

KEY FACTS

Official name: Mamlaka al Arabiya as Sa'udiya (The Kingdom of Saudi Arabia)

Head of State: Custodian of the Two Mosques King Abdullah bin Abdul Aziz al Sa'ud (from 1 Aug 2005)

Head of government: King Abdullah bin Abdul Aziz al Sa'ud

Ruling party: None

Area: 2,149,690 square km (approximately)

Population: 28.99 million (2012)* (27,136,977; 2010, census figure)

Capital: Riyadh

Official language: Arabic

Currency: Saudi riyal (SR) = 100 halalas

Exchange rate: SR3.75 per US\$ (fixed)

GDP per capita: US\$25,049 (2012)*

GDP real growth: 6.81% (2012)*

GDP: US\$727.31 billion (2012)*

Inflation: 2.86% (2012)*

Oil production: 11.53 million bpd (2012)

Natural gas production: 102.80 billion cum (2012)

Balance of trade: US\$246.57 billion (2012)*

Annual FDI: US\$16.31 billion (2011)

* estimated figure

Saudi Arabia



Events in the wider Middle East following the 2011 Arab Spring had forced Saudi Arabia on to the back foot. The House of Saud's own intelligence sources had no doubt made it clear that a large proportion of the population disapproved of its absolute monarchy. Within the region, once friendly and predictable allies such as Egypt had begun to give cause for concern. Internationally, the Muslim Brotherhood – anathema to the Saudi government – had been seen to enjoy widespread and substantial support in the jockeying for Sunni leadership. A controversial military intervention in Bahrain in 2011 had at least stemmed the Shi'a tide, but Saudi support for some of the Syrian rebel groups risked ending up in the hands of al Qaeda while irritating key allies such as the US. And lurking in the wings was Saudi Arabia's rival for regional hegemony, Iran, where new leadership raised regional uncertainties.

By mid-2013 the Saudi government could at least see some respite from what had initially appeared to be an irreversible process. Its close allies in the Egyptian army had seen fit to oust the Brotherhood regime of Mohammed Mursi and lock up

its leaders. The revolutionary fervour that had threatened to reach the Saudi borders had either been calmed or quashed. The Brotherhood were coming under attack and Qatar the prime supporter of the Brotherhood outside Qatar – and increasingly seen in Riyadh as an upstart irritant – had lost much of the wind from its sails.

The economy

In its June 2013 annual review of the Saudi economy, the International Monetary Fund (IMF) noted that Saudi Arabia's gross domestic product (GDP) growth averaged 6.25 per cent per annum during 2008–12, with the non-oil sector growing at an even faster average rate of 7.75 per cent. High oil prices and increased oil production had resulted in a large increase in oil revenues and substantial external and fiscal surpluses, while government debt had declined to less than 4 per cent of GDP. Inflation in general has been relatively moderate. Over a longer period, social development indicators have improved substantially.

As the largest crude oil exporter and the only producer with significant spare capacity, (see Energy below). Saudi Arabia

plays a systemic and stabilising role in the global oil market. In 2011, Saudi Arabia formally committed through the G-20 to use its position in the oil market to promote global stability. Saudi Arabia raised oil production to a 30-year high to ensure demand was met following the abrupt decline in Libyan production in 2011 and continued geopolitical tensions in 2012. This followed earlier episodes during the Gulf wars and the Venezuelan general strike when Saudi Arabia increased production to ensure global markets were well supplied following disruptions in other major producers. In the absence of these actions, it is likely that disturbances in the oil market would have had a detrimental effect on global economic growth.

Within the region, Saudi Arabia has committed financial support to a number of countries in transition (Egypt, Jordan, Yemen and Morocco) and to other Gulf Co-operation Council (GCC) members (Bahrain, Oman). The large remittance flows from expatriates working in Saudi Arabia also provide important income flows to countries in the region and in south Asia. In addition, Saudi Arabia has been a significant contributor of additional resources to multilateral programmes, including the IMF's Poverty Reduction and Growth Trust (PRGT) and this has contributed to a strengthening in the global financial system.

The Saudi population is young and will continue to grow rapidly in the coming years. Assuming rising labour force participation in line with past trends, the Saudi labour force is projected to increase by 3.5 per cent a year over the course of the next decade. To prepare labour market entrants to compete in and support a more diversified private sector, large investments in education are being made, both domestically and abroad. As this young and increasingly well-educated population enters into its working-age years, there is a tremendous opportunity to boost growth and raise living standards further. However, Saudi unemployment, especially among the youth and women, remains high.

An amnesty introducing new employment rules under the *Nitaqat* law expired on 3 November 2013, leaving thousands of mostly Asian workers without permits. The *Nitaqat* law states that all companies must employ at least 10 per cent Saudi nationals and is designed to encourage young Saudis to seek employment. In the case of construction work this may prove difficult and lead to higher construction costs.

In recent years, the government has implemented a number of domestic social reform initiatives. In 2011, a jobseekers allowance and a strengthened quota system to increase the employment of nationals were introduced. Infrastructure investment has been stepped up to ease transport bottlenecks and spending on education (domestically and abroad) and health has increased. New mortgage legislation was passed in mid-2012 and is now being implemented and Basle III capital standards were implemented in January 2013. Improvements in economic statistics are continuing.

Apart from the oil revenue, the Saudi economy has grown strongly, benefitting from high strong private sector activity and government fiscal spending. Following strong growth of 8.6 per cent in 2011 – helped by higher oil output and large fiscal spending packages – the economy had grown at a slower, albeit still robust, rate of 5.1 per cent in 2012 as oil output and government spending growth slowed. During 2010–12, the non-oil private sector grew by an average of 7.5 per cent per annum, with the manufacturing, transport and retail and wholesale sectors all seeing double-digit growth. Labour productivity and levels of growth in the private sector have also increased in recent years. The high oil prices and exports translated into another large external surplus in 2012, boosting gross international reserves. Saudi Arabia's inflation rose overall in 2012. CPI inflation fell to 2.5 per cent in February, but had increased to 3.8 per cent by May 2013 as food and housing costs

increased. Core inflation, which excludes food and housing, was 2.6 per cent.

Following the expansionary fiscal stance adopted in 2011, expenditure growth began to slow in 2012. The non-oil primary deficit declined by 0.25 percentage points of non-oil GDP, although in the absence of the thirteenth month wage payment in 2012, the non-oil primary deficit would have declined by over 2 percentage points of non-oil GDP. Owing to rising oil prices and output, the overall fiscal balance remained high at 12.4 per cent of GDP in 2012. Saudi Arabia's credit growth remained strong and the banking system was well-capitalised and profitable. Growth in fiscal spending contributed to continued robust growth in private sector credit of over 16 per cent and high levels of liquidity in the banking system. Lending by specialised credit institutions also increased. Saudi Arabia's banking system remains well-capitalised, profitable and highly liquid. Non-performing loans (as a percentage of net loans) declined while provisioning increased. Corporate profitability has also recovered strongly in recent years.

Resistance to change

There are a number of things that the Saudi Arabian ruling family has in common with the Vatican. The first and most obvious, is an in-built resistance to change. The second is its adherence to a world of male authority. The third is a reluctance to give ground to other creeds and beliefs. Try building an Anglican cathedral or a Jewish synagogue in Riyadh.

KEY INDICATORS

Saudi Arabia

	Unit	2008	2009	2010	2011	2012
Population	m	*24.90	*25.50	*28.20	*28.17	*28.99
Gross domestic product (GDP)	US\$bn	469.40	379.50	443.70	577.60	*727.31
GDP per capita	US\$	18,855	14,871	16,996	20,504	*25,049
GDP real growth	%	4.2	0.1	4.6	6.8	*6.8
Inflation	%	9.9	5.1	5.4	5.0	*2.9
Unemployment	%	10.0	10.5	10.0	12.4	–
Oil output	'000 bpd	10,846.0	9,713.0	10,007.0	11,161.0	11,530.0
Natural gas output	bn cum	80.4	78.5	83.9	99.2	102.8
Exports (fob) (goods)	US\$m	313,481.0	192,307.0	251,149.0	364,735.5*	388,369.6
Imports (fob) (goods)	US\$m	101,454.0	89,101.0	97,432.0	120,023.3*	141,799.2
Balance of trade	US\$m	212,027.0	105,206.0	153,717.0	244,712.2*	246,570.4
Current account	US\$m	132,322.0	22,765.0	66,751.0	158,459.2*	177,229.0
Total reserves minus gold	US\$m	30,342.0	409,694.0	444,722.0	516,643.0*	656,464.0
Foreign exchange	US\$m	28,223.0	396,748.0	432,094.0	501,585.0*	640,975.0
Exchange rate	per US\$	3.75	3.75	3.75	3.75	3.75

It is impossible not to notice that Saudi Arabia managed to avoid any significant upheaval during the unrest that flared up through large parts of Middle East in 2011, despite having to deal with many of the social and economic problems that confront Egypt, Yemen and Libya. In fact, the United States' relationship with Saudi Arabia has been comparable to its relationship with Israel, described by one US commentator as 'one of the cornerstones of US policy in the Middle East for decades.' The simple reality seems to be that Saudi Arabia's relationship with the US is not only to be key to the more obvious issues of maintaining regional stability, moderating the global oil market and pursuing terrorists, it also determines and safeguards the direction and priorities of Saudi Arabian domestic policies and foreign affairs.

The Arab autumn?

