

IN THIS EDITION ...

The Saudi economy welcomed 2021 still weathering the impact of COVID-19, but has gathered strength as the year ends.

While the virus and its many variants continue to cast a dark cloud over the global and regional economic outlook, Saudi has shown signs of resilience.

The number of reforms, economic programmes and initiatives rolled out in 2021 should help the kingdom attain a momentum, which could insulate it from many external factors, and unlock new pockets of growth.

With COVID-19 vaccination rates at 65.5%, and the economy lifted by resurgent commodity markets, country enters 2022 from a position of strength.

The promising outlook is reflected in the country's 2022 budget, which projects a 7.4% growth forecast and a surplus of SAR 90 billion, or 2.5% of GDP.

Equally crucial, Saudi is emerging as a major investment hub, with many international corporations eager to either set up operations or acquire assets in the country.

In December, a consortium led by BlackRock Real Assets and Hassan Investment Company signed a USD 15.5 billion lease for Aramco's gas pipeline network. The deal unlocks additional value from Saudi Arabia's diverse asset base and has attracted interest from a wide range of investors, highlighting the compelling investment opportunity.

According to [Invest Saudi](#), the kingdom saw foreign investment flow of SAR 51.8 billion by the second quarter of 2021, compared to SAR 20 billion in all of 2020. Total licences issued surged 263.9% in the second quarter of 2021, compared to the same period last year.

In October, the government also launched the [National Investment Strategy](#) (NIS), with a target to increase net foreign direct investment flows to SAR 388 billion annually by 2030.

A key element of the new investment flow is its focus on promising sectors. [Invest Saudi](#) data shows retail and ecommerce, manufacturing, ICT, and professional and scientific services led the new foreign investment projects in the kingdom in the second quarter of 2021 – a trend that appears to have continued for the rest of the year.

The growth of these sectors hold the key to Saudi's diversified economic future – and it's off to an excellent start.



ECONOMIC TRENDS

The kingdom's 2022 budget signals a return to form, with authorities estimating a surplus equivalent to 2.5% of its GDP.

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GCC EQUITY

Massive demand for shares has prompted company executive to dub the newly listed company as a 'capital of ambitions'.

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PETROCHEMICALS

Soaring prices, rising consumption, and hefty infrastructure spending are giving the sector a bright prospect.

[Read More...](#)



RENEWABLE ENERGY

New power generation and water desalination initiatives reflect the kingdom's net zero targets and renewable energy push.

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SME

The future of work is changing in the kingdom, as more national women join the workforce and become important contributors to economic development.

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MANUFACTURING

The development, which is part of the NEOM smart city project, will offer modern and sustainable infrastructure for the manufacturing sector.

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SAUDI ECONOMY FIRMLY ON ROAD TO RECOVERY



Saudi Arabia's real GDP growth will leap by 7.4% in 2022 buoyed by a spate of fiscal reforms at home and an economic rebound globally, according to the government's latest forecast.

The [Saudi Ministry of Finance's](#) fiscal budget for 2022 expects the economy to be in a strong position in the new year, underpinned by three key pillars.

"The first pillar is ensuring fiscal sustainability through diversification of revenue sources and raising expenditure efficiency," the [ministry](#) said.

"The second pillar is enabling the private sector through programmes that target enhancing the sector's productivity and its contribution to the national economy, in addition to the projects and programmes executed by the development funds."

The third pillar is the implementation of broader structural transformations, with economic and social dimensions, to enhance the agility of the economy and its ability to keep pace with the rapidly changing global landscape.

STEADY RECOVERY

"The financial and economic results and indicators confirm that we are progressing positively, as next year's budget comes amid a global climate characterised by great challenges in light of the repercussions of

the (COVID-19) pandemic, and great local ambitions, but in a financially disciplined framework that focuses on the efficiency and effectiveness of directing government spending and utilising available resources to achieve the best return from them, while maintaining financial stability as a fundamental pillar of sustainable growth," according to His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, [Crown Prince](#), deputy prime minister and chairman of the Council of Economic and Development Affairs.

