

FOCUS ON INTERNATIONAL TRADE

SAUDI ARABIA

THE KINGDOM OF SAUDI ARABIA TODAY

Location	The Kingdom of Saudi Arabia occupies about four-fifths of the Arabian peninsula, in south-western Asia. It is bordered by Jordan, Iraq and Kuwait to the north, by Yemen to the south, by Oman to the south and east, and by Qatar and the United Arab Emirates to the north-east. Saudi Arabia has a long western coast line on Red Sea, facing Egypt, Sudan and Eritrea, and a shorter coast line (between Kuwait and Qatar) on the Persian (Arabian) Gulf, with the Bahrain archipelago just off shore and Iran on the opposite coast.
Size	2,149,690 Sq. K.M.
Population	35,354,380 Estimated for 2022.
Population Growth Rate	1.63% Estimated for 2022.
Birth Rate	14.22 births/1000 Estimated for 2022.
Death Rate	3.42 deaths/1000 Estimated for 2022.
Life Expectancy at Birth	76.65 years. Male 75.07 years, Female 78.32 years Estimated for 2022.
Net Migration Rate	5.52/1000 Estimated for 2022.
Literacy	97.6%. Male 98.6% and Female 96% (Est. for 2020).
Capital City	Riyadh
Other Large Cities	Jeddah, Makkah, Al-Madinah, Dammam, At-Ta'if, Tabouk, Buraidah, Hufuf, Al-Mobarraz, Khamis-Mushait, Ha'il, Al-Kharj, Al-Khubar, Jubail, Hafar al-Batin, Yanbo, Abha, Ar Ar and Al-Qatif etc.
Religion	Except for the expatriate community (estimated to represent some 27% of the total population at the time of the 1992 census), virtually all of the inhabitants are adherents of the Islam, the official religion. About 85% of the population are Sunni Muslims, and most of the indigenous inhabitants belong to the strictly orthodox Wahhabi sect. About 15% of the population are Shi'a Muslims, principally in the east of the country.
Language	The official language is Arabic, which is spoken by almost all of the population.
Climate	Much of the country is arid desert, and some places are without rain for years. In summer average temperatures in coastal regions range from 38°C to 49°C, and humidity is high. Temperatures sometimes reach 54°C in the interior. Winters are mild, except in the mountains. Annual rainfall averages between 100 mm and 200 mm in the north and is even lower in the south.
International Relations	Saudi Arabia is a member of the UN, BIS, the League of Arab States, the Gulf Co-operation Council, OPEC and the OIC. In April 2001 Saudi Arabia and Iran signed a security pact to fight drug trafficking and terrorism, 13 years after the two countries had broken off relations.
Currency	The unit of currency is the riyal (SAR) of 100 halalah.

NATIONAL ECONOMY

Saudi Arabia is recovering strongly following a deep pandemic-induced recession. Liquidity and fiscal support, reform momentum under Vision 2030, and high oil prices and production helped the economy recover with a robust growth, contained inflation and a resilient financial sector. The receding effects of the pandemic, rising oil production/prices and a strengthening economy have improved the fiscal and external positions.

Overall growth was robust at 3.2 percent in 2021, in particular driven by a rebounding non-oil sector—supported by higher employment for Saudi nationals, particularly women—and is expected to increase significantly to 7.6 percent in 2022 despite monetary policy tightening and fiscal consolidation, and a, thus far, limited fall-out from the war in Ukraine. Over the medium term, growth is expected to accelerate as continued implementation of the reform agenda and the National Investment Strategy, supported by Public Investment Fund interventions, yields dividends.

Inflation remained contained at 3.1 percent in 2021 as the base effect of the mid-2020 VAT hike dissipated coupled with a low pass-through of international food and commodity prices. The low pass-through is expected to help contain inflation at 2.8 percent in 2022, despite some inflationary pressures expected from double-digit wholesale price inflation and increasing shipping costs.

Banks remain liquid, well capitalized, and their profitability—which declined during the COVID-19 pandemic—rebounded strongly in 2021 as net interest margins recovered. Credit to the private sector expanded by 15.4 percent in 2021, mainly driven by mortgages and SME lending. Saudi financial markets surged earlier this year, albeit most of this surge was reversed over the past two months in line with recent global developments.

