

# SAUDI MILITARY INDUSTRIES HIGHLIGHTS

H1, 2021



الهيئة العامة للصناعات العسكرية  
General Authority for Military Industries



## **H.E Ahmad Al-Ohali**

**Governor, GAMI**

Self-sustenance is vital to each and every country's survival and the COVID-19 pandemic has certainly demonstrated this. Whether it be achieving food security, improving education, making healthcare more affordable for all, and securing our nation's military readiness, it is crucial for a country to be able to develop and strengthen its operational and strategic capabilities.

Under Vision 2030, Saudi Arabia has long embarked on a journey, to grow and support its local industries. The military industries sector is undoubtedly one of the most important sectors in our drive for localization and developing our indigenous capabilities.

The inception of the General Authority for Military Industries (GAMI) in 2017 was for the purpose of driving the localization targets, enhancing transparency, empowering local and foreign investors through the licensing process, and ensuring the development and implementation of appropriate regulations. This already started to bear fruits as GAMI has created the growth of an ecosystem that has more than doubled the rate of localization from 2% in 2016 to 8% in 2020. We remain on track to drive this rate up to 50% by 2030.

For a thriving local military industries sector, we have adopted three pillars at the core of our National Military Industries Sector Strategy: military acquisition, military industry, and military research & technology. While each pillar has its own fundamental purpose, all serve the same end goal: developing the necessary ecosystem to create cost efficiency, promoting localization, developing the necessary human capital, and encouraging productive research and technology work to promote innovation and sustainability.

Through the National Military Industries Sector Strategy we have identified 11 target

areas as strategic priorities, developed a research roadmap, adopted an acquisition strategy, and identified how to incentivize the enablers that will help the military industries flourish in the Kingdom.

To ensure the involvement of global defense players in this exciting process, we will be hosting a future focused World Defense Show (WDS) from March 6th to March 9th 2022, where we will be highlighting government acquisition opportunities as well as some of GAMI's frameworks. WDS will also mark a major turning point for the sector in the Kingdom, while providing investors with all the information they need on how Saudi Arabia's promising defense sector can benefit their global business expansion.

A young and thriving population, a dynamic economy, world-class research institutes – Saudi Arabia has all the right ingredients to develop itself into an advanced global military presence. With the clear guidance provided to us by Vision 2030 and the visionary leadership of The Custodian of the Two Holy Mosques King Salman bin Abdulaziz and His Royal Highness Crown Prince Mohammed bin Salman, Saudi Arabia will continue to rise as a shining star on the world stage.



# Saudi Arabia

## Macroeconomic Overview



**\$701 billion**  
nominal GDP

**#1 largest**  
market size in MENA

**G20**  
economy

**2.1% GDP**  
growth expected in 2021

**7th largest**  
largest foreign assets  
globally

Saudi Arabia is rapidly opening up its economy, among the world's top 20, to foreign and domestic investors, offering incredible opportunities for investment across a variety of largely untapped sectors.

(Source: IMF )