The government estimates that it will be able to reverse the budget deficits of the past few years and post a budget surplus of SAR 90 billion in 2022, or 2.5% of the country's GDP. The government also forecasts a small budget surplus in 2023 and 2024.

In addition, authorities expect revenues in 2022 to surge past SAR 1 trillion, with "other revenues" accounting for two-thirds of total revenues.

"Other revenues, which include oil revenue, returns on government investments, sales of goods and services, as well as sanctions and fines, are estimated to reach roughly SAR 763 billion for FY 2022, an increase of 20% compared to expected revenue in FY 2021," the Ministry of Finance noted.

Total expenditure, meanwhile, is seen reaching SAR 955 billion, resulting in a surplus.

Preliminary estimates also suggest that the budget deficit for the year will come in just 2.5% above budget, on the back of disciplined spending and higher oil prices.

SPENDING ALLOCATIONS

Education will secure the largest share of the 2022 budget, accounting for SAR 185 billion of funding, while SAR 182 billion will be set aside for general items. Military spending will account for SAR 171 billion of the budget, while health and social development will represent SAR 138 billion of the funding. Most of the big-ticket items will see a drop in spending, with overall expenditure set to decline 5.9% to SAR 955 billion in 2022, compared to 2021.

The Ministry of Finance noted that the government achieved several objectives and gains throughout the past years in capital projects, leading to savings of more than SAR 400 billion, which was redirected to priority areas.

"The authority developed a working plan with about (20) of the highest-spending government entities to develop medium-term portfolios for capital projects, organise project priority according to sectoral strategies and attune them to the objectives of Vision 2030 and the national trends, in addition to balancing them with the expenditure ceilings, according to the objectives of the FSP (fiscal sustainability programme)."

Inflation, a key threat to the global economy, will also remain moderate in Saudi Arabia, at around 1.3% in 2022, edging up higher to around 2% in 2023 and 2024.

The government pursued a number of Vision 2030 realisation programmes and mega projects, as well as investment projects in various sectors, including high-level investment in infrastructure in the past period. But as several of the projects are concluded, and many involving the private sector, capital expenditures will decline by 18.2% in 2022 compared to the 2021 estimates, to reach approximately SAR 92 billion, the ministry [noted](#).

"On the other hand, the government plans to continue to implement several projects in all sectors, including infrastructure projects, residential cities, highway projects, housing unit construction and water plants," the ministry added.

INVESTORS CLAMOUR FOR SLICE OF TADAWUL'S IPO

Saudi Tadawul Group Holding Company debuted on the Saudi exchange in November, marking a new era in the country's financial markets.

Trading under the symbol 1111, the [Saudi Tadawul Group](#) (STG) floated 36 million shares, representing 30% of its issued share capital. Institutional investors were allocated 70% of the shares, while the rest were earmarked for individual investors.

The IPO saw significant demand from institutional and retail investors, and was 121x and 4.4x oversubscribed, generating SAR 458 billion and SAR 5.02 billion, respectively. The offering shares were priced at SAR 105 per share, at the top of the company's initial price range, implying a market capitalisation of SAR 12.6 billion at the time of listing.

The listing comes after the company restructured earlier in the year with the launch of the holding company, the Saudi Tadawul Group – a central pillar of the Financial Sector Development Program, under the Vision 2030 initiative.

"The Saudi Tadawul Group is the new capital of ambitions," said [Sarah Al-Suhaimi](#), Saudi Tadawul Group chair.

The STG will operate four subsidiaries: the Saudi Exchange, a dedicated stock exchange business (previously known as the Saudi Stock Exchange Company-Tadawul), the Securities Clearing Center Company (Muqassa), the Securities Depository Center Company (Edaa), and Wamid – a new innovative applied technology services business.