The overall fiscal balance increased by almost 9 percentage points of GDP to a 2.3 percent of GDP deficit in 2021, mainly reflecting oil revenues and non-oil tax revenues supported by a rebounding economy and the full-year effect of the tripling of the VAT rate to 15 percent in mid-2020.

Higher oil prices and stepped-up oil production improved the current account by 8.5 percentage points in 2021, registering a surplus of 5.3 percent of GDP as strong oil-driven exports surpassed growing imports and large remittance outflows. While reserves increased, net foreign assets declined, although remaining at very comfortable levels at 22 months of imports in 2021 and are expected to increase significantly in the wake of rising oil export revenues over the medium term.

Risks to the outlook are balanced. On the upside, a successful implementation of the National Investment Strategy and labor market reforms, or further increases in oil production could further improve the outlook. On the downside, key risks stem from pressures to spend oil windfalls and deviate from the reform agenda, inflationary pressures, another COVID surge (domestic or abroad), lower oil prices due to lower global activity if the war in Ukraine has lasting effects, and an abrupt slowdown in China.

Executive Board Assessment

In the course of Article IV consultation between IMF and Saudi Arabia, Executive Directors of the IMF agreed with the thrust of the staff appraisal. They welcomed Saudi Arabia's substantial growth rebound, contained inflation, and strengthened external position, supported by the authorities' swift pandemic policy response, strong reform momentum, and higher oil prices and production. Against the backdrop of the positive economic outlook, with balanced risks, they underscored the need to continue implementing the Vision 2030 reform agenda, which will serve to diversify the economy and promote strong, inclusive, and greener growth.

Directors welcomed the authorities' fiscal discipline and their adherence to the 2022 budget ceilings despite higher oil prices. To support fiscal consolidation and transition to a greener economy, Directors underscored the need to sustain energy price reforms, including reconsideration of the cap on gasoline prices, and welcomed the authorities' commitment to reach market energy prices by 2030. They called for

further efforts to strengthen non-oil revenue mobilization through tax policy measures—including by maintaining the current VAT rate—and enhancing revenue administration. Directors commended the authorities for ongoing reforms to strengthen social safety nets through targeted schemes, which should help sustain energy price reforms.

Directors welcomed the continued improvements in public financial management and encouraged further efforts to increase fiscal transparency. Given the increasing role of the Public Investment Fund, they encouraged quick completion of the ongoing work to establish a sovereign-asset liability management framework. Directors welcomed the authorities' efforts to develop a fiscal rule, based on a long-term fiscal anchor and encouraged broader coverage of the public sector, to help reinforce their commitment to fiscal sustainability.

Directors welcomed the continued resilience of the financial sector and central bank's strong supervision. They welcomed the progress in line with the internationally agreed timeline toward implementing the Basel III standards and encouraged further enhancing supervisory scrutiny of credit risks, as warranted, including from rising mortgage lending, and continued strengthening of the AML/CFT framework. Directors agreed that the exchange rate peg to the U.S. dollar continues to serve Saudi Arabia's economy well given the current economic structure.

Directors commended the authorities for the significant progress in implementing their ambitious structural reform agenda. They welcomed the impressive pace of labor market reforms, particularly the doubling of female labor force participation, and encouraged continued actions in this area. Directors advised continued efforts to improve the regulatory and business environment, promote private investment, boost productivity, and address corruption. They welcomed the authorities' ambitious climate commitments outlined in the Green Initiative and looked forward to the specific steps to achieve its goals. Directors also reiterated the importance of continuing to improve data quality and availability.

Saudi Arabia: Selected Economic Indicators, 2020–23					
				Proj.	Proj.
		2020	2021	2022	2023
Output					
Real GDP growth		-4.1	3.2	7.6	3.7
Non-oil GDP growth		-2.5	4.9	4.2	3.8
Prices					
CPI Inflation (avg, %)		3.4	3.1	2.8	2.2
Central government finances					
Revenue (% GDP)		29.6	30.9	31.8	32.0
Expenditure (% GDP)		40.8	33.2	26.4	27.1
Fiscal balance (% GDP)		-11.2	-2.3	5.5	4.9
Public debt (% GDP)		32.4	30.0	24.3	24.5
Non-exported oil primary balance (% Nonoil GDP)		-37.6	-29.0	-24.8	-22.0

