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TRADE POLICY REVIEW

REPORT BY

THE KINGDOM OF SAUDI ARABIA

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by the Kingdom of Saudi Arabia is attached.

Note: This report is subject to restricted circulation and press embargo until the end of the first session of the meeting of the Trade Policy Review Body on the Kingdom of Saudi Arabia.

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1 INTRODUCTION

1.1. This is the Kingdom of Saudi Arabia's third Trade Policy Review; it covers the period 2016-20.

1.2. During this period Saudi Arabia has continued to implement its trade policies consistently with its WTO obligations and pursue best practices in all areas of the management of its international trade. The multilateral trading system is central to Saudi Arabia's trade policies.

1.3. In 2016, Saudi Arabia launched its Vision 2030, which is a blueprint and an ambitious roadmap for Kingdom's economic diversification and eventual development. The Vision focuses on three main themes, "a vibrant society", "a thriving economy" and "an ambitious nation". Through predefined economic objectives, the Kingdom is set to overcome its structural challenges and leverage its unique comparative advantage.

1.4. Saudi Arabia looks forward to engage constructively under the leadership of the new elected Director-General along with other WTO Members to advance and expedite the negotiations in all areas in a consensual manner. Saudi Arabia's trade policy is determined to play an active role in strengthening the multilateral trading system, in this context Saudi Arabia had launched the "Riyadh Initiative on the future of the WTO" during its G20 presidency in 2020, which aims to support necessary reform of the WTO.

1.5. The General Authority for Foreign Trade (GAFT) was established by virtue of Council of Ministers Decision No. 211 dated 25/4/1440H (1 January 2019). Its administrative regulation was approved by virtue of Council of Ministers Decision No. 741 dated 23/11/1441H (14 July 2020).

1.6. GAFT is in charge of the following:

- Foreign trade responsibilities which were previously carried out by Ministry of Commerce (MoC), including consistency of laws, regulations and measures with WTO agreements and coordination with relevant ministries and agencies in this regard;
- Handling disputes of interest to the Kingdom within WTO;
- Improving market access and eliminating trade barriers facing Saudi exports;
- Developing, updating and implementing National Foreign Trade Strategy;
- Leading the Saudi Negotiating Team in charge of international trade negotiations;
- Consulting the private sector on the Kingdom's trade policy;
- Defending the Kingdom's interests in trade remedies;
- Supervising Saudi commercial representation offices abroad;
- Overseeing joint trade councils with the Kingdom's trading partners;
- Representing the Kingdom in regional and international trade related organizations.

1.7. MoC is responsible for overseeing internal trade and regulation of domestic market. MoC had been undergoing a digital transformation plan since 2016 to improve business environment. Because of this endeavor, 76 of its key services are now digitally enabled. The most prominent of these services are: (i) issuing the commercial registration within 180 seconds (ii) Establishing companies electronically.

1.8. MoC has been working on developing various laws and regulations. The most prominent of these laws, is the Companies Law, which has entered into force in 2016. The law aims to facilitate procedures and regulatory requirements and increase capital attraction as well as to achieve balance between stakeholders thus, strengthening corporate governance in accordance with international best practices.

1.9. MoC has issued the Professional Companies Law, which aims to motivate free profession practitioners to establish professional companies, and to motivate partnerships in professional companies based on corporate agglomeration and organization, and increase their contribution to GDP.

1.10. In addition, the franchising Law was initiated, which seeks to regulate franchising activities in the Kingdom in line with the most prominent international advanced experiences.

1.11. Electronic Commerce Law was issued by virtue of Royal Decree No. (M/126) dated 7/11/1440H (10/7/2019) aims to support and develop e-commerce activities, enhance confidence in e-commerce transactions, as well as provide protection for e-commerce from deception and fraud.

1.12. The Kingdom has advanced in business environment ranking which is reflected in international indicators such as the World Bank's Report on Business Facilitation 2020, which witnessed the Kingdom's improvement in many areas such as; the index for ease of business, the index of business startups, and the index of protecting minority investors. Saudi Arabia has achieved prominent progress in the World Bank Doing Business 2020 report climbing up 30 places from last year, making it the top reformer and top improver among 190 economies around the world.¹ MoC has also obtained several accreditations to international standard specifications such as (BSI & ISO) Membership in global platforms in knowledge management and benchmarking such as (EFQM) and (APQC). In addition to the above MoC won the Arab Government Excellence Award as the best ministry in the Arab world.

1.13. The former Saudi Arabia General Investment Authority (SAGIA) was transformed to the Ministry of Investment (MISA) by virtue of a royal decree announced in February 2020. The Ministry launched the "Invest Saudi" platform, which includes investment opportunities in various sectors, along with launching the identity (slogan) of "Invest in Saudi Arabia"; a unified national identity for marketing and attracting investments to the Kingdom.

1.1 Trade and Investment Litigations, Appeals and Arbitration

1.14. The Board of Grievances (BoG) in Saudi Arabia, an administrative judiciary body, consists of the Supreme Administrative Court, Administrative Courts of Appeal and Administrative Courts. It specializes in adjudicating rights claims in the civil and military service and retirement for government employees in accordance with the laws, revoking administrative decisions, considering contracts in which the administration entity is a party, administrative compensation cases, disciplinary cases that have been filed by the competent authority and any other administrative disputes.

1.15. During the Corona pandemic, the BoG has added to its electronic judicial services the remote hearings service, in which (414,149) cases were filed, (562,874) request for appeals were filed, (209,107) request to review a ruling, (17,089) first defense memorandum were filed. The number of visits to the judicial platform "Moeen" reached (3,411,075) visitors, and the number of electronic sessions and hearings during the pandemic reached (125,651).

1.16. The Ministry of Justice (MoJ) has made paradigm shift to accelerate the pace of litigation, and to improve the quality of the parties' experience, by approving the following:

- **First:** The Rules of Conciliation by virtue of Minister of Justice Decision No. (5595) dated 29/11/1440 AH, this program is one of MoJ National Transformation Programs (NTP 2020) which aims to promote the role of the conciliation as an alternative to litigation and to speed up resolving commercial conflicts. The advantages of these rules are; conciliation process is less time consuming, while reserving parties' rights to seek litigation if an agreement on the outcome cannot be reached. In addition, the mutually agreed conciliation decision is legally binding and enforceable without the need for further actions;

¹ Viewed at:
<https://openknowledge.worldbank.org/bitstream/handle/10986/32436/9781464814402.pdf?sequence=24&isAllowed=y>.

- **Second:** the "Remote Litigation" by virtue of Minister of Justice Decision No. (8056) dated 5/10/1441 AH and its practice direction, to ensure that litigants have access to judicial bodies during (COVID 19) and to support digital transformation which have a huge impact on speeding up judicial rulings in commercial cases;
- **Third:** issued "Commercial Courts Law" by virtue of Council of Ministers Decision No. (511) dated 14/8/1441 AH, the main objective of the law is to support and enhance the business environment, by enabling electronic notice and noticing the general principles of commercial law such as prescription and use all means of proof and the recognition of business practices. Furthermore, in some commercial cases stated in Article (58) the parties shall not file a case unless they prove that they fail to resolve the conflict before "the Conciliation or mediation process" within (30 days).

1.17. MoJ is currently working on drafting a bill to amend the Saudi "Code of Law Practice" to encourage increasing presence of foreign attorneys in Saudi Arabia, which will facilitate and attract foreign investments and raise investors' confidence.

1.18. The Saudi Small and Medium Enterprises Authority (Monshaat) was established based on a royal decree in late 2015 and it has been mandated to increase the contribution of MSMEs in Saudi's GDP from 20% to 35% by 2030.

1.19. Monshaat supports the growth and competitiveness of MSMEs through building a supportive ecosystem and an entrepreneurial society by leading cooperation with strategic partners in the public and private sectors and the non-profit sector locally and internationally. Creating business opportunities for MSMEs, eliminating roadblocks, ensuring availability of financing, modernize and upskill MSMEs and fostering entrepreneurship culture are of key focus interventions type to develop MSMEs ecosystem in the Kingdom.

1.2 Labor Reform Initiative

1.20. The Ministry of Human Resources and Social Development (HRSD) launched the Labor Reform Initiative (LRI) under the National Transformation Program (NTP) on 4 November 2020. The initiative enables HRSD vision of establishing an attractive job market through enhancing the contractual relationship between employees and employers, empowering and developing labor competencies, and the work environment. The reforms will enter into force on 14 March 2021.

1.21. LRI allows job mobility and simplifies issuance of Exit and Re-Entry Visa, expatriates will be able to travel outside the Kingdom of Saudi Arabia without the employer's approval, the employer will be notified electronically of their departure. All expatriates in the private sector will benefit from this initiative.

1.22. LRI will grant expatriates the right to transfer between employers upon the expiry of the binding work contract without the employer's consent. KSA's new initiative abolishes the sponsorship system "KAFALAH" and will enter into force on the 14th March 2021.

1.23. The Final Exit Visa reforms allow the expatriate worker to leave the Kingdom after the end of the employment contract without the employer's consent, and will notify the employer electronically with the worker bearing all consequences (financial or otherwise) relating to breaking the employment contract. All these services will be electronically available.

