

## IN THIS EDITION ...

The New Year has ushered in a new promise for the Saudi and global economy.

The kingdom's senior leadership has received their first dose of the COVID-19 vaccine to protect them against the disease and that has already injected fresh optimism that the global health threat will soon recede.

Indeed, Saudi Arabia has been rolling out the vaccine since 17 December, the first Arab country to roll out the Pfizer-BioNTech vaccines.

While there is still a long way to go and, new variants of the coronavirus emerging, the global sentiment is that there is light at the end of the tunnel.

Saudi authorities are already looking ahead with a robust budget that should channel funds in key sectors of the economy and revive growth quickly.

The launch of The Line project, located in the NEOM Smart City, signals that the government is keen to start major projects that will require financing, construction, and business spending and overall reverberate across the wider economy.

The project will house 1 million residents, host 5 million tourists, and create 380,000 jobs that together will generate SAR 180 billion in GDP by the end of this decade. Breaking new ground in sustainable living, the project will be 100% powered by renewable energy.

More investments are expected to be poured into the economy.

The Public Investment Fund (PIF) told the Financial Times in January that it plans to invest USD 40 billion within the country over the next five years.

“Yasir al-Rumayyan, governor of the PIF, told the UK-based newspaper that after 2025, “these amounts, maybe, will grow higher” as he described the investment vehicle becoming the “engine of economic growth” in the kingdom. The PIF invested about USD 15.5 billion in the kingdom in 2019,” the paper said.

The year 2021 could turn out to be a watershed for the global economy. With 2020 having shaken the foundations of business models for most countries and companies, they are now on the cusp of a new repair and regrowth phase. It is an opportunity for Saudi Arabia to leverage its financial strength and leap ahead.



### ECONOMIC TRENDS

Despite the economic fallout from the pandemic, growth in the kingdom's non-oil private sector appears to gather steam.

[Read More...](#)



### SAUDI BUDGET

Spending on infrastructure, social benefits and stimulus packages are vital to boosting the economy during the pandemic.

[Read More...](#)



### EDUCATION

Multi-billion-riyal funding in the sector has paid off, as the country proves well-equipped to meet the evolving needs of modern digital learners.

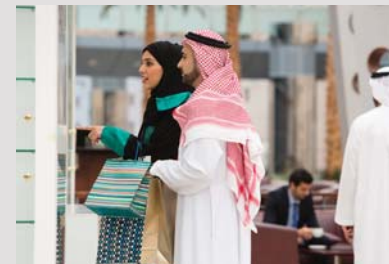
[Read More...](#)



### GCC MARKET

With healthy budgets that target private sector growth and favourable oil price outlook, the region is poised to become an attractive investment destination in 2021.

[Read More...](#)



### RETAIL

A shift to online has helped retailers weather the coronavirus storm and meet consumer demand.

[Read More...](#)



### SECTOR

Investments in these sectors will be crucial to achieving the government's fiscal, climate, investment, and job creation goals.

[Read More...](#)

## SAUDI ECONOMY BUOYED BY FRESH POSITIVE INDICATORS



Saudi Arabia's economy is poised for a rebound as highlighted by the latest set of economic indicators.

The [IHS Markit purchasing managing index](#) (PMI) revealed that prospects for the country's non-oil private sector improved the most in 13 months and saw the fastest increase in growth in a year.

The PMI index soared to 57 points in December, up from 54.7 points in November, underscoring the continued improvement. Historically, any increase over 50 points is considered an improvement in private sector sentiment.

"Notably, the latest data signalled the fastest upturn in new business for a year, which panellists attributed to improving market demand and price discounts at some companies," said [IHS Markit](#).

"Sales growth was largely driven by domestic orders, as export demand rose only modestly. Consequently, firms raised their output levels for the fourth successive month in December, and at the quickest pace since November 2019. As well as incoming orders, respondents noted that ongoing projects also provided higher workloads over the month."

## KEEPING CORONAVIRUS UNDER CONTROL

Saudi government's successful efforts to tame the virus also helped boost consumer and business sentiment.

