

IN THIS EDITION ...

New business-friendly policies and a spate of fresh infrastructure developments have boosted investor sentiment in the country.

The pace of development and changes taking place in Saudi Arabia has been breathtaking. New reforms, businesses and projects are being announced, proposed and advanced as authorities seek to achieve the goals and targets set out in Saudi Vision 2030.

Much of it will be driven by the private sector and international companies attracted to the country's changing business environment.

Apart from hosting the G20 Summit in November, the kingdom is also looking to host the first ever global Foreign Direct Investment Summit in Riyadh in October 2020 in collaboration with the UN Conference on Trade and Development (UNCTAD).

The conference, attracting some of the world's biggest investment institutions, will allow Saudi Arabia to highlight the reforms and investment opportunities on its shores. The kingdom rose 30 places in the World Bank's annual survey of business competitiveness among 190 countries, and was the top reforming country – the highest ranking since the bank launched the survey two decades ago.

Not surprisingly, Saudi business executives remain in an upbeat mood, despite the coronavirus threat, regional tensions and moderate global economic growth.

A new survey by management consultancy [KPMG Al Fozan & Partners](#) finds Saudi CEOs confident about their country, industry, and their businesses, as they adapt to three avenues for growth: expanding in emerging markets, promoting a culture of innovation, and investing in technology.

An overwhelming 98% of Saudi CEOs surveyed said they were confident about their company's growth prospects, compared to 92% in the previous year. And at least 80% of the CEOs were looking to increase their workforce by up to 5% over the next three years.

As many as 72% of CEOs (up from 52% in 2018) believe that their organisation is actively disrupting the sector in which they operate, rather than waiting to be disrupted by the competitors, while 66% of the chief executives agree that their growth will depend on their ability to challenge and disrupt the sector.

"The global economy has become more uncertain and fragile... It is understandable that confidence in the global economy has dropped with the CEOs. Domestically, on the other hand, the Saudi government continues its effort to implement [several reforms]," Dr. Hussain Abusaaq, chief economist and head of research at [KPMG](#) Saudi Arabia, said in the report.



ECONOMIC TRENDS

New projects worth billions of dollars have made the kingdom an attractive destination for investors.

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MINING

The country, which has an abundance of untapped natural resources, will introduce new initiatives to make investing in the sector more enticing.

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RETAIL

The industry shows immense growth potential, as it courts investors, promotes economic activity and generates jobs for nationals.

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FOOD MANUFACTURING

A rapidly expanding population and growing demand for halal products have boosted the country's potential to produce and export food.

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SME

Fresh capital continues to pour into the country's promising entrepreneurs and small business owners.

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TRANSPORT

Authorities are putting their foot on the accelerator, as they push ahead with plans to privatise the country's transportation sector.

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FOREIGN INVESTORS SET SIGHTS ON SAUDI OPPORTUNITIES



The Saudi economy continues to attract foreign investors, drawn to the kingdom's long-term prospects and wealth of opportunities.

The [Saudi Arabian General Investment Authority](#) data shows more than 1,130 foreign companies entering the Saudi market last year, a 45% increase over the previous year.

A separate report by the [Saudi Contractors Authority](#) noted that there were more than 850 projects with an estimated value exceeding SAR 600 billion, most of which will implement the initiatives and goals of the kingdom's Vision 2030.

The flow of new projects should help propel GDP growth, which stood at 0.46% at constant prices in the second quarter of 2019.

Key drivers of the economy were wholesale and retail trade (up 5.78%), construction (up 4.90%), and transport, storage and information and communication (up 6.36%). Overall, non-oil sector expanded 2.94% in the second quarter, surpassing the 2.47% in the second quarter of 2018, as economic activity picked up.

Credit card loans, a good measure of the health of the local economy and consumer sentiment, surged to SAR 18.28 billion in the third quarter of 2019, a 9.3% increase from SAR 16.7 billion at the end of second quarter of the same year.

Consumers were also taking on more loans, with SAR 324.7 billion piled up by the end of the third quarter, compared to SAR 321 billion in the previous quarter – an increase of 1.15%, central bank data shows.

