

FEATURE ARTICLE

Everything, Everywhere, on the Move

Continued investment in Saudi Arabia's ports, airports and transport lines are driving up ever larger investment sums and positioning the nation as a logistics hub for the region

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In March 2023, Saudi Arabia announced its intention to invest \$1.07 billion in supply chains for small and medium-sized enterprises and study 10,000 locally manufactured and imported products to set high standards for their associated value chains. As part of the government's National Industrial Strategy, there is room for 600 investment opportunities for entrepreneurs. The National Industrial Development and Logistics Program has set targets of 40 million containers moving through local ports, 330 million passengers passing through its airports and 4.5 million tons of air freight from 2021 to 2030. Additionally, the state launched the Saudi Logistic Academy to upskill 300 persons in the sector. The National Industrial Development and Logistics Program is already seeing fruits. The World Bank's Logistics Performance Index ranked Saudi Arabia in 38th place in 2023 compared with 55th in 2018.

The growth of the logistics sector is driven by the Ministry of Logistics and Transport and the Saudi Ports Authority – also known as Mawani. In October 2022, Minister of Transport and Logistic Services Saleh Al-Jasser confirmed plans to inaugurate 59 logistics zones to bolster supply chains. Mawani signed a partnership with Saudi Post to manage its postal requirements through its Express Mail Service as part of the country's ambitions to further improve its rankings in the Logistics Performance Index. According to the Saudi Ports Authority, container volumes increased by 8.7% in 2022 compared to 2021, with 1.8 million containers offloaded at ports. In the same period, passenger traffic increased by 10.6%. Additionally, Saudi Arabia announced plans to convert King Khalid International Airport in Riyadh into a gigantic six-runway logistics hub that will handle 3.5 million tons of cargo by 2050 on a site covering 57 square kilometers. Projections indicate the airport revamp will

contribute \$7.2 billion per year to the country's non-oil gross domestic product and create 103,000 direct and indirect jobs.

A crucial part of Saudi Arabia's logistics goals is the creation of special economic zones, which have so far attracted \$12.6 billion from investors with an additional \$31 billion in investments in progress in maritime, mining, manufacturing, logistics and technology sectors. The government's goal is to unlock new value chains in the country through the introduction of new industries. The new special economic zones allow for competitive corporate tax rates, exemption from customs duties on imports, production inputs, machinery and raw materials as well as 100% foreign ownership of companies. The four following economic zones were launched in 2023: King Abdullah Economic City, Ras Al-Khair, Jazan and King Abdulaziz City for Science and Technology in Riyadh. In 2022, the country launched the Riyadh Integrated Special Logistics Zone.