"This is a significant achievement in our journey to transform Saudi Arabia's economy. Comprehensive capital market reforms are not only prudent but essential to ensuring higher economic growth, to achieving the nationwide goal of the successful delivery of Saudi's Vision 2030, and to align with the strategy of the Public Investment Fund (PIF)," [Al-Suhaimi](#) said.

IPO BOOM

The landmark IPO is the latest in a slew of new listings on the Tadawul this year. According to STG data, 12 companies debuted on the [Saudi](#) exchange in 2021, including the International Company for Water and Power Projects (ACWA Power), Arabian Contracting Services Co., and Arabian Internet and Communications Services Co.

Three other company listings are in the pipeline, according to [Tadawul](#).

In October, the Saudi exchange was included in FTSE Russel's Emerging



Markets Government Bond Index (EMGBI) effective April 2022.

"The inclusion of Saudi Arabia in the FTSE EMGBI marks the first time Saudi riyal-denominated fixed income instruments are included in a global index and is a significant milestone in the development of the broader Saudi capital market," the [company](#) said. "The FTSE EMGBI measures the performance of local currency government bonds from over 16 countries, providing a broad benchmark for global portfolio managers to enable performance comparisons across sovereign debt markets."

MARKET PERFORMANCE

Like most global equity markets, the Tadawul index has also enjoyed strong growth in 2021. The market was up 23.8% by the end of November, which included 10 consecutive monthly gains.

The market briefly surged past SAR 10 trillion this year, before closing at SAR 9.6 trillion by the end of December.

The Saudi market, which was one of two GCC indices that were in positive territory in 2020, continued its rally this year on the back of several initiatives related to Vision 2030.

Investors were also buoyed by high oil prices, which have surged 47.7% this year to USD 74.20 per barrel, as the global economy rebounds.

As many as 17 of Tadawul's 21 sectors are in positive territory for the year, highlighting the broad recovery. Not surprisingly, software and services – which has thrived globally during the pandemic – emerged as the best performing sector with gains of 96.1% until November.

Media rose 87.2%, followed by banks (up 50.5%), and diversified financials (+40.6%).

REGIONAL OUTLOOK

The broader S&P GCC index has also galloped ahead, rising 29.84% year to date, as most Gulf countries leveraged their strong fiscal standing to support the economy, and took measures to stem the tide of COVID-19.

A number of countries embarked on stimulus programmes, while corporations took the opportunity to cut costs and streamline their operations to prepare for the post-COVID era, leading to greater business activity and higher earnings potential for listed companies.

The Abu Dhabi General Index has emerged as the best performing market year to date, with gains of 69.4%. Dubai index (up 23.3%), Kuwait's Premier Market Index (up 21.4), and Bahrain All Share Index (up 16.1%) also saw gains. Oman's MSM 30 Index has grown 9.3% year to date, with Qatar's QE20 Index posting the slowest growth among GCC markets, with 9.1%.

PETROCHEMICALS BUOYED BY SURGING GLOBAL DEMAND

Like the wider global commodity complex, petrochemical prices have soared in 2021, lifting the prospects for Saudi and GCC petrochemical producers.

The Global ICIS Petrochemical Index has jumped 34.33% year to date, with the US Gulf Index up 65%, even as the NE Asia Index increased by a moderate 22.96%, [ICIS](#) data shows.

Benzene saw the fastest year-to-date growth in prices with an 80.1% increase. The other top performing petrochemical products are toluene (up 85%) and paraxylene (up 70.8%).

“The chemical and petrochemical industry in the Arabian Gulf is poised for growth in 2021-2022, as the regional and global economy is forecast to recover in the aftermath of the COVID-19 outbreak,” according to the [Gulf Petrochemicals and Chemicals Association](#) (GPCA), an industry body.



“The regional chemical industry is anticipated to see growth across all key indicators, including chemical sales revenue, production output and international trade off the back of an increase in regional economic activity, supported by a rapid vaccination roll-out, and the global economic rebound,” [GPCA](#) added.