PRIVATE SECTOR CONFIDENCE BOUNCES

Business sentiment is also rising, with purchasing manager index data showing January signalled an overall improvement in business across the kingdom's non-oil private sector.

"Non-oil firms in Saudi Arabia are optimistic about the business outlook for 2020," said [Markit](#), which tracks business sentiment across the world.

Other data points to a resurgence in business sentiment. In December 2019, point-of-sales transactions rose 23%, compared to 2018, as consumers absorbed the value added tax and began spending again.

Bank assets also rose to a record SAR 3.9 trillion, its highest level in five years, according to [Saudi Arabian Monetary Authority data](#).

Loans to the private sector reached its highest level in years to SAR 1.55 trillion by the end of 2019, SAMA data shows.

Loans to agriculture and fishing, mining and quarrying, commerce, transport and communications, finances, services and government increased, while manufacturing and construction contracted, compared to the previous year.

Saudi Arabia also saw mortgage financing surge to a record 170,275 contracts at the end of last year, compared to 46,885 in 2018. Total value of mortgage in housing stood at SAR 59.6 billion, apartments SAR 8.9 billion and land SAR 5.4 billion. Indeed, the last month of 2019 saw record contracts of 22,414 valued at SAR 9.3 billion – another record.

ECONOMIC GROWTH

The World Bank estimates Saudi Arabia's GDP growth rate likely reached 0.4% in 2019 before rising to an average of 2.1% over 2020-2021.

"The global economy's gradual stabilisation at a forecast growth rate of 2.5% in 2021 should boost oil demand and stabilise oil prices at USD 59 per barrel in 2020-21," the [bank](#) said.

Economic reforms, which have characterised the Saudi economy over the past few years, is also expected to generate organic growth over the next few years.

Meanwhile, the [International Monetary Fund](#) has noted that non-oil revenue collections have increased due to the reforms.

"Non-oil revenue was 4.8% of GDP (8.2% of non-oil GDP) during 2012-15 with tax revenues being less than 3% of GDP. The new non-oil revenue measures raised 3.5% of GDP in 2018 taking total non-oil revenues to 8.2% of GDP, and making up 12.4% of non-oil GDP by 2018.

VAT revenues in 2018 were 1.6% of GDP. The IMF estimates that if the non-oil revenue reforms announced by the government are implemented in full, non-oil revenues will be 10% of GDP in 2024.

An environment of low interest rates should also continue to give Saudi economy the flexibility to weather any external headwinds. However, the coronavirus originating from China could hurt global business sentiment.

The deadly virus has claimed more victims than SARS, the last major virus originating from China in 2003. Apart from the tragic loss of life, analysts expect the Chinese economy to take a hit in the first quarter of 2020, which could cascade across the world in the form of lower demand for commodity, goods and services.

SAUDI SHINES SPOTLIGHT ON ITS MINERAL RICHES

Saudi Arabia requires close to USD 13 billion in private sector investment to be able to tap its USD 1.3 trillion worth of mineral reserves, according to a new report.

The report by the [US-Saudi Business Council](#) characterises the outlook for the sector as “very favourable,” citing government initiatives to encourage investment.

“These include a planned update of the kingdom’s mining investment code to make it more investor-friendly and the development of a National Geological Database marking out exploration opportunities,” the report noted.

The government has also earmarked SAR 14.3 billion “with the aim of making it easier to conduct business and improving data quality to reduce the risks associated with investing in new mining properties”.

Last year, the kingdom created a new ministry for industry and mineral resources, separating it from the energy ministry, underscoring its importance to the kingdom’s economic diversification plans by 2030.

A new mining law is expected to be enacted soon, allowing for a revamped regulatory regime in the mining industry, and attracting investment in mining infrastructure that could reach tens of billions of riyals, according to minister Bandar Alkhorayef.

“It shows you how serious we are about the mining industry,” the [minister](#) said in a media interview last year.

