SABB ساب

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IN THIS EDITION ...

In a sign of the government's successful efforts to support the economy, Saudi Arabia's unemployment rate fell below pre-pandemic levels.

"In the first quarter of 2021, the overall Saudi unemployment rate decreased to 11.7% compared to 12.6% in the last quarter of 2020, reaching a level below pre-pandemic," the General Authority for Statistics (GaStat) said.

Unemployment rate among Saudi males reached 7.2% in the first quarter of 2021, while the unemployment rate among Saudi females stood at 21.2% during the same period, based on the estimates of GaStat's Labour Force Survey.

The surge in women employment has been a bright spot in the kingdom's recovery. The 21.2% unemployment rate among women in the first quarter is the lowest it has ever been, compared to a 31.7% increase in women unemployment in the first quarter of 2019.

The labour force participation rate of women of working age also rose during the first quarter to reach 33.6%, versus 32.1% in the fourth quarter of 2020.

The International Monetary Fund has also lauded the kingdom's fiscal and monetary measures, which propped the economy and led to a rebound in jobs.

"Policies to support the non-oil economy have been successful," the IMF said in its latest report on the kingdom. "The contraction in non-oil real GDP in 2020 was less than the G20 median real GDP contraction and less than projected by staff in the June 2020 World Economic Outlook. Further, employment of Saudis in the private sector declined only slightly during the peak of the crisis and has rebounded suggesting that the employment support was successful."

And the march towards economic reforms continues. In July, authorities said the kingdom will invest more than SAR 500 billion in airports, seaports, rail and other infrastructure by the end of the decade, in a bid to transform the country into a global transportation and logistics hub.

Such initiatives will bring Saudi Arabia closer to achieving a number of Vision 2030 goals, and create thousands of well-paying jobs.

ECONOMIC TRENDS

Industries outside of the oil sector are thriving, as the government's reform effort gains momentum and attracts investments.

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OIL AND GAS

The company's pipeline assets prove popular among institutional investors, coinciding with a sharp recovery in global oil consumption.

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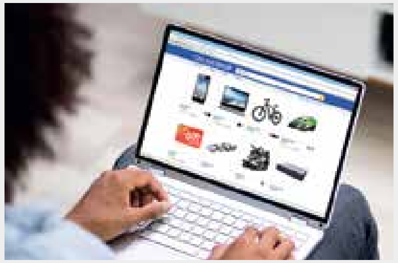

RETAIL

Business conditions appear to have recovered from impacts of the coronavirus, while retail has been buoyed by a shift to online shopping.

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PETROCHEMICALS

The company has staged a nimble response to market changes brought about by the pandemic by implementing 'forward-looking strategies'.

Read More...

MINING

Once completed, the multi-billion-dollar project will position the company as one of the world's three largest phosphate fertiliser producers.

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LOGISTICS

By investing in infrastructure, the government hopes to boost the country's air, land and sea connectivity, and increase freight capacity.

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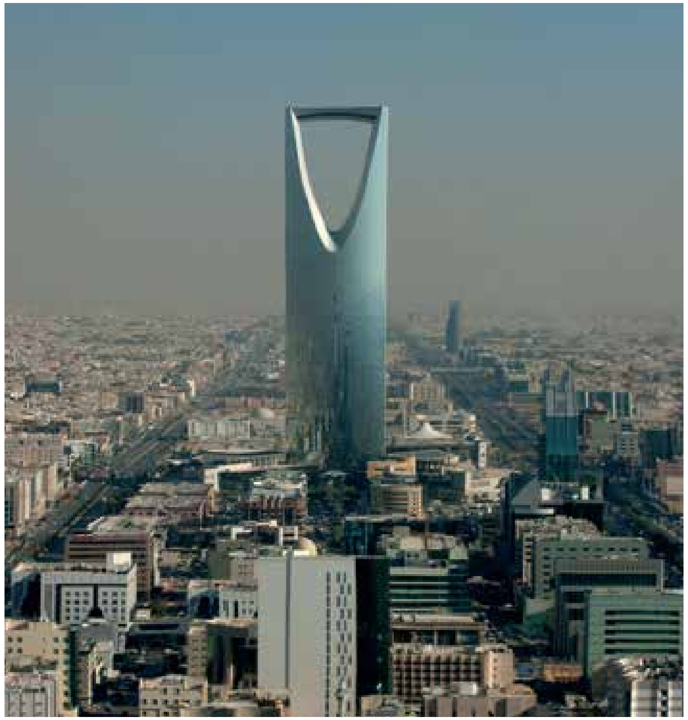
SAUDI DEFIES COVID-19 HEADWINDS TO KEEP RECOVERY ON TRACK