"According to respondents, business activity has been helped by falling COVID-19 case numbers in the fourth quarter of 2020, despite other major economies suffering a 'second wave'. The roll-out of a vaccine

meanwhile led to increased optimism that demand will strengthen over the coming year," David Owen, economist at [IHS Markit](#), said in the monthly report.

There are other green shoots of optimism, even though there is a long way to go before a full-fledged recovery can get under way.

Preliminary data from the [General Authority for Statistics](#) (GaStat) show the Saudi economy grew 1.8% in the third quarter of 2020 compared to the previous quarter, although it was at -4.6% compared to the same period in the third quarter of 2019.

"Compared to the previous quarter, seasonally adjusted GDP recorded a positive growth of 1.8% in Q3/2020," [GaStat](#) said in its latest report. "This quarter-on-quarter positive growth originated mainly from the expansion in the non-oil sector by 5.7% and a negative growth rate of 3.6% observed in the oil sector. Economic growth in the private sector was 7.6%, while the government sector increased by 1.5%."

Third quarter data also showed that the current account moved into a mild surplus of USD 2.3 billion or 1.4% of GDP, compared to a deficit of USD 18 billion in the second quarter of 2020 or -12% of GDP, according to [GaStat](#).

Consumer spending was also on the up with point-of-sales transactions surging close to 33% year on year in November, according to the latest monthly data from the [Saudi Central Bank](#).

The central bank's FX reserves also rose by USD 10.3 billion in November compared to the previous month to reach SAR 1.713 trillion,

with foreign securities and bank deposits rising USD 4.2 billion and USD 6 billion, respectively.

## A TOUGH YEAR

The year 2020 was the toughest in living memory as a health crisis triggered a global economic downturn.

Global growth is projected to decline 4.4% in 2020, according to the International Monetary Fund (IMF), noting the global economy has suffered a severe setback to its targets of raising living standards across all country group.

"The pandemic will reverse the progress made since the 1990s in reducing global poverty and will increase inequality," the [IMF](#) said in its latest World Economic Outlook.

"If the virus resurges, progress on treatments and vaccines is slower than anticipated, or countries' access to them remains unequal, economic activity could be lower than expected, with renewed social distancing and tighter lockdowns. Considering the severity of the recession and the possible withdrawal of emergency support in some countries, rising bankruptcies could compound job and income losses."

Nevertheless, the Saudi economy will recover impressively by 3.2% in 2021, before improving further with 3.4% GDP growth in 2022 and 3.5% in 2023, according to a [Ministry of Finance](#) forecast.

The new budget and investments in major projects will ensure that the private sector gets a lift, while higher crude oil prices should also provide support for the economy going forward.

[Saudi Arabia's](#) unilateral decision to cut oil production by 1 million barrels per day in January at the latest OPEC+ meeting should also be supportive of the market, helping boost oil receipts for all oil exporters.

## SAUDI'S 2021 BUDGET REFLECTS A FOCUS ON NON-OIL GROWTH

Saudi Arabia's new budget is aimed at striking a balance between reviving economic growth and reining in deficit.

In December, the kingdom unveiled a SAR 990 billion budget for 2021, which is 7% lower than spending plans for 2020.

The [Ministry of Finance](#) noted that the kingdom's budget deficit for 2020 will soar to SAR 298 billion, but will contract to SAR 141 billion in 2021, or 4.9% of GDP, and will dramatically decline to just 0.4% of GDP by 2023, as spending efficiency improves.

"In FY 2021, it is expected that government revenues will be boosted by economic reform and initiatives implemented during the past years, in addition to the initiatives announced during FY 2020 to confront the COVID-19 crisis," the [ministry](#) said in the budget document. "Total revenues are estimated to reach SAR 849 billion, an increase of 10.3% over FY 2020 estimates, and SAR 928 billion in FY 2023."

At the other side of the ledger, spending will reach SAR 990 billion, or 34.5% of GDP.

"In FY 2021 and the medium-term, the kingdom aims to continue spending on mega projects, VRPs, social benefits and subsidies schemes, and stimulus packages due to their important role in providing



more opportunities for the private sector and the development funds to participate in infrastructure projects," according to the budget document.

Research consultancies have also lauded the government's efforts to support the economy at a time of global economic upheaval.

