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Business Insight

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IN THIS EDITION ...

Lifting the restrictions on company ownership and easing the business incorporation process have helped attract international capital.

News that the number of foreign investor licences doubled in the second quarter compared to the same period last year highlights Saudi Arabia's plan to boost foreign investment and create a robust business destination.

The Saudi Arabian General Investment Authority said it had issued 291 new foreign investor licenses in the second quarter of 2019, more than double the number issued in the same period last year and the equivalent of five new licenses a day.

Construction licenses also led the issuances with 61 new international companies, followed by information and communications technology companies, which secured 51 licenses, and manufacturing companies with 45 licenses. British firms accounted for 45 licenses, Indian companies received 29 permits and American companies 23 issuances. Two thirds of the new foreign investor licenses during the period were for ventures with full foreign ownership, reflecting the impact of recent reforms on the kingdom's business environment.

"Within two years, Saudi Arabia has implemented 55% of more than 300 economic reforms identified, such as opening up a wide range of economic sectors to foreign investment, including allowing 100% foreign ownership in a range of new sectors," according to SAGIA.

Recent reforms have also simplified the investment process. Obtaining a foreign investor license from SAGIA now requires two documents and can be processed in three hours – reducing the requirement from 12 documents, which would take three days to process, the authority noted.

Saudi's foreign direct investment last year more than doubled to USD 3.21 billion compared to the previous year, as the government liberalised the economy, according to UNCTAD data.

The appointment of new ministers and changes to the structures and boards of a number of other major institutions also signals a strong push to inject new ideas and accelerate the various Saudi Vision 2030 programmes.

ECONOMIC TRENDS

Efforts to improve the business environment and develop industries outside the oil sector have bode well for the kingdom.

Read More...

TRANSPORTATION

With the capacity to dramatically reduce travel time for passengers and cargoes, hyperloop has been envisioned as a new form of transportation.

Read More...

VISION 2030

Leadership changes and new legislations are expected to help the country reach its economic diversification goals.

Read More...

RENEWABLE ENERGY

Once operational, the project in Al Jawf province will have the capacity to supply electricity to around 70,000 homes.

Read More...

SME

Government and venture capital initiatives are helping entrepreneurs overcome one of the most pressing challenges in starting a business.

Read More...

TRADE

Sale of non-petroleum products overseas continues to rise, accounting for more than 20% of the country's total annual exports.

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SAUDI FOCUSES FROM GROWTH TO COMPETITIVENESS

Saudi Arabia's real GDP is expected to rise 1.9% this year, before climbing to 3% next year, according to the International Monetary Fund (IMF).

The IMF also expects the non-oil sector to grow 2.9% in 2019, outpacing oil growth of 0.7%. In 2020, both oil and non-oil economy will fuel expansion, with non-oil rising 2.7%, and the oil sector expanding by an impressive 3.5%.

By 2020, non-oil GDP will surpass USD 2 trillion (67.6% of GDP) and steadily climb to USD 2.5 trillion by 2025, making up 72.7% of the country's GDP, the IMF estimates in its latest assessment of the kingdom.

The Saudi authorities have informed the IMF that they will continue their efforts to improve the country's business environment, develop new economic sectors, broaden financing options for businesses, and strengthen the human capital of Saudi nationals.

The IMF has welcomed the efforts and believes the current incentives for workers and businesses and cost competitiveness of Saudi labour can be enhanced.

"The economic footprint of the public sector has expanded through higher government spending, the increased role of the PIF, and numerous other programmes, including subsidies for housing, mortgages, and SME development," the IMF said. "The authorities responded that their policies were designed to crowd in the private sector and government interventions were only taking place in areas where the private sector was unwilling to enter on its own."

The Saudi Ministry of Finance welcomes the report, noting that most of the IMF recommendations are in line with the measures taken by the government that would achieve fiscal sustainability "according to best practices, including the continuous progress in reforms to improve efficiency of public financial management, and work to achieve financial stability and spur economic growth".

POSITIVE INDICATORS

The kingdom's unemployment rate has also fallen in recent years, as the government rolled out new initiatives and placed job creation at front and centre of each new major project. Unemployment rate fell to 12.5% from 12.8% in 2017.

Several fiscal measures have boosted prices in recent years, including excise tax on tobacco and soft drinks in 2017, and value-added tax (VAT) and fuel subsidy reductions in 2018. However, the inflationary impact of those measures was brief and partly offset by opposing trends, such as declining rents.

