

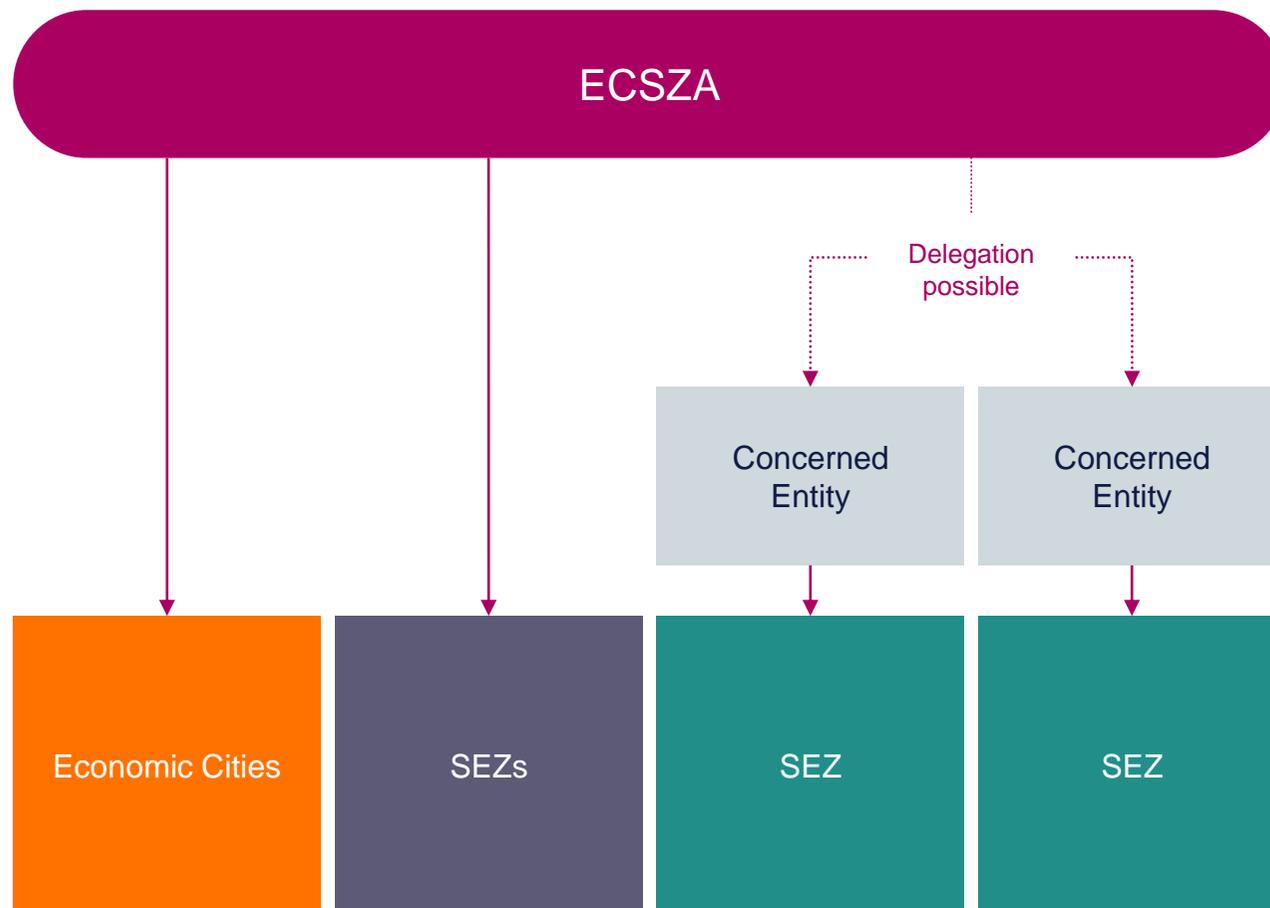


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## New Measures to Introduce Special Economic Zones in Saudi Arabia

December 2019

The Statute of the Economic Cities Authority (the Statute) has recently been amended to include the establishment and regulation of Special Economic Zones (SEZs) - a key element of the Vision 2030 strategy.



### Regulatory Structure

- The ECA is now known as the Economic Cities and Special Zones Authority (**ECSZA**)
- The ECSZA will supervise in full the economic cities and SEZs sitting directly under it, within the remits of the Statute.
- Supervisory bodies (called **Concerned Entities**) other than the ECSZA can also request the establishment of SEZs.
- A Concerned Entity can supervise and operate its SEZ, with the ECSZA in an overarching supervisory role.
- The ECSZA may delegate some of its duties to the Concerned Entity or third parties.
- Existing government authorities, such as ministries, Royal Commissions, and general authorities, may now be considering whether to apply to have an SEZ within their remit as a means to support their economic objectives.

With the ECSZA in place and facilitated by the new Statute, there is now scope to explore a range of incentive schemes to attract investors within particular geographic areas or sectors, in line with the Kingdom’s objectives and vision.

**Establishment**

The revised Statute clarifies the path to establishing new economic cities and SEZs, requiring first the approval of the Board of the ECSZA and then approval by the Council of Ministers.



**Exemptions and Incentives**

- The revised Statute permits SEZs and Economic Cities to request a range of financial and other incentives and exemptions, to be reviewed by the ECSZA and approved by the Council of Ministers.
- The types of measures provided for are consistent with the international model of an SEZ, with the typical range of measures introduced in SEZs globally including fiscal incentives; waivers or relief from customs duties and tariffs; measures aimed at easing business, such as in relation to permitting, land access, and employment requirements; and general administrative and bureaucratic streamlining.
- It may be too early to speculate on the detail of the exemptions and incentives that may be approved by the ECSZA and the Council of Ministers, but there is now scope to explore creative means to attract a range of investors to particular sectors or geographic areas within the Kingdom.

