

## IN THIS EDITION ...

The back-to-back praise and assessment of solid fiscal fundamentals from ratings agencies, and favourable economic indicators in the first quarter suggest that the Saudi authorities' efforts to transform the economy are paying off.

Fitch Ratings Service said it was affirming the kingdom's A+ rating with a stable outlook, on the back of an estimated sovereign net foreign assets, which are one of the highest among sovereigns it rates.

Fitch also noted that the country's fiscal policy stance supports an acceleration of non-oil growth to 2.5% in 2019-2020.

"Structural reforms under the Vision 2030 programme could boost growth over the medium term," Fitch said.

A day later, Moody's Investors Service said Saudi Arabia's credit profile was supported by very high fiscal and economic strength and external liquidity buffers.

The ratings agency expects the kingdom's economic growth to hover around 2% to 2.5% over the next few years, but "positive developments could stem from the implementation of reforms that enhance competitiveness and private-sector employment while moving the budget towards balance, independent of fluctuations in oil prices."

The positive prognosis comes amid strong first quarter results that showed surging revenues and a more subdued growth in expenditures. While the oil sector was a strong driver, the non-oil sector also rose 46% during the period, according to Ministry of Finance data.

Another key indicator is the rising number of new residential mortgages in the first quarter of 2019, jumping an astonishing 221% during the period, compared to the same period last year, according to the Saudi Arabia Monetary Authority.

Finally, the Financial Sector Conference in April gave the Saudi government the platform to showcase the strength of its financial services industry, the multitude of opportunities available across various industries and parts of the Saudi economy, and the growth potential that remains largely untapped in the kingdom.



### ECONOMIC TRENDS

Both oil and non-oil sectors delivered healthy returns between January and March, while the government kept a tight rein on spending.

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### MANUFACTURING

A robotics conference explored the potential of new technologies in giving the kingdom's manufacturing sector a competitive edge.

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### FINANCIAL SECTOR

Authorities hope to beef up global appetite for its financial services sector, which will have a more prominent role in the country's economy.

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### TADAWUL

The Saudi stock exchange's recent inclusion into the two indices is expected to increase international investors' interest in the kingdom's capital market.

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### OIL AND GAS

Geopolitical risks in the Middle East and constrained output from oil-producing nations have put the market on edge in recent months.

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### TRANSPORTATION

The new privately developed facility is already the second largest port in Saudi Arabia in terms of container handling.

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## SAUDI ECONOMY DELIVERS SOLID START TO THE YEAR



Saudi Arabia's first-quarter revenues surged 48% compared to the previous year, with both oil and non-oil sectors registering impressive growth.

Oil revenues stood at SAR 169.1 billion during the quarter, a 48% jump from the SAR 113.9 billion recorded during the same period in 2018, according to the [Ministry of Finance](#).

More crucially, non-oil revenues expanded 46% to SAR 76.3 billion in the first three months of 2019, as against SAR 52.3 billion in the first quarter of last year.

Taxes on goods and services climbed 82%, as the government expanded levies on oil products, while value added tax contributed SAR 41.1 billion. Taxes on income, profit and capital gains rose 11% to SAR 2.74 billion amid higher corporate profitability and improved economic conditions.

Other revenues jumped 8%, while taxes on trade and transactions contracted 8% during the quarter, compared to the previous period.

Meanwhile, expenditures rose only 8% during the quarter amid a strong effort to curtail spending. Compensation of employees, the biggest expense item, was up 8%, while expenditure of goods and services increased 51%.

[Mohammed bin Abdullah Al-Jadaan](#), the minister of finance, noted that fiscal targets for 2019 are still on track.

"Expenditure outlays on development projects are expected to increase during the remainder of the year especially on Vision Realisation Programs and private sector development programmes, alongside increasing expenditure on social protection," the minister stated. "The latter includes spending on education, health, social development, Citizen Account, social security benefits, cost of living adjustment and student rewards."

Meanwhile Al-Jadaan expects continued growth in non-oil revenues, contributing to reaching the budget deficit and debt targets."

