

Saudi Arabia

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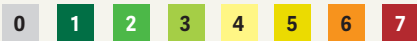
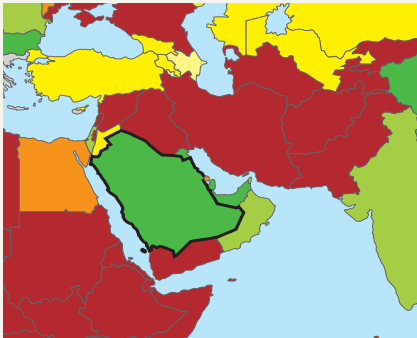
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Basic facts (2025)

Population: 36 million

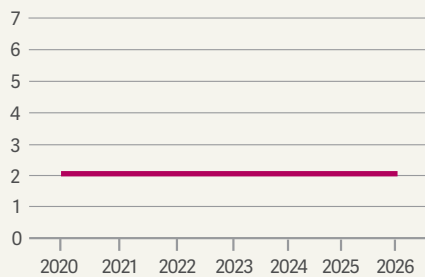
GDP, nominal: USD 1 269 billion

GDP/capita: USD 35 231



The country risk categories are arranged on a scale from 0 to 7. The lower the figure, the better the country's creditworthiness

Country classification history



Source: EKN

Strengths

- + Large oil and gas reserves
- + Strong public finances
- + Extensive reform agenda for economic diversification

Weaknesses

- Continued heavy reliance on oil revenues
- Limited transparency
- Weak fiscal discipline and payment practices in the public sector

An energy power in transition

Thanks to its large oil and gas reserves, Saudi Arabia is the world's 20th largest economy and a major energy power. The country has for many years been the world's largest exporter of oil, and the energy sector contributes around 40 per cent of GDP and roughly 60 per cent of government revenues, down from about 90 per cent ten years earlier.

Oil price forecasts for the coming years are expected to partly support continued investments aimed at increasing the non-energy sectors contribution to GDP under the Vision 2030 strategy. The objective is both to make the Saudi economy less exposed to fluctuations in global oil prices and to strengthen long-term growth potential in light of an expected long-term decline in demand for fossil fuels.

In recent years, expanded social rights have also been introduced to strengthen the country's ability to attract both capital and labour. Female labour force participation, for example, has increased by just over ten percentage points to 34 per cent over the past decade.

Saudi Arabia's country risk classification is also supported by its established position as the leading nation within OPEC+, with substantial oil production capacity that allows the country to relatively quickly increase or decrease supply and thereby influence global oil prices.

The country's fiscal position is likewise solid. Government debt relative to GDP is expected to increase somewhat in the coming years but remain fully manageable at around 40 per cent of GDP.

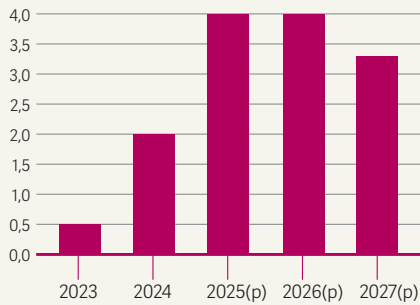
The external position is strong as a result of historical current account surpluses, although it is expected to weaken in the coming years due to large investment needs linked to the country's ongoing diversification strategy. In addition, substantial buffers are available if needed, including assets held in sovereign wealth funds.

The country's largest sovereign wealth fund, the Public Investment Fund, is among the largest in the world and has been tasked with driving the Vision 2030 strategy by establishing new companies in key sectors and initiating and implementing a number of large-scale and high-profile diversification projects in areas such as tourism, mining and ICT services. The ambition is that public investment together with improvements in the investment and business environment will trigger private investments, that can eventually play a larger role in economic growth.

At the same time, institutional conditions – including a high degree of power concentration and centralised decision-making – continue to represent risks that may lead to inefficient decision-making and unpredictability.

