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IN THIS EDITION ...

Government hopes to weather the coronavirus storm by taking a low-debt approach and launching a strong stimulus package to get economy back on track.

The measures taken by the Saudi government to support the economy are vital as the world faces a severe crisis that has not been seen for at least 70 years, according to the minister of finance, and acting minister of economy and planning, Mohammed bin Abdullah Al-Jadaan.

The kingdom's total stimulus package stands at SAR 180 billion, or 8% of the non-oil economy. While the government has rolled out a number of initiatives to support the private and health sectors, it is also keeping a sharp eye on rising debt.

"It is very important that we are alert and conscience that the cost of debt does not increase, because an increase in the cost of debt is not only harmful for public financing and the cost of servicing loans in the future, but is also bad for the economy, because an increase in the cost of debt for the government increases the cost of debt for companies, and even for citizens through their mortgages and consumer loans," the finance minister said.

The stimulus is necessary, as it is supportive of small and medium enterprises, large corporations, and citizens during the temporary closures.

The government is now leveraging its financial strength, built over decades, to address the short-term economic challenges.

The government possesses strong sovereign assets, including government deposits with Saudi Arabian Monetary Authority (SAMA) and liquid assets of the Public Investment Fund, which account for 21% of GDP in 2019, much higher than its peers.

In addition, SAMA's foreign currency reserves are equivalent to around 62% of GDP and cover more than 29 months of imports of goods and services, representing "a formidable buffer buttressing the Saudi riyal's peg to the dollar and sovereign creditworthiness," Moody's noted.

Indeed, Saudi Arabia is among the 20 least indebted countries in the world in terms of debt to GDP ratio, according to the International Monetary Fund.

The kingdom's decision to support the economy is crucial for the short-term, but it has enough runway room to support the major infrastructure and transformative projects required in the long term to diversify the economy.

ECONOMIC TRENDS

Supporting low-income households and private sector, increasing VAT and slashing spending are expected to help the economy rebound quickly.

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OIL AND GAS

The company has committed to a production cut deal in an attempt to stabilise the oil market at a time of reduced global demand.

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GLOBAL COVID-19

GDP declines illustrate the damage coronavirus has inflicted on economies worldwide, as governments impose lockdown measures.

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GCC MARKET

Global indices are back in black as shuttered economies start to reopen, but investors remain cautious of the pandemic's impact.

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PRIVTAE SECTOR

Authorities have launched initiatives to help companies, nationals employed in the private sector, and SMEs stay afloat during the tough economic climate.

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TRADE

Ministers have committed to ensuring the continued flow of food, medical supplies and equipment, and agricultural products across borders.

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SAUDI TAKES FIRST STEPS TOWARD ECONOMIC REBOOT

After an effective lockdown, there are signs that Saudi economic activity is returning.

On May 27, the Saudi Ministry of Human Resources and Social Development said private sector employees will be able to start working from their offices soon.

However, all private sector entities must prepare work spaces so that they are in line with Ministry of Health guidelines to prevent the spread of COVID-19.

The Ministry of Health also launched the third phase of examinations on May 20 as part of its preventive measures to prevent the virus from spreading.

The third stage will be implemented through centers for examining people in cars set up in several cities, apart from testing in primary health care centers.

To counter a new wave of coronavirus cases, the kingdom also signed a SAR 955 million contract with China to conduct 9 million tests for the virus.

In addition, the government unveiled new measures to generate revenue and reduce its expenses as it pays for the unprecedented health crisis. In May, the Ministry of Finance raised the value added tax and suspended a cost of living allowance for government workers, to overcome the pandemic that has forced most countries in the world to take tough measures.

VAT will be raised to 15% from 5% starting July 2020 to generate non-oil revenues, while allowances will be discontinued from June 2020.

The measures will help the government reduce costs by SAR 100 billion, as it also cancels, extends, or postpones some operational and capital expenditures for some government agencies, and reduce funds for a number of initiatives related to the Vision Realization Programs and major projects for the current fiscal year, the ministry stated.