The surplus for the quarter stood at SAR 27.8 billion.

Other economic indicators were also impressive. Markit's latest purchasing managers index noted a robust increase in business activity across Saudi Arabia's non-oil private sector, with the rate of growth quickening for the fourth month in a row to the fastest since December 2017.

"Firms that reported higher output in April often linked this to stronger underlying demand and an associated rise in new business," [Markit](#) said. "Growth of new work eased slightly from March's near four-year high, but nonetheless remained sharp overall and stronger than that of output. New export orders meanwhile rose modestly in April compared with total new business."

## MOODY'S OPINION

[Moody's Investor Service](#) also affirmed its credit opinion on Saudi Arabia to A1, stable.

The agency raised its GDP growth projections for the kingdom's economy from 1.5% to 2.7% for 2019. The revision in the projections came as Moody's expects higher oil production along with developments in the non-oil sector to boost the Saudi economy.

"Over the next five years, Moody's expects that Saudi Arabia's economy will grow at a rate of 2% to 2.5% per year," the ratings agency said. This is markedly lower than the 4.6% growth rate recorded during 2011-16. However, progress on the government's plans to diversify Saudi Arabia's economy away from oil could lift the country's longer-term growth potential," Moody's noted.

"The country's very high fiscal strength stems from the government's large financial buffers, relatively low but rising debt levels, and high debt affordability."

Furthermore, Moody's cut projections of government deficit for 2019 to 3.6%, from previous forecasts of 5.2%. The agency commended the kingdom's financial management and noted that the government's reform programme, including plans to balance fiscal budget by 2023, could lead to higher ratings.

Saudi Arabia's investment environment is also improving, with [Saudi Arabian General Investment Authority](#) issuing 267 new foreign investors in the first quarter of 2019, a 70% increase compared to the first quarter of 2018.

Key growth sectors include education and healthcare, following the recent lifting of foreign ownership restrictions in these industries. During the first quarter, nine new education-related companies were established, compared to just one during the same period last year.

"Other sectors that saw strong growth in Q1 2019 include the construction industry, which saw 39 new foreign investors receive business licenses, compared to only 22 in Q1 2018," [SAGIA](#) said.

In the mining and quarrying industry, 11 new foreign companies received licenses, compared to only three in the first quarter of last year. There were also a record number of new foreign entrepreneur licenses issued in the first quarter, with 45 new start-ups setting up in the kingdom, compared to 13 in the same period last year.

## EVENT LURES GLOBAL FUND MANAGERS TO SAUDI

The first Saudi Financial Sector Conference, held on 25 and 26 April in Riyadh, was a resounding success with regional and international financial powerhouses from all over the world attending the event and participating in various panels.

The conference showcased the kingdom's Financial Sector Development Program (FSDP), which is part of the overarching Saudi Vision 2030.

"The plans being implemented under the umbrella of the Financial Sector Development Program will develop an advanced capital market that promotes financial planning, education and inclusion, stimulates savings and diversifies funding sources," said Mohammed bin Abdullah Al-Jadaan, [minister of finance](#) and chairman of the Financial Sector Development Program Committee.

The event was organised by the Ministry of Finance, the Saudi Arabian Monetary Agency and the Capital Markets Authority.

Aptly titled "Promising Financial Prospects," the conference aimed to become the region's most prominent financial sector event and attract global and regional financial institutions to the kingdom.

"It seeks to increase the Saudi financial sector's contribution to GDP by building a diversified and stable financial sector and developing a sophisticated financial market, through inviting all concerned stakeholders in the Saudi financial sector to participate in a constructive dialogue," according to the organisers.

HSBC CEO John Flint and Blackrock CEO Larry Fink were among the major global executives in attendance, as was Daniel Pinto, co-president of JPMorgan Chase & Co.; Hiroshi Nakamine, managing executive officer in Europe and the Middle East at Mizuho Bank of Japan; Jun Ohta, CEO of SMBC Japan, and Mark Cook, CEO of UK-based Ashmore Group, also attended the event.