"We view the government's decision to maintain a similar level of public expenditure as last year, despite the volatility in the oil market, as a testament of its commitment towards achieving fiscal, social, and economic targets," noted Dr Abdullah Al Fozan, chairman of [KPMG Saudi Arabia](#).

"Indeed, the focus of spending in 2021 remains on building the non-oil economy, which will support higher economic and social returns, as well as employment generation."

### BUDGET BREAKDOWN

The government will realise the full impact of an increase in value added tax that will help generate nearly SAR 257 billion in revenue in 2021, an increase of almost 31% compared to the same period last year.

Specifically, taxes on goods and services will rise SAR 209 billion in 2021, a 47.7% surge over the previous year. However, the projections do not include the exemptions and deferrals introduced by the government to support private sector during the pandemic.

The higher receipts from goods and services will partially be offset by a 17% decline on incomes, profits and capital gains to SAR 13 billion, primarily due to muted private sector recovery. Taxes on international trade and transaction will rise 4.3% to SAR 17 billion, the budget projects.

However, profits from oil revenues, investments and sales of goods and services will make up the bulk of revenues, accounting for SAR 592 billion this year, an increase of 3.2% compared to the previous year.

The government is also keen to boost spending in certain sectors to revive growth.

As much as SAR 186 billion is earmarked for the education sector, mostly to set up schools, colleges and universities and focus on research.

The health sector will also remain a critical sector, especially during the

pandemic, with allocation of SAR 175 billion in the 2021 budget.

The sector's mandate is "health development including health and ambulatory care, legislations and research. Social Development including security and protection services, in addition to cultural, media, sport and entertainment services and the Quality of Life Program."

The resources sector, focused on environmental infrastructure, energy and mineral source and support from SME and export industry, will secure SAR 72 billion, according to the budget document.

Other big ticket items in the budget include SAR 175 billion on the military and SAR 101 billion on security and regional administration.

Infrastructure and transportation will see SAR 46 billion, focused on roads, ports, railways, airports, housing, communications, information technology, postal services and space and industrial cities such as Jubail, Yanbu, Ras Alkair and Jazan.

### VACCINE SALVE PANDEMIC WOUNDS

The global economy remains in a state of flux and forecasting has proved to be especially difficult given that COVID-19 continues to disrupt economic activity.

But economists and planners are hopeful that the rollout of various vaccines will flatten the virus curve and reopen parts of the economy.

Finding and delivering an effective coronavirus vaccine in the near future will prompt the recovery of economic activity worldwide and increase consumption rates, domestic demand, and domestic and foreign investments by the private sector in the non-oil sector, the budget document notes.

"This will improve the kingdom's trade balance with the main partners as a result of easing of the precautionary measures and procedures taken and the improvement of global supply chains, which will positively affect the domestic economy and may lead to better fiscal and economic results than projected in the FY 2021 budget."



## INVESTING IN EDUCATION: SAUDI PREPS FOR THE DIGITAL AGE

There is a good reason why Saudi Arabia's education continues to get the largest allocation in the national budget.

The government sees educational attainment as a way to help Saudi nationals navigate the changing global economy, and contribute to the diversification of the country.

The [2021 Saudi budget](#) has SAR 186 billion earmarked for education – the biggest expenditure item by far – spread across 33 government entities serving the sector.

The education sector's mandate in the budget is “setting up of schools, colleges, and university cities; managing external scholarship programmes of the Custodian of the two Holy Mosques; support of research, development and innovation; setting up university hospitals; and supporting knowledge sources.”

Last year, Saudi Arabia spent 1.4% more on education than budgeted to SAR 205 billion, underscoring the sector's importance.

But the investment paid off as the kingdom pushed through with a number of achievements in the sector. These included resuming education through the Madrasati e-learning platform and enrolling 5 million students in the system.

The initiative was vital as the pandemic had disrupted normal school and university life, and the online education platform ensured that students were imparted education in the safety of their own homes.

Various government entities also created 23 educational satellite channels (Ain) and on YouTube that were viewed 91 million times.

In addition, the government established the Academy of the General Authority for Zakat and tax during the year, the budget notes.

