

IN THIS EDITION ...

Saudi cities are quickly strengthening their appeal as global investment and tourism hubs. They have also become oases for citizens and international talent who are able to access quality jobs, modern infrastructure, and healthy lifestyle programmes.

The government's vision to transform Riyadh, for example, into a global business hub has helped attract a pool of skilled workforce. [Authorities](#) are keen to transform the capital into one of the world's 10 largest cities and increase its population from 7.5 million today to around 15-20 million by 2030.

Last year, the kingdom said it had licensed 44 international companies to set up regional headquarters in Riyadh.

Some of these multinationals – specialising in technology, food and beverages, consulting, and construction – include [Unilever](#), Baker Hughes and Siemens.

The new regional headquarters are projected to add USD 18 billion to the Saudi economy and provide around 30,000 job opportunities by 2030. The government also aims to raise the number of multinational companies in Riyadh to 480 during that period.

Similarly, [Jeddah Central Project](#) is expected to transform the west coast city. Featuring 17,000 residential units, 2,700 hotel rooms, more than 10 entertainment and tourism projects, and four landmarks, the development will revitalise the city's infrastructure while maintaining its historic and cultural significance.

The [Public Investment Fund](#) also launched the 'Boutique Group', a new hospitality brand that will manage and convert a collection of the country's iconic attractions with historical and cultural significance into ultra-luxury boutique hotels.

A number of other developments, such as NEOM City, the Red Sea Project, and other multi-faceted projects, are underway in the kingdom to create metropolises that are engines of economic growth, deploying the latest sustainable technologies, which will also attract fresh investment in the country.



ECONOMIC TRENDS

Upbeat outlook suggests the kingdom's recovery remains on track, which helps in boosting investor sentiment.

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OIL AND GAS

The country is increasing its downstream footprint by forging global partnerships, as worldwide oil demand continues to tick up.

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GCC MARKET

Investors ride the kingdom's bull market, which is enjoying a six-year winning streak and taking the pandemic turbulence in its stride.

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TECHNOLOGY

Authorities have recognised that the key to sustained economic growth is to create value through digital transformation.

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RETAIL

The country is investing in developing attractions that will provide residents and visitors with unique shopping experiences

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TRADE

The country has invested significantly into expanding its air freight infrastructure in a sign of prospering trade.

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SAUDI'S ECONOMY CONTINUES TO SHOW STRENGTH



The Saudi economy surged in the fourth quarter of 2021, underscoring the kingdom's robust rebound from COVID-19.

"This positive growth was due to the high increase in oil activities by 10.8%, non-oil activities increased by 5.0%, and government services activities increased by 2.4% year on year," [GASTAT](#) said in its report.

Seasonally adjusted real GDP grew 1.6% in the fourth quarter compared to the third quarter on the back of strong oil sector, which grew 1.8%, and a 1.5% expansion in non-oil activities, while government service activities increased by 1.2%.

The fourth-quarter surge meant the Saudi economy was 3.3% stronger in 2021, compared to a 4.1% contraction in 2020.

"This increase in GDP was a result of the economy recovering from the

COVID-19 crisis through the growth of non-oil activities by 6.6%, government services activities also increased by 1.5%, and oil activities by 0.2%," the report noted.

Still, like the rest of the world, the Omicron variant continues to temporarily stifle economic growth.

NON-OIL PRIVATE SECTOR GAINING GROUND

[IHS Markit's](#) purchasing manager index (PMI) stood at 53.2 points in January, signalling a solid improvement in the health of non-oil private sector economy. A score above 50 reflects positive sentiment. New orders from foreign customers decreased for the first time since March 2021, albeit only marginally, IHS noted in its latest report.

"The year-ahead outlook for the non-oil sector restrengthened in January after sentiment dropped to an 18-month low at the end of 2021. Hopes were often underpinned by expectations that a recovery from the pandemic will lead to stronger new business growth and a stabilisation of global markets," according to IHS.