"This is an economy that we have a lot of confidence in, I think the future is bright," Flint [told](#) the gathering. "We are excited about the role that we can continue to play here."

Blackrock's Fink told another panel: "The changes here in the kingdom in the last two years are pretty amazing."

## WELCOMING VENTURE CAPITALS

At the event, Saudi Arabian General Investment Authority (SAGIA)



launched Venture by Invest Saudi, a new initiative aimed at attracting global venture capital firms to the kingdom.

"The economic and social transformation of Saudi Arabia is taking place at a rapid pace, guided by Vision 2030," said [Sultan Mofti](#), SAGIA's deputy governor of investment attraction and development.

"The continued prosperity of the kingdom depends on fostering innovation, attracting foreign investment and enabling private sector growth. Across the globe, venture capital firms are key to nurturing entrepreneurship, promoting innovation, and unlocking value."

The new initiative looks to offer an 'instant license' in under three hours, enabling companies to more easily tap into the Saudi market.

To date, more than 20 venture capital firms have signed agreements under the "Venture by Invest Saudi" platform, including those from the United States, the United Kingdom, China, Singapore, and Kuwait.

## FINANCIAL SECTOR DEVELOPMENT

The conference underscores the ambition of the financial sector development programme, which is expected to transform the financial services sector into an engine of growth. Funding and investment will be needed to realise the goals and targets of the Saudi Vision 2030 programme.

The programme's three pillars are to: (1) enable financial institutions to support private sector growth, (2) develop an advanced capital market, and (3) promote and enable financial planning for the local population and create a culture of savings and investment.

"The programme's initiatives aim to raise households' savings from total income from x% to 10% by 2020, increase the total size of financial assets in the kingdom to GDP by 201%, increase the number of adults who have bank accounts from 74% to 80%, increase SME's share of total bank loans to 5%, and generate more high-paying jobs in the financial sector, by 2020," according to an [FDSP](#) document.

In its short time, FDSP has a number of achievements under its belt. Apart from opening the kingdom's bonds and sukuk market, it has also enhanced the [Mada's](#) system of point-of-sales payments to improve customer experience through the acceleration of time needed to execute a small-amount transaction, in addition to enhancing the smart payment infrastructure of the kingdom.

The [Capital Markets Authority](#) also issued a resolution to adopt and publish rules for registering auditors for entities subject to CMA's supervision, while the [Saudi Arabian Monetary Authority](#) issued licensing and control rules for insurance/reinsurance companies in the country.



## OIL PRICES CLIMB AS SUPPLY WOES INTENSIFY

Crude oil prices accelerated another 6.6% in April to USD 70.78 per barrel – a six-month high amid improving economic prospects and supply curtailments.

“Oil prices continued their uptrend in the second part of April on renewed geopolitical tensions in the Middle East that could lower crude production and exports in upcoming months,” according to the latest report from the Organization of the [Petroleum Exporting Countries \(OPEC\)](#).

“Supply disruptions of Russian Urals via the Druzhba pipeline to Eastern Europe and Germany due to crude contamination by organic chlorides also added support to prices.”

OPEC has maintained its growth forecast for global oil demand to 1.41 million barrels per day (bpd) this year, taking total demand to 98.7 million bpd.

While oil demand in OECD Europe is expected to decline, OECD America and emerging markets will drive growth. China and wider Asia are anticipated to lead oil demand growth in the region with a combined potential of around 0.72 million bpd in 2019.

On the supply side, OPEC’s production fell marginally to 30.03 million bpd in April, compared to March. The group’s output has fallen from the 32 million bpd produced on average in 2017, after it agreed to implement voluntary cuts to stabilise crude oil prices. Saudi oil output reached 9.42 million bpd in April, compared to 9.78 million bpd in March, and well below the 10.3 million reached last year.

Total non-OPEC supply for the year is now projected to average 64.52 million bpd, with the US, Brazil, Russia, Australia, the UK, Ghana and the Sudans forecast to be the main drivers for this year’s growth. Mexico, Kazakhstan, Norway, Indonesia and Vietnam are projected to see the largest declines.