Money and credit					
Broad money (% change)		8.3	7.4	8.5	7.6
Credit to the private sector (% change)		14.0	15.4	13.4	12.8
Balance of payments					
Current account (% GDP)		-3.2	5.3	17.2	13.8
FDI (% GDP)		0.8	2.3	0.8	0.8
Reserves (months imports) ¹		25.3	22.1	25.3	26.8
External debt (% GDP)		33.8	34.4	28.5	29.0
Exchange rate					
REER (% change) ²		1.0	0.9	4.8	...
Unemployment rate					
Overall (% total labor force) ²		7.4	6.9	6.0	...
Nationals (% total labor force) ²		12.6	11.0	10.1	...
Sources: Country authorities and IMF staff estimates and projections.					
¹ Imports of goods and services.					

“NATIONAL ECONOMY” is based on IMF Executive Board Concludes 2022 Article IV Consultation with Saudi Arabia August 17, 2022.

FOREIGN TRADE

Saudi Arabia’s total exports in 2017 were of the order of US\$ 221,835 million. It increased to US\$ 286,497 million in 2021. Exports during the period from 2017 to 2021, in terms of percentage, grew highest (54.28%) in 2021 and fell maximum (-26.25%) in 2020 in comparison with 2020 and 2019 respectively. The annual average compound growth rate worked out at 6.60%.

Imports, on the other hand, were of the order of US\$ 152,695 million in 2021 while in 2017 it was US\$ 134,519 million. Imports during the period from 2017 to 2021, in terms of percentage, grew highest (16.28%) in 2021 and fell maximum (-9.02%) in 2020 as compared to 2020 and 2019 respectively. The annual average compound growth rate worked out at 3.22%.

Volume of trade registered an annual average (compound) rate of growth of 5.36% from US\$ 356,354 million in 2017 to US\$ 439,192 million in 2021.

Saudi Arabia enjoyed a surplus balance of trade during the said period.

Saudi Arabia’s export and import, volume and balance of trade between 2017 and 2021 along with their growth rates are given in **Table-I**.

The principal export is crude oil; refined oil, petro-chemicals, fertilizers, plastic products and wheat are other major exports. Saudi Arabia is the world's largest exporter of oil, accounting for over 92% of all the country's exports in 2000. Main export destinations are USA, Japan, South Korea, Singapore, Bahrain, Brazil, Kuwait, India, Indonesia, Italy, Spain and UK etc.

Principal import commodities are live animals and animal products, vegetable products, prepared foodstuffs, beverages, spirits, vinegar and tobacco, products of chemical or allied industries, plastics, rubber and articles thereof, textiles and textile articles, pearls, precious or semi-precious stones, precious metals, etc., base metals and articles of base metal, machinery and mechanical appliances; electrical equipment; sound and television apparatus, vehicles, aircraft, vessels and associated transport equipment etc. and major suppliers are Australia, Belgium, Brazil, Canada, France, Germany, India, Indonesia, Italy, Japan, Korea Republic, Malaysia, Netherlands, Spain, Sweden, Switzerland, Syria, Taiwan, Turkey, UAE, UK and USA etc.

King Abd al-Aziz International Airport, which was opened in 1981, has three terminals, one of which is specifically designed to cope with the needs of the many thousands of pilgrims who visit Mecca and Medina each year. King Khalid International Airport, at Riyadh, opened in 1983 with four terminals. A third major airport, King Fahd International Airport, opened in the Eastern Province in 1994. There are 25 commercial airports in the kingdom. The national carrier is the state-owned Saudia.

The ports of Dammam and Jubail are on the Arabian/Persian Gulf and Jeddah, Yanbu and Jizan on the Red Sea. There is a deepwater oil terminal at Ras Tanura and 16 minor ports.

Responsibility for the management, operation and maintenance of the commercial ports of Jeddah, Dammam, Yanbu, Dhiba and Jizan, the King Fahd Industrial Ports of Jubail and Yanbu, and the oil port of Ras Tanura, as well as a number of minor ports, began to be transferred to the private sector after 1997, but all ports remain subject to regulation and scrutiny by the Ports Authority.