MINERAL BOUNTY

Over the past five years, Saudi Arabia has increased its gold production by more than 150% to 10,850 kilograms (kg) by 2018, while silver output has grown more moderately by 8.8% to 5,322 kg, according to the [Ministry of Petroleum and Mineral Resources](#). Copper production surged 44% to 70,450 tonnes during the period.

The country also discovered 2,53 metallic minerals site, including 849 sites for gold, 594 for copper and 258 for silver in 2018, while sandstone (546 discoveries), marl (363) and ore (327) led the non-metallic mineral sites, latest available data from [GSTATS](#) show.

Overall, the government issues 2,045 mining licenses in 2018, compared to 2,019 the year before, [data](#) shows.

Ma’aden, Saudi Arabia’s Mining Co. has taken up the task of driving the country’s mining and metals production, creating a full-fledge industry

that attracts investments from the private sector and foreign investors, as it generate high-paying jobs for Saudi nationals.

As part of its ‘Ma’aden 2025 Strategy, the company aims to spend over SAR 100 million (USD 27 million) for exploration activities in Saudi Arabia and are focused on brownfield drilling, assessment of potential greenfield targets and continued drilling at dozens of prospects.

The [company](#) aims to produce one million ounces of gold each year, from its current level of 417,000 tonnes.

“The Ma’aden 2025 strategy also emphasises on diversification of our industrial minerals portfolio. So we are assessing bentonite, graphite, kyanite and diatomite to be included in our portfolio. In the short term, copper and zinc will also receive greater focus in line with our growth strategy,” according to the [company](#).

MAJOR CONSUMER

To date, 48 minerals have been identified in the kingdom over an area of 600,000 square kilometres, of which 15 minerals are commercially viable.

Saudi Arabia’s desire to increase production from its mineral reserves will generate export revenues, but also reduce its import of key metals. The kingdom is the world’s second largest importer of precious metals, third largest in copper, and fifth largest in ceramic tiles, according to the [Saudi Arabian General Investment Authority](#).

Saudi is also a major consumer of phosphate, sodium carbonates, steel and aluminium. The focus on higher production is driven by local demand, primarily in construction materials, with more than 65% of licenses for building material quarries.

“Saudi Arabia has many valuable deposits, including precious and base metals and phosphate. These deposits are currently under-explored and under-extracted when compared to the rest of the world,” said [SAGIA](#). “Which opens the window for large and lucrative investment opportunities for the private sector investors to tap into and serve the under-supplied market.”

The kingdom aims to increase the production of steel to meet long-term demand and achieve more than 80% self-sufficiency in flat products. It will also increase fertiliser production to over 7.5 million tonnes (P205 basis) to become one of the world’s Top 3 phosphate producers.



In addition, Saudi Arabia has ambitious plans to raise its base metals output 10 times, create fully integrated value chains, emerge among the Top 10 in aluminium production, and increase the capacity of conversion industries, according to [SAGIA](#).

Separately, the [Saudi Industrial Development Fund](#) (SIDF) announced the expansion of financing in the mining sector, as part of its efforts to boost funding for the National Industrial Development and Logistics Program (NIDL).

The fund aims to contribute to financing mining projects for all types of minerals with a financing rate of 75% of the project’s costs eligible for financing.

“The funding has also been expanded to include the final stage of the delineation process, which includes drilling and mining, in addition to backing support services companies that contribute to raising the added value and the sustainability of the sector in the kingdom,” [SIDE](#) noted.

INVESTORS GO ON SHOPPING SPREE TO GAIN SAUDI RETAIL EDGE



The launch of mega projects across Saudi Arabia marks a new opportunity for the global and domestic retail sector.

[Research and Markets](#), an intelligence firm, estimates that the Saudi retail market is projected to register a compounded annual growth rate of around 6% during the forecast period of 2019-2024.

“Food and beverages category accounted for a nearly one-third market share in 2018 and the segment is anticipated to maintain its market dominance during the forecast period as well, backed by the widespread shift in pattern from staple food towards healthier, value-added alternatives,” the firm said.

