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Saudi Arabia's Manufacturing Sector

Looking Beyond Petroleum

Sebastian Bustos & Muhammed Ali Yildirim



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An overview of Saudi Arabia

A study of Saudi Arabia's product space reveals that the kingdom's development path should focus on new complex products, particularly in the machinery/electrical clusters and a few products in the chemical community that are most attractive in terms of the tradeoff between distance and complexity or Complexity Outlook Gain. Table 1 lists target sectors that the methodology identifies as those strategic for Saudi Arabia's future development.

The community with the greatest number of target products is the chemical & allied industries cluster, with 19 products (HS2:28-38). The foodstuff cluster follows closely with a total of 15 products (HS2:16-24) that are closer in distance in terms of the country's productive knowledge and capabilities, but have on average, lower complexity. The methodology also identifies products in other higher complexity clusters, specifically seven products in the machinery/electrical (HS2:84-85) and six in the plastics/rubbers community (HS2:39-48).

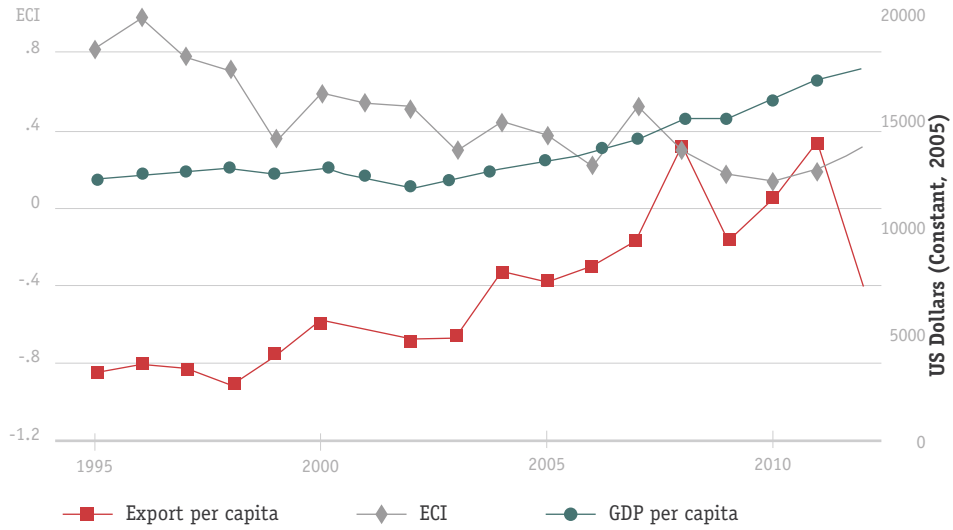
Table 1 **Summary of target sectors**

HS2	Product name	Product Targets	Product World Exports ($)
84	Machinery and Mechanical Appliances, Computers, Boilers, Nuclear Reactors	6	1957 B
32	Putty and Inks, Dyes, Pigments, Paints and Putty	5	62 B
21	Misc. Edible Preparations	5	57 B
40	Rubbers and Articles Thereof	4	209 B
39	Plastic and Articles Thereof	4	210 B
38	Misc. Chemical Prods.	3	162 B
30	Pharmaceutical Products	3	462 B
28	Inorganic Chem, Precious Metal Compounds, Isotopes	2	106 B
33	Oils and Resinoids, Perfumery, Cosmetics	2	75 B
85	Electrial Machinery	2	1913 B
19	Preps. of Cereals, Flour, Starch or Milk	2	21 B
20	Preps. of Vegs, Fruits, Nuts, Etc.	2	38 B
34	Soaps, Waxes, Candles	2	15 B
23	Food Industries Residue and Animal Feed	2	72 B
24	Tobacco and Manuf. Tobacco Subs.	1	40 B
94	Furniture, Bedding, Lighting, Prefabricated Buildings	1	186 B
16	Ed. Prep of Meat, Fish, Crustaceans, Etc.	1	44 B
29	Organic Chemicals	1	222 B
18	Cocoa and Cocoa Preps	1	42 B
17	Sugars and Confectionery	1	17 B
35	Albuminoidal Sub, Starches, Glues, Enzymes	1	26 B
22	Beverages, Spirits and Vinegar	1	88 B

HS2	Product name	Product Targets	Product World Exports ($)
63	Made-Up Text. Articles Nesoi, Needlecraft Sets, Worn Clothing, Rags	1	47 B
90	Optical, Photo/Cinematographic, Medical Instruments and Accessories	1	481 B

K = thousand, M = million, B = billion

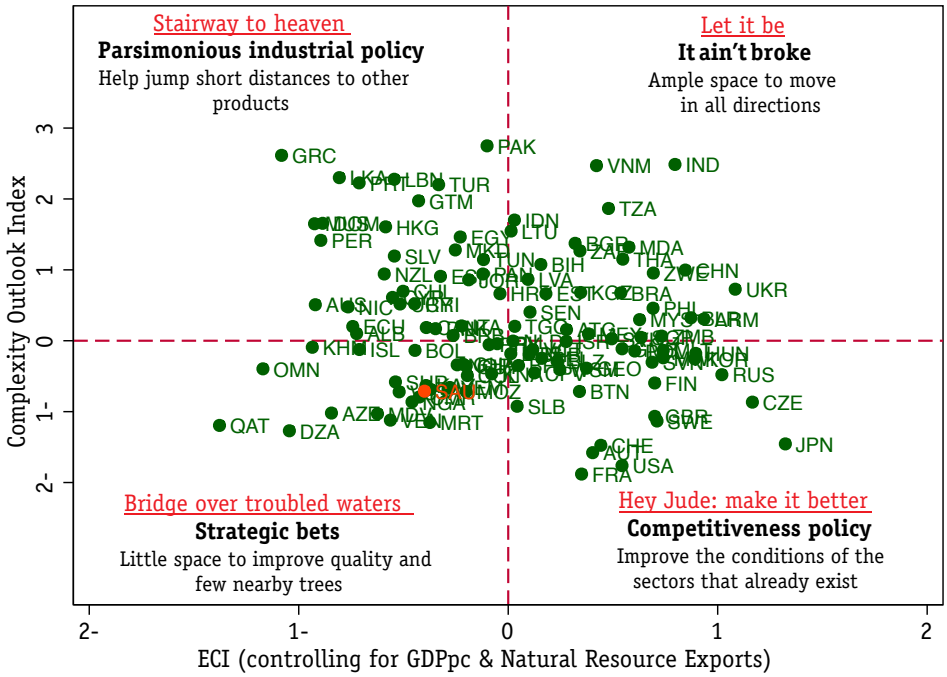
Figure 1 **Evolution of Saudi Arabia's complexity, GDP and exports**



Note **Own calculation using HS4-level trade data from United Nations COMTRADE, and World Development Indicators from the World Bank Database.**

Saudi Arabia is the largest economy in the region. Its GDP per capita has grown steadily over the last two decades, but at a low rate (figure 1). Its exports per capita, on the other hand, increased significantly from 1995 to 2008, and later decreased sharply with the great recession, fluctuating according to the international price of oil. Most notably, Saudi Arabia's Economic Complexity Index (ECI) has fallen from 0.8 in 1995 to 0.4 in 2012, indicating that the average complexity of Saudi Arabia's products has decreased. This can be explained by the relative reduction of non-oil products in the country's exports. In general, countries whose export baskets are more complex than what their income would suggest have tended to grow faster. Unfortunately, as will be seen in the following section, Saudi Arabia's product space, in addition to not having a high average complexity, has few nearby opportunities for diversification.

