

The role of investment in industrial cities in developing the Saudi economy

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Abstract : The importance of industrial cities stems from being an important factor in developing the industrial sector. It also helps in establishing factories and investments in the country, as it provides local and foreign investors with the infrastructure and services necessary to establish industrial projects, in addition to reducing the unemployment rate in society. Industrial cities also occupy a major place among the concerns of economic policies. In order to develop and strengthen these cities, many countries are adopting many strategies due to the great interest that the latter receives from countries around the world as the best tool for enhancing the productive and competitive capabilities of the industrial sector, in addition to its ability to activate , interconnection and economic interactions between countries and reduce the risks of competition with products. Imported. Especially with the ongoing liberalization of markets, the research aims to study the reality of investment in industrial cities and how to benefit from the Saudi experience in establishing , industrial cities with the aim of diversifying the economy and not relying on one sector to supplement the country's needs. Budgets.

Keywords: industrial cities, investment in industrial cities, Saudi Authority for Industrial Cities

Introduction: Since the late twentieth century, the economic systems in most countries of the world have shifted from controlling the public sector to giving greater priority to private sector activity in general and the industrial sector in particular, to the extent that the ability of the private industrial sector, as one of the basic components of the emergence and development of industry, is considered the basic foundation for economic growth and development, so that Most countries in the world seek to attract investments as a dynamic engine for their economies through the presence of places and regions where basic services are available, which highlights the role of industrial cities in achieving these goals, especially in attracting local and foreign investments and providing basic industrial infrastructure. Industrial cities are considered one of the most important economic projects that will develop the economic sector and eliminate economic and social problems, because they are among the best investment environments that attract industrial projects, which in turn address the problem of unemployment due to their absorptive capacity for workers at all technical levels. Industrial areas also have great economic importance in terms of The existence of intertwined industrial links due to the requirements they provide for industrial production, because they include some industrial facilities that are linked with other industrial facilities externally through industrial links that supply them with raw materials and materials or semi-manufactured goods necessary for industrial operations. It is also worth noting that industrial areas contribute to Supporting the national economy through the availability of foreign currencies by providing some local goods and products as an alternative to imported ones in hard currencies, in addition to the contribution of industrial cities and the industry's share of the gross domestic product.

Research problem:

Not long ago, the Kingdom of Saudi Arabia adopted various methods and modern mechanisms to revitalize the economy in the Kingdom and shift from a single economy that depends on oil revenues to an economy with diversified sources. These mechanisms include revitalizing and stimulating investment in industrial cities. The research problem was revealed in the following question:

Does investment in industrial cities have a developmental role to enhance the capacity of the Saudi economy?

Research hypothesis:

The basic hypothesis of the subject of the study can be stated through:

Encouraging investment in industrial cities increases their ability to create new job opportunities and raise rates of domestic product and added value to the economy

Search goal:

The research aims to study the establishment of industrial cities in the Kingdom of Saudi Arabia through:

1. Analyze and evaluate the role of industrial cities and the extent of their response to investments to reduce unemployment rates

2. Analyze and evaluate the role of industrial cities in creating added value and supplementing the gross domestic product

Research Methodology:

For the purpose of achieving the research objectives and verifying its hypothesis, we relied on the deductive approach and the inductive approach in the applied aspect, using the descriptive analytical method in studying and analyzing the indicators under research.

search limits:

- Geographical borders of the Kingdom of Saudi Arabia
- The time limits are from (2018-2022)

Search structure:

The research consists of three sections:

The first section: Investment...the concept, importance, and determinants

The second section: The theoretical framework of industrial cities

The third section: study and analysis of data on investment in industrial cities in the Kingdom.

The first section: Investment...the concept, importance, and determinants

First: the concept of investment

Investment means sacrificing current funds in order to obtain future funds, and thus the definition is linked to two dimensions: time and risk, where the sacrifice takes its place in the present and is therefore certain, while the return comes in the future, which is usually uncertain ⁽¹⁾ and is defined as the sum of investments that will achieve the actual addition. To the original capital and increase income through the ownership of assets that generate a return as a result of an individual or institution sacrificing a current benefit to obtain a future benefit ⁽²⁾. According to the Arab Investment Guarantee Corporation, it has defined it as the purchase of financing assets by individuals or institutions for use in producing a return commensurate with the size of the risk. Which he may be exposed to at a later period of time

Second: The importance of investment

Investment gains its importance from being the second determinant of the components of national income after consumption. It contributes to increasing production, providing job opportunities, improving living standards, and promoting economic growth. Most economic theories agree that investment is important in achieving economic development ⁽³⁾, and thus this leads to increased production and increased investment. Demand and consumption that achieve social well-being. This also leads to increased technological progress, which reflects positively on increased economic growth to keep pace with the stages of development witnessed by developed countries ⁽⁴⁾, and it is an important factor for the economy because it leads to better use of resources for which economic entities compete in the free market ⁽⁵⁾

Third: Determinants affecting investment:

The most important determinants that affect the effectiveness of investment are:

1. Interest rate

It is the price that is paid in exchange for obtaining loans, as the investor finances his investments through borrowing or financing. When interest rates decrease, the demand for money increases, and then investment increases. The interest rate is considered the investor's opportunity cost ⁽⁶⁾

2. Marginal adequacy of capital

What is meant by the marginal adequacy of capital is the discount rate that achieves equality between the value of capital and the sum of the present values of its future returns. If the marginal adequacy of capital is greater than the interest rate, it encourages the investor to carry out the investment process ⁽⁷⁾

¹) Muhammad Saleh Al-Hinnawi, basics of investing in the stock exchange. University House, (1997), p. 306

²) Ahmed Zakaria Siam., Principles of Investment (Volume 2), Dar Al-Manahj for Publishing and Distribution, (2003), p. 19.

³) Duraid Kamel Al-Shabib, Investment and Investment Analysis, Dar Al-Yazouri Scientific, (2016), p. 10

⁴) Muhammad Duraid Ahmed, Investment: A Reading of the Concept, Patterns, and Determinants (Volume 1), Amjad Publishing and Distribution House, (2016), p. 11.

⁵) Fedorowicz, K., & Lopatka, A. (2022). 26th International Conference on Knowledge-Based and Intelligent Information & Engineering Systems (KES 2022). The importance of investment in the development of enterprises in Poland in 2009-2008.