The base effect resulting from the introduction of VAT and higher petrol prices at the start of 2018 has had a strong effect on year-on-year inflation so far in 2019, with the consumer price index (CPI) registering a 1.6% decline in the second quarter – unchanged compared to the first quarter, according to the Saudi Arabian Monetary Authority.

During the second quarter, housing, water, electricity, gas and other fuels registered the highest year-on-year decrease of 7.5%, followed by communication with 0.9%, recreation and culture with 0.7%, clothing and footwear with 0.4%, and furnishings, household equipment and maintenance with 0.1%.

Saudi authorities also matched the US Federal Reserve interest rate cut in September for a second time this year.

PRIVATE SECTOR GROWTH

The kingdom's business procurement managers are also of the opinion that domestic business sentiment is quickly improving.

Stronger domestic demand drove a faster upturn in output in August, which recovered from July's five-month low. On the price front, overall input costs decreased for the fourth time in the past eight months, driven by declines in both purchasing costs and wage bills, according to IHS Markit, which survey purchasing managers' index across more than 70 countries. Meanwhile, business confidence among companies in Saudi Arabia's non-oil private sector picked up to a three-month high, amid forecasts of stronger customer demand in the year ahead.

"The upturn in business conditions seen in August was led by a slight quickening of overall new order growth," Markit noted. "Export sales also increased solidly, though at a slower pace than in July. As a result, domestic markets were the main impetus for inflows of new business. Increased demand resulted in higher overall output in August, with the rate of growth quickening from July."

Saudi credit to the private sector rose 3.4% year on year (+0.5% m-o-m) in July, while bank claims on public sector rose by 26.4% y-o-y (+4.7% m-o-m) in the same month, according to SAMA. In addition, deposits surged 3.7% y-o-y (-0.7% m-o-m) during the same month.

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SAUDI LOOKS TO THE FUTURE OF TRANSPORT WITH HYPERLOOP

Saudi Arabia took a bold step in July by participating in a new transportation system that could revolutionise the way passengers and cargo are transported across the kingdom.

The Saudi Arabia's Economic City Authority said it would partner with Virgin Hyperloop One to conduct a study to build the world's longest test and certification hyperloop track, as well as a research and development centre and hyperloop manufacturing facility north of Jeddah.

Virgin Hyperloop One is the only hyperloop company in the world to successfully test its technology at scale. The company utilises electric propulsion and electromagnetic levitation under near-vacuum conditions, creating a new form of transportation that is expected to be faster, safer, cheaper, and more sustainable than existing modes.

According to the company, the technology features depressurised tubes that carry on-demand passenger or cargo "pods" at speeds up to 1080 kilometres (km) per hour.

If successful, travelling from Riyadh to Jeddah would take 76 minutes (currently over 10 hours) utilising the land bridge for both passenger and freight movement, positioning Saudi Arabia as the gateway to three continents. Travelling from Riyadh to Abu Dhabi would take 48 minutes (currently over 8.5 hours). The UAE is also looking to experiment with the hyperloop technology.

With speeds three times faster than high-speed rail and an on-demand, direct-to-destination experience, hyperloop technology can reduce journey times across Saudi Arabia, and exponentially increase connectivity across the Gulf region, according to the company.

"Having hyperloop at King Abdullah Economic City is going to act as a catalyst for a Saudi Silicon Valley effect and galvanise our software development, high technology research, and manufacturing industries," ECA's secretary-general Mohanud A. Helal said.

The two parties said their joint study will focus on King Abdullah Economic City (KAEC), located 100 km north of the Red Sea port of Jeddah.

"The project, which would include a 35-km test and certification track, will create opportunities for the development of specific hyperloop technologies and develop local expertise in Saudi Arabia, which will be commercialised and scaled. The study will also facilitate the development of localised hyperloop supply chains and the acceleration of innovation clusters across the kingdom," the parties said.

HAJJ LOGISTICS EXCELLENCE

Given Saudi Arabia's key role in transporting millions of passengers every year during Hajj and Umrah, such innovative technologies will be required.

The kingdom also celebrated the first big test of the Haramain High Speed Railway during the recently concluded Hajj season.

The Haramain project, which started last year, is the region's fastest high-speed rail connecting the Holy Cities of Makkah and Madinah with Jeddah, and transported 2 million Hajj pilgrims during the period.