BILATERAL TRADE WITH INDIA

Indo-Saudi Arabia bilateral trade in 2017-18 was of the order of Rs.176,826.99 crores. It deased to Rs.319,987.83 crores in 2021-22. The annual compound growth rate of volume of trade during the period from 2017-18 to 2021-22 was 15.98%. India faced a deficit balance of trade during the said period (**see table II**). The average annual growth rate of exports and imports were 17.22% and 15.68% respectively.

India's exports to, and imports from Saudi Arabia of Merchandised Goods between 2017-18 and 2021-22 along with their growth rates are presented in **Table II**.

India's top ten merchandise goods exported to and imported from Saudi Arabia, during 2017-18 to 2021-22, along with their growth rates are depicted in **Table III & IV** respectively.

Some Important Links

Saudi Arabia Consulate , India

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India Consulate , Saudi Arabia

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Names and addresses of the organizations engaged in Foreign Trade in Saudi Arab are:-

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<http://www.csc.org.sa>

Saudi Export Program

Ibn Al Rasam Path

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<https://www.sep.gov.sa>

Riyadh Chamber of Commerce and Industry

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Saudi Export Development Authority

Arcade Center, Entrance # 1

Riyadh

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<https://www.saudiexports.sa/en/>

Source:

**The Statesman Year Book, the Europa World Year Book,
Monthly Bulletin on Statistics UN Publication, IMF, World Bank.org,
BBC News, the World Fact Book, World Development Indicator, VisaHq, MEA,
International Trade Centre wikipedia.org
and D.G.C.I & S etc.**

"NOTICE"

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TABLE I

SAUDI ARAB'S TOTAL EXPORTS AND IMPORTS, VOLUME AND BALANCE OF TRADE

BETWEEN 2017 TO 2021.

(Figures in US MILLION DOLLARS)

<i>Year</i>	<i>Exports</i>	<i>Percentage Growth in Exports</i>	<i>Import</i>	<i>Percentage Growth in Imports</i>	<i>Volume of Trade</i>	<i>Percentage Growth in Vol. of Trade</i>	<i>Balance of Trade</i>
2017	221835		134519		3,56,354		87316
2018	294536	32.77	135211	0.51	4,29,747	20.60	159325
2019	251800	-14.51	144334	6.75	3,96,134	-7.82	107466
2020	185699	-26.25	131313	-9.02	3,17,012	-19.97	54386
2021	286497	54.28	152695	16.28	4,39,192	38.54	133802

**Annual
Compound
Growth
Rate**

6.60

3.22

5.36

NOTE : Figures relate to calendar year, January to December.

SOURCE : *UN COMTRADE PUBLICATION*

TABLE - II

INDIA'S EXPORT TO AND IMPORT FROM SAUDI ARAB OF MERCHANDISE GOODS DURING 2017-2018 TO 2021-2022

(Value in Rs. CRORES)

Year	Exports	Percentage Growth in Exports	Import	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2017-18	34586.25		142240.74		176826.99		-107654.49
2018-19	38854.27	12.34	199394.90	40.18	238249.17	34.74	-160540.63
2019-20	44266.80	13.93	190245.22	-4.59	234512.02	-1.57	-145978.42
2020-21	43358.88	-2.05	119758.62	-37.05	163117.50	-30.44	-76399.74
2021-22	65310.16	50.63	254677.67	112.66	319987.83	96.17	-189367.51

Annual Compound Growth Rate	17.22	15.68	15.98
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NOTE : Figures relate to Financial Year April to March.

SOURCE : Directorate General of Commercial Intelligence & Statistics,
Ministry of Commerce & Industry, Kolkata 700 107.

TABLE -III

**INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORT TO SAUDI ARAB
2017-2018 TO 2021-2022 AND THEIR GROWTH RATES**