Real estate prices, another key indicator of the health of the economy, rose 1.7% on an annual basis in the fourth quarter of 2021, affected by the increase in residential land plot prices by 2.0%, which contributed to the rise in the general index.

Commercial real estate prices declined 0.7% during the period, but gallery/shop properties saw a 0.5% increase.

RATINGS AGENCIES GIVE NOD TO PIF

The [Public Investment Fund](#), the kingdom's sovereign wealth fund, secured favourable debut international credit ratings from Moody's and Fitch, highlighting the credit worthiness and strength of its portfolio.

"The new credit ratings represent a milestone achieved following the reforms introduced in 2015 under the leadership of HRH Prince Mohammed bin Salman Al Saud, crown prince and deputy prime minister," PIF said.

Global credit ratings agency Moody's has assigned PIF a first-time issuer rating of A1 and a scorecard indicated rating of Aa2, with a stable outlook.

"The Moody's rating affirms PIF's strong governance principles, where it has a commitment to maintain a strong credit profile at the subsidiary

level by being represented on the board and involved in determining the financial policies of these entities," the [PIF](#) noted in its statement in response to the favourable credit ratings. "In addition, PIF's governance framework is guided and reviewed by five management-level committees focused on investments, risk and liquidity."

Moody's awarded PIF Aaa, the highest rating achievable, in five sub-categories such as business diversity, financial policy, debt coverage, leverage, and liquidity.

Meanwhile, Fitch Ratings assigned PIF a long-term foreign- and local-currency issuer default ratings (IDR) of 'A'. The outlooks on the long-term IDRs are stable. The fund is spearheading the government's Vision 2030 strategic agenda, and its objectives are closely aligned with national economic goals.

The fund's total assets at the end of 2021 were 57% of national GDP, according to Fitch, and is "the leading strategic investment arm of the Saudi government to promote the diversification of the national economy under its long-term strategic agenda Vision 2030, notably the non-oil GDP sector, and to create about 1.8 million jobs directly and indirectly."

In assigning PIF with a long-term issuer rating of A, Fitch highlighted the fund's low level of debt and net cash positive position, giving it a very strong financial outlook

The ratings are a significant achievement and a reflection of several factors, including PIF's world-class governance, strong financial profile and the diversity of its business and portfolio, said [Yasir Al-Rumayyan](#), governor of PIF.

"This result will further enhance our access to international capital markets and continue to diversify our sources of funding, which is in line with PIF's strategy," Al-Rumayyan said.

SAUDI EXPANDS DOWNSTREAM BUSINESS



Oil markets remain robust, thanks to the steadying hand of Saudi Arabia, Russia, and other OPEC members and allies. Oil prices are trading above USD 90 per barrel through the adept management of supplies even as demand rises in a post-COVID-19 environment.

[OPEC's](#) latest monthly report in February suggests global oil consumption will rise 4.2 million barrels per day (bpd) in 2022 to average 100.8 million bpd, surpassing the levels seen in 2019.

The non-OECD region is forecast to grow by 2.3 million bpd in 2022, outpacing the pre-pandemic level of 2019 by around 2 million bpd for total demand. Within the region, China, India, and Other Asia are the main drivers, making up more than two-thirds of the growth volumes.

The main challenges for 2022 remain the containment of the coronavirus pandemic and any resulting restrictive measures, supply chain disruptions, inflation, and labour shortages, which could dampen economic growth, OPEC's monthly reported noted.

"Nevertheless, upside potential to the forecast prevails, based on an ongoing observed strong economic recovery with the GDP already reaching pre-pandemic levels, supported by fiscal stimulus, and global trade levels reaching an all-time high in volume terms," [OPEC](#) said.

DOWNSTREAM EXPANSION

Saudi Arabian Oil Company (Aramco) is expanding its global downstream presence with a string of investments in Europe and Asia.