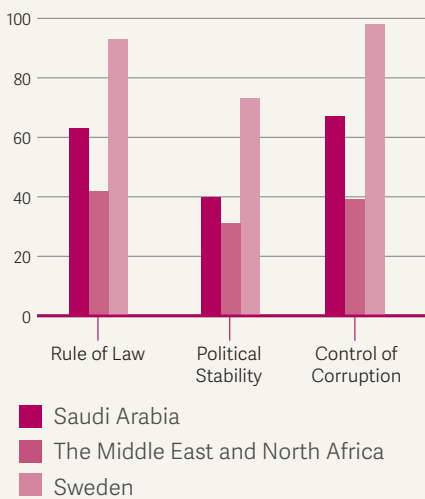
The Saudi riyal's peg to the US dollar, in place since the mid-1980s, is expected to be maintained in the long term given the dominant role of the US dollar in global oil trade.

Real GDP growth (constant prices, % per annum)



Source: IMF WEO, Macrobond

Business environment



Ranking from 0 (worst) to 100 (best)

Source: The World Bank, Macrobond

Swedish export to Saudi Arabia

Year	MSEK
2025	n/a
2024	14 473
2023	13 813
2022	13 330
2021	10 360

Source: SCB

EKN:s exposure

Category	MSEK
Guarantees	8 842
Offers	499

Diversification requires oil income

GDP growth for the current year has been gradually revised upwards as agreed oil production levels within OPEC+ have increased. The International Monetary Fund (IMF) therefore expects average annual growth of around 4.0 per cent in 2025 and 2026, stabilising at about 3.3 per cent per year in the medium to long term.

Higher oil production and growing revenues from the non-oil economy, which have tripled since 2015, will partly offset lower oil prices in 2025 and 2026. However, lower government revenues are expected to affect the pace of investment. This means that projects generating positive cash flows in the near term will be prioritised in the coming years, for example investments in tourism and infrastructure.

To be able to diversify the economy, public investment will eventually need to be complemented by private capital, which so far has played only a limited role. Foreign direct investment in Saudi Arabia, for example, averaged 1.7 per cent of GDP over the past five-year period (2020–2024), compared with 5.8 per cent in the United Arab Emirates. Overall, ongoing changes in the business environment and in society more broadly are expected to narrow the gap between the two countries over time.

Direct effects from increased US tariffs are expected to have only a limited impact on the Saudi economy, as energy imports are exempt from the general tariff quotas and non-oil exports from Saudi Arabia to the United States account for only around 0.2 per cent of GDP. Instead, the main impact comes from indirect effects in the form of weaker global demand growth, which has weighed on the Saudi economy during 2025.

The domestic political situation is stable and the country's system of government as a centralised monarchy is expected to remain in place. In September 2022, the position of prime minister was formally transferred from the king to the 39-year-old Crown Prince Mohammed bin Salman, further consolidating his position as the future heir to the throne.

During the period of heightened geopolitical tensions that has characterised the world since the outbreaks of war in Ukraine and Gaza in 2022 and 2023 respectively, as well as the attacks in the Red Sea, the Gulf countries have taken on a somewhat different role. Their production has functioned as a buffer in global oil markets by quickly compensating for supply disruptions linked to sanctions on Russian oil exports. Acting as mediators in several conflicts, these countries – including Saudi Arabia – have also taken on a stabilising and active role compared with earlier periods. The risk outlook, however, will continue to be dominated by geopolitical challenges in the region, which are expected to remain potential sources of conflict for the foreseeable future. Future tensions with neighbouring Iran may continue to negatively affect Saudi Arabia's ability to produce and export oil whilst large scale infrastructure investments are expected to limit dependency on the Strait of Hormuz for exports.

