



Human Resources and  
Social Development

## Procedural Guide

# Decision on Localization of Outlets of 7 Economic Activities



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## Introduction and Purpose

As the Ministry of Human Resources and Social Development (HRSD) seeks to provide productive and suitable job opportunities for citizens in different regions of the Kingdom of Saudi Arabia and increase their participation rate in labor market, so the Minister of Labor and Social Development issued Ministerial Decision No. (208819) dated 23/11/1443 AH on Localization of Outlets of 7 Economic Activities at the rate of 70% of outlet's workers.

The Ministerial Decision is one of localization resolutions on which HRSD has worked in cooperation, partnership and integration with government agencies and private sector to provide an appropriate work environment for national human resources and increase their participation rate in private sector in line with Localization Strategy with the aim of developing human capital and enhancing its contribution in economic ecosystem.

This Guide explains details of Localization Resolution, including sub-activities, general conditions and support programs that HRSD ecosystem provides, in addition to FAQs.

## Definitions

Localization Decision	The Minister of Human Resources and Social Development Decision No. (208819) dated 23/11/1443 AH on Localization of Outlets of 7 Economic Activities.
Localization Ratios	The rate of Saudi workers in outlets out of total number of Saudi or non-Saudi workers in the same outlet.
Sale Outlet	The place where goods or commodities are sold to retail and wholesale customers, including stores, exhibitions, commercial markets, kiosks, and similar outlet.
Targeted Enterprises	Outlets of economic activities defined herein.
Grace Period	The interval between the Ministerial Decision issuance date and the date of application and execution thereof. The enterprise may, during such period, modify its conditions.
Execution Period	The period during which the enterprise complies with execution of the Resolution, as the enterprise may be subject to legal actions and penalties in case of failure to comply with localization rate stipulated in this Decision (see the mechanism of applying penalties and legal actions).
Support and Employment	Support and Employment Programs provided by Human Resources and Social Development Ecosystem to stimulate and support the Sector.

## General Conditions of Localization Decision

- Localizing 70% of workers in the outlet, provided that Outlet Manager is a Saudi worker. This Decision shall apply to all outlets in enterprises that operate according to the activities defined herein.
- The Decision shall apply to outlets on an area of 200 meters or more be limited to following activities:
  1. Outlets of Security and Safety Equipment
  2. Outlets of Pneumatic and Hunting Weapons and Trip Supplies
- In case outlets are targeted in previous or later resolutions, the higher localization rate shall apply.
- Only one expert shall be excluded in the below determined activities, in addition to 30% of outlet's workers, provided that the expert is working in the outlet.

Activities for which only one expert is excluded, provided that the expert does not perform sale activity:

1. Sale of Catering Services' Tools and Equipment
2. Security and Safety Equipment
3. Sale of Water Purification Devices, Equipment and Kit
4. Elevators, Escalators and Conveyor Belts

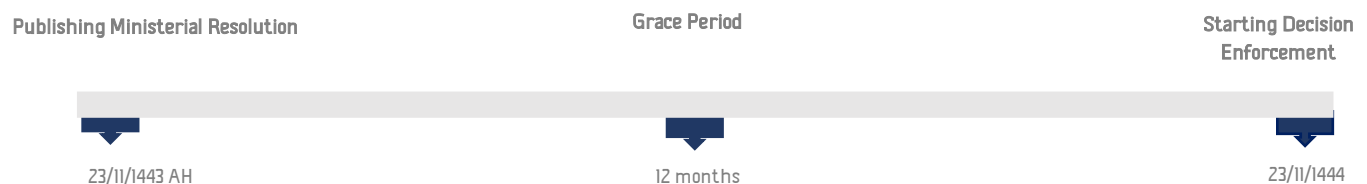
### Uniform of Excluded Occupations

Abiding by wearing uniform designated for workers of excluded occupations (expert), provided that worker's occupation is written on uniform's back, while observing Ministerial Decision No. 164091 dated 14/11/1441 AH related to organizing workers' uniform.

### Mechanism of Calculating Localization Rates

When calculating number of Saudi workers out of outlet's total workers, rounding shall be made ( $\geq 0.49$  shall be rounded to zero, and  $\leq 0.5$  shall be rounded to 1).

### Decision Execution Date and Grace Period



## Targeted Activities

The National Classification for the Economic Activities (ISIC4) issued by the General Authority for Statistics “GASTAT” was adopted. In addition, any violating enterprise operating in the same activity, while having a commercial register or a different municipal license, shall be subject to legal penalties in cooperation with the relevant government agencies.

### 1. Outlets of Security and Safety Equipment

Activity Code	Activity Description
475960	Retail sale of security systems, such as locking devices, safes, and vaults
465965	Wholesale of civil protection devices, including heavy machines and equipment of buildings collapses accidents, earthquakes and individual safety
477338	Retail sale of civil protection equipment, including heavy equipment and machinery used to intervene in accidents of buildings collapses and earthquakes, as well as individuals' protection methods
465935	wholesale of traffic safety devices
477355	Retail sale of traffic safety devices
465963	wholesale of fire protection equipment
477333	Retail of fire protection devices and equipment
465966	Wholesale of early warning sirens and control centers
477348	Retail sale of sirens and their control stations
465933	wholesale of security devices
477336	Retail sale and installation of security equipment
465964	Wholesale of fire and rescue equipment
477334	Retail sale of fire and rescue equipment
469050	Wholesale of safety, fire and industrial security equipment including wholesale filling of fire extinguishers without transformations
475980	Retail sale of safety, fire and industrial security equipment including filling of fire extinguishers without transformations