"To improve spending efficiency, a ministerial committee has been established to study the financial benefits paid to all employees, contractors and those of similar status whom are not subject to Civil Service Law in government ministries, institutions, authorities, centres, and programmes, and present its recommendations within 30 days," the Ministry of Finance said.

EASING FINANCIAL BURDEN

To ensure that low-income households remain supported during the pandemic, the government also disbursed a total of SAR 1,850 million this Ramadan for social security beneficiaries with SAR 1,000 for a head of family and SAR 500 for a dependent to help citizens.

These measures are important as Saudi Arabia is facing three headwinds, according to the ministry. These include an unprecedented decline in oil demand and the necessary measures taken by the government to stop the spread of coronavirus, which has virtually suspended economic activity.

The third "economic shock was the unplanned expenses that required government intervention by increasing provisions for the healthcare sector to support the preventative and treatment capacity of health services," apart from mitigation measures to support the economy.

The Ministry of Finance has also channelled SAR 47 billion in funds to the Ministry of Health to purchase essential medical supplies and protective gear to safeguard its citizens.

The government has also accelerated payment of private sector dues and paid off more than SAR 200 billion.

Finance minister Abdullah Al-Jadaan said another SAR 14 billion has been earmarked to provide additional support to the private sector.

ECONOMY REMAINS RESILIENT

Global rating agencies also continue to highlight the resiliency of the Saudi economy and its ability to cope with any challenges.

"Fitch affirmed the Kingdom's rating (A) with a stable outlook, while Moody's agency updated its credit report ranking Kingdom (A1) with a negative outlook due to the current unprecedented challenges and fluctuation of oil prices caused by COVID-19," said Fahad Al-Saif, President of the National Debt Management Center. "These international reports reflect the credibility and trust investment institutions have in the Saudi economy."

Saudi Arabia also successfully raised a USD7 billion with a three-tranche bond deal in April.

The kingdom, acting through the Ministry of Finance, sold USD 2.5 billion in 5-1/2-year bonds at 260 basis points (bps) over U.S. Treasuries, USD 1.5 billion in 10-1/2-year bonds at 270 bps over the same benchmark and USD 3 billion in 40-year bonds at 4.55%.

The issuance was more than 7 times oversubscribed, with total orders amounting to more than USD 54 billion, underscoring investor appeal for Saudi bonds in a tough and volatile global market environment.

There is evidence of economic activity coming back. The Saudi purchasing managers' index (PMI) was up slightly in April compared to March, reflecting a slower reductions in new work and stronger contribution from the suppliers' delivery time component.

"Looking ahead, the proportion of survey respondents expecting a rise in business activity over the year ahead exceeded those forecasting a reduction, but by only a small margin," according to IHS Markit, that tracks PMI for a number of countries every month. "The index was up slightly since March but still at a historically low level in April, mainly reflecting continued uncertainty about the length of worldwide lockdown measures."

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ARAMCO CUSHIONS PANDEMIC BLOW WITH HEALTHY BALANCE SHEET

Saudi Arabia continues to steer the global oil markets in the backdrop of a tough economic environment.

In May, the Saudi Ministry of Energy said it directed Saudi Arabian Oil Co. (Aramco) to cut oil production by 1 million barrels per day (bpd) to support markets, and encourage other OPEC members and allies to comply with the production cuts they had committed to in April.

The cuts take the total output curtailment from Saudi Arabia to 4.8 million bpd, and leaves production for the month of June to just under 7.5 million bpd. OPEC allies UAE and Kuwait also followed suit with cuts of 100,000 and 80,000 bpd, respectively.

Soon after, Prince Abdulaziz bin Salman bin Abdulaziz, the minister of energy, and Alexander Novak, Russia's minister of energy, reaffirmed their commitment to help stabilise markets.