Figure 2 **Summary of Saudi Arabia in the product space**



Note **Own calculation using HS4-level trade data from United Nations COMTRADE, and World Development Indicators from the World Bank Database.**

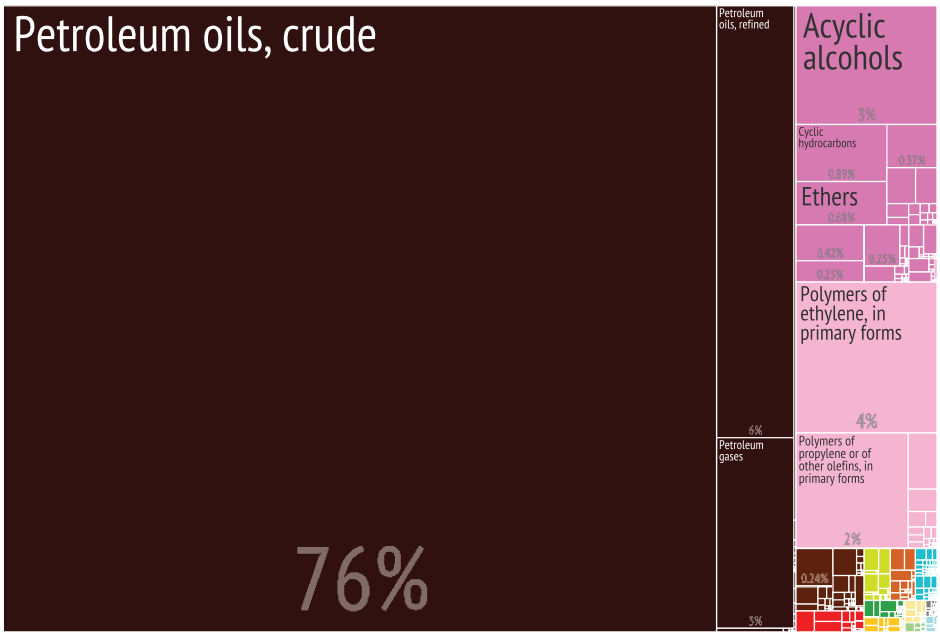
From figure 2 it follows that the methodology locates Saudi Arabia in the bridge over troubled waters quadrant. This figure shows the position of countries in terms of ECI (after controlling for the effect of income and natural resources) and the country's position relative to complex products in the product space. The relatively low complexity of Saudi Arabia's export basket, even taking into account the intensity of natural resources (ECI < 0)—coupled with the lack of presence in products well placed in the product space, which complicates the transition to other new industries that use similar capabilities—places Saudi Arabia in the lower left quadrant of the figure. Countries in this quadrant would benefit from placing strategic bets or industrial policy 'in the large' to ease the transition into new and more complex industries. In these cases, enhancing production possibilities around existing industries will not produce leaps that are desired. Industrial policy should focus on selecting a number of new industries or products at which to target public inputs. The aim of such support is to provide temporary public support that will attract and facilitate private investment in new products.

Saudi Arabia's productive structure

In 2011, Saudi Arabia's exports totaled some $260 billion (figure 3a), the vast majority in oil, be it crude, refined, or gases. Thus natural resource-based products accounted for more than 85% of total exports in 2011, which is not unusual among resource exporters. In figure 3c it can be clearly seen that the relevance of oil in the export basket fluctuates with the price of oil in world markets. Among non-oil exports two industries stand out: Chemicals and petrochemicals, both accounting for about 6% of total net exports.

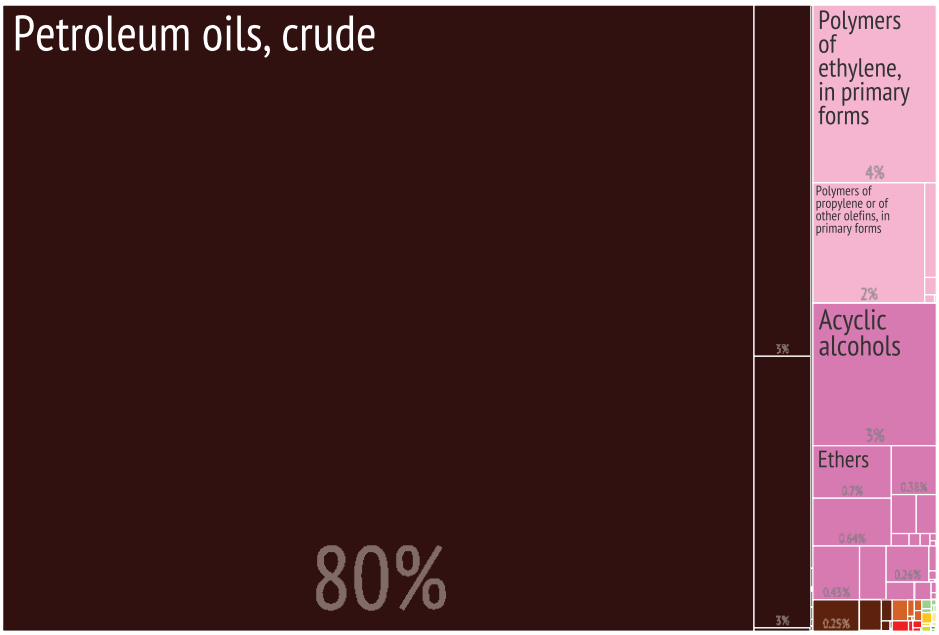
Figure 3 **Saudi Arabia's trade structure in 2011 and evolution of exports per capita of Saudi Arabia (1995-2011)**

a **Exports of Saudi Arabia**



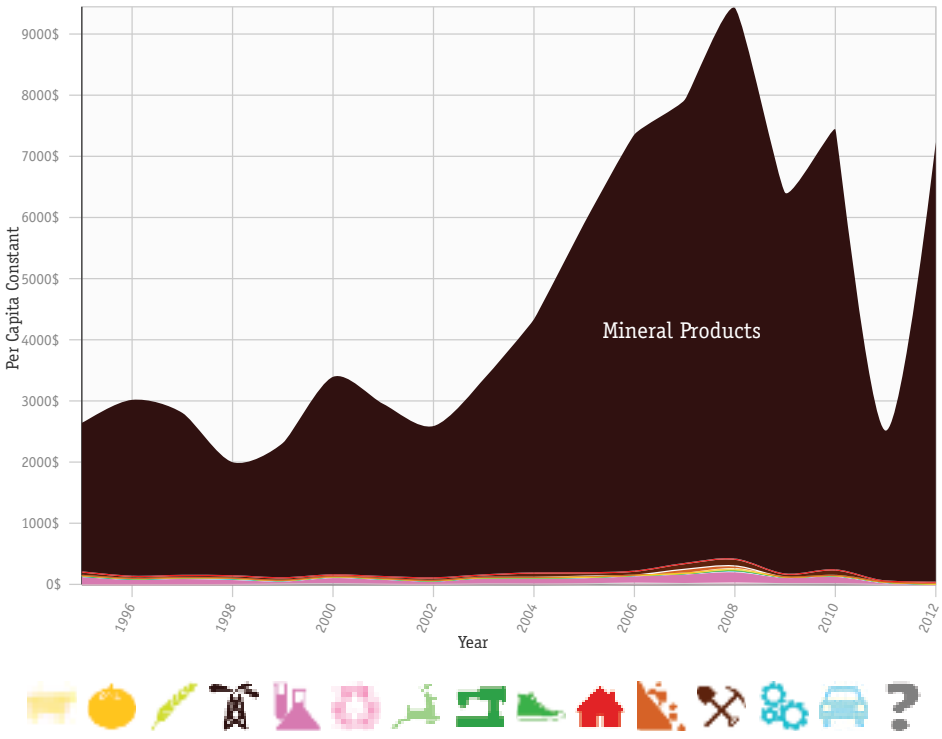
Saudi Arabia's exports totaling approximately $259 billion