## 2. Outlets of Elevators, Escalators and Conveyor Belts

Activity Code	Activity Description
465981	Wholesale of elevators, escalators and conveyor belts <sup>Ⓜ</sup>
477388	Retail sale of elevators, escalators and conveyor belts

## 3. Outlets of Artificial Turf and Swimming Pools

Activity Code	Activity Description
477353	Retail sale and installation of artificial turf
477382	Retail sale and installation of prefabricated swimming <sup>Ⓜ</sup> pools

## 4. Outlets of Water Purification Equipment and Navigation Devices

Activity Code	Activity Description
477383	Retail sale of water purification devices, equipment and kit
477314	Retail sale of measuring and monitoring devices and navigation devices and equipment

## 5. Outlets of Catering Equipment and Electric Trolleys

Activity Code	Activity Description
465931	Wholesale of electric trolleys, wheelchairs and golf cars
476391	Retail of electric trolleys, wheelchairs and golf cars
477322	Retail sale of catering services' tools and equipment (including catering equipment at hotels, hospitals, ) ..etc.

## 6. Outlets of Pneumatic and Hunting Weapons and Trip Supplies

Activity Code	Activity Description
461052	Wholesale of pneumatic and hunting weapons
476314	Retail sale of air weapons and hunting weapons
477393	Retail and wholesale of weapons and ammunition
461054	Wholesale and retail of individual firearms, hunting weapons and their accessories
476315	Retail and wholesale of trips and hunting supplies
476312	Retail and wholesale of camping goods
475150	Retail and wholesale of tents

## 7. Outlets of Packing Equipment and Tools

Activity Code	Activity Description
465994	Wholesale of packing equipment
477374	Retail sale of packing equipment
829208	Thermal packaging of electronic devices
829202	furniture wrapping
829201	luggage wrapping
829203	parcel-packing and gift-wrapping



## Mechanism for Implementation of Penalties and Legal Actions

In the event an enterprise does not abide by the required localization rates, HRSD shall take all procedures necessary for ensuring that the enterprises abide by this Resolution. In addition, penalties shall apply against enterprises that violate provisions of this Decision in accordance with Schedule of Violations and Penalties issued by Ministerial Decision No. (92768) dated 05/05/1443 AH, while observing any amendments thereto. In addition, HRSD shall take all other procedures necessary for ensuring execution of the Ministerial Resolution.

## Support and Employment programs

A comprehensive set of incentives and support aimed at encouraging the private sector to employ Saudi nationals will be offered. The support packages will include the following benefits:

1. Supporting the employment process and facilitating search for suitable workers.
2. Supporting the necessary training and qualification processes.
3. Supporting the employment process and job stability for Saudi nationals.
4. Providing priority of accessing and utilizing all available localization support programs within the system.

## FAQS

1. Does this Decision contradict any previous localization or feminization resolutions?

This Decision does not contradict in any way the previous resolutions on localization or feminization of activities.

2. Does this Decision contradict the Decision on Localization of Closed Commercial Complexes?

In case of different localization rates, the higher rate shall apply.

3. Shall the Decision be applied in all regions of KSA or in large cities only?

Yes, in all regions according to the Resolution. In addition, the higher rate shall apply if there is a Decision related to a specific region.

4. Are non-Saudi workers allowed to work in the outlets?

They are allowed, provided that the rate of 30% allocated for non-Saudi workers in the outlet is not exceeded.

5. When will control over outlets begin regarding activities defined in the Resolution?

Starting from the date determined for executing Localization Resolution.

6. Is it possible to take advantage of HRSD services throughout grace period?

Yes, it is possible to take advantage of HRSD services throughout grace period

7. Does the Decision apply to only economic activities set out in the National Classification for the Economic Activities (ISIC4) or to enterprise's actual activity?

The Decision shall apply to the economic activities set out in in the National Classification for the Economic Activities (ISIC4) and enterprise's actual activity.

8. Does the Decision include tent tailoring stores?

The Decision does not include tent tailoring activity in this phase.

9. Does the Decision include stores specified for maintenance only?

In this phase, maintenance stores are excluded from this Resolution. In addition, it is necessary to localize the outlets.

10. Do outlets of packing equipment and tools include packing activities?

In this phase, packing activities are excluded in case such outlets do not sell packing equipment and tools.

11. Shall workers' contracts of localized occupations be on a full-time basis?

The Saudi workers required to be employed in the outlet, who have a contractual relationship with the employer to mainly perform a work in return for wage, may have contracts in any pattern (full time - part time - flexible "on hourly basis") according to the determined conditions.

12. Is it possible that the worker required to be employed in the outlet has a flexible employment contract "work on hourly basis"?

Yes, the worker may be employed in the outlet according to a flexible "on hourly basis" employment contract, provided that the contract is valid and attested through flexible work "MRN" Platform <https://mrn.sa>

13. Will localization rates be amended in the future?

HRSD works on reducing unemployment and contributing to providing suitable jobs for Saudi citizens through many initiatives to be launched. To this end, HRSD periodically reviews the required localization rates by counting number of graduates, jobseekers and market uptake to ensure the automatic engagement of graduates into labor market.



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