"We are also pleased with the recent signs of improvements in economic and market indicators, especially the growth in oil demand and the ease in concerns about storage limits as various countries around the globe begin to emerge from their stringent lockdowns," the two countries said in a joint statement.

OPEC has cut its world oil demand forecast by 9.07 million bpd this year, compared to 6.85 million bpd.

In a first for oil futures prices, US crude oil benchmark West Texas Intermediate settled below zero at-USD 37.63 per barrel on 20 April. The following day, ICE Brent hit an 18-year low of USD 19.33 per barrel, with North Sea dated benchmark trading at one point at an unprecedented USD 10 per barrel below the futures contract.

OPTIMISM REIGNS

But there are green shoots of recovery.

Data from China – the world's largest oil importer – showed oil imports rising to 9.84 million bpd in April, a slight increase from the 9.68 million bpd in March, suggesting that the Chinese economy is starting up after the coronavirus-induced contraction in the first quarter.

The International Energy Agency (IEA) notes that the number of people under lockdown will fall from 4 billion to 2.8 billion by the end of May.

Mobility still remains limited for many citizens, but businesses are starting to reopen gradually and people are returning to work, which will

provide a boost to oil demand, albeit modestly at first, according to the IEA.

"Taking into account these developments as well as new mobility data from advanced economies that was stronger than in our previous forecast, we have raised our 2Q20 demand estimate. For 2020 as a whole, last month's forecast of a decline of 9.3 million bpd is improved to-8.6 million bpd," the IEA said.

ARAMCO'S RESULTS

Aramco's results in the first quarter underscored the company's fiscal strength in the face of adverse economic conditions and low commodity prices.

The company reported net income of USD 16.7 billion in the first quarter, despite lower commodity prices, downturn in refining and chemicals margins and inventory re-measurement losses.

Cash flow from operating activities was strong at USD 22.4 billion in the first quarter, compared to USD 24.5 billion in the same period of 2019. The company said it paid dividends of USD 13.4 billion for the fourth quarter.

"The COVID-19 crisis is unlike anything the world has experienced in recent history and we are adapting to a highly complex and rapidly changing business environment. Aramco has demonstrated resilience during economic cycles and has an unparalleled position due to a strong balance sheet and low-cost structure," said Aramco CEO Amin Nasser.

"We have delivered solid earnings with robust free cash flow, despite weak energy demand and low oil prices. We remain committed to the safety of our people while delivering on our long-term value creation strategy for all of our shareholders.

The company intends to pay dividends of USD 18.75 billion for the first quarter of 2020 in the second quarter, which will be "the highest of any listed company worldwide."

During the quarter, the company resumed operations at Al-Khafji Joint Operations (KJO), an offshore partitioned territory between Saudi Arabia and Kuwait.

The company also discovered oil and gas reservoirs in the northwest part of the kingdom and another in the central area.

The Fadhili Gas Plant also raised its processing capacity from 1.5 billion cubic feet per day (bcfd) to 2 bcfd and is on track to reach its full capacity of 2.5 bcfd this year.

"Furthermore, Saudi Aramco implemented additional measures to optimise spending which resulted in reducing expected 2020 capital expenditures," the company said. "In light of market conditions and recent commodity price volatility, Saudi Aramco continues to expect capital expenditures for the fiscal year 2020 to be between USD 25 billion to USD 30 billion (2019: USD 32.8 billion)."

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WORLD ECONOMIES REOPEN TO A NEW KIND OF NORMAL

After almost two months of lockdown, most countries are eager to get back to some form of normalcy.

China, the world's second largest economy, and the first to get out of the lockdown and restart its economy, is a good indicator of what the rest of the world can expect in terms of recovery.

The Chinese economy contracted by 6.8% year on year in the first quarter, its deepest fall since 1976 and year-on-year inflation remained elevated at 4.9%. However, the overall labour market and balance of payments were basically stable. The country's CNY index, which measures the value of the currency against a basket of currencies, had appreciated by 2.92% in the first quarter.

