

# Changing Business Environment and Emerging Business Opportunities

## I. Introduction

The article analyzes the major socio-economic and regulatory developments that took place in Saudi Arabia during the past two years and brings to light the changing business environment and emerging business opportunities in key sectors/industries of the Kingdom's economy. Further, the article discusses the prospects and challenges for domestic firms in view of Saudi Arabia's accession to the World Trade Organization and the kind of investment opportunities in store for both the local and international investors. The article concludes with outlining growth factors, prospects and the product categories for key sectors/industries experiencing high growth rates. Finally, the article concludes with a discussion of the prospects and challenges for domestic firms in view of Saudi Arabia's accession to World Trade Organization the kind of investment opportunities in store for both the local and international investors.

## II. Economy related developments

### 1. Macro economy

**(a) Gross Domestic Product:** Nominal Gross Domestic Product is estimated to have grown by 22.7% in 2005 to reach SR1,152.6 billion while real GDP is estimated to have grown by 6.3% to SR767.7 billion. Nominal GDP is forecast at \$364.5 billion for 2006. For the year 2006, the nominal and real GDP growth rates are estimated to be 16% and 6.6% respectively. The real GDP growth rate of the Kingdom is next only to that of China (10%) and India (8.9%), while the combined GDP growth rate of GCC countries is 4.58%. The average real growth of GDP of the Kingdom is anticipated to be in the range of 6-7% for 2006-2010.

**(b) Fiscal Management:** The Kingdom is poised to register its current account surplus for 2006, which is the largest in its history at SR428.2 billion and is anticipated to close the year with a surplus of SR250 billion despite increased outlays towards development projects and reduction of public debt. The Kingdom has been registering surplus budget in the last couple of years largely due to increased oil production and prices.

**(c) Foreign Assets:** At the end of August 2006, foreign assets stood at US\$198.66 billion, an increase of 4.2% over that of July 2006 (US\$194 billion) and are estimated to touch US\$221 billion by the close of 2006.

**(d) Per Capita Income:** has been rising at a CAGR of 8.3% over the period 2001-04 and is estimated to be US\$15,500 for 2006 and is likely to rise sharply over the next couple of years.

**(e) Inflation rate:** current inflation rate of 1.7% is the lowest in the Middle East region despite increased liquidity.

**(f) Public Debt:** the public debt reduced from a level of SR614 billion (2004) to SR475 billion (2005). Government's debt to government revenues ratio declined from 156% in 2004 to 85.6% as a result of the growth in the country's revenues combined with the repayment of the outstanding debt, which improved the credit profile of the country and sets the level playing field for the proposed monetary union of the GCC countries.

**(g) Foreign Direct Investments (FDI):** Over US\$20 billion between 2003 and the end of April 2006.

**(h) Performance of Oil sector:** Oil sector continues to dominate the GDP and registered a

CAGR of 10.9% over the period 2000-04 due to rising oil prices in the last couple of years. The oil sector's contribution to the real GDP has declined from 33.6% in 2000 to 32.4% in 2004 and is likely to drop marginally due to the increased contribution of private sector over the next couple years.

**(i) Performance of Corporate sector:** For the first half of 2006, as many as 68 of the 81 listed companies made net profits totaling SR38.23 billion led by the Banking sector, which contributed SR16 billion, registering 41.8% growth over that of first half of 2005. The industrial sector generated profits of SR11.31 billion and the Telecom sector made a net profit of SR6.96 billion while the Cement sector made a profit of SR1.96 billion. The profit made by the Services sector is around SR1.21 billion and the Agriculture sector made the lowest profits of SR197.11 million.

**(j) Balance of Trade (BOT):** The Kingdom's trade balance is dependent upon oil prices and production levels, as oil exports constitute 85-90% of the total export revenues. Being a net exporter, The BOT has been positive during the last five years and reached a level of SR122.7 billion in 2005 as compared to that of SR82.1 billion in 2004, an increase of almost 50%.

**(k) Current Account Balance:** Increased from US\$28 billion in 2003 to US\$87.1 in 2005, an increase of almost 200%, signifying a very comfortable position.