b **Net exports of Saudi Arabia**



Saudi Arabia's net exports totaling approximately $246 billion

c **Evolution of exports**

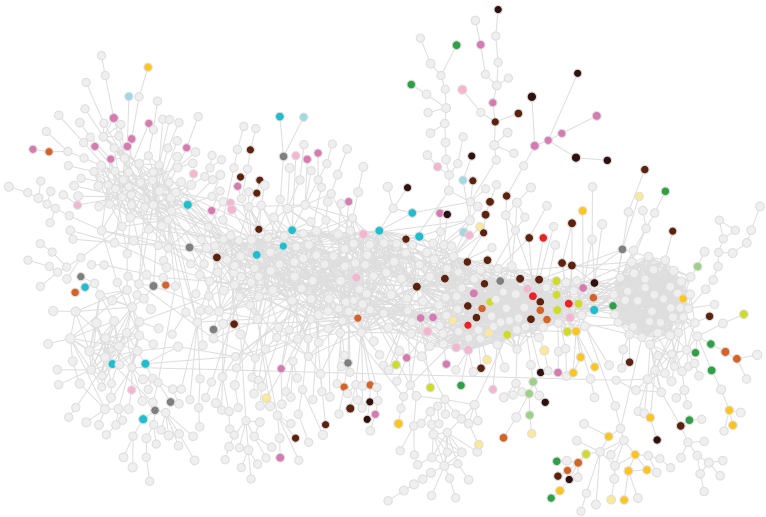


Note **Own calculation using HS4-level trade data from United Nations COMTRADE. Products are colored according to the communities that they belong according to the following legend:**

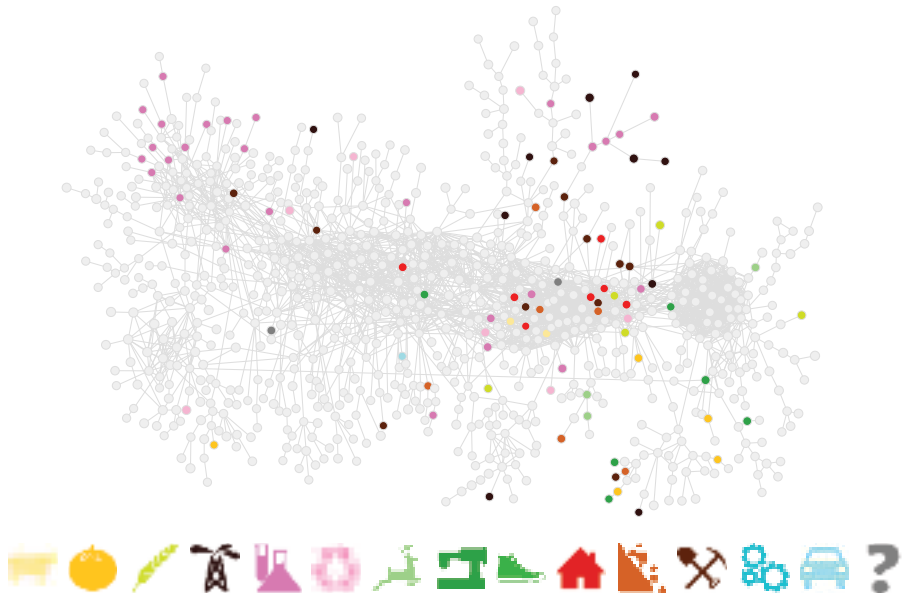
Given Saudi Arabia's exports, what productive knowledge is available to facilitate diversification? In order to get a sense of this, as well as diversification possibilities, Saudi Arabia's product space and its change from 1995 and 2011 are analyzed (figures 4a and 4b).

Figure 4 **Saudi Arabia in the product space**

a **1995**



b **2012**



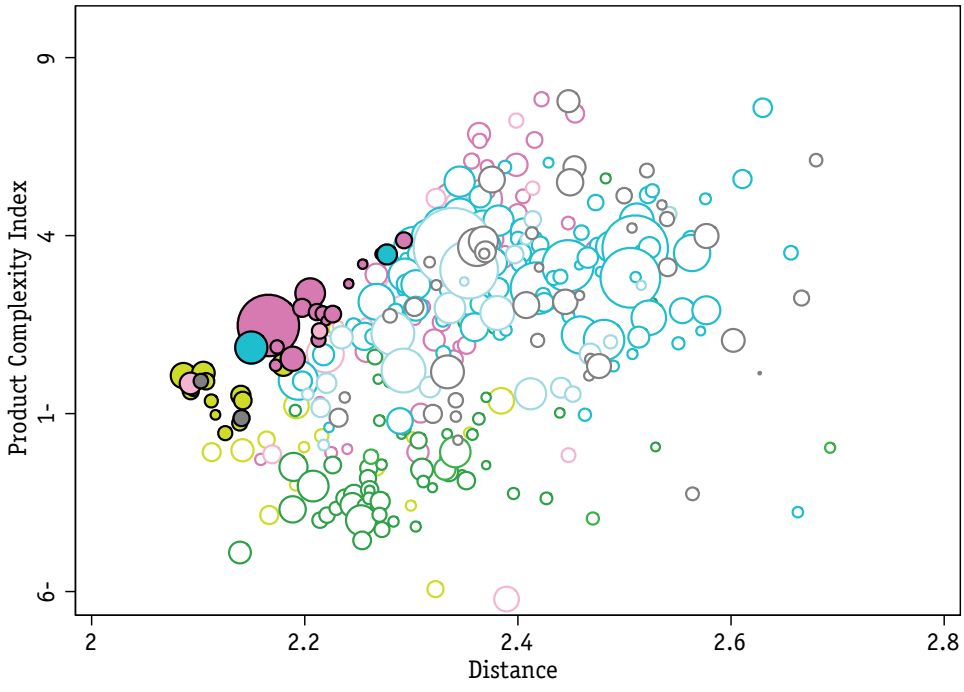
Note **Own calculation using HS4-level trade data from United Nations COMTRADE. Node size is proportional to world trade. Solid colored nodes indicate the products in which Saudi Arabia is competitive in world markets (i.e. RCA> 1). The nodes are colored according to the communities that they belong to.**

Saudi Arabia's position in the product space has worsened over time. As shown in figure 4, in 1995 the kingdom had a presence in more products—some in the central part of the product space—than what it had by 2011. It is important to note that the loss of presence in some industries is not a mechanical effect of increasing the share of oil when using Balassa's RCA to account for presence. As indicated in the methodology, a two-stage RCA process was used, removing in the first stage those products which are abnormally relevant in the export basket (as oil is for Saudi Arabia), and then calculating the RCA for the remaining products other than oil. Hence, the loss of competitiveness in non-oil products persists even when accounting for the importance of oil, suggesting that is a source of concern for the country's future prospects.

