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Saudi Arabia's real gross domestic product (GDP) grew 1.8% in the second quarter, confirming a strong rebound in economic activity, with the non-oil sector posting impressive gains.

The non-oil sector expanded 8.4% in the second quarter, according to the General Authority for Statistics, while the private sector grew 11.1% and the government sector inched up 2.3% during the period.

The oil sector declined 6.9%, but it was still its best performance in at least five quarters, with prospects improving for the industry as oil prices continue to remain at elevated levels.

The growth in the non-oil sector was broad based with community, social and personal services expanding 17.1%, the pandemic-hit wholesale and retail trade, restaurants and hotels surged 16.9%, while manufacturing ex-petroleum refining climbed 15.3%. Transportation (up 11.1%) and petroleum refining (up 10.1%) were also among sectors that saw double-digit gains during the quarter compared to the same period last year.

Indeed, the oil sector is coming back strongly, as crude petroleum and natural gas grew at the highest rate of 2.6%, quarter on quarter, and compared to-8.7% in the first quarter of 2021.

Crucially, private final consumption expenditure grew at a rate of 21.9% in the second quarter on a year-on-year basis, and compared to 1.3% in the first quarter.

Gross fixed capital formation – a key measure of changes in investment – surged 18.3% in the second quarter compared to 7.0% in Q1. Government final consumption expenditure grew by 3.2% compared to-0.8% in Q1.

The fast-improving data will gain further traction as the government announces new measures such as the SAR 4 billion technology programmes featuring some of the world's biggest tech companies including Google, Amazon and Oracle, and government support for local businesses. In September, the government issued a list of 28 items that public sector companies should buy only from local businesses.

Such support will further fuel business sentiment, which is already improving at an impressive rate.

ECONOMIC TRENDS

Both oil and non-oil exports have shown impressive performance after suffering a big setback last year due to the pandemic.

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OIL AND GAS

By next year, oil consumption worldwide will surpass pre-pandemic levels as COVID-19 management improves and vaccination rates increase.

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RENEWABLE ENERGY

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MANUFACTURING

The country's investment scheme has piqued the interest of investors looking to realise the various opportunities in the sector.

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HEALTHY TRADE FLOWS PUT SAUDI ECONOMY BACK ON TRACK

Saudi Arabia's exports galloped ahead in the second quarter, rising an impressive 99.4% compared to the same period last year.

Like the rest of the world, Saudi's exports had declined to SAR 119.65 billion in the second quarter of 2020, but have now soared to SAR 238.62 million in the second quarter of 2021 – its best performance in five quarters, according to the General Authority for Statistics (GASTAT) data.

A strong rebound in oil prices helped oil exports, as efforts by Saudi Arabia and its OPEC allies to stabilise the crude oil market paid off handsomely.

Oil prices that had plunged during Q2 of 2020, have traded comfortably over USD 70 per barrel for much of this year.

"This increase originated mainly from oil exports, which rose by SAR 96.5 billion or 126.1% in the same period," according to GASTAT. "The share of oil exports in total exports increased from 63.9% (Q2 2020) to 72.5% (Q2 2021). Compared to the previous quarter (Q1 2021), total merchandise exports increased by SAR 26.1 billion or 12.3%."

NON-OIL EXPORTS SOAR

Non-oil exports also launched an impressive recovery, with shipments reaching SAR 65.65 billion, its best figure in at least five quarters.

Adding the SAR 60 billion worth of shipments in the first quarter, the non-oil exports sector is on pace to have its best annual performance in more than a decade, eclipsing the SAR 235.4 billion achieved in 2018, data gleaned from GASTAT show.

Among non-oil exports, plastics and rubber (34.3% of non-oil merchandise exports) rose by 63.9% to SAR 8.8 billion, and chemical and allied products (31% of non-oil merchandise exports) surged 61.9% to SAR 7.8 billion, compared to the same period last year.