⁶) Mohamed Sayed Abed, Ahmed Ramadan Nemat Allah, and Iman Attia Nassef, (2003), Macroeconomic Theory. Alexandria, Egypt: University House, p. 87

3. National income

Income contributes to financing investments, and as it is known that profits represent income generated for the project, and the higher the level of this income generated, the greater its ability to finance investment. Financing the investment project is considered one of the most important factors that determine the investment decision, and investment is directly related to income. As investment increases, income increases, and vice versa. The composition of income is affected by the nature of the economic structure and the sectors that make up that economy ⁽⁸⁾

4. Size and breadth of the market

Market expansion is closely linked to investment flows, as the presence of many consumers may lead to increased demand, and the effects of economies of scale lead to lower wage costs ⁽⁹⁾.

5. The abundance of resources and the extent of technological advancement

This determinant includes the availability of raw materials as well as the low cost of labor and the availability of technology. These are all elements that can motivate investors to invest ⁽¹⁰⁾, and technical progress is considered one of the important factors that affect the level of investments through its impact on the marginal adequacy of capital ⁽¹¹⁾.

6. Inflation rates

Inflation is the continuous rise in the price level for a long period of time and at an abnormal rate. The high rate of inflation negatively affects investment because it creates an atmosphere of instability in the business sector and leads to the investor not knowing the state of the economy or the money invested in the future, and raises the degree of risk because it leads to a rise in the price level. A general decline in prices and a decrease in the purchasing power of money, affecting the determination of the real value of income and profits, and affecting the real value of invested capital, leads to a decrease in the desire to invest in a country suffering from a continuous rise in inflation rates ⁽¹²⁾.

7. Availability of focal structures and economic openness

The central infrastructure is considered an important determinant of investment activities, especially productivity ones. What is meant here by the basic infrastructure is (roads and transportation, ports, electricity, water, an advanced financial and banking system including an efficient financial market, the Internet, government applications, and electronic commerce..... Etc.) Aspects of globalization, economic openness, and freedom of trade also play an important role in increasing investment rates, especially foreign ones.

8. Tax structure

Countries use tax incentives to attract investment, as taxes affect the marginal propensity to invest through their impact on the marginal efficiency of capital, that is, through their impact on profits ⁽¹³⁾. Taxes are linked to an inverse relationship with investment. As the tax increases, the cost of investment increases, and thus this negatively affects it.

9. Degree of risk: It is the degree of uncertainty on the part of the investor about the future returns that can be obtained by the investor through his investment in a certain period, which is linked to the investment in an inverse relationship, as the degree of risk increases, the amount of investment decreases with it, but on the other hand, we find that the relationship There is a direct relationship between risk and return, and based on this, providing guarantees within the framework of laws that produce investment is a necessity, especially in developing countries ⁽¹⁴⁾.

Third: The appropriate investment environment has its components:

A: The concept of the investment environment

The concept of the investment environment has gradually developed until it includes a complex combination of factors through which it seeks to enhance the attraction of investment energies from abroad to within. The concept of the

⁷) Abdel Nasser Al-Abadi, Abdel-Halim Mahmoud Karaja, and Muhammad Al-Basha, Principles of Macroeconomics (Volume 1). Dar Safaa for Publishing and Distribution, (2000), p. 73

⁸) Khawla Boubacar and Zuleikha Ben Mohsen, Estimating the Aggregate Investment Function in Algeria for the Period 1980-2005, Master's Thesis, (2013), Algeria: Kasdi Merbah University Ouargla, p. 26

⁹) James, P. W., & Jiangyan, Y. (2010). Determinants of Foreign Direct Investment: A Sectoral and Institutional Approach. IMF Working Paper 10(187), p5

¹⁰) Ismail, C., & Burak, Ç. (n.d.). THE ECONOMICAL DETERMINANTS OF FOREIGN DIRECT INVESTMENT (FDI) IN DEVELOPING COUNTRIES AND TRANSITION ECONOMIES. The Pakistan Development Review, Vol.46,N.3, (2007),p288

¹¹) J. Ackley, Macroeconomics: Theory and Policy, translated by Atiya Mahdi Salman, 1980, Baghdad: Al-Mustansiriya University, p. 959.

¹²) Duraid Kamel Al-Shabib, Investment and Investment Analysis, 2016, Dar Al-Yazouri Scientific, p. 25

¹³) EPS-PEAKS. (2013). Taxation and Developing Countries,p9

¹⁴) Muhannad Khalifa Al-Muhammadi, and Muhammad Marzuk Khairi Al-Hayani, The impact of investment determinants in the Iraqi economy for the period 2004-2018, an econometric study. Journal of Business Economics for Applied Research, Volume 1, Issue 1, 2021, p. 120

investment environment has also been linked to the investment climate, and this concept may expand or narrow according to the policy followed in encouraging investment, as investment remains governed by two factors: the expected return and the level of risk. Accordingly, its definition was stated as follows⁽¹⁵⁾:

-The investment environment means the total circumstances and conditions that affect the movement of capital. It is also known as the conditions that constitute the environment in which the investment process takes place and the extent to which those conditions negatively or positively affect the opportunities and success of investment projects and then the movement and trends of investments. These terms and conditions include political, economic, social, security and legal aspects, as well as administrative regulation⁽¹⁶⁾.

- It is also defined as a group of economic, social, political, cultural, legal and other factors that directly or indirectly affect investment performance and profitability, such as economic policy, social and political conditions and their stability, and the legal, administrative and institutional framework that governs foreign investments. That is, the investment environment is the investment climate in which It means all conditions affecting the trends of capital flows and its employment⁽¹⁷⁾.

B: Components of the investment environment

1. Economic components

The investment climate is the result of the interaction of economic components, including infrastructure, market size, production costs, etc., in addition to non-economic components, including political, legislative, legal, and social components that may affect investor confidence and work to encourage and stimulate investment. Distributing cash profits is not enough to achieve investment and must be accompanied by a group of factors that constitute an incentive for those savings and their conversion into investment. The most prominent of these factors are: -

- Infrastructure: Infrastructure has a significant impact on the investment decision and is represented by efficient electricity supply, well-designed transportation networks, roads, ports, airports, railways, and communications networks, as well as oil and gas pipelines.

The state plays an important role in providing these services, improving the quality of services, or increasing their compliance with international standards and specifications, as one of the most important basics of investment is the necessity of providing the minimum basic infrastructure services and harnessing its resources to serve investment at moderate prices so that the investor can invest directly at competitive prices⁽¹⁸⁾.

- Market size

Market size is considered one of the basic elements for establishing or expanding investment projects. This is because the volume of production depends on the possibility of marketing it locally or abroad. When the size of the local market is large, it leads to the emergence of economies of scale, and thus the investment opportunity is better⁽¹⁹⁾.