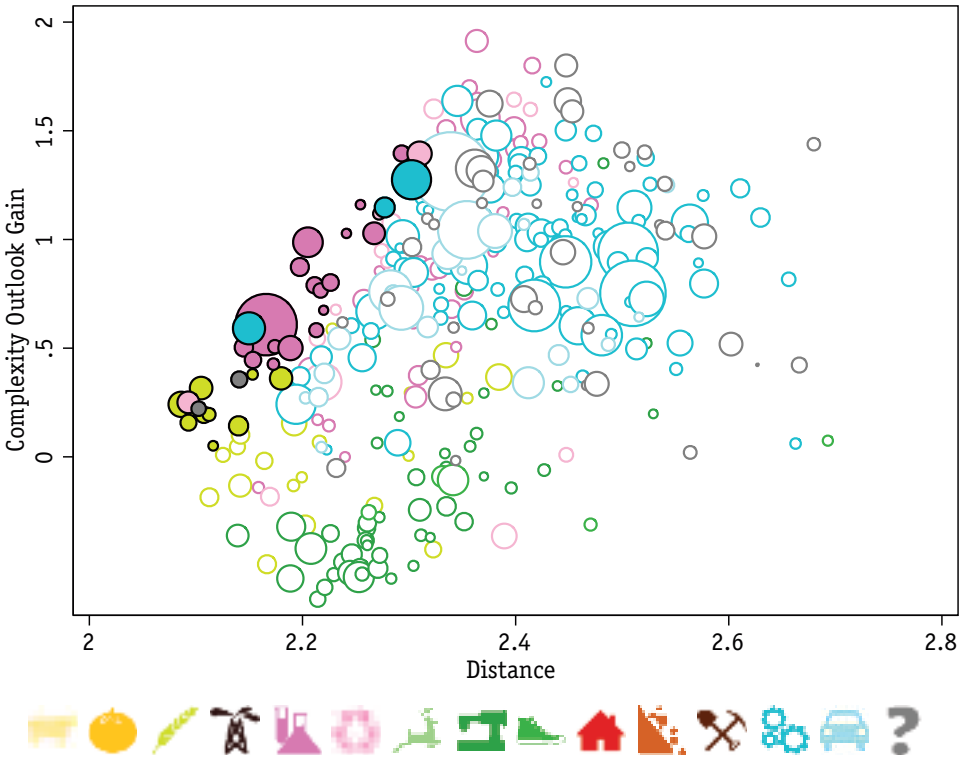
Additionally, the country's presence is mainly in the periphery of the product space, such as in the chemical cluster (upper left region) and petrochemicals cluster (upper central region), with a few products in the construction and materials cluster that are in the central (more interconnected) region of the space. The lack of competitive industries in the central cluster is of concern as it suggests that it will be difficult for the country to transition to other more complex industries going forward.

Figure 5 **Strategic bets for Saudi Arabia**

a **Product Complexity Index**



b **Complexity Outlook Gain**



Note **Own calculation using HS4-level trade data from United Nations COMTRADE. Node size is proportional to world trade. Solid colored nodes indicate the strategic bets. The nodes are colored according to the communities that they belong to.**

Saudi Arabia's position in the product space limits its possibilities of increasing the average complexity of its production. As mentioned above, there are not many industries in the space near to what the country is currently exporting. Figures 5a and 5b highlight the products that are attractive based on Product Complexity Index (PCI) and Complexity Outlook Gain, respectively. Countries will optimize between the attractiveness of the product versus the ease of conquering the product. Therefore, the most attractive corner is the northwest section of the graphs. Using these criteria it is possible to identify frontier products that Saudi Arabia can target with its industrial policy. A detailed description of the products on the target list is provided in table 2. These products signal to strategic clusters in Saudi Arabia for which industrial policy should aim to provide temporary public support and public inputs to attract and facilitate private investment in new products and sectors.

From the figure it can be seen that products with the minimum distance to the current export basket are considerably farther away than what is found for China or Lebanon. The products identified as interesting for the kingdom are mostly chemical and petrochemicals, with some products in the foodstuff cluster. Additionally, six products

are identified in the machinery cluster. As a group, the products in the foodstuff cluster are relatively closer in terms of the country possessing the inputs required for its production, making it therefore easier to 'conquer'. Nevertheless these products have a lower PCI or Complexity Outlook Gain, making them less desirable. On the other hand, the machinery, chemical, and petrochemical clusters are farther in distance, making them harder to develop based on present productive knowledge in the country, while they have higher values of PCI and Complexity Outlook Gain. New products belonging to these communities would increase the average complexity of Saudi Arabia's export basket, compensating for the cost of developing them.

The size of the products in these figures is determined by the world trade in those product categories. The product with the largest potential market is medicaments, packaged (3004), whose world trade for 2011 was over $330 billion. In the machinery community, on the other hand, two of the products identified have over $50 billion in world trade: Parts for use with hoists and excavation machinery (8431) and turbojets, turbo propellers, and other gas turbines (8411). Nevertheless, although the level of world trade of a product category is an important aspect to be considered, the distance and PCI or Complexity Outlook Gain are the driving variables that are used in order to identify strategic opportunities. By considering the tradeoff between existing productive knowledge (distance), complexity of a new product and future diversification possibilities that the new productive knowledge will bring, a country is more likely to be successful in diversifying its product space.