"Merchandise imports increased by 12.9% (SAR 16.1 billion) in Q2 2021. The value of imports amounted to SAR 140.9 billion in Q2 2021 compared to SAR 124.8 billion in Q2 2020," GASTAT noted.

The increase was primarily due to a 26.8% rise in vehicles and other transport equipment, and a staggering 452.2% surge in imports of imitation jewellery.

China was Saudi Arabia's main export destination accounting for SAR 46.4 billion, or 19.4% of total exports. India and Japan followed next with SAR 21.7 billion (9.1% of total exports) and SAR 20.7 billion (8.7% of total exports), respectively. South Korea, the USA, United Arab Emirates, Egypt, Netherlands, Singapore, and Taiwan were among the top 10 destinations for Saudi exports.

"Imports from China amounted to SAR 25.7 billion (18.2% of total imports) in Q2 2021, making this country the main origin for imports of Saudi Arabia. United Arab Emirates, and USA followed next with imports of SAR 13.5 billion (9.6% of total imports) and SAR 13.1 billion (9.3% of total imports), respectively," GASTAT noted.

LEADING INDICATORS

Saudi Arabia's non-oil economic activity continued to grow, albeit at a moderated pace in August, according to the purchasing managers' index conducted by research firm IHS Markit.

"New business continued to grow sharply over the month, although as was the case for output, the rate of growth slipped from July," IHS noted. "This was partly due to a softer increase in export sales, as the resurgence of COVID-19 cases in other parts of the world dampened the recovery in foreign demand."

Total consumer loans also rose to SAR 394 billion in the second quarter (compared to SAR 279.5 billion in the first quarter), while credit card loans reached SAR 18.2 billion (compared to SAR 17.7 billion in the first quarter) in a sign of increased consumer activity.

The number of transactions in the second quarter also hit new highs as did the number of point-of-sales terminal transactions, according to the Saudi Central Bank data.

Ecommerce sales hit a record SAR 17.18 billion during the second quarter, while the number of transactions also reached a record 79.89 million.

Unlike much of the world, Saudi Arabia's inflation remains subdued as impact of the value added tax (VAT) recedes.

"The Consumer Price Index for July 2021 increased by 0.4% compared to the same month last year (July 2020), less than June 2021 (6.2%). The impact of the increase of the VAT from 5% to 15% in July 2020 (base effect) fades out in July 2021 and does not affect the annual change of the CPI anymore," according to GASTAT.

The CPI rose primarily due to higher prices of transport (+7.8%), and food and beverages (+1.2%), the statistics agency said.

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2022 TO SEE RISE IN GLOBAL OIL DEMAND AS ECONOMY REBOUNDS

Global oil demand is expected to grow by around 4.2 million barrels per day (bpd) in 2022, even as the global economic recovery hits a roadblock this year due to COVID-19's Delta variant.

The Organization of the Petroleum Exporting Countries' (OPEC) latest monthly report notes both developed and developing economies will likely post an impressive economic growth, which would ensure that oil demand will reach 100.8 million bpd, exceeding pre-pandemic levels.

"As vaccination rates rise, the COVID-19 pandemic is expected to be better managed and economic activities and mobility will firmly return to pre-COVID-19 levels," OPEC said. "The revisions are based in both the Organization for Economic Co-operation and Development (OECD) and non-OECD regions, with steady economic developments expected to support the partially delayed recovery in oil demand in various sectors."

The US Energy Department also concluded in its short-term energy outlook in September that global oil demand will exceed 101 million bpd by 2022, amid an economic rebound.

DEMAND PICKS UP IN ASIA

OPEC revised OECD oil demand outlook to 1.8 million bpd in 2022, a 300,000 bpd increase compared to its previous projection, while non-OECD region oil demand will rise by 2.3 million bpd, year on year, (1.7 million previously), supported by steady economic activities in the main economies, particularly China, India and Other Asia.