Saudi Arabia's non-oil economy is expected to accelerate this year, driven by higher investment from the Public Investment Fund and strong private sector demand, according to the International Monetary Fund (IMF).

The non-oil sector will grow 4.3% in 2021, taking the overall GDP growth to 2.4%, the IMF estimates. Next year, GDP growth will jump to 4.8% as the oil and non-oil sectors are expected to expand by 6.8% and 3.6%, respectively.

The IMF noted that Saudi authorities have expressed confidence about the economic outlook on the back of Vision 2030 reforms, swift policy response to COVID-19, and a rapid rebound from the second half of 2020.

The government has spent USD 147.7 billion in financial and borrower support measures during the pandemic, while fiscal measures have accounted for USD 14 billion and labour market support an additional USD 7.4 billion, as per IMF estimates.

But the fund believes that some measures can be rolled back as the lockdowns have ended and growth, corporate cashflows, and labour demand have rebounded.

Indeed, the government has moved swiftly with tax deferrals, which peaked at end-June 2020, almost entirely repaid by the year-end, while the employment support has been refocused on sectors such as transportation and hospitality, which continue to be impacted by the pandemic.

Crucially, the Saudi Central Bank said in June that it is extending a deferred payment programme to support small businesses impacted by the coronavirus crisis until at least September.

The initiative was launched in March 2020 and has absorbed deferred payments of USD 44.53 billion since its inception.

"The IMF staff reaffirmed also that the policies to support the non-oil economy have been successful, that the creation of the High-Level Crisis Response Committee was central to effectively and pro-actively managing the crisis, and that strict early containment and health mitigation measures limited cases and fatalities," according to the Ministry of Finance.

PPP LAW

The IMF noted that Saudi authorities believe the COVID-19 crisis has not affected reform momentum, investment initiatives, privatisation and public-private partnerships (PPPs), and other structural improvements would likely boost non-oil growth.

For its part, the IMF has identified PPPs as a key growth driver, especially as the government has recognised existing assets for potential sale. "The aim is to increase the private sector involvement in 16 key industries, infrastructure projects, and public services," the report has underscored.

The Saudi government passed the Private Sector Participation Law in March 2021 with implementation from July. The law provides a regulatory framework for PPPs and privatisations, including by offering protections for private companies and foreign investors, and it exempts privatisations from employment nationalisation requirements. The programme should increase the efficiency of capital allocation and service provision for the government, but contingent fiscal risks should be identified and managed.

The objectives of the privatisation programme is to ensure the private sector takes a leadership role in economic development, while the government can unlock funds with sales of state-owned assets for investment. It is hoped that the privatisation programme will boost the quality of services, cut government spending and attract foreign direct investment.

"Taken with other developments in the last few years, such as the Bankruptcy Law, the Moveable Assets Security Law and changes to the Commercial Pledges Law, as well as recent relaxations of the rules on foreign investors owning controlling stakes in Saudi Arabian companies, the PSP Law is further evidence of the progress made by the Kingdom in creating a climate which is welcoming to international investment, and in further transforming and diversifying the Saudi Arabian economy," according to law firm Norton Rose Fulbright.

LAUDING SAUDI'S EFFORTS

The IMF also praised the government's various efforts and outlined new opportunities for the economy. It especially noted the "Shareek" partnership programme, which provides incentives through tax system, access to credit, and regulatory reforms to encourage investment.