The association expects higher oil and natural gas prices, and strong economic and manufacturing activity in China – GCC’s largest export market – to boost the sector’s outlook.

However, supply chain delays and COVID-19 related disruptions will lead to an increase in the cost of commodities, including some of the chemical industry’s key inputs.

“The chemical industry in the region is emerging from a period of significant disruption, subdued growth and an unprecedented decrease in consumer demand in a range of end-user sectors, which chemical producers serve,” said Dr. Abdulwahab Al-Sadoun, secretary general of [GPCA](#). “The Arabian Gulf region is now entering into a gradual recovery, which will require it to maintain resilience and keep production output high in order to cater to end-user markets at home, in Asia, and the world.”

INVESTMENT DEAL WITH OMAN

On the sidelines of Saudi Crown Prince Mohammed bin Salman Al Saud’s visit to Oman in December, Saudi Arabian Basic Industries Corp. ([SABIC](#)), signed a memorandum of understanding (MoU) with Oman’s state-owned energy holding company OQ. The deal will support the study on developing a petrochemical project in the sultanate’s Special Economic Zone of Duqm (SEZAD).

The project under study is a steam cracker unit (SCU) and derivatives units producing olefins derivatives (ethylene and propylene), which are expected to utilise the feedstock by-products.

In November, [SABIC](#) started the Ethylene Glycol Plant – 3 at its manufacturing affiliate, Jubail United Petrochemical Company (United), with an estimated annual production capacity of 700,000 metric tonnes of monoethylene glycol.

The additional capacity will ensure SABIC maintains its position as the world’s largest producer of ethylene glycol. The new plant will use innovative technologies to reduce emissions, and increase energy efficiency in line with SABIC’s commitment to minimise environmental impact through sustainable use of resources.

“This successful start-up surely adds to our global ethylene glycols footprint, and strengthens our reliability to supply to our customers, bringing us closer to our vision to be the preferred world leader in chemicals,” said Abdulrahman Alfageeh, [SABIC](#) executive vice president, Petrochemicals.

[SABIC’s](#) revenues in the third quarter reached USD 11.65 billion, an increase of 3% compared to the previous quarter. Net income during the quarter reached USD 1.49 billion, a decrease of 27% compared to the second quarter of 2021.

“SABIC announced the start of commissioning activities and preparations for the initial start-up of the petrochemicals joint venture project in the US Gulf Coast (Gulf Coast Growth Ventures),” said Yousef Abdullah Al-Benyan, vice chairman and chief executive officer of [SABIC](#). “This project supports SABIC’s global growth strategy and its aim to diversify its feedstock sources, and strengthens its petrochemical manufacturing presence in North America.”

NATURAL GAS INVESTMENT

Meanwhile, Saudi Arabian Oil Company, or [Aramco](#), has awarded an engineering, procurement and construction contract worth USD 10 billion, to develop the Jafurah unconventional gas field, the largest non-associated gas field in the kingdom.

With an estimated 200 trillion standard cubic feet of gas in place, the Jafurah basin hosts the largest liquid-rich shale gas play in the Middle East.

The shale play, spread across an area of 17,000 square kilometres, is expected to produce two billion standard cubic feet per day (scfd) of shale gas by 2030, including 418 million scfd of ethane, and around 630,000 barrels per day of gas liquids and condensates, which are essential feedstock for the growing petrochemical industry.

“It will also allow Aramco to tap into high-value feedstocks for use in the expanding downstream petrochemicals industry, and our aim is to significantly increase our gas production capacity over the next decade to meet demand growth,” said Amin Nasser, [Aramco](#) president and CEO.

GREENING OF SAUDI ECONOMY RESHAPES UTILITIES SECTOR



ACWA Power's initial public offering in October marked a new chapter in the expansion of Saudi Arabia's renewable energy sector.