But the big ramp up in the United States and elsewhere that was seen over the past few years is losing steam.

In addition to geopolitical developments, the performance of non-OPEC supply in 2019 will depend on a number of factors, OPEC noted.

“Supply growth is likely to be slower than last year amid the expected weaker global economic growth at 3.2%. US tight oil production is increasingly faced with costly logistical constraints in terms of out-take capacity from land-locked production sites. Such constraints have also impacted Canada’s oil production.”



## ARAMCO BULKS UP DOWNSTREAM PORTFOLIO

The Saudi Arabian Oil Company (Aramco) continued its strong push to build its downstream portfolio with two new acquisitions.

In April, [Aramco Overseas Company B.V.](#), a unit of the company, agreed to purchase a 17% stake in South Korea’s Hyundai Oilbank, a subsidiary of Hyundai Heavy Industries Holdings, for around USD 1.25 billion.

The investment will support Aramco’s crude oil placement strategy by providing a dedicated outlet for Arabian crude oil to South Korea.

“The investment supports Saudi Aramco’s broader downstream growth strategy, as well as providing long-term crude oil placement supply options and product offtakes as part of our trading business,” said

Abdulaziz Al-Judaimi, Saudi Aramco’s senior vice president of downstream.

Hyundai Oilbank’s refining plant in the key petrochemicals hub in South Korea’s Daesan Complex, has the capacity to produce around 650,000 bpd. The company’s five units are focused on oil refining, base oil, petrochemicals, and gas stations.

Aramco followed up a deal to acquire [Shell Saudi Arabia Refining Limited’s](#) 50% share of the Saudi Aramco Shell Refinery joint venture in Jubail Industrial City for USD 631 million, giving Aramco full control of the project.

The 305,000-bpd refinery produces liquefied petroleum gas, naphtha, kerosene, diesel, fuel oil and sulphur.

Aramco also signed a supply agreement with Poland’s [PKN Orlen](#) to enhance the integration of its downstream network in Europe.

“The increasing number of strategic partnerships established across refining, chemical and marketing activities reinforce Saudi Aramco’s downstream growth ambitions and bolsters its successful efforts to span the length of the value chain,” the company said. “The increased European presence also positions Saudi Aramco favourably to supply critical feedstock to the European market.”

[Aramco](#) provided details on more than 600 upcoming Saudi Arabian construction projects worth USD 130 billion during a contracting forum in Riyadh in April, which was attended by more than 1,500 project management professionals in the country.

The company is currently implementing around 200 major projects through various local and international contractors.

“We are always keen to support and encourage contractors and manufacturers, and to provide opportunities for them to carry out work within the various projects carried out by Saudi Aramco in the oil or gas, petrochemical industries, energy projects, and infrastructure, as well as social participation projects,” said Ahmad A. Al Sa’adi, Aramco’s senior vice president of technical services.

## SAUDI TURNS ITS ATTENTION TO SMART MANUFACTURING

The [Saudi Robotics Conference](#) recently concluded in the industrial city of Jubail, highlighting the next level for the manufacturing sector, which authorities are keen to exploit.

The event focused on smart manufacturing, especially developments in robot automation, the case for industrial robots, future technology and skills gap, and robot application safety, among others.

From traditional industrial applications to cutting edge new technologies, companies are finding new ways to automate every process to gain efficiency, boost productivity and cut costs.

A key example is the [Arabian Robotics Company](#), which is developing robotic solutions for industrial applications, providing competitive robotic solutions and services and commercialising and building alliances with leaders of robotics technology.

The company has licensed SAIR, an industrial grade inspection robot invented by Saudi Aramco. In 2016, the invention was developed at King Abdullah University of Science and Technology (KAUST). SAIR has been field tested at various Saudi Aramco facilities, including tank farms and terminals, gas oil separation plants (GOSP), and refineries.

Similarly, Saudi Elenex, the international trade exhibition for electricity,



alternative energy, lighting, power generation, and water, also saw new deals in high-end manufacturing.