[Aramco](#) acquired a 30% stake in Polish oil company PKN Orlen's 210,000-bpd refinery in Gdansk, Poland, a 100% stake in an associated wholesale business, and a 50% stake in a jet fuel marketing joint venture with UK oil giant BP Plc. Completion of the transaction is subject to regulatory approvals, including from the European Commission.

The investment expands Aramco's footprint in the European downstream sector and aligns with PKN Orlen's strategy of diversifying its energy supplies.

In addition, [Aramco](#) also signed a memorandum of understanding (MoU) with PKN Orlen and SABIC to explore joint opportunities in Poland and elsewhere in Central and Eastern Europe. Another MoU was signed by Aramco and PKN Orlen, which focuses on exploring potential opportunities for research and development.

"These acquisitions will support the diversification of Aramco's product portfolio across the hydrocarbon value chain — including a focus on liquids-to-chemicals pathways," said Mohammed Al Qahtani, [Aramco](#) senior vice-president of downstream. "Our expanding global network of refineries and chemical joint ventures allows us to reach new markets with our products, and strategically place crude oil volumes across different geographies."

Aramco also signed a deal and nine MoUs with South Korean companies to advance its downstream strategy.

The deal between [Korea's Doosan Heavy Industries & Construction](#)

[Company](#) and the Saudi Arabian Industrial Investments Company, Dussur, was inked to develop a casting and forging facility that will supply domestic manufacturers with industrial and process equipment such as valves, pumps, compressors, wellheads, flanges, heat exchangers, and gas and wind turbines, with the objective to enhance local content.

The joint venture will have the capacity to produce 60,000 tonnes per year of products, and has the potential to supply original equipment manufacturers (OEMs) in the rig, drilling, maritime, and engine fields to the domestic and wider GCC market.

"The agreements also include MoUs with Korean energy companies KEPCO, S-Oil, POSCO, Hyundai Oilbank, H2Korea and LOTTE Fine Chemical to explore potential collaboration in the supply, transportation, utilisation and certification of hydrogen and ammonia," Aramco [noted](#).

LOW-CARBON HYDROGEN

The companies are also exploring the feasibility of converting exported ammonia into hydrogen – a process known as ammonia back-cracking, which could lead to the development of a large-scale production facility for hydrogen and ammonia in the kingdom, including a carbon capture and storage (CCS) facility.

"In addition to focusing on cutting-edge development in a range of areas, they also support our shared goal of finding climate solutions and lowering greenhouse gas emissions through the development of low-carbon hydrogen and ammonia production, as well as carbon capture and storage," said Amin Nasser, [Aramco](#) president and CEO. "Together, these initiatives with Korea's industry leaders will further enhance our downstream expansion and integration strategy."

Finally, Aramco is playing a leading role in boosting domestic enterprise through its In-Kingdom Total Value Add (IKTVA) programme. Last year, 59% of Aramco's spending was directed at domestic suppliers, up from 35% in 2015 when the IKTVA programme was launched.

OPTIMISM REIGNS AS SAUDI MARKET REACH RECORD HIGHS

The Saudi stock market is scaling new highs. After surpassing 10,000 points repeatedly over the past year, the Tadawul gained further strength with an 8.8% increase in January.

The Tadawul surged 30% last year, among the best performing markets in the region and miles ahead of the broader MSCI Emerging Market index, which grew just under 16% for the year.

This marked the sixth consecutive yearly gain for the Saudi bourse, a winning streak that stretches from 2016, when it expanded by 4.3%. Since then, the market has gained 0.2% in 2017, 8.3% in 2018, 7.2% in 2019, and an impressive 3.6% in 2020 despite the global pandemic outbreak that year.

The gains in 2021 were led by the media index, which jumped 127.6%, software and services with 103.3%, and banks with 61%.



Many drivers fuelled the rally.

The Brent crude oil benchmark enjoyed a 50% hike in 2021, which boosted business confidence in the country. Equally crucial was the spate of reforms that has energised almost every part of the economy. The rollout of giga-projects, and investments in transportation and logistics, manufacturing, entertainment, real estate, mining, and digital economies have also lifted the prospects of virtually all companies on the Tadawul.