"In 2022, China's oil demand is anticipated to increase y-o-y, supported by solid economic growth forecasts," OPEC noted, adding that transportation and industrial sectors are projected to rise the most with support coming from an increase in vehicle miles driven, a rise in passenger car sales and a steady industrial sector. Other fuels including gasoline and diesel are also expected to see an increase in demand, while a healthy petrochemical sector is expected to lend strong support to light distillates consumption next year.

In India, another key growth market, oil demand is expected to rise, year on year, as total consumption exceeds pre-pandemic levels on an annualised basis.

"COVID-19 containment measures are projected to improve, backed by rising vaccination rates, natural immunity and improved treatment of COVID-19. Economic activity is projected to support demand for refined products, led by transportation fuels, mainly gasoline," OPEC noted.

"Support will be driven by rising mobility and increased use of private vehicles. Diesel will gain strength in 2022, supported by steady developments in the industrial, construction and agriculture sectors."

OIL SUPPLY STYMIED

On the flip side, supply is not growing as robustly. OPEC expects non-OPEC supply to reach 63.8 million, bpd, noting declines in the US liquids supply due to disruptions in production caused by Hurricane Ida.

Indeed, Hurricane Ida has a more lasting impact than the market had anticipated. In addition, as some oil production capacity remains shut in early September, prices are rising on supply not being restored and therefore not reaching refineries, which have restarted operations quicker than producers.

The threat of more disruptions from extreme weather is also a cause of concern for producers and a reason for traders to add price premiums, as the new Tropical Storm Nicholas in the Gulf of Mexico could turn into a hurricane and hit Texas in the coming days.

Although latest update on Hurricane Ida showed US Gulf of Mexico production had recovered about 320,000 bpd, this could soon be turned around if Nicholas becomes a hurricane.

Oil supply is expected to grow in Canada, Russia, China, Brazil and Norway, but decline in the UK, Colombia, Indonesia, and Egypt.

Rising demand and muted supply suggests that inventory levels are tight. OPEC data shows inventories are 122 million barrels below the latest five-year average and 57.2 million barrels lower than the 2015-2109 average.

One key factor that analysts are keeping an eye on is inflation, which has been at elevated levels this year in many developed markets and could crimp growth, especially as the US dollar remains strong compared to many emerging market currencies.

In September, OPEC and non-OPEC energy ministers agreed to continue their strategy of slowly releasing new production into the market on the agreed terms.

"The meeting welcomed the positive performance of participating countries in the Declaration of Cooperation (DoC)," OPEC noted. "Overall conformity to the production adjustments was 110% in July including Mexico (109% without Mexico), reinforcing the trend of high conformity by participating countries."

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SAUDI LEADS MENA IN JOURNEY TO COMBAT CLIMATE CHANGE

Saudi Arabia took a major step in fighting climate change with the announcement of carbon credits by the country's two major financial powerhouses.

The sovereign wealth fund Public Investment Fund (PIF) and the Saudi Tadawul Group said it has created a Riyadh Voluntary Exchange Platform for offsets and carbon credits within the Middle East and North Africa (MENA) region.

The initiative will become the primary platform for companies and institutes seeking to reduce their emissions, or contributing towards that goal, through the trading of verified, approved carbon equivalent credit certificates.

"The voluntary exchange platform establishment will come as part of extended alignment efforts with regulatory entities, such as the Designated National Authority for Clean Development Mechanism (DNA), along with local and international expertise to identify the best regulatory and operational methodologies, business models, and governance practices that align with best global standards in order to establish a voluntary exchange platform, which will support the reduction of climate change effects, as well as to contribute to Paris Agreement goals," the companies said.

SUSTAINABILITY IS KEY

Saudi Arabia is taking a leading role in the region to curb carbon emissions and create an environment for businesses to thrive in a sustainable manner.