In addition, the cancellation of Kafala sponsorship system will lead to a more robust labour market that will attract highly skilled foreign workers.

"The staff also projected that the credit to the private sector will grow strongly, boosted by lending for housing and to SMEs. The staff project the new social security law to be an important step to strengthen the framework for providing income support to the less well off," the ministry noted.

In addition, the IMF also highlighted the kingdom's efforts to deepen domestic capital markets, invest in e-government to harness the potential of digitalisation, and provide support to SMEs and entrepreneurs, ensuring that the country enjoys a diversified and inclusive recovery.

OIL PIPELINE NETWORK ATTRACTS FOREIGN INVESTORS

A group of international investors bought a 49% stake in Aramco Oil Pipelines Company (AOPC), a unit of Saudi Aramco, for USD 12.4 billion. The international investor consortium, including EIG and Mubadala, features a broad cross-section of investors from North America, Asia and the Middle East.

"This long-term investment by the consortium underscores the compelling investment opportunity presented by Aramco's globally significant pipeline assets, the company's robust long-term outlook and the attractiveness of the Kingdom of Saudi Arabia to institutional investors," Aramco said.

As part of the transaction, first announced in April 2021, AOPC and Aramco entered into a 25-year lease and leaseback agreement for Aramco's crude oil pipelines network. AOPC will receive a tariff payable by Aramco for crude oil flows, backed by minimum volume commitments.

Aramco will also remain a 51% majority stake in AOPC and retain full ownership and operational control of its pipeline network.

"It is a significant milestone that reflects the value of our assets and paves the way forward for our portfolio optimisation strategy," said Amin H. Nasser, Aramco president and CEO. "We plan to continue to explore opportunities to capitalise on our industry-leading capabilities and attract the right type of investment to Saudi Arabia."

DOLLAR-DENOMINATED SUKUK

In June, Aramco also successfully raised USD 6 billion, following the sale of US dollar-denominated Shariah-compliant securities to leading institutional investors.

The three-tranche issue included USD 1 billion set to mature in 2024, carrying a profit rate of 0.946%; USD 2 billion maturing in 2026, carrying a profit rate of 1.602%; and USD 3 billion maturing in 2031, carrying a profit rate of 2.694%.

Khalid Al-Dabbagh, Aramco senior vice president of Finance, Strategy and Development, said the issue garnered strong interest with orders exceeding USD 60 billion.

"The success of the transaction is a strong endorsement from the global investment community of our leading position in the industry, and our ability to deliver on our long-term business strategy. The issuance attracted more than 100 new investors across the globe," Al-Dabbagh said.

OIL MARKETS

Global oil prices have been trading above USD 75 per barrel, primarily due to OPEC's effort to keep markets balanced. The group and its allies maintained their OPEC quota after being unable to come to a decision during its periodic meeting in July.

But the outlook for oil prices looks robust.

Energy prices gained 9.4% in June, following increases in all components – oil (+8.1%), coal (+21.4%), and natural gas (+13%), according to the World Bank. Non-energy prices eased 1.4%

"In the seven months since the last OPEC Conference, the global economy has shifted from reverse to forward gear. Global growth is now expected at 5.5% this year – from a contraction of 3.4% in 2020," Dr Diamantino Pedro Azevedo, OPEC president, said at the 181st meeting of the OPEC Conference on 1 July 2021, via videoconference.

"The outlook for worldwide oil demand is also moving in the right direction, and is now on course to grow by 6 [million barrels per day] mbpd in 2021, after its turbulent 9.3 mbpd decline last year," the president noted. "The latest OPEC Monthly Oil Market Report projects a strong rebound of oil demand in the second half of the year, putting us within striking distance of pre-pandemic levels in the fourth quarter."

RISING DEMAND

The International Energy Agency (IEA) said global oil demand surged by an estimated 3.2 mbpd to reach 96.8 mbpd in June.