1.24. This initiative will improve and increase the efficiency of the work environment in Saudi Arabia and complement similar initiatives launched in this regard, including; The Wage Protection System, the digital documentation of work contracts, the Labor Education and Awareness Initiative, and the launch of "Wedy" for the settlement of labor disputes. In addition to other programs concerning the development and improvement of the working environment and safeguarding the rights of both parties of the employment relationship.

1.25. LRI seeks to increase the flexibility, effectiveness, and competitiveness of the labor market and raise its attractiveness in line with international best practices. It targets to improve Saudi ranking on international competitiveness indicators, decrease dispute cases between employees and employers and attract high-level caliber from around the world.

1.26. Women empowerment in Saudi Arabia is one of Saudi Vision 2030's main pillars. The economic empowerment of Saudi women is among the top priorities of the reform plan, which sets out a commitment to increase female participation in the workforce from an average of just under 20% to over 30% by 2030. Saudi Arabia has become recognized in terms of improvement and progress toward gender equality since 2017. Saudi Arabia has become one of the leaders in the region in terms of women empowerment.

2 ECONOMIC DEVELOPMENT

2.1 Economic Growth

2.1. Vision 2030 calls for unlocking the Kingdom's strategic sectors. Spearheaded by the Public Investment Fund (PIF), over the medium to long terms, the objective is to increase the PIF's assets to over SAR 7 trillion through leveraging the Kingdom's investment capabilities and participating in established as well as emerging technologies from around the world.

2.2. One of the most ambitious undertakings to support the Kingdom's economic development objectives is ARAMCO's successful 2019 IPO, which netted the Saudi government more than SAR 97 billion. The proceeds will be used to fund Saudi Arabia's ambitious economic reform plans.

2.3. Ministry of Tourism has launched National Tourism Strategy to develop Saudis' talents capabilities in response to the needs of tourism market with the aim of achieving 10% contribution to the Kingdom's GDP by 2030. The National Tourism Strategy's objectives, within Vision 2030, are achieving the 15th international tourism destination by 2022 (1st in destination in Middle East) and promoting tourism beyond religious purposes and share a wide range of unique experiences.

2.4. Saudi Arabia aims to lower unemployment rate from 11.6% to 7%, increase the private sector contribution to 65% of GDP, and raise the share of non-oil exports in non-oil GDP to 50%. During the period 2015-19, the GDP increased from USD 654 billion to USD 793 billion.

2.2 Diversification of the Economy

2.5. Vision 2030 aims to change decades old dependency on oil exports, as the main source of government revenue, through national realignment. Saudi Arabia is undertaking concerted efforts to structurally transform its economy and establish the foundation for its long-term economic diversification objectives.

2.6. The fluctuation of oil prices is one of the primary reasons for the Kingdom's economic diversification plans. The value of the Kingdom's imports has remained relatively unchanged. The Vision aims to increase the share of non-oil exports in the non-oil GDP. In addition, a number of reform measures have been implemented since the beginning of 2016, including optimizing government expenditures as well as increasing non-oil revenues through introducing certain measures such as; value added tax, new excise duties, expat levies and fees and energy price reforms.

2.7. According to the Ministry of Finance (MoF) figures, the non-oil revenues for Q3-2020 amounted to SAR 122.9 billion, while oil revenues reached SAR 92.5 billion, marking a continuation of an upward trend since Vision 2030 announcement in 2016 to successfully diversify the Saudi economy and shift the country away from its reliance on oil revenues.

2.8. The continued upward trend of non-oil revenues reflects increased fiscal stability and also a positive future outlook for foreign investors. Moreover, the non-oil sectors including manufacturing and renewable energy sectors continue to drive growth. Small and medium-sized enterprises (SMEs) are a main focus for Vision 2030, with the project seeks to increase the contribution of SMEs to the Kingdom's GDP from 20 to 35% over the next decade.

2.9. In order to improve the services balance, tourism sector has witnessed major changes after launching Vision 2030. The tourism strategy, which falls under the umbrella of Vision 2030, aims to increase international and domestic trips to more than 100 million a year by 2030.

2.3 Privatization Strategy

2.10. The Kingdom's privatization strategy, along with the related area of Public-Private Partnerships (PPP) has evolved considerably since 2016. Privatization and PPP will contribute to achieving other objectives; including those related to improving the fiscal balance, attracting foreign investment and improving the quality and efficiency of public services.

2.11. The Kingdom has invested significant effort and resources into establishing the policies, legislation, institutions and processes to support an accelerated and expanded privatization and PPP program that is in line with international best practices and precedents. This includes the establishment of Privatization Supervisory Committees (PSCs) and the National Center for Privatization and PPP (NCP) as the government's center of excellence to support targeted sectors by the strategy. NCP subsequently issued the Privatization Projects Manual that lays out the processes to be used and the government published its initial program listing specific planned transactions in the Privatization Delivery Plan.

2.12. In parallel with the development of this strategic framework, NCP supported the main economic sectors in preparing and implementing specific transactions. In 2019 seven PPP tenders were closed, these included three new wastewater treatment plants, two new water desalination plants and a new container terminal at Jeddah Port. The first strategic privatization sale of the Saudi Medical Service was completed.

2.13. The momentum has continued into 2020, despite the constraints imposed around the world by the Covid-19 pandemic. PPP tenders were awarded for two further water and wastewater projects, a new container terminal at Dammam port, a second cargo terminal at KKIA and the construction of 60 new schools, as well as privatization of two flour mills. Most of these transactions involved international investors. The PPP investments were financed through a combination of local and international banks.

2.14. New projects are being added to the pipeline from all sectors that will see further diversification in the sectoral focus such as, health, education, municipal services, social care, agriculture and housing, as well as further projects in the water and transport sectors. Future privatizations include government's remaining flour mills and a portfolio of desalination co-generation plants.

2.15. The new Private Sector Participation (PSP) Law is being prepared and it is expected to be promulgated in 2021.

2.4 Investment Regime

2.16. The Kingdom has accelerated the development of the investment sector, which is one of the most important pillars of its economy. The kingdom aims for economic diversification and a comprehensive development, including all aspects of the investment climate.

2.17. Other developments included establishing international investment attraction offices in a number of target countries; and enabling 100% foreign investment in the retail and wholesale sectors, transportation, engineering services and associated consultations, and private health institutions.

2.18. MISA has succeeded in increasing and re-prioritizing investment sectors, while providing important new opportunities in unprecedented sectors such as entertainment and tourism. It also improved the investment climate by reducing the negative list from 19 business activities to 10 activities. The current negative list includes the following activities: oil exploration, drilling and production (except the services related to mining sector), catering to military sectors, security and detective services, real estate investment in Makkah and Madina, tourist orientation and guidance services related to Hajj and Umrah, recruitment services, commission agents, services provided by midwives, nurses, physical therapy services and quasi-doctoral services, fishing/hunting marine living resources and poison centers, blood banks and quarantine.

2.19. Establishing the National Competitiveness Center (NCC) to enhance the Kingdom's competitiveness and improve its position in important global indicators, including ease of doing

business, international competitiveness, and the IMD report. The Kingdom of Saudi Arabia has advanced 30 ranks in the Doing Business Index, to be 62nd in 2019, and become the best country in terms of progress and reform.

2.20. Saudi Arabia has succeeded in reducing the gap with the world's leading countries by 7.7 points, to become the highest among all member countries, as per the World Bank Index 2020. This progress is a result of the various reforms implemented by the Kingdom. These reforms have enhanced and strengthened the Kingdom's competitiveness and raised its rank in the World Indexes.

2.21. NCC has launched "Meras", a government program aiming to facilitate conducting business. It provides government services required from the private sector to start a business in one day. Meras provides high quality integrated services through an online and physical One-Stop-Shop centers. NCC also launched Meras Application on Smart Devices.

2.22. MISA has facilitated the issuance of a foreign investment license by reducing the issuance period to 20 minutes, and the number of required documents to only two documents. In addition, it provides most of its services electronically.

2.23. Saudi Arabia has introduced the permanent residency programme designed to attract foreign investment. Premium Residency holders will be granted the right to invest in various fields such as industry and real estate, in addition to job mobility.

3 TRADE POLICY DEVELOPMENTS

3.1 Tariffs, Other Measures Affecting Imports

3.1.1 Customs procedures

3.1. Saudi Customs has updated and developed the comprehensive tariff (12 columns) in accordance with the classifications of World Customs Organization.

3.1.2 Import and export formalities

3.2. Since 2016 up to now, Saudi customs facilitated and automated customs procedures to achieve customs vision of being ranked the first in the region for providing distinguished custom services. In order to become a global logistic hub, the Kingdom fully applies the agreement on Trade Facilitation and has automated various customs formalities.

3.3. Saudi customs operated the Electronic Single Window, which connects Saudi customs clients with relevant authorities, and provides online payment service through "FASAH" platform, which is, activate 24 hours.

3.4. The Saudi customs undertook steps to facilitate customs formalities, including minimization import documents number from 12 documents to 2 documents (Bill of Lading and invoice) and export documents from 8 documents to 2 documents (manifest and invoice). In addition to, developing delivery customs procedures to stay up to date with the rapid evolution of online trade and facilitate related customs procedures.

3.5. Create customs operations center that operates 24/7 to facilitate import and export processes and activate truck-scheduling service through FASAH platform which records information about the driver and the truck to minimize trucks waiting list, reduce the congestion within borders, improve work efficiency in borders, and insure the high level of monitoring.