Table 2 **Recommendations for Saudi Arabia**

HS4	Product name	RCA-2012	Distance	PCI	Target rank	World Trade ($)	Top Importers	Top Exporters
3823	Industrial monocarboxylic fatty acids; acid oils from refining; industrial fatty alcohols	0.3	2.2	2.4	1	47 B	CHN DEU ESP	DEU USA JPN
3004	Medicaments, packaged	0.1	2.2	1.5	2	331 B	USA DEU BEL	DEU USA CHE
3215	Ink	0.1	2.2	2.0	3	13 B	DEU FRA GBR	DEU JPN NLD
2106	Food preparations not elsewhere specified	0.3	2.1	0.1	4	31 B	USA GBR DEU	USA DEU NLD
1806	Cocoa powder, sweetened	0.1	2.1	0.1	5	23 B	USA FRA DEU	DEU BEL ITA
3208	Paints and varnishes, nonaqueous	0.1	2.1	1.0	6	13 B	RUS CHN DEU	DEU JPN USA
3917	Tubes, pipes and hoses and fittings	0.6	2.1	-0.2	7	21 B	USA DEU MEX	DEU USA CHN
3307	Shaving products	0.5	2.2	1.0	8	10 B	DEU GBR USA	DEU GBR CHN
8431	Parts for use with hoists and excavation machinery	0.1	2.1	0.9	8	59 B	USA DEU CHN	CHN DEU USA
9406	Prefabricated buildings	0.6	2.1	-0.1	10	7 B	DEU NOR AUS	CHN DEU NLD
1704	Confectionery sugar	0.9	2.1	-0.4	11	9 B	USA DEU GBR	DEU CHN NLD
3506	Glues and adhesives	0.9	2.2	1.9	13	10 B	CHN DEU MEX	DEU USA CHN
2104	Soups and broths	0.4	2.1	-0.4	13	3 B	USA GBR MEX	USA DEU CAN
2103	Sauces and seasonings	0.7	2.1	-0.1	13	10 B	USA GBR FRA	USA NLD DEU
2105	Ice cream	0.1	2.2	0.6	15	3 B	GBR FRA DEU	DEU FRA BEL
3212	Pigments, nonaqueous	0.1	2.3	3.2	16	2 B	DEU CHN USA	DEU JPN USA
3209	Paints and varnishes, aqueous	0.2	2.2	0.9	17	6 B	CAN DEU FRA	DEU USA ITA
3816	Refractory cements, mortars	0.5	2.2	2.6	18	2 B	RUS UKR IND	DEU CHN USA
3214	Glaziers' putty	0.3	2.2	1.8	19	7 B	DEU RUS CAN	DEU USA BEL
1904	Cereal foods	0.3	2.1	-0.6	20	5 B	USA CAN FRA	DEU USA GBR
2835	Phosphinates and phosphonates	0.0	2.2	0.4	21	4 B	USA DEU FRA	CHN DEU USA
1901	Malt extract	0.1	2.1	-0.5	22	15 B	CHN GBR USA	NLD FRA DEU
2309	Preparations of a kind used in animal feeding	0.0	2.2	0.4	23	23 B	DEU USA JPN	NLD USA FRA
3304	Beauty or make-up preparations	0.0	2.2	0.5	24	28 B	USA GBR DEU	FRA DEU USA
3925	Plastic builders' ware	0.1	2.2	1.3	25	9 B	USA FRA DEU	CHN DEU POL
2007	Jams, jellies	0.1	2.1	-1.0	26	2 B	USA DEU FRA	FRA DEU BEL
3405	Polishes and creams	0.6	2.2	1.6	27	2 B	KOR TWN DEU	JPN USA DEU
4008	Plates, sheets, strip, rods and profile shapes, of vulcanized rubber	0.1	2.3	3.5	27	4 B	USA DEU NLD	DEU USA CHN
2203	Beer	0.0	2.1	-0.6	29	12 B	USA FRA GBR	MEX NLD DEU
3005	Wadding, gauze and bandages	0.1	2.2	1.1	30	7 B	USA DEU FRA	CHN USA DEU
3403	Lubricating products	0.2	2.3	3.9	31	9 B	CHN NLD DEU	DEU USA BLR
3003	Medicaments, not packaged	0.2	2.2	1.8	31	10 B	USA GBR ITA	ISR IRL USA
2101	Extracts of coffee, tea or mate	0.0	2.1	-1.3	33	8 B	USA DEU RUS	DEU BRA MYS

HS4	Product name	RCA-2012	Distance	PCI	Target rank	World Trade ($)	Top Importers	Top Exporters
8424	Mechanical appliances for dispersing liquids or powders; fire extinguishers; spray guns; steam or sand blasting machines	0.6	2.3	3.5	34	17 B	USA CHN DEU	CHN DEU USA
9015	Surveying, hydrographic, oceanographic, hydrological, meteorological or geophysical instruments and appliances	0.0	2.1	-1.1	35	9 B	USA CHN GBR	USA FRA GBR
2306	Cotton seed oilcake	0.0	2.1	-1.6	35	7 B	USA NLD ESP	CAN UKR IDN
2917	Polycarboxylic acids	0.3	2.3	2.9	37	21 B	CHN DEU ITA	KOR TWN BEL
2836	Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate	0.1	2.2	-0.0	38	6 B	MEX KOR IDN	USA CHN DEU
8544	Insulated wire; optical fiber cables	0.1	2.2	-0.1	38	101 B	USA DEU JPN	CHN MEX USA
4012	Retreaded or used pneumatic tires of rubber	0.0	2.2	1.5	40	3 B	USA DEU FRA	LKA DEU CHN
1601	Sausages	0.1	2.2	1.4	41	4 B	GBR DEU JPN	DEU USA ITA
2008	Fruit, nuts and edible plants preserved with sugar	0.1	2.1	-2.1	41	13 B	USA DEU JPN	CHN USA THA
8426	Ships' derricks; cranes	0.1	2.2	-0.1	43	15 B	USA RUS SGP	CHN DEU USA
8411	Turbojets, turbo propellers and other gas turbines	0.1	2.3	3.7	44	100 B	USA GBR DEU	USA GBR FRA
3808	Insecticides, rodenticides, fungicides, herbicides	0.2	2.2	0.1	44	30 B	BRA FRA DEU	DEU FRA CHN
2402	Cigars	0.0	2.1	-2.0	46	22 B	ITA FRA JPN	DEU NLD POL
4002	Synthetic rubber	0.1	2.3	4.0	47	28 B	CHN USA DEU	USA KOR JPN
8474	Machinery for working earth, stone, and other mineral substances	0.1	2.2	0.7	47	19 B	RUS USA CHN	DEU CHN USA
4011	New pneumatic tires, of rubber	0.0	2.2	0.7	49	86 B	USA DEU FRA	CHN JPN DEU
6309	Used clothes and textiles	0.3	2.2	-0.9	50	4 B	PAK RUS UKR	USA GBR DEU