Some of the major retail players operating in the Saudi market are Panda Retail Co (Savola Group), Lulu Group International (EMKE Group), Abdullah Al Othaim Markets Co., Fawaz Abdulaziz AlHokair Co., and Majid Al Futtaim Retail LLC.

Wholesale and retail trade account for just over 468,000 establishments in the kingdom, making it the biggest sector by number of entities, according to the latest available data from the [General Authority for Statistics](#). Indeed, wholesale and retail made up 47% of all entities in the kingdom by the second quarter of 2019, data shows.

The sector employs just over 2 million workers, second only to construction, which employed 2.35 million workers, according to GSTATS.

The government’s focus on boosting employment of Saudi nationals in the retail sector is paying off, as the industry employed more than 434,000 Saudi nationals – easily the biggest concentration of the national workforce.

The sector boasts more than 270,000 Saudi men, and more than 164,200 Saudi women – the highest level in any sector.

The sector’s operating surplus stood at just under SAR 55 billion by the second quarter, [data](#) shows, with Internet sales comprising over 3% of all sales. Only 3% of the retail and wholesale establishments indicated that they have a website, which suggests there is a huge growth opportunity in ecommerce as well.

NEW DEVELOPMENTS

Close to 230,000 square metres (sqm) of retail space is expected to come on stream in Riyadh city alone, the biggest retail centre in the kingdom, according to real estate consultancy [Jones Lang LaSalle](#). Notable upcoming projects include Shorofat Al Nada Park, Wadi Qurtoba, and Faisaliah Mall Extension.

The fourth quarter of last year saw 89,000 sqm of retail space, led by Riyadh Front located on the capital’s Airport Road, Hammad Mall (LAVALLE), Shorofat Al Khair, Garden Wood and Mercato Strip Mall, which raised the city’s total retail space to 2.4 million sqm – its highest level ever.

“Approximately 329,000 sqm of GLA is expected to enter the market over the next 12 to 24 months. Super-regional centres (Jeddah Park Serafi Mall and Avenue Mall) and community centres make up the majority of future supply,” [JLL](#) said in a new report on the kingdom’s retail sector.

“The mix of upcoming supply will enhance lifestyle experiences through cinemas, F&B offerings, and entertainment outlets as mall operators

capitalise on new opportunities.”

The spate of new projects should also boost the retail sector.

According to [Saudi Index](#), an interior design, fit-out and architecture event, more than 80 mega projects, each worth at least USD 1 billion, are currently underway or planned for completion by 2030.

This includes the USD 500 billion Neom City project, the USD 20 billion Dahiyat Al Fursan New City near Riyadh, the USD 1.9 billion The Avenues, the USD 7.8 billion King Abdullah Financial District, and the Al-Qiddiya Entertainment City. Each of the projects have a strong retail component and will provide plenty of opportunities for retailers.

In addition, the reintroduction of cinemas to the kingdom last year following a 35-year hiatus, coupled with other forms of public entertainment, is also expected to increase retail footfall.

[The Savola Group](#), for example, which had 205 stores by end of 2019, said in its fourth quarter presentation that it will “continue to evaluate our store footprint keeping in view catchment area demographics and competitive landscape.”

According to [KPMG](#) research and analysis, there is a potential for the development of community centres which can cater to the demand generated by surrounding neighbourhoods. Furthermore, the development of super regional malls can also be considered for future investments, but it should be equipped with modern leisure and entertainment facilities.

“Due to the expansion of the city (Riyadh) toward the northern and eastern sides, these locations are ideal for development of retail space primarily due to lack of quality retail offerings within the area,” [KPMG](#) said in a new report. “With new residential communities being set up, we expect the new population in the area to feed into the demand for retail space, increasing the success of any retail development in the area.”

FOOD MANUFACTURING GAINING GROUND IN SAUDI

Saudi Arabia's food and beverage manufacturing sector has received a fresh boost, as the government emphasised its commitment to ensuring food security and reducing imports of staple commodities.

Demand for meat and vegetable oils, seafood, dairy, beverages, fruits, nuts and vegetables, confectionary, starch products and poultry, is expected to rise at a compounded annual growth rate of 6% until 2023, according to [Invest Saudi](#).