IPO AND REFORMS

Tadawul saw more depth with 12 initial public offerings (IPOs). Nine of these newly floated companies were listed in the main market and three in the Nomu-parallel market.

This included the landmark IPO of the [Saudi Tadawul Group Holding Company](#) itself, aimed at further deepening the financial market. The company floated 36 million shares, representing 30% of its issued share capital. Final allocations were 70% to institutional investors and 30% to individual investors.

The IPO saw significant institutional and retail investor demand 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 marks a major milestone in the company's growth story and is the natural next step as we emerge as a Saudi powerhouse with a global mindset that is able to leverage scale, innovation and execution capabilities to drive long-term value for all our stakeholders, achieving the nation-wide goal of the successful delivery of Saudi's Vision 2030 and aligned with the strategy of the Public Investment Fund (PIF)," said Tadawul chairperson [Sarah Al-Suhaimi](#).

TADAWUL'S EVOLUTION

The market is also evolving. Last year, the Saudi Exchange, issued Environmental, Social, and Governance (ESG) disclosure guidelines to promote sustainable growth in the kingdom.

"The guidelines demonstrate Saudi Exchange's continued commitment to support more than 200 listed companies and also prospective companies looking to list," [Tadawul](#) said. "The launch of the disclosure guidelines highlights the exchange's efforts to raise awareness on the

importance of ESG within the Saudi capital market."

The disclosure guidelines will build awareness of ESG, equip listed companies with tools to better navigate the ever-changing ESG landscape, introduce a selection of reporting options that companies can follow to measure their progress, and ultimately unlock the benefits from a sustainable approach to corporate growth.

The [FTSE Russell](#), a leading global index provider of benchmarks, also announced last year that it had included Saudi Arabia in the FTSE Emerging Markets Government Bond Index (EMGBI) effective April 2022. It is projected to include 42 government sukuk, which comprise 2.75% of the index on a market value weighted basis.

"The Saudi capital market continues to grow at pace and the inclusion of Saudi Arabia in the FTSE Emerging Markets Government Bond Index highlights the importance of the enhancements made by the Saudi Exchange, which is a landmark achievement that will pave the way for its recognition globally," [said](#) Mohammed Al Rumaih, CEO of Saudi Exchange.

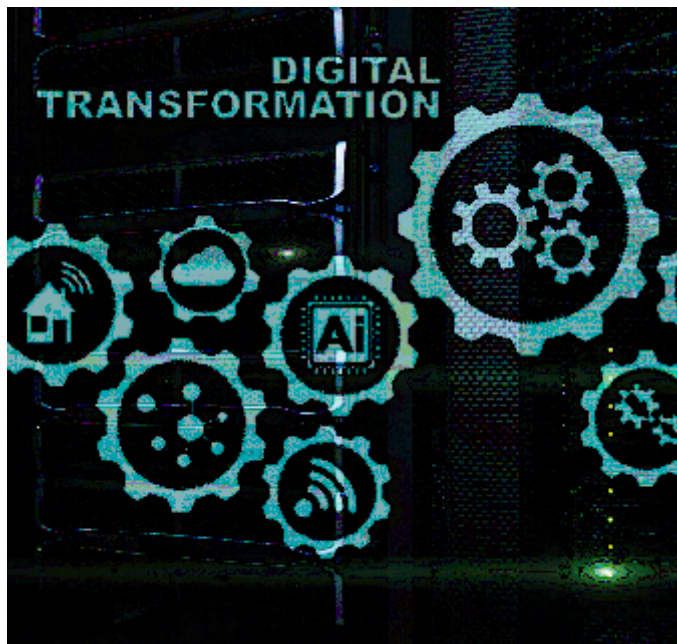
GULF TO KEEP IPOS ROLLING

Other GCC markets are following suit, eyeing more IPOs, and looking at privatisation to energise their markets. The wider GCC markets rose around 35% in 2021, with Abu Dhabi's main index soaring 68.2% for the year. Every other major GCC market also enjoyed double-digit gains in 2021.