The [company](#), which is 44.16% owned by the Public Investment Fund, 22.75% by Vision Investment, and 11.20% by Al Rajhi Holding post-IPO, issued just over 85 million new shares at SAR 10 each, comprising 11.67% of its share capital.

The IPO was oversubscribed 250 times in a sign of the company's promising outlook.

ACWA Power, or the International Company for Water and Power Projects, is a leading electricity and water provider, both in fossil fuel and renewable technologies, in Saudi Arabia and a significant participant in the power generation and water desalination industries in the countries in which it operates.

The group has estimated market shares of 24%, 43%, 14%, 29%, 22% and 23% in Saudi Arabia, Oman, the UAE, Bahrain, Jordan and Uzbekistan, respectively, according to its [prospectus](#).

GREEN ADVOCATE

Around a third of the company's power generation projects (including operating, under construction, and in advanced development) utilise

renewable technologies (solar and wind), and another 44% use natural gas, so that approximately 77% of the gross power capacity of the group's power generating projects utilise either renewable or low carbon sources.

All told, the [group](#) had a portfolio with a total estimated project cost of over SAR 248 billion, comprising 64 power and/or desalinated water projects, in 13 countries, with a mix of renewable energy and conventional fuel projects.

In recent months, the company signed financing worth USD2 billion with Natixis CIB to develop new projects in the region, including in renewable and clean energy.

ACWA Power, which has committed to net-zero emission by 2050, sold one of its four oil-fired assets this year, which is a testament to the company's commitment to remain at the forefront of energy transition.

The company gave up a 32% equity stake in Shuqaiq Water and Electricity Company, an oil-fired asset, to reduce its carbon footprint.

In addition, the company also saw the financial close of the 1,500 MW Sudair PV independent power projects in July, in which ACWA Power holds a 35% equity stake. The project is in partnership with PIF and [Saudi Aramco](#), which own 35% and 30% of the project, respectively.

ACWA also started work on the 300 MW first stage of the 900 MW [Shuaa Energy 3 PSC](#) in July – the fifth phase of Dubai's Mohammed bin Rashid Al Maktoum Solar Park.

2060 GOALS

ACWA Power is part of a major initiative by the [Saudi](#) government to reach a target of net-zero carbon emissions by 2060. The kingdom aims to increase the share of renewable energy to 50% of the total energy mix by 2030, while shale gas will account for the remaining 50%.

The [kingdom](#) also aims to provide a package of initiatives to boost the Carbon Circular Economy, which will contribute to renewing the energy mix and reducing its carbon emissions by 2060.

Saudi Arabia recently joined the Global Methane Pledge, which aims to reduce methane emissions globally by 30% compared to the level of emissions in 2020, in line with the goals set out by the [Saudi Green Initiative](#).

The Saudi Green Initiative aims to reduce more than 278 million tonnes per annum (mtpa) of carbon emissions by 2030, more than half of its annual average emissions of 517 mtpa.

"The kingdom will plant 450 million trees and rehabilitate 8 million hectares of degraded lands by 2030, reducing 200 million tonnes of carbon emissions with additional initiatives to be announced in the years to come. The transformation of Riyadh into one of the world's most sustainable cities is already underway," according to the [SGI](#).

Saudi Arabia also joined the Global Ocean Alliance, established the Ocean Exploration Foundation, and announced a number of initiatives – including a Global Center for Tourism Sustainability – as it accelerates efforts to mitigate the impacts of climate change.

These combined initiatives will represent an investment of SAR 700 billion being spent to stimulate growth of the sustainable economy.

"The Saudi Green Initiative will provide huge investment opportunities for the private sector, quality job opportunities for the next generation of leaders in the kingdom and enhanced international relationships that will have a positive impact on the region and the world," according to [SGI](#).

LABOUR REFORMS OPEN DOORS FOR SAUDI WOMEN

A recently concluded conference highlighted the progress made by Saudi women in the workforce, and suggested ways to nurture their development and entrepreneurship skills.