3.6. Receive online documents through prior submission of customs declaration and archive the requested documents aiming to reduce the required time of FASAH, improve supplies chains efficiency, improve economic cycle, and reduce costs.

3.7. Keeping up the rapid evolution of mail delivery processes and fast delivery to clients whether through online trade or otherwise, customs formalities of Saudi post's imports have been engineered and developed through FASAH in the first access point and issuing customs broker licenses for Saudi post to practice customs brokerage for packages delivered through it. In addition,

automatically connected it with fast delivery companies instead of single broker licenses and issuing licenses to fast delivery companies for creating and operating its own warehouse. Moreover, exempting investors from customs services' duties.

3.1.3 Crossing borders' formalities

3.8. As part of Saudi customs' effort to facilitate delivery process and delivery through passing borders, Saudi Arabia joined the TIR Convention given its importance to the logistic sector.

3.1.4 Customs valuation

3.9. Saudi customs currently working to transfer customs valuation and the work of governance value's adjudication formalities to an automated system in order to accelerate FASAH and adhere to accuracy in application in order to improve the quality of provided services and measure performance.

3.1.5 Rules of origin

3.10. Saudi Customs applies preferential rules of origin as per the free trade agreements signed with other countries and group of countries (associations). Saudi Arabia does not apply non-preferential rules of origin.

3.11. Under the Pan Arab Free Trade Agreement (PAFTA), there are rules of origin governing the trade between the parties where 4 main criteria are applied in this regard; Value Added, Change in Tariff Heading, Wholly Obtained and Sufficient Working.

3.12. According to the GCC - EFTA (European Free Trade Association) FTA, there is a list of goods that have preferential Rules of Origin. More so, GCC-Singapore FTA has its own rules of origin as well.

3.13. Saudi customs automated the verification process of certificate of origin to accelerate customs clearance through "FASAH" for goods traded within the framework of GCC-FTAs.

3.1.6 Exports and free zones

3.14. One of the fundamental objectives of the Saudi Vision 2030 is to increase the contribution of non-oil exports to the Kingdom's GDP. Recognizing the importance of achieving this objective and supporting it by approving the mandate of the Saudi Export-Import Bank (Saudi EXIM Bank).

3.15. The aims and objectives of the Saudi EXIM Bank are as follows:

- Promote the development of Saudi exports along with their diversity and competitiveness;
- Provide export-financing, guarantees and export credit insurance services;
- Enhance confidence in Saudi exports and supporting their market access to new markets and reducing non-payment risk;
- Provide export credit facilities.

3.16. Saudi Arabia has established the Economic Cities and Special Zones Authority (ECZA). ECZA target to be the national umbrella delivering the following; (1) translate national strategy and priorities into a portfolio of zones (2) centralize and streamline zones requests for Special Economic Zone (SEZ) status (3) create a strong brand for investors, ensuring uniformity and excellence of services across zones, and (4) issuing regulations at zone's level.

3.17. The SEZs provide competitive facilitations in different dimensions such as; Ecosystem readiness, Ecosystem cost competitiveness, Regulatory framework. It will be developed and

operated in accordance to one of the following three models: Fully government-led, Public Private Partnership (PPP) and fully privately led.

3.18. SEZs being developed in Saudi Arabia have competitive locations targeting (17 sectors) which can be collectively described as; Industrial, Logistics, Aviation, Military, Maritime, Food processing, Pharma & Bio-pharma, Machinery & equipment, Automotive, Renewables, Specialty Chemicals, Healthcare, Media, Financial services, Tourism, Digital and E-commerce.

3.19. ECZA is planning to establish more than 7 SEZs in the coming 5 years, each SEZ will enjoy customized privileges, as per the nature of the zone and the targeted objectives. Such privileges will include as a non-exhaustive list; international arbitration and judicial system, sustainable regulations, non-implementation of nationalization restrictions, simplified procedures to obtain residence permits, no restrictions on work visas for the workforce deployed within SEZ, no restrictions on foreign ownership "Except in the holy cities". In addition to, the implementation of administrative enhancements; One-stop-shop for all administrative processes (e.g. company registration, issuing building permits, work visas etc.), and relaxed financial restrictions on borrowing and repatriation of funds.

3.2 Technical Barriers to Trade (TBT)

3.20. In order to protect commercial facilities from fraud and tampering with technical documents, in addition, ensure products are free from defects that may affect the health, safety, and the environment of the consumer; Saudi Standards, Metrology and Quality Organization (SASO) introduced "SABER" platform. SABER automated tracking of products, technical processes involved in the supply chain and raising products' safety levels.

3.21. The percentage of conforming products, out of all inspected samples, in the Saudi market in 2019 reached 72.9%, while the percentage in 2018 was 66.8%. In addition, "SABER" allows importers and local manufacturer to register the required certificates of conformity, and electronically issue certificates of conformity for consumer commodities consignment, required to access the Saudi market.

3.22. The platform also contributed to facilitating and enhancing trade, as the Kingdom's ranking in the cross-border trade index advanced 72 ranks, which confirms SASO's commitment to boost trade facilitation.

3.23. "SABER" reduced the time required to clear consumer products and accelerated the certificates of conformity registration.

3.3 Sanitary and Phytosanitary Measures (SPS)

3.24. Saudi Food & Drug Authority (SFDA) has issued requirements and conditions for importing food products to Saudi Arabia, which aim to; clarify conditions and requirements for competent authorities in exporting country, clarify the responsibility of the competent authorities in the exporting countries towards verifying the compliance of their establishments, and ensure food safety and facilitate the movement of trade.

3.25. SFDA has issued the approval framework for control authorities and establishments exporting fish and other aquatic products to the Kingdom. This framework aims to verify the procedures of the official regulatory authority that is responsible for food safety in these countries, as a prerequisite for its authorization to approve fishing, processing facilities and farms.

3.4 Taxation and Zakat

3.26. The General Authority of Zakat and Tax (GAZT) underwent several developmental phases throughout the period from 2016 to 2020, of which the Royal Decree No. (A/133) dated 30/7/1437 AH, specified in Section 11 that the "Zakat and Income Authority" to be transformed to become GAZT, and chaired by the Minister of Finance. GAZT has set its vision as a role model of an efficient, transparent and customer centric Zakat and Tax Administration globally. GAZT developed Zakat and tax systems as to provide outstanding services, of which the Taxpayer platform can assist taxpayer

to access or raise any request related to GAZT and receive responses in a time manner, and to foster collaboration with the national and international tax ecosystem.

3.27. GAZT targeted widening the Kingdom's double tax avoidance treaty ("Treaties") network to assist investments promotion. Among the most recent ratified treaties are those executed with the UAE, Albania, Kosovo, Georgia, Hong Kong, Portugal, Sweden, Egypt, Jordan, Mexico, Bulgaria, and Cyprus.

3.28. GAZT focused on raising taxpayer's awareness via the following: conducting workshops for taxpayers, issuing rulings and operating a communication system to answer specific inquiries, and issuing multiple guidelines and circulars for specified scenarios. In addition to, providing a relationship manager service, of which GAZT dedicates a personal for the large Taxpayers to follow up on their requests to ensure and maintain a good relationship between them and GAZT. More so, GAZT calls for public consultations regarding any new draft regulations.

3.29. Finally, based on the bylaws of the Committees for Adjudicating Violations and Tax Disputes ("Bylaws"), taxpayers may appeal any resolution issued by GAZT within a period of 60 days from the issuing date of the resolution. GAZT has initiated a platform to facilitate submission of appeals and all supporting documents for GAZT to study it within a period of 90 days. The platform allows a direct, effective and rapid method of communication with the Taxpayers.

3.30. In case the Taxpayer did not agree with the appellate decision, GAZT has established a settlement committee to help resolve disputes between the taxpayers and GAZT in a faster pace compared to judicial procedures. GAZT has settled multiple cases during the aforementioned period.

3.31. GAZT is qualified for ISO9001 (Quality Management System) and ISO10002 (An international standard for handling complaints and increasing customer satisfaction), and it was certified with international standards of competencies.

3.5 Trade Remedy Laws (Anti-dumping, Countervailing, and Safeguard Measures)

3.32. The current trade remedy law effective in the Kingdom of Saudi Arabia is the GCC Common Law on Anti-dumping, Countervailing and Safeguard Measures (hereafter, the GCC Common Law) and its Rules of implementation (amended).

3.33. Under the Common Law, the determination of injury is based on the overall market of the GCC member States. The 2010 amendments to the Common Law has established a Ministerial Committee, a Permanent Committee, and the Cooperation Council for the Arab States of the Gulf, Bureau of Technical Secretariat of Anti-Injurious Practice in International Trade "GCC-TSAIP" for trade remedy issues within the GCC market.

3.34. The "GCC-TSAIP" is the investigating authority for trade remedy proceedings. A complaint shall be submitted to the GCC-TSAIP, which reviews it and submits an initial report to the GCC Permanent Committee with a recommendation to pursue an investigation or not. Based on the initial report issued by the GCC-TSAIP, the GCC Permanent Committee may decide to initiate an investigation based on preliminary determination report by the GCC-TSAIP. It may also decide to impose or not to impose provisional measures or not. Finally, based on the final findings report of the investigation, the GCC Permanent Committee may propose the imposition of definitive measures to the GCC Ministerial Committee.

