

## Saudi Arabia

### Advertising and editorial information

**The Gulf plans to publish this report on 1 April 2011.  
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**This special report is part of The Gulf's series of monthly reports on energy, industry and finance in the countries of the Gulf Co-operation Council. For a full list of special reports, please see below.**

***We plan to include the following articles. (Please note this list is provisional)***

#### **1. Introduction**

Saudi Arabia, the largest Arab economy and the world's top oil exporter, is at a crossroads. The spotlight has turned on the kingdom as unrest has swept across the region: the stability of a country which controls one fifth of the world's oil is of global concern. Saudi Arabia, which holds \$400 billion in foreign assets, faces a raft of pressing social issues at home, including providing enough jobs for its young and rapidly growing population. Last month, King Abdullah returned after three months' absence to a region reshaped by political unrest and pledged \$37 billion in benefits. Efforts to diversify its economy also face challenges. Saudi Arabia plans to spend \$400 billion by 2014 on infrastructure, education and jobs creation. But is there is a potential for spending programmes to be derailed, and for the rapid pace of change in countries with similar demographic, social and political conditions to impact the kingdom. This introductory article looks at the social and demographic forces at play in Saudi Arabia, and assesses the direction that the kingdom's economy will take as it strives to offset unrest and continue its diversification plans.

#### **2. Oil: Calming the market**

As the lynchpin of the global oil market, it is up to Saudi Arabia to reassure international oil markets and cool oil prices. As the the only country with significant spare production capacity, any disruption to production in the kingdom could cause a massive oil shock. We assess state oil company Saudi Aramco's expansion plans, and the kingdom's ability to keep pumping and prevent a downturn in the global economic recovery.

#### **3. Economic and industrial cities: Building for the future**

Saudi Arabia plans to build five economic and industrial cities in an effort to diversify its economy and create new jobs. But delays have stalled their development and several international firms pulled out of projects as the financial crisis and credit squeeze began to bite. Even though the kingdom's enormous reserves will enable it to continue funding industrial development, the cities will face competition from more established centres like Dubai.

#### **4. Banking: Rich pickings**

Provisions for bad loans to cover fallout from the default of Saudi conglomerates, Ahmad Hamad al Gosaibi and Brothers and Saad Group, have weighed on Saudi lenders. However results are improving and earnings for the fourth quarter looked robust. Consumer lending is expected grow this year as a result of a record budget unveiled in December. However challenges lie ahead. We examine the prospects for the sector.

## **5. Education and the labour market**

Saudi Arabia has long recognised the need to overhaul its education system. Billions of dollars are being spent on new schools and universities, but analysts say more needs to be done to reform school curriculums heavily reliant on religious learning. With one in four young people unemployed, and many graduates unable to find work, we examine the kingdom's efforts to overhaul its education and training systems and reshape its labour market.

## **6. Power and water: Dealing with shortages**

Saudi Arabia's electricity demand is expected to grow by up to 10 per cent year over the next decade. Meeting soaring demand will require huge investment, especially as the kingdom faces a looming gas shortfall and increased pressure from water desalination plants. Officials are considering a range of alternative energy options, including nuclear power. Securing additional water supplies, reducing consumption and better managing existing resources will likely pose both geopolitical as well as technical challenges for the parched country.

## **7. Transport: Connecting the dots**

Saudi Arabia's future economic success will hinge on developing better transport and communications links between major population centres and industrial cities spread over the vast landscape. An open skies agreement is being negotiated for domestic air routes and a high speed rail link is being developed with Chinese expertise.

## **8. Telecoms: Well connected?**

With mobile phones subscriptions in Saudi Arabia totaling more than 32.4 million, and expected to grow to 44 million by 2014, it is little surprise that Saudi Arabia is the most coveted market by telecoms operators in the region. In 2009, revenues from the sector were valued at \$12.8 billion. We look at the where the country's operators can look for growth as competition intensifies.

## **9. Key companies**

This section includes corporate profiles of Saudi companies or firms based in the kingdom who are leading the country's diversification drive.

## **10. Guest column**

This piece, by a prominent business leader, offers insightful commentary into a key area of Saudi Arabia's economy.

## **About The Gulf**

The Gulf is the region's leading publication focused on business and economics in the Gulf Co-operation Council (GCC). Designed for any reader with a serious interest in the region, The Gulf brings analysis, features, insight and interviews with business leaders and policy-makers to its thousands of readers, both in print and online. With an audited circulation of more than 14,000, The Gulf has one of the widest guaranteed distributions of any monthly business publication in the GCC, with direct access each month to more than 50,000 senior executives regionally and internationally. The Gulf offers insight into key markets including Saudi Arabia, Qatar and the fast-growing emirates of Abu Dhabi and Dubai. News from 20 market sectors, ranging from energy to capital markets, is supported by an analysis of business trends and topical issues, helping readers stay informed about changes in one of the world's most dynamic regions.

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