A report *Saudi Arabia in the New Middle East* prepared for the United States Council on Foreign Relations (CFA) noted that unlike its counterparts in Cairo, Sana'a and Tripoli, Saudi Arabia's leadership had 'been able to maintain order in large part by increasing public spending on housing and salaries, relying on loyal and well-equipped security forces and utilising its extensive patronage networks. The divisions within the political opposition also helped the government's cause.' The report went on to say that the apparent heirs to the Saudi throne are for the most part elderly and that the potential for disagreements may increase as a new generation enters the line of succession. Moreover, the report notes that the Saudi population is growing quickly and that there is little reason to believe that oil will forever be able to buy social tranquility. Worryingly, the Saudi leadership's response to the 2011 uprisings was thought to have done little to prevent future crises; any opportunity for manageable political reform had been largely lost.

Regionally, Saudi Arabia has wielded some influence with its neighbours through its enormous oil reserves, its quiet financial and political support for allies and the ideological influence of *salafism*, an interpretation of Islam that is seen in many circles as Saudi Arabia's most unwelcome export. But success has not been the over-arching characteristic of the conduct of Saudi Arabian foreign affairs. It has been unable to counter Iranian, Shi'a, influence in post-Saddam Iraq; nor could it prevent Hezbollah taking power in Lebanon, while its efforts to reconcile Hamas

and the Palestinian Authority have come to naught. Ironically, the more Saudi Arabia tries to make its presence felt regionally, the more apparent it becomes that its diplomatic skills are not up to the job. The US-Saudi relationship has suffered from Saudi unhappiness not only over Washington's decision to distance itself from Egyptian president Hosni Mubarak, but also the lack of progress on the Israeli-Palestinian peace process and the failure of the US to reign in Iran's regional ambitions. For its part, the United States had been uncomfortable with the Saudi military intervention in Bahrain, not to mention Saudi Arabia's unquestioning support for radical Islamists both in the Middle East and the rest of the world. In the view of the CFA report, the two traditional anchors of the US-Saudi relationship – the Cold War and the US operation of Saudi Arabia's oil fields – no longer serve to anchor the relationship. The report recommends that the United States redefine the relationship on more pragmatic lines. The report recommends that the United States spend its political capital on maintaining regional security, dismantling terrorist networks and preventing the proliferation of nuclear weapons.

Energy = Hydrocarbons

Saudi Arabia was the world's largest producer and exporter of total petroleum liquids in 2012, the world's largest holder of crude oil reserves and the world's largest crude oil producer. Saudi Arabia's economy remains heavily dependent on petroleum. Petroleum exports accounted for almost 90 per cent of total Saudi export revenues in 2011, according to the Organisation of the Petroleum Exporting Countries (Opec)'s *Annual Statistical Bulletin 2012*.

According to the US government's Energy Information Administration (EIA) Saudi Arabia has been shifting its focus beyond increasing oil production capacity after state-owned oil company Saudi Aramco reached its target of 12 million barrels per day in 2009. With the near-completion of its largest oil projects, Saudi Arabia is expanding its natural gas, refining, petrochemicals and electric power industries.

Saudi Arabia's oil and natural gas operations are dominated by Saudi Aramco, the world's largest oil company in terms of proven oil reserves and production. Saudi Arabia's ministry of petroleum and mineral resources (MPMR) and the Supreme Council for Petroleum and Minerals have oversight of the oil and natural

gas sector and Saudi Aramco. The Supreme Council, which is composed of members of the royal family, industry leaders and government ministers, is responsible for petroleum and natural gas policy-making, including contract review, as well as Saudi Aramco's strategic planning. The ministry is responsible for national planning in the area of energy and minerals, including petrochemicals.

According to the *Oil and Gas Journal* (OGJ) Saudi Arabia contains approximately 265.9 billion barrels of proven oil reserves (plus 2.5 billion barrels in the Saudi-Kuwaiti shared Neutral Zone) as of 1 January 2013, amounting to slightly less than one-fifth of proven, conventional world oil reserves. Although Saudi Arabia has about 100 major oil and gas fields, over half of its oil reserves are contained in only eight fields. The giant Ghawar field, the world's largest oil field with estimated remaining reserves of 70 billion barrels, has more proven oil reserves than all but seven other countries.

Saudi Arabia produced on average 11.5 million bpd of total petroleum liquids in 2012. In addition to 9.8 million bpd of crude oil, Saudi Arabia produced 1.8 million bpd of natural gas liquids (NGL) and other liquids. Saudi Arabia, a leading world producer of NGL, has experienced a rise in demand for NGL from developing countries, including India (the leading export destination), where it is used for cooking and transport.

Saudi Arabia maintains the world's largest crude oil production capacity, estimated at a little less than 12 million bpd at the end of 2012 (other petroleum liquids, which are not subject to Opec quotas or production targets, are produced at full capacity). Saudi Arabia's long-term goal is to further develop its lighter crude oil potential.

Saudi Arabia produces a range of crude oils, from heavy to super light. Of Saudi Arabia's total crude oil production capacity, about 65 to 70 per cent is considered light gravity, with about 25 per cent considered medium gravity and the rest heavy. The country is moving to reduce the share of the latter two grades. Lighter grades generally are produced onshore, while medium and heavy grades come mainly from offshore fields. Most Saudi oil production, except for extra light and super light, is considered sour, containing relatively high levels of sulphur. Saudi Aramco said that its fields do not require the use of enhanced oil recovery techniques, although fields in the Neutral Zone could require steam flooding.

Decline estimates for Saudi Arabian oil fields vary widely. One industry source (Platts Oilgram, 2006) estimated that the decline rates for existing fields could range from 6 to 8 per cent annually, meaning that Saudi Arabia needs about 700,000bpd in additional capacity each year just to compensate for natural decline. The MPMR maintains that decline rates in Saudi Arabia are closer to 2 to 3 per cent per year. Saudi Aramco has stated that it will conduct additional drilling at existing fields in order to help compensate for the natural declines from the mature fields and the kingdom is budgeting US\$20–US\$30 billion over the next 5 years to offset decline rates and maintain current capacity levels.

The Saudi-Kuwait Neutral Zone (or the Divided Zone), is an area of 2,230 square miles between the borders of Saudi Arabia and Kuwait. It contains an estimated 5 billion barrels of proven oil reserves that are shared equally between the two countries. Crude oil production has been approximately 600,000bpd, although production declined slightly during the latter half of 2012.

Within the Neutral Zone, Japan’s Arabian Oil Company (AOC) traditionally operated the two offshore fields of Khafji and Hout with 300,000bpd in production, but in February 2000, AOC lost the concession and Aramco took over operation of the former AOC fields. ChevronTexaco operates three onshore fields (Wafra, Humma and South Umm Gudair) in the Neutral Zone under a 60-year licence that was renewed in July 2008. These fields had 2 billion barrels of proven reserves as of the end of 2012 and produce about 260,000bpd of Arab Heavy oil. Finally, Bahrain and Saudi Arabia share the 300,000bpd production of the Abu Safah offshore field.

According to the EIA, Saudi Arabia exported an estimated 7.5 million barrels per day (bpd) of crude oil in 2012. Far East Asia received an estimated 54 per cent of Saudi Arabia’s crude oil exports, as well as the majority of its refined petroleum product and NGL exports. Saudi Arabia exported an average of 1.4 million bpd of total petroleum liquids to the United States through the first 10 months of 2012 (up from 1.2 million bpd for calendar year 2011), accounting for 16 per cent of total US crude oil imports. Saudi Arabia ranked second after Canada during that time as a petroleum exporter to the United States. Other major Saudi customers in 2012 included Japan (1.1 million bpd), China (1.1 million bpd), South Korea (0.8 million bpd) and India (0.7 million bpd). In

January 2010, Saudi Arabia changed the benchmark that it uses for pricing crude oil exports to the United States. Saudi Arabia, which had used the West Texas Intermediate (WTI) crude oil price since 1994, switched to the Argus Sour Crude Index (ASCI), in part because the ASCI is viewed as being more representative of the US Gulf Coast sour crude market.

Saudi Arabia (including the Neutral Zone) had proven natural gas reserves of 288 trillion cubic feet (tcf) at the end of 2012, fifth largest in the world behind Iran, Russia, Qatar, Turkmenistan and the United States, according to EIA estimates. About 5tcf was added in 2012 and over the last decade, Saudi Arabia added over 60tcf of natural gas reserves. The majority of gas fields in Saudi Arabia are associated with petroleum deposits, or found in the same wells as the crude oil and production increases of this type of gas remain linked to an increase in oil production. About 57 per cent of Saudi Arabia’s proven natural gas reserves consists of associated gas at the giant onshore Ghawar field and the offshore Safaniya and Zuluf fields. The Ghawar oil field alone accounts for approximately one-third of the country’s proven natural gas reserves. According to Saudi Aramco, only 15 per cent of Saudi Arabia has been adequately explored for gas. Saudi Arabia does not import or export natural gas, so all consumption must be met by domestic production. According to Saudi Aramco forecasts, natural gas demand in the Kingdom is expected to almost double by 2030 from 2011 levels of 3.5 trillion cubic feet per year.

Rapid reserve development is necessary for Saudi Arabia’s plans to fuel the growth of the petrochemical sector, as well as for power generation and for water desalination. All current and future gas supplies (except natural gas liquids) reportedly remain earmarked for domestic use, in part to minimise the use of crude oil for power generation. However, natural gas production remains limited, as soaring costs of production, exploration, processing and distribution of gas have squeezed supply. Opec estimates that 13 to 14 per cent of total production is lost to venting, flaring, re-injection and natural processes.