- Financial and monetary policies and the development of the financial and banking system

The presence of stable and clear economic policies would work to attract foreign investors, because the continuous change in economic policies raises a lack of confidence among investors who care about the elements of safety and stability. What is meant by policy stability is the management of financial and monetary policies in thoughtful ways based on planning, as the presence of a banking system An advanced financial institution plays a role in deepening and expanding the process of financial intermediation in the market through financial products. The extent of banks' efficiency and their ability to provide information to the investor supports the growth of the private sector and the economic reform process⁽²⁰⁾

- Production cost (availability of labor and wage levels)

The availability of cheap labor is an incentive for foreign direct investment because lower production costs support the competitiveness of foreign companies, especially labor costs. Therefore, these companies seek to establish factories in

¹⁵) Duraïd Kamel Al Shabib, previous source, p. 38

¹⁶) Yaqoub Ali Janqi and Alamuddin Abdullah Banqa, evaluating Sudan's experience in attracting foreign direct investment and its impact on the economic situation. A research paper within the Finance and Economics Conference, Arab experiences in attracting foreign investment. Cairo: Arab Administrative Development Organization, 2006, p. 7

¹⁷) Nabil Jaafar Abdul Reda, The Investment Environment in Basra, Determinants and Aspirations, 2012, Beirut: Arab History Foundation for Printing, Publishing and Distribution, p. 20.

¹⁸) Duraïd Kamel Al-Shabib, previous source, p. 31

¹⁹) Talal Zaghba, The reality of the foreign direct investment climate in Algeria, between the obstacles and the requirements for improving the investment environment. Journal of Economic, Management and Commercial Sciences, University of Algiers, 2012, 3, Issue 7, p. 35

²⁰) Talal Zaghba, previous source, p. 206

developing countries to benefit from low wages, and countries that are characterized by relatively low wages and low production costs benefit from attracting foreign direct investment to them⁽²¹⁾

- The degree of economic openness and liberalization of international trade

Foreign direct investment is directed to countries that adhere to the principle of freedom in international trade and economic production, because removing customs barriers and various trade restrictions leads to raising the rates of international trade on the one hand, and on the other hand, leads to reducing the prices of imported goods, whether consumer or productive, as the degree of Economic openness as a ratio of exports and imports to GDP. The closer the percentage is to 100%, the more open it is to the outside world⁽²²⁾.

2 .Non-economic components: They include the following:-

- Political and security components

There is no doubt that profound and rapid political changes strongly affect the performance of the economy, especially the investment climate and its flows, whether it is related to domestic or foreign investment, as the importance of political stability maintains high and sustainable economic growth rates that lead to attracting investments, and the political and security climate is affected by several factors, The most important of which are the extent to which the country enjoys political stability, the extent to which guarantees are available against non-commercial risks, and the extent of the host country's commitment to the contents and laws of its investment and agreements concluded with investors⁽²³⁾.

- Legal components

Investors prefer to invest in countries that have a suitable legal environment to ensure profits generated from their investments. The more investment law and legislation includes a set of appropriate incentives and benefits, the more this will lead to increased investment attraction⁽²⁴⁾.

- Social and cultural components

The most important social and cultural components are the degree of cohesion of the social situation that ensures the reduction of poverty and inequality, as well as the availability of demographic elements represented by population growth, family size, and educational level, which have a significant impact on markets and institutions.

The second section: The theoretical framework of industrial cities

First: The concept of industrial cities

Industrial areas are considered a vital phenomenon at all levels and are usually called by other names such as (industrial zone, industrial settlement, industrial field, industrial zone, industrial cities), and no matter how different these names are, they refer to that area of land that includes a group of factories provided with services. And the necessary facilities, this space is divided into small sections. Each of them is allocated the establishment of a specific factory according to the types of industries to be established, their characteristics, the lands they use, and their needs for facilities and services⁽²⁵⁾. Industrial cities are defined as a piece of land belonging to a public or private authority. This plot of land is divided into small sections on which buildings are built according to the specifications of the person who will occupy them. These buildings are sold or rented to industrial investors. The industrial city provides its factories with all needs, including water, roads, electricity, and other services and infrastructure⁽²⁶⁾. Thus, the industrial city is an area of land that includes a group of factories, laboratories, and craft workshops equipped with the necessary services and facilities. This area of land is divided into small sections, each of which is allocated to establish a specific industrial project. Its uses are determined according to the basic design of the city. The types of industries that will be established, their characteristics, the lands that will be used, and their needs for this region are determined⁽²⁷⁾.

²¹) Kamal Mardoudi, Foreign Direct Investment in Different Countries - The Case of Algeria, PhD thesis, 2004, Algeria: Maamouri Constantinople University, p. 116.

²²) Muhammad Diab, International Trade in the Age of Globalization, 2010, (Volume 1), Beirut, Lebanon: Dar Al-Mahj Al-Lubani, p. 304.

²³ Khiari Zahia, The investment climate in Algeria between the evaluations of international reports and the efforts made. Shuaa Journal of Economic Studies - Volume Three, Issue Two, September 2019, p. 291

²⁴) Muhammad Tawfiq Al-Ali, Investment Legislation and Free Zones, Arab Development Prospects Symposium, Tunisia, 2005, p. 19.

²⁵) Jribi Al-Sabti, and Boukhdna Amna, Environmental Management of Industrial Estates, 2015, University of May 8, 1945, Guelma, p. 2.

²⁶) Imad Saada, the investment reality of Syrian industrial cities and the prospects for its development. Al-Baath University Journal, Faculty of Administration and Economics - Damascus University, 2014, Volume 36, Issue 1, p. 237

²⁷) Marib Hamdan, and Nada Khalifa Muhammad Ali, Environmental Impacts of the Industrial Zone in Cities. Planning and Development Magazine, Planning Center

Industrial cities are classified into⁽²⁸⁾.

1. Industrial areas according to their location:-

Based on the classification adopted by the United Nations Industrial Development Organization into:

A - Urban industrial areas are those areas that are in the middle of a neighborhood, an important urban center, or a large city with a population of more than 50,000 people.

B - Rural industrial areas, which are those areas located in cities that are rural in nature and whose population is not less than 25,000 people.

2. Industrial cities are classified according to type of activity:-

A - Multi-sector industrial cities in which industrial institutions belonging to different industrial sectors are settled, not related to each other in any way

B - Ancillary industrial zones are inhabited by small industrial enterprises operating in various sectors for the benefit of a large industrial enterprise that imports its products and works to monitor them.

T - Functional industrial cities are those cities in which industrial institutions with the same type and nature of activity are settled

3. According to the entity establishing the industrial city, it is of three types:-

A - Public sector industrial cities whose establishment is sponsored by the state, regions or states

B - Industrial cities belonging to the private sector and established by an association or joint stock company

T - Mixed industrial cities established by an association of industrialists or a group of companies with financial aid provided by the state in the form of a long-term loan.