This year, the government has set out clear targets for the education sector. These include shifting towards digital education to support student and teacher progress, and launching the fourth phase of the external scholarship programme of the Custodian of the Two Holy Mosque.

Another key goal is to attract well-known foreign universities to open branches within the kingdom.

The government also plans to launch a cultural scholarship programme for undergraduate level and above in international educational institutions globally, and to award scholarships and training to 10,000 students.

Another key goal this year is to establish three academies, namely the National Academy of Artificial Intelligence, the Academy of Administrative Leadership Development, and the Academy of Public Health.

### SPACE CADETS

Studies in innovative and digital technologies remain a key focus area for the government.

In December, the [Saudi Space Commission](#) (SSC) signed an executive programme agreement with France's International Space University (ISU) to collaborate in training and provide Saudi students access to space sciences, research, and innovation through academic experience exchange.

“The agreement aims to jointly support education and scientific research at the graduate level by providing integrated educational national cadres training programmes through which human capital can be developed, and by investing in research and development related to the space field,” according to the SSC.

### GLOBAL KNOWLEDGE 2020

Saudi Arabia fared well in the Global Knowledge 2020 Index, developed by the United Nations Development Programme.

“Saudi Arabia is a strong performer in terms of its knowledge infrastructure. It ranks 42nd out of 138 countries in the Global Knowledge Index 2020 and 40th out of the 56 countries with very high human development,” the [UNDP](#) said in its latest report.

The survey also highlighted the kingdom's key areas of strength, including availability of technicians and strong ICT infrastructure, apart from lower tax rates, which made Saudi Arabia an attractive place to secure an education.

The breakdown within the survey showed Saudi Arabia was ranked 12th among 138 countries in technical, vocational education and training, thanks to the focus on manufacturing industries in the kingdom.

The country also ranked high, at 35th, in research, development and innovation, and 36th in information, communication and technology. Saudi Arabia secured the 60th spot in higher education, according to the survey.



The focus on education over the past decade has also helped boost the youth's education skillsets.

### PASSING THE TEST

In December, the [Saudi Education and Training Evaluation Commission](#), said that the kingdom's students improved their score in the Trends in International Mathematics and Science Study (TIMSS). The quadrennial TIMSS tests are the global education benchmark that compare the math and science capabilities of students in each country.

The latest results taken from 11,000 male and female students across the kingdom showed there were noticeable improvements in all indicators of academic achievement in 2019 compared to the last test taken in 2015.

Average scores of intermediate second-grade students in mathematics increased from 368 points in 2015 to 394 points in 2019, and in science from 396 points in 2015 to 431 points in 2019.

Average achievement of fourth-grade students in mathematics also increased to 398 points in 2019 compared to 383 points in 2015, while they scored an average of 402 points in 2019 compared to 390 points in science in 2015.

“The results revealed the positive impact of students' enrolment in kindergarten and early reading and writing activities, at home, as well as their enrolment in schools with high levels of school discipline, as the three variables are associated with improved performance in mathematics and science, at the level of the kingdom as well as at the international level,” the survey noted.

## SPENDING SPLURGE TO BOOST GCC MARKETS IN 2021

Regional and global markets were volatile in the last 12 months, vacillating from negative to positive territory from month to month.

Global markets plunged in the first half of 2020, but many ended up closing higher by the end of the year. The MSCI World Index jumped 14.3% in 2020, while the MSCI Emerging Market Index rose 15.8%.

US equities collectively rose 16.3% in 2020, while the Shanghai A Index grew 13.9%, recovering from setbacks early in the year brought on by COVID-19.

"For 2020, it was 'a wild and crazy' market, with the S&P 500 posting both a bear (19 February to 23 March 2020, down 33.93%) and a bull (up 67.88% from 23 March 2020, low)," according to Howard Silverblatt, senior index analyst, at [S&P Global](#) in his monthly report. "The declines and gains were uneven, as the quick economic shift from the virus had some groups mostly closing operations (travel, hotels, stores, etc.), while other at-home services and merchandise benefited nicely, picking up the consumer (and business) need."

## COMMODITIES TAKE A BEATING

Commodity markets were also in a tailspin. While gold benefitted, rising 25.1% in the year as investors parked their funds in the safe haven at a

time of a global pandemic and an economic recession, the wider commodity complex declined 23.7%.