Haramain High Speed Rail project is one of the most important transport developments in the expansion programme of Saudi railway network. The 450-km electric-rail track has speeds of 300 km per hour. It connects passengers to the Makkah and Madinah, King Abdullah Economic City, Jeddah and the Jeddah Airport.

The trains have been equipped with latest signalling and communications system. The project consists of a high speed electrified passenger line, primarily designed to provide a fast, comfortable, reliable and safe mode of transport between the holy cities while utilising state-of-the-art technologies, according to the company.

The Ministry of Transport also noted that 2.8 million vehicles passed the entrances of the Holy Sites during the Hajj season.

Overall, the Saudi government handled close to 2.49 million pilgrims during the Hajj season, including 1.86 million foreign citizens and 634,379 domestic pilgrims. According to the General Authority for Statistics, as many as 1.74 million came via air, 96,000 by land and around 17,000 by sea, which highlights the huge demands on the country's logistics and transportation sector that it fulfils admirably every year.

To accommodate even more guests, the Saudi government is also looking to further upgrade transportation and logistics systems in the key Holy Cities.

In August, the Makkah Region Development Authority said its planned transport projects in the region were on schedule, including Japanese NEC Corporation's Intelligent Transportation System (ITS) for buses and transport companies to serve pilgrims and Umrah performers.

The Japanese company will introduce the smart system to transportation systems in 2020 for more than 400 buses, as the number will rise to 2,000 buses during the next five years, the Makkah authority noted.

The public bus network in Makkah consists of 12 routes covering most areas of the city with 400 buses for the first phase.

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FRESH BOOST TO SAUDI VISION 2030 WITH NEW DECREES

A raft of new Saudi royal decrees, including the appointment of new leadership in key positions, have been announced in September in a bid to streamline programmes to achieve the kingdom's Vision 2030 targets.

Also in late August, the government issued royal decrees to transform the Riyadh Development Authority into a Royal Commission as part of efforts to turn the capital city into a world-class business, leisure and entertainment destination, and one of the three Saudi global cities, as outlined in Saudi Vision 2030.

The commission, which will have a board of directors chaired by the deputy prime minister, will focus on major national projects.

The kingdom also issued a timely order to establish the Saudi Authority for Data and Artificial Intelligence and the National Center for Artificial Intelligence, which will focus on the innovative field of artificial intelligence and big data that have been transforming economies across the world.

Another critical royal order focused on establishing the Ministry of Industry and Mineral Resources – separating from the Ministry of Energy, Industry and Mineral Resources, which will be renamed Ministry of Energy.

The Ministry of Energy will assume the powers, tasks and responsibilities related to the Ministry of Industry and Mineral Resources until the end of the current fiscal year, after which the new ministry will start its operations at the start of the next fiscal year. Bandar bin Ibrahim bin Abdullah Al-Khorayef has been appointed minister of industry and mineral resources.

Saudi Arabia launched the USD 427 billion industrial development plan, which would get added impetus under the newly minted ministry. The development plan is a central pillar to the 2030 Vision. The kingdom has significant mineral resources, including aluminium, phosphate, gold, copper, and uranium. Output and exports are already growing quickly and by 2020, the government sees a potential contribution to GDP of nearly SAR 100 billion (up from SAR 12.5 billion in 2018), as well as 90,000 jobs in the mining sector.

NEW APPOINTMENTS

Other important decrees include the appointment of Mazen bin Ibrahim bin Mohammed Al-Kahmous as chairman of the National Anti-Corruption Commission at the rank of minister.

Veteran oil executive Abdulaziz bin Salman bin Abdulaziz Al Saud was appointed minister of energy.

These appointments and strategic changes are all being implemented to ensure that the kingdom pushes forward with its Saudi Vision 2030 agenda, which requires an overhaul of the economy with virtually every sector expected to contribute to the goals of a diverse and dynamic business destination.

In September, the Saudi Arabian Military Industries (SAMI) also announced the completion of the company's executive management team, featuring distinguished national leaders and international experts specialised in the military industries, as well as the financial, administrative, industrial, and strategic sectors.

"The objectives of the Saudi Vision 2030 provided a strong source of motivation for these esteemed industry leaders to join the company and serve as key enablers of the programme by being part of the emerging defence ecosystem in Saudi Arabia. The team will work within SAMI's integrated industrial enterprise to develop and support the military industries in the kingdom and play a key role in increasing the domestic share of military equipment expenditure to 50% by 2030," said Dr. Andreas Schwer, CEO of SAMI.