The country's population is expected to grow from 34 million to 39.5 million by 2030, making it an attractive consumption market. High disposable income of around USD 15,600 per capita, plus inbound tourism of 30 million tourists by 2030 have also contributed to Saudi's appeal as an investment magnet.

During 2018, the food industry contributed 10% to Saudi's GDP, with an average household spending of about 18% of its total expenditure on F&B products. Saudi Arabia also recorded the highest per capita food consumption in the GCC region at 988.7 kilograms.

According to the [Saudi Arabia General Investment Authority](#), the nation is expected to witness investments worth USD 59 billion by 2021.

"The rapid growth in the food processing sector has prompted several international companies to invest and engage in joint ventures with Saudi companies, enter into licensing agreements with local manufacturers, or take over existing Saudi food processing companies," according to the United States Foreign Agricultural Service.

Recent examples of companies entering or expanding their operations in the country include Mars Inc., Mondelez International, Cargill, Delmonte, Frito-Lay, Heinz, Danone Ltd., Arla Foods Amba, Fonterra's, United Biscuits (UK) Limited, Coro Foods, and the Lactalis Group.

"The ongoing rapid expansion of modern food retail outlets, mainly hypermarkets and supermarkets, throughout the kingdom, will provide good opportunities for wider distribution of processed food products, enhance their popularity, boost overall demand and increase consumption," according to the USDA. "Due to changing lifestyles, consumers are spending less time preparing meals. This has created an excellent opportunity for many local food processors to offer ready-to-cook microwavable meals."

There is also a burgeoning food and beverage industry in the kingdom. Latest available data from the [General Authority for Statistics](#) shows there are just over 792 food production facilities in Saudi Arabia



employing more than 161,000 workers. The country is also home to 173 beverage facilities employing 43,000 people.

FOOD COMPANIES

[Almarai Co.](#), one of the kingdom's biggest food, dairy and beverage companies, said its food services continued to grow year on year. The company reported rising growth in poultry, bakery and infant nutrition, leading to 6% gain in revenues in its Saudi operations last year. Poultry unit profit rose 103%, while bakery saw an 80.4% jump, the [company](#) said.

[Saudia Dairy and Foodstuff Company](#), or SADAFCO, also saw a 12% increase in net sales last year, despite volatile global conditions. Last year, SADAFCO commissioned a new state-of-the-art Jeddah Central Warehouse, part of the Jeddah Factory for its raw, packaging and finished goods materials and will house cone and biscuits bakery facilities for its ice cream business, delivering both significant operational efficiencies and cost savings.

"It completes a string of projects, initiated several years ago, which give us both capacity headroom for future growth and also unlock productivity savings to drive profit improvement across our value chain," the [company](#) said in its annual report.

HALAL FOOD MARKET

Saudi Arabia can also make huge inroads in developing a halal market

that can export to the wider Muslim world. With the Muslim population expected to reach 2.2 billion by 2030, food and beverage spending by Muslims is expected to grow at 11.9% to reach USD 2.5 trillion, according to [Invest Saudi](#).

Meanwhile, halal foods are also expected to grow from USD 1.24 trillion in 2016 to USD 1.93 trillion by 2022. Rising global demand and Saudi Arabia's unique place as the birthplace of Islam, gives the kingdom a unique opportunity to create a world-class halal food industry.

"The perceived credibility of Saudi manufacturers of Halal food, especially for meat, dairy and their products has helped the expansion of food processing facilities in the kingdom," according to the USDA.

Most Saudi consumers tend to believe that locally produced meat and dairy products meet higher halal standards than imported products from non-Muslim countries.

"This has been also a factor in the increased popularity of Saudi food products in Muslim countries and large Muslim communities in Europe and Americas."

SAUDI'S START-UP SCENE SHINES

The Saudi start-up scene remained vibrant in 2019, with venture capitalists and investors eyeing opportunities across the country.