## **2. Reforms & Liberalization**

The government sensing the needs of growing population, industry, trade and also the need for integrating Saudi economy with global economy, has been opening its banking and telecom sectors and privatizing its infrastructure sector especially the electricity and water sector. The Kingdom adopted a dynamic reform process, which is more transparent in terms of administrative, judicial and

regulatory regime. Some of the major reforms are listed below:

- Saudi Arabian Monetary Agency (SAMA) licensed a number of GCC/foreign banks to establish their presence in the Kingdom. Deutsche Bank, Bank Paribas were allowed with 100% foreign equity.
- Telecom sector has been liberalized with the entry of a second mobile operator and plans are afoot to license a third mobile operator and a second fixed line operator in early 2007.
- The Ministry of Water and Electricity has set out a strategy to privatize water and sewage projects in the Kingdom within the next five years as new expansion projects would require SR60 billion in the next 20 years.
- Plans are being worked out to privatize the national carrier Saudi Airways by early 2007.
- In the past, securities trading business was limited to banks listed with Saudi Stock Exchange (Tadawul). Fortunately, licenses were issued to brokerage firms in the Kingdom to conduct share transactions in the stock market. This move is expected to witness increasing initial public offerings (IPOs) in the next one to two years.
- The Labor Ministry eased recruitment regulations for the contracting sector to ensure adequate supply of manpower and speed up issuance of visas required by companies implementing government projects.
- The government is in the process of setting up a high-level committee at the Finance Ministry, comprising representatives of government departments, to review administrative and financial procedures to speed up implementation of government projects.

- The cabinet approved a new law on government tenders and purchases. The law provides all qualified companies including foreign firms with equal opportunity.
- The cabinet announced plans to privatize water sector and establish a national water company with a capital of SR40 billion to carry out water and sewage projects. The state-owned company will manage the groundwater sector, the distribution of water and the collection and treatment of sewage water. The new company will carry out its operations on a commercial basis and is expected to boost the sector's overall performance. The new company would float part of its shares for public subscription through a public offering.

### **3. Unified GCC**

The Kingdom is in the forefront of devising joint infrastructure investment opportunities such as GCC joint electricity grid project and single railway network for GCC that provides opportunities for efficient capital allocation for improving the infrastructure services throughout the region. The proposed monetary union and single currency will facilitate free exchange of goods and services resulting in GCC countries developing as a powerful economic block in the region and the world.

### **4. Investment Vision**

The government has taken a series of measures to improve the Kingdom's investment climate by removing obstacles faced by private investors such as allowing foreign manpower recruitment and speeding up licensing procedures, which was major hindrance for foreign investors. The Government established a separate empowered authority Saudi Arabia General Investment Authority (SAGIA), to attract foreign direct investment (FDI).

However, it is not the government alone, which is doing all the expansion in the economy. The

Saudi private sector has shown great zeal to invest in large-scale projects, particularly in the real estate sector, such as the King Abdullah Economic City with an investment of SR100 billion.

The economic reforms are attracting the attention of a growing number of potential foreign investors. Capital investment in the Kingdom's downstream hydrocarbon sectors alone is expected to reach more than \$94 billion by 2009. The total cost of projects currently under way or in advanced planning for execution over the next few years is about SR1.06 trillion.

SAGIA has plans to establish a plastic valley at King Abdullah Economic City. This would be a major boost for plastic manufacturers and is anticipated to considerably increase Saudi Arabia's current stake of 1% of the global plastic market in the near future.

### **5. Accession to WTO**

Besides accelerated economic growth, accession to WTO was another milestone in the economic landscape of the Kingdom and would have a long lasting impact on the macro economic policies and is set to alter the fundamental structure of the Saudi economy. With a buoyant and liberalized economy, the Kingdom is most likely to attract a large number of Multi National Companies (MNCs) in the near future.

The MNCs will enter the Kingdom armed with modern technologies, large production capacities, global brands and state-of-the art professional management skills and this would usher in qualitative and quantitative changes to the corporate profile of the Kingdom.

The major beneficiary will be the Kingdom's petrochemical sector, which would benefit from elimination of a number of existing tariffs and the global market share of Saudi petrochemicals is likely to go up from 9% to 13%.

Accession to WTO provides the domestic companies both with prospects and challenges. The prospects are in terms of access to foreign technologies, capital, markets and professional management skills to develop competitiveness and enter global markets. The challenges are plenty and are in the form of modernization of production technologies and better quality systems, improving productivity, developing cost competitiveness, training and development of workforce etc.