It is clear that the economy will require more fiscal and monetary stimulus. In May, the People's Bank of China (PBoC) released its 1Q20 monetary policy implementation report, which highlighted the support measures introduced during the quarter and the direction of the monetary policy going forward.

The removal of the phrase "no flood-like stimulus", which was present in the fourth quarter of the 2019 report issued in February, suggests that China may be prepared to step up its monetary policy support to aid economic recovery.

Meanwhile, European countries are also looking to ease restrictions and slowly resume economic activity.

The European Union saw a 3.5% decline in the first quarter, according to Eurostat, the statistical office of the European Union. These were the sharpest declines observed since time series started in 1995. In March 2020, the final month of the period covered, COVID-19 containment measures began to be widely introduced by member states.

In tandem, the European Central Bank said it is easing credit conditions and banks' access to ultra-cheap liquidity in order to support the economy during the crisis. While there were no tweaks to the asset purchase programmes, ECB president Christine Lagarde offered ample signals of her willingness to act, if needed.

In the United States, the Congressional Budget Office (CBO) expects the country's real GDP to contract by about 12% during the second quarter, equivalent to a decline at an annual rate of 40% for that quarter, while the unemployment rate will rise to 14%. The world's largest economy contracted 4.8% in the first quarter.

"In the third quarter, economic activity is expected to increase, as concerns about the pandemic diminish and state and local governments ease stay-at-home orders, bans on public gatherings, and other measures restraining economic activity," CBO said in its April report. "However, challenges in the economy and the labour market are expected to persist for some time. Interest rates on federal borrowing are expected to remain quite low in relation to rates in recent decades."

In addition, a flare-up in the US-China trade relationship is adding to global risks.

"The dispute has implications for growth," said S&P Global Ratings chief economist Shaun Roache. "US officials have remarked that COVID-19 has encouraged them to redouble efforts to reduce supply-chain dependency on China."

US president Donald Trump has also suggested that Washington could impose additional tariffs on Chinese imports and has continued to tighten rules governing the transfer and trade of technology products.

REGIONAL OUTLOOK

Like the rest of the world, most Gulf and MENA states have enforced strict measures and rolled out stimulus packages to withstand the impact of the virus, which has sapped investor and consumer sentiment.

With oil prices falling more than 50% this year, a number of oil-dependent MENA economies are feeling a greater impact as they try to support their citizens at a time of anaemic growth.

The International Monetary Fund believes the economic impact will be substantial, with the region contracting in 2020 by an average of 3.1%.

"Most countries have revised growth down by more than 4 percentage points in one year, equivalent to removing USD 425 billion from the region's total output," the IMF said. "For nearly all countries, these revisions are higher than those seen during the global financial crisis in 2008 and the oil price shock of 2015."

Collectively, the Gulf region has allocated more than USD 100 billion to mitigate the impact of the coronavirus, led by Saudi Arabia. This amounts to nearly 30% of GDP in Bahrain and Oman, more than 10% of GDP in Kuwait, Qatar and the UAE and around 8% of GDP in Saudi Arabia, according to Fitch Ratings.

"Fiscal policy in the GCC tends to be pro-cyclical with the oil price, but consolidation this year will be hampered by and deepen the recession in the non-oil economy stemming from measures to contain the coronavirus outbreak," Krisjanis Krustins, a director at Fitch Ratings, said in a report. "We forecast a non-oil recession ranging from a decline of 1% in Kuwait to 5% in Oman."

Dubai also postponed its six-month World Expo 2020 event, which was set to start in October. The event, being held in the Middle East for the first time, was expected to generate robust economic activity in the country and cascade across the wider region. The showcase event is now expected to be held in October 2021.

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VOLATILITY IN THE AIR AS MARKETS BOUNCE BACK

While global markets shuddered in March, many of them made a smart recovery in April, as governments across the world unleashed massive stimulus packages and strong measures to combat the coronavirus.