Risk assessment

Politics	Poor
Economy	Good
Regional stability	Good/fair

COUNTRY PROFILE

Historical profile

1871 The Ottomans took the province of Al Ahsa.

1891 The Rashidi family seized control of Riyadh from the Sa’ud family, which was exiled to Kuwait.

1902 Abd al Aziz and other members of the deposed Sa’ud family regained control of Riyadh, expelling the Rashidis.

1913 Al Ahsa was taken back from the Ottomans by Abd al Aziz. The Anglo-Ottoman Convention established the ‘Blue Line’ as the eastern Arabian boundary between the Ottoman and British empires.

1914 Abd al Aziz signed a treaty with the Ottomans.

1915 The first Anglo-Saudi treaty provided recognition of Abd al Aziz.

1919–26 Between 1919 and 1925, Abd al Aziz defeated the four Arabian states of Hejaz, Asir, Ha’il and Jauf and incorporated them. Abd al Aziz took Makkah (Mecca) from King Ali of al Hejaz. In 1925, Medina, Yanbu and Jeddah surrendered to Abd al Aziz, and in 1926, Abd al Aziz was proclaimed King of Al Hejaz and Sultan of Najd and its dependencies.

1927 In the second Anglo-Saudi treaty, the British recognised the full independence of Abd al Aziz, while the Saudi leader acknowledged the British treaty relationships with the sheikhdoms of the Gulf.

1932 The Kingdom of Saudi Arabia was established when the two monarchies of Najd and Al Hejaz merged, with Abd al Aziz as King.

1933 Abd al Aziz’s eldest son, Sa’ud, was named crown prince.

1938 Oil was discovered and production started under California Arabian Standard Oil Company (CASOC).

1944 CASOC changed its name to Arabian American Oil Company (Aramco).

1945 Oil exploration and exploitation increased after the Second World War and the country’s infrastructure was modernised and developed with the growing oil revenues.

1953 King Abd al Aziz died and was succeeded by Crown Prince Sa’ud ibn Abdul Aziz al Sa’ud.

1960 Saudi Arabia was a founding member of the Organisation of Petroleum Exporting Countries (OPEC).

1964 King Sa’ud was deposed by his brother, Faisal ibn Abdul Aziz al Sa’ud, previously the crown prince and prime minister.

1972 Saudi Arabia gained control of 20 per cent of Aramco.

1973 Saudi Arabia led an oil boycott against Western countries that had supported Israel in the 6 October War against Egypt and Syria. Oil prices subsequently quadrupled and the world economy went into depression.

1975 King Faisal was assassinated by one of his nephews and was succeeded by Khalid ibn Abdul Aziz al Sa'ud.

1979 Saudi Arabia cut off diplomatic relations with Egypt after the Egyptian-Israeli Peace Treaty was signed. The Grand Mosque of Makkah was seized by extremists; the government regained control and executed those captured.

1980 Saudi Arabia took over full control of Aramco.

1981 The political and economic union, Co-operation Council for the Arab States of the Gulf (CCASG) (known as the Gulf Co-operation Council (GCC)) was formed by Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE).

1982 King Khalid died and Fahd ibn Abdul Aziz al Sa'ud, his brother, became King.

1986 The King Fahd Causeway between Bahrain and Saudi Arabia was opened.

1987 Diplomatic relations with Egypt were resumed.

1991 Saudi Arabia was the launch pad for a US-led military operation to eject Iraqi forces that had occupied Kuwait in 1990.

1992 King Fahd announced that the country's Basic Law, which stipulated that the Quran was the country's constitution, and that he proposed setting up a *Majlis al Shura* (Consultative Council).

1993 King Fahd decreed the division of Saudi Arabia into thirteen administrative divisions. The *Majlis al Shura* was inaugurated in December, with 60 members nominated by the King, and a chairman.

1994 Osama bin Laden, who was later to become notorious as the leader of al Qaeda, a terrorist organisation, reportedly responsible for flying two aircraft into the World Trade Centre in New York in September 2001, was stripped of his Saudi nationality.

1995 King Fahd suffered a debilitating stroke and handed over *de facto* power to Crown Prince Abdullah.

1996 A bomb exploded at the US military complex near Dhahran.

1997 The *Majlis al Shura* membership was increased from 60 to 90.

1999 Women were allowed to attend a session of the *Majlis al Shura* for the first time.

2000 Yemen and Saudi Arabia signed a treaty resolving 65 years of dispute over land and sea boundaries.

2001 Saudi Arabia and Iran signed a security accord to combat terrorism, drug trafficking and organised crime. Out of 19 hijackers involved in the 11 September attacks in the US, 15 were Saudi nationals. King Fahd said that terrorism should be eradicated and that it is prohibited by

Islam. Identity cards were issued to women for the first time.

2002 New criminal rights came into force banning torture and giving suspects legal representation. Crown Prince Abdullah proposed a peace initiative for Israel and Palestine, at the Beirut Summit of the Arab League. He suggested a settlement between Israel and the whole Arab world if Israel withdrew from all Palestinian territories it had occupied since 1967.

2003 Saudi Arabia denied US air bases and troops access to Iraq through its territory during the second invasion of Iraq. More than 300 Saudi intellectuals, including women, signed a petition calling for far-reaching political reforms and around 270 people were arrested when attending a rally in Riyadh, also calling for political reform. King Fahd granted wider powers to the *Majlis al Shura*, enabling it to initiate legislation without first seeking his permission.

2004 There was a stampede at the Haj pilgrimage in February, in which 251 people died. Security forces killed local al Qaeda leader, Abdul Aziz al Muqrin.

2005 Male Saudis voted in the first-ever nationwide municipal elections. King Fahd died and was succeeded by his half-brother, Crown Prince Abdullah bin Abdul Aziz. Saudi Arabia became a member of the World Trade Organisation.

2006 A committee of princes was created, under the Allegiance Institution Law, to ensure the orderly succession to the throne.

2008 A common market was created by Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE, the six wealthiest Gulf States. Citizens of these countries are now allowed to travel between and live in any of the six states, where they may find employment, buy properties and businesses and use the educational and health facilities freely.

2009 Saudi Arabia awarded a key contract to build a new railway system between the major religious sites of Mecca, Mina, Arafat and Muzdalifah to the China Railway Company. The US\$1.8 billion contract is expected to be completed by 2011. In a major re-organisation of his government, King Abdullah sacked two powerful religious officials – a senior judge, who said killing owners of satellite television stations that broadcast immoral programmes was permitted, and the head of the Commission for the Promotion of Virtue and the Prevention of Vice. The Commission was accused of using brutality to enforce Wahhabism, the conservative form of Islam practised in Saudi Arabia. The first female cabinet minister was appointed – for women's affairs – by King Abdullah. Hundreds of people were evacuated from 240 villages as security

forces began enforcing a 10km buffer zone along the border with Yemen. The move was intended to prevent Yemeni rebels from taking shelter along the Saudi Arabian border while carrying on their insurgency in northern Yemen.

2010 BAE (British Aerospace Engineering) Systems was fined £285 million

(US\$452.9 million) for corruption and false accounting during the record al Yamamah arms deals begun in 1985.

Use of the roaming internet receiver and email facilities in BlackBerry were temporarily blocked, due to the authority's inability to regulate the device's stored electronic data and instant messaging. A deal with the US worth US\$60 billion was the largest arms contract either country had ever negotiated.

2011 Ex-president Zine al Abidine Ben Ali of Tunisia and his family found sanctuary in Saudi Arabia when they fled in January.

After months of protests in Yemen, President Saleh was injured in June, during an attack on his Sana'a palace compound. Saleh left Yemen to receive medical treatment in Saudi Arabia.

In August he left hospital but chose to remain in Saudi Arabia. King Abdullah condemned the escalating bloodshed in Syria and called on its leadership to 'stop the killing machine'.

The Islamic Development Bank allocated US\$2.2 million for food aid to famine victims in Somalia.

In September King Abdullah announced that women will be given the right to vote and run in future municipal elections, as well as be appointed to the Shura Council.

There were clashes between security forces and protesters in the eastern province of Qatif in October; 14 people were reported to be injured.

The Saudi Press Association said there had been 'incitement from a foreign country that aims to undermine the nation's security and stability'. Crown Prince Sultan bin Abdulaziz al Saud died in October, after a long illness. Nayef bin Abdul Aziz al Saud was named crown prince of Saudi Arabia.

2012 Three contracts, worth in total US\$8.6 billion, were signed on behalf of the Public Investment Fund on 28 January, for the construction of five railway stations, engine and carriage workshops, fuel supply stations, a communications centre, plus accommodation for technical support staff, for the north-south railway project. In February, the Saudi government informed the managing director of the IMF that in exchange for a contribution to the US\$500 billion fund needed to fight the European debt crisis, Saudi Arabia expected to be given a greater share of voting rights within the IMF. On 16 June, Crown Prince Nayef bin Abdulaziz al Saud died, while in Switzerland seeking medical treatment. On 18 June, by royal

decree, Salman bin Abdulaziz al Saud was named as the next crown prince. On 31 July a royal decree banning smoking in public places came into immediate effect. The areas affected were government buildings, restaurants, shops and commercial areas. The sale of tobacco to those aged less than 18 years was also banned. Almost four million Muslim pilgrims took part in the *Haj* in October. A new visa system (similar to the European Schengen agreement) allowing multiply entry for foreigners to the six Gulf Co-operation Council (GCC) countries was introduced in November.