3.35. On 3 January 2019, the Ministerial Decree No. 211 was issued to establish the General Authorities of Foreign Trade (GAFT), in which the Trade Remedies Deputyship (TRD) is responsible for all trade remedies matters in the Kingdom of Saudi Arabia. The Deputy Governor of the TRD is a member of the GCC Permanent Committee.

3.36. The Minister of Industry and Mineral Resources represents the Kingdom of Saudi Arabia in the GCC Ministerial Committee, which is responsible for issuing final decisions regarding GCC trade remedies aspects. The Kingdom of Saudi Arabia via the GCC-TSAIP has conducted several anti-dumping and safeguards proceedings but no countervailing proceedings.

3.6 Trade-Related Intellectual Property Rights (TRIPS)

3.37. Saudi Authority for Intellectual Property (SAIP) established under the Council of Ministers Decision No. 410 of 27 March 2017. The Decision aims to unify all IP matters under a single entity and transfer the duties and responsibilities from Saudi Patent Office (King Abdulaziz City for Science and Technology), Copyright Department (Ministry of Culture and Media) and Trademark Department (Ministry of Commerce) to SAIP.

3.38. Saudi Arabia has become a member of the following Agreements:

- Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled (21 November 2018);
- Locarno Agreement Establishing an International Classification for Industrial Designs (3 September 2020);
- Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks (3 September 2020);
- Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure (16 October 2020); and,
- Strasbourg Agreement Concerning the International Patent Classification (IPC) (16 October 2020).

3.39. SAIP issued the regulations of Optional Copyrights Registration to provide registration services for architectural designs and computer software and applications. Under Article 3(3) of the regulations, registration services may be extended to include other types.

3.40. The GCC Trademark Law entered into force for Saudi Arabia on 2 October 2016. The GCC Trademark Law sets out provisions regarding to the registrability, registration and enforcement of trademark rights in GCC Member States. The IP offices of each GCC Member State continues to receive and register trademarks on a national basis; the GCC Trademark Law does not establish a unitary registration or enforcement mechanism.

3.41. In 2020, Saudi Arabia issued the Law of Commercial Courts, which provides the commercial courts with subject matter jurisdiction over all criminal and civil IP cases.

3.42. SAIP is currently reviewing and amending its IP legislations to incentivize innovation, investment and production of creative works, addition to, and requesting public feedback on a number of draft new legislations.

3.43. Saudi Arabia has established "the National Committee for Enforcing Intellectual Property Rights". The committee is permanent and composed of different government authorities, and aims to improve and strengthen the IP enforcement eco-system. More so, it has established the IP Respect Council to connect the private sector with relevant government entities to discuss all intellectual property matters including enforcement, plans and initiatives, and policy developments that require public comment, and solicit information on any obstacles intellectual property owners face.

3.44. Raising public awareness of IPRs is an important objective for the Kingdom. SAIP is communicating with the public through workshops, seminars, webinars and mobile applications to raise awareness of IPRs among the society. In this regard, SAIP launched the IP Respect Officer initiative on September 2020, which aims to qualify and train competent employees in government authorities to be advisors to all matters related to IP.

4 SECTORAL DEVELOPMENTS

4.1 Agriculture

4.1.1 Agriculture

4.1. During the period under review The Ministry of Environment, Water and Agriculture (MEWA) has successfully achieved major transformation goals. A number of fundamental strategies have been formulated to serve as a roadmap to achieve strategic goals as to ensure harmonization, among; food security strategy, national water strategy, environment strategy, national strategy for agriculture and agricultural development fund strategy.

4.2. In 2019, the agricultural sector has achieved a real growth of (1.31%), which is considered the highest growth rate during the past four years, as the agricultural GDP amounted to SAR 61.4 billion (at constant prices), and its relative contribution to real GDP is about (2.33%) and (4%) of the non-oil GDP.

4.3. The National Strategy for Agriculture targets to enhance food security, promoting the sustainable use of natural resources to contribute effectively in achieving water security and preserving the environment, as well as contributing to promoting rural development, improving productivity and competitiveness of agricultural products and services, enhancing human and animal health and safety.

4.4. MEWA is responsible for implementing all necessary actions for fighting and controlling epidemic and endemic animal diseases, as well as the animal-human diseases, and preventing their spread in the Kingdom. In this regard, it has established and rehabilitated 14 centers to control these animal diseases in the Kingdom.

4.5. MEWA plays a major role in examining all imported consignments (living animals, chicks and eggs) through quarantines. MEWA also responsible for setting and implementing policies, legislations and laws, such as the laws of animal resources, quarantines, veterinary labs, practicing of veterinary professions and animal welfare, as well as conducting plans, studies and research that aim at developing the animal resources sector in Saudi Arabia.

4.1.2 Water

4.6. The high-water demand in the agriculture sector is exacerbating the water scarcity situation in the Kingdom, due to arid climate conditions, renewable water is extremely scarce and the Kingdom has limited reserves of non-renewable groundwater, given it is rapidly depleted.

4.7. MEWA developed a unified framework for the Saudi water sector that includes a comprehensive water strategy comprehensive water law and integrates directions, policies, regulations and practices in the water sector at the national level, with the principal objective of addressing the key challenges and restructuring the sector. The scope of the project has several components including stakeholder engagement and an assessment of the current state of sector along several dimensions such as water demand, water resources, sector operations, and enablers. It sets out to identify the nature and scale of the gap between supply and demand, as well as sector economics under different scenarios.

4.8. The National Water Strategy has set five main objectives, including : ensure continuous access to adequate quantities of safe water, under normal operations and during emergency situations; enhance water demand management across all uses; deliver cost-effective and high quality water and wastewater services, accounting for affordability; safeguard and optimize the use of water resources, while preserving the local environment for the highest benefit of the Saudi society in this generation and the future; and ensure water sector competitiveness and positive contribution to the national economy through promoting effective governance, private sector participation, localization of capabilities and innovation.

4.1.3 Environment

4.9. The environment sector is undergoing a large-scale transformation in line with Vision 2030. The sector has achieved several milestones in institutional framework design, legislations, and economic efficiency.

4.10. As part of the National Environment Strategy, the environment sector's institutional setup was revamped by abrogating the two existing environmental authorities, the General Authority of Meteorology and Environmental Protection (GAMEP) and the Saudi Wildlife Authority (SWA). In addition to, establishing an environmental fund and five specialized national environmental centers; center for environmental compliance, center for wildlife development, center for vegetation cover, center for meteorology, and center for waste management.

4.11. The precedent environmental laws were replaced with a new law and a set of executive regulations, standards, requirements and guidelines that aim to protect, develop and sustain the environment. On the regional level, the final drafts of a unified GCC environmental and meteorological law, and an operational plan for the GCC environment strategy were developed.

4.12. MEWA actively identified several investment opportunities in the environment and meteorological sector, such as; developing national parks and protected areas, enhancing the entertainment and tourism activities available in these areas, managing and protecting national forests in southern KSA, combatting desertification, protecting pastures, and managing grazing activities. More so, establishing waste management service companies and facilities for the protection of public health, promotion of a clean environment, enhancing resource recovery, and providing environmental services such as; inspections, environmental impact assessments, and biodiversity assessments.

4.1.4 Privatization

4.13. MEWA has established the Privatization Unit, which sets privatization plans for a number of agriculture sub-sectors and services such as; fish farming, irrigation, and a veterinary vaccination center, also, establishing Agri Company to encourage transformation in the provision of agricultural services.

4.14. Privatization also covers other promising sectors in other sister entities, such as the second privatization phase of the mills sector within the Saudi Grains Organization (SAGO) which is expected to be completed by 2021. In addition to, production assets in the Saline Water Conversion Corporation (SWCC), which aims to promote the Saudi water sector and improve the standards of the services provided, as well as improve the efficiency and maximize resources and assets utilization, which is another major step forward in restructuring the water sector and enabling the participation of the private sector. Furthermore, privatization extends to Sewage Treatment Plants.

4.2 Food Security

4.15. Food security strategy in the Kingdom seeks to achieve five main objectives, which include; achieving sustainable domestic food production system, diversifying and stabilizing external food supply sources, ensuring access to safe and nutritious food and promote healthy and balanced nutrition habits, building food security resilience capabilities and institutionalizing food security at the national level and ensuring clear and accountable governance.

4.16. The implementation of food security strategy is carried out by SAGO in partnership with MEWA. SAGO through its chairmanship of the Committee of Food Security Secretariat oversees three basic initiatives emanating from the food security strategy that will redefine its role within the framework of the Food Security Strategy. One of these initiatives relates to an effective program for strategic reserve, strategic food storage and early warning system, the other is about reducing food loss and waste.

4.17. Funding for food security is being carried out by Agricultural Development Fund (ADF). Food security is one of the goals of Vision 2030 and ADF has been supporting Food Security initiative, consistent with its mandate i.e. contributing to enhancing food security while maintaining natural resources.

4.3 Fisheries and Aquaculture

4.3.1 Fisheries

4.18. MEWA's policy focuses on the sustainable development of both the aquaculture sector and the marine fisheries sector, which aims that; the fisheries sector contributes effectively to the Kingdom's economy, to provide suitable employment opportunities for Saudi citizens and to enhance food security strategies.