Globally, the Nasdaq Composite Index soared 15.4% in April, after falling 9.3% in March. The Dow Jones Industrial Average, which had fallen 14% in the previous month, rebounded 11.08% in April, while Standard & Poor's 500 Index rose 12.68% after falling 11.1% in March.

The US Federal Reserve announced a new and more aggressive credit programme, authorising USD 2.3 trillion financing, and committed to remain active with credit and zero interest rates for as long as the economy needed it. According to the minutes of the March meeting of the Federal Open Market Committee, the Fed wanted to keep interest rates near zero until the economy "weathered" the COVID-19 storm.

As investors absorbed the coronavirus impact, and turned their thoughts to the reopening of economies, the global MSCI World Index rose 10.8%.

European markets were also broadly higher, with France's CAC 40 (+4%), Germany's DAX (+9.32%), and the UK's FTSE 100 (+4%), posting gains.

Among major emerging markets, India's Sensex was up 14.4%, South Korea's KOSPI Index expanded 11%, and Brazil's BOVESPA Stock Index rebounded 10.3%. China, epicentre of the coronavirus outbreak, saw the main SSE Composite Index jump 4%, while Hong Kong's Hang Seng Index fared marginally better with 4.4% gains.

Despite their impressive gains in April, all the major global markets are down for the year, underscoring the severity of the market downturn in March.

REGIONAL MARKETS

In the GCC, markets also made a smart recovery. The MSCI GCC Index grew 8% during the month, to reduce its declines for the year to 18.5%.

Saudi Arabia's Tadawul All Share Index reversed a three month-decline, with a spirited 9.3% rebound in April. The market had fallen 14.7% in March, as global and regional investors considered the dramatic drop in economic activity. The market remains down 15.2% for the year.

It was a broad-based recovery with software and services (up 20.7%), capital goods (16.8%), retailing (up 14.9%), insurance (up 14.3%), transportation (11.9%), materials (10.7%), banks (10.1%), consumer services (9.9%), food and beverages (9.9%), telecommunication services (9.5%), and real estate management and development indices (9.4%), outperforming the general index.

The value of shares traded in the month fell 18.4% to SAR 95.4 billion compared to the previous month, and volumes declined 10% during the period as many investors waited on the sidelines.

Saudi Arabian Oil Co., the world's largest company by market cap, saw its stock price rise just under 5% during the month, as Brent crude jumped 11.1% to USD 25.27 per barrel, shrugging off a dramatic plunge earlier in the month.

Dubai's DFM General Index led the gains in the region with a 14.4% rally in April, clawing back some of the gains from a dramatic 31.6% drop in March. The neighbouring market of Abu Dhabi also saw a 13.3% upsurge (compared to a 23.8% decline in the previous month).

Kuwait's Premier Market Index rose 3% in April, leaving it 23.2% in negative territory for the year.

Oman rose 2.6% during the month, making it the region's most resilient market year-to-date, as it is down 11.1% – the least among its GCC peers.

Bahrain was the only Gulf market that declined during the month, falling 3% to add to its precipitous 18.7% contraction in March.

Analysts expect the next few months to be volatile. While Gulf stocks rebounded on strong corporate earnings in the first quarter, investors will be eyeing the second quarter, which would reveal the full impact of the virus and the effects of the lockdown.

Gulf economies remain resilient, however, with strong fiscal balances and monetary and fiscal levers to ride out the storm. S&P Global Ratings noted that the most rated GCC banks have relatively strong profitability and a conservative approach to calculating and setting aside loan-loss provisions.

With many oil producers reducing output, oil prices have also climbed steadily higher, which should boost investor sentiment.

"Overall, we estimate that rated GCC banks could absorb up to a USD 36 billion shock before starting to deplete their capital base," S&P credit analyst Mohamed Damak said.

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SAUDI EXTENDS FINANCIAL LIFELINE TO PRIVATE SECTOR

While the health and well-being of Saudi citizens and residents is a key government priority, authorities are also supportive of the country's private sector.