"These efforts are part of Saudi Arabia's leading role within the region to contribute to the reduction of climate change effects as part of several initiatives that were launched with that regard, through pursuing additional methodologies such as creating a motivational environment for companies and institutes to reduce their emissions," said His Royal Highness Prince Mohammad bin Salman bin Abdulaziz Al Saud, crown prince, deputy prime minister, chairman of the Council of Economic and Development Affairs, and chairman of the PIF.

"Moreover, and taking Saudi Arabia capital market strength, its initiatives and aspirational projects into consideration, we are well-positioned to incubate and host this exchange platform."

The companies are pledging to create a suitable environment for the voluntary exchange platform, and leverage the sovereign wealth fund and the financial services companies strength and financial acumen.

PIF is also a participant in the One Planet Sovereign Wealth Funds Working Group, which aims to accelerate efforts to integrate financial risks and opportunities related to climate change in the management of large, long-term asset pools.

"In addition to that, PIF has several strong enablers, being that Saudi Arabia is the home of several companies and institutes that aim to reduce their greenhouse gas emissions, in addition to having international partners who are interested in investing within this area," according to the Saudi Press Agency.

NEW PROJECTS

New renewable energy projects are also expected to be launched in the kingdom after the Ministry of Energy said it has allocated two pieces of land, located in the Jeddah 3rd Industrial City and the Rabigh Industrial City, with a combined area of 12 million square metres for the development of two renewable energy plants by the Saudi Authority for Industrial Cities and Technology Zones (MODON).

"Locations of renewable energy projects are selected by a Saudi team of technical specialists to ensure the highest electricity production efficiency possible, in co-operation with various entities to identify potential locations and make available the necessary land," the Ministry of Energy noted.

The focus on renewable energy is part of the kingdom's ambition to generate 50% of its electricity through renewable energy sources by 2030.

In June, the Minister of Environment, Water and Agriculture awarded a contract to develop the 570,000-cubic-metre-per-day Jubail 3B Independent Water Plant Project.

The project will deploy "reverse osmosis" technology and serve Riyadh and Qassim regions.

"This strategic project will also include solar energy units to reduce the electricity consumption from the grid, in addition to water tanks with a storage capacity of one operational day," the ministry said.

Meanwhile, other companies are also deploying innovative technology to reduce their carbon footprint and develop sustainable practices.

The Red Sea Development Company (RSDC), on the kingdom's west coast, said it has launched the first station to produce water fully extracted from sunlight and air, as part of its sustainable programme.

The water extraction station, powered by solar energy, will have the capacity to produce two million recyclable bottles with a total of 330 millimetres annually. The water collection and bottling facility will reach carbon neutrality and dispose of non-recyclable plastic bottles.

"Moreover, 100 hydrogen panels will be installed, while expansion plans in the second and third phases will include installing 1,200 hydrogen panels in total, in addition to providing the station with necessary machinery and equipment, as well as the recyclable bottles from companies inside the Kingdom of Saudi Arabia," the company said.

Earlier in the year, the RSDC also secured a SAR 14.12 billion loan and first ever riyal-denominated green finance credit facility to build the massive leisure and tourist destination.

VACCINE MANDATE PAVES WAY FOR SAUDI'S POST-CORONAVIRUS RECOVERY

Saudi Arabia's decision to welcome tourists starting 1 August after a pause due to the pandemic, should boost economic activity.

"We focused our efforts during the pause on close co-operation with our partners in all sectors to ensure a safe return through which visitors to the kingdom can enjoy exploring its tourist treasures, important destinations and landmarks, enjoy unique tourist experiences and learn about the culture of generosity and hospitality characterising Saudi society," according to the minister of tourism Ahmed Al-Khateeb.

The kingdom opened its borders further after granting permission to travellers from the key market of the UAE, Argentina, and South Africa to enter the country.

"Citizens will be allowed to travel to the three referred countries, the source said, stressing the importance of adhering to all the precautionary and preventive measures adopted," according to the Saudi Press Agency.