4.19. The Kingdom is engaged constructively in fisheries subsidies negotiations at the WTO with a view to adopting an agreement on comprehensive and effective disciplines that prohibit certain forms of fisheries subsidies that contribute to overcapacity and overfishing, and eliminate subsidies that contribute to illegal, unreported and unregulated (IUU) fishing.

4.20. The marine fisheries sector is considered one of the economically and socially important sectors related to the fishing profession for certain Saudi citizens who have been associated with this profession for centuries. MEWA supervises all matters related to fishermen, fishing means, and marine excursion in terms of permits, method, fishing gear, fishing ports and landing points.

4.21. According to the recent statistics, the fisheries captured in the Kingdom from both the Red Sea and the Arabian Gulf generates about 71,000 tons of fish; the Arabian Gulf production constitutes 63% of the volume of production with more than 44,500 tons of fish annually, and the Red Sea production constitutes 37% of the volume of the production of nearly 26,500 tons per year.

4.22. MEWA provides all services related to the marine fisheries sector that include granting fishing licenses, monitoring fishing tools and equipment, as well as determining the areas where fishing is prohibited, monitoring the marine environment, and other procedures such as supporting the recruitment of labor from abroad.

4.23. Among the important projects of the marine fisheries sector, is the establishment and development of fishing ports in all coastal regions of the Kingdom, to advance the industry of the sector and provide an attractive environment for generations to practice the fishing profession in accordance with high standards of quality and regulation.

4.3.2 Aquaculture

4.24. Aquaculture is one of the important and vital productive sectors, MEWA is fully supervising farms, granting licenses, selecting sites, evaluating technical and economic feasibility studies, as well as providing technical and advisory support to investors and developing regulations and legislation related to all matters of aquaculture. Its role and activities have expanded to develop the fisheries sector by creating various programs such as biosecurity, vaccines and applied research.

4.25. MEWA seeks to develop the aquaculture sector to compete globally, as one of the fastest growing food sectors at a gross rate of 6% annually, to achieve sustainable development and food security, develop coastal rural areas and reduce population migration to large cities.

4.26. The aquaculture sector has ample natural resources along the coastline of more than 2,600 km long, and it has a capacity of five million tons of fish. The Kingdom is also known internationally for quality in line with international standards programs for biosecurity, as it seeks to ensure that all companies operating in the sector are certified for Best Aquaculture Practices (BAP). MEWA aims to reach 100,000 tons of various marine species in 2020 and 600,000 tons by 2030.

4.4 Hydrocarbon

4.4.1 Hydrocarbon Sector

4.4.1.1 Oil

4.27. The Saudi Arabian Oil Company (Saudi Aramco) is a publicly listed company on the Saudi Stock Exchange (Tadawul) with a majority shareholder by the Government of Saudi Arabia. Saudi Aramco operates on a commercial basis with complete autonomy for operational decisions, in compliance with the production policies established by the Saudi Government. The Saudi Government sets the oil production levels within its territory.

4.4.1.2 Natural gas

4.28. The Kingdom of Saudi Arabia ranks 6th in the world for gas reserves. Its total natural gas reserves were estimated at 325 trillion standard cubic feet in 2019 with gas plants processing capacity stands at 17 billion scf/day.

4.4.1.3 Downstream

4.29. The Kingdom intends to continue the strategic integration of its upstream and downstream businesses to facilitate the placement of its crude oil in larger offtake volumes through a dedicated system of domestic and international wholly owned and affiliated refineries.

4.5 Manufacturing and Mining Sectors

4.5.1 Manufacturing

4.30. The number of factories under construction in the Kingdom reached (1494) in 2020 by a growth rate of 48% compared to last year. Furthermore, the investments of these factories and licensed employees increased by 13% and 33% respectively.

4.31. The General Authority for Special and Economic Zones (Modon) has paid great attention to the development of industrial cities in the various regions of KSA, to make available industrial lands to all investors wishing to establish industrial projects. It also has established ready-built factories for investors, entrepreneurs and owners of small and medium enterprises (SMEs). The number of those factories developed over this period to reach 407 factories of various sizes ranging between 700-1500 m² within several industrial cities.

4.32. "Modon Environmental Management System" aims at supporting, developing and following up the performance of the environmental services provided to industrial cities, which includes several programs, such as; ambient air quality monitoring program in industrial cities, the two chimney testing programs and sanitation monitoring.

4.33. Modon has paid great attention to the development of its digital infrastructure, and it is keen on the application of the best enhanced systems for its employees as well as creating a flexible and secure environment that ensures e-transformation. During this period, Modon advanced in the maturity index for e-transactions to become among the platinum category of the top 15 entities.

4.34. To implement the technologies of the "Fourth Industrial Revolution", through the "National Productivity Program", Modon adopted factory support initiative with the aim of helping industrial companies to apply the digital transformation.

4.35. "Tanafusiya" Program launched by Saudi Industrial Development Fund (SIDF) provides enablers and development support to help industrial enterprises reach a high degree of competitiveness through "the Energy Efficiency Program" which aims to reduce the cost of operation in industrial facilities by enabling them to access energy-saving technologies. The "Industrial Digital Transformation Program" supports factories for increasing operational efficiency and competitiveness, for reducing high costs and for enhancing the productivity through applying the latest digitization.

4.36. "Mutajadedda" Program launched by SIDF helps to develop local producers in the field of renewable energy production, promote and align the quality of solar and wind energy products with the local and global demands to achieve the national aspirations of renewable energy's production and to enable the renewable energy industry to meet local demand by financing the manufacture of renewable energy as well as financing the production and generation of renewable energy projects.

4.37. The Board of Directors of the Saudi Arabian Military Industries (SAMI) approved the Industrial Participation Program. The Program will contribute to guiding the international manufacturers to share contractual works with local manufacturers, building new capabilities in the target areas and promoting the participation of MSMEs with the principal contractor in contracts, as well as qualifying and developing the local manufacturers.

4.38. SAMI commenced the issuance of licenses to the military industry sector, contributing to opening the way for the private sector. The military industry-licensing platform has been launched for the following categories (military manufacturing license, military service licensing and supply license for military products or services), supporting several licensing areas: (military equipment, individual equipment, military electronics and explosives, ammunition and firearms).

4.5.2 Mining

4.39. A new Mining Investment Law was approved by the Saudi Cabinet and published in the *Official Gazette* on 3 July 2020 and will enter into force in 28 December 2020. The new law is designed, to increase investments in the sector through a transparent system, simplified procedures and enhanced investors' confidence.

4.40. The key changes expected to be achieved by the new law are; the development of the sector's governance, amend some licenses' types, enhance transparency, develop value-added chains, promote sustainability, preserve the environment, impose guarantees for rehabilitation, optimize the use of mineral resources, ensure equality between local and foreign investors and establishment of TAADIN (mining) platform aiming at boosting investment in the mining sector.

4.41. The Mining Investment Law of 2020 provides that all natural mineral deposits including quarry raw materials of all types, in whatever form or composition, whether in the soil or subsoil, shall be considered to be the exclusive property of the state. Subject to certain exceptions, a licence is required for a natural person or corporate to have the right to undertake reconnaissance, exploration, exploitation or collection of materials.

4.42. The Mining Investment Law distinguishes between reconnaissance licences, exploration licences, material collection licences and exploitation licences. Within the category of exploitation licences a further division exists between mining licences, raw material quarry licences, small mine licences, and building materials quarry licences. The mining and hydrocarbon sectors are open to private investors, without any discrimination between domestic and foreign investors. Licences are granted on a first-come-first-serve basis conditional technical and financial evaluation.

4.43. In 2020, the Ministry of Industry and Mineral Resources, has issued seven decisions related to the allocation process for mining reserve sites in the Kingdom, including 54 sites with an area of approximately 4000 km², which is considered one of the largest in Saudi mining history. These potential sites will be open for local and international exploration companies.

4.6 Services

4.44. In 2019 the financial, insurance and business services, in addition to retail trade and restaurants and hotels, were among the economic activities that saw the strongest growth. This was due to continued government's investment drive into sectors such as tourism and entertainment. On the other hand, the non-oil sector is expected to support overall GDP growth in 2020, despite a challenging economic backdrop, further weakened by the global spread of COVID-19 pandemic.

4.6.1 Financial services

The Financial Sector Development Program (FSDP)

4.45. The FSDP which was launched in April 2017, to create a thriving financial sector. This program envisions expanding financial inclusion, achieving high degree of digitization and maintaining financial stability. The Saudi Central Bank² (SAMA), in partnership with MoF and the Capital Market Authority (CMA), has been working to support the implementation of initiatives falling under FSDP. It has contributed to the development and implementation of many initiatives related to the banking sector, insurance sector, finance sector, payment systems and consumer protection. In this perspective, the achievements include the following:

- In Early 2018, SAMA launched the Regulatory Sandbox environment. Since then, SAMA have granted the permission to 32 FinTech companies to operate their financial services within the Sandbox environment. Thereafter, a total number of thirteen companies have graduated from the Sandbox and licensed by SAMA;
- Simultaneously in 2018, SAMA launched Fintech Saudi, an initiative to develop the Kingdom as a hub for financial technology and contributing to the support of financial inclusion and the rise of digital transactions;
- Toward a less cash society, smart phone payments were linked with the Apple operating system (Apple Pay), and the "Elevation Program" was implemented to incentivize merchants and cardholders to expand cashless payments.