Second: The components of the success of industrial cities

Industrial cities are of great importance to the economy of any country, and the most important components of their success are:-

A - Security and political stability: This means providing security in the lives of citizens and reducing unrest, as well as the continuity of the country's political and economic relations with other countries. The existence of internal disputes, labor unrest, rapid change of governments, and internal wars are among the reasons that lead to capital flight, as well as obstacles to attracting and encouraging local and foreign investment in the country⁽²⁹⁾.

B - Economic and investment stability: Providing the appropriate climate for investment depends on the degree of stability of economic conditions in the country. However, in the case of permanent change in macroeconomic policies, financial, monetary and trade policies are constantly unstable, and there are no clear laws regarding investment activities and the overlap of authorities and economic decisions at times. All of these matters directly or indirectly affect the performance of investors and the success of industrial cities⁽³⁰⁾.

T - Availability of legal and legislative frameworks: That is, the presence of laws and legislation that support the establishment of industrial cities, because this will in turn lead to attracting and settling investments within the industrial cities. The laws of industrial cities must be consistent with the laws and regulations of the state so that there is no conflict between the interests of the state and the investor⁽³¹⁾.

D - Qualified and cheap labor: Many successful industries depend on labor with appropriate scientific and technical qualifications and cheap labor, which are important factors for attracting investments. The level of the workforce is affected by the size of industrial cities, their activities, and their level of development. The type of labor required is affected by the type of investments established within industrial cities and the extent of their use of modern and advanced technology⁽³²⁾.

²⁸) Radhia Mubarak, Organization and management of industrial zones in Algeria, doctoral thesis, 2016, Algeria: University of Algiers 1 (Ben Youssef Ben Khaddah), pp. 27-32.

²⁹) Shaima Muayyad Al-Mansouri, previous source, p. 13

³⁰) Younis Ali, Thamang Jalal, the role of the industrial city in Sulaymaniyah - Arabat in encouraging local and foreign investments, June 2017, Journal of the Human Development University, Volume 3, Issue 2, p. 405.

³¹) Duha Salem Al-Zaydan, Evaluation of industrial projects in free zones in Iraq: special reference to the free zone in Nineveh Governorate, Master's thesis, 2004, Mosul, Iraq: University of Mosul - College of Administration and Economics, p. 64

See also:- *) Teeravaraprug, J., & Podcharathitikull, T. (2016). Factors for Success in Eco-Industrial Town Development in Thailand. World Academy of Science, Engineering and Technology International Journal of Economics and Management Engineering Vol:10, No:7.P2348

³²) Salem Abdel Hassan Rasan, feasibility studies and evaluation of economic projects, theoretical introductions and practical applications, 2020, Dar Ghaida for Publishing and Distribution, first edition, p. 35.

C - Financial resources and financing capacity: Establishing any economic activity requires capital, whether to purchase the raw materials on which the production process depends or to obtain the machinery and equipment necessary to continue the industrial production process⁽³³⁾.

H - Good and efficient marketing structure: The market is considered one of the important factors in the success of the industry and the establishment of industrial cities, whether local or foreign. In order for the marketing process to succeed, industrial cities need a lot of media and marketing competencies and work to develop a marketing strategy to achieve the goals of industrial cities and solve their marketing problems. This requires choosing an efficient and qualified administration to work in industrial cities and giving them sufficient powers to bypass routine procedures and achieve the speed factor in completion, as well as the presence of coordination between the city administration and other government departments in order to achieve non-duplication in decisions and procedures and flexibility in dealing with investors in implementing laws and avoiding administrative and bureaucratic complications. As well as determining work methods and benefiting from modern technology⁽³⁴⁾.

G - Advantages and incentives: The ability of industrial cities to attract investments is linked to the extent of the advantages and incentives they provide, especially financial, commercial, economic, service, and others. Countries differ among themselves regarding the size of incentives and exemptions granted to investors. In general, the incentives and benefits offered by countries to attract investments can be explained in the following points⁽³⁵⁾: -

1. Exemptions from taxes and fees, especially taxes imposed on capital, revenues, profits, and workers' income, and giving complete freedom to the movement of capital and profits while not subjecting imports and exports to import and export restrictions, as well as granting soft loans to industry and export projects while facilitating insurance procedures with a national or foreign insurance company.

2. Opening a bank account: The investor may open one or more bank accounts, whether with a bank inside or outside the country, provided that he does not enjoy this right until the project obtains an investment license, whether the investor is local or foreign.

3. Facilitating administrative procedures, especially with regard to work permits and transactions that take place between investment projects and relevant government agencies, without setting conditions that limit the use of foreign labor in industrial city projects, and giving specific facilities for entry and residence.

Third: The economic impact of investment in industrial cities

The speed of industrial development depends on the efficiency, number and awareness of industrial investors and the size of investment projects, which makes industrial cities an important center for attracting local and foreign investments. Industrial cities contribute to enhancing the volume of investments in the industrial sector by providing an attractive environment for investment, opening the door to export to foreign markets, and providing... High-quality infrastructure (water or sewage quality specifications, permanent roads, and electricity with housing, factories of different sizes to accommodate all types of investment activities). In addition, the use of modern technological systems in industrial cities facilitates the promotion of investment opportunities there through the media, and the most important effects are What investment in industrial cities has on the national economy⁽³⁶⁾:

1. Rational use of resources. Investment in industrial cities plays a vital role in achieving optimal use of natural resources. This is determined according to the type of industry. It depends on multiple factors (type of industry, size of the factory, time period, maintenance, work system in the factory, quantity of production, techniques used). In industrial processes, the raw materials used and other factors), investment in industrial cities can contribute to enhancing the use of clean and sustainable technology, which reduces the effects of industrial production on the environment, improves the use of natural resources, and moves to new industries aimed at expanding the application of these Technology and stimulating innovations and scientific research. Investment in industrial cities can contribute to improving waste management and reducing waste, which reduces the effects of industrial waste on the environment and contributes to using natural resources more effectively, which leads to stopping the depletion of natural resources.

³³) Rawia Hannachi, Bouaziz Nasser. (2015). The French experience in managing industrial zones. The National Forum on the rehabilitation of industrial zones in Algeria as an entry point for enhancing competitiveness and promoting exports outside hydrocarbons: reality, prospects and successful experiences. Guelma, Algeria: University of May 8, 1945 - Faculty of Economic, Commercial and Management Sciences, pp. 164-165.

³⁴) Yunus Ali, Thamang Jalal, previous source, p. 407.

³⁵) Itidal Abdul Baqi Youssef, Khalil Ibrahim Abdul, determinants of investment in industrial cities and their impact on sustainable development, Journal of Basra Studies, Supplement to Issue (48), Eighteenth Year, June 2023, pp. 643-649.