### **6. Maturing Saudi Stock Market**

The rapid growth of the stock market during 2004 and early 2005 due to strong investors' interest stretched the valuations with the earning multiples at abnormally high levels as a result of which the market underwent correction almost by 50% (from a level of 20,634 on 25th February 2006 to 10,075 on 10th May 2006).

Coupled with landmark measures such as reduction in the par value of shares from SR50 to SR10, permitting expatriates to invest directly in the Saudi stock markets, authorizing stock brokers and authorized individuals to conduct securities trading business which is so far the domain of Banks listed with Tadawul; the measures initiated by the Capital Market Authority during the past six months to regulate the stock market more effectively is most likely to put the stock market on the path of recovery and stabilizing it in the coming months. Further, the capital expansions and new issues floated during the second half of 2006 is likely to increase the free float imparting more depth and liquidity to the market by the end of this year.

### **7. Infrastructure**

The government allocated SR731 million to the Dammam based Saudi Railways Organization (SRO) during 2006. The budget allocation represents a 343% increase in funding, up from

SR165 million in 2005. The Kingdom has prioritized expansion of railways in view of further industrialization making it necessary to run new train carriages and add 200 more containers for cargo transportation.

The availability of well-developed network of roads, air travel, sea ports, financially sound and credible banking system comparable to that of developed countries, advanced communication systems, low cost energy, modern health care facilities and safe & secure living make the Kingdom as one of the most desirable destinations for investment by both the local and foreign investors.

### **8. Financing facilities**

The government's decision to almost triple the capital of the Saudi Industrial Development Fund (from SR7 billion to SR20 billion) from the beginning of 2006 has come as a big boon to the private sector industrial investors. Backed by additional resources, SIDF has taken two significant steps in recent months, which are bound to boost the private sector investment in industries. These steps are: liberal approvals of soft loans from January 2006 onwards exceeding all previous records, and the prompt implementation of a new scheme of guarantees for bank loans for the small and medium industries. According to data available from SIDF, financial assistance to the private sector industries during the first half 2006 has doubled to SR3.9 billion as compared to that of SR3.9 billion during the whole of year 2005. SIDF, in cooperation with the domestic commercial banks has mobilized a total capital of SR200 million to launch a loan guarantee program for small and medium industries. The new scheme of bank guarantees will benefit the small and medium industries since SIDF guarantee facilitates banks to be more liberal in advancing loans to small enterprises.

### **III. Social Developments**

The Kingdom has registered high population growth rate of over 3%, which is one of the highest population growth rates in the world and also the demographic profile has been changing over the last decade. With the availability of advanced medical facilities, the life expectancy of has gone up. According to the figures available for the year 2005, the percentage of population aged between 24 -60 years constitute 50% of the population while 18.2% of the population is in the age group of 15-24 years is ready to join the work force in the next decade. The literacy rate among youth has been improving and they are becoming more Internet savvy and prefer to possess sophisticated electronic gadgets like mobile phones, laptops etc. Significant changes are noted in the life styles and food habits etc. The changing demographic profile is most likely to impact some of the industries like the fast moving consumer goods (FMCG), consumer durable goods, electronic goods, tourism and hospitality, automobiles, education and training etc.

Unemployment among local population is on rise and the Saudization program initiated by the Government is likely to ease the unemployment situation to some extent. Manpower development continues to account for the largest allocation in the budget and SR87.3 billion (26.1% of the total outlays) was earmarked for 2006.

The major societal change that could be observed during the last few years is recognition of the need for women's participation in the economic development of the Kingdom. Sensing the potential of the 'brain behind the veil', the Labor Ministry is studying prospects of expanding job opportunities for Saudi women by allowing them to telecommute, or work from homes or localized work centers by using Internet as a communication medium with employers. The move is likely to be welcomed by many women, as it would provide them greater privacy.

This employment program will create tens of thousands of job opportunities for women. The Ministry is currently making a survey of departments and agencies that can offer women jobs through telecommuting. The Labor Ministry is in the process of coordinating with the Telecommunications and Information Technology Ministry to establish Infrastructure facilities required by the new women work centers. The proposed system has the prospect of being implemented in various sectors and industries including information technology, journalism, research, consultancy and electronic trade and marketing.

Further, six women were nominated as Advisors to Shoura Council this year for the first time in the history of the Kingdom.

### **IV. Kingdom's rating & risk factors**

The International Finance Corporation, the private sector investment arm of the World Bank rated the Kingdom as the best investment location in the Arab world. It ranked the Kingdom ahead of Kuwait and Oman and assigned 38th position out of 155 locations for worldwide investment. In a span of one year, the Kingdom has seen its global investment ranking increase by 29 places.