(Value in Rs. CRORES)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2017-18	2018-19	2019-20	2020-21	2021-22	18-19 over 2017-18	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21
1	Petroleum Products	2873.59	2999.67	4045.13	3547.54	18185.56	4.39	34.85	-12.30	412.62
	Share in total export	8.31	7.72	9.14	8.18	27.84				
2	Organic Chemicals	3631.96	3103.54	3676.72	3367.71	7598.01	-14.55	18.47	-8.40	125.61
	Share in total export	10.50	7.99	8.31	7.77	11.63				
3	Rice-Basmati	5343.17	6549.07	6788.07	7059.03	4823.15	22.57	3.65	3.99	-31.67
	Share in total export	15.45	16.86	15.33	16.28	7.38				
4	Motor Vehicle/Cars	1737.50	2349.00	5164.57	3769.19	4278.80	35.19	119.86	-27.02	13.52
	Share in total export	5.02	6.05	11.67	8.69	6.55				
5	Iron And Steel	1003.51	1114.02	703.71	962.59	2077.17	11.01	-36.83	36.79	115.79
	Share in total export	2.90	2.87	1.59	2.22	3.18				
6	Sugar	205.47	272.04	435.89	219.96	1848.28	32.40	60.23	-49.54	740.28
	Share in total export	0.59	0.70	0.98	0.51	2.83				
7	Products Of Iron & Steel	1692.21	1141.24	1640.04	1820.22	1525.12	-32.56	43.71	10.99	-16.21
	Share in total export	4.89	2.94	3.70	4.20	2.34				
8	RMG Cotton Including Accessories	1448.41	1395.00	1639.08	1232.45	1392.32	-3.69	17.50	-24.81	12.97
	Share in total export	4.19	3.59	3.70	2.84	2.13				
9	Paper, Paper Board & Products	276.55	464.93	302.28	367.62	1311.03	68.12	-34.98	21.62	256.63
	Share in total export	0.80	1.20	0.68	0.85	2.01				
10	Buffalo Meat	759.00	785.90	873.56	799.10	1177.49	3.54	11.15	-8.52	47.35
	Share in total export	2.19	2.02	1.97	1.84	1.80				
	Total export to SAUDI ARAB	34586.25	38854.27	44266.80	43358.88	65310.16	12.34	13.93	-2.05	50.63

NOTE : Figures relate to Financial Year, April to March.

SOURCE : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.

TABLE -IV**INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORT FROM SAUDI ARAB****2017-2018 TO 2021-2022 AND THEIR GROWTH RATES****(Value in Rs. CRORES)**

Sl. No	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2017-18	2018-19	2019-20	2020-21	2021-22	18-19 over 2017-18	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21
1	Petroleum Crude	98358.32	149730.11	144218.73	79581.16	170784.58	52.23	-3.68	-44.82	114.60
	Share in total imports	69.15	75.09	75.81	66.45	67.06				
2	Petroleum Products	16462.33	21909.06	19842.97	16590.78	35412.47	33.09	-9.43	-16.39	113.45
	Share in total imports	11.57	10.99	10.43	13.85	13.90				
3	Fertilizers, Manufactured	3286.33	7290.46	6541.29	5735.05	14152.81	121.84	-10.28	-12.33	146.78
	Share in total imports.	2.31	3.66	3.44	4.79	5.56				
4	Organic Chemicals	8666.28	6384.52	4911.82	4134.90	10533.47	-26.33	-23.07	-15.82	154.75
	Share in total import	6.09	3.20	2.58	3.45	4.14				
5	Plastic Raw Materials	6406.62	4652.27	4260.81	4406.66	6676.26	-27.38	-8.41	3.42	51.50
	Share in total import	4.50	2.33	2.24	3.68	2.62				
6	Aluminium, Products Alumnm.	1906.59	1810.58	1350.97	1635.76	2934.80	-5.04	-25.38	21.08	79.42
	Share in total import	1.34	0.91	0.71	1.37	1.15				
7	Inorganic Chemicals	1206.64	1244.02	1458.28	1447.38	2917.70	3.10	17.22	-0.75	101.58
	Share in total import	0.85	0.62	0.77	1.21	1.15				
8	Dye Intermediates	951.34	823.54	851.17	1632.07	2345.79	-13.43	3.36	91.74	43.73
	Share in total import	0.67	0.41	0.45	1.36	0.92				
9	Residual Chemical And Alld. Prodcs.	936.87	1273.79	1179.34	1417.96	2139.04	35.96	-7.41	20.23	50.85
	Share in total import	0.66	0.64	0.62	1.18	0.84				
10	Copper, Products Made Of Copper	864.29	932.54	756.19	960.06	1115.41	7.90	-18.91	26.96	16.18
	Share in total import	0.61	0.47	0.40	0.80	0.44				
	Total import from SAUDI ARAB	142240.74	199394.90	190245.22	119758.62	254677.67	40.18	-4.59	-37.05	112.66

NOTE : Figures relate to Financial Year, April to March.**SOURCE** : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.