"Global oil demand is expected to increase by 5.4 mbpd in 2021 and 3.0 mbpd in 2022, although escalating COVID-19 cases in a number of countries remain a key downside risk to the forecast," the IEA said in its July report.

The rising demand comes as global inventory levels are also being drained out of the system.

The oil inventory of the world's most developed countries stood at more than 2.9 billion barrels, around 75.8 million barrels below the 2016-2020 average and 10.8 million barrels below the pre-COVID-19 2015-2019 average.

"Preliminary June data for the US, Europe and Japan show that industry stocks fell by a combined 21.8 mb," the IEA said.

In order to meet rising global demand, IEA estimates OPEC+ crude oil production will have to rise to 42.8 million bpd in the third quarter of 2021 and 44.1 million bpd in the fourth quarter, compared with June production of 40.9 million bpd.

SAUDI BUSINESS AND CONSUMER RECOVERY CONTINUES UNABATED

Saudi Arabia's business and consumer sentiment has not only rebounded, but surpassed pre-COVID-19 highs in some areas.

The latest purchasing managers' index (PMI) from IHS Markit saw another rapid improvement in business activity, with the fastest upturn in new orders since January. The country's PMI stood at 56.4 points, suggesting a robust expansion in the non-oil private sector.

Business conditions have now improved in each of the past 10 months as the sector recovers from the impact of the COVID-19 pandemic, noted IHS Markit Economics.

"Demand growth in the Saudi Arabian non-oil sector ramped up again in June, with the latest data signalling the strongest rise in sales since January," noted David Owen, economist at IHS Markit. "The rollout of COVID-19 vaccines and easing of restrictions also helped to lift confidence for future activity to a five-month high, as firms hope that the economic recovery will accelerate over the second half of the year."

More crucially, employment accelerated to a 19-month high as businesses eyed greater economic activity in the near future.

"Employment numbers meanwhile rose at the quickest pace since November 2019, although job creation was still only marginal and lagged well behind the rate of new order growth," Owen noted. "Further increases in sales should encourage firms to expand their workforces, particularly as the outlook for future business conditions looks promising."

CONSUMER CONFIDENCE

Consumer confidence is also exceeding global peers. The 23-nation IPSOS Global Consumer Index shows Saudi Arabia was ranked second only to China in terms of consumer sentiment.

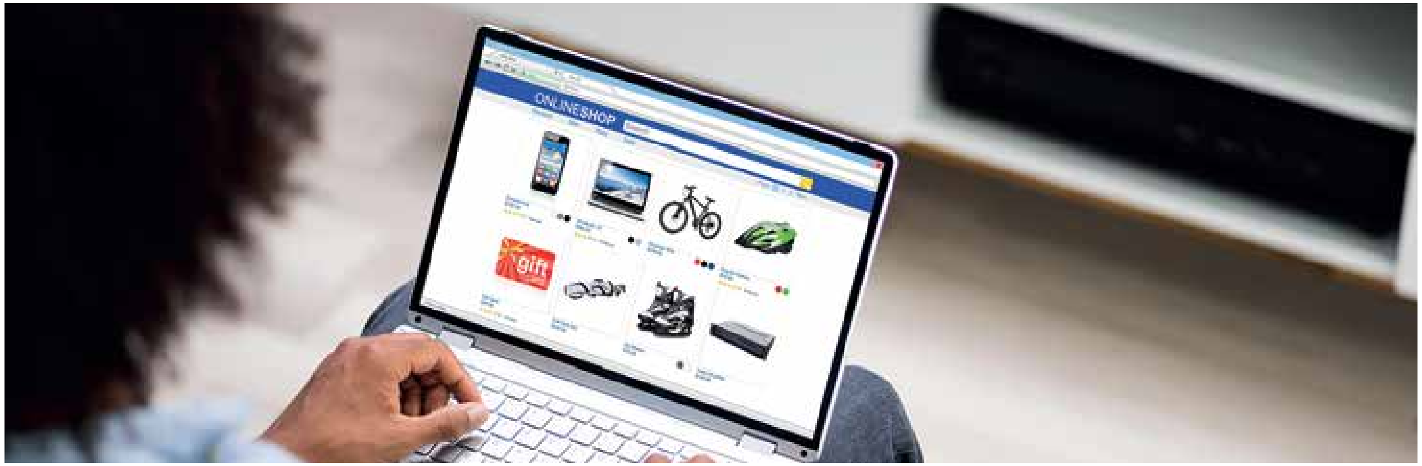
At 65.7 points, Saudi consumer confidence surpassed United States (61.7), Sweden (58.8), Australia (56.7), Great Britain (55.2), Germany (54.9), India (51.2) and Canada (51.1). Only Chinese consumers, at 72.8 points, were more upbeat about future prospects.

