

IN THIS EDITION ...

A new expansionary budget, prospects of higher oil prices, stronger non-oil sector growth, and fiscal resilience point to Saudi Arabia being poised for economic growth next year.

Already, green shoots of recovery are sprouting, with the kingdom's non-oil private sector sentiment showing rapid improvement.

IHS Markit's September data shows the economy's continued path to recovery after the coronavirus pandemic lockdown. Indices for output, new business and exports all signalled renewed expansions at the end of the third quarter.

Business activity was supported by a return to sales growth as the economy started to find its footing after the COVID-19 lockdown.

"Despite some businesses continuing to see a drag from ongoing restrictions, most companies saw market conditions improve. In addition, the impact of a rise in VAT notably softened, after a sharp rise in prices and a dip in sales were seen in August. Cost inflation eased to just a marginal pace," IHS said.

Saudi companies are also reporting a rise in new work from both foreign and domestic clients, while unemployment levels eased amid more work and drop in inventories. They were also optimistic of an increase in output over the coming year.

With global economic indicators such as PMIs, exports and GDP and job growth in the third quarter surpassing expectations in most countries, there is a sense that the global economy is finding a way to handle the pandemic even as it persists.

The International Monetary Fund now expects global growth to decline 4.4% this year, a less severe contraction than its previous forecast in June. The IMF added that global GDP will likely rise 5.2% in 2021.

"Progress with vaccines and treatments, as well as changes in the workplace and by consumers to reduce transmission, may allow activity to return more rapidly to pre-pandemic levels than currently projected, without triggering repeated waves of infection," the IMF said in its October economic outlook.

Extension of fiscal countermeasures into 2021 could also lift growth above the forecast, which factors in only the measures implemented and announced so far.

With global economic prospects still largely uncertain, the Saudi government is right to focus on developing expansionary project that generate jobs and economic activity.



ECONOMIC TRENDS

The 2021 budget will support initiatives that promote fiscal sustainability, structural reforms, and social developments.

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OIL AND GAS

In the next 25 years, the black gold will continue to account for the lion's share of global energy mix as consumption increases.

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PROJECTS

The government is partnering with the private sector to boost investment in multi-sectoral infrastructure projects.

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TOURISM

By investing in the sector, authorities aim to strengthen the services industry, create more jobs, attract international travellers, and promote the country's heritage.

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SME

The kingdom's start-up scene is booming, drawing regional and international investors and enabling entrepreneurs to reach their potential.

[Read More...](#)



TRANSPORT

Upgrading the port will help support industrial growth initiatives under the government's Saudi Vision 2030 agenda.

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SAUDI BOOSTS ECONOMIC RECOVERY WITH NEW BUDGET



Saudi Arabia's budget for 2021 will accelerate economic and fiscal reforms in line with its Vision 2030.

The [Ministry of Finance](#) said the newly announced budget aims to support the continued implementation of the Vision Realization Program, while also supporting services, social benefits and subsidy scheme for citizens.

The ministry expects the economy to rebound 3.2% in 2021, from a decline of 3.8% in 2020, on the back of rising economic activity, an improved trade balance with its partners and easing of global lockdown measures.

"This comes alongside other government initiatives that support fiscal stability, and the persistent effort by the government to implement medium- and long-term structural reforms aimed at achieving economic diversification and fiscal sustainability within the framework of the Saudi Vision 2030," the ministry [said](#).

The government expects total revenues to rise SAR 846 billion in 2021, an increase of 9.8% compared to 2020, while revenues will be reined in to SAR 990 billion next year, compared to just over SAR 1 trillion this year. That would leave the kingdom with a budget deficit of SAR 145 billion, nearly half of the 2020 deficit.

As a percentage of GDP, debt would stand at 32.9% in 2021, compared to 34.4% in 2020.

The target is to gradually reduce the budget deficit over the medium term to reach 0.4% of GDP by 2023.

After declines in the first quarter and second quarter of the year, the third quarter is expected to see a rebound.

The Ministry of Finance noted that monthly economic indicators witnessed a significant improvement during the quarter due to the gradual reopening of economic activities last June, which were reflected in the local demand indicators mainly private consumption and some production indicators.

"Several sectors resumed activities at higher levels, supported by government-implemented measures, including the extension of some stimulus measures for one month in July," the ministry [said](#).