A total of 41 institutions invested in Saudi-based start-ups last year, representing a 58% increase compared to 2018. As many as 68% of these investors are based in Saudi Arabia, whereas 32% of them are headquartered outside of the kingdom – mainly in the United Arab Emirates, according to [Magnitt](#), which tracks small to medium enterprise and start-up financing in the Middle East region.

“With the newly established Misk 500 MENA Accelerator in partnership with 500 Startups and Misk Growth Accelerator, in partnership with Seedstars and Vision Ventures, accelerator programmes played a key role in the Saudi start-up ecosystem in 2019,” [Magnitt](#) said in its 2019 Saudi Venture Capital Snapshot. “In total, accelerators accounted for 32% of all deals.”

In 2019, the country saw 71 VC funding deals, which raised USD 67 million, compared to 16 deals in 2015 that garnered USD 7 million. Similar to 2018, e-commerce and delivery and transport were the top industries by total VC funding and number of deals in 2019, while data analytics increased to third place by deals.

Education-oriented start-ups are also a growing trend in Saudi Arabia, with Noon Academy's USD 8.6 million funding round contributing significantly to the sector. Noon Academy is one of the fastest growing educational technology (EdTech) start-ups in the Middle East, with more than 3 million registered students in Saudi Arabia and Egypt, and rapidly expanding to other geographies.

ACCESS TO FUNDING

“We are proud of the remarkable increase in value and volume of early-stage investments in Saudi Arabia via the Saudi Venture Capital Company (SVC) and its partners,” said [Mohammed Almalki](#), VP of Funding at Monsha'at.

SVC, which was initiated by Monsha'at to address the needs of entrepreneurs and SMEs by increasing access to financing across all stages, has made it easier to conduct business and ensure long-term success by deploying a total of around SAR 2.8 billion across different investment vehicles.

“In 2020, we are eager to establish a bank for SMEs, with the aim of providing financial resources and solutions, including lending, capital



funding, and advisory services in line with the best practices,” [Almalki said](#).

“We anticipate a more effective entrepreneurial environment through business incubators, accelerators and innovation centres, which will result in higher quality start-ups and will lead to better deal flow and, consequently, a more dynamic venture capital environment with greater activities carried out by VCs.”

Among major developments in the sector last year, Misk Innovation launched both the "[Misk 500 MENA Accelerator](#)" with 500 Startups and the "[Misk Growth Accelerator](#)" with Seedstars and Vision Ventures in 2019.

[Wa'ed Ventures](#), the corporate venture capital arm of Saudi Aramco, was the most active corporate venture capital firm by number of deals in 2019. Meanwhile, OQAL, the Saudi angel group, invested in 18 Saudi start-ups in 2019, becoming the most active angel group by number of deals.

Separately, the Capital Markets Authority (CMA) launched its Experimental FinTech Permit in 2018 and issued FALCOM Financial Services, such as financial technology experimental permit (ExPermit) to create an equity crowdfunding platform in the kingdom.

In addition, [MIT Enterprise Forum](#) (MITEF) Saudi Arabia, part of the MIT Enterprise Forum global network, in a deal with Bab Rizq Jameel, an initiative of Community Jameel, signed a new memorandum of understanding with the Saudi General Investment Authority ([SAGIA](#)) to push entrepreneurship in the country and support more entrepreneurs.

The MITEF Saudi Arabia is a vital platform that brings together and attracts a distinct quality of Saudi entrepreneurs in a variety of fields. Featuring an elite of promising start-ups from Saudi Arabia, the Arab countries and the world, this year's edition focuses on investing in start-ups by organising the Startups Investment Forum in March.

SME FOCUS AT G20

The G20 Summit in Saudi Arabia later this year will also focus on empowering small and medium enterprises (SMEs). In January, the first [G20 Global Partnership for Financial Inclusion Plenary Meeting](#) (G20 GPFI) in Riyadh underscored the importance of providing access to funding for women, young people and SMEs.

“The focus in 2020 will be to harness digital and innovative technologies to advance financial inclusion of youth, women and SMEs to unleash their full potential and contribution to economic growth in both advanced and emerging markets,” said Haitham Al Ghulaiga, Saudi co-chair of the G20 GPFI.