The loosening of border restrictions comes amid higher vaccination rates in the country aimed at protecting the local population.

VACCINATION POLICY

Vaccination rates jumped after the Ministry of Interior (MOI) stated in May that attaining COVID-19 vaccinated status will be mandatory by August. Vaccination will be required to enter all economic, commercial, cultural, entertainment or sporting activities, in addition to all cultural, scientific, social or entertainment events.

The government also mandated that vaccinations will be a prerequisite to the use of public transportation, and entrance to public sector or private establishments, and public or private education facilities.

"The Saudi Ministry of Health succeeded in making available more than 14 million appointments through Sehaty App to obtain coronavirus vaccine during August only, coinciding with the imminent reopening of schools and its desire to provide the opportunity for all targeted, especially students, to obtain the vaccine," the ministry said in a statement.

The total number of booked appointments in the same period exceeded 8 million, while the number of vaccine doses given to the age group (12-18 years) exceeded 4 million throughout August.

Just under 50% of Saudi citizens and residents have been fully vaccinated, according to Our World In Data, with 39.4 million vaccinations administered. As many as 16.6 million people in the kingdom have been fully vaccinated.

The country has been lauded for its strong measures to curb the virus, with average daily cases dropping to a few hundred, compared to thousands in 2020.

Saudi Arabia's COVID-19 cases per million people is among the lowest among major emerging and developed economies, at 10.15 per million people.

COVID-19 APP

The Tawakkalna app, the kingdom's health passport, which was launched by the Saudi Data and Artificial Intelligence Authority (SDAIA), has played a critical role in helping streamline and facilitate vaccinations in the country.

The SDAIA has added new features including information about COVID-19 travel insurance policy, approved by Saudi Central Bank and the Council of Cooperative Health Insurance, to facilitate travel procedures.

"The health passport includes information about immunisation status, date and result of latest polymerase chain reaction (PCR) test, and the insurance policy and its validity, according to the latest update," the government noted.

The Tawakkalna application issues the travel passport, which facilitates mobility procedures by providing all travel-related information in the health passport service. To utilise Tawakkalna services, SDAIA urged all users to update the app to the latest version.

The General Authority of Civil Aviation (GACA) has also integrated its system with the app to link boarding passes for domestic flights for all national airlines, so that boarding passes are issued electronically to passengers whose status in the application is either immune, immune by first dose, immune by recovery, or no record of infection.

In a further boost to vaccinations and economic recovery, Saudi Arabia added Chinese-made Sinovac and Sinopharm to the list of approved vaccines. Pfizer-BioNTech, Oxford-AstraZeneca and Moderna are the vaccines available in the kingdom.

Individuals who are fully inoculated with the two Chinese vaccines will be accepted in the country provided they obtain a booster shot of one of the other vaccines approved in Saudi Arabia. The move is expected to benefit migrant workers who received Chinese vaccines in their home countries.

GLOBAL FIGHT

Globally, governments continue to fight the virus as it keeps flaring up in parts of the world. More than 5.69 billion vaccines have been administered worldwide, with 30% of the population, or 2.34 billion people, fully vaccinated.

The world still has a long way to go with emerging economies among the most unvaccinated in the world.

The World Health Organization, the IMF, and the World Bank are hoping to set high targets, calling on G20 countries to ensure at least 40% vaccination rates in every country by end-2021, and at least 60% by the first half of 2022, share more vaccine doses now with developing countries and provide financing and remove all barriers to export of inputs and finished vaccines, as well as other barriers to supply chain operations.

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SAUDI TECH START-UPS BUOYED BY NEW FUNDING SCHEME

The National Technology Development Program (NTDP) has rolled out a new funding initiative in a strategic partnership with Small and Medium Enterprises Loan Guarantee Program (Kafalah) to help small and medium businesses in Saudi Arabia.

The Technical Growth Financing offers guarantees for start-ups and SMEs focused on the technology sector with a maximum limit of 90% of the value of financing, and provides them with loans from SAR 100,000 to SAR 15 million to ensure they can cover the expenses related to expanding their businesses.