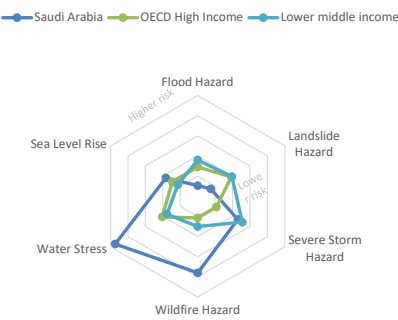
Business environment

In Transparency International's Corruption Perceptions Index, Saudi Arabia ranks 38th out of 180 countries for 2024, which is among the stronger positions in the region and represents an improvement of ten places since 2015. In Freedom

Risk profile Human Rights



Risk profile climate risks and natural disasters



The foregoing chart information was obtained from Verisk Maplecroft*

House's 2024 ranking, Saudi Arabia scores low, particularly regarding political rights.

Saudi Arabia has shown improvement in the World Bank's Governance Indicators – which measure countries' institutional capacity and business environment – placing the country above the regional average, although still considerably weaker than the region's strongest performer, the United Arab Emirates. In 2021, Saudi Arabia introduced new legislation governing commercial dispute resolution aimed at streamlining processes and bringing domestic legislation more closely in line with international practice.

Saudi Arabia and the United Arab Emirates have for several years competed to attract capital and labour from abroad. Over time, this competition is expected to lead to further improvements in the overall business environment in both economies.

Saudi Arabia's banking sector is well developed and operates within a modern regulatory framework under the supervision of the Saudi central bank (SAMA). The sector is well capitalised and has demonstrated resilience during periods of lower oil prices, supported by central bank liquidity measures. The share of non-performing loans has returned to pre-pandemic levels (just below two per cent), and banks are generally well equipped to manage credit losses. The sector is expected to benefit from the country's ongoing economic diversification, which will broaden its customer base.

In EKN's business assessment, account is taken of the risk of adverse impacts on human rights. EKN focuses on the potential impact of the activities in which the exported goods will be used. In this context, issues such as working conditions, child and forced labour, excessive use of force by security services, indigenous peoples' rights and land rights are of particular importance.

Saudi Arabia generally has a higher human rights risk profile than the group of OECD high-income countries. In terms of risks related to child labour, access to remedy and indigenous peoples' rights, risks are assessed as lower than in lower-middle-income countries. However, risk levels for the sub-indices covering security forces and human rights, occupational health and safety, and freedom of association and collective bargaining are assessed as higher.

EKN's policy

EKN classifies Saudi Arabia in country risk category 2 of 7, an assessment made jointly within the OECD framework. Normal risk assessment applies to all debtor categories except corporates. Normal risk assessment means that there are no predetermined limitations on guarantees and that transactions are assessed on their own merits without specific requirements or conditions.

During previous economic downturns, payment experience has deteriorated noticeably. For this reason, higher premium levels are applied to certain corporate risks. EKN experienced increased arrears and indemnifications following the fall in oil prices in 2014. These problems were related both to the government's limited ability to implement fiscal tightening in an orderly manner and to weakened payment willingness or capacity.

EKN's commitment and experience

EKN's guarantees include export transactions with private buyers in sectors such as telecommunications and power. During the period 2021–2025, EKN issued guarantees in 58 transactions with a total value of just over SEK 10.9 billion for Swedish companies exporting to Saudi Arabia. In terms of value, the power sector accounted for the largest share of the flow.

EKN's payment experience is mixed. After the decline in global oil prices from 2014 and the resulting deterioration in the fiscal position, public buyers exhibited weaker payment behaviour. The government began to accumulate arrears to contractors during 2015, which in turn deferred payments to foreign suppliers. EKN has experienced payment problems primarily in the construction and transport sectors. Buyers in these sectors tend to wait for payments from the public sector and therefore defer payments to their foreign suppliers.

These issues highlight the government's limited ability to implement fiscal tightening in an orderly manner and, in some cases, weaker payment willingness. Government arrears have occurred during previous oil price downturns in Saudi Arabia. Local promissory notes and bills of exchange have in several cases proven to be effective tools in addressing these issues. Claims settlements (cases where EKN indemnify the exporter for non-payment by the buyer) do occur, and of the claims that arose between 2017 and 2021, approximately half have so far been recovered.

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