K = thousand, M = million, B = billion

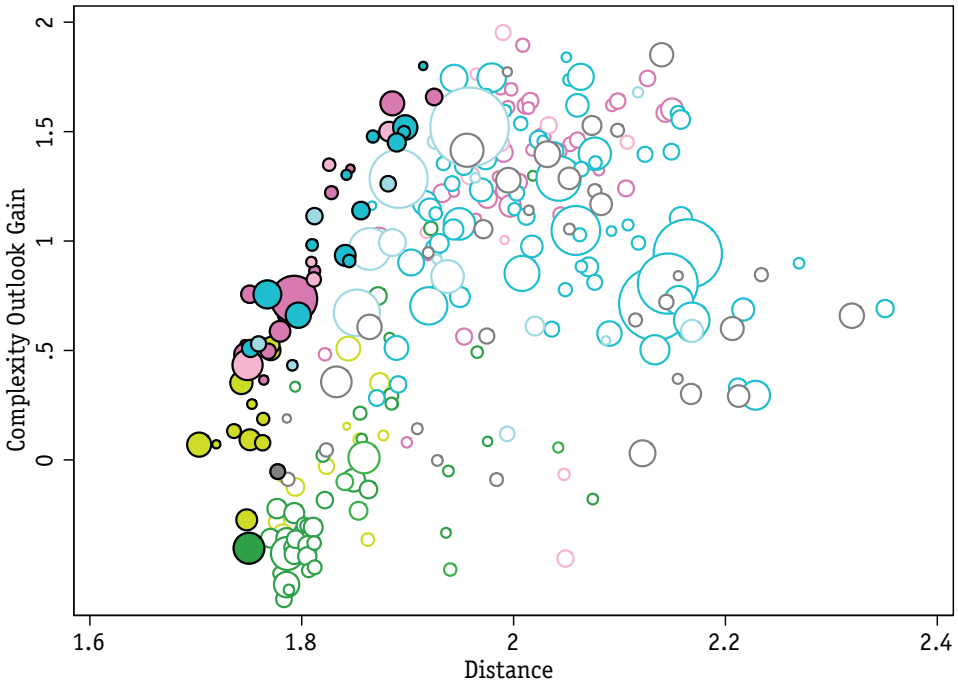
When repeating the exercise one observes that Saudi Arabia had opportunities in the year 2000, as identified by the methodology, in sectors very similar to those recommended based on the 2011 export basket. These are chemicals, petrochemicals, and some products in the machinery cluster. The complete list of products identified as opportunities is provided in table 3. Most of these products are highlighted in blue, indicating that they were not developed in Saudi Arabia by 2010. These are interpreted as missed opportunities. These blue products warrant special attention as they might also hint to the presence of market failures in the country.

Of the target list of products, Saudi Arabia only developed a presence in five products (red and yellow). Only three of these products (included in the table)—raw sugar (1701), saturated acyclic acids (2915), and mixed alkylbenzenes and mixed alkylnaphthalenes (3817)—exhibit high complexity and have the potential to improve the position of the country in the product space.

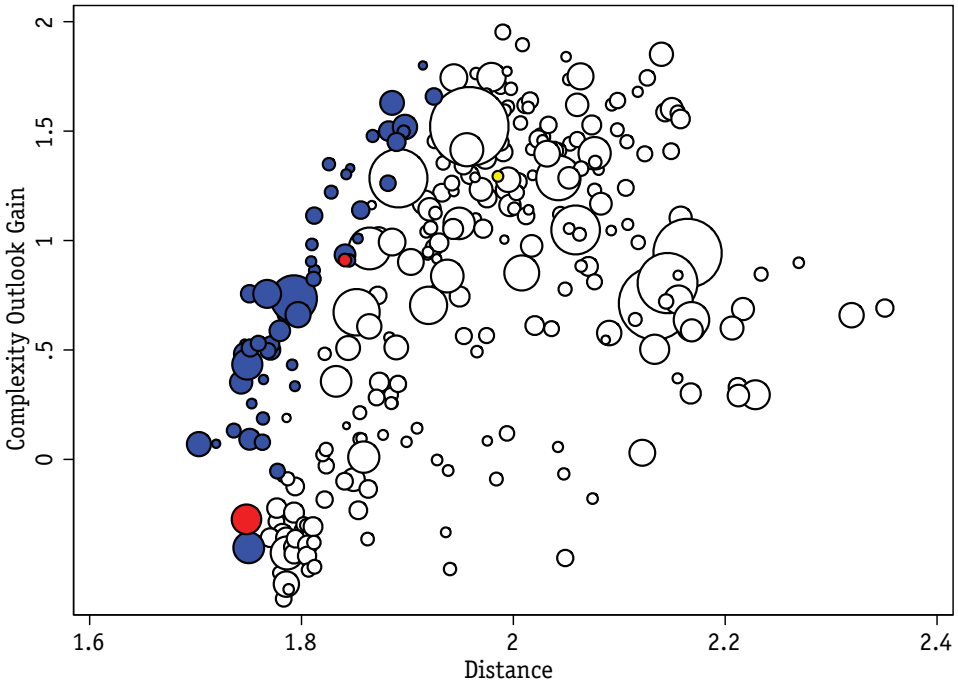
As mentioned before, when comparing the product space in 1995 and 2011 in figure 4, the position of the kingdom has worsened over time. This can also be observed by comparing products that were recommended on the target list in 2000 and 2011, by comparing figure 6 and figure 5 respectively. In year 2000, Saudi Arabia was closer to machinery and chemicals, products of high complexity and in a more strategic position in the product space, than it was by year 2011. Interestingly, many of the opportunities identified for year 2000 in the chemical and machinery clusters were not seized on by 2010.