"Also, the careful resumption in economic activities helped contain the spread of the virus, thus continuing the gradual return of economic activities without having to reimpose precautionary and lockdown measures, as [what] happened in some other countries."

SAUDI PRIVATE SECTOR REBOUNDS

Like the rest of the world, the current growth rates in Saudi Arabia reflect the lockdowns and slowdown in the economy. The kingdom's GDP declined 7% in the second quarter, on the back of an 8.2% contraction in non-oil economy and 5.3% drop in the oil sector, according to the [General Authority for Statistics](#).

The [labour market](#) also saw unemployment reach 15.4% in the second quarter, but it is expected to rebound as businesses reopen and economic activity resumes.

The new plans unveiled by Saudi authorities should ensure that the recent data is a blip and normalcy will resume.

Investor confidence also remains high, with Moody's Investors Service assigning a A1/Aaa.sa rating to the kingdom's domestic sukuk issuance programme.

"It also reflects the effectiveness of structural reforms and financial and economic policies aimed at enhancing, diversifying and sustaining economic growth to achieve comprehensive economic and social

development," said [Mohammed Al-Jadaan](#), minister of finance, acting minister of economy and planning, and the head of the Financial Sector Development Program.

"These positive estimates from credit rating agencies confirm the great confidence in the Saudi economy, the strength of the kingdom's financial status and its ability to continue growth and face challenges, especially in light of the difficult crises and exceptional circumstances the world is currently witnessing."

ESG ON THE RADAR

Reducing carbon emissions, raising corporate governance standards and generating inclusive growth (social licence) are also emerging as new ways to unlock growth in the Saudi economy.

A new [survey](#) by HSBC Middle East reveals that 36% of investors in the region have firm-wide policies around environmental, social and governance (ESG) issues, with Saudi institutions demonstrating above-average commitment to responsible investing principles.

Saudi Electricity Corp.'s landmark issuance of a [USD 1.3 billion green sukuk](#) in September, highlights the desire of large Saudi corporations to protect the environment, fulfil their social commitments and boost their governance standards.

Overall, 93% of Middle East equity and bond issuers said ESG issues were important to them, however only 65% of regional investors shared that sentiment in the survey. A third of the regional institutions surveyed said that ESG was "very important" – and that sentiment stood at an elevated 43% among Saudi institutions.

The global COVID-19 pandemic has further accelerated engagement with ESG issues in the Middle East.

"Above-average proportions of issuers (44% versus the 41% global average) and investors (30% versus 29%) now believe more strongly than before in the importance of becoming sustainable or considering ESG issues in investing," the survey noted. "Saudi investors have particularly increased their ESG focus."

OIL MARKET OPTIMISM PREVAILS ON DEMAND FORECAST

The global oil industry is going through a period of low activity, but its future prospects remain intact, according to a new report by the Organization of the Petroleum Exporting Countries (OPEC).

The group's new [World Oil Outlook 2045](#), published in September, notes that the global economy will more than double the size of its current levels in the next 25 years, and will continue to be fuelled by oil and gas resources, while the global population will reach 9.5 billion by 2045, compared to 7.7 billion in 2019.

"Oil will remain the fuel with the largest share of the global energy mix until 2045," the group said in its report. "Healthy growth rates are expected especially over the medium-term horizon, resulting in oil demand reaching the level of 94.4 million barrels of oil equivalent per day (boepd) in 2025 and further progressing to 99.5 million boepd in 2045."

The oil industry meets more than 31% of global energy demand and is projected to remain the largest contributor to the energy mix in the next 25 years, accounting for more than 27%, followed by gas, about 25%, and coal, almost 20%, the group predicts.

In fact, the industry will need to accelerate investments to meet global oil demand, future upstream spending will need to average USD 380 billion each year over the long term, which translate to USD 9.9 trillion.

"Added to USD 1.5 trillion for the downstream, and USD 1.2 trillion in the midstream, cumulative oil-related investment requirements over the long-term will be USD 12.6 trillion," OPEC estimated.

Investment in OPEC member countries will need to step up, rising from an average requirement of USD 32.4 billion in the 2020-2025 period, to nearly USD 70 billion per annum in 2041-2045.

As non-OPEC production retreats due to higher costs, OPEC will step in to fill the gap. OPEC liquids supply will increase from 33.8 million bpd in 2019 to 43.9 million bpd in 2045, resulting in member countries' share of global liquids rising to 40% by 2045, from its market share of 34% in 2019.