4.6.1.1 Banking sector

4.46. Since the last trade policy review, the banking industry has been well capitalized and liquid. The Total Bank Assets grew by 14.9% as of September 2020 (Q/Q) to reach SAR 2.9 Trillion. Total Bank Deposits increased by 10.7% reaching SAR 1.9 Trillion, and the credit to the private sector increased by 15.2% reaching SAR 1.7 Trillion. The CAR based on the Basel Standard stood at 19.1% in Q2-2020, which is higher than the ratio recommended by the Basel Committee. Non-performing Loans were 2.3%, which is considerably low compared to other G20 members. Moreover, banks recorded a ROE of 6.7% and a ROA of 1.0%. Banks have also maintained an abundant liquidity as per LCR and NSFR, which recorded 198% and 130%, respectively in 2019. Loan to Deposit Ratio was 75.12% in September 2020, which is still below the regulatory limit of 90%, indicating ample space for lending.

4.47. SAMA continued its efforts toward the timely implementation of Basel III standards. These included instituting the Internal Liquidity Adequacy Assessment Process (ILAAP), which came into force in January 2018. Moreover, LCR and NSFR have been adopted in 2019 prior to Basel III suggested implementation plan.

4.6.1.2 Cooperative insurance

4.48. In recent years, a number of developments were seen in the market, the most prominent among those was the increase in consolidations activities, which is expected to induce efficiency, where six companies announced signing of a preliminary memorandum of understanding to assess the feasibility of three mergers in the insurance sector in 2019.

4.49. In Q2-2020, the insurance sector witnessed a growth of 5.1% (YOY) with Total Gross Written Premium reaching SAR 8.7 billion. The Solvency Ratio of the insurance sector increased by 27% and the net income after Zakat and Tax increased by 434%. Moreover, the insurance density, which indicates the average spending on insurance products per capita, increased by around 6% to

² The royal decree No. (M/36) dated 11/4/1442H (26th of November 2020), Issued to approve the new law of SAMA and change the name of the Saudi Arabian Monetary Authority to the Saudi Central Bank, with direct reporting to the King. The Saudi Central Bank will continue to enjoy financial and administrative independence. According to the new law, the Saudi Central Bank will continue to use the acronym "SAMA" due to its historic significance and relevance locally and globally. Viewed at: <https://www.sama.gov.sa/en-US/News/Pages/news-629.aspx>.

SAR 1,105, whereas insurance penetration, which measures the insurance sector's contribution to GDP, recorded 1.27% in 2019.

4.50. SAMA is continuously updating and improving its regulatory framework and a number of regulations have been promulgated, including the Rules for Licensing and Supervision of Branches of Foreign Insurance and Reinsurance Companies in Saudi Arabia.

4.6.1.3 Finance

4.51. The number of licensed finance companies stood at 38 by the end of Q2-2020 with six real estate finance companies, one real estate refinance company, one microfinance company, one contract registration company, and 29 companies offering other types of finance. The total capital and assets in the finance companies sector have remained stable reaching SAR 14.3 billion and SAR 43.9 billion at the end of Q2-2020 respectively. Finance companies lending increased standing at SAR 49.9 billion. Real estate credit witnessed an increase reaching SAR 21.9 billion. The recent regulatory developments in this sector include promulgating the Rules Regulating Consumer Microfinance Companies.

4.6.1.4 Capital market

4.52. CMA approved the application of the Saudi Arabian Oil Company (Saudi Aramco) to register and offer part of its shares for public subscription. Through the largest offering in history and with a value exceeding 110 billion Saudi Riyals, the Saudi Stock Exchange (Tadawul) became the ninth largest in the world³ in terms of market capital, and the listing of Saudi Aramco highlighted the progress made in CMA's regulations for offerings of securities.

4.53. The CMA continued to expand access to foreign investors and adopt significant structural reforms, resulting in the inclusion of Saudi Stock Exchange (Tadawul) as an Emerging Market to MSCI, FTSE Russell (FTSE), and S&P Dow Jones indices. The inclusions have resulted in increasing the incoming foreign investor cash flow and foreign investor ownership in the Saudi Stock Exchange.

4.54. The CMA collaborated with Tadawul to develop the regulatory framework to accommodate the establishment of the parallel market (Nomu) with fewer listing requirements than the main market in order to expand market access for companies seeking listing. Since its launch, Nomu has reduced financial reporting requirements, expanded the scope of exempt offers, and provided an easier transition to the main market. Nomu (meaning growth in Arabic) aims to put in place a new funding channel for small and medium-sized enterprises and supports venture capital investors as it eases monetized exits.

4.55. The CMA made significant progress in preparing a conducive regulatory framework for the innovation of FinTech within the Kingdom of Saudi Arabia and through launching the FinTech Lab, which supports local and international applicants to deploy and test their innovative Fintech products and services related to the capital market. The FinTech Lab is currently testing several business models, such as equity crowdfunding, offering and investment in debt instruments, robo-advisory, social trading and the use of distributed ledger technology (DLT) to arrange and offer custody services.

4.56. The CMA worked with Tadawul to launch the first national Derivatives Market and to establish a new platform for listing income-generating real estate investment trusts (REITs).

4.57. The Capital Market Law (CML) has been amended to further enhance investor protection, develop capital market infrastructure institutions, reduce risks, enable new classes of securities, and attract foreign investment to the capital market. The amendments also facilitate the provision of affected investors with compensation through the development of mechanisms for class action suits and activation of the affected investors' compensation funds.

4.58. In addition, the CML included provisions that enhance the terms of reference and governance of the Committees for the Resolution of Securities Disputes (CRSD) and the Appeal Committee for

³ For more info please refer to CMA's Annual report 2019 p.154-155. Viewed at: https://cma.org.sa/en/Market/Reports/Documents/cma_2019_Report.pdf.

the Resolution Securities Disputes (ACRSD), as well as developing the reporting of violations by provide whistleblowers with incentives and putting in place protection procedures that contribute to protecting them.

4.6.2 Tourism services

4.59. Saudi Arabia is engaged in a wide-ranged development process for its tourism sector, including Giga-projects, new and improved infrastructure and the restoration and preservation of the Kingdom's historical sites, including five UNESCO World Heritage Sites. Significant infrastructure investment is planned to support sector growth, including:

- Airports capacities are expected to increase by 150m passengers per annum by 2030;
- 150,000 new hotel rooms to be built in the next three years – representing a significant opportunity for hotel development;
- An additional 500,000 hotel rooms will be added across the country by 2030;
- By 2030, 1 million new jobs will be created by tourism in Saudi Arabia – increasing total employment in the sector to 1.6m, expecting to create 260,000 new jobs in the next 3 years;
- Up to SAR 160 billion (USD 42.66 billion) of tourism projects will be financed in Saudi Arabia.

4.60. The Saudi Commission for Tourism and National Heritage was transformed to the Ministry of Tourism (MoT) on 25/2/2020. MoT is the tourism sector regulator in the Kingdom and leads the implementation of the ambitious National Tourism Strategy that aims to advance the Kingdom's tourism ranking to become among the top five world destinations by 2030.

4.61. The National Tourism Strategy contributes to Vision 2030 objectives through achieving the following:

- Increase international and domestic trips to more than 100 million a year by 2030 including 37 million religious trips;
- Targets the 15th international tourism destination by 2022 (1st in destination in Middle East);
- Promote tourism beyond religious purposes and share a wide range of unique experiences.

4.62. In order to facilitate and enhance attracting investments in this sector, various enhancements have been introduced including issuing licenses for specific sub sectors in only 120 Seconds.

4.63. The kingdom launched a new tourism eVisa scheme in September 2019, where over 400 thousand visas have been issued. The new tourist visa is issued within 5-30 minutes, through an online portal. The eVisa is a one-year, multiple entry visa, that allows tourists from 49 countries a validity of 90 days stay.

4.64. The on-arrival-visa program has been extended to visitors holding a valid Schengen, UK and USA visa.

4.6.3 Recreation services

4.65. The General Entertainment Authority (GEA) was established to organize, develop, and lead the entertainment sector to provide entertainment options, and tailored experiences to the needs of people in the Kingdom, as well as, improving and enriching the lifestyle and social cohesion among the community.