2013 King Abdullah named Prince Muqrin bin Abdulaziz al Saud, former head of Saudi intelligence, second deputy prime minister on 1 Feb 2013. Prince Muqrin becomes third in line to succeed King Abdullah, after Prince Salman. Heavy rain which began on 26 April led to flash floods and a number of deaths, including in Riyadh. On 20 October Saudi Arabia turned down a seat on the UN Security Council. A foreign ministry spokesman was reported as accusing the world body of 'double standards' and that it had failed in its duties towards Syria as well as in other world conflicts. The amnesty introducing new employment rules expired on 3 November, leaving thousands of mostly Asian workers without permits. Under the *Nitaqat* law all companies must employ at least 10 per cent Saudi nationals, although in the case of construction work this may prove difficult.

Political structure

Constitution

Saudi Arabia is an absolute monarchy. The country's 1992 Basic Law declares that the Quran is the country's constitution.

A system of provincial government was introduced in 1993. Thirteen regional authorities, subdivided into 103 governorates, provide provincial services alongside district councils and tribal and village councils. The 13 provinces are governed by princes or close relatives of the royal family and governors are appointed by the King.

Independence date
1927

Form of state

Absolute monarchy

The executive

The King (Custodian of the Two Holy Mosques), exercises absolute power as Head of State, head of government and general commander of the armed forces. The 25-member Council of Ministers, an executive body appointed for a four-year term by the King, serves as an instrument of royal authority, passing legislation that becomes law once ratified by royal

decree. The majority of the Council is comprised of members of the royal family, with the King as Council leader.

National legislature

There is no elected legislature. A Majlis al Shura (Consultative Council) was formed in 1993; it provides a forum for debate. There are 90 members, all appointed by the King, serving four-year terms. In 2003, wider powers were granted to the Majlis al Shura, enabling it to initiate legislation without first seeking the King's permission.

Legal system

Saudi Arabia has judicial-Islamic courts of first instance and appeals based on *Sharia* (Islamic law) and the *Sunna* (practices or mode of life) of the Prophet Mohammed. Judges are appointed by the King on the recommendation of the Supreme Judicial Council, comprised of 12 senior jurists. Royal decrees and ministerial resolutions have been used to complement *Sharia* in modern Saudi Arabia and a dual system has developed. *Sharia* judgements generally override the judgements of non-*Sharia* tribunals. The King is the final court of appeal and has the power of sentencing or pardoning those found guilty of breaking the law.

In 2002, a new criminal justice system came into force, which included a ban on torture and the right of suspects to legal representation.

Next elections

There are no Consultative Council elections. Elections at municipal level were held for the first time in 2005. The next municipal elections are due on 29 September 2011.

Political parties

Ruling party

None

Population

28.99 million (2012)* (27,136,977; 2010, census figure)

The April 2010 census of people and dwellings recorded a population of 27,136,977, an increase of 20 per cent in the population since 2004, which was 22,678,262. Of the number of people recorded, Saudis numbered 18,707,576 (68.9 per cent of the population). Over 65 per cent of the population reside in four areas – the Riyadh, Mecca and Medina regions and the Eastern Province.

Last census: 28 April 2010: 27,136,977

Population density: Urban population 82 per cent (2010 Unicef).

Annual growth rate: 2.7 per cent, 1990–2010 (Unicef).

Ethnic make-up

The majority of Saudis originate in the peninsula and are of Arab extraction, but there is a sizeable minority of the population which has migrated mainly from

central Asia and China. One-third of the population is non-Saudi. Most of these are from Yemen, Pakistan, Thailand and the Philippines as well as a significant number from Western Europe and North America.

Religions

The majority of the population is Wahhabi (Sunni) Muslim, with around 8 per cent Shi'a Muslim, the latter being mainly located in the Hasa (Eastern) Province. Sufism is practised throughout the Hejaz, and there is a Sunni Salafi opposition movement which, in particular, opposes the authoritarian rule of the clergy.

Islam's two holiest cities of Makkah (Mecca) and Medina are both in Saudi Arabia.

Despite Islam's recognition of Christians and Jews as People of the Book, public adherence to other faiths is forbidden in the Kingdom.

Education

Although education at all levels is free, it is not compulsory. Both primary and secondary education last for six years and begin at the ages of six and 12 years respectively. On average, boys receive an extra year of schooling (nine years) compared to girls and their education is completely segregated.

The educational system is geared to a future of high technology with computer science taught as a basic subject in secondary schools. However, the education system is widely recognised as being outdated and inefficient. There are over 22,700 schools and colleges, which are attended by about five million students. In 2010–11, around 120,000 students had their overseas graduate education and training funded by the state at a cost of US\$6 billion. The funding was part of a larger spending programme, to increase the number of trained engineers, lawyers, medical personnel and information technologists in Saudi Arabia.

A ban was placed on all children of expatriate workers aged over eight years from attending state-run schools from the September 2012.

Literacy rate: 78 per cent adult rate; 97 per cent youth rate (15–24) (Unesco 2005).

Enrolment rate: 77 per cent boys; 75 per cent girls, total primary enrolment (including repetition rates) of the relevant age group between 1994–2000 (World Bank).

Pupils per teacher: 13 in primary schools.

Health

All medical care, including the cost of medicines, is provided free for Saudi citizens.

Saudi Arabia provides a two-tier health service plan. The first tier comprises a network of over 3,500 primary healthcare centres and clinics established throughout the country. These centres are supplemented by a fleet of mobile clinics that routinely visit the more remote villages and provide basic medical services. A network of over 300 advanced hospitals and specialised clinics spanning the urban areas constitute the second tier of health services with a capacity of almost 45,000 beds. The King Fahd Medical City in Riyadh is probably the largest medical facility in the Middle East.

Life expectancy: 71 years, 2004 (WHO 2006)

Fertility rate/Maternal mortality rate: 2.8 births per woman, 2010 (Unicef)

Birth rate/Death rate: 37 births per 1,000 population; six deaths per 1,000 population (2003).

Child (under 5 years) mortality rate (per 1,000): 9 per 1,000 live births (WHO 2012)

Head of population per physician: 1.37 physicians per 1,000 people, 2004 (WHO 2006)

Welfare

The General Organisation for Social Insurance (GOSI) administers programmes that support workers or their families in cases of disability, retirement and death and also covers occupational hazards for employees. Another major programme provides social security pensions, benefits and relief assistance to the disabled, the elderly, orphans and widows without income. The seventh Development Plan (2000—04) aims to expand national programmes for the rehabilitation and welfare of the handicapped, and immunisation of all children against infectious diseases.

Out of the 60 centres around the country that care for those with social, economic and physical problems, six specialise in rehabilitation of juvenile delinquents, nine in assisting the elderly and 14 in caring for orphans. A particularly important government policy has been to provide interest-free, easy-term loans towards low cost home construction for students and low-income employees.

Main cities

Riyadh (capital, estimated population 5.2 million (m) in 2012), Jeddah (3.4m), Mecca (Makkah) (1.5m), Medina (al Madinah) (1.2m), Dammam (961,808), Ta'if (600,590), Tabuk (567,902).

Languages spoken

Mainly Arabic, with English widely spoken in business and diplomatic circles.

Official language/s
Arabic

Media

Press

The press is closely monitored and subject to legal restrictions affecting freedom of expression, censorship is strict and criticism of the government is rare. Most newspapers are privately owned. There was a slight increase in press freedom after the accession of King Abdullah in 2005 although in August 2007 *al Hayat* was banned for a number of days after it had 'crossed a red line' by criticising the ministry of agriculture's handling of the death of over 2,000 camels from poisoning. In May 2010 Jamal Khashoggi, editor-in-chief of *al Watan*, resigned after the paper published an opinion piece on Salafism, a form of Islam at the heart of the Saudi state.

Dailies: Leading newspapers are regionally based. In Arabic, from Dammam *al Yaum Newspaper* (www.alyaum.com), from Riyadh *al Watan* (www.alwatan.com.sa), *al Jazirah* (www.al-jazirah.com), *al Sharq al Awsat* (www.asharqalawsat.com) and *al Riyadh* (www.alriyadh.com). From Jeddah, *Okaz* (www.okaz.com.sa) and *al Hayat* (www.daralhayat.com), also published in English as well as *Arab News* (www.arabnews.com) and *The Saudi Gazette* (www.saudigazette.com.sa). Many foreign publications can be found in the Kingdom.

Weeklies: There are a number of magazines and periodicals, including *al Yamama* and *Igraa*. *Um al Qura* is the official weekly newspaper issued by the Saudi government.

Business: The leading business journal is the *Saudi Economic Survey* (weekly in English).

Periodicals: *Alnafetha*

Broadcasting

The Broadcasting Service of the Kingdom of Saudi Arabia (BSKSA) is responsible for all transmissions and no private radio or television networks are allowed to broadcast in Saudi Arabia but may operate from neighbouring countries.

Radio: Saudi Radio (www.saudiradio.net) is state-run, with regional programming and broadcasts in Arabic and English. It runs overseas services in Urdu, Indonesian, Persian, French, Somali and Swahili. Aramco Radio is a private amateur radio station from Dhahran broadcasting in English. Voice of America (VoA) can be received.

Television: BSKSA operates four TV networks including *al Ikhbariya* a news channel. The private and independent satellite broadcaster Arab Radio and Television Network (known as ART) (www.art-tv.net), based in Jeddah, operates 10 domestic and five international channels, by subscription. There are many satellite and

cable TV stations operating from outside Saudi Arabia.