All told, global demand will rise almost 10 million bpd to 109 million bpd by 2045.

OPEC members' oil production will rise 10.1% from 2019 to 2045, while non-OPEC will grow 0.4% during the same period, amid a slowdown in US shale oil production.



DEMAND SIDE ECONOMICS

On the consumption side, China will lead demand, rising annually by 1.4% over the next 25 years to require 14.4 million bpd. India will also be a major consumer, with demand in the world's second most populous country rising 1% annually until 2045.

Other Asia (0.9% annual growth rate) will also be a major demand centre. OPEC countries will see consumption surging 0.8% annually.

"Considering high fluctuations during the medium-term period, average incremental demand to 2025 is projected at around 0.7 mbpd per annum." A comparable rate of growth is also expected in the period to 2030.

"This, however, will change quite significantly during the next five-year period as the decline in the OECD accelerates and demand growth in the non-OECD region starts to decelerate. To sum up, global oil demand will grow at relatively healthy rates during the first part of the forecast period before demand plateaus during the second half," the group said.

ARAMCO'S AMMONIA BET

In a landmark move, [Saudi Aramco](#) exported its first blue ammonia shipment to Japan. The company announced that 40 tonnes of high-grade blue ammonia have already been dispatched to Japan for use

in zero-carbon power generation.

The Saudi-Japan blue ammonia [supply network demonstration spanned the full value chain](#), including the conversion of hydrocarbons to hydrogen and then to ammonia, as well as the capture of associated carbon dioxide (CO₂) emissions, the company said.

Companies involved in the project include Aramco unit Saudi Arabian Basic Industries Corp. (SABIC) and Mitsubishi Corporation, which is represented on the Institute of Energy Economics, Japan study team in partnership with JGC Corporation, Mitsubishi Heavy Industries Engineering, Ltd., Mitsubishi Shipbuilding Co., Ltd. and UBE Industries, Ltd.

"The announcement comes amid growing appreciation of the role hydrogen will play in the global energy system," the company said. "Ammonia, a compound consisting of three parts hydrogen and one part nitrogen, can contribute to addressing the challenge of meeting the world's growing energy needs in a reliable, affordable and sustainable manner."

SAUDI'S MEGA-PROJECTS SHOW NO SIGN OF SLOWING DOWN

The Saudi government's 2021 budget suggests there will be renewed focus on infrastructure and critical project investments in a bid to drive economic growth.

"Plans include continuing to spend on mega-projects and VRPs, including the Housing Program and the Quality of Life Program. In addition, private sector development programmes envisaged to continue through stimulus packages in 2021 and shall provide more opportunities for the private sector to participate in investment projects and infrastructure development projects," the Ministry of Finance [said](#).

The focus on housing will increase the country's economic base and help more Saudi families achieve the goal of home ownership. The housing programme has already secured 411,000 contracts, with outstanding real estate loans of SAR 371 billion.

The Quality of Life programme also features a number of projects, which will position the kingdom as a regional pioneer in upgrading existing infrastructure to raise living standards of residents and citizens. The programme also aims to expand green and cultural spaces in key cities such as Riyadh, Jeddah, Makkah and Madinah.

Another major area of focus is the privatisation programme, which envisions to raise private sector's GDP contribution to 60% by 2030, from its current level of 40%.

"In 2020, the first phase of privatising the flour milling sector was completed, which included selling all shares of the first and third companies of the four milling companies to strategic private investors," the ministry [said](#). "The second phase of selling assets of the second and fourth companies is underway."

Next year, the privatisation programme will focus on supporting Public Private Partnerships (PPPs) at the domestic and international levels. A key area would be attracting private sector interest in the healthcare sector and encouraging private investments to finance and develop educational buildings through PPPs.

"The initiatives also include several privatisation projects in the environment, water and agriculture sectors, the municipalities sector, and the telecom and information technology sector," the ministry [added](#).

The Financial Sector Development Program will also see further progress in developing the country's financial market, facilitating financing of key projects and raising financial institutions' role in supporting private sector growth.



PROJECT SAUDI

The first half of the year saw 506 new foreign investment projects being licensed, slightly lower than the 586 projects licensed during the same period last year, but still way ahead of previous years, especially considering the challenges faced by the global economy in the first half of the year.

According to the [Ministry of Investment of Saudi Arabia](#), the sectors of education, financial services, and housing continued to see the highest number of new foreign investment projects, followed by the industrial and manufacturing, and ICT sectors.