2022 could shape up to be a robust year for regional markets, given strong growth prospects, high commodity prices, and government budgets that are aimed at stimulating the economy in the post-COVID-19 era.

However, valuations of some regional market are also stretched, which could compel investors to take a breather after a strong rally.

TECHNOLOGY SHAPES SAUDI'S ECONOMIC FUTURE



The LEAP22 technology event that was held in Riyadh in February highlighted the wealth of opportunities in the kingdom's thriving technology industry and digital economy.

The event saw the launch of "Ignite," a new programme for digital content creation and production, new investments and support for next generation connectivity and communications infrastructure.

"Ignite aims to triple Saudi Arabia's digital content market size in gaming, audio, video and advertising," according to the [Digital Content Council](#). "The programme is backed by a USD 1.1 billion investment and will include incentives such as financial support for local, regional, and international companies and start-ups; infrastructure development; talent development programmes and improved policy and regulations to enable the sector to grow rapidly."

The programme will also offer training courses in gaming, films and digital ads, to upskill more than 4,400 participants in the next three years. The training courses will ensure that Saudi Arabia is developing the skillsets required by the industry and giving Saudi youth employment opportunities.

WORLD'S FASTEST WIFI

In addition, the kingdom is upgrading its digital infrastructure, with the launch of WiFi 6E, supported by the largest amount of spectrum available for WiFi of any country worldwide.

"The combination of state-of-the-art technology and record amount of spectrum will allow Saudi Arabia to benefit from the fastest achievable WiFi speeds globally (2.4 Gbps)," according to [LEAP](#), noting that the hyper connectivity is estimated to quadruple WiFi's overall contribution to Saudi Arabia's GDP to more than USD 18 billion by 2030.

That is not all. The kingdom's is also boosting other digital infrastructure, including the first regional trial of Low Earth Orbit (LEO) satellite technology to extend reliable coverage to the country's remote areas. Communications and Information Technology Commission, the kingdom's telecom regulator, also intends to hold a frequency auction during the first half of this year, a development which is likely to place Saudi first globally for spectrum available to fifth-generation (5G) networks and mobile communications.

"The contribution of 5G technology to GDP is expected to increase from USD 1.4 billion in 2021 to more than USD 15 billion by 2030," according to the [government](#).

NEW BIG TECH HQ

[Trend Micro Inc.](#), an American-Japanese cybersecurity firm, which boasts revenues of more than USD 1.76 billion, said it was setting up its regional headquarters in Riyadh. The company also aims to establish a centre of excellence for cybersecurity expert advisory resources in the kingdom to help businesses improve their cybersecurity.

"The new Riyadh HQ office is equipped with world-class facilities including an executive briefing centre, a learning and innovation centre, meeting rooms, and community gathering spaces, as well as many other facilities for the benefit of the entire cybersecurity ecosystem," the [company](#) said.

The kingdom is already emerging as a regional hub for cloud technology, with leading hyperscale cloud providers including Google, Alibaba, Oracle, and SAP investing more than USD 2.5 billion in cloud in the country.

INVESTING IN A DIGITAL FUTURE

A number of other major ITC initiatives were also announced at the LEAP event. This included the Saudi Telecom's MENA HUB, a USD 1 billion investment in regional connectivity and infrastructure, which will support Saudi Arabia's rapidly expanding digital and cloud sector.

[Saudi Aramco](#), meanwhile, officially launched [Prosperity7 Ventures](#), a USD 1 billion Venture Capital Fund at the LEAP event. The fund, which has been operational for a year, aims to support entrepreneurs and provide access to a network of leading companies, venture capital firms, and experts globally.

"Through the breadth of the Saudi Aramco ecosystem, its vast resources, and its far-reaching footprint across geographies and sectors, Prosperity7 can present unparalleled opportunities for scalability and impact," said Aramco chief technology officer Ahmad Al-Khowaiter. "This potential would be instrumental in creating stronger foundations for success for its portfolio companies."