DP WORLD WINS BID TO DEVELOP JEDDAH PORT

In a landmark move, Saudi Arabia awarded to UAE's DP World the contract to develop and operate the container terminals at Jeddah Islamic Port.

The South Container Terminal (SCT) at Jeddah Islamic Port is a crucial link in the world's busy east-west trade routes through the Red Sea and catering to a rich domestic cargo base. Jeddah Islamic Port is the main import destination for Saudi Arabia, handling 59% of its imports by sea and serving its main commercial centres.

One of the world's largest port operators, DP World has invested considerable resources to boost the port's ability to handle the new generation of mega container ships.

The new 30-year, build-operate-transfer contract by the Saudi Ports Authority will see [DP World](#) investing up to USD 500 million to improve and modernise the Jeddah port, including major infrastructure development to enable the facility to serve ultra-large container carriers (ULCCs).

"Developing Jeddah Islamic Port will contribute to achieving Saudi Vision 2030 as the project is considered a key milestone towards achieving the targets of the National Industrial Development and Logistics Vision Realization Program, one of the Vision's major initiatives," according to DP World.

The concession will also be instrumental in facilitating the smooth and efficient movement of cargo and greater access to local and international markets. DP World has operated the South Container Terminal on a lease agreement for more than 20 years.

As the main trade destination for Saudi Arabia and one of the kingdom's major port privatisation projects, the new terminal will also have an upgraded capacity of 3.6 million TEU (twenty-foot equivalent units) up from 2.4 million TEU, to meet the expected growth demands of the future. It will also generate 1,400 jobs.

"We look forward to leveraging our strategic partnership with Mawani and the Ministry of Transport and National Centre for Privatisation to collaboratively develop the kingdom's trade ecosystem while enhancing the nation's competitiveness," according to Sultan Ahmed Bin Sulayem, DP World Group chairman and CEO.

"Beyond the terminal, our ambition is to develop inland connectivity across the Arabian Peninsula between Jeddah and Jebel Ali Port in Dubai, as well as to Saudi Arabia's cities through smart technology-led logistics, which should support further growth in this strategic hub that



connects East-to-West."

In December, the [General Authority of Civil Aviation](#) (GACA) also awarded an operational license for ground services to SAL, the Saudi Logistics Services Company. The new logistical entity will be the main gateway for freight and ground handling services in the kingdom.

MEGAPROJECTS IN TRANSPORT

The privatisation and streamlining of operations are part of a major push by Saudi authorities to engage the private sector in large transportation projects.

"Saudi Arabia has an impressive transportation and logistics infrastructure, where about SAR 400 billion (USD 106.7 billion) have been invested in the last 10 years only. The plan is to continue investing while increasing private sector participation," the kingdom's transport [minister Saleh bin Nasser Al-Jasser](#) told Reuters.

The new projects will include the expansion of Riyadh's airport, along with five other regional airports, apart from a railway project linking Dammam in the Eastern Province to the Red Sea city of Jeddah through the capital.

"The funding will come through the private sector, either through PPP or government-to-government...these are big projects worth tens of billions of riyals," Jasser said.

[BNC Network](#), a construction research firm, estimates there are 561 transport projects valued at USD 288 billion proposed and under way in the kingdom.

[GACA](#) also began trial operations of the new airport at Arar, the capital of Northern Borders Province in December. The airport received its first arrival and departure flights at the new airport terminal from the capital city of Riyadh through Saudi Arabian Airlines.

When fully operational, the airport will be able to handle more than a million passengers and receive 10,000 flights each year.

[GACA](#) is also boosting operations at Prince Naif bin Abdulaziz International Airport in Al-Qassim Region, Prince Abdulmohsen bin Abdulaziz International Airport in Yanbu, Hail International Airport and Taif International Airport, and Sharurah Airport in Najran.

"This step was taken by [GACA](#) in the context of its keenness to improve services in all airports around the kingdom to be friendly airports for people with disabilities," according to the Saudi Press Agency.

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