A new 24-hour international news channel, Alarab, is due to launch on 12 December 2012. The channel will be aimed at an Arabic-speaking audience worldwide.

National news agency: Saudi Press Agency (SPA)

Economy

With the world's largest reserves of oil and a leading member of the Organisation of the Petroleum Exporting Countries (Opec), Saudi Arabia's economy is dominated by oil and gas. Proven oil reserves at the end of 2011 stood at 265.4 billion barrels of oil and 8.2 trillion cubic metres (cum) of natural gas. Oil production was 11.2 billion barrels per day (bpd) and natural gas production was 99.2 billion cum per annum in 2011. Hydrocarbon revenue provided 85.3 per cent of government revenue in 2009, rising to 90.3 per cent in 2010.

After ten years of steadily increasing oil prices on the international markets, the sharp increase in 2008 pushed GDP growth up to 4.2 per cent, before falling sharply to 0.1 per cent in 2009 as the global economic crisis cut trade and production and the price of oil fell by 63 per cent within one year. The high oil prices had contributed to a trade balance of US\$212.3 billion in 2008. As global markets fell sharply in 2009 and year-on-year oil sales slumped by 7.8 per cent, so the trade balance fell to US\$105.4. It picked up in 2010 with a preliminary return to US\$153.9 billion, as GDP growth rose to 4.6 per cent, before climbing higher to an estimated 6.8 per cent in 2011.

Inflation jumped from 4.1 per cent in 2007 to 9.9 per cent in 2008 as imported food prices were at a record high; it fell to 5.1 per cent in 2009, and kept steady at 5.4 per cent in 2010.

Saudi Arabia's other industrial sectors include mining of gold, silver, copper and zinc, phosphates, uranium, bauxite, tungsten, zinc, coal and iron. The amount of arable land is comparatively small and agricultural production is limited; exported produce includes dates, grains, livestock and vegetables. Imported items include manufactured goods, vehicles and spare parts, clothing and textiles, livestock, foodstuffs and processed foods. Structural reforms and an expansion of the non-oil economy have increased employment rates; the government's target is to create 800,000 new jobs a year for Saudi nationals. Further investment in private sector growth through increased spending, in places where social and private returns are judged to be best, are underway, including infrastructure

development. Plans by the government to invest US\$400 billion in upgrading infrastructure by 2013 were announced in 2010. Priority will be given to power and water supplies, transport, education, retail, real estate and hydrocarbon installations. Foreign direct investment (FDI) which had remained steady at around US\$23 billion up to 2007, jumped to a record high of US\$39.5 billion in 2008. Since then FDI has fallen steadily so that in 2011 it registered US\$16.4 billion. The economy is underpinned by Saudi Arabia's vast oil reserves, which are estimated will last another century at current rates of production. Diversification is needed to strengthen the economy, but the economy's reliance on oil will continue.

Foreign labour is employed under the *Nitaqat* programme which limit's a worker's visa to up to five years, during which time a Saudi worker should work alongside him and eventually replace him. Saad Mariq, chairman of the Shoura Council's Financial Affairs, said in 2012 that 'This could be a practical solution to the implementation of *Nitaqat* and realisation of Saudisation'.

External trade

In 2005 the Greater Arab Free Trade Area (Gafat) was ratified by 17 members, including Saudi Arabia, creating an Arab economic bloc. Gafat includes a customs union in which tariffs are reduced by a percentage each year, until none remain. Saudi Arabia was a founder member of the Organisation of the Petroleum Exporting Countries (Opec) which organises oil production policies of 13 member countries.

As a member of the WTO, Saudi Arabia has undertaken to liberalise its trade regime and accelerate its integration into the world economy.

Possessing one-quarter of the world total reserves of oil, crude oil, refined petroleum products and natural gas account for 90 per cent of total exports and 75 per cent of government revenues.

Imports

Main imports are vehicles, machinery and equipment, industrial raw materials and, clothing, textiles, livestock and foodstuffs.

Main sources: China (12.8 per cent of total in 2011), US (11.9 per cent), Germany (7.1 per cent).

Exports

Petroleum and its refined products dominate exports, with minor trade in agricultural products, minerals and ores, petrochemicals and construction.

Main destinations: Japan (13.9 per cent of total in 2011), China (13.7 per cent), US (13.4 per cent).

Agriculture

The sector contributes around 5 per cent to GDP and employs 4 per cent of the labour force. Agricultural produce accounts for only around 5 per cent of non-oil exports.

Agricultural development projects have helped Saudi Arabia achieve self-sufficiency in wheat, eggs, some dairy products and vegetables. The development of water desalination plants is crucial to future development.

The role of agriculture in the overall economy is being re-evaluated. Subsidies have created large surpluses of wheat, while agricultural production has depleted scarce water supplies.

The agricultural sector is heavily subsidised and accounts for 90 per cent of Saudi Arabia's 14–16 billion cubic metres of annual water consumption. The policy of agricultural expansion has come under heavy criticism, as some 3,000 tonnes of water is required to produce one tonne of wheat, most of which is then exported. At present rates of depletion, fossil water sources are not expected to last more than 20 years. The importance of conservation and subsidy reduction to slow water demand is clear, but this needs to be balanced against the need to expand Saudi Arabia's agricultural output.

In September 2011, the government decided that by 2016 it will have ceased to buy locally produced wheat. The move is in order to conserve fresh water which is currently being used to irrigate the wheat. Most agricultural activity is north of Riyadh in Qasim, Hail and Al-Jauf areas and on a smaller scale in Wadi Dawasir and Abha. Despite significant growth in agricultural production, Saudi Arabia increasingly relies on imports to meet the demands of a rapidly growing population. Saudi Arabia has a small and developing fishing industry. The Saudi Fisheries Company (SFC) operates the fishing fleet, comprising 49 vessels. SFC operates four processing plants in Dammam, Jazan, Jeddah and Riyadh. Annual catch includes bream, barracuda, mackerel, sardine and tuna.

Forest and wooded land accounts only for 1 per cent of Saudi Arabia's total land area. Most wood products are imported,

Industry and manufacturing

Saudi Arabia's economy is dominated by the oil industry, with the majority of manufactured goods imported and the services sector largely supporting the hydrocarbon sector. The industrial sector accounts for around 55 per cent of GDP, while manufacturing accounts for only 10 per cent.

The government has played a major role in the economy since an industrialisation programme was launched in the 1960s.

Despite attempts to develop the private sector and withdraw the state from the economy, such attempts have not progressed very far. The main sector, oil, is dominated by the largest domestic oil company – the 100 per cent state-owned Saudi Arabian Oil Company (Saudi Aramco). Upstream oil exploration and development, the country's most lucrative industry, is closed to foreign investment, with all activities undertaken by Saudi Aramco.

The state also intervenes in the price of domestic goods, with significant subsidies provided on a wide range of agricultural, utility and industrial products. As a result, the domestic economy rarely reflects international market prices.

In June 2010 a wholly Saudi Arabian designed and produced car, the *Ghazal 1*, went into production. The car was designed by students of the King Saud University in Riyadh to be able to cope with the climate of the Middle East; 20,000 cars will be produced annually when the full capacity is achieved.

The *Nitaqat* system was introduced in 2011 whereby all companies operating in Saudi Arabia are rated under three categories – red, yellow and green – according to the required percentage of Saudi employees. Those rated as green have achieved the percentage target as set by the government. Those rated as yellow have not, but have enough Saudi employees that they have a grace period until the third quarter of 2012 to achieve the target; foreign employees' *Iqamas* (work permits) of these companies will not be renewed beyond 2017. Those companies rated red do not have enough Saudi employees and must employ more by the end of 2011 or face punitive measures; they will not be able to renew the *Iqamas* of their foreign employees at all. This system has led to companies rated red quickly employing unqualified Saudi personnel, who are only required to sign-in for work, to avoid the sanctions threatened by the government.

In August 2011, the Ministry of Labour forecast that 20 per cent of all companies were going to be rated as red. The deadline for the all private companies designated as red and yellow expired on 22 February 2012. Businesses that failed to reach the required number of Saudi employees were subject to a fine of SR2,000–5,000 (US\$533–1,333) per foreign employee.

In August 2012, the Saudi Industrial Property Authority (Modon) announced it had initiated plans for construction of a new industrial city in the Eastern Province of Hofuf, for exclusive employment of over 5,000 female workers. Modon called on

Saudi women investors and entrepreneurs to invest in the new facility.

Tourism

Previously, Saudi Arabia was almost exclusively the destination for devout Muslims participating in the annual *Haj* (religious pilgrimage) to Mekka and the site of the tomb of the prophet Mohammed at Medina. Both of these cities are exclusive to Muslims, with all non-believers prohibited from entry. Today, although pilgrims make up the majority of visitors (10–11 million annually) Saudi Arabia has begun to expand its tourist industry to attract Arab visitors not participating in the *Haj* and others, including non-Muslims, for business tourism. Riyadh is a modern city with extensive infrastructure necessary to offer itself as a centre for dedicated meetings, incentive travel, conferences and exhibitions (*mice*). There are other sites of interest including classical, pre-Islamic Nabatean ruins and the late medieval citadel of at Turaif (as Dir'iyah). Travel and tourism contributed over 5 per cent of GDP (2008–11) and provided employment for over 5 per cent of the workforce (over 500,000 jobs). While Saudi Arabia is marketing itself as a tourist destination, visitors to hotel resorts must conform to Islamic traditions of modest dress, temperance and the social separation of men and single women.