ECOMMERCE BOOST

The retail sector is expected to receive a major boost with the rebranding of Saudi Post and Logistics (SPL). COVID-19 has accelerated ecommerce with parcel service providers and logistical and transportation companies emerging as vital links in the retail supply chain.

Saudi Arabia is the world's 26th largest market for ecommerce with sales of USD 6.3 billion in 2020, according to EcommerceDB, noting that 69% of the Saudi Arabian population bought at least one product online in 2020.

"Market expansion in Saudi Arabia is expected to continue over the next few years, as indicated by the Statista Digital Market Outlook. It has been predicted that the compound annual growth rate (CAGR 20-24) for the next four years will be 7%," EcommerceDB noted.



Fashion is the largest ecommerce segment in the kingdom and accounts for 33% of ecommerce revenue, followed by electronics and media with 31%, food and personal care with 21%, toys, hobby and DIY with 10% and furniture and appliances with the remaining 5%, EcommerceDB added.

Saudi Central Bank data shows there were more than 66.17 billion ecommerce transactions in the first quarter of 2021, valued at SAR 13.86 billion – the highest ever in the kingdom both in terms of transactions and value.

These figures will likely surge as SPL expands its offerings in line with the Saudi Vision 2030, and as it pursues a privatisation process.

"We are going through a process of privatisation – moving from government ownership to private ownership. Accordingly, we need to raise the quality of service and reduce the costs to government," according to Eng. Anef bin Ahmad Abanomi, Saudi Postal Corporation president.

"The market overall has been changing dramatically during the past few years. Mail volume has been falling while ecommerce and parcels delivery is rising exponentially. Financial services are also on the rise. There is also a growing demand for specialised logistics services; and all this is going on against a background of the disruptions caused by technology."

The company aims to build on its 550 branches and agencies, more than 500,000 post office boxes, 60 parcel stations in 30 cities, 13 sorting centres and an 840-vehicle fleet.

"Our mission, is to be the modern logistics arm of KSA commerce and government digitisation, providing top quality service to our customers," the president noted. "SPL will reflect the aspirations of our confident nation for a future in which we will become the crossroads of global trade routes, a centre connecting the four corners of the world and a logistical hub which will transform the kingdom into a global logistical platform."

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PETROCHEMICALS IS ON THE CUSP OF A NEW ERA

The Saudi petrochemicals sector has the opportunity to shape a new future for the industry, according to Yousef Al-Benyan, vice chairman and CEO of SABIC and chairman of the Gulf Petrochemical and Chemical Association (GPCA).

"We have long stressed the need for dynamic transformation in our industry and the pandemic has shone a spotlight on the successes of early adopters who moved ahead of time," Al-Benyan said during a GPCA industry event. "But it also exposed the limitations of those who hesitated. The post-pandemic reality requires us to fundamentally change how we think about growth, innovation, and our operating models."

"We can see that many forward-looking strategies adopted by GCC players have borne fruits, but there is still much more to do. Now is the time to drive the transition from a survival mindset to one that allows us to build, grow and thrive in the long term. We cannot delay the evolution and reimagination of our industry."