³⁶) Muhammad Ibrahim Miqdad, and Muhammad Mustafa Al-Qudra. (2009). Investment in Palestinian industrial cities: its obstacles, ambitions, and impact on providing job opportunities (a case study of Gaza Industrial City). Islamic University Journal, Human Studies Series, Volume Seventeen, Issue Two, p. 599

2. Achieving industrial integration. Industrial integration is defined as a form of industrial cooperation and coordination between different regions or countries, that is, the occurrence of cooperation relationships and interactions in industrial activity and represents a complementary relationship between them. Therefore, it is the process of developing regional and international relations and creating new relationships and joint industrial forms ⁽³⁷⁾

3. Achieving interconnection between industrial projects. Industrial interconnection means the reciprocal relationship and interconnection between the location of the projects and the sources of raw materials, necessary raw materials, or semi-manufactured goods necessary for the success of the project. The interconnection relationships between projects refer to the links that can be found between productive projects when they are established on An integrated approach in one region towards creating industrial complexes that lead to the project benefiting from external savings through the services that such complexes can provide, as the industry contributes, through the use of local resources, to creating links between it and other economic sectors such as agriculture, the transportation sector, and others. It is one of the small industrial projects that can produce parts and components that are manufactured by large industries and thus achieve interconnection between small industries and large industries, which has a positive impact in accelerating industrial growth and its sustainability⁽³⁸⁾

4. Achieving economic growth and creating added value. Industrial cities have an important impact in creating local added value and providing hard currency, but the importance varies from one country to another and from one region to another, depending on the degree of the latter's connection to activities in the region of the receiving countries. The calculation of the local added value or share is linked to Net hard currency is closely linked to calculating the raw value of exports, as it represents the best indicator of the contribution to the country's wealth. This is due to the link between the activities of industrial zones and activities located outside the regions.

5. Attracting local investments and attracting foreign investments. Industrial cities contribute to enhancing the volume of investments in the industrial sector by providing an attractive environment for investment, opening the door to export to foreign markets, providing infrastructure with high specifications, and establishing factories of different sizes to suit all types of investment activities, in addition. In addition, the use of modern technological systems in industrial cities facilitates the promotion of investment opportunities in them through various media()

6. Developing exports and expanding the size of markets. One of the most important goals of establishing industrial cities is to increase exports of industrial products in those cities, which would lead to an increase in foreign currency earnings, which is what various countries seek to achieve in order to be able to cover the costs of their imports in general and of capital goods. In particular, in addition to contributing to achieving stability in the exchange rate of the national currency

7. Dealing with modern technologies and technology transfer. The countries that establish industrial cities want the positive impact of investment in pumping new capital to extend to additionally include technology transfer and the flow of modern systems in management and international marketing. Such technology transfer will lead to accelerating the process Industrial development in non-traditional goods and efficiency development will accelerate and develop economic relations between industrial city companies and companies operating in the local market of the host country.

The third section: Study and analysis of data on investment in industrial cities in the Kingdom

First: A look at the economy of the Kingdom of Saudi Arabia

The Saudi economy is classified among the strongest economies in the world and it is a member of the G20, which includes the twenty strongest economies in the world. The strength of the Saudi economy is due to its possession of the largest reserves of global energy sources, estimated at about 260 billion barrels, and this size represents about a quarter of the world's oil reserves. The energy sector's contribution to the budget is estimated at more than 85%. In addition to the above, the Kingdom possesses other natural resources such as small mineral deposits of gold, silver, iron, and copper, in addition to zinc, tungsten, lead, sulfur, phosphate, stone, and others. The Kingdom of Saudi Arabia also has an agricultural sector in the southwest. The average annual rainfall is 400 mm, and the Kingdom is considered one of the largest producers of dates in the world. The Kingdom also produces wheat using desalinated water, but that was very expensive and for this reason wheat cultivation stopped in 2016. As for livestock, Saudi Arabia's production of livestock reached In 2018, there were approximately (16.9 million heads), including (9 million heads) of sheep, (5.5 million heads) of goats, (1.4 million heads) of camels, in addition to (1 million heads) of cows. The Kingdom imports approximately (8.5 million heads) of livestock annually. Religious tourism, represented by Hajj and Umrah, also contributes significantly to the Saudi economy, which is the second largest source of income after oil, as the jobs added by this sector exceed the number of jobs added by the oil sector. And energy, as the Hajj season

³⁷) Firas Nazim Ahmed, Abdul Zahra Al-Janabi, Industrial Integration, the Concept and Motives (Research in Theoretical Frameworks), Journal of Geographical Research, Iraq, Issue 34, 2021, p. 86

³⁸) Medhat Al-Quraishi, Industrial Economics, Dar Wael for Printing and Publishing, second edition, 2005, p. 185.

reached (40 thousand) jobs. These jobs include (drivers, barbers, butchers), etc. However, these jobs are considered temporary and end with the end of the Hajj season⁽³⁹⁾.

Second: Economic diversification and economic development in the Kingdom:

Economic diversification is considered one of the structural transformation mechanisms to achieve balanced economic development. As a result, Saudi Arabia embarked on the transformation process by focusing on a group of sectors that can be considered the engine of balanced development. The Kingdom of Saudi Arabia adopted an economic policy to achieve this that focused on the following⁽⁴⁰⁾:

1 Developing manufacturing strategies, paying attention to import-substituting industries, and encouraging private sector participation in the economic development process

2 Taking advantage of the comparative advantages of each region or region by establishing economic cities that are appropriate for each region, as the process of establishing these economic cities contributes to diversifying the economic base and increasing the contribution of different sectors to the gross domestic product, and thus creating a balanced economy⁽⁴¹⁾.

3 Supporting the private sector and attracting foreign investments through the following⁽⁴²⁾:

A- Improving the business environment and the financial sector by issuing a law on private sector participation in achieving economic development and increasing the Saudi workforce.

B- Legislating laws to encourage foreign investment, which had significant impacts, led to an increase in the contribution of foreign investment in the Saudi GDP to 5% in the year 2018. Licenses provided to foreign companies also increased by 130% in the year 2018. In addition, the year 2019 witnessed an increase in the number of Permits granted to foreign investments increased by 70% compared to the previous year

4 Focus on the strategy of industrial polarization and building industrial cities as an appropriate solution for sustainable industrial development and achieving urban renewal and future urban development of the country, with the aim of making industry have an effective role in sustaining national income with the ideas and strategy of establishing integrated industrial cities in which the components of industry and its services are available, taking into account environmental conditions, and thus entrusted To the Saudi Investment Authority to adopt these strategies, which have achieved success as a result of mutual support for economic activities and their creation of a national industrial base, and to achieve these strategic goals through several points⁽⁴³⁾: -

A - Upgrading existing or new industrial cities to become integrated urban industrial cities with services that include residential and commercial complexes, world-class communications services, hotel and banking services, vocational training centers, and special warehouses for storage, in addition to recreational areas, model factory buildings, gas stations, transportation services, and an exhibition for selling factory products and technical and commercial fields.