Brent crude prices also plunged 21.5% during the year, as demand collapsed amid rising supplies. Both the commodity fared much better in the second half of the year, clawing back some of the losses.

The lower oil price weighed heavily on the S&P GCC Composite Index, which eventually closed 1.7% lower for the year.

Saudi Arabia's Tadawul Index was the region's best performing market, rising 3.6% in 2020, despite posting declines of 7.5% in February and 14.7% in March. The only other GCC market index that managed to remain in positive territory for the year was the Qatar QE Index, which eked out a 0.1% gain for the year.

Other Gulf markets ended the year deep in negative territory. Kuwait's All Share Index was the biggest laggard, falling 11.7%, while Dubai Financial Market Index declined nearly 10%.

Abu Dhabi's losses, however, were less pronounced, falling only 0.6% for the year. The region's two smallest markets, Bahrain and Oman, were down 7.5% and 8.1%, respectively.

## ROSY FORECAST FOR THE GCC

The outlook seems more upbeat for GCC markets in 2021. The S&P GCC Composite Index's price-to-earnings (PE) ratio remains an attractive 14.8 times, according to data.

That is in sharp contrast to Emerging Markets Index, which has a PE ratio of 18.2x, and BRIC indices, which are trading at 17.5 times, according to [Star Capital](#) data.

Developed markets are trading at far more expensive multiples of 31.1 times, raising fears that they are due for a correction.

Investors looking for bargains will likely find Gulf markets attractive. Most of the GCC countries continue to boast strong fiscal fundamental with investment grade credit ratings.

In addition, oil prices will remain elevated in 2021, according to a new [Reuters](#) survey. A poll of 39 economists and analysts conducted in the second half of December forecast Brent crude prices would average USD 50.67 per barrel in 2021, up from USD 49.35 per barrel in a November poll.

"We expect a broad recovery across hydrocarbon and non-hydrocarbon sectors over the period to 2023. Our base assumption is that OPEC+ production cuts, amounting to about 17% of October 2018 production, end in April 2022," S&P Global Ratings said in a report.

"These assumptions are based on our view that widespread availability of effective immunisation against the coronavirus could come by the middle of next year," the firm said.

Indeed, quicker vaccine rollouts around the world would accelerate the timelines of an economic rebound as lockdowns and mobility restricted are lifted.

Most Gulf economies have also unveiled budgets that target private sector growth. That bodes well for the blue-chip companies and will stimulate economic growth and spur corporate activity.



## SAUDI RETAIL SECTOR CONTINUES TO SHINE DURING PANDEMIC



Saudi Arabia's retail and food sector is expected to rebound, as the economy returns to normal and business and consumer spending picks up.

[MarketResearch](#) said it expects household spending in the kingdom to return to growth in 2021 at 2.7% year on year, after the COVID-19 pandemic led to an estimated contraction in consumer spending in 2020 of -3.3%.

"Improving economic growth in 2021, recovering oil prices and government stimulus measures will support disposable incomes in Saudi Arabia. As such, we forecast the average annual disposable income in Saudi Arabia to nominally grow by 6.4% year on year, up from a decrease of -12.8% in 2020," the research house said.

The development of mega-projects such as the Al-Qiddiya Entertainment Centre, The Line at NEOM and The Red Sea Touristic Development project will expand the food and retail services sector even further.

According to the [Middle East and North Africa Leisure Attractions Council](#) (MENALAC), the leisure and tourism sector investment in the kingdom exceeds USD 810 billion. As some of these developments come online, they would stimulate more consumption and provide more choices to consumers.

The Riyadh market is already mature with established players offering quality retail space, which would likely lead to robust competition in the retail sector in the medium-term.

"Developers and investors continue to deliver quality retail incorporating complementary elements, such as entertainment and leisure in order to capture demand from residents and the growing numbers of tourists, supported by the entrance of international operators," according to real estate consultant [CB Richard Ellis](#).

[Invest Saudi](#) expects investors in the retail sector to benefit from a slew of fundamental strengths in the economy. These include a robust forecast such as growing population of 39.5 million, disposable income reaching USD 15,600 by that time, and around 30 million Umrah visitors by 2030.