### **V. Prospects & Challenges**

Driven by buoyant economy, strong macro economic fundamentals, healthy investment climate, availability of finance at lower finance cost, well developed infrastructure, credible banking system, maturing and expanding stock market, growing population with high purchasing capacity, a society that is consumerism oriented and membership of the World Trade Organization makes the Kingdom an ideal environment for investment by both the international and local investors. Investment opportunities are present in most sectors and industry segments of the economy.

The domestic firms have the opportunity of entering overseas markets and consolidate their position provided their products are cost competitive and conform to the international quality standards. To achieve both these, the domestic firms may have to modernize their production systems, enhance production capacities, improve productivity through training and development of workforce and adopt professional management in their organizations.

Majority of domestic firms are either family owned businesses or closed joint stock companies though they have large turnovers and also been in business for a long period. They need to expand and modernize which necessitate large resource commitment in terms of access to funds, technology and management systems. The good and large domestic firms cannot defer anymore due to the changing business environment in the Kingdom. It is time that they expand and modernize by tapping the capital market (equity route) and prepare themselves for facing the emerging competition effectively. The enhanced resource base will facilitate the domestic firms to negotiate with large and reputed foreign firms for joint ventures, technological collaborations and export market tie-ups etc. with strength and on an equal footing.

The entry of foreign multinationals into the Kingdom is like a double-edged sword and has both advantages and disadvantages. The advantages are that it will have a demonstration and multiplier effect on the local firms in terms of higher productivity, advanced production systems and management practices. Domestic companies benefit from modern know-how and technology transfer, as well as the creation of a pool of a domestic skilled labor force that foreign companies have trained, and who could be employed in domestic companies at a later date. For example, entry of foreign banks has forced

Saudi financial institutions to become more competitive and identify core niche areas such as Islamic financing to compete with foreign banks.

The membership of WTO means that the Kingdom is required to adapt its trade laws and practices with WTO obligations and set up acceptable market access commitments in goods, services and agriculture. Among other things the Kingdom is required to adapt open, transparent rules and regulations.

Further, WTO membership brings in two major concerns for the Kingdom's businesses:

1) Products manufactured are environment friendly as per international standards on environmental management; 2) Effective enforcement of intellectual property rights (IPR). Failure to comply with both these regulations is certain to affect Saudi exports. On the contrary, implementing both will increase the costs and may erode the cost competitiveness of Saudi products to some extent.

The magnitude and direction of the challenges or threats depends upon the pace at which the reforms are implemented. This applies particularly to the Saudi's industrial and Agricultural sectors as they have been enjoying subsidies and other forms of government support, which will have to be withdrawn or cut down over a period of time.

The following table presents the growth factors, prospects and product categories for some of the sectors/ industry segments, which are most likely to perform well over the next three to five years.