B- Encouraging and activating the role of the private sector in establishing and operating facilities and providing services within industrial cities

D - Delivering external services to the borders of industrial cities (electricity, water, gas, transportation roads) from the financial allocations provided by the state for these services.

E- Developing industrial investment in less developed areas and establishing the infrastructure for industrial cities that do not encourage the private sector to invest in them.

F- Improving the level of services currently provided in industrial cities that are carrying out rehabilitation work and their facilities that have expired, with the private sector participating in financing and operating under the usufruct system.

Third: The Saudi Authority for Industrial Cities and Technical Zones:*

1. The concept and formations:

It is a government body that works to develop industrial lands and integrated infrastructure in various parts of the Kingdom, and supervises private industrial complexes and cities and technology zones. It was established in 2001,

³⁹) Atef Lafi Marzouk, Economic Diversification in the Arab Gulf Countries: An Approach to Rules and Evidence, Gulf Economic Journal, Issue 24, 2013, p. 31.

⁴⁰) Amira Ayman, Recent Experiences of Economic Diversification Strategies in Developing Countries Rich in Natural Resources: An Empirical Study of the Gulf Cooperation Council Countries, International Journal of Economic Studies, Arab Democratic Center, Berlin, Germany, Issue 1, 2018, p. 132

⁴¹) Somaya Belhamri, Economic Cities as an Alternative to Oil Revenues for Economic Diversification: The Pioneering Experience in the Kingdom of Saudi Arabia, Treasures of Wisdom Publishing and Distribution Foundation, Algeria, Issue 8, 2016, p. 294

⁴²) Saudi Ministry of Economy and Planning, Annual Report on the Status of the Saudi Economy 2018, p. 27

⁴³) Lubna Rahim Turki Al-Azzawi, Urban Sustainability in Industrial Cities, Master's Thesis, University of Baghdad, College of Architecture, 2010, pp. 81,82

pursuant to a decision of the Council of Ministers, and its headquarters are located in the capital, Riyadh, where the body seeks, through the strategy it presented, to Implementing the program to develop the national industry, logistical and basic services in industrial cities and enhancing industrial productivity, thus contributing to the development of non-oil revenues, encouraging economic diversification, stimulating the private sector and providing job opportunities, as well as providing a safe environment to attract investment into the Kingdom of Saudi Arabia ⁽⁴⁴⁾. The Saudi Authority for Industrial Cities and Areas took care of Technology develops industrial lands and integrated infrastructure, and from the beginning of its establishment until the end of 2022, it supervises 36 industrial cities existing and under development in various parts of the Kingdom, divided into seven branches: (Riyadh, Al-Qassim, Al-Gharbiyah, Medina, Al-Janoub, Al-Sharqiya, and Waad Al-Shamal).

2. Services and means of support provided in those cities

The Saudi Authority for Industrial and Technical Cities provides many investment facilities and incentives to attract investors, the most prominent of which are ⁽⁴⁵⁾:

- Income tax exemptions of up to 50% for a period of 5 years, in addition to 100% foreign ownership of industrial projects in cities.
- Financial and financing support packages through the programs of the Saudi Development Bank and the International Finance Corporation.
- Providing industrial lands at competitive prices, exemptions from investment fees, and establishing investment companies electronically and within limited hours.
- The possibility of bringing in foreign talent according to the electronic visa system.
- Complete customs exemption and the establishment of logistical areas to temporarily store goods.

3. Infrastructure

Infrastructure expresses the basis on which operations are based, whether it is resources; Such as employees, buildings, equipment, roads and transportation, communications and sewage networks, and others that are considered among the basic necessities of life for citizens in a country so that the production process can be relied upon. The Authority has upgraded its industrial cities to environmentally friendly industrial cities through the Authority's investment in The environmental project is worth about 294 million riyals. It also imposed an environmental monitoring system through which the rate of air, water and soil pollution is monitored for about 90% of the factories affiliated with the cities. There are also (27) drinking water stations that produce (44,991,023 m3) and (14) industrial sewage stations that produce (27,293,392 m3). There are also (11) hospitals and health centers distributed across all industrial cities to meet the health care needs of their workers, in addition to that within the framework of Objectives of infrastructure development in industrial cities. The Authority, in cooperation with the Ministry of Communications and Information Technology, covered the industrial cities with fiber optic services and the 5G network, which contributes to creating a qualitative shift in the chain of operational processes related to production, storage, supply and distribution. It also helps in providing innovative solutions such as augmented reality technologies. Virtualization, automation, 3D printing, and robotics⁽⁴⁶⁾ In addition, the Authority has developed specific programs for housing workers near factories, where it has established residential complexes that include about (9,647) housing units with a capacity to accommodate (47,344) workers, including complexes and residential buildings "enhanced with basic services and facilities, such as (commercial centers, recreational areas, Hotels, central kitchens, restaurants that apply the highest health and environmental requirements, clubs and sports facilities, as well as banking services, gardens and parks⁽⁴⁷⁾), The industrial cities affiliated with the Saudi Authority for Industrial Estates and Refinement Zones include (30) bank branches and ATMs, through which many financial and banking operations are provided to investors, industrialists, and residents in those areas alike.

4. Transport

The Saudi Authority for Industrial Cities was able to establish and develop all transportation, storage, and shipping requirements by paving roads within the industrial cities and linking them with the Kingdom's highways and through them to the Kingdom's outlets to the world, such as ports, airports, etc., which helped reduce time and effort, where city services play a role. Industrial and technical industries play a pivotal role in attracting investments and developing the economy, as these cities provide an attractive and incubating environment for investors through the integrated infrastructure, support services, and administrative and financial facilities they provide. In 2020, the Authority was able to link technically between the Authority's cities and the General Transport Authority by linking systems and tracking The shipments thus contribute to organizing and following up on the activity of transporting goods by

⁴⁴) Digital advocacy repository, available at the link: <https://dawa.center/>

⁴⁵) Saudi Authority for Industrial Cities and Development Zones, annual report for 2020, p. 56

⁴⁶) Saudi Authority for Industrial Cities and Technology Zones, previous source, 2020, pp. 114-121

⁴⁷) Saudi Authority for Industrial Cities and Technology Zones, 2021, 28,29

shipments in the industrial cities in the Kingdom and achieving the goals of the National Industrial Development and Logistics Services Program⁽⁴⁸⁾

From the above, we note that although the Kingdom of Saudi Arabia was suffering from the problem of lack of economic diversification, it was able to develop its industrial sector through the establishment and establishment of industrial cities that contributed to achieving many achievements and huge internal projects that contributed to raising the level of performance. The Saudi economy, increasing the level of income and non-oil revenues, raising the efficiency of expenditures, in addition to increasing employment and work opportunities for citizens and encouraging the role of the private sector as a major and vital partner in achieving development.