"Investments by newly licensed industrial factories amounted to USD 581 million in June, according to data released by the Ministry of Industry and Mineral Resources. The 118 new factories are expected to

generate 2,516 jobs," [MISA](#) noted. "Following a clear slowdown from March to May, June data shows a sharp rebound in non-oil manufacturing investments."

Other major projects are also making progress. NEOM, Saudi Arabia's first fully integrated smart city, signed a USD 5 billion deal with the kingdom's ACWA Power and Air Products, the US chemical industry company, to build a world-scale green hydrogen-based ammonia production facility for export to global markets.

"Harnessing the unique profile of NEOM's sun and wind to convert water to hydrogen, this project will yield a totally clean source of energy on a massive scale and will save the world over three million tonnes of CO2 emissions annually and eliminate smog-forming emissions and other pollutants from the equivalent of over 700,000 cars," said Seifi Ghasemi, chairman, president and chief executive officer for [Air Products](#).

NEOM has also started work on creating a cognitive city that rely on leading technology for digital services after signing a contract with STC group to establish a 5G network infrastructure.

"NEOM's next generation cognitive cities will support its cutting-edge urban environments, improving the lives of residents and businesses far beyond the capabilities of today's smart cities," the [company](#) said. "NEOM will use one of the most advanced 5G technology in the world, to enable the proactive exchange and analysis of data between NEOM residents and city infrastructure."

Meanwhile, US infrastructure consulting firm [AECOM](#), has been appointed to design transport and utilities backbone infrastructure for NEOM. In addition to design services, AECOM's scope will also include environmental and geotechnical support.

The contract builds on AECOM's appointment in July 2019 to provide project management consultancy services for the first phase of the NEOM project.

SAUDI INVESTS USD 810BN TO TRANSFORM TOURISM

The Saudi tourism industry is poised for a massive expansion.

A new report by the [Middle East and North Africa Leisure & Attractions Council](#) (MENALAC) estimates investments in the kingdom's tourism projects will reach USD 810 billion by 2030, as part of the Saudi government's overarching ambition to build a robust services industry and leverage its heritage and cultural sites.

The government aims to raise tourism's contribution to GDP to 10%, providing one million new jobs and welcoming 100 million visitors by 2030.

MENALAC estimates that the Public Investment Fund, the kingdom's sovereign wealth fund, will expand its investment in leisure projects from 2.9% in 2020 to 6% by 2030, with tourism revenues expected to exceed USD 37 billion by the end of 2020.

"Mega tourism projects being developed by Public Investment Fund will be spread over an area of more than 64,634 sqkm, with a value exceeding USD 810 billion," Saudi Commission for Tourism and National Heritage (SCTH), the country's tourism regulator, said.

Projects such as Qiddiya Entertainment City, The Red Sea Project, AMAALA, Al Ula, King Salman Park and Riyadh Sport Boulevard, are expected to be completed in 2030.

In July, developer [Qiddiya Investment Company](#), backed by PIF, awarded a SAR 700 million infrastructure contract to Saudi Arabia-based Shibh Al Jazira Contracting Company (SAJCO) for work related to roads and bridges.

"Although 2020 has presented some unprecedented circumstances, Qiddiya has proudly sustained a 'business as usual' protocol, signing our second major construction contract with SAJCO and achieving yet another major construction milestone for this year," Michael Reininger, chief executive of Qiddiya, said.

Meanwhile, the [Red Sea Development Co.](#), which is building a massive tourism project on the kingdom's west coast, awarded its largest value contract for airside infrastructure works for the destination's international airport, set to open in 2022.

The contract was awarded following a competitive tendering process to a joint venture between leading Saudi contractors Nesma & Partners Contracting Co. Ltd and Almbani General Contractors.