Companies have registered more than 51,000 employees in the Human Resources Development Fund, or Hadaf's, Employment Support initiative, which was "launched by the government to support wages of Saudis working in the private sector up to 50% of the employee's monthly salary for two years". The initiative supports all jobs, professions and economic sectors.

Companies can also receive additional support of 10% if employees are females, disabled or are employed in less populous cities and in small, micro and medium enterprises, provided that the maximum support does not exceed 50% of the monthly salary for the employee or SAR 3,000, whichever is less.

Separately, the General Organization for Social Insurance (GOSI) sent close to SAR 1.2 billion (USD 319 million) to more than 400,000 Saudi nationals working in private sector companies, which were affected by the pandemic.

"The financial assistance was provided to the beneficiaries who submitted applications during the specified period announced earlier," said Sulaiman Al-Gwaiz, the GOSI governor.

Meanwhile, the Saudi Arabian Monetary Authority (SAMA) has also directed domestic banks to postpone three months instalments of all financing products for Saudi workers registered in the unemployment insurance (SANED) from April, without any additional costs or fees.

Saudi insurance companies have also extended existing vehicle insurance policies for a period of two months but also adding two months to vehicle insurance policies purchased during the period from 8 May to 6 June without incurring any additional costs. The benefits will be processed electronically and without the need for the customer to communicate with the insurance company.

The Ministry of Industry and Natural Resources has also rolled out 27 measures to support businesses in the industrial and mining sector.

The measures include postponing or restructuring loans, deferring or reducing various ministry fees and automatically extending industrial licenses, renewing customs exemption and labour documents. A 30% discount on utility bills and payment of 50% is also being offered to eligible companies.

"Additionally, other initiatives were focused on supporting mining investors in: deferring the implementation of mining licenses work programmes, extending the period for completion of requirements for issuing and renewing licenses, extending the financial claim period for holders of small mines licenses, raw materials mines' licenses, mining licenses for payment of financial dues, extending the period of export permits, extending the validity period of all valid mining licenses," according to the Saudi Press Agency.

LONG-TERM VIEW

Despite the short-term headwinds, the kingdom's mining sector continues to attract interest. In April, the ministry issued seven decisions related to the largest allocation process for mining reserve sites in the kingdom, comprising 54 sites with an area of approximately 4,000 square kilometres.

Located in the regions of Riyadh, Makkah, Madinah, Asir, Hail and Najran, 12 of the sites have gold deposits, another 12 have copper, nine boast rare earth elements and seven offer silver ore.

Interest in the kingdom's mining sector is expected to rise as the Saudi Geological Survey plans to start detailed exploration of the mining reservoirs, which will fuel private sector interest.

HELPING SMES

The kingdom's Social Development Bank also rolled out a slew of initiatives to nurture and support micro-enterprises and self-employed entrepreneurs in their time of need.
The bank said it has earmarked more than SAR 9 billion to support small companies in the private sector affected by the coronavirus crisis.

"The bank dedicated SAR 8 billion for the promising and of priority enterprises, among those micro and small-size establishments, to be funnelled through main tracks, including: fast and affordable financing for 6,000 small businesses and start-ups, newly incepted or previously existent, alike, with focusing on activities with technical feasibility," according to SDB.

The development bank has also launched a healthcare portfolio to help 1,000 medical units raise their operational capacity, at a time when the requirement for protective gear, masks and other essential medical supplies is soaring.

In May, the Prince Mohammed bin Salman bin Abdulaziz Foundation (Misk) said 16 companies had passed its Misk 500 Startup Accelerator Program, showing support for start-ups at a crucial time of their development.

The third batch of companies to have graduated from the programme, include Saudi, UAE and Jordanian companies, focused on physical fitness, employment, e-commerce, and healthcare technologies.

G20 NATIONS AGREE TO UNINTERRUPTED FOOD SUPPLY CHAINS

Saudi Arabia and the rest of the world is increasingly focused on ensuring food supply chains remain uninterrupted during worldwide lockdowns.