LEGAL STRUCTURES

Under Vision 2030, specific targets include increasing the private sector's contribution to GDP from 40% in 2018 to 65% in 2030, enabling SME development, and growing the economy from the 19th to among the 15th largest economies in the world. The kingdom is also working towards 13 vision realisation programmes that include blueprints for privatisation and housing.

In a bid to raise foreign direct investment to 6% by 2030 (from 1% currently), the authorities have taken important steps to strengthen the legal framework and reduce barriers to doing business.

"The bankruptcy and commercial pledge laws have filled important gaps in the legal infrastructure. Thirteen cases are moving through the bankruptcy process," according to the International Monetary Fund. "FDI licensing requirements and procedures for starting a business have been streamlined, the negative investment list narrowed to accommodate priority investments under Vision 2030, and the efficiency of port clearance improved."

With new appointments and leadership in place, expect the Saudi Vision 2030 programmes to accelerate over the next few months.

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NEW SAUDI WIND FARM RAISES THE RENEWABLES ENERGY BAR

The Dumat Al Jandal wind farm project in Al Jawf province created a new world record when it registered the lowest price for onshore wind power anywhere in the world.

The 400-megawatt (MW) wind farm achieved the lowest levelized cost of energy (LCOE) for onshore wind power, closing at 1.99 US cents per kilowatt hour (kWh).

The utility-scale wind farm project, which was awarded to a consortium led by France's EDF Renewables and UAE's Masdar earlier this year, secured the winning bid of 2.13 US cents kWh hour at the time – a record low for the MENA region in onshore wind power projects.

"At the time of financial close, the project had made a 6.5% gain on LCOE, a global record price for onshore wind generated electricity," according to the Renewable Energy Project Development Office, which oversees Saudi Arabia's National Renewable Energy Program (NREP).

The USD 500 million project is expected to start in 2022, create 800 jobs in the construction phase, and another 150 in operation and maintenance. It will generate enough power to supply electricity to 70,000 homes and is part of Round 1 of the National Renewable Energy Program.

In August, the Renewable Energy Project Development Office (REPDO) issued a request for proposal for the second round of the NREP initiative.

The six projects being tendered within Round Two represent the first half of REPDO's 2019 project development pipeline. A further six projects will be tendered by the last quarter of the year and will constitute the third round of the NREP.

Sixty companies – including 28 from Saudi – have been pre-qualified to bid in the second round, which has a combined capacity of around 1.5GW of solar power for a combined value of SAR 5.25 billion.

LOCALISING RENEWABLES VALUE CHAIN

In a bid to encourage more local participation and collaboration between international and domestic firms, the bids have been structured so that qualified companies will proceed to the RFP stage as either managing member, technical member, or under a newly created category of 'local managing member'.

"Round Two projects have been divided into two categories: 'Category A' for smaller projects and 'Category B' for larger projects. 'Category A' projects require consortium members to partner with at least one local managing member," NREP said. "Projects within Round Two will carry a minimum requirement of 17% local content as calculated by the mechanisms defined by the Local Content and Government Procurement Authority (LCGPA), which aims to increase the value-added contribution of products and services in the national economy.

"While looking to reduce the power sector's reliance on fossil fuels, Vision 2030 also sees the move into renewable energy as a driving force for developing domestic industrial capacity," according to the Oxford Business Group.

"The plan has identified growth opportunities in the localisation of the renewable energy value chain, particularly in the research, development and manufacturing segments of the sector."

Supporting efforts to expand components production is the ready availability of raw and semi-processed materials such as silica and petrochemicals that can be used in the manufacture of solar cells and polymers for wind turbine components, the research firm noted.

LEADING RENEWABLES RUSH

The NREP has a target to raise the share of renewable energy in the kingdom's total energy mix, to 27.3 gigawatts (GW) by 2024 and 58.7 GW by 2030.

In September, the Saudi Ministry of Energy appointed Faisal Abdullah Al-Yemni, a 15-year veteran of the energy industry, as head of REPDO.

'Al-Yemni will be responsible for driving the delivery of Saudi Arabia's ambitious National Renewable Energy Program, with the aim of increasing the kingdom's renewable energy capacity to meet domestic needs while also creating a world-leading exporter and regional hub of renewable technology and manufacturing," REPDO noted.