LEAP also saw the launch of The Garage, a new platform for start-ups, investment, and entrepreneurship by King Abdulaziz City for Science and Technology (KACST), according to the Saudi Press Agency. "The Garage will create a full-service environment for local and international start-ups, to help them grow to become the leading technology companies of the future."

NEOM Tech & Digital Company, part of the giga-project [Neom](#) on the kingdom's west coast, also unveiled plans for the launch of XVRS, a unique digital twin metaverse platform, where virtual reality truly merges with physical to create immersive mixed-reality experiences.

"The future will be defined by cognitive meta cities. It is a vision focused on experiences rather than scale," said Joseph Bradley, CEO of [NEOM Tech & Digital Company](#). "XVRS puts human needs at its core – it is designed to give people more time, space and enhanced safety. M3LD, meanwhile, will place data ownership back in the hands of users and restore trust in the data economy."

NEW PROJECTS TO IGNITE RETAIL SPACE BOOM IN SAUDI

A number of high profile retail projects are being developed in Saudi Arabia, which will transform the sector, creating new and innovative experiences for affluent consumers and tourists.

Last year, the [Public Investment Fund](#) (PIF) unveiled the Jeddah Central Project, a SAR 75 billion multi-use project spread over an area of 5.7 million square metres of land overlooking the Red Sea.

The project features an opera house, a museum, a sports stadium, and an oceanarium, and will shape the operation of promising economic sectors including tourism, entertainment, culture, and sports.

“In addition, the city will benefit from the building and development of modern residential areas, encompassing 17,000 residential units and diversified hotel projects that offer more than 2,700 hotel rooms, and the provision of integrated solutions for the business sector,” according to the [Saudi Press Agency](#). “The project will feature a world-class marina and stunning beach resorts, as well as restaurants and cafes, and diverse shopping options.”

The project’s waterfront is 9.5 kilometres (km) long, and will include a promenade, a marina to host local and international yachts, and a 2.1-km long beach. Open spaces and public services make up 40% of the project area, with the provision of designated walking areas to create a pedestrian-friendly environment.

“The project master plan reflects the Hijazi essence of urban fabric and blocks that characterise the historic city of Jeddah in a contemporary interpretation designed to the highest international standards,” the [SPA](#) said. It will also deploy the latest technologies and adopt world-class sustainability programmes, in line with the objectives of the Saudi Green Initiative.

DIRIYAH SQUARE

Similarly, the [Diriyah Gate Development Authority](#) (DGDA) launched its Diriyah Square development, part of the Diriyah project that will open in 2024. Diriyah is the birthplace of Saudi Arabia, centered around the UNESCO World Heritage Site of At-Turaif, and is the site of the first Saudi state.

“Bringing together wonderful experiences for young and old, Diriyah Square is the gathering place of the Diriyah masterplan hosting 450+ of the world’s finest global retail brands, complemented by an additional 100 authentic local Saudi artisan souks,” DGDA said. “The district will deliver a complete lifestyle offering; from leisure and entertainment,



ultra-luxurious hotels, and places to work and live – all within an iconic destination steeped in heritage, culture.”

Jonathan Timms, president of Diriyah Development Company, [said](#) the project is cultivating compelling opportunities for retailers, brands and operators to call Diriyah Square home.

“We are going the extra mile to ensure we provide the best location for ambitious brands, collaborating to create exceptional customer experiences,” Timms said. “This one-of-a-kind project will present over 400 of the finest retail brands from across the kingdom and around the

world in an authentic and intimate environment of streets and squares, whilst we protect and celebrate the distinctive character of Diriyah.”

GROWING SECTOR

The massive developments are under way as Saudi Arabia undergoes a rapid retail transformation, and the markets see the arrival of new players drawn to the kingdom’s affluent population and changing tastes.