"The initiative aims at enabling the growth and development of works of information technology enterprises, in addition to improving the financing of financial institutions licensed by the Saudi Central Bank to the information technology sector, helping in creating success stories for local companies in a way that contributes to achieving huge successes that reflect on increasing the confidence of investors, and other companies to stimulate them to invest in the information and communications technologies sector," the entities said.

The programme will enable start-ups and SMEs to grow and evolve as they go through their journey from a small project to a full-fledged business.

"The work mechanism of the initiative involves applying for a loan directly by the company from banks and participating financing institutions or through the 'financing gate' on the Monsha'at website, where, in turn, these institutions continue procedures with Kafalah programme that directly deals with the initiative," the companies noted. "Kafalah also contributes to evaluating and downsizing risks for enterprises working in the ICT sector."

NTDP is spearheading a number of initiatives in the digital economy, and is taking a leading role in providing incentives and access to financing and investment for local technology companies, helping them to grow their business and increase their competitiveness locally and globally.

"NTDP works to attract global competencies to contribute to local talents development and localisation of knowledge," according to the entity. "It also helps attract technology entrepreneurs while enabling local technology talents to flourish and succeed within the KSA technology ecosystem."

NURTURING TALENT

In August, the kingdom's major players announced a slew of

technological programmes with a combined value of SAR 4 billion to boost the local digital ecosystem and develop a deep pool of Saudi talent.

"The move, done in co-operation with ten of the world's key technology giants, aims to enhance digital capabilities and designed to create one programmer out of every 100 Saudi nationals by 2030, in addition to encouraging innovation and creativity and achieving global leadership," according to the entities involved in the programme, such as the Ministry of Communications and Information Technology, the Saudi Data and AI Authority (SDAIA) and the Saudi Federation for Cybersecurity, Programming and Drones.

US technology giants Alphabet Inc., the parent company of Google, Amazon.com Inc., and Oracle Corp., will also offer specialised training to raise the digital capabilities of young national cadres, and support other centres working in the field of innovation in technological entrepreneurship.

"The Saudi Federation for Cyber Security, Programming and Drones and the Ministry of Communications and Information Technology launched the biggest technological initiatives represented by the 'Tuwaiq Camp 1000' initiative, which ends with employment and will be held in the kingdom's 13 regions through 40 training camps covering four fields: cybersecurity, programming, artificial intelligence and data science, and electronic games industry," the company said.

START-UP FUNDING

The kingdom's start-up ecosystem continues to garner interest, with property management company Mabaat securing SAR 9 million from UAE-based venture capital fund Derayah Ventures.

The start-up focuses on renting out mid- to high-end residential units on behalf of owners on a short-term basis, and manages the rental process from marketing, to booking, payments, and property maintenance. The Saudi start-up aims to use the funding to boost its marketing strategy for domestic travellers, enhance its technology infrastructure, and expand its growing team.

Meanwhile, the Wa'ed Entrepreneurship Roadshow, which aims to discover the best and brightest entrepreneurs and start-ups in the kingdom, said it plans to highlight business ideas competing for venture capital funding of up to SAR 19 million and loans of up to SAR 5 million.

"With partners such as the Royal Commission for Jubail and Yanbu, the Small and Medium Enterprises General Authority (Monsha'at), the King Abdullah University of Science and Technology, Nama Almunawarah and Wadi Makkah, Wa'ed will select a new generation of entrepreneurs whose game-changing ideas open economic horizons, create opportunities for all Saudis and fill gaps in the kingdom," the company said.

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FOREIGN INVESTORS LURED BY SAUDI INDUSTRIAL'S POTENTIAL

Saudi Arabia is boosting its industrial investment programme in the areas of sustainability, technology, industrial and energy services, and advanced materials.