During the event, the [Ministry of Energy, Industry and Mineral Resources](#) launched seven solar PV projects with a capacity of 1.52 GW and a direct investment of USD 1.51 billion.

### INVESTING IN MANUFACTURING

The Public Investment Fund (PIF) is also eyeing new manufacturing industries. [The Saudi Investment Recycling Company \(SIRC\)](#), a fully owned unit of the PIF has acquired Global Environmental Management Services (GEMS), from Jadwa Waste Management Opportunities Fund, which is managed by Jadwa Investment.

“SIRC was established by PIF in 2017 as part of the fund’s strategy to develop new sectors within Saudi Arabia,” according to the company.

The company is charged with the mandate to develop, own, operate and invest in waste disposal and treatment and spearhead state-of-the-art treatment and recycling facilities and waste-to-energy solutions as part of the National Renewable Energy Programme.

“In addition, SIRC will be acting as the national champion in the waste management sector by creating a range of opportunities for private sector participation, investing in companies across all waste streams and value chains, and identifying opportunities to invest in and localise proven and scalable technologies,” the company said.

The deals are part of the National Industrial Development and Logistics Programme is also seen as a boost for the manufacturing sector.

The NIDLP aims to raise the GDP contribution of manufacturing and logistics to USD 320 billion by 2030, stimulate investments worth more than USD 426 billion, and increase the volume of non-oil exports to over USD 260 billion over time.

At a major event introducing NIDLP earlier this year, the kingdom signed memorandum of understandings with French aerospace and defence company Thales and CMI of Belgium in military industry co-operation.

The Saudi Export Development Authority and the Saudi Industrial Development Fund also reached a financing agreement worth USD 840 million for the construction of the Trans-Saudi Arabia plant in Jazan for basic and transformational industries, one of China’s flagship Belt and Road Initiatives.

### ESTABLISHED MANUFACTURING REVS UP

The established segments of the manufacturing sector is also showing signs of hectic activity. The cement sector, for example, is revving up again as the kingdom unveils a spate of new projects.

In the first quarter, [Saudi Cement Co.](#) led the way with a net profit of SAR 132.4 million, which was 7% lower year on year, but 6% higher compared to the previous quarter. The company saw its sales jump to SAR 390.4 million in the quarter, an 18.24% increase compared to the same period last year.

However, the company noted that its selling, distribution and administrative expenses were unexpectedly higher, apart from “increase in Islamic financing charges and decrease in share in net results of associates”.

Meanwhile, [Yamama Cement Co.](#) posted a net profit of SAR 73.8 billion, a 196% increase over the previous quarter. Sales surged 51.5% to reach SAR 213.8 million in the quarter.

The company also managed to increase its selling prices to SAR 207 per tonne in the first quarter of 2019, compared to SAR 155 per tonne in the fourth quarter of 2018.

Similarly, [Yanbu Cement Co.](#) posted a strong 81.2% increase in net profit in the first quarter on the back of a 20.5% surge in sales revenues.

[Southern Cement Co.](#), however, saw a 7% drop in net profit, even as revenues rose 18% during the quarter.

The largely improved results have helped an industry that has gone through muted growth over the past few years, as the government rationalised projects and streamlined developments amid a major restructuring of priorities.

Cement companies should also be buoyed by new projects, such as the USD 500 billion Neom City, and four new entertainment and leisure mega developments across Riyadh City valued at around USD 23 billion.

## FTSE AND S&P UPGRADES BUOY CONFIDENCE IN TADAWUL

Saudi Arabia's much-anticipated inclusion into the FTSE Russell and S&P Dow Jones Indices finally happened in March, marking a new chapter in the growth of the region's largest stock index by market cap.

The Tadawul's inclusion into the FTSE Russell Emerging Markets index is expected to occur in [five tranches](#) over the next year, with the first completed on 18 March. The initial tranche of 25% was split over March and April 2019 (10% and 15%, respectively) to ensure a smooth transition.

The Capital Markets Authority (CMA) expects the remaining 75% will be rolled out quarterly in June 2019, September 2019 and March 2020.

