

FEATURE ARTICLE

Saudi's local aviation sector: up, up and away

To support Saudi Arabia's industrial diversification plans, the country is funneling billions into beefing up the local aviation sector with the goal of making the nation a global tourism and logistics hub

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The aviation sector contributed \$21 billion to Saudi Arabia's gross domestic product in 2022 with plans to triple its value under the Vision 2030 program through planned investments of \$100 billion. Scale-up targets include building a new mega-airport in Riyadh and launching a new flagship passenger airline. In March 2023, Saudi Arabia secured a \$37-billion deal for 121 Boeing 787s purchased from the United States with the goal of increasing the country's visitors to 100 million annually by 2030. The country is on its way to meeting its targets, with 77 million domestic travelers and 16.5 million international travelers welcomed in 2022. As part of its drive to boost local capacities, Saudi Arabia has been selected as the host for the world's largest civil aviation conference in December 2023, the International Civil Aviation Organization's Air Services Negotiation Event or ICAN 2023. "The event will be a pivotal opportunity to grow bilateral relationships with participating countries and to showcase Saudi hospitality and culture to the aviation world," said Saudi Arabia's Minister of Transport Salah Al-Jasser.

"We consider ourselves the wings of Vision 2030,"

IBRAHIM KOSHY · CEO

A key part of the country's focus on aviation is the King Salman International Airport master plan launched in November 2022. The development intends to raise the airport's capacities to 120 million passengers by 2030 and 185 million by 2050 along with the ability to handle 3.5 million tons of cargo annually by 2050. The airport will get an additional six runways and 4.63 square miles of facilities. Together, the mega-airport will cover 22 square miles. The development will be powered by renewable energy and plans to achieve a LEED Platinum certification for its sustainable design. The Saudi Arabian aviation authority has announced plans to ax airport fees by 35%. Bloomberg reported that the nation is seeking investment and partnerships from logistics entity DHL and American multinational Amazon to build out its cargo facilities and support a burgeoning e-commerce sector at the airport. Alongside the airport revamp, Saudi Arabia also plans to launch its second state carrier, Riyadh Air, that will fly to every major capital in Europe and cities in the United States. The airline debuted its first flight in June 2023 over the capital, with its official launch planned in early 2025.

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ARNAUD MARTINEZ · CEO

Saudi Arabia's flagship carrier Saudia is the one of the fastest growing airlines in the Middle East, with a 13% rise in value in 2022 to \$572 million. The company is a key figure in the country's goals to make tourism contribute 10% of the country's gross domestic product by 2030, with 25 new routes planned

for 2023. "We consider ourselves the wings of Vision 2030," said Ibrahim Koshy, CEO of Saudia. In March 2023 the company purchased 49 new Boeing 787s to support its long-haul traffic. However, Koshy anticipates this will only meet their current traffic of 1.5 million pilgrims per month and more aircraft will be necessary. In line with its sustainability agenda, Saudia signed a deal in October 2022 with all-electric vertical take-off and landing manufacturer Lilium for the purchase of 100 zero-emissions vehicles. "There are eco resorts in the region that are very close to Jeddah. We need to have either sustainable flights or all-electric vertical take-off and landing airplanes with zero emissions," Koshy said. "We as an airline need to accelerate our sustainability initiatives."

The country's ambitions also include building up aviation infrastructure outside of cargo and tourism, including integrating it with the healthcare sector. In July 2022, the Saudi Red Crescent Authority and local entity The Helicopter Company signed a deal to build an air ambulance service from scratch. Their plan involves almost tripling the company's fleet of helicopters by 2024, with several fixed-wing aircraft expected to arrive in 2023. "We need to provide state-of-the-art medical services that cover 90% of the kingdom. This will require around 25 bases and 30 helicopters," said Arnaud Martinez, CEO of The Helicopter Company. "In terms of scale, it is one of the largest projects we have in our portfolio." The company leader says the company is firmly embedded in the Vision 2030 initiative: "Our immediate goal is to provide air mobility to Saudi Vision 2030 projects and grow domestically. However, we still have the appetite to be both a national champion and lead the region as a global player."