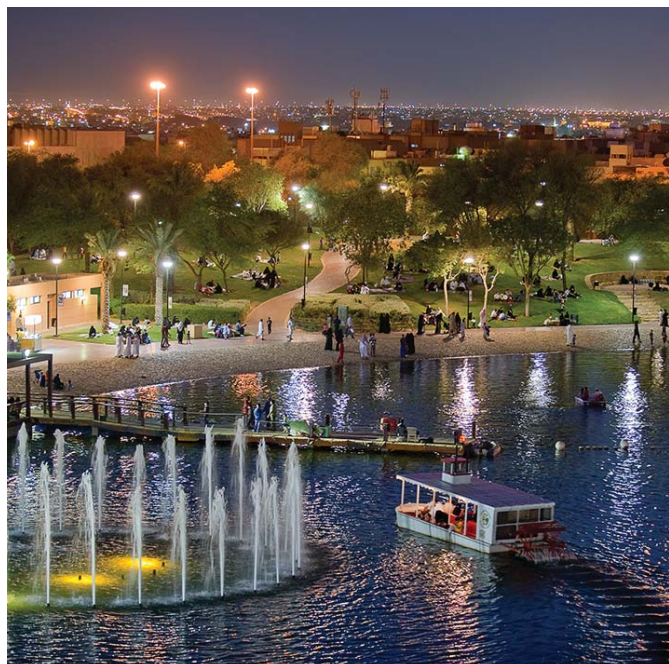
FACILITATING TOURISM

Earlier this year, the Ministry of Tourism embarked on a rebranding exercise, with the "Welcome, World" motto that coincided with the kingdom launching new tourist visas for visitors from 49 countries, either through its e-platform or upon arrival. The facility is offered to holders of Schengen visa, U.S. visa and the U.K. visa. The [Ministry](#) said so far more than 400,000 tourist visas have been issued.

In February, the [ministry](#) had launched a new package of e-services, which included issuing licenses for several tourist activities within two minutes, compared to 150 days previously and without the need for any paper transaction.

Investors can now visit the website TLG.scth.gov.sa to issue licenses for several tourist activities such as booking accommodation units or expeditions.

In September, the kingdom received a major vote of confidence when the United Nation's [World Tourism Organization](#) (UNWTO) signed a deal



to establish a regional office for the Middle East in the capital city of Riyadh.

"This step comes within the importance of developing the sector of tourism and implementing the organisation's activities in the Middle East under the supervision of the UNWTO secretary general. This office is an integral part of the World Tourism Organization," according to the [ministry](#). "The organisation will manage the office from its headquarters in Madrid, Spain."

Saudi Arabia is also making an impact internationally on furthering the cause of the global tourism industry as president of the G20 group this year.

In October, the G20 issued a strong communique, praising the kingdom's leadership during the tourism industry's worst crisis.

"We welcome the progress achieved during Saudi Arabia's G20 Presidency on key topics, including global commitments made in response to the COVID-19 pandemic, the progression of inclusive community development through tourism, and the advancement of safe and seamless travel and improved traveller experience," the [joint statement](#) noted.

Some of the key issues such as promoting the use of digital traveller identity and biometrics, inclusive and sustainable tourism in the G20 communique dovetail with Saudi Arabia's own tourism plans.

Supporting capacity building, investing for seamless travel and recognising the key role played by the private sector, were also identified as important to boost tourism.

"The number of international tourist arrivals in 2019 was 1.5 billion with expected growth, pre COVID-19, to reach 1.8 billion by 2030 (UNWTO, 2019)," the [communique](#) read. "It is now paramount more than ever to guide the sector to ensure sustainable and inclusive development through strong and effective international dialogue and governance."

SAUDI START-UPS SHINE ON THE GLOBAL STAGE

In a promising development, six Saudi start-ups [qualified](#) for the Entrepreneurship World Cup (EWC).

The EWC is hosted by the Misk Global Forum, Global Entrepreneurship Network and The Global Education & Leadership Foundation, and backed by a number of global partners including GSVlabs, Entrepreneurs' Organization, TechCrunch, the King Abdullah University of Science and Technology (KAUST), WebCongress and Endeavor.

Overall, 100 companies from around the world were selected to compete in the EWC Global Finals that are taking place at the Misk Global Forum. As many as 35 finalists are from Asia, 17 from Europe, 15 from South America, 13 from North America, 10 from Africa, eight from the Middle East and two from Oceania. The event received 175,000 entrants from 200 countries.

INNOVATIVE COMPANIES

The Saudi leg of the [EWC](#) saw Talon Dust Control, a KAUST-based company that provides dust control and soil stabilisation solutions to customers in the GCC and MENA, taking the top prize.

Edama Organic Solutions, which develops organic waste recycling solutions designed specifically for desert climate conditions, secured the second place.

BrightSign, a developer of a smart glove that can translate any form of sign language to any language, to help people with hearing and speech disabilities, won third place.