Major Saudi companies, including International Company For Water And Power Projects, or ACWA Power, in which Saudi Public Investment Fund has a 15.2% stake, is looking to focus more on renewable energy projects, lifting their share of its portfolio to 70% over the next decade.

The current value of the Saudi Arabian utility developer's portfolio is more than USD 42 billion, with renewables accounting for 23%.

"By 2030, we expect to see 70% of renewables in our portfolio in terms of capital employed," Paddy Padmanthan told Reuters. "We expect to see, in any given year, 60% of new investments in renewables."

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FUNDING OPPORTUNITIES OPEN UP FOR SAUDI START-UPS

Start-up funding in Saudi Arabia rose 9% in the first half of 2019, as venture capitalists scoured for new opportunities in the burgeoning industry.

MAGNiTT, MENA's provider of start-up information, has noted that Saudi Arabia was among the top three countries, along with the UAE and Egypt, in the MENA region that saw strong growth in the SME space in the first six months of the year.

"In a record start of the year in terms of transactions, much of this investment had been focused at the early stage. Multiple governments have made announcements on the creation of Fund of Funds to help fuel investments across all stages of start-up growth," said MAGNiTT founder, Philip Bahoshy.

"We are also seeing corporates play an active role in corporate venture capital activity and much of the MENA regulation is focused on supporting start-ups and investors connect. All these factors will help the acceleration of the MENA start-up ecosystem."

The Saudi authorities are paying close attention to the development of small and medium enterprises.

The Small and Medium Enterprises Authority (SMEA) has launched several initiatives, including reimbursement of government taxes and fees for three years for businesses registered between 2016 and 2021, and an increase in the capital of Kafalah, the public credit guarantee scheme.

Other measures include indirect funding of SAR 1.6 billion to investment institutions – aside from banks – to broaden low-cost funding sources for SMEs; and a venture capital fund of SAR 2.8 billion targeting start-ups.

EASE OF DOING BUSINESS

SMEA is also reviewing regulations to remove barriers to doing business and is helping innovators market their ideas and products. In addition, the new public procurement law will include preferences for SMEs.

According to the International Monetary Fund (IMF), SMEs account for 97% of businesses in Saudi Arabia, slightly higher than the emerging and developing economy average, with micro enterprises (companies with one to five employees) accounting for 85% of businesses.

SMEs predominantly employ expatriates (75% of labour force) and only

account for 34% of private sector employment. SMEs' contribution to GDP at 22%, according to the National Transformation Program, is slightly below the Arab world average and much lower than the EU average of 55% of GDP.

While the kingdom has made inroads in nurturing SMEs, the IMF recommends pushing forward with more incentives.

"Fostering a vibrant and competitive SME sector requires a comprehensive approach. Efforts should focus on improving human capital and the business environment and putting in place the institutional framework to support SME and entrepreneurship financing while avoiding market distortions and contingent fiscal risks," the IMF said in its latest report on the kingdom.

A number of tech labs and bootcamps have been set up to boost entrepreneurial activity in the kingdom. This includes the Mohammed bin Salman Foundation (MiSK Foundation), which recently partnered with Vision Ventures and Seedstars to launch its own growth accelerator for tech start-ups in MENA.

"The programme is filling a void in the ecosystem by working with slightly later stage start-ups and focusing on growth," according to Osama AlRaee, entrepreneurship director at MiSK Foundation.

The partners have chosen 11 tech start-ups up from Saudi Arabia, Egypt, Kuwait and the UAE to provide online trainings through webinars, one-on-one sessions with mentors and more; while also having three bootcamps in Riyadh to support the start-ups.

BANK CREDIT TO SMES

Saudi Arabia's financial services industry is focusing on the funding needs of SMEs in its effort to nurture the nascent segment of the industry, which is seen as a vital plank to achieve some of the Saudi Vision 2030 goals.

Saudi Arabia Monetary Agency's latest report shows credit facilities to SMEs in the second quarter jumped 11.6% to reach just over SAR 113 million, compared to the same period last year, or 6.2% of total credit facility provided by the industry. The financial services industry's credit facility during the same period last year stood at SAR 101.2 million, or 5.7% of total.

Banks led the way in the second quarter of 2019, accounting for SAR 105.15 million of credit facilities, or 5.9% of their total, versus SAR 93.6 million during the same period the previous year.

Medium-sized companies accounted for the lion's share with SAR 79.4 million in credit facilities, with small companies garnering SAR 23.1 million and micro-sized entities securing SAR2.6 million in funding.