The retail sector was the third fastest growing sector in the kingdom in the third quarter of 2021. Wholesale and retail trade, restaurants and hotels surged 10.8% in Q3, compared to the same period last year, helping the Saudi economy expand 7% during the quarter, according to data from the [National Centre for Statistics & Information](#).

The sector is about to expand more quickly as COVID-19 pressures ease.

“The food and grocery retail is expected to reach SAR 246.9 billion by 2025 at a CAGR of 4.1%,” according to [Marmore Intelligence](#). “Other retail (excluding food and grocery) is the fastest growing sector, which is expected to grow at 5.9% CAGR between 2020 and 2025 from SAR 63.5 billion to SAR 84.6 billion.”

The country is also in the midst of a rapid build-up of retail space. Real estate consultancy [Jones Lang LaSalle](#) estimates that new retail floorspace delivered in 2021 was higher across each of the four major markets versus the preceding year. Around 180,000 square metres (sqm) was delivered in Riyadh, 195,000 sqm in Jeddah, 24,000 sqm in DMA, and 58,000 sqm in Makkah.

“In line with trends evolving globally, some retail centres in the kingdom have been developing their F&B offerings to create a more social experience for visitors,” [JLL](#) said in its latest report on Saudi Arabia. “Such centres tend to benefit from higher footfall and dwell times, as well as higher consumer spending, when compared with traditionally positioned retail assets.”

PANDEMIC FAILS TO DAMPEN SAUDI'S AIR CARGO MARKET

Saudi Arabia has been recognised as one of the best places in the world to be in during the COVID-19 pandemic.

Government efforts to contain the pandemic, high inoculation rates, and a robust economic outlook saw Saudi Arabia rise 18 rungs to reach the second spot – next only to the UAE – in [Bloomberg's](#) COVID Resilience Ranking.

The kingdom was lauded for its public management of the health crisis and the coronavirus' latest variant, Omicron; as well as for keeping the corridors of trade and travel routes open, while also minimising the drop in flight capacity.

FLOURISHING TRADE

Saudi Arabia's smart management of the pandemic has allowed trade flows to flourish.



Merchandise exports rose 82.5% in November 2021, valued at SAR 107.3 billion compared to SAR 58.8 billion in the same period in 2020, according to the [General Authority for Statistics](#) (GASTAT).

"This increase originated mainly from oil exports, which rose by SAR 43.1 billion or 112.8% in the same period. The share of oil exports in total exports increased from 65.0% in November 2020 to 75.8% in November 2021," according to GASTAT.

Compared to October, total merchandise exports increased by 1% in November.

Non-oil exports expanded by 26.1% in November 2021, rising to SAR 26.0 billion versus SAR 20.6 billion in the same period the previous year. Non-oil exports increased by 9% or SAR 2.1 billion compared to October 2021.

CARGO EXPANSION

Meanwhile, the country's airports also witnessed strong growth in cargo throughput, as part of the [General Authority for Civil Aviation's](#) (GACA) efforts to expand air logistics network. Total cargo shipped via air surpassed 653,000 tonnes in 2021, according to the authority.

"This is evidenced by the Model Cargo Village at King Khalid International Airport in Riyadh, which is an advanced logistics platform, whose capacity is estimated at 500,000 tonnes," [GACA](#) said. "The goal is to reach 1,600,000 tonnes annually at the time of full operation, on an area of 350,000 square metres [sqm], which contributes to strengthening the strategic location of the city of Riyadh as a leading provider of logistics services."

The cargo hub provides an integrated area for the development of buildings for operators to process their express freight service, and keep pace with the volume of shipments flowing from and to the capital city.

The Model Cargo Village at [King Fahd International Airport](#) in Dammam also has plans to emerge as a shipping and logistics hub on the east coast. Featuring warehouses, logistics sites, a depot, and re-export area, the facility has the capacity to handle 650,000 tonnes of cargo per year, 500,000 sqm of warehouse space and 200,000 sqm assigned for services.