## The Military Industries Sector Strategy is built on three Pillars:



**Military Acquisition**



**Military Industry**



**Military Research & Technology**

## These 3 key pillars serve 5 strategic priorities:



**Strategic autonomy**



**Military readiness**



**Sustainable local military industry**

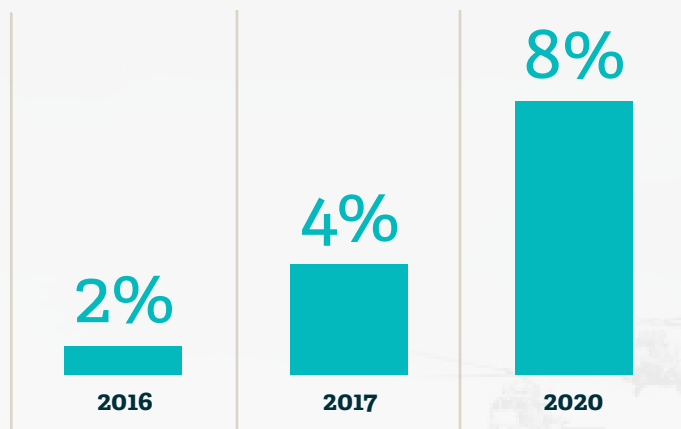


**Interoperability within and across entities**



**Transparency and efficiency of spending**

The General Authority for Military Industries (GAMI) has been instrumental since its establishment in 2017 in implementing necessary strategies to transform the Kingdom's military industries sector. Through enhancing transparency, an easy permits and licensing process, and allowing 100% ownership of foreign investments, GAMI has been able to consistently increase the number of local and international companies receiving licenses to operate in a variety of different activities including military equipment, military services, military electronics, ammunition, and others.



Saudi Arabia has multiplied its localization rate in military industries from 2% in 2016 to 4% in 2017, and to 8% in 2020.

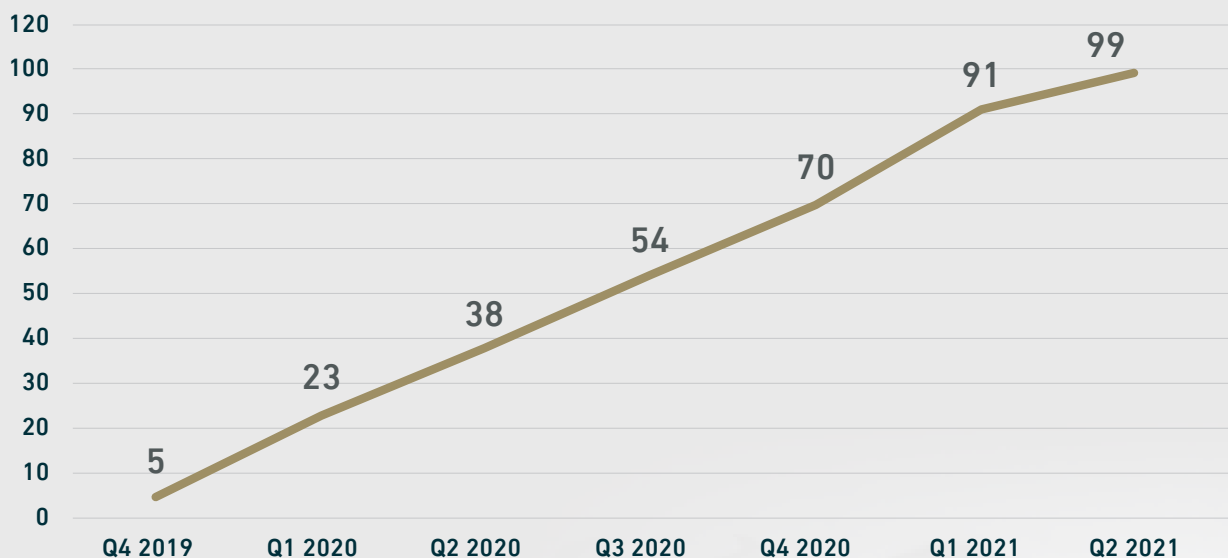


# Military Industries as of Q2 2021

## GAMI licensed companies continues to rise

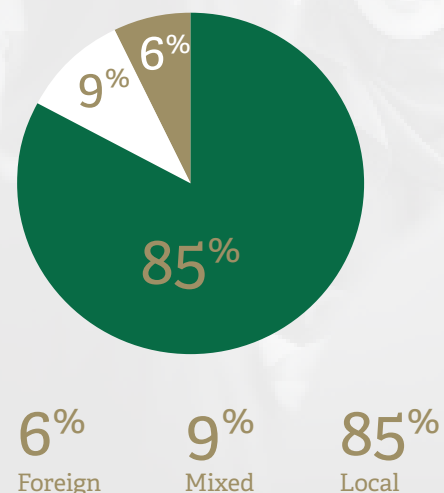
The number of companies, both local and foreign, earning licenses has continued to increase **to reach 99 companies** at the end of the first half of 2021. This reflects a sustained interest in the Kingdom's military industries sector.