Mining

The exploitation of mineral resources other than oil is the responsibility of the petroleum and minerals resources ministry.

The principal minerals are gold, silver, copper, zinc, lead, iron, magnesite, bauxite, phosphates, beryl, fluorite, magnesium, salt and sulphur and certain radioactive minerals. Other sought-after minerals are those used for making cement and plaster such as granite, sandstone, coral stone and marble. Saudi Arabia is self-sufficient in these materials. Industrial minerals produced include limestone, gypsum, sulphur, marble, clay and salt. Much of the mineral deposits can be extracted by surface mining or quarrying. A new mining code passed in January 2005 seeks to attract more foreign companies, mainly by giving them greater freedom to invest as they see fit. Gold exploration has been opened up to foreign companies for the first time.

Hydrocarbons

Saudi Arabia had 11.5 billion barrels of proven oil reserves at the end of 2012 (with a further 2.6 billion barrels in the border neutral zone shared with Kuwait), Saudi Arabia provides over 15 per cent of the entire world's oil supplies and had maintained for many years the largest

crude oil production, but due to Opec members cutting back oil production in 2009, its supremacy was overtaken by Russia; production was 11 billion barrels per day (bpd) in 2011. The state-owned Saudi Aramco is the world's largest oil corporation, with responsibility for exploration, production, marketing and shipping of the country's hydrocarbons. Saudi Arabia is a key player in the Organisation of Petroleum Exporting Countries (Opec) and manages its oil production inline with Opec quotas and world prices. There are five major oil fields both on- and offshore, the largest of which is the Ghawar field in the eastern province, producing around 50 per cent of all production.

Saudi Arabia had a total refinery capacity of 2.1 million bpd in 2011. The new and refurbished Petro Rabigh petro-chemical refinery on the Red Sea produces hundreds of thousands of polyethylene, polypropylene, monoethylene glycol and propylene oxide, has been enhanced following Saudi Aramco's signed agreement with Japan's Sumitomo Chemical Company to develop phase two of the Petro Rabigh refinery.

There are around 14,500km of oil pipelines, including the major East-West Crude Oil Pipeline (Petroline) supplying oil to the Red Sea terminals for shipment to Europe. Running parallel to this is the natural gas liquids (NGLs) pipeline.

Saudi Arabia is also a leading exporter of NGLs (propane and butane among others), which are not subject to Opec quotas. Proven natural gas reserves were 8.2 trillion cubic metres in 2011, with production at 99.2 billion cum, an increase of 13.2 per cent over the previous year. There has been a steady increase in production from the 45.6 billion cum recorded in 1997, all of which has been consumed domestically. The role of gas production has been overshadowed by oil production, which because it provides Saudi Arabia with the bulk of the country's revenue, has seen the opportunity of natural gas production relegated to a peripheral role. Following a policy decision to free up more oil for export further exploration and development of natural gas fields will be undertaken. Almost all natural gas in production is associated with oil production; an estimated 13–14 per cent of total production is lost through venting, re-injection and natural waste due to the initially high cost of packaging the supply.

Energy

Total installed generating capacity was 33.53GW in 2006, all of which is produced by conventional thermal power stations. The sector was a monopoly-controlled by the Saudi

Electricity Company (SEC), which is a joint-stock company 50 per cent owned by the Saudi government. However independent water and power projects (IWPP) have been introduced with schemes that allow private investment up to 60 per cent equity in IWPPs, with the remainder shared between the SEC and the Public Investment Fund (PIF). The first phase of the GCC power grid was completed in 2009 at a cost of US\$1,095 million, linking Saudi Arabia, Bahrain, Kuwait and Qatar through 800km of transmission lines.

In 2011, 49 per cent of the energy mix was provided by natural gas and the remainder mostly by petroleum, while renewable resources accounted for a negligible share.

By 2016 a planned 10 IWPPs will be launched, at a total cost of US\$16 billion. Four of these projects alone will provide an addition 7,000MW. By 2020 the country plans to have a total installed generating capacity of 66GW.

Financial markets

In October 2012, the Investor for Securities Company (The Investor) launched Safa Investment Services, based in Riyadh, the first global Islamic asset management enterprise that provides Sharia compliant investments to Muslims worldwide.

Stock exchange

Tadawul (Saudi Stock Exchange)

Banking and insurance

Islamic banking rules are in force. The sector comprises 10 domestically-owned banks. Foreigners cannot own more than 49 per cent of domestic banks and foreign participation is mostly in the form of joint-ventures.

An agreement was reached between Saudi Arabia, Kuwait, Bahrain and Qatar to establish the Gulf Co-operation Council (GCC) Monetary Council to be established (originally in 2009), marking plans to set up a regional central bank, to be based in Riyadh (Saudi Arabia). The GCC Monetary Council will oversee the introduction of a monetary union, due to be in operation by 2013.

Central bank

Saudi Arabian Monetary Agency (SAMA)

Main financial centre

Riyadh

Time

GMT plus three hours

Geography

Saudi Arabia is bordered to the north by Egypt (the Sinai Peninsula), Jordan, Iraq and Kuwait; to the south by Yemen, Oman, the United Arab Emirates, Qatar and Bahrain (connected by a causeway); to the west by the Red Sea; and to the east by the Persian Gulf.

Saudi Arabia is a mainly barren land covering an area of 2.24 million square km. On the western coast is the Tihama plain, a hot region almost devoid of rainfall but with a humid coast. Inland from the Tihama rises a steep escarpment. In the centre of the Kingdom lies the Najd region and the Rub al-Khali (Empty Quarter) lies in the south-east. The eastern province, containing the oil fields, has an undulating topography with rocky outcrops.

Hemisphere

Northern

Climate

Average maximum temperatures are 38 degrees Celsius (C) in summer and the winter minimum is 13 degrees C. The summers are generally hot and dry (although humidity in some areas may reach 90 per cent) and the winters are cold. The coastal towns tend to be hot and humid all year. Rainfall in the Kingdom rarely exceeds 250mm a year, except in the extreme south-west.

Dress codes

A lightweight suit or jacket and trousers are advised. A tie and a long sleeved shirt should be worn at business meetings, but a jacket is not essential. Women should dress modestly, covering their arms and knees. Expatriate women often find it convenient to wear an *abaya*, a wrap-around shoulder cloak.

Entry requirements

Passports

Required by all, valid for six months from date of entry, except pilgrims with passes.

Visa

Required by all. Pilgrims should apply for visas through a visa agency accredited to an embassy of Saudi Arabia. During Haj and Umrah, pilgrims and visitors must have a valid certificate of vaccination against the ACWY strains of meningitis. For business visas a letter of invitation from a Saudi company, endorsed by a Saudi Chamber of Commerce and Industry, must be faxed directly by the sponsor company to the Consulate to which the application is submitted. The original or copy of this invitation, together with an introductory letter from the employee's company addressed to the Embassy, should be submitted with the application form.

Women visitors are required to be met by their sponsor upon arrival. Women travelling alone, who are not met by sponsors, may experience delays before being allowed to enter or, if in transit, to continue their journey.

A new visa system (similar to the European Schengen agreement) allowing multiply entry for foreigners to the six Gulf

Co-operation Council (GCC) countries was introduced in November 2012.

Prohibited entry

Travellers who arrive obviously inebriated are liable to arrest or deportation. Israeli nationals are barred from entering the Kingdom and an Israeli visa or stamp in a visitor's passport is likely to result in a ban on entry. Consultation with Saudi officials prior to departure is strongly recommended.

Currency advice/regulations

There are no restrictions on the import or export of local and foreign, except Israeli, currencies.

Customs

Personal effects are allowed duty-free. Duty is chargeable on many imported items, starting at 12 per cent but rising to 20 per cent for goods normally manufactured in the Kingdom; no duty on samples of low value.

Prohibited imports

The penalty for smuggling, promoting or circulating illegal drugs is capital punishment.

Other prohibitions include anything with an alcoholic content, certain foodstuffs (such as pork), pornography and censored literature. Prescription drugs should be carried only in small quantities in original containers. Dogs are banned, with the exception of guard dogs, hunting dogs and guide dogs.

Health (for visitors)

Mandatory precautions

A certificate of vaccination against yellow fever is required if travelling from an infected area.

During Haj and Umrah, pilgrims and visitors must have a valid certificate of vaccination against the ACWY strains of meningitis.

Advisable precautions

Vaccinations against cholera, typhoid and polio are recommended. Medical facilities in the Kingdom are excellent and there are few obvious health hazards. Saudi Arabia is considered a high risk area for rabies, any animal or bat bites should be assessed carefully.

Hotels

There are many good hotels in the Kingdom. Alcoholic drinks are strictly prohibited.

Credit cards

All major credit cards are accepted.

Public holidays (national)

The Islamic year contains 354 or 355 days, with the result that Muslim feasts advance by 10–12 days against the Gregorian calendar. Dates of feasts vary according to the sighting of the new moon, so cannot be forecast exactly.

During the Haj, which immediately precedes Eid al Adha, government offices and some businesses close for 10 days. Work schedules may be seriously disrupted during the month of Ramadan, and businesses may take time off for other Islamic holidays.

Fixed dates

23 Sep (Saudi National Day)

For civil purposes, Saudi Arabia uses the Umm-ul-Qura calendar.

Variable dates

Eid al Adha (five days), Eid al Fitr (three days).