SABIC is itself in the middle of a transformation and reimagination of its corporate structure. In April, Saudi Aramco, which acquired a 70% stake in SABIC in 2020, said it will transfer the marketing and sales responsibility for a number of Aramco petrochemicals and polymers products to SABIC, and move the offtake and resale responsibility of a number of SABIC products to Aramco Trading Company (ATC).

The companies said they will also review options for further global marketing and sales transfers across product-producing companies within the Aramco group portfolio.

"The transfers reflect our shared commitment to capitalise on the complementary nature of Aramco and SABIC's respective product portfolios as we strive to create added value for our customers and shareholders," said Ibrahim Al-Buainain, Aramco Trading Company president and CEO. "Together, Aramco Trading Company and SABIC are focused on providing a world-class products and services offering. These changes will place us in an even stronger position to deliver market-leading innovation and value."

The Aramco projects that will be transferred to SABIC will focus on PRefChem (Pengerang Petrochemical Company Sdn. Bhd.); SADARA (Sadara Chemical Company); and, S-Oil Corporation (S-Oil Corporation, South Korea).

FACE MASK INNOVATION

SABIC is also playing a global role in ensuring protection from COVID-19.

In June, SABIC, Germany's Fraunhofer Institute UMSICHT, and US conglomerate Procter & Gamble (P&G), said they are collaborating in an innovative circular economy pilot project, aimed at demonstrating the feasibility of closed-loop recycling of single-use facemasks.

"Due to COVID-19, use of billions of disposable facemasks is raising environmental concerns especially when they are discarded in public spaces, including parks, open-air venues and beaches," the companies said. "Apart from the challenge of dealing with such huge volumes of essential personal healthcare items in a sustainable way, simply throwing the used masks away for disposal on landfill sites or in incineration plants represents a loss of valuable feedstock for new material."

Dr. Peter Dziezok, director R&D Open Innovation at P&G, said the group set out to explore how used facemasks could potentially be returned into the value chain of new facemask production.

"But creating a true circular solution from both a sustainable and an economically feasible perspective takes partners," Dr Dziezok said. "Therefore, we teamed up with Fraunhofer CCPE and Fraunhofer UMSICHT's expert scientists and SABIC's Technology & Innovation specialists to investigate potential solutions."

ELECTRIC CAR BATTERIES

In May, SABIC said it is developing thermoplastic-based solutions to help the electric car industry optimise the performance of electric vehicles (EVs), with the development of a plastic-intensive EV battery pack concept using a systems-engineering approach.

SABIC uses aluminium and other metals compared to conventional battery pack designs, which can reduce the weight by 30% to 50%, improve energy density, reduce costs, and improve thermal control and safety, the company said.

SABIC expects several large battery enclosures, moulded with its thermoplastics, to be used in the production of EVs as early as 2024. One plug-in hybrid electric vehicle (PHEV) model in China is already using SABIC PP compound instead of aluminium for its battery pack cover, providing weight savings, expanded design freedom, warpage control and other benefits.

"Our work on vehicle electrification technologies extends beyond simply pairing materials to individual components within existing designs," said Abdullah Al-Otaibi, general manager, ETP & Market Solutions, SABIC. "Our teams of experts take the complete EV battery system and vehicle structure into account so we can properly assist and enable our automotive customers to achieve their most critical vehicle development objectives."

REFINITIV™

EXPANSION ON THE HORIZON FOR PHOSPHATE PRODUCTION

Saudi Arabia Mining Company (Ma'aden) is one step closer to completing its massive phosphate expansion.

The company said in June it has completed commissioning of utilities on a USD 900 million ammonia plant in Ras Al-Khair industrial City. It is the first project in the USD 6.4 billion 'Phosphate 3' expansion of Ma'aden's phosphate fertiliser portfolio. The ammonia plant is expected to be completed by the fourth quarter of 2021.

"This is a tremendous milestone for our phosphate portfolio," said Abdulaziz Al Harbi, CEO of Ma'aden. "The ammonia plant expansion will add over 1 million tonnes ammonia production to reach 3.3 million tonnes, making Ma'aden one of the largest ammonia producers east of the Suez Canal".