The [Conference of Women Empowerment](#) and Their Development Role in the Reign of King Salman, organised by the Imam Mohammad bin Saud Islamic University (IMSIU), offered 11 recommendations to support, empower and stimulate the participation of national women forces in various current courses of the economic development.

Over the past few years, authorities have developed new laws and regulations that empower women, such as: judicial bylaws, regulations and circular, the labour bylaw, judicial decisions that enhanced women rights, and policies that strengthened women development role – referring to the increase in percentage of women employed in various fields, such as the diplomatic, judicial, military, and energy sectors, according to Dr. Ahmad bin Salem Al-Ameri, IMSIU rector.

The efforts have increased women participation in economic development, and raised the percentage of women in leading posts in the public and private sectors.

“The recommendations also highlighted the importance of rehabilitating and investing in the national women competencies to participate in international events in order to change the stereotypical image of the Saudi woman, raising the media awareness and increasing social programmes that contribute to preserving indigenous values and heritage of the Saudi women, which enhance moderation according to the teachings of the Islamic Shariah,” according to the [Saudi Press Agency](#).

The [conference](#) featured seven scientific sessions and five interactive sessions, in addition to an exhibition held with the participation of 30 governmental and private agencies. The conference saw the presentation of 49 refereed scientific papers about the achievements, historical decisions, and reforms related to Saudi women. It also featured 110 male and female speakers.

RISING PARTICIPATION RATES

Saudi women’s unemployment rate dropped to 22.3% by the second quarter of 2021, compared to 33.7% in the second quarter of 2016, according to the latest labour survey by the [General Authority for Statistics](#) (GaStat).

Saudi women’s labour force participation rate has also surged to 32.4%



by the end of the second quarter of this year, compared to a mere 17.7% in the second quarter of 2020.

Women are also showing a keen initiative to join the private sector, with 93.6% willing to accept a job in the private sector workforce, according to GaStat data.

Nearly 60% of women were also willing to commute one hour to get to their place of work. As many as 62.2% of the female workforce expressed a willingness to work eight hours, slightly higher than the 59.4% of their male counterparts.

ECONOMIC REFORMS

“Removing regulatory labour constraints that limited the mobility of females in the past and introducing supply-side enablers have both played a crucial role in the increasing female LFPR (labour force participation rate),” according to the [Middle East Institute](#).

In September, [Modon](#), the Saudi Authority for Industrial Cities and Technology Zones, said it has created a specialised training centre in the second industrial city in Riyadh to empower women in the industrial sector.

The project, in partnership with Kafo Charity for Employing and Training, will offer training programmes that align with the requirements of the sector’s labour market.

“The CEO also pointed out that Modon invests in the potential and capabilities of Saudi women through providing a model environment that keeps pace with their ambitions as employees or investors in the industrial sector, noting that Modon succeeded in increasing the number of Saudi women in industrial cities by 120% over the past five years to around 17,000 employees up from 7,860,” according to the [Saudi Press Agency](#).

[The Brookings Institution](#), a Washington-based think tank, reported earlier this year that the reforms to encourage women in the workforce over the past few years are starting to pay off.

“After all, Saudi Arabia’s Vision 2030 reform programme has an explicit objective to increase the female labour force participation rate to over 30%. For now, it looks like this objective was achieved 10 years early,” according to the [research group](#).

OXAGON TO POSITION SAUDI AS A MANUFACTURING HUB

Saudi Arabia plans to shake up the region's nascent 4th Industrial Revolution industry with a modern development that encompasses all elements of the new economy.

[Oxagon](#), located within the USD 500-billion NEOM multi-faceted project, will be a new manufacturing centre designed to accommodate the needs of seven key industries, namely: sustainable energy, autonomous mobility, water innovation, sustainable food production, health and well-being, technology and digital manufacturing (including telecommunications, space technology and robotics), and modern methods of construction, all of which will be powered by 100% renewable energy.