4.66. GEA has set a list of Investment Activities in the Entertainment sector in order to enable investors to issue commercial registrations in line with the list below:

ISIC Code	Activity Name	Activity Description
932101	Theme Parks	Amusement self-contained places with diverse areas and facilities, open picnic areas, various entertainment games: the mechanical, aquatic, electronic, electrical, technical, or kinetic games, including cities based on a special theme (such as cartoon characters, movies or animals).
932103	Entertainment Centers	Entertainment self-contained places or a part of another facility sites including diverse amusement corners such as: different types of entertainment games, entertainment Showrooms, escape rooms, and puzzles with specialized features.
932102	Entertainment Events Venues	Self-Contained venues or arenas dedicated to run entertainment events, including multi-use halls and tents for entertainment shows such as circus and others. They carry all the essential services and equipment needed for events conducting.
932918	Entertainment Events Organization	Establishment specialized in organizing events including live shows, festivals, entertainment expos, theater performances, and entertainment activities. It also includes the coordination and supervision of specialized services providers and excludes entertainment ticketing and crowd management in events.
900011	Entertainment Talent Management	Managing, undertaking and developing talents that may present entertainment shows in Events, live shows or entertainment venues. Its activities include the coordination with artists, talents, actors and performers to present their shows in Licensed public or private events.
932933	Entertainment Venues Operation	Management and operation of entertainment venues through renting them to run entertainment events or provide qualified artists to operate the contents of the venue. This activity includes, according to the global classification, the operation of musical and theater halls and other artistic venues.
823004	Crowd Management	Planning and providing crowd management services in events or entertainment venues, in addition to organizing the visitors' traffic, guiding and assisting them. Moreover, the crowd management performs exit operations, emergencies, manages crisis, sets security plans, maintains security during events or in entertainment venues and cooperates with the security authorities
799020	Booking and ticketing providing for Entertainment and sports events, conferences and expos	Provide entertainment ticketing services in accordance with the regulations in force, including online entertainment ticketing, entertainment ticketing through points of sale and its promotion, in addition to render the possibility to choose, book and select seats

4.67. GEA aims to develop and organize the entertainment sector through providing different services, including:

- **Licenses:** issuing licenses for investors willing to establish entertainment activities whether permanent venues, temporary events, or providing services to different entertainment offerings;
- **Market data:** providing data, insights, and reports related to entertainment sector which plays an important role in driving and supporting investments;
- **International exhibitions and events:** hosting key international entertainment events and exhibitions in order to enable match making of investors.

4.6.4 Education services

4.68. The Ministry of Education is responsible for regulating the education sectors, granting provisional investment licenses and supervising the general and higher education. The major

changes in the structure of the Ministry in relation to trade policies and private sector participation, are as follows:

- Establishing the General Directorate of Investment and Privatization, to enhance work dynamics, diversify the sources of income and achieve financial returns by optimizing assets owned by the Ministry, in addition to, exploring opportunities of partnership with the private sector through building quality allocation initiatives in accordance with international best practices;
- Establishing the National General Education Agency which is mandated to build a strategy and a road map to expand private sector participation, that aims to provide quality education in accordance with international quality standards, while preserving national principles and Islamic identity;
- Establishing the National University Education Agency which oversees qualitative education and promote scientific research through licensing the establishment of academic institutions to the private sector, while building a quality system that supervises the academic process of these institutions. Academic institutions have reached 15 universities and 19 colleges in the Kingdom.

4.69. The National Centre for Competitiveness (NCC), consisting of 22 sub-committees and with the participation of 50 government agencies, incorporate the Education and Training Committee related to the Ministry and the Technical and Vocational Training Corporation, was established to serve the private sector investors in education and training sector.

4.70. Ministry of Investment has established "Unification and Coordination of Investment Marketing and Attracting Efforts Committee" which is responsible for boosting the role of the private sector and set annual targets to attract foreign and national investments to the Saudi market, in both the general and university education.

4.71. The main objective of "PPP - Educational Buildings Initiative" is to attract the private sector investments to build, maintain and transfer (BMT) school buildings in KSA, the program was commercially structured in line with international best practices in PPP space. The Project Agreement is subject to arbitration which will give the international developers and lenders more comfort in such investments.

4.6.5 Health and social services

4.72. The Ministry of Health (MoH) has implemented, in the current strategic plan, modern methodologies in providing patient-centered health care system starting from primary health care to specialized therapeutic services in a professional manner, while preserving patients' rights, such as; the right to be briefed about their condition, the different treatment options, the right to choose their physician, and to be treated with care and respect.

4.73. MoH strategy includes other important aspects, such as health insurance, the cooperative health insurance programs, and considering extending coverage to new segments of the community. The strategy will conduct studies on privatization of MoH hospitals in the future, as well as the best management and operation practices, in accordance with the principles of economics, cost calculation, diversification of funding sources, and the optimal use of resources.

4.74. Saudi Arabia encourages foreign investment in health care to promote the transfer of technology, which leads to strengthening the quality of health services, creating an economic impact and increasing employment opportunities for the citizens of the Kingdom.

4.6.6 Courier services

4.75. The fundamental change that occurred in the postal sector in Saudi Arabia, at the level of regulations and legislation, is the separation of the legislator from the service provider. Council of Ministers Resolution No. 403 dated 25 March 2019 provides that:

- The Ministry of Communications and Information Technology undertakes supervision of the postal sector, sets its general policies and development plans, and proposes draft regulations and amendments;
- The Communications and Information Technology Commission undertakes the regulatory and supervisory role over the postal sector.

4.76. This Resolution will ensure that Saudi Postal Corporation work is fully carried on commercial basis, as well as ensuring equal positions to competitors in the postal market.

4.6.7 Telecommunication services

4.77. The global telecom industry has changed significantly over the past few years with the development of new technologies and addition of new revenue streams. The telecom market started expanding soon after its liberalization in 2003. Since then, with the entry of foreign investment, KSA has built an extremely competitive telecom market that became the largest ICT market in the MENA region with a value of (USD 18 Billion). The telecom sector currently includes several players holding unified licenses, also hosts Internet Service Providers (ISPs), Mobile Virtual Network Operators (MVNOs), and fixed-line service providers.

4.78. The government, through the Communications and Information Technology Commission (CITC), has played a vital role in developing a transparent, competitive market that keeps up with advanced technologies and infrastructure.

4.79. To create a competitive environment with a view to leverage the level of services delivered by the ICT sector, CITC issued Unified Licensing for the licensed ICT services providers in the Kingdom, aiming to enable them to offer a variety of packages for consumers, include mobile, fixed, voice and internet services, according to the providers' commercial and technical plans.

4.80. The government plans to construct future-ready smart cities possessing advanced infrastructure to cater to new communication technologies, thus providing attractive prospects for ICT service providers.

5 FREE TRADE AGREEMENTS

5.1 GCC Customs Union

5.1. Saudi Arabia was one of the six founding States of the GCC free trade area in 1981. The basic objectives of the GCC-FTA are coordination, integration and inter-connection between member states in all fields, strengthen ties between their people, formulate similar regulations in various fields such as economics, finance, trade, customs, tourism, legislation, administration, as well as foster scientific and technical progress in industry, mining, agriculture, water and animal resources, establish scientific research centers, set up joint ventures, and encourage the cooperation of the private sector.

5.2. The GCC Common Customs Law was promulgated on the 1st of January 2003, hence inaugurating the GCC Customs Union. Since then, the GCC states have operated on the basis of the common external tariff (CET). On the 1 January 2008, members of the GCC announced the formation of the GCC common market.

5.2 Pan Arab Free-Trade Area (PAFTA)

5.3. Saudi Arabia is a member of the Pan Arab Free-Trade Area (PAFTA) Agreement, which entered into force on 1 January 1998. Under the PAFTA, almost all trade barriers among its members were eliminated as of 1 January 2005, with some products excluded from liberalization. The agreement also provides for Rules of Origin (RoO) requiring the value added not be less than 40% of ex-factory cost.

5.4. In addition to the general RoO, PAFTA and implementing regulations and decisions include detailed RoO. They provide an exhaustive detailed and specific RoO for each product.

5.5. PAFTA members are currently negotiating an annex on Trade Facilitation.

5.3 GCC-Singapore FTA

5.6. The Kingdom grants preferential treatment to the goods of national origin imported from Singapore as of 1 April 2015 within the framework of the free trade agreement between the GCC states and Singapore. The GCC-Singapore FTA has its own rules of origin.

5.4 GCC-EFTA FTA

5.7. The Kingdom also grants preferential treatment to the goods of national origin of the EFTA group (Iceland, Norway, Switzerland and Liechtenstein) within the framework of the free trade agreement between the GCC states and the EFTA as of 1 July 2015. Under the GCC-EFTA agreement, there is a list of goods that have specific preferential rules of origin.

5.5 Trade in Services between Arab Countries

5.8. The trade in services liberalization agreement between the Arab countries has entered into force on 14 October 2019; after the ratification of three Arab countries and depositing their ratification instruments to the Arab League secretariat. The three countries are; the Kingdom of Saudi Arabia (1 November 2018), the Arab Republic of Egypt (25 March 2019), and the Hashemite Kingdom of Jordan (14 July 2019). Currently the number of members to this agreement are four countries after UAE ratification.

5.9. There are seven additional signatory countries to the agreement and are in the ratification process, which are; Kuwait, Oman, Qatar, Yemen, Lebanon, Sudan and Morocco.

5.10. The agreement is open for accession of additional countries as long as they commit to a higher level of liberalization than their current international commitments.

6 FUTURE DIRECTION OF SAUDI ARABIA'S TRADE POLICY

6.1 Saudi Arabia and the G20

6.1. During the Kingdom's presidency of the G20-2020, the Trade and Investment Working Group (TIWG) held a number of Ministerial-level as well as Working Group-level meetings, which included virtual extraordinary meetings in response to COVID-19 pandemic. The first meeting of the working group took place in March 2020 in Al-Khobar, with the participation of G20 members, invited countries and a number of international organizations. During the meeting, the priorities of the TIWG were revealed and discussed in addition to the launch of the Riyadh initiative for the future of the World Trade Organization.