The expansion project will boost Ma'aden's production capacity to more than 9 million tonnes, making the company one of the top three global phosphate fertiliser producers and the second largest phosphate fertiliser exporter.

"Ma'aden's mine-to-market phosphate business consists of three mega projects in Saudi Arabia: Wa'ad Al Shamal, the centre of the Saudi phosphate industry; Ras Al Khair, a phosphate and bauxite processing superhub; and Phosphate 3," according to the company. "In 2019, Ma'aden expanded the reach of its phosphate business in sub-Saharan Africa through the acquisition of fertiliser distribution company Meridian Group, enabling faster and better service for local customers in Africa."

GOLD PROJECT

Separately, Ma'aden also signed a contract in June with Jac Rijk Al-Rushaid Contracting & Services Co. for operational mining services at the Mansourah & Massarah gold mines, for an investment value of USD 880 million, making it Ma'aden's largest and most ambitious gold project to date.

Jac Rijk Al-Rushaid Co. Ltd. will provide drilling, scaling, loading, hauling, re-handling, ore control, dewatering, and crusher feed services.

The Mansourah & Massarah site is expected to be completed by 2023, and contribute a quarter of gold production towards the company's output goal of 1 million ounces per year by 2025.

The Mansourah & Massarah site is the latest of six mines under operation by Ma'aden and a vital plank in Saudi Arabia's effort to boost its mining sector.

"This investment represents Ma'aden's commitment to maximising the mining industry's contribution to the development of local content," according to the company. "In 2020, 74% of Ma'aden's supply chain was placed with local suppliers, and we are now pushing beyond that number."

Gold currently makes up 20% of the company's portfolio, and the focus on the countercyclical commodity played an important role in ensuring that Ma'aden's performance during the pandemic remained stable.

The company reported net profit of USD 164 million in the fourth quarter and strong cash flows, supported by the diversity of Ma'aden's product portfolio, which includes market cycle followers such as gold, phosphates, ammonia and aluminium.

The kingdom is also planning to auction two major mining licenses in 2022 for commodities including gold, copper and zinc, with the aim to triple the mining sector's GDP contribution to SAR 240 billion and double the number of jobs to 470,000 by 2030, according to a media report.

NATURAL RESOURCE WEALTH

The kingdom is home to at least 15 metals and minerals, and boasts reserves of untapped minerals and metals valued at SAR 4.88 trillion, with 20 million ounces of below ground gold reserves alone, according to Invest Saudi.

The kingdom is also boosting its support for the mining and metals processing industry through multiple logistics projects.

"These include a 2,750 kilometre North–South railway connecting Al-Jalamid mine with processing facilities in Ras-al-Khair Industrial city (RIC), a 'world-class metals and minerals city' with integrated industrial complexes, ports and an end-to-end ecosystem," according to Invest Saudi.

"Waa'd Al Shamaal City includes Ma'aden's phosphate mining expansion and many other large world class facilities allowing for a production capacity of 16 metric tonne (Mt) per year. Additionally, more than SAR 90 billion (USD 25 billion) is being invested in new mining ventures and plants to process industrial ores."

Another advantage for Saudi Arabia is its proximity to the key markets of South Asia and East Asia, which are major importers of a range of commodities. The large demand, coupled with the abundance of resources in Saudi soil, creates significant investment opportunities for private sector investors, Invest Saudi added.

COMMODITY INDEX

Global commodity markets have been surging this year. Year to date, the S&P GSCI Index, a major commodity benchmark, climbed nearly 30%.

Metal prices eased 1.2% in June, following a large drop in copper (-5.2%); iron ore and nickel gained 3.2% and 2.3%, respectively, while the other metals changed little, according to the World Bank. Precious metals were down 1.1%, led by a 7.4% decline in platinum.

SAUDI AIMS TO MAKE LOGISTICS PIPE DREAM A REALITY

The Saudi government recently launched the National Transport and Logistics Strategy (NTLS) as part of its overarching plan to emerge as a regional and global business hub.