The kingdom also boasts a strong logistics network, including a number of seaports and airports, strong road infrastructure, and a fast-growing intercity and railway links.

## LONG-TERM FUNDAMENTALS

The confidence in the Saudi retail sector has not been shaken due to COVID-19. Last year, grocery retail operator BinDawood Holding listed on the public market at the height of the pandemic crisis, and its share prices have held up.

The company opened a fifth Danube grocery store last year, taking its portfolio to 74 stores overall.

"We have seen a healthy uptick in demand for more modern formats in grocery retailing and we anticipate this trend to continue at a faster pace in the coming period, led by changing consumer habits and preferences," said Ahmad BinDawood, CEO of [BinDawood Holding](#), at the opening of the store in December. "Our latest Danube store has been built and designed in line with current industry and macro trends with the view to effectively meet our customers' expectations now and in the years to come."

[Jarir Marketing Co.](#), a stationary and electronics retailer in Saudi Arabia,

also sees opportunity to open more stores and increase its market share despite the coronavirus pandemic.

As the virus recedes, a surge in economic activity and renewal of economic activity is expected, which would also boost consumption.

[Saudi Central Bank](#) data shows consumer loans for renovations and home improvement rose 0.74% in the third quarter of 2020 compared to the previous quarter. Loans for travel also rose 3.68% and for vehicle and private transport by 2% compared to the previous quarter in a sign of retail rebound.

Cashless mobile and card transactions have also surged, as customers and retail outlets adhere to COVID-19 protocols and reduce exchange of cash.

Point-of-sales (POS) transactions rose 32.6% in November compared to the same period last year, [Saudi Central Bank](#) data shows.

There has also been rapid improvement in POS purchases and number of transactions in hotels, restaurants and cafés, and in sales of beverages and goods, as well as clothing and footwear, furniture, recreation and culture, and miscellaneous goods and services, suggesting an all-round recovery. In many cases, the sales figures are near or have exceeded pre-COVID-19 levels.

Analysts expect the retail sector to evolve as customers embrace e-commerce and move transactions online. This will further accelerate as the country pursues its National Industrial Development and Logistics Program (NIDLP) that is focused on digital solutions.

"A paradigm shift in commercial property is occurring, with the traditional bricks-and-mortar retail sector being displaced in parts by a growing industrial sector driven by the emergence of e-commerce in Saudi Arabia," according to [Knight Frank](#), a real estate consultancy.



## FIVE SECTORS TO DRIVE SAUDI'S ECONOMIC GROWTH IN 2021

Saudi Arabia's economy is set to accelerate with a number of projects in key sectors, which will help drive growth.

### OIL, PETCHEMS SECTOR

[Saudi Arabia](#) surprised markets by unilaterally deciding to cut its production by one million barrels per day in February and March, which is widely expected to trigger a price surge in crude oil prices.

Despite the temporary cut, the kingdom is expected to maintain its investment in crude oil, natural gas and petrochemical projects in 2021 and beyond.

Saudi Aramco, the country's state-owned oil company, also discovered four new oil and gas fields in the kingdom late last year, according to the [Ministry of Energy](#). It included Arab extra light crude oil at the Tuwaiq Mountain Formation, which is a relatively new blend for Saudi Arabia.

Near the end of 2020, [Aramco](#) and Baker Hughes said they will start construction on a joint venture focused on non-metallic products for multiple applications in the energy sector.

"The JV aligns with Aramco's strategy to seek new opportunities in oil-based products, which not only offer performance benefits but also aims to reduce carbon emissions," according to the Saudi Press Agency. "It also supports Saudi Arabia's efforts to expand its commercial ecosystem and promote domestic investment. The new facility will not only create jobs, but it will also help foster growth of an emerging and innovative sector in alignment with Saudi Arabia's Vision 2030."

### INDUSTRY

The kingdom's focus on heavy and light industry will also receive a big boost this year as private sector investment starts streaming into the sector.