6.2. The Kingdom's Presidency of G20 undertook the responsibility of continuing coordination and cooperation between G20 countries in a professional and advanced manner. The presidency made great use of technologies to virtually conduct all scheduled and extraordinary meetings, after the closure of borders, and banning of international flights and the limitation of travel between countries in response to COVID-19.

6.3. The presidency called on leaders of G20 countries, invited countries, and a number of international organizations to hold a virtual extraordinary Summit in late March to discuss ways to move forward in coordinated global efforts to combat COVID-19 pandemic and limit its humanitarian and economic impact.

6.4. The G20 Trade and Investment Ministers also held three virtual meetings in 2020, including two extraordinary meetings, during which the endorsement of "G20 Short and Long-term Actions to support international trade and investment in response to COVID-19".

6.5. The G20 TIWG held its second virtual meeting as planned at the end of June 2020. The meeting discussed the challenges facing the multilateral trading system and current international trade developments, including the economic impact of the COVID-19, enhancing the contribution of MSMEs in the global economy, sharing experiences and recommendations on ways of economic

diversification in both trade in services and special economic zones, and encouraging cooperation in the field of technical assistance and capacity-building for developing and least developed countries with the aim of encouraging investment.

6.6. The G20 TIWG third and final meeting, which preceded the G20 Trade and Investment Ministerial Meeting, was held virtually and concluded with endorsement of Trade and Investment Ministerial Communique, which included the following in its annex:

- TIWG Chair's informal summary of the Riyadh initiative on the future of the Trade Organization, which was transmitted accordingly to the WTO General Council;
- G20 Policy Guidelines on boosting MSMEs' international Competitiveness;
- Synthesis Report of Members' Best Practices and Lessons Learned on Trade in Services;
- Synthesis Report of Members' Best Practices and Lessons Learned on Special Economic Zones (SEZs);
- Statement on Technical Assistance for Investment Attraction.

6.2 Saudi Arabia and New Sources of Energy

6.2.1 Atomic and renewable energy

6.7. The Kingdom's rapid economic and population growths, along with its industrial and social developments as it pursues Vision 2030, have increased the demand for energy and desalinated water. One of the essential means of achieving a sustainable growth is the introduction of nuclear and renewable energy in the energy mix.

6.8. King Abdullah City for Atomic and Renewable Energy ("K.A.CARE") was established according to Royal Order dated 17th April 2010 with a mandate to contribute to KSA's sustainable development by employing science, research, and industries related to renewable and atomic energy for peaceful purposes, to participate in upgrading the standard of living of the citizens, improve their quality of life and create additional employment and investment opportunities for Saudi nationals.

6.2.1.1 Key milestones & activities in the atomic & renewable energy fields

6.2.1.1.1 The Saudi National Atomic Energy Project ("SNAEP")

6.9. SNAEP is a strategic initiative set out to introduce nuclear energy in KSA's domestic energy mix with local requirements and international commitments. SNAEP, in line with Saudi Vision 2030, is a demonstration of KSA's efforts to enable a nuclear energy industry and diversify its economy, as well as enhance the well-established role of Saudi Arabia as a key player in the energy sphere.

6.2.1.1.2 Renewable energy

6.10. Saudi Arabia through MoE has launched in 2017 its National Renewable Program (NREP). The main goal of the program is to substantially increase the share of renewable energy in the total energy mix targeted under the Vision 2030. The NREP is managed and executed by MoE, directly supporting Saudi Arabia's National Transformation Program (NTP) and Vision 2030. The Program is phased and rolled out in a systematic and transparent way to ensure that the Kingdom benefits from the cost-competitive nature of renewable energy.

6.11. All projects tendered by MoE are 100% IPPs backed by 25-year Power Purchase Agreements (PPA) with the Saudi Power Procurement Company (SPPC) as offtaker. Since its inception, MoE, through the NREP, has pre-developed and tendered 3,300 MW of renewable energy capacity in the Kingdom, of which 700 MW was awarded in 2019 and a further 1,475 MW was tendered in 2019. Also, 1200 MW of solar projects were tendered in April 2020.

6.12. Saudi Arabia is an optimal host for a leading renewable energy industry; it holds several key success factors required for research, innovation, and commercially viable renewable energy projects that are positioned to achieve competitive levelled cost of electricity.

6.13. Saudi Arabia is investing strategically, not only in developing competitive utility scale and micro generation renewable energy projects, but also in developing the full ecosystem required to support and position the Kingdom as a global leader in the field. Key initiatives implemented to enable and grow the renewable energy sector include the National Renewable Energy Data Centre; and Renewable Management Centre ("RMC") which provides energy services to foster and facilitate the integration of renewable energy sources.

6.2.2 Electricity

6.14. The electricity sector in the Kingdom is witnessing a major transformation with a number of ongoing initiatives aimed at increasing the efficiency of the sector and providing service in a comprehensive and efficient manner, achieving sustainability, raising the quality of service and sustaining safety within the sector.

6.15. Some of the key initiatives that will be implemented in the electricity sector are as follows:

- Setting the optimal Power Mix;
- Deployment of Smart Meters Project;
- National Renewable Energy Program (NREP);
- Minimizing the utilization of the diesel in power generation; and
- Organizing cross-border trade in electricity between the Kingdom and other countries.

6.16. Saudi Arabia experienced a very high rate of growth of electricity consumption in recent decades, but this growth stalled during the review period. Electricity consumption increased slightly between 2015 and 2018 and declined in 2019. Among the factors explaining the slower growth, and decline, in electricity consumption are more stringent energy efficiency and energy intensity standards under the Saudi Energy Efficiency Programme and increases in electricity prices that occurred in 2016 and 2018. Demand for electricity is expected to grow, albeit at a slower rate than the period before 2016.

6.17. Saudi Arabia has significantly expanded its electricity generation capacity, including by relying more on independent power producers.

6.18. The GCC Interconnection Authority, based in Saudi Arabia, is responsible for managing an integrated grid owned and operated by GCC Member States. Agreements were signed with Egypt, Iraq and Jordan to explore these countries' possible connection to this grid. In the case of Saudi Arabia net exports of electricity amounted to 36 GWh and 33 GWh in 2018 and 2019 respectively.

6.19. MoE is responsible for setting the sector's policy and oversees the long-term development and progress. The Electricity and Cogeneration Regulatory Authority (ECRA) is the regulator of electricity industry in Saudi Arabia. Its mission is to develop and pursue a regulatory framework, in accordance with government laws, regulations, policies and standards, as well as international best practices in order to guarantee the provision of safe, reliable and efficient electric power.

6.20. The electricity market is characterized by a bundled, vertically integrated market structure. Saudi Electricity Company (SEC) is a dominant operator in the electricity industry, engaged in generation, transmission, and distribution. SEC is publicly traded on the Saudi capital market, and the Saudi Government owns 74.3% of its shares through the Public Investment Fund (PIF). In 2019, SEC accounted for 54.7% of all electrical power generated in Saudi Arabia.

6.2.3 Energy and water price reform

6.21. As part of the Kingdom's transformation plan in Vision 2030, the government implemented two phases of energy and water price reforms in 2016 and 2018. The evaluation, planning and execution of energy and water price reforms is overseen by an executive committee formed from multiple government agencies.

6.22. Energy price reforms would play a major role in transforming the power energy mix; including shifting from liquid fuel to gas and increasing the share of complimentary energy sources, as well as improving energy efficiency in all sectors.

6.3 Competition

6.23. The new competition law⁴, issued by virtue of Royal Decree No. (M/75) dated 29/6/1440H (3\5\2019), replaced the old law.

6.24. According to Article 3 of the new Law, all firms in the Kingdom of Saudi Arabia are subject to competition law, regardless of their nationality and owner. Wholly owned State establishment or company are exempted from the Law and the Regulations if it is solely authorized by the Government to provide a commodity in a particular field. Such exemption shall be effective only by virtue of Royal Decree or Council of Ministers' Resolution.

6.25. The Law applies to all goods and services, in accordance with Article 4 of the Law, prices of goods and services are determined according to market rules and principles of free competition.

6.26. The General Authority for Competition (GAC) is responsible for the following:

- Statute of GAC⁵ issued by Council of Ministers' Resolution No. 55 dated 20/01/1439H (11/10/2017);
 - The Competition Law;
 - The Implementing Regulations⁶ issued by Resolution No. 337 dated 25/01/1441H (25/09/2019) of the Board of Directors of GAC.
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⁴ Viewed at: https://www.gac.gov.sa/pdf/New_comp_law_booklet_03_en.pdf.

⁵ Viewed at: https://gac.gov.sa/FileUpload/authority_statute_english.pdf.

⁶ Viewed at: https://www.gac.gov.sa/pdf/comp_law_regulations_en.pdf.

ANNEX

TECHNICAL ASSISTANCE NEEDS OF SAUDI ARABIA

1.1. Saudi Arabia is interested to be provided with technical assistance in various WTO agreements, to enhance the awareness of the newly established government entities and the private sector regarding the multilateral trading system and WTO agreements. Thus, Saudi Arabia welcomes the host of regional and national seminars and workshops organized by the WTO Secretariat, in the following fields:

- Rules of origin;
- E-ping System;
- Negotiation Skills.

1.2. Within the context of the ITTC's University Programme, Saudi Arabia is looking forward to WTO assistance to set up a cooperation programme between the WTO and a selected Saudi Arabian University in order to meet the objectives determined for this programme.