Upskillable, a people analytics company that helps employers make smart recruitment and people development decisions, was fourth.

PereGrine Genomics, a company that leverages big data and advanced analytics, such as artificial intelligence, to deliver accurate and effective healthcare to society on a personalised basis, was ranked fifth.

Miqyas, a start-up that maximises efficiency for fashion e-commerce companies by giving customers confidence in the accuracy of online sizes, was sixth.

The winning Saudi start-ups received a cash prize of USD 50,000 each. More than 15,000 Saudi start-ups applied to take part in the national finals, and all of them were provided free online services through the EWC platform.

The EWC offers a total of USD 1 million in cash prizes to the global winners, plus a combined USD 85 million worth of in-kind support for the top 100 global finalists, apart from investment opportunities and services from leading partners.

"Due to challenges brought by COVID-19, we had to find creative ways to overcome challenges," said Dr Badr AlBadr, CEO of Misk Foundation. "We've pushed harder to deliver digitally an even better experience than last year. Thanks to the virtual format, we have around 75% more people engaged and connected."

FINTECH ON FAST TRACK

[Fintech Saudi](#), launched by the Saudi Arabian Monetary Authority (SAMA) in collaboration with the Capital Market Authority in 2018, also introduced a new initiative to boost start-ups in the fintech space.

Powered by start-up platform Flat6Labs, the intensive three-month programme will provide up to 10 fintech firms with the best practices, resources, and tools they need to develop and scale their solution-driven businesses.

"The Fintech Accelerator is an important milestone for Fintech Saudi. Over the last year, we have seen a threefold increase in the number of fintech companies operating in Saudi Arabia and we want this trend to continue and contribute to the goals of Saudi Vision 2030," [said](#) Nejouad Al Mulaik, director of Fintech Saudi.

"We are therefore delighted to collaborate with Flat6Labs to launch the Fintech Accelerator programme that will provide entrepreneurs with the key skills, support, and access they need to grow their fintech business in the kingdom."

[Fintech Saudi](#) expects the kingdom's fintech market to reach transaction values of more than USD 33 billion by 2023.

The pandemic has accelerated demand for fintech services, with the number of smart phone payment transactions in the country surging 352% to 19.7 million in April 2020, compared to 4.4 million during the same period last year, [SAMA](#) said.

Meanwhile, [AstroLabs](#), one of the first international business incubators licensed in the kingdom, is also nurturing the growth of SMEs. In October, the incubator launched [setupinsaudi.com](#), a centralised online source of curated, up-to-date information on setting up a 100% foreign-owned entity in the country.



"Setupinsaudi.com lists a 16-step setup process, detailed information on requirements, and offers a dedicated specialised operations team in Riyadh to manage end-to-end processes for businesses, making their expansion journey seamless and hassle-free," the [company](#) said.

AstroLabs has partnered with Saudi Arabia's Ministry of Investment and has helped more than 60 companies with a combined value of more than USD 5 billion to enter the Saudi market.

SAUDI CONTINUES TO BUILD ON DAMMAM'S HUB STATUS

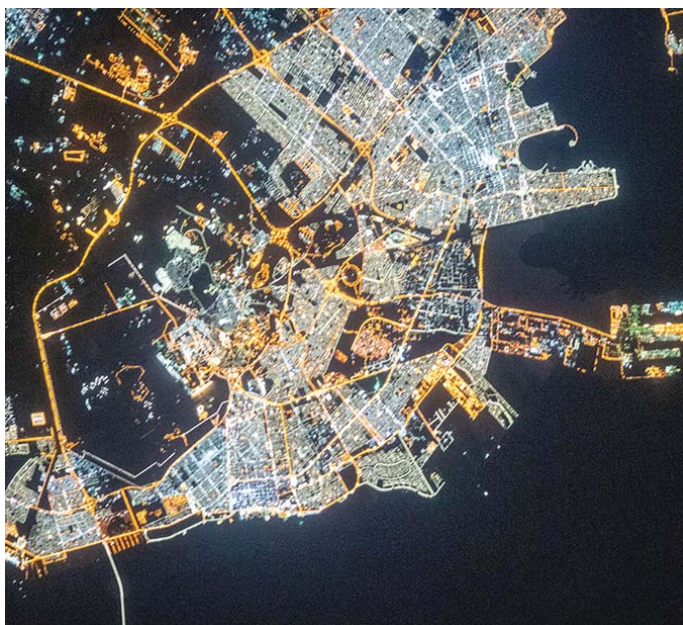
In a landmark development for the kingdom's transportation sector, the [Saudi Global Ports Company](#) (SGP), assumed management of King Abdulaziz Port Dammam's two container terminals in September.