5.The economic role of industrial cities in the Kingdom

A: Their role in providing investment opportunities, as cities contribute to providing investment opportunities according to industrial requirements, supporting entrepreneurs and owners of small, medium and large enterprises, and strengthening partnerships with relevant authorities. Within this framework, a group of services have been developed to contribute positively to reducing the time required to start the activity and serving a larger segment. The industrialists and investors of these services⁽⁴⁹⁾ are:

- Providing industrial lands as well as factories of different sizes that take into account all investment and industrial requirements
- Supporting the relocation of factories to industrial cities and providing various solutions for entrepreneurs
- Business incubators and accelerators: These focus on value-added industries that need to adopt pioneering ideas, such as the electronics, energy, electricity and food supplies industries.
- Financing solutions: The industrial cities also seek to contribute to the success and growth of small and medium enterprises by providing appropriate financing solutions that meet all the needs of various companies, in cooperation with the Saudi Industrial Development Fund and the Social Development Bank⁽⁵⁰⁾.

B. Its role in encouraging the public and private sectors to invest in industrial cities

The industrial sector is one of the sectors that receives great attention in the Kingdom of Saudi Arabia, as industry is one of the most important areas influencing the Kingdom's national economy. The Kingdom is keen to attract industrial investors to invest in various industrial projects and provides them with various services and incentives, starting with licensing industrial activity and ending with access to local markets. It also works to improve the legislative and regulatory environment, and to create incentives that contribute to attracting investors and enabling them to make the sector the first investment choice. Among these benefits and exemptions provided to industrial projects in Saudi Arabia are a good tool to stimulate industrial investors, which are as follows⁽⁵¹⁾:

- Exemptions provided to the industrial project. Advantages granted to the industrial project: According to Article (17) of the Unified Industrial Organization System, the industrial project is granted the allocation of a suitable plot of land, the rental of industrial buildings necessary for the industrial project on encouraging terms in the industrial zones established by the government, and the provision of electricity, water, fuel, energy and utilities. Others necessary for the industrial project at incentive prices
- Industrial projects that are given priority in obtaining benefits and exemptions: Under Article Sixteen of the Unified Industrial Regulation System, industrial projects established in the Kingdom of Saudi Arabia that are given priority in obtaining benefits and exemptions for industrial projects that produce goods for local consumption shall replace goods Foreign or competing with it⁽⁵²⁾.

C .Its role in developing investment contracts and the number of factories

The Authority was able to attract a number of leading companies nationally and internationally in industrial cities, being an essential part of the process of economic diversification and an important arm for expanding investments in industrial sectors. In addition, the Authority developed an initiative to stimulate partnership projects between the public and private sectors with the aim of industrial empowerment and the provision of logistical industrial services and products that achieve sustainability. Finance and enhancing levels of partnership between investment and service sectors in industrial cities. The Authority also succeeded in 2022 in offering investment opportunities to benefit from troubled projects, restart them and raise their operational efficiency using the latest technologies with the aim of benefiting from them in multiple production areas, as these troubled facilities attracted investments amounting to (720

⁴⁸) Saudi Authority for Industrial Cities and Technology Zones, 2020, previous source, p. 103

⁴⁹) Saudi Authority for Industrial Cities and Technology Zones, Annual Report for 2018, 98-100

⁵⁰) Saudi Authority for Industrial Cities and Technology Zones, annual report for 2019, p. 100

⁵¹) Saudi Ministry of Investment, available at the link <https://misa.gov.sa/ar/>

⁵²) Saudi Ministry of Investment, previous source

million). riyals) distributed among (22) industrial facilities and one residential facility in (7) affiliated industrial cities with a total area of (176 thousand square meters) and provided (1571) new job opportunities ⁽⁵³⁾.

Table (1) shows the number of investment contracts and the number of producing factories for the period from 2018 – 2022

Year	Number of investment contracts	Increase in the number of investment contracts	Number of producing factories	Increase in the number of producing factories
2018	6190	-	3474	-
2019	6301	111	3600	126
2020	6587	286	3724	124
2021	7018	431	3760	36
2022	7242	224	3904	144

The table was prepared by the researcher based on data contained in the reports of the Saudi Authority for Industrial Cities and Technology Zones for the years 2018-2022.

We note from the table(1) above that the Saudi Authority for Industrial Estates and Technology Zones was able to increase the number of investment contracts as a result of the investment opportunities and incentives it offers, as the growth rate of investment contracts in the year 2020 reached (6%) despite the presence of the economic crisis that struck the world due to the collapse of prices. International Oil and the general closure caused by the Corona pandemic. However, the Authority succeeded in attracting new contracts during this year in the fields of medicines, medical materials and their supplies. As a result, the number of producing factories for this year increased to (124) factories, added to the previous year, in addition to that and after the departure of the global economy. From the crisis that struck it and what was caused by the Corona pandemic and the return of oil prices to the world to recovery and the return of global economic activities to the rise again, which helped the Saudi Industrial Estates Authority to raise the growth rate in investment contracts to a rate of (17%) for the year 2018 by attracting Local and foreign companies to invest in Saudi industrial cities, which in turn led to an increase in the number of factories producing this year to (144) additional factories over the previous year.

D. Contributing to increasing value added and gross domestic product

Industrial cities contribute a large percentage to the Kingdom's gross domestic product as a result of the economic policies it follows in order to attract investment and operate thousands of factories, which is reflected positively in providing thousands of job opportunities, reducing unemployment, achieving economic stability, developing skills, and transferring and developing technology.