Finance companies provided SAR 7.8 million of funding, or 16.6% of their total credit facilities offered in the second quarter. Small companies secured SAR 3.6 million in funding during the quarter, with medium-sized companies obtaining SAR 3.2 million from finance companies, and micro enterprises netting just over SAR 1 million.

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SAUDI BUILDS TRADE TIES TO BOOST NON-OIL EXPORTS

Saudi Arabian trade growth is expected to remain steady over the next few years, as non-oil exports expand, even as oil exports stay stable.

Saudi Arabia is keen to lay the ground for a Pan-Arab Greater Free Trade Zone, according to assistant undersecretary of the Ministry of Finance Hussein bin Shuwaish Al-Shuwaish, as he led the kingdom's delegation to the 47th session of the follow-up committee, affiliated to the Arab Socio-Economic Council in Cairo in June.

In a statement to the Saudi Press Agency, Al-Shuwaish said the session discussed a number of issues, notably those related to the best ways to implement the free trade zone, through overcoming all hindrances facing its member states.

Saudi Arabia is also keen to forge deeper trade and investment ties with Japan, with which it already enjoys strong trade flows.

In June, the Saudi Ministry of Economy, Trade and Industry (METI) held the Third Ministerial Meeting on Saudi-Japan Vision 2030 with the participation of the minister of economy and planning and other ministers from Saudi Arabia. Both countries approved the document Saudi-Japan Vision 2030 2.0.

The forum introduced new fields such as entertainment and start-ups, in addition to the fields such as energy and infrastructure, wherein Japan and Saudi Arabia have a long history of co-operation.

Minister Seko Hiroshige said that the Saudi-Japan Vision Office in Riyadh, which was established for supporting co-operation projects between the two countries, has helped Japanese companies in more than 1,000 cases in total, and welcomed the announcement of the opening of the Saudi-Japan Vision Office in Tokyo by the Saudi Arabian side.

"Saudi-Japanese total trade volume is significant and we consider each other as very important trading partners," said Hideki Sho, the managing director of the Riyadh offices of both the Japan External Trade Organization (JETRO) and the Saudi-Japan Vision 2030 Office. "In this free-trade world, both Japan and Saudi Arabia gain huge economic benefits from trade. I believe that export items from Saudi Arabia can be more diversified as the result of the Vision 2030 reforms."

Japan exported goods valued at USD 20.5 billion to Saudi Arabia last year, while Saudi non-oil exports stood at USD 3.57 billion, according to the Saudi General Authority for Statistics. Saudi Arabia also accounts for a major portion of all Japanese oil imports.

Saudi Arabia is also eyeing greater trade and investment co-operation with Russia. In June, the Saudi-Russian Joint Committee on Trade, Economic and Scientific Cooperation met in Moscow.

The two countries discussed the main issues of trade and economic co-operation, including improving the regulatory framework, enhancing economic and investment ties, joint projects in the fields of energy, industry and agriculture. This was followed up with another meeting in Jeddah to expand energy trade co-operation between the two countries, including investments in energy.

Russia exported goods valued at USD 5.4 billion to the kingdom last year, while Saudi Arabia's non-oil imports stood at USD 121.5 million, according to Saudi government statistics.

TRADE STATISTICS

Saudi exports in the first six months of the year, stood at just over USD 501 billion, according to GSA. Exports stood at SAR 524 billion in the first six months of 2018, a 4.39% decrease, primarily on the back of higher crude oil prices. Non-oil exports were SAR 109.6 billion, compared to SAR 116 billion in the first six months of 2018, or 5.5% lower,

Oil exports stood at SAR 60 billion in June (14.76% lower than May), with non-oil exports at SAR 17 billion (3.29% lower than May).

Encouragingly, non-oil exports have been steadily raising their contributions to overall exports, and averaged around 21.9% of total exports this year.

Imports were also in decline, as Saudi Arabia pushed to source goods from domestic producers. Imports stood at just under SAR 250 billion in the first half of the year, a fraction lower compared to SAR 256.3 billion during the first half of 2018.

The International Monetary Fund expects oil exports at USD 221.3 billion this year, while non-oil reached USD 62.9 billion. By 2024, the IMF expects non-oil to rise to USD 68.1 billion while oil will reach USD 200 billion, primarily on expectations of lower crude oil prices. While oil prices will remain subject to speculation and may surprise on the upside, the steady improvement in non-oil exports is encouraging.

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