

# SAUDI ARABIA USHERING IN A NEW ERA

The world is in a state of constant and rapid change. Nowhere on the planet is this statement truer than in the Kingdom of Saudi Arabia. Once viewed as a closed, ultra-conservative society, the nation has undergone an unprecedented series of seismic changes that are set to catapult the country into new heights.

After several decades of relying on its abundant oil reserves, the Arabian Gulf's largest economy has committed itself to sweeping, foundational reforms. Guided by Crown Prince Mohammed bin Salman's Vision 2030, the changes are occurring simultaneously on various fronts, at a break-neck pace.

The recent initial public offering of Saudi Aramco in the Saudi Stock Exchange stands as the cornerstone of the kingdom's plans to open up the state-dominated economy and signal the arrival of a post-oil era.

"The IPO is a significant milestone in the history of the company and marks important progress towards delivering Saudi Vision 2030, the kingdom's blueprint for sustained economic diversification and growth," **Aramco Chairman Yasir al-Rumayyan** said in a statement in November. China is viewed as a welcome investor in the IPO.

Meanwhile, the launch of its new tourist electronic visa (e-visa) opens up the kingdom to visitors from 49 countries, including China. It comes at the heels of other major social changes, like the lifting of the ban on women driving, loosening up regulations on non-married couples sharing hotel rooms and the sharp rise in the number of concerts and sporting events.

While local Saudis are the first ones to benefit from such entertainment options, foreign visitors, particularly the Chinese, are warmly welcomed as guests. Foreigners are also encouraged to invest in what is essentially an industry in its infancy.

"Obviously the entire world is a target for us in terms of investing in the entertainment sector. That said, we see China as a very big player," said **General Entertainment Authority (GEA) CEO Faisal Barafat**, whose organization has been tasked with building the Saudi entertainment industry from scratch.

"Chinese companies can take part in the direct and indirect supply chain of entertainment. For instance, there is a need for ticketing companies, as well as lighting, sound, staging, make-up, all the auxiliary products & support services," he added.



Amid the many major changes happening in their country, young Saudis stride confidently towards the future. (Photo credit: SIDF)

In February 2019, **Crown Prince Mohammed bin Salman** visited China, Saudi Arabia's largest trading partner, where he met with President Xi Jinping to map out a plan to integrate more closely his Saudi Vision 2030 with China's Belt and Road Initiative.

The two leaders also agreed to include the Chinese language as a curriculum at all stages of education in schools and universities across the kingdom, a significant step forward as both countries celebrate the 30th anniversary of diplomatic relations in 2020.

This impact of the visit was further strengthened with the establishment of the China-Saudi Arabia high-level joint committee, which aims to enhance political trust and maintain the momentum and pragmatic cooperation in the fields of economy, trade, energy, science, technology, education and culture.

"Most Saudi companies have relationships with Chinese counterparts in some shape or form. There will always be a strong relationship between Chinese and Saudi businesses, and that is growing," said **Abdullah Al Khorayef, CEO of Al Khorayef Commercial**, which distributes a wide range of top quality machinery imported from all around the world, including China.

As bilateral trade increased 32% last year,

Saudi Arabia and China have signed around \$28 billion in economic cooperation agreements so far this year, which includes a \$10 billion joint venture between Aramco and Chinese conglomerate Norinco to develop a refining and petrochemical complex in Liaoning province.

Meanwhile, Saudi Arabia also welcomes Chinese manufacturers to capitalize on the kingdom's strategic geographic position and contribute its evolution into the region's premier industrial and logistics hub.

"Asia's growth story is inspiring us. During transformations, there tends to be uncertainty. But there is also great opportunity. I encourage Chinese investors to leverage that," said **Saudi Industrial Development Fund CEO Ibrahim Aljomel**, whose organization assists foreign businesses that want to operate in the kingdom. ■

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SIDF

# Saudi Arabia revs up its transformation engine



Under Crown Prince Mohammed bin Salman's Vision 2030 program, Saudi Arabia embarked on a mission to end the kingdom's historical dependence on its fossil fuel industry and diversify its economy.

Among those contributing to this mission is **Ibrahim Almojel, CEO of the Saudi Industrial Development Fund (SIDF)**, which provides financial support and advisory services to companies interested in participating in the kingdom's ambitious economic transformation program.

The government raised the fund's capital by about 60% to reach \$28 billion in 2019 to serve as the financial enabler of the National Industrial Development and Logistics Program (NIDLP), which was launched in January. Focusing on the mining, energy, logistics and industrial sectors, NIDLP has \$453 billion to invest as part of its objective to contribute to 30% of the kingdom's GDP by 2030.

Since the Saudi government established SIDF in 1974, it has strengthened the kingdom's manufacturing sector, with the development of industry, the Saudi people and the economy at the heart of its efforts.

Committed to ensuring the success of Vision 2030, SIDF was empowered to redefine and strengthen itself as an organization built on its trusted expertise and top talents arguably the strongest collection in the kingdom.

"The mandate is as challenging as it is inspiring, and as exciting as it is sleep-depriving. The government empowered SIDF and we intend to deliver by transforming Saudi Arabia into an industrial powerhouse and global logistics hub," said Almojel, who stressed that SIDF's loan facilities are open to any nationality willing to operate in Saudi Arabia.

"In addition, SIDF has partnered with international well-known organizations such as Stanford Center for Professional Development and Fitch Learnings to develop the Saudi talents across the industries in order to meet the needs of the labor market", he added.

As more entities learn of the kingdom's open-door investment policy, SIDF has established a deep engagement with Asia. For instance, it has approved 31 loans, amounting to \$1.7 billion, for Japanese companies, such as Mizuho, Mitsubishi UFJ Financial Group (MUFG) and Sumitomo Mitsui Banking Corporation (SMBC).

For its part, China has also recognized such opportunities. SIDF approved an \$840 million loan to Chinese-owned Pan-Asia to develop a petrochemical facility in Jazan City for Primary and Downstream Industries (JCPDI).

"We have a long history with Asia,



**Saudi Industrial Development Fund CEO Ibrahim Almojel (above) and Ma'aden's Sukhaybarat gold mine, one of the projects that received financial support from SIDF**

particularly with China. The positive experience of working with our Chinese counterparts leaves us highly motivated and encouraged to not only expand the existing cooperation but also further develop our ties with businesses across new sectors," Almojel said.

As it develops stronger ties with Asia, SIDF wants to increase financial support for renewable energy. Under its Mutjadeda Program, it is ready to lend financial assistance and provide incentives to manufacturers of renewable energy components and to project developers

in industrial, commercial and agricultural sectors.

For example, a foreign company that will manufacture renewable energy components in Saudi Arabia could be qualified to receive financing for up to 75% of the project cost, along with repayment periods of up to 20 years.

Located at the heart of the Arab world, the Kingdom of Saudi Arabia has the geographical advantage of being a connector between Asia, Africa, and Europe. With major ports on each side of the country, the kingdom is building a highly interconnected ecosystem backed by a robust logistics infrastructure.

On its own, Saudi Arabia is already the largest market in the Gulf region with a population of 32 million. Paired with the logistical access that the kingdom can provide the markets around it, Saudi Arabia offers optimal conditions that can serve as an ideal springboard for those engaged in exports and reexports.

With the notable increase in Chinese investments in the Gulf, Africa, and South Asia, Saudi Arabia stands as a highly complementary piece to the region's logistical ecosystem. We, therefore, invite our Chinese friends to come and explore the possibilities in Saudi Arabia. SIDF is ready to be a partner," said Almojel.

"We are only getting started", he added. ■

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