"Saudi Arabia's promotion to Emerging Market status within [FTSE Russell's](#) global equity benchmarks is a significant achievement," said Waqas Samad, CEO of FTSE Russell.

"The CMA and Tadawul have long been committed to improving Saudi Arabia's capital markets infrastructure and marks a culmination of their efforts to meet the rigorous requirements for inclusion."

Similarly, [S&P Dow Jones Indices' Global Benchmark Indices](#) also included Tadawul, with the first phase in March and the second set for September. Saudi Arabia is eligible for inclusion at 50% of float-adjusted market capitalisation in the first phase and at 100% of FMC by September.

"Saudi Arabia's recent move in our country classification to emerging market from stand-alone is a result of an ongoing consultation with market participants," said Alex Matturri, CEO at S&P Dow Jones Indices. "It reflects the strong consensus among members of the global investment community and recent positive market structure reforms that support foreign investment in the country."

### CAPITAL MARKET REFORM

Indeed, the Saudi CMA has been on a strong reform drive that has boosted investor confidence and elevated the kingdom's regulations in line with international standards in the space of two years.

The CMA believes that opening up the market will yield greater investor flows and enhance market liquidity. The reforms are part of the Financial Sector Development Program and Vision 2030 agenda to develop a global financial centre and play a key role as a source of capital. This will then diversify opportunities for issuers and investors alike.

The Tadawul is not done yet. In April, [CMA, Tadawul and the kingdom's](#)

[Debt Management Office](#) (DMO) rolled out reduced fees and commissions' structure of the sukuk and bonds market.

Securities Depository Center Company, or Edaa, will reduce initial public offering upload fees and annual registry fees for debt issuers, while Tadawul will also lower its annual listing fees for first and subsequent sukuk and bond issuances, along with caps for Tadawul's annual listing fees for first and subsequent issuances.

The DMO also [announced](#) reducing the par values of governmental issued sukuk from SAR 1 million to SAR 1,000.

Other changes include deregulation of brokerage commissions and elimination of minimum commission cap required. In addition, Tadawul and CMA reduced their trading commissions, while CMA will waive trading commission for most investors.

Meanwhile, [Edaa said](#) it will introduce annual safekeeping fees for listed sukuk and bonds holdings.

"These changes represent an important step in further enhancing the kingdom's capital market by encouraging issuers to list more Saudi currency sukuk and bonds in the public debt market and facilitating increased trading by investors, which will result in greater market liquidity," said Khalid Al Hussan, CEO of Tadawul.

The three institutions believe that increased liquidity of the debt market will, in turn, contribute to the issuance of more diversified debt instruments and the introduction of new asset classes for investors.

### MSCI BOOST

The changes come at a time of new investments pouring into the kingdom's market. The Tadawul surged 9.4% in January, 3.8% in March and 5.5% in April, with only February registering a small 0.8% decline. Tadawul has jumped nearly 19% in the first four months of the year to become the best performing market in the Arab world.

Trading volumes and value of shares traded have both risen in the past few months as institutional investors position themselves in the market.

There is potential for more activity in the near future. Saudi Arabian stocks will be included in the MSCI Emerging Markets Index and the MSCI ACWI Index in a two-step process starting in June this year.

"The MSCI Saudi Arabia IMI will represent approximately 2.6% of the



MSCI Emerging Markets IMI (which includes small-cap stocks) and will add 69 securities to the latter index," according to [MSCI](#).

The MSCI notes that the inclusion of Saudi Arabia would be beneficial for MSCI Emerging Market Investors as Saudi equities have offered above-average dividend yields for the available history since September 2014. Over the last four years, Saudi Arabia's yield has, on average, exceeded the emerging markets' yield by 140 basis points.

In addition, financials and materials comprise more than 75% of Saudi market cap, which provides diversification opportunities for emerging market investors, as the sector's weighting is distinct from the sector composition of the MSCI Emerging Markets.