The [Royal Commission for Jubail and Yanbu](#) (RCJY) signed an investment agreement between Jubail and Yanbu Industrial Estates Services Company and China's Xinguang Industrial Services Company, to establish and operate a LED factory in Jubail Industrial City. The factory is expected to provide 267 direct job opportunities with a total investment of SAR 3.383 billion.

Another memorandum of understanding between Saudi Silk Road Industrial Services and Xinguang Industrial Company in Jubail Industrial City was for new materials and transformative industries between China



and Saudi Arabia, for a total investment of SAR 3.75 billion.

### HEALTH

The kingdom's health sector will also gain more importance, especially in light of the coronavirus, which remains a global risk.

While the country's healthcare infrastructure admirably dealt with the virus, the authorities are keen to build out the medical services infrastructure. The [2021 budget](#) envisions the development of four new hospitals and an oasis centres for the elderly.

"The budget for healthcare and social development in 2021 is set to increase by 4.6% to SAR 175 billion, from SAR 167 billion budgeted in 2020," according to [management consultancy KPMG](#). "Efforts to separate the payor, provider and regulatory functions, and the implementation of the Model of Care and Accountable Care Organizations in the decentralised healthcare clusters will continue to dominate the healthcare agenda. Finally, it is expected that PPPs will accelerate in the coming years to ease the pressure on infrastructure spending."

### INFRASTRUCTURE AND CONSTRUCTION

The launch in January of [The Line](#) project in the USD 500 billion NEOM Smart City development marks a new chapter in the creation of innovative communities in the kingdom.

The project will be powered completely by renewable energy and will serve as a blueprint for sustainable living.

The Line is a "city of a million residents with a length of 170 kilometres

that preserves 95% of nature within NEOM, with zero cars, zero streets and zero carbon emissions," Mohammed bin Salman, crown prince and chairman of the NEOM Company board of directors, announced.

The project will create 380,000 jobs of the future and contribute SAR 180 billion to the country's GDP by 2030, according to NEOM.

Other mega projects are also under way in the kingdom.

Last year saw the completion of the third expansion of the Grand Mosque and Matarf sites, according to the [Budget 2021](#) document. The Grand Mosque expansion is 80% complete, while Matarf is 65% complete. The projects will remain a key priority as the kingdom aims to boost religious tourism once the COVID-19 threat recedes.

A number of [Quality of Life Programs](#), which is part of the overarching Saudi Vision 2030 initiative, will get under way this year. The kingdom has ambitious plans to develop more than 149 art galleries, 27 electronic games facility, 16 family entertainment centres, theme and water parks, 11 museums, 11 public libraries, 45 cinemas, more than 44 public parks, 18 theatres, and an opera house

Other projects that are already under way include the USD 4 billion Red Sea Touristic Development, both of which have started to take shape.

### COMMUNICATIONS

Investment in information, communications and technology (ICT) will take even more importance, as many businesses accelerated remote working, and beefed up their digital presence and cybersecurity protocols.

"Saudi Arabia telecom ICT infrastructure market was valued USD 1510.3 million in 2019 and is forecast to grow at 5.74% until 2025 to reach USD 1879.35 million in the next five years," according to ReporterLink. "Growing popularity of smart devices coupled with increasing broadband and mobile penetration are driving the telecom ICT infrastructure market of Saudi Arabia."

The kingdom also outlined a [digital economy policy roadmap](#) in December aimed at encouraging investment, accelerating local technical leadership and attracting international partnerships based on transfer of expertise and co-operation in the field of innovation and technical and digital transformation.

## PLEASE READ CAREFULLY THE FOLLOWING TERMS AND CONDITIONS OF ACCESS AND USING THIS PUBLICATION:

Your access to this publication shall be considered an acceptance to these terms and conditions and it is SABB's right at any time to modify, amend, delete or add contents to the publication and disclaimer. A notification to this effect shall be effective immediately and will constitute an acceptance from your end. It is SABB-to the best of its knowledge- belief that the information in this publication is accurate and true but without any responsibility on SABB and no warranty for any presentation or acceptance or responsibility of what so ever nature whether for damages or loss will be the liability of SABB.

The publication is for information use only, and is not to initiate or complete transactions.

SABB does not guarantee the accuracy of such information and the contents of the publication and will not be considered solicitation or offers pertaining to any transactions, investment, or securities.