Islamic year 1435 (5 Nov 2013–24

Oct 2014): The Islamic year contains 354 or 355 days, with the result that Muslim feasts advance by 10–12 days against the Gregorian calendar. Dates of feasts vary according to the sighting of the new moon, so cannot be forecast exactly.

Working hours

Banking

Sat–Wed: 0830–1200 and 1700–1900; Thu: 0830–1130; 1000–1330 during Ramadan.

Business

Sat–Wed: 0800–1200, 1630–2000 in Riyadh; 0900–1330, 1630–2000 in Jeddah; 0730–1200, 1430–1730 in Eastern Province (closed Thu afternoon and Fri).

Private business offices in other areas: 0800–1200; 1500–1800.

Government

0730–1430 (Sat–Wed); 1000–1430 during Ramadan.

Shops

0800/0830–1200 and 1600–2100/2200; closed Thursday and Friday and four times a day for prayer for up to half an hour.

Telecommunications

Telephone/fax

The Saudi telephone system is highly modernised and direct dialling is available to most of the world. The telephone, telex, telegraph and fax systems are operated by the Ministry of Posts, Telegraphs and Telecommunications (MOPTT). The country's massive demand for telephone and fax connections has put the Kingdom's 2.3 million line capacity system under pressure. The telephone network is serviced by satellite and microwave systems as well as underground cables. The government, in a partnership with AT&T of the US, is embarking on a large scale telecommunications upgrade programme, Telephone Expansion Project 7 (TEP7), which will provide an additional four million lines by 2002.

Mobile/cell phones

Some Blackberry functions (such as instant messaging service) have been banned since August 2010.

Electricity supply

127V or 220V AC, 60 cycles, with two-pin European-type plugs and both bayonet and screw light fittings in use. 380V AC, 60 cycles is used by industry.

Social customs/useful tips

Punctuality is not always a Saudi virtue. While the foreign businessman will be expected to arrive at a meeting punctually, his Saudi counterpart may think nothing of being late or even of not showing up at all. Always shake hands (with your right hand) on meeting and leaving.

Take account of business hours and prayer times when making appointments; Saturday to Thursday is working week in Saudi Arabia.

Hospitality to the stranger lies at the heart of Arabian life. It is polite to accept at least one cup of tea or coffee when it is offered: oscillate the coffee cup when you do not want any more, otherwise the server will continue to fill it. Do not eat or drink with the left hand, as it is considered unclean; do not point the sole of your shoe at a Saudi at any time. You may ask after a man's children but not after his wife.

Saudi women are generally barred from public life. They do not drive and schools and universities are segregated.

The possession of alcohol is illegal. Although it is discreetly available it should not, in general, be offered to Saudis. Some Blackberry functions (such as instant messaging service) were scheduled to be banned in August 2010.

Security

Visitors should keep in touch with developments in the Middle East as any increase in regional tension might affect travel advice.

The level of street crime has traditionally been far lower than in the west however, the influx of immigrant workers since the early 1970s has encouraged incidents of theft, although murder and violent crimes such as mugging and rape remain relatively rare.

Getting there

Air

National airline: Saudi Arabian Airlines (Saudia).

International airport/s: Jeddah-King Abdul Aziz International (JED), 18km north of city; restaurant, bank, post office, shops, car hire and special pilgrimage facilities (during the annual pilgrimages, the number of passengers using Jeddah airport can swell by 1.5m adding considerable delays to passport and visa controls);

Riyadh-King Khaled International (RUH), 35km from the city; mosque, post office, bank, restaurant, shops, car hire.

Airport tax: SR50; not applicable to pilgrims.

Surface

Road: There are links to all countries sharing a common border with Saudi Arabia, as well as Bahrain via the causeway.

Main port/s: Dammam, Jeddah, Jizan, Jubail, Ras Tanura and Yanbu.

Getting about

National transport

Non-Muslims may not travel to the holy cities of Medina and Makkah (Makkah).

Air: Air travel is the most convenient way of getting around Saudi Arabia; there are numerous airports. Saudi Arabian Airlines operates a comprehensive schedule of domestic flights between Jeddah and Riyadh and other major centres. Always confirm flight bookings 24-hours before take-off, especially during the annual pilgrimage (Haj).

Road: The total length of the Saudi road network is over 156,000km, of which around 50,000km is asphalted and the remainder earth-surfaced. The main centres are linked by the Trans-Arabian Highway. Much of the network is of a high standard and undergoes regular maintenance and improvement.

Buses: Saudi Arabian Public Transport Company (SAPTCO) operates frequent bus services throughout the country on numerous local and national routes. Travel by bus is comparatively cheap and an increasingly favoured means of seeing the country.

Rail: Daily rail service links Riyadh and Dammam, with refreshments and air-conditioning available.

City transport

In July 2013 the government announced that it will spend US\$22 billion on a metro system for the capital Riyadh. Work will start in 2014 and be finished in 2019.

Taxis: Taxis are yellow and should have a visible meter and taxi number in addition to normal registration. If using a taxi, it is advisable to agree the fare in advance. Taxi drivers do not expect a tip.

White limousines are operated by a number of companies within the cities and especially to and from airports. Fixed fares for specific journeys are prominently displayed at airports and available from drivers.

Car hire

Available at airports and main hotels. Driving licence required. Valid licences from most countries will be accepted by car hire companies. Women are not allowed to drive (although in 2008 two Saudi Scholars said that there is nothing in Islamic law that forbids women drivers).

Driving is on the right-hand side of road at maximum 110kph on motorways and 40kph in cities. Insurance claims are not legally enforceable unless a police certification of the damage is obtained. Chauffeur-driven service is usually recommended.

BUSINESS DIRECTORY

The addresses listed below are a selection only. While World of Information makes every endeavour to check these addresses, we cannot guarantee that changes have not been made, especially to telephone numbers and area codes. We would welcome any corrections.

Telephone area codes

The international direct dialling (IDD) code for Saudi Arabia is +966, followed by area code and subscriber's number:

Jeddah	2	Medina	4
Hofuf	3	Qatif	3
Makkah	2	Riyadh	1

Useful telephone numbers

Emergency police: 999

Ambulance: 997

Traffic accidents: 993

Fire: 998

Directory enquiries: 905

Chambers of Commerce

Abha Chamber of Commerce & Industry, PO Box 722, Abha (tel: 227-1818; fax: 227-1919).

Al-Baha Chamber of Commerce & Industry, PO Box 311, Al-Baha (tel: 725-0476; fax: 727-0146).

American Business Association - Eastern Province, PO Box 1868, Al-Khobar 31952 (tel: 882-5288 ext 1253; fax: 882-5288 ext 1497; e-mail: abaep@al-bustinet.com).

American Businessmen's Group of Riyadh, PO Box 8273, 11482 Riyadh (tel: 478-2738; fax: 476-4363).

British Businessmen's Group - Jeddah, PO Box 393, Jeddah (tel: 622-5550; fax: 622-6249; e-mail: bbj@tri.net.sa).

Eastern Province Chamber of Commerce and Industry, PO Box 719, Dammam 31421 (tel: 857-1111; fax: 857-0607).

Jeddah Chamber of Commerce and Industry, PO Box 1264, Jeddah 21431 (tel: 651-5111; fax: 651-7373; e-mail: info@jcci.org.sa; website: www.jcci.org.sa).

Jizan Chamber of Commerce & Industry, PO Box 201, Jizan (tel: 322-5155; fax: 322-3635).

Makkah Chamber of Commerce and Industry, PO Box 1086, Makkah (tel: 534-3838; fax: 534-2904).

Medina Chamber of Commerce and Industry, PO Box 443, Medina (tel: 826-8961; fax: 826-8965).

Najran Chamber of Commerce & Industry, PO Box 1138, Najran (tel: 522-2216; fax: 522-3926).

Riyadh Chamber of Commerce and Industry, PO Box 596, Riyadh 11421 (tel: 404-0044; fax: 402-1103; website: www.riyadhchamber.com).

Tabuk Chamber of Commerce & Industry, PO Box 567, Tabuk (tel: 422-0464; fax: 422-7387).

Taif Chamber of Commerce and Industry, PO Box 1005, Taif (tel: 736-6800; Fax: 738-0040).

Yanbu Chamber of Commerce & Industry, PO Box 58, Yanbu (tel: 322-7722; fax: 322-6800).

Banking

Arab National Bank, PO Box 56921, Riyadh 11411 (tel: 402-9000; fax: 403-0052).

Al Bank al Saudi al Fransi, PO Box 56006, Riyadh 11421 (tel: 477-4770; fax: 404-2311).

Al Rajhi Banking & Investment Corporation, PO Box 28, Riyadh 11411 (tel: 405-4244; fax: 403-2969).

Bank al Jazira, PO Box 6277, Jeddah 21442 (tel: 660-8820; fax: 661-3044).

National Commercial Bank, PO Box 3555, Jeddah 21421 (tel: 644-6644; fax: 643-7670; internet site: http://www.alahli.com/islamic_banking).

Riyad Bank, PO Box 22622, Riyadh 11411 (tel: 401-0908; fax: 404-0090).

Saudi American Bank, PO Box 833, Riyadh 11421 (tel: 477-4770).

Saudi British Bank, PO Box 9084, Riyadh 11413 (tel: 405-0677; fax: 405-0660).

Saudi Hollandi Bank, PO Box 1467, Riyadh (tel: 406-7888; fax: 401-0968).

Saudi Investment Bank, PO Box 3533, Riyadh (tel: 477-8433; fax: 478-1557).