The strategy aims to boost the kingdom's position as a global logistics hub connecting three continents by upgrading all forms of transport services and strengthening the integration of logistical services and future technologies in the country.

"This strategy will contribute to advancing technical capabilities and human capital in the Transport and Logistics Sector, it will invest our country's strategic position at the heart of three continents, further concreting our integral part of global economies; by creating advanced logistical industries, ensuring high quality services and applying competitive business models, we will strengthen productivity and sustainability in the logistics sector," said Prince Mohammed bin Salman bin Abdulaziz Al Saud, Crown Prince, deputy prime minister, chairman of the Council of Economic and Development Affairs, and chairman of the Higher Committee for Transport and Logistics.

"Being a key pillar of Vision 2030 and an enabling sector for industries the transport and logistics sector, the strategy aims to diversify our economy and achieve sustainable development."

LOFTY GOALS

The NTLS strategy aims to make Saudi Arabia the fifth air transit passenger hub in the world. It will boost the country's international destination network to 250, launch a new national carrier, as well as double the air cargo capacity to more than 4.5 million tonnes.

"We set a target to achieve an annual container capacity of over 40 million containers, including the associated value chain investments, in developing ports' infrastructure, enhancing integration with logistics zones, expanding connectivity with international shipping routes and integrating this all with rail and road networks," the Crown Prince noted. "By enhancing the entire value chain, we ensure the effectiveness and efficiency of the transport ecosystem and its economics."

The kingdom's current railway network is also expected to expand to more than 8,000 kilometres, from its current level of 5,330 kilometres.

The new links will include the 1,300-kilometre flagship "Land Bridge" project, which will be able to handle more than 3 million passengers, 50 million tonnes of cargo per annum, while also connecting the kingdom's ports from the Arabian Gulf to the Red Sea.

The strategy will enhance the Saudi Arabia's logistic performance index to be among the top 10 countries globally, significantly contributing to the regional goal of achieving a railway network connectivity between Arabian Gulf Countries, and positioning the kingdom as a key regional and global transportation axis, according to the Crown Prince.

The NTLS strategy boasts several key strategic pillars, including the kingdom's major road networks, ensuring efficient connectivity and public transportation services, and reducing fuel consumption by 25% to develop a sustainable industry.

These developments will also boost transport and logistics contribution to the country's GDP from 6% to 10%, and generate non-oil revenues of SAR 45 billion by 2030.

SEA LOGISTICS

As part of the broad effort to boost the kingdom's logistics sector, the Saudi Ports Authority (Mawani) announced that it has collaborated with the Ministry of Transport and Logistic Services (MOTLS) and the National Center for Privatization & PPP (NCP), as well as partnered with the private sector, in launching investment opportunities that will develop and operate multi-purpose terminals in eight Saudi ports.

"The promising opportunities are represented in build-operate-transfer (BOT) structure for terminals in each of Jeddah Islamic Port, King Abdulaziz Port in Dammam, Ras Al-Khair Port, Jizan Port, Yanbu Commercial Port, King Fahad Industrial Port in Jubail, King Fahad Industrial Port in Yanbu, and Jubail Commercial Port, equipping the ports to serve various functions including containers, general cargo, bulk cargo, RoRo cargo, passengers, and livestock," Mawani said.

In its expression of interest (EoI) document, Mawani noted that a number of existing concession contracts at its ports, are expiring over the next two years.

"Mawani aims to re-enter into new long-term concessions with the private sector for the priority concessions, through a competitive procurement process."

Companies that are interested in investing in the sector are invited to submit their expressions of interest. This will be followed by a request for quote (RFQ) with the aim to pre-qualify a shortlist of bidders.

Mawani also mentioned that it had adopted a similar strategy successfully at Jeddah Islamic Port and King Abdulaziz Port Dammam, where revised commercial and contractual regimes were adopted, taking into consideration the kingdom's overarching ambition for its logistics sector.

"Mawani now intends to continue this successful journey with the competitive procurement of the projects," the company said.

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