## Number of GAMI licensed companies



## Local vs International companies with GAMI licenses

One key metric for the sector is the breakdown of licenses amongst local and international companies. Of the 99 companies earning licenses: 85% are local companies, while 6% are foreign companies. The remaining 9% are mixed ownership companies.



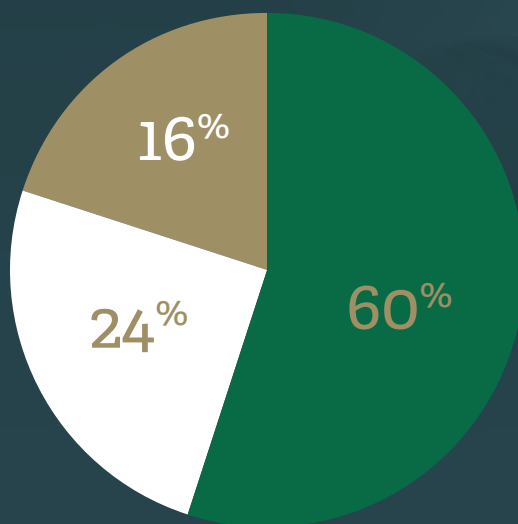
# Facts and Figures

## 99

## Companies licensed

A majority of the licenses were awarded to companies operating in the field of military manufacturing (60%), followed by military services (24%) and trading of military articles (16%).

### Licensed companies per operational areas



16%

Trading of military articles

24%

Military services

60%

Military manufacturing

# Licenses and Establishment Permits

## ESTABLISHMENT PERMITS

An establishment permit facilitates the necessary procedures to establish a company such as the company's location. It is a prerequisite to securing the necessary approvals from relevant entities, obtaining a license, and it is issued by GAMI to companies interested in manufacturing military products or providing military services

### **Establishment permit for military manufacturing**

A permit for manufacturing military products in the Kingdom while GAMI helps in expediting approvals on the official license from relevant entities

### **Establishment permit for military services:**

A permit for providing military services in the Kingdom, whereby GAMI facilitates obtaining the approvals for the official license from all relevant entities

## LICENSES

GAMI issues Licenses for companies wishing to operate in three main activities: military manufacturing, military services, and trading of military articles.

### **License for military manufacturing:**

License for developing, manufacturing, storing, promoting, selling, re-selling, leasing and testing military equipment

### **License for military services:**

License for providing military services in the Kingdom, including enhancing, operating, repairing, maintenance, restoration, and other technical services.

### **License for trading of military articles:**

License for importing military articles to Saudi Arabia for the purpose of selling, leasing, offering, promoting these articles to end users.



# SUCCESS STORIES

## Saudi Arabian Military Industries



A wholly owned subsidiary of the Public Investment Fund, Saudi Arabian Military Industries (SAMI) was established in 2017 to contribute to the Kingdom's increasing military capabilities. Since its establishment, SAMI has been investing in key areas to manufacture world-class innovative military products and provide high-quality services across its main business divisions of:



**Aeronautics**



**Land  
systems**



**Weapons  
and missiles**



**Defense  
electronics**



**Emerging  
technologies**

SAMI aims to become one of the top 25 global military companies by 2030.

## Advanced Electronics Company



Established in 1988 as a directive of the Saudi government, Advanced Electronics Company (AEC) has grown to become a regional leader in the electronics industry, and has organized its operations in defense and aerospace, information and communications technology, and energy and security business. AEC possesses a very strong ecosystem of over 70 partnerships today with the likes of Raytheon and Lockheed Martin.