Saudi Arabian Logistics Co.'s new terminal at the [King Abdulaziz International Airport](#) in Jeddah, was also in the midst of an expansion, with the first phase of the terminal covering an area of 40,000 sqm. The terminal includes various shipping facilities equipped with new facilities

that can handle medical and food refrigerated shipments, high-value shipments, hazardous shipments, and transit shipments.

The expansion project will eventually raise the facility's capacity to 1.4 million tonnes annually.

AIRPORT UPGRADES

In January, [Matarat Holding Co.](#), a unit of GACA tasked with upgrading Saudi airports, completed the institutional transformation of 25 of the country's airports, as well as launched the Jeddah Airports Company and Cluster 2 Company.

It is part of the kingdom's plan to raise the domestic airports' capacity to 330 million passengers per year, expand air cargo capacity to 4.5 million tonnes per annum, and set a goal to be ranked fifth globally in air connectivity for passengers across 250 global destinations.

"The launch of the two companies (Jeddah airports) and (Cluster 2 Company), comes within the framework of the authority's outstanding efforts to improve airport services in the kingdom, through Matarat Holding and affiliated companies, to manage and operate Saudi airports in a modern and developed manner, as airports are a cornerstone of the air transport industry and play a vital role in the field of development," said the president of [GACA](#), Abdulaziz bin Abdullah Al-Duailej.

Jeddah Airports is created as part of the asset transfer and institutional transformation programme for domestic airports.

"Jeddah Airports will work on developing King Abdulaziz International Airport to become a diversified economic gateway, and operate it with the state-of-the-art equipment and advanced services," said Eng. Mohammed Al-Mowkley, CEO of [Matarat Holding](#).

Meanwhile, Airports Cluster 2 Company has the mandate to manage and operate 22 airports and adopt best international practices to boost their competitiveness.

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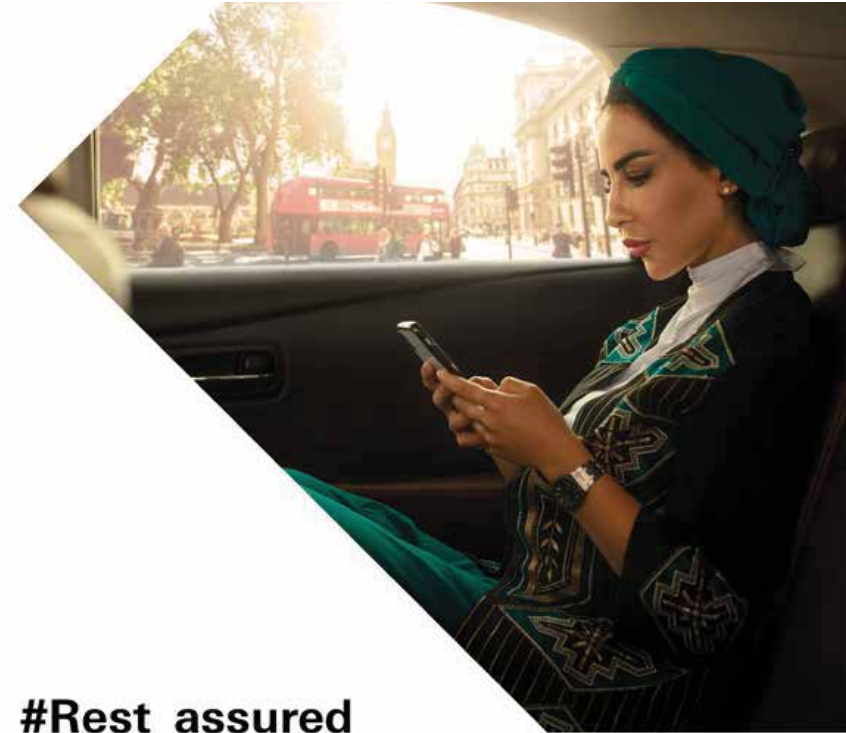
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