Figure 6 **Strategic bets for Saudi Arabia**

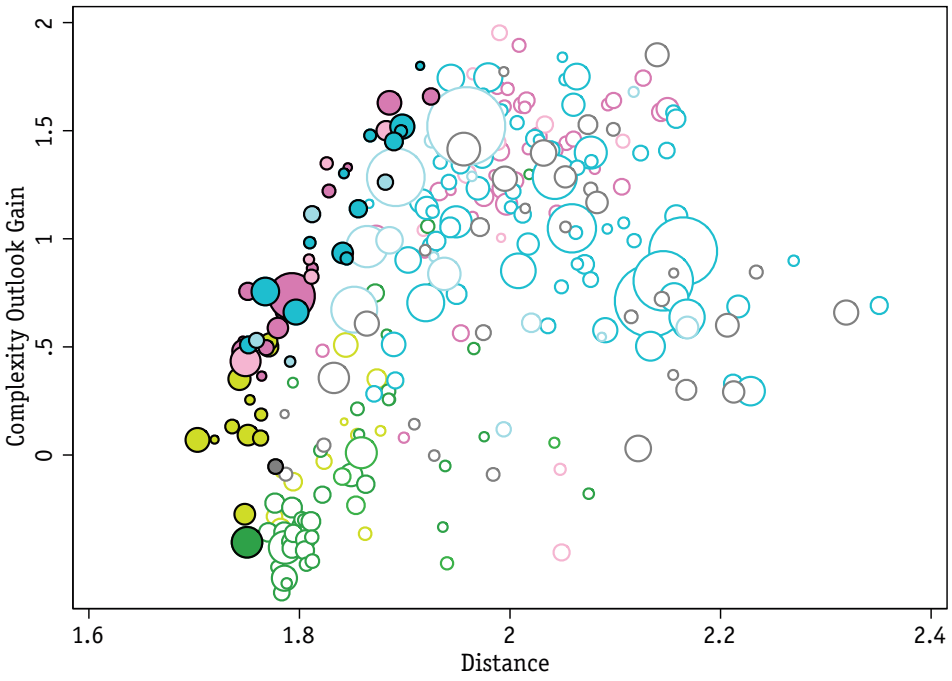
a **Complexity Outlook Gain**



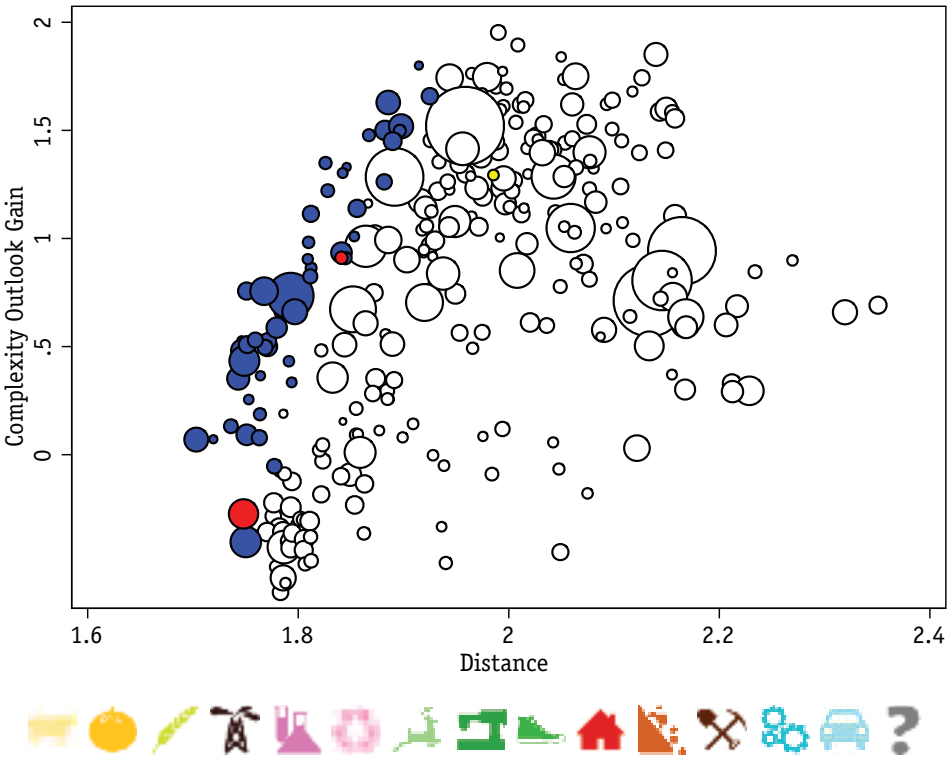
b **Complexity Outlook Gain**



c **Product Complexity Index 2000**



d **Product Complexity Index 2010**



Note **Own calculation using HS4-level trade data from United Nations COMTRADE. Node size is proportional to world trade. The nodes are colored according to the communities that they belong to in (a) and (c). In figures (b) and (d), Red nodes are conquered by Saudi Arabia and were also in our target list, Blue nodes are not conquered by Saudi Arabia and were in our target list. Finally, Yellow nodes are conquered but were not in the target list.**

Table 3 **Strategic bets for Saudi Arabia in year 2000**

HS4	Product name	RCA-2000	RCA-2010	Distance	PCI	COG	World Trade ($)	Target rank
3208	Paints and varnishes, nonaqueous	0.4	0.2	1.8	1.7	0.8	6 B	1
3405	Polishes and creams	0.4	0.6	1.7	0.6	0.5	949 M	2
8431	Parts for use with hoists and excavation machinery	0.1	0.3	1.8	1.4	0.8	19 B	3
3808	Insecticides, rodenticides, fungicides, herbicides	0.1	0.2	1.7	0.4	0.5	11 B	4
4010	Conveyor or transmission belts of vulcanized rubber	0.0	0.0	1.8	4.5	1.3	2 B	4
4011	New pneumatic tires, of rubber	0.1	0.0	1.7	0.9	0.4	24 B	6
8474	Machinery for working earth, stone, and other mineral substances	0.1	0.1	1.8	0.7	0.5	5 B	7
2208	Alcoholic preps for beverages	0.0	0.0	1.7	-0.2	0.4	11 B	8
8705	Special purpose motor vehicles	0.2	0.1	1.8	0.5	0.5	4 B	9
8546	Electrical insulators of any material	0.2	0.1	1.8	3.8	1.3	1 B	10
2103	Sauces and seasonings	0.3	0.7	1.7	-0.9	0.1	3 B	11
8903	Yachts	0.0	0.0	1.8	3.1	1.1	5 B	12

HS4	Product name	RCA-2000	RCA-2010	Distance	PCI	COG	World Trade ($)	Target rank
2402	Cigars	0.0	0.0	1.7	-1.3	0.1	13 B	13
3307	Shaving products	0.2	0.1	1.8	0.4	0.5	4 B	14
3816	Refractory cements, mortars	0.2	0.2	1.8	3.7	1.3	791 M	15
2007	Jams, jellies	0.3	0.2	1.7	-1.1	0.1	758 M	16
3214	Glaziers' putty	0.4	0.3	1.8	3.4	1.2	3 B	17
3823	Industrial monocarboxylic fatty acids; acid oils from refining; industrial fatty alcohols	0.2	0.2	1.9	5.2	1.6	13 B	18
3005	Wadding, gauze and bandages	0.3	0.2	1.8	1.5	0.7	2 B	19
8432	Agricultural, forestry machinery for soil preparation	0.1	0.1	1.8	3.0	1.0	2 B	21
2309	Preparations of a kind used in animal feeding	0.0	0.0	1.8	0.4	0.5	8 B	21
2833	Sulfates; alums; peroxosulfates (persulfates)	0.0	0.1	1.8	0.2	0.4	1 B	21
8417	Industrial or laboratory furnaces and ovens, including incinerators	0.1	0.1	1.9	4.6	1.5	2 B	23
2203	Beer	0.1	0.0	1.8	0.3	0.5	5 B	23
3304	Beauty or make-up preparations	0.0	0.0	1.8	0.4	0.6	9 B	25
2104	Soups and broths	0.2	0.7	1.8	-0.6	0.3	1 B	26
2106	Food preparations not elsewhere specified	0.3	0.2	1.8	-1.1	0.1	9 B	27
3922	Baths, shower baths, sinks, washbasins, bidets, lavatory pans, seats and covers	0.1	0.1	1.8	2.4	0.9	1 B	28
3004	Medicaments, packaged	0.1	0.1	1.8	1.4	0.7	74 B	29
8530	Electric signal, safety and traffic controls, railways, waterways, parking or airfields	0.1	0.0	1.9	5.8	1.8	761 M	30
2101	Extracts of coffee, tea or mate	0.0	0.0	1.8	-1.2	0.2	2 B	31
4002	Synthetic rubber	0.1	0.1	1.9	4.5	1.5	8 B	32
1901	Malt extract	0.1	0.1	1.8	-1.4	0.1	4 B	33
8418	Refrigerators, freezers	0.1	0.1	1.8	1.6	0.7	15 B	34
3925	Plastic builders' ware	0.1	0.1	1.8	2.2	0.8	3 B	35
8462	Machine tools for working metal by forging; machine tools for working metal by bending, folding, straightening or flattening	0.1	0.0	1.9	3.5	1.1	6 B	36
8419	Machinery, plant or laboratory equipment involving a change of temperature such as heating, cooking, roasting	0.6	0.1	1.9	4.9	1.5	14 B	37
1701	Raw sugar, cane	0.1	1.7	1.7	-3.1	-0.3	9 B	37
2835	Phosphinates and phosphonates	0.1	0.0	1.8	2.0	0.9	2 B	39
8609	Containers for carriage by one or more modes of transport	0.1	0.4	1.8	0.4	0.4	1 B	40
8455	Metal-rolling mills	0.0	0.0	1.9	4.7	1.5	2 B	41
8433	Harvesting or agricultural machinery	0.0	0.0	1.9	4.5	1.5	6 B	42
2915	Saturated acyclic monocarboxylic acids	0.1	1.0	1.9	5.3	1.7	5 B	43
8480	Molding boxes for metal foundry	0.0	0.0	1.8	2.3	0.9	9 B	44
6203	Men's suits, not knit	0.4	0.0	1.8	-3.3	-0.4	25 B	45