Table (2) shows the unit value added growth rate in million riyals for the period from 2018-2022

Percentage of industrial sector value added to total value added %	Value added to the industrial sector	Total value added	Non-oil activities	Oil activities	gross domestic product	year
56	1500297	2,648,714	1,157,066	1,122,304	2,729,117	2018
55	1471901	2,664,772	1,203,935	1,085,091	2,751,831	2019
54	1385678	2,545,083	1,158,900	1,012,665	2,632,363	2020
52	1401294	2,645,447	1,253,023	1,014,616	2,746,242	2021
54	1585091	2,887,707	1,321,685	1,170,657	2,984,636	2022

The table was prepared by the researcher based on ⁽⁵⁴⁾

We note from Table No. (2) that the gross domestic product and the gross value added for the year 2019 increased over the previous year, while they faced a slight decline for the year 2020 due to what we mentioned previously about the crisis being exceptional during which most industrial and economic activities of all countries, including the Kingdom, stopped. However, this decline is slight from During what we see of the increase in the GDP for the years following the year 2020, in which the added value of the industrial sector decreased by (1%) from the previous year, and the decline continued for the following year to record a rate of (52%) in 2021, but in the following year 2022, the GDP increased as well as the value. The gross added value has risen again to reach (54%) over what preceded it. As a result, we note that the percentage of what the industrial sector provides through value added, which constitutes more than half of what all economic sectors provide, highlights the pioneering role of this sector in light of the reforms that the Kingdom has pursued in order to attract... And attracting foreign and local investments.

E. Its role in achieving job and employment opportunities

⁵³) Saudi Authority for Industrial Cities and Technology Zones, previous source, p. 81

⁵⁴) Data from the Central Bank of Saudi Arabia

•General Authority for Statistics, Annual Economic Research for Institutions, Kingdom of Saudi Arabia, various issues

• World Bank data for the period (2018-2022)

Industrial cities are considered one of the most important economic projects or ideas implemented by the state with the aim of developing the industrial sector in particular and addressing social and economic problems in general, as the industrial sector is considered one of the economic sectors that most accommodates workers at various technical and scientific levels, and this is shown by the high percentage of its contribution to the output. The industrial sector also plays a major role in providing many job opportunities, in addition to qualifying and training its workers, raising technical efficiency and increasing productivity. On the other hand, its development leads to the continued growth of other sectors associated with it (). We notice from the table (3) that the percentage The number of workers in the Saudi Authority for Industrial Cities and Technology Zones constituted (4.4%) of the total number of workers in all economic activities for the year 2018, while the percentage of the number of workers in the Authority for the same year constituted (41%) of the total number of workers in the industrial sector, and this percentage continued to increase. Gradually, as we notice in the year 2020, despite the decline in the number of workers in the industrial sector as a result of what we mentioned previously about the Corona pandemic and the economic crisis that the country went through, which caused the closure of a large percentage of factories outside the Authority's work, the percentage of the number of workers in the Authority and its factories constituted (96%). Of the number of workers in the industrial sector, this came due to the continued work of the Authority and its factories as a result of the preventive measures it took to preserve the safety of its workers, as well as economic measures in order to attract more investments, which included postponing the payment of rents, as well as reducing taxes and customs exemptions on the products of factories operating in the Authority, which helped In maintaining high levels of employment compared to workers in other sectors, and after the return of economic activities to recovery for the years 2021-2022 and the return of factories outside the Authority to work, the Authority is still recording high rates of employment compared to the numbers of workers in the industrial sector and then the total number of workers in economic activities as a whole, where we notice an increase. The percentage gradually increased, reaching (54%) for the year 2021 and then (56%) of the total workers in the industrial sector, which indicates the growth of local and foreign investments and development initiatives launched by the Saudi Authority to achieve added value from the Kingdom's resources, maximize the economic impact, provide job opportunities, and contribute effectively. In supplementing the country's gross domestic product

A table(3) showing the employment sector in the Authority from 2018 – 2022

Year	The total number of workers in the country	The total number of workers existing in factories	The total number of employees of the Authority and its cities	The ratio of the number of employees in the Authority to the total number of employees in the country%	Increase in the number of employees of the Authority	Ratio of the number of workers in the Authority to the total number of workers in the factories %
1	2	3	4	5	6	7
2018	9868213	1051609	435000	4.4	-	41
2019	9517297	984453	517242	5.4	82242	52
2020	9291447	536493	517242	5.5	-	96
2021	9341130	1045145	571850	6.1	48000	54
2022	10841933	1029696	579219	5.3	13977	56

The table was prepared by the researcher based on the sources ⁽⁵⁵⁾

The table columns were created based on:

- 1.Column (3,2) based on World Bank data and reports <https://data.albankaldawli.org/>
- 2.Column (4) based on the data and reports of the Saudi Authority for the period from 2018-2022
- 3.Column (5) was created by the researcher by dividing column (3) by column (1)
- 4.Column (6) is the difference between each year and the previous year
5. Column (7) by dividing column (3) by (2)

Conclusions:

⁵⁵) Reports of the Central Bank of Saudi Arabia

- World Bank reports <https://data.albankaldawli.org/>
- Reports of the Saudi Authority for Industrial Cities and Technology Zones, various issues

Through the research, we draw a number of general conclusions that can be summarized in a number of points

1. The Kingdom of Saudi Arabia has succeeded in establishing and developing the industrial cities program, which is one of the largest industrial programs in developing and developed countries, as it represents an important part of the industrial development plan in general, through which the Kingdom has succeeded in diversifying the sources of its economy and reducing dependence on oil, as diversification is considered Economic development is one of the structural transformation mechanisms to achieve balanced economic development, and the Kingdom's government has an important role in its success, as it assumed responsibility for establishing and financing the industrial cities program and providing support for this program. In various fields through legislation and incentives that help attract local and foreign investors
2. Investment in industrial cities, whether established in developed or developing countries, is considered the basic pillar of the development process in all its aspects, whether economic, social, environmental or urban. Investment in industrial cities affects the extent of integration and interconnection between different industries, as well as enhancing the competitiveness of local exports, attracting investments and others. It has an impact by preserving the environment from industrial pollution by following the necessary environmental methods and measures. It is also concerned with providing job opportunities to reduce unemployment and thus raising the standard of living of workers. It is also concerned with urban development through developing infrastructure and paying attention to the surrounding areas.
3. There are several basics and strategies extracted from the Kingdom's experience that can be adopted by many entities and countries, whether developing or developed, through which they will be able to establish advanced industrial cities similar to their counterparts in the Kingdom of Saudi Arabia.

Recommendations:

The research comes out with a set of recommendations that many countries, especially rentier ones, can benefit from from the experience of the Kingdom of Saudi Arabia in investing in industrial cities through its concern:

1. Diversifying the economic base by working to encourage investment in industrial cities to raise the percentage of industrial sectors' contribution to the gross domestic product, increase the added value of those sectors, provide job opportunities, and reduce dependence on oil revenues.
2. Support and encourage the private sector for the purpose of actively contributing to the advancement of industry and supporting other economic sectors in changing the industrial reality.
3. Develop a detailed strategy for city work that overcomes all existing obstacles
4. Enacting the necessary legislation to attract local and foreign investors to contribute to the development of various economic sectors

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