**Defense and  
Aerospace**



**ICT**



**Energy**



**Security**

## Zamil Offshore Services Company

Established in 1977, Zamil Offshore has become a leading player across diversified segments of the offshore business in the Kingdom. Zamil Offshore is the first shipbuilder in Saudi Arabia, including:



### Shipbuilding

---



### Ship repair

---



### Military ship building

---



### Rig repair

---

A major contributor to increasing the Kingdom's military capabilities, Zamil Offshore Services Company has expanded its capabilities since its establishment to comprise:

## 4 Shipyards (365,000 sqm in total)

---

## 14 Docks

---

## 2 Shiplifts

---

# Key Localization Projects

## L3Harris and SAMI (2021)

---

A joint venture to accelerate SAMI's contribution to the Kingdom's military industries sector. The venture is expected to develop local capabilities in:



**Advanced  
communication  
systems**



**Sensor  
systems**



**Integrated  
mission  
systems**

## Military Industries Corporation (MIC) (2020)

---

A project to manufacture an Armored Protected Vehicle (APV): Ad Dahna. The project aims to manufacture a multi-terrain, four-wheel drive armored vehicle that can adapt to all conditions and satisfy military specifications within the Kingdom.

### Key goals of the project:

**Enhance armored vehicles  
ecosystem**

---

**Provide trainings for operators,  
technicians, and trainers**

---



## General Electric and Saudi Aerospace Engineering Industries (SAEI) (2020)

---

An agreement to train professionals in deep maintenance and repair of Early Warning Systems (EWS) and refueling of aircrafts. The joint venture will allow GE to secure inspection equipment and tools. SAEI, on the other hand, will become a licensed and certified maintenance center for these systems.

## NAVANTIA and SAMI (2019)

---

A joint venture to collaborate on Combat System Integration (CSI), which will contribute to the Kingdom's military industries sector through the transfer of technology and job creation. 60% potential localization of technical capabilities through the project.

## CMN Group and Zamil Offshore Services Company (2018)

---

Production of High Speed Interceptor (HIS) with an impressive combination of intelligence of surveillance capabilities.

**1st locally manufactured boat**

---

**Manufacturing 18 boats**

---



# The Global Stage for Defense Interoperability

## Latest updates from the World Defense Show

- 86% of space has been allocated to exhibitors including Lockheed Martin, Embraer and General Dynamics
- The second phase of construction has started at the event's 800,000 square meter site in Riyadh
- Saudi Arabian Military Industries (SAMI) announced as the strategic partner for the event

4

Trade days

600+

Media

3,000

International industry VIP's

5

Defense domains

800+

Exhibitors

2,000+

Students

45+

Countries

15+

International pavilions

Live, interactive,  
and static displays

80,000+

Visitors

85+

Military delegations

Hubs on cutting-edge defense  
technology

# Spotlight: Industrial Participation Program

- The Industrial Participation Program (IPP) was launched in 2019 as the successor of Saudi Arabia's Economic Offset Program to capitalize on existing capabilities and to generate new investments in the military industries. A cornerstone of the Kingdom's military industries sector strategy, IPP contributes greatly to enforcing policies that create huge opportunities for value creation.
- Industrial Participation is defined as an agreement between GAMI and the contractor to include local industries in delivering the supply contract, as well as building new capabilities that will contribute to reaching self-sufficiency in the targeted sectors.

## What are the IPP's objectives?



Expand the local military industries sector's base in value-added sectors



Provide a network of services and technical support for the sector



Stimulate strategic partnerships with international companies in the sector



Ensure transfer of technology and knowledge in industry, services, and R&T



Support SMEs and ensure their participation in the local supply chain



Develop trained professionals capable of working in specialized industries





## APPLY FOR A MILITARY INDUSTRIAL LICENSE TODAY

Licensing and Military Certificates Department:

Licensing portal :[licensing.gami.gov.sa](https://licensing.gami.gov.sa)

- **Phone:** +966 11 282 1022
- **WhatsApp:** +966 11 282 1022
- **Email:** [licensing@gami.gov.sa](mailto:licensing@gami.gov.sa)

Download GAMI's [Investor Guide](#) or visit GAMI's website to learn more [www.gami.gov.sa/en](https://www.gami.gov.sa/en)

For general inquiries, contact us via e-mail:

[Info@gami.gov.sa](mailto:Info@gami.gov.sa)



الهيئة العامة للصناعات العسكرية  
General Authority for Military Industries