**Table 1: Growth factors, Prospects and Product categories**

Sector / Industry	Growth Factors & Prospects	Product Categories
Agriculture (including Poultry and Fishing)	National self-sufficiency policy, needs of a growing population, financial support for technologies and products that improve productivity, development of new areas of farming, and the conservation of water. Finance to the extent of SR4 billion available through Saudi Arabian Agricultural Bank for purchasing modern agricultural equipment and machinery.	Breeding, Chemicals & fertilizers, Cold storage, Feeds, additives & feeding systems, Landscaping, Netting & crop protection, Packaging systems & products, Pesticides, Pipe systems, Poultry feeding & watering systems, Pumps, Refrigerated transport, Seeds, Soil nutrition products, Water treatment, Warehousing etc.
Air Conditioning & Refrigeration	More than 3% population growth per annum, rising disposable income, construction boom, a million housing units, large number of shopping malls, business and leisure centers, hotels, supermarkets, schools and restaurants in the next few years. Current growth rate of 6% per annum and market size of SR2 billion.	Components & spare parts for maintenance, Central units, Instrumentation & Controls, Split and Window units, Ducting systems, Ventilation Systems, Industrial Fans, Vents & Grills, Refrigeration & cooling, Large Capacity Food Storage, Supermarket, Hotel and Restaurant Refrigeration, Mobile Cold Storage etc.
Automobile	Largest parts and garage equipment market in the Middle East and the fifth largest market in the world for auto parts, accessories, service and garage equipment. Market size in excess of SR 8 billion annually. Growing population, high disposable incomes, dependence on road transport, extreme weather conditions and aging vehicle stock contribute to the growing demand for all types of car-related products.	Standard accessories such as alloy and aluminum wheels, headlights and tail lights, seat belts and seat covers, tires, batteries etc. Air-conditioning systems & fans in-car entertainment (ICE) systems, window treatments, special bumpers, telephone kits and security systems, Dashboard instruments, Steering wheels, Coolants, Component testing equipment, Diesel engine testing equipment, High pressure washing etc.
Biotechnology	Kingdom's entry into commercial Biotechnology is of recent origin. However, considering global technological developments and commercial exploitation of the new products related to agriculture and pharmaceutical industry, the biotechnology industry in the Kingdom is set to witness immense growth in the coming years. Modern infrastructure (Jeddah Biocity) will accelerate the growth of this sector.	Vaccinations for human and animals, Disease diagnostic Kits, therapeutics, proteins, bio-fertilizers bio-pesticides, pheromones, growth stimulants and promoters and botanical pesticides.
Construction	Housing, health care, education & training and recreational needs are on rise due to high population growth rate of 4%. Over 2 million new housing units are needed. Half a million housing units are planned over next five years. Mega Projects under implementation are: electricity (123 billion US\$), roads (5 billion US\$), water (93 billion US\$), schools and universities (2 billion US\$), hospitals (5 billion US\$), housing (6 billion US\$) besides a large number of private commercial developments.	Demand for the latest construction products, machinery and building equipment, Alarm systems, Aluminum products, Anti-corrosion products, Air-conditioning, Brick products, Building materials, Cement additives, Cement blocks, Concrete equipment, Doors & windows, Electrical equipment, False ceilings, Floor covering, Glass & glazing, Granite blocks and slabs, Fire alarms, Gypsum products, Interior decoration etc.
Dairy	Estimated market size SR10.14 billion in 2006 inclusive of exports of SR 1.35 billion, forecast to reach SR11.32 billion, inclusive of exports of SR1.70 billion in 2008. Per capita consumption of dairy products 57.9 kg per annum valued at SR362 in 2005, almost one Riyal a day. Anticipated annual average growth rate of 5% in the coming four years, surpassing the Kingdom's population growth rate. Exports are expected to register about 140 thousand tons worth SR1.70 billion by 2008.	Liquid milk, laban, cheese, yoghurt, milk products such as evaporated, condensed, butter and ghee and powder milk.
Electrical Equipment & Machinery	Electricity sector is growing by 7% per annum. Modernization of existing power plants and construction of new plants in the next 2 to 3 years. Power plant capacity is expected to touch 50,000 MW by 2010. High demand for electricity-related equipment and machinery.	Electricity generation, transmission and distribution equipment, whole range of other electricity-related products. Power Plant Equipment, High Voltage Transmission, Distribution Networks, Switchgear Products, Transformers, Diagnostic Equipment, Monitoring & Control, Portable Generators, Electrical Supplies & Accessories, Switches and Controls, Cable and Wiring, Power Protection, Testing Equipment etc.
Food processing	Rising disposable income, growing taste for fast food, change in life styles, increase in health consciousness, six million expatriate population, growing number of hotels and restaurants. Soft drinks market is growing at the rate of 10% per annum. Demand for convenience and fast food is growing. Current import of food and beverages valued at SR20 billion.	Soft drinks, juice, natural foods and breakfast cereals, to cakes and biscuits, edible oils, and poultry, natural and health drinks & foods, dairy products etc.