The handover of the First Container Terminal from Saudi Ports Authority, or Mawani, to SGP was done following the signing of the 30-year build, operate and transfer (BOT) agreement between the two companies in April.

"The smooth transition within a short timeline under the pandemic situation is phenomenal. The positive relationship will be the catalyst to accelerate the developments to elevate the seaport and logistics capabilities of Dammam to support the industrial growth initiatives under Saudi Vision 2030," [said](#) Abdulla Zamil, chairman of SGP.

SGP is a joint venture between Saudi Arabia's Public Investment Fund (PIF) and Singapore-based PSA International (PSA), one of the world's largest port operators.

The SGP terminal will be equipped with the latest equipment and technology to serve the fast growing economy of the kingdom and the regional economies of the Arabian Peninsula, and transform Dammam



into a preferred port of call. The port is located close to the kingdom's capital city and financial centre Riyadh, and boasts strong road, rail and air connections to the rest of the country.

Since the handover, SGP and Mawani have been collaborating on ensuring workforce retention, transfer of assets, and working in tandem with Tabadul and Customs Authority. In addition to the transfer of equipment from Mawani, SGP has advanced the purchase and commissioning of more than 200 new handling equipment to facilitate smooth operations at both terminals.

"SGP's development and modernisation plans will integrate both container terminals into a mega container hub, capable of competing globally and well positioned for the future. When the planned expansion works are fully completed, KAPD's annual container handling capacity will increase to an estimated 7.5 million twenty-foot equivalent units," SGP [said](#).

BUILDING A LOGISTICS HUB

The company plans to invest SAR [7 billion](#) (USD 1.8 billion) on the facility, which is expected to be the largest seaport investment by a single operator under a public private partnership in the kingdom.

"As both a shareholder and technical partner, PSA is committed to providing its expertise and leveraging its resources towards the transformation of King Abdulaziz Port into a global mega hub, with modern and robust infrastructure, and through the cultivation of a strong Saudi workforce," [said](#) Wan Chee Foong, regional CEO of Middle East South Asia, PSA International.

The move is part of an overall effort to accelerate the [National Industrial Development and Logistics programme](#), part of the overarching Saudi Vision 2030 initiative that aims to transform the kingdom into a major industrial power and an international logistics platform.

The multi-billion project will focus on upgrading, developing and expanding industries, mining, energy and logistics sector. Part of that agenda is to privatise seaports, airports and railway operations as well, and attract private sector and world-class international companies into the sector.

EXPORTS REBOUND

The pandemic has clearly hurt global trade this year and the figures coming out of Saudi Arabia were no exception, with its merchandise

exports down 53.6% during the second quarter compared to the same period last year, according to the [General Authority for Statistics](#).

However, July trade data suggests green shoots of recovery are sprouting again.

The kingdom's oil exports reached SAR 33.714 billion in July – its best performance since February, according to [GStats](#). The exports were 25% higher than June's data, but 46.4% lower than in June 2019.

Non-oil exports also enjoyed their best run since February, and ended up SAR 17.4 billion for the month, up 5% from June; the figures were down just over 8% compared to the same period last year.

China, Japan, South Korea, India and the UAE were the kingdom's top five export destinations, and virtually all of them (with the exception of South Korea) registered higher growth compared to June.

The monthly increase in exports point to strong economic growth and an overall improvement in trade flows, not only in the oil sector, but also in the non-oil exports segment.

Imports also fell 30.5% in July to reach SAR 37.6 billion, compared to the same period last year.

The kingdom's trade surplus in July stood at SAR 13.4 billion, after falling in deficit in June.

The World Trade Organization forecasts a [9.2%](#) decline in the volume of world merchandise trade for 2020, which will be followed by a 7.2% rise in 2021.

As is evident in Saudi export data, global trade has also seen higher flows.

"The performance of trade for the year to date exceeded expectations due to a surge in June and July as lockdowns were eased and economic activity accelerated," the [WTO](#) said in a statement. "The pace of expansion could slow sharply once pent-up demand is exhausted and business inventories have been replenished. More negative outcomes are possible if there is a resurgence of COVID 19 in the fourth quarter."

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