In August, Saudi Aramco signed 22 memoranda of understanding and a joint venture deal as part of its Namaat programme.

"Aramco continues to be at the forefront of enabling and enhancing the kingdom's industrial, technology and sustainability infrastructure through large-scale investments and key partnerships, such as IKTVA and, by extension, Namaat," according to Aramco chairman Yasir Al-Rumayyan. "Such initiatives help further drive economic growth and diversification, ensure greater reliability of energy supply, effectively localise the industrial supply chain, and create better jobs and skillsets."

The 22 new MoUs signed under the Namaat programme include:

- SOLVAY – an MoU with the goal to pursue the development of advanced non-metallic materials and localisation of a composite value chain;
- DHL Supply Chain- an arrangement to evaluate the feasibility of establishing a local industrial logistics and procurement hub serving Saudi Arabia and the MENA region;
- VEOLIA – exclusive MOU to confirm the commercial feasibility of establishing a world-class integrated waste management company, alongside a strategic IK stakeholder;
- Air Liquide, Haliburton and PIF; Baker Hughes and PIF; Linde, Schlumberger and PIF – three separate non-binding MoUs to evaluate carbon capture and sequestration (CCS) opportunities and potential partnerships
- AIC Steel, GSW, McDermott, Seyang and Sendan, and NARMEL- five separate MoUs on modular construction;
- Samsung Engineering, Hyundai and Saipem- three separate MoUs on engineering, procurement, and construction;
- Elion and Green Groves – two separate MoUs to evaluate the feasibility of localising nature-based solutions;
- Honeywell – an MoU with the goal to establish a JV that will develop and implement next-generation digital solutions to improve efficiency, sustainability and enable operational excellence of industrial facilities;
- Gulf Modular Industry (GMI)- MoU to validate the feasibility of developing and using non-metallic applications in the modular building manufacturing process in the building and construction sector;
- Armorock- MoU to validate the feasibility of developing and using non-metallic polymer concrete applications in the building and construction sector;
- Shell AMG Recycling and United Company for Industry- a trilateral MoU on metals reclamation and catalyst manufacturing;
- AVEVA – an MoU with the goal to establish a strategic alliance to localise the development and deployment of various digital technologies including artificial intelligence (AI), machine learning (ML), and digital twin; and
- Baosteel- an MoU to conduct an engineering study and develop plans needed to build, own, and operate an integrated steel plate manufacturing facility in Saudi Arabia.

SURGING INVESTMENTS

The industrial and manufacturing sector attracted USD 4.7 billion in foreign investments in the first quarter of 2021, more than four times higher than the same quarter in 2020, according to the Ministry of Industry and Mineral Resources.

The ministry also issued 114 new licenses during the quarter – making it the most popular sector among foreign investors.

Building on that momentum, the ministry noted that it had issued new 48 industrial licenses in July, with factories of foodstuff and non-metallic minerals topping the list of new factories. During the same month, 78 factories started production with an annual growth rate of some 144% compared with the same month of 2020.

Overall, the industrial sector in Saudi Arabia attracted investments of more than SAR 50 billion, marking the highest rate registered by investment volume in terms of the licensed capital in July, while the sector succeeded in providing 2,931 jobs, including 1,101 jobs for Saudis and 1,830 jobs for non-Saudis, according to a report issued by the National Industrial Information Center.

"The report revealed that the total number of existing industrial facilities in the Kingdom of Saudi Arabia by the end of July stood at 10,166 factories, where non-metallic minerals factories accounted for the highest share with more than 2,000 factories, and the total investment volume for all factories exceeded SAR 1.331 trillion," according to the Saudi Press Agency.

Meanwhile, the Industrial Production Index surged 5.9 % in July compared to the same month last year, according to the kingdom's latest Industrial Production Index.

"The increase of industrial production resulted exclusively from higher production in mining and quarrying activity (index weight shares 74.5%), which increased by 11.8%," according to the General Authority for Statistics.

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