**Table 1: Growth factors, Prospects and Product categories (contd....)**

Furniture & Interiors	New houses, office buildings, banks, airports, leisure and shopping centers, hospitals, restaurants and hotels are all being built, expanded or renovated during the next five years. The market is expected to grow by SR8 billion per annum for the next few years. Since most of the items and furnishings are imported, scope for new projects is very high.	A huge variety of interior decoration accessories, designs and fittings, and complimentary lifestyle products – from home textiles, oriental rugs and carpets, windows and bed covers, stair railings, cabinets and artifacts, Lighting and Accessories, Carpets and Flooring, Office Furniture, Complete Kitchens, Pre-Fabricated Components etc.
Information Technology	Rapid growth of younger population, increasing use of the Internet, e-commerce and e-banking. High growth computer and computer software market in the region. Computer and software sales of up to SR4 billion. Government plans to equip 21,000 schools with PCs and related equipment over the next five years. Internet users are expected to touch 5 million users over next two years.	PCs, laptops and software and hardware applications, printers, office products, security items, audio-visual systems, and linguistic, educational and entertainment software, E-business and Web Solutions, Mobile Computing & WAP Technology, Networking and Business Communication, Data Mining and Warehousing, Digital Imaging, Desktop Publishing, Office Automation, Multimedia etc.
Lighting equipment	Increase in population, rapid expansion of residential areas, street lighting and growing industrial sector and related construction boom. Hundreds of thousands of apartments, houses, office complexes, restaurants, leisure centers and hotels are coming up in next 3 to 4 years. Annual budget of Municipalities for lighting is approximately SR8 billion.	Ornamental fittings, Display lighting, Fluorescent lighting, Residential lighting, Garden, Outdoor, Security, Street, large-area and workstation lighting, Connectors, Wiring & Cabling, Switches & Controls etc.
Packaging	Kingdom accounts for more than 70% of the SR8 billion packaging market in GCC. Growing industrial and food-processing sector coupled with high oil prices, strong economy, growing population, rising disposable income, willingness to spend more on accessories, fast-food, beverages and demand for a variety of consumer goods are accelerating the demand.	Filling machinery, Wrapping machinery, Food packaging equipment, Industrial packaging equipment, Consumer goods packaging, Paper production equipment, Packaging materials etc.
Petrochemicals	Exporting petrochemicals to over 100 countries. Availability of raw materials, inexpensive energy and Mega expansion projects in pipeline with investments over SR200 billion. Anticipated growth rate of 12-15% per annum over next 3 to 5 years.	Synthetic rubber, Paints, Adhesives, Synthetic fibers, Paper coating, Plastic foams, Plastic films, Reinforced plastics, Heat exchange systems, Instruments and Control equipment.
Pharmaceuticals	High population growth rate, mandatory health insurance of expatriate work force. Market size SR8.65 billion in 2006. Estimated to grow to SR13 billion in 2010. Imports growing at 12% per annum. Estimated imports SR8.71 billion in 2008.	Medicines Containing Penicillin, Hormones Without Antibiotics, Medicine Containing Other Antibiotics, Medicaments Containing Vitamins, Antibiotics, Analgesic and Antipyretic, Anti Histamine, Oncology, Hepatitis, Dermatology, Beta Blockers, Ophthalmology solutions, Cardiovascular, Dialysis solutions, Vaccines, Disinfectant solutions etc.
Plastics	Growing food & beverage, consumer & household goods, exports, construction activities and SR130 billion Saudi public sector infrastructure expansion plan are pushing up the demand. Kingdom has Competitive advantage of cheaper raw materials and low energy costs.	Plastic molding machines, Plastic injection systems, Compounds, chemicals, Plastics for packaging, Plastic bags and containers, PVC pipes, Plastic furniture, Plastics for household items, Plastic healthcare products etc.
Printing	Growth rate of 15% per annum. Annual Paper Imports exceeding 370,000 Tons. Rapid growth of Private sector, Packaging and Publishing industry are driving the demand up.	Silkscreen printing on promotional business items and gifts, Pre-press hardware and software, Printing press equipment, cutting & folding machines, Binding, Stitching and laminating machines etc.
Training & Development	Almost 50% of the population is in the age group of 5-25 years. More than half a million students are graduating at secondary level each year. Admissions to University programs very competitive as the number of seats available are limited. Rapid growth in the number of Saudi companies, need for improving productivity and competitiveness through corporate training & development.	Corporate Training & Development, Professional programs in Accounting & Finance such as CPA, CFA, ACCA, CAT. Undergraduate programs in Business (BS, BBA), Graduate Programs (MS, MBA).
Water Technology	Growing agriculture sector, increasing concern for water conservation and food security. Investing SR1.6 billion for constructing 90 new dams. Setting up six new desalination plants at a total cost of SR820 million.	Water conservation techniques, Remote sensing, Water purification, Desalination plants, Reverse osmosis units, Water analysis devices and testing equipment, Water treatment chemicals, Water temperature controls, Pumps and filters, Valves and gauges, Water meters, Hygrometers, Drainage systems, Pipes and fittings, Effluent water treatment, Irrigation systems, Sprinkling systems etc.