"Oxagon will contribute to redefining the world's approach to industrial development in the future, protecting the environment while creating jobs and growth for NEOM," according to His Royal Highness Mohammed bin Salman, [Crown Prince](#) and chairman of the board of directors at NEOM Company. "It will contribute to Saudi Arabia's regional trade and commerce, and support the creation of a new focal point for global trade flows. I am pleased to see that business and



development have started on the ground and we look forward to the city's rapid expansion."

HIGH-TECH LOGISTICS HUB

Located on the Red Sea close to the Suez Canal – through which approximately 13% of the globe's trade passes – Oxagon will be one of the world's most technologically advanced logistics hubs with state-of-the-art integrated port and airport connectivity.

A key feature of the project will be its fully integrated port and supply chain ecosystem.

"The port, logistics and rail delivery facility will be unified, providing world-class productivity levels with net-zero carbon emissions, setting global benchmarks in the adoption of technology and environmental sustainability," the [company](#) announced.

The project will also aim to break new ground by adopting modern technologies such as the Internet of Things (IoT), human-machine fusion, artificial and predictive intelligence, and robotics, which will create a seamlessly integrated, intelligent, and efficient supply chain.

[NEOM](#) Company says that development of the project is well underway and designs for the large manufacturing facilities are in progress.

"These facilities include the world's largest green hydrogen project involving Air Products, ACWA Power and NEOM in a tri-partite venture; the world's largest and most advanced modular building construction factory with Gulf Modular International; and the largest hyperscale data centre in the region, a joint venture between FAS Energy and NEOM."

VERTICAL TRANSPORT SOLUTIONS

Apart from Oxagon, NEOM is also working on a number of cutting-edge technologies to create a vibrant hub on the kingdom's west coast.

In November, NEOM signed a joint venture (JV) deal with [Volocopter](#), the company behind air taxis, to develop the world's first bespoke public vertical mobility system in the smart city.

"The JV will be the sole operator of initial public transit routes across NEOM, while enabling an open eVTOL (electric vertical take-off and landing) ecosystem for vertical mobility services including logistics, emergency response, and tourism. NEOM has placed a confirmed order of 15 Volocopter aircraft to commence initial flight operations within the

next two to three years," Volocopter said.

The [company also confirmed](#) that an initial order of 10 VoloCity passenger and five VoloDrone logistics aircraft has been agreed to support early activation of flight operations.

"The JV will scale-up its activities from the beginning of 2022 to incubate urban air mobility (UAM) in the region and seed a vertical mobility ecosystem. The partnership delivers on NEOM's mission to be a global living lab for future mobility and a centre of excellence for eVTOL innovation and industry," Volocopter added.

Separately, [NEOM Company](#) also signed a USD 200 million JV agreement with OneWeb's Low Earth Orbit (LEO) satellite constellation in November, in a bid to bring high-speed satellite connectivity to NEOM, Saudi Arabia, the wider Middle East region, and neighbouring East African countries.

AERONAUTICS DEAL

The Saudi government is also making great strides in attracting high-end manufacturing and technology industries to the kingdom.

Saudi Arabian Military Industries ([SAMI](#)), a wholly owned subsidiary of the Public Investment Fund (PIF) and the National Champion of Military Industries Localization, signed a JV agreement with France's Figeac Aero Group, and the Saudi Arabian Industrial Investments Company (Dussur), to launch the Sami Figeac Aero Manufacturing LLC, which will build a high-precision manufacturing facility for the production of aerospace components.

"The JV aims to develop Saudi Arabia's aerospace manufacturing capabilities, train Saudi engineers and technicians to work as part of the project, and boost the localisation of military and civil aerospace industries in line with Saudi Vision 2030. Initial products will focus on machining and processing of light alloy (aluminium) and hard metal (titanium) aerospace parts," according to the [company](#).

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