HS4	Product name	RCA-2000	RCA-2010	Distance	PCI	COG	World Trade ($)	Target rank
3817	Mixed alkylbenzenes and mixed alkylnaphthalenes	0.0	2.7	1.8	2.1	0.9	932 M	46
8402	Steam or other vapor generating boilers	0.3	0.0	1.8	2.8	0.9	2 B	46
9404	Mattress supports; articles of bedding	0.5	0.2	1.8	-1.7	-0.1	4 B	48
8607	Parts of railway locomotives	0.1	0.0	1.9	3.4	1.3	4 B	49
2803	Carbon, nesoi	0.0	0.0	1.9	2.0	1.0	1 B	50
5601	Wadding of textile materials	0.3	0.8	1.8	-0.2	0.3	1 B	50

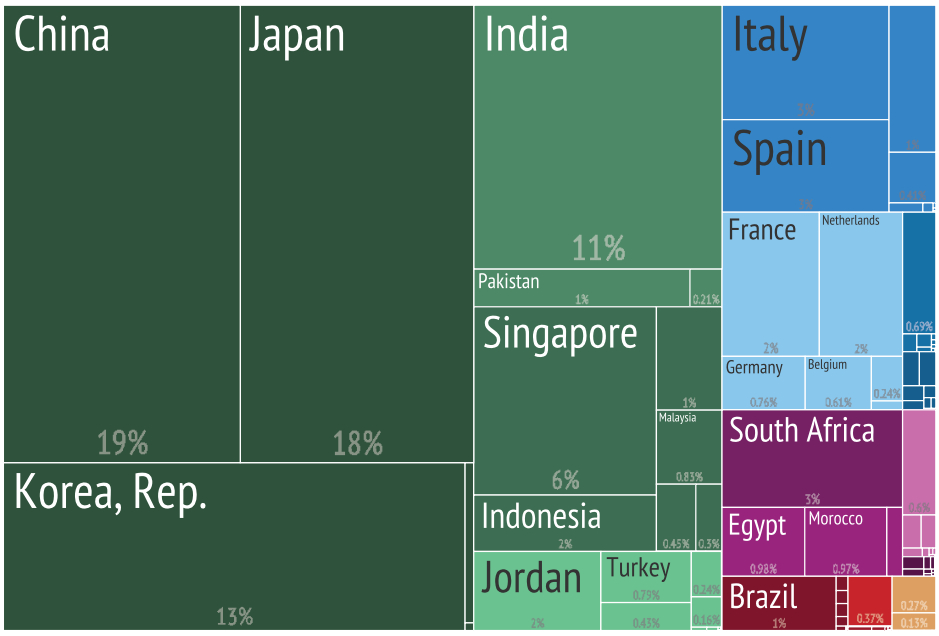
K = thousand, M = million, B = billion

Saudi Arabia's export destinations

Lastly, possible markets for the country's exports are analyzed. As can be observed in figure 7a, Saudi Arabia mainly exports to Asian countries. The two major destinations of Saudi Arabia's exports are China and Japan (accounting for 19% and 18%, respectively), followed by the Republic of Korea and India (13% and 11%). Figure 7b shows that exports to Asia have increased their relative share over time.

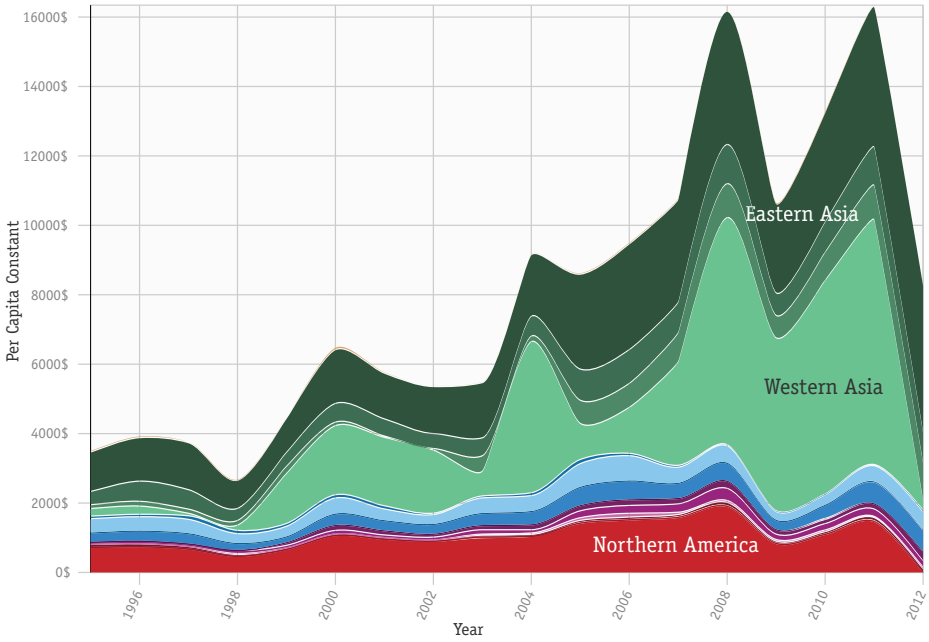
Figure 7 **Saudi Arabia trade partners (2011)**

a **Export destinations**



Saudi Arabia's exports totaling approximately $259 billion

b **Evolution of export destinations**



Note **Own calculation using HS4-level trade data from United Nations COMTRADE. Products are colored according to the communities that they belong according to the following legend:**



When taking into account the current trade of countries in eligible products versus potential, it is possible to identify top export destinations for a country. Table 4 presents potential trade with those export destination countries as well as the potential of other countries included in this report. From the table is follows that Saudi Arabia's greatest trade potential countries are France, the United States, the Netherlands, and Italy.

Table 4 **Trade potential**

Importer	Trade Health	Number of Eligible Products	Potential in Eligible Products ($)	Current Trade in Eligible Products ($)	Total Trade ($)
ARE	10.7	33	95 M	2 B	2 B
CHN	1.2	1	0 K	2 B	4 B
DEU	0.0	17	1 B	218 M	280 M
DZA	0.7	8	5 M	45 M	121 M
EGY	4.5	25	17 M	430 M	539 M
FRA	0.0	15	774 M	189 M	223 M
ITA	0.1	19	410 M	635 M	713 M
JOR	14.5	32	5 M	339 M	423 M
KWT	34.7	25	326 K	362 M	537 M
LBN	7.2	25	338 K	119 M	147 M
LBY	0.6	15	5 M	15 M	29 M
NLD	0.2	9	414 M	257 M	581 M
SYR	5.4	23	5 M	331 M	364 M
TUN	2.5	16	2 M	94 M	130 M
TUR	0.8	21	48 M	794 M	810 M
USA	0.0	6	607 M	385 M	572 M
YEM	20.7	26	445 K	208 M	259 M

K = thousand, M = million, B = billion

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