Central bank

Saudi Arabian Monetary Agency, PO Box 2992, Riyadh 11169 (tel: 463-3000; fax: 466-2936; e-mail: info@sama.gov.sa).

Stock exchange

Tadawul (Saudi Stock Exchange), www.tadawul.com.sa

Capital Market Authority (CMA), www.cma.org.sa

Travel information

Saudi Arabian Airlines, PO Box 620, Jeddah 21231 (tel: 684-2000; fax: 686-4552; e-mail: webmaster@saudiairlines.com.sa).

National tourist organisation offices

Supreme Commission for Tourism, Kindi Center, PO Box 66680, Riyadh 11586 (tel: 480-8855; fax: 480-8844; e-mail: info@sctsaudi.com).

Ministries

Ministry of Agriculture & Water, PO Box 2639, Airport Road, Riyadh 11195 (tel: 401-6666; fax: 403-1415).

Ministry of Communication, PO Box 3813, Airport Road, Riyadh 11178 (tel: 404-3000; fax: 403-1401).

Ministry of Defence and Aviation, Airport Road, Riyadh 11165 (tel: 478-5900; fax: 401-1336).

Ministry of Education, Airport Road, Riyadh 11148 (tel: 404-2888; fax: 401-2365).

Ministry of Foreign Affairs, Nesseriya St. Riyadh 11124 (tel: 406-7777; fax: 403-0159; internet site: <http://www.mofa.gov.sa>).

Ministry of Health, PO Box 21217, Airport Road, Riyadh 11176 (tel: 401-2220; fax: 402-9876).

Ministry of Higher Education, PO Box 1683, Riyadh 11153 (tel: 464-4444; fax: 441-9004).

Ministry of Information, PO Box 843, Nasseriya Street, Riyadh 11161 (tel: 401-4440; fax: 402-3570).

Ministry of Interior, PO Box 2933, Airport Road, Riyadh 11134 (tel: 401-1944; fax: 403-1185).

Ministry of Islamic Affairs, Endowments, Call and Guidance, Riyadh 11232 (tel: 473-0401).

Ministry of Labour & Social Affairs, PO Box 1182, Omar Ibn Al-Khatib Street, Riyadh 11157 (tel: 477-1480; fax: 477-7336).

Ministry of Justice, University Street, Riyadh 11137 (tel: 405-7777).

Ministry of Municipal and Rural Affairs, PO Box 5736, Nasseriya Street, Riyadh 11136 (tel: 441-5434; fax: 456-3196).

Ministry of Petroleum/Mineral Resources, PO Box 757, Airport Road, Riyadh 11189 (tel: 478-1661; fax: 479-3596).

Ministry of Pilgrimage, Omar Ibn Al-Khatib Street, Riyadh 11183 (tel: 402-2200; fax: 402-2555).

Ministry of Post, Telegraphs & Telephones, Intercontinental Road, Riyadh 11112 (tel: 463-7225; fax: 405-2310).

Ministry of Public Works & Housing, Weshem Street, PO Box 56059, Riyadh 11151 (tel: 402-2268; fax: 402-2723 (public works), 406-7376 (housing)).

Other useful addresses

Arabian Oil Company, PO Box 256, Khafji 31971 (tel: 766-0555; fax: 766-2001).

Arab Petroleum Investments Corporation, PO Box 448, Dhahran Airport 31932 (tel: 864-7400; fax: 894-5076).

Arab Satellite Communication Organisation, PO Box 1038, Riyadh 11431 (tel: 464-6666; fax: 465-6983).

Central Department of Statistics, PO Box 3735, Off Airport Road, Riyadh 11187 (tel: 405-9638; fax: 405-9493).

Central Planning Organisation, Ministry of Planning, Riyadh.

Civil Defence, Airport Road, Riyadh 11174 (tel: 479-2828; fax: 478-0846).

Civil Service Commission, Washem Street, PO Box 18367, Riyadh 11114 (tel: 402-6900; fax: 403-4998).

Customs Department, PO Box 3483, Riyadh 11471 (tel: 401-3334; fax: 404-3412).

Dammam Seaport (King Abdul Aziz Sea Port) PO Box 28062, Dammam 31188 (tel: 833-2500; fax: 857-9223).

Dhahran International Expo, PO Box 7519, Dammam 31742 (tel: 833-7900; fax: 833-8010).

Director-General of Mineral Resources, PO Box 2880, Jeddah 21461 (tel: 631-0355; fax: 631-0357).

Directorate General of Zakat and Income Tax, Off Airport Road, Riyadh 11187 (tel: 404-1537; fax: 404-1495).

Federation of GCC Chambers, PO Box 2198, Dammam 31451 (tel: 826-5943; fax: 826-6794).

General Electricity Corp. (ELECTRICO), PO Box 1185, Riyadh 11431 (tel: 477-2772; fax: 477-5322).

General Organisation for Petroleum & Minerals (PETROMIN), PO Box 757, Riyadh 11189 (tel: 498-0995).

General Organisation for Social Insurance (GOSI), PO Box 2963, Riyadh 11461 (tel: 477-7735; fax: 477-9958).

General Organisation for Technical Education and Vocational Training, PO Box 7823, Riyadh 11472 (tel: 405-2770; fax: 406-5876).

General Ports Authority, PO Box 5162, Riyadh 11422 (tel: 476-0600).

General Presidency for Girls' Education, Television Street, Riyadh 11192 (tel: 402-9877; fax: 403-9570).

Grievances Court (Diwan-Al-Mazalem) Morabba-Nasseria Street, Riyadh 11138 (tel: 402-1724; fax: 403-4296).

Nations of the World: A Political, Economic and Business Handbook

Institute of Public Administration (IPA), PO Box 205, Riyadh 11411 (tel: 476-1600; fax: 479-2136).

International Airports Projects, PO Box 6326, Jeddah 21174 (tel: 685-4200).

Irish Embassy, Diplomatic Quarter, PO Box 94349, Riyadh 11693 (tel: 488-2300; fax: 488-0927; e-mail: irishembassy@awalnet.net.sa).

Jeddah Broadcasting Service, Broadcasting Station, Jeddah.

Jeddah Seaport, (Jeddah Islamic Port) PO Box 9285, Jeddah 21188 (tel: 643-2552).

King Abdul Aziz City for Science and Technology, PO Box 6068, Riyadh 11442 (tel: 478-8000; fax: 488-13756).

Meteorology and Environment Protection Agency, PO Box 1358, Jeddah 21431 (tel: 651-8887).

National Guard, PO Box 9799, Riyadh 11423 (tel: 491-2400; fax: 491-2824).

Presidency of Civil Aviation, Off Palestine Road East, PO Box 887, Jeddah 21421 (tel: 667-9000).

Real Estate Development Fund, PO Box 5591, Riyadh 11433 (tel: 477-5120; fax: 479-0148).

Royal Commission for Jubail and Yanbu, PO Box 5864, Riyadh 11432 (tel: 479-4444; fax: 477-5404).

Saline Water Conversion Corporation (SWCC), PO Box 5968, Riyadh 11432 (tel: 463-0501; fax: 463-1952).

Saudi Arabian Airlines Corporation, PO Box 620, Jeddah 21421 (tel: 684-2000; fax: 686-4552).

Saudi Arabian Embassy (USA), 601 New Hampshire Avenue, NW, Washington DC 20037 (tel: (+1-202-342-3800; fax: (+1-202) 944-3140; e-mail: info@saudiembassy.net).

Saudi Arabian Oil Company (Saudi Aramco), PO Box 5000, Dhahran Airport 31311 (tel: 875-5229; fax: 876-6520).

Saudi Arabian Standards Organisation, PO Box 3437, Riyadh 11471 (tel: 479-3332; fax: 479-3063).

Saudi Aramco (Saudi Arabian Oil Company), PO Box 5000, Dhahran 31311 (tel: 875-4915; fax: 873-8490).

Saudi Basic Industries Corporation (SABIC), PO Box 5105, Riyadh 11422 (tel: 401-2033; fax: 401-2045).

Saudi Export Development Centre, PO Box 16683, Riyadh 11474 (tel: 405-3200; fax: 402-4747).

Saudi Fund for Development, PO Box 50483, Riyadh 11523 (tel: 464-0292; fax: 464-7450; e-mail: info@sfd.gov.sa; website: www.sfd.gov.sa).

Saudi National Shipping Company, PO Box 8931, Riyadh 11492 (tel: 478-5454; fax: 477-8036).

Saudi Ports Authority, Riyadh 11188 (tel: 405-0005; fax: 405-9974).

Saudi Public Transport Co, PO box 10667, Riyadh 11443 (tel: 454-5000; fax: 454-2100).

Saudi Railroad Organisation, PO Box 92, Dammam 31411 (tel: 871-2222; fax: 827-1130).

Saudi Red Crescent Association, al Dhabab Road, Riyadh 11129 (tel: 406-9072; fax: 405-1566).

Youth Welfare Organisation, PO Box 965, Riyadh 11421 (tel: 401-4576; fax: 401-0376).

National news agency: Saudi Press Agency (SPA)

PO Box 7186, Riyadh 11171 (tel: 419-6422; fax: 419-4094; email: wass@spa.gov.sa; internet: www.spa.gov.sa).

Internet sites

Arab net: www.arab.net/welcome.html

Arabia on line: www.arabia.com

Saudi Arabia Information Resource (in London): www.saudinf.com

Saudi Embassy, UK, with web links to other Saudi enterprises: www.saudiembassy.org.uk/index2.htm

Saudi Times: www.sauditimes.com