government Electronic Portal, [www.saudi.gov.sa](http://www.saudi.gov.sa)
- Saudi Arabia General Investment Authority, [www.sagia.gov.sa](http://www.sagia.gov.sa)
- Council of Saudi Chambers, [www.saudichambers.org.sa](http://www.saudichambers.org.sa)
- Ministry of Petroleum & Mineral Resources, [www.mopm.gov.sa](http://www.mopm.gov.sa)
- Ministry of Finance, [www.mof.gov.sa](http://www.mof.gov.sa)
- Electricity and Cogeneration Regulatory Authority, [www.ecra.gov.sa](http://www.ecra.gov.sa)
- Department of Zakat and Income Tax, [www.dzit.gov.sa](http://www.dzit.gov.sa)
- Ministry of Commerce and Industry, [www.commerce.gov.sa](http://www.commerce.gov.sa)
- Ministry of Labor, [www.mol.gov.sa](http://www.mol.gov.sa)
- General Organization for Social Insurance, [www.gosi.gov.sa](http://www.gosi.gov.sa)
- Saudi Arabian Standards Organization, [www.saso.org.sa](http://www.saso.org.sa)
- Saudi Trade & Export Development Company, [www.tusdeer.com](http://www.tusdeer.com)
- Dammam Bonded & Re-export Zone, [www.reexport.com](http://www.reexport.com)
- Saudi Ports Authority, [www.ports.gov.sa](http://www.ports.gov.sa)
- Saudi Customs, [www.customs.gov.sa](http://www.customs.gov.sa)

### Vocational, Technical and Educational Entities

- General Organization for Technical Education and Vocational Training, [www.tvtc.edu.sa](http://www.tvtc.edu.sa)
- Jubail Industrial College, [www.jic.edu.sa](http://www.jic.edu.sa)
- Jubail Technical Institute, [www.jti.edu.sa](http://www.jti.edu.sa)