The content of the publication shall not be considered as legal advice, tax advice, accounting advice, or investment advice.

The publication is not intended for use or distribution in countries where such use is prohibited or against the law or regulation.

SABB directors, employees, officers, suppliers, representatives, agents, successors, assignees, shall not be liable directly or indirectly to you or any other person for any errors, omissions, or inaccuracies from the publication.

SABB or its directors, officers, employees shall under no circumstances be held liable for direct or indirect damages arising from the use of the publication. You should independently check the accuracy of the information provided in the publication by obtaining consultation and professional advice from professionals or experts.

All proprietary and copyrights rights are reserved, and you agree that you shall not make any copy or make any use of the content of the publication unless permitted by SABB in writing.

You also acknowledge that you shall not use the intellectual property rights, or names of the individuals or contributors for any purpose and that the publication will be used only for non-commercial use.

You acknowledge that you shall not use any of the trade names, logos, copyrights, trademarks, trade secrets, nor distribute any information except otherwise provided and agreed by SABB.

You agree to indemnify SABB and hold its directors, officers, employees, and agents harmless against any claims arising or in connection with its publication for any unauthorized use of the data or breach of an acknowledgement or agreement made as a result for receiving such publication.

The content of this publication ("Service") is provided by Refinitiv Limited ("We" or "Us" or "Refinitiv") to be published by the Saudi British Bank ("SABB") exclusively. Neither We nor our affiliates guarantee the accuracy of or endorse the views or opinions given by any third party content provider, advertiser, sponsor or other user. We may link to, reference, or promote websites, applications and/or services from third parties. You agree that we are not responsible for, and do not control such non-Refinitiv websites, applications or services.

The Service is provided for informational purposes only. You understand and agree that the Service does not recommend any security, financial product or instrument, nor does mention of a particular security on the Service constitute a recommendation for you to buy, sell, or hold that or any other security, financial product or investment. The Service does not provide tax, legal or investment advice or opinion regarding the suitability, value or profitability of any particular security, portfolio or investment strategy. Neither We nor our affiliates shall be liable for any errors, inaccuracies or delays in the Service or any other content, or for any actions taken by you in reliance thereon. You expressly agree that your use of the Service and its content is at your sole risk.

YOU AGREE THAT YOUR ACCESS TO AND USE OF THE SERVICE AND ANY CONTENT, COMPONENT OR FEATURE AVAILABLE THROUGH THE SERVICE IS ON AN "AS IS" AND "AS AVAILABLE" BASIS. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, WE EXPRESSLY DISCLAIM ANY REPRESENTATION OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY REPRESENTATIONS OR WARRANTIES OF PERFORMANCE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, RELIABILITY AND NON-INFRINGEMENT. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, WE AND OUR AFFILIATES DISCLAIM ALL RESPONSIBILITY FOR ANY LOSS, INJURY CLAIM, LIABILITY, OR DAMAGE OF ANY KIND RESULTING FROM OR RELATED TO ACCESS, USE OR THE UNAVAILABILITY OF THE SERVICE (OR ANY PART THEREOF).

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, REFINITIV, ITS PARENT COMPANY, ITS SUBSIDIARIES, ITS AFFILIATES AND THEIR RESPECTIVE SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ADVERTISERS, CONTENT PROVIDERS AND LICENSORS (COLLECTIVELY, THE "REFINITIV PARTIES") WILL NOT BE LIABLE (JOINTLY OR SEVERALLY) TO YOU FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, SPECIAL, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES, INCLUDING WITHOUT LIMITATION, LOST PROFITS, LOST SAVINGS AND LOST REVENUES, WHETHER IN NEGLIGENCE, TORT, CONTRACT OR ANY OTHER THEORY OF LIABILITY, EVEN IF THE REFINITIV PARTIES HAVE BEEN ADVISED OF THE POSSIBILITY OR COULD HAVE FORESEEN ANY SUCH DAMAGES.



## #Rest\_assured

### We ensure quick and effortless e-banking solutions for your business.

International Banking | Relationship Managers | Technology | Products and Services

[www.sabb.com](http://www.sabb.com)



SABB  ساب

REFINITIV™ 