## KING ABDULLAH PORT MAKES ITS MARK IN MIDEAST CARGO TRADE SCENE

The official launch of the King Abdullah Port at the King Abdullah Economic City in Rabigh, on the Red Sea, underscores the importance of a vital new project with a unique model in the region.

King Abdullah Port is the first facility of its kind that is developed, managed and operated by the private sector, with a cost of approximately SAR 13 billion.

The project is positioned as a prime East-West hub, on the main trade route between Asia and Europe. It is well suited for the Middle East, Gulf Peninsula and Saudi markets because it is close to the industrial hubs of Jeddah, Rabigh, and Yanbu, as well as the major population centres of Jeddah, Makkah and Madinah. It also boasts proximity to the burgeoning African market.



The project, which has been in operation since 2013, has already enjoyed strong success and is the second largest port in the kingdom in terms of container handling.

Annual throughput of the port rose to 2,301,595 twenty-foot equivalent units (TEU) by the end of 2018, an increase of more than 36% compared to 2017.

Owned by the [Ports Development Company](#), King Abdullah Port has been listed as the fastest growing container port and one of the world's top 100 ports after less than four years of operation.

Eight of the largest shipping lines operate at the port to offer integrated services to importers and exporters, and the port's development plan is proceeding at a steady pace with a clear vision to become one of the world's leading ports.

Other agreements signed by the port include a memorandum of understanding (MoU) between King Abdullah Port and Saudia Cargo to establish a land-air bridge, linking the country's port to airports and boosting intra-trade volume to SAR 10 billion by 2030.

The MoU will impact several sectors, and play a key role in fulfilling the goals of the kingdom's National Industrial Development and Logistics Program. An MoU was also signed with Petro Rabigh to make the port the petrochemical company's primary export platform.

## EXPANDING CAPACITY

Another MoU signed by King Abdullah Port with the National Container Terminals will expand the port's container terminal and increase throughput to 7 million TEU, making it the largest container port on the Red Sea coast. The beginning of drilling operations on the north basin between the port and Huta Marine was also announced, an agreement which will add 10 million TEU of throughput and 15 million TEU of bulk cargo, according to the [company](#).

The development comes as the kingdom raises its national maritime fleet capacity to more than 7.6 million tonnes of goods by the end of 2018, a 50% increase compared to 2017, according to the [International Maritime Organization](#) (IMO). Saudi Arabia's fleet was ranked 23rd globally in 2018, out of 174 IMO member states. In 2017, the kingdom was ranked 32nd in the world.

Saudi Arabia is also tapping the expertise of China Ocean Shipping Company Limited (COSCO) to share knowledge and expertise with the

world's third largest shipping company.

At the recently concluded [Belt and Road Forum for International Cooperation](#) in Beijing, Dr. Nabil bin Mohammed Al-Amoudi, Saudi minister of transport and chairman of the board of directors of the Public Transport Authority, discussed opportunities to develop the relationship with the Chinese company and "transfer its expertise to Saudi ports in important aspects such as handling centres and transshipment techniques."

The kingdom's nine ports handled 66,335,121 tonnes of shipment in the first quarter, an increase of 7.62%, while the number of containers exported and imported reached 1,682,806, an increase of 7.02% compared to the same period last year.

The number of vessels in Saudi ports during the first quarter of 2019 reached 2,983, the number of passengers 320,191, while vehicles reached 162,071 and the number of livestock 1,664,725 heads, according to the [Saudi Ports Authority](#), or Mawani.

## UPGRADING AVIATION

The Saudi government's decision to promote Abdulhadi bin Ahmed Al-Mansouri as president of the [General Authority of Civil Aviation](#) (GACA) at the rank of minister, underscores its focus on elevating the country's airports and wider logistics industry.

In May, Prince Sultan bin Salman bin Abdulaziz, chairman of the [Saudi Space Commission](#) and chairman of the Board of Trustees of the National Aviation Academy, launched in Rabigh the first international aviation academy in Saudi Arabia.

The institution aims to upgrade the skills of aviation students and develop a strong cadre of pilots, aviation executives and industry professionals to meet the needs of a fast-growing aviation industry.

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