In April, the agriculture ministers of G20 Nations, under the presidency of Saudi Arabia, renewed their commitment to ensure the continued flow of food, products, and inputs essential for agricultural and food production across borders.

"We will guard against any unjustified restrictive measures that could lead to excessive food price volatility in international markets and threaten the food security and nutrition of large proportions of the world population, especially the most vulnerable living in environments of low food security," the G20 ministers said in a joint statement.

The ministers also reaffirmed their agreement not to impose export restrictions or extraordinary taxes on food and agricultural products purchased for non-commercial humanitarian purposes by the World Food Programme (WFP) and other humanitarian agencies.

A separate statement from G20 trade ministers echoed the sentiment, as they sought to develop recommended actions to ensure the continued flow of vital medical supplies and equipment, and critical agricultural products across borders. The trade ministers also addressed longer-term actions to support the multilateral trading system, building resilience in global supply chains, and strengthening international investment in order to expedite economic recovery from the pandemic.

Amid the health crisis, the kingdom has leveraged its G20 presidency to spearhead the global drive to ensure essential food supply chains continue to function.

The kingdom's G20 presidency began on 1 December 2019 and will end on 30 November. It will culminate with The Leaders' Summit on 21 to 22 November in Riyadh. In the run-up to the summit, the presidency is expected to host more than 100 meetings and conferences, including ministerial meetings, as well as meetings of officials and representatives from civil society.

LOCAL PRODUCTION

On the domestic front, the Saudi government is also looking to boost food and agriculture output. In April, the Saudi Agriculture Development Fund (ADF) said it was allocating SAR 2 billion (USD 533.33 million) to boost local food security and production.

The programme, which would provide direct or indirect loans, will focus on soybeans, yellow corn, rice and sugar.

"This initiative... aims to meet development priorities and economic needs within the urgent initiatives approved by the Saudi government to address the impacts of the novel coronavirus," according to the statement.

The Ministry of Environment, Water, and Agriculture has also chipped in, by providing SAR 180 million in April as direct support for small-scale livestock owners, fish farming projects, and poultry producers.

In April, the ADF had also approved loans of SAR 60 million, focused on production of vegetables in greenhouses and poultry in several regions of the country.

"This comes within the framework of one of the fund's initiatives to mitigate economic effects of the coronavirus (COVID-19), which is an initiative to support small and medium enterprises sector with an amount estimated at SAR 450 million through the provision of direct and indirect operational loans to enhance the efficiency of the local agricultural sector and contribute to achieving food security," according to the statement.

Indeed, the health crisis could also turn into an opportunity for local food manufacturers as it has compelled many countries to boost domestic industries and reduce dependence on imports.

The National Committee for Fresh Dairy Producers at the Council of Saudi Chambers has also committed to securing and sustaining healthy, safe and sufficient food for the consumers.

Separately, the Ministry of Environment, Water and Agriculture has been sourcing livestock to ensure a steady supply of meat and dairy products. The ministry said it had secured 160,472 cattle heads to ensure food security and price stability in the country.

In recent weeks, the government sourced the livestock from Somalia, Romania. Ethiopia ad Djibouti.

The country has also strengthened its trade lines to expand its food and agriculture sources.

In May, the Saudi Ports Authority, or Mawani, began operating a new shipping line for container transportation between the Jubail Commercial Port and the East Asian countries. The weekly trips will be carried out by global shipping line Hyundai Merchant Marie (HMM) and part of the alliance agreement for the lines that consist of Hapag-Lloyd Line, One Line, Yang Ming Line, to improve shipping connections between the kingdom and key markets of Asia.

The various moves are in line with the 2030 Vision Program, which considers food security as one of its key targets. The goal will be achieved by strengthening the domestic food and agriculture infrastructure and developing strong trade networks to ensure steady stream of fresh produce, meat and food essentials.

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