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Eastern Province of Saudi Arabia

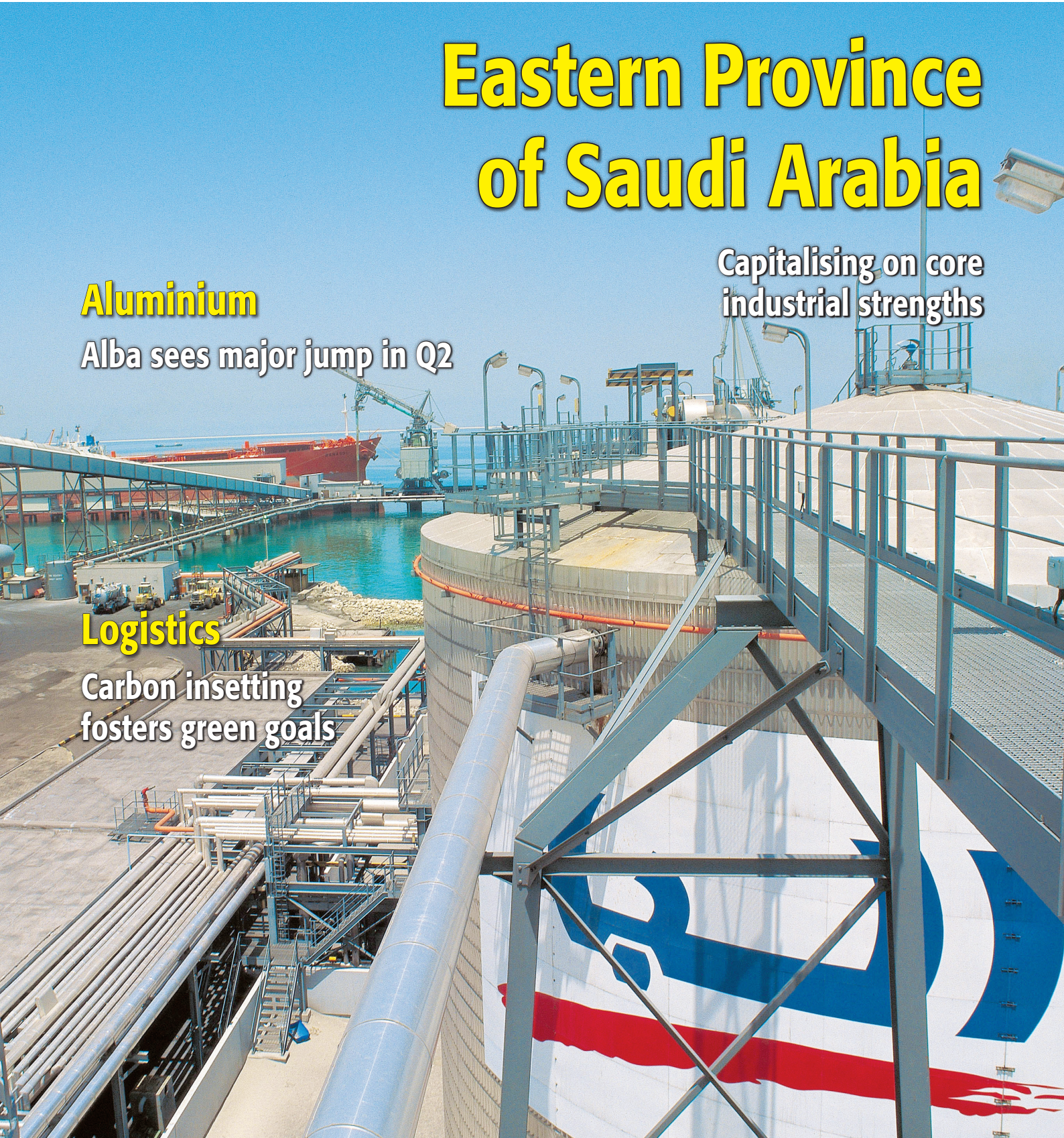
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Capitalising on core industrial strengths

Saudi Arabia's Eastern Province, which is the largest recipient of the industrial capital investments among other provinces in the Kingdom, continues to be at the forefront of the country's economic and industrial advancement



The Eastern Province has taken a key role in the Kingdom's drive to diversify away from oil

From being known as the place where Kingdom's first oil was extracted in 1938, to subsequently becoming the hub for the world-class oil, gas and petrochemical industries and now being dubbed "The Industrial Capital of the Entire Gulf" for its enormous industrial activities, the A'sharqia, or Eastern Province of Saudi Arabia, has undergone quite a transformation.

The largest province among the Kingdom's 13 provinces, occupying an area of 778,500 sq km and representing 36 per cent of the country's land mass, continues to be at the forefront of the country's economic and industrial advancement.

'With the support from the recently launched "Saudi Vision 2030", the Eastern Province has taken a key role in the Kingdom's drive to diversify its income away from oil,' says Dammam-based Asharqia Chambers in its report Economic Development – Prospects for the

Eastern Province.

Most of the manufacturing industries such as petrochemicals, chemicals, steel, cement, aluminum and plastics are located in the region. These industries are mainly based in the Dammam-I, II and III industrial estates, Al Ahsa-I and II industrial estates, Hafr Al-Batin industrial estate and Jubail-I and II industrial cities.

The Eastern Province is the heart of Saudi Arabia's oil industry and most importantly, it is home to Aramco, which is based in Dhahran, and it is also the home to most of Saudi Arabia's oil production. Eastern province also hosts the headquarters of Sabic and the newly constructed Ma'aden's Phosphate Company and Aluminum Smelter..

INDUSTRIAL ACTIVITY

As one the country's most industrialised regions, the Eastern Province is the largest recipient of the industrial capital invest-

ments among other provinces in the Kingdom. According to the government statistics, the total investments in this region stood at SR659.5 billion (\$175.8 billion) in 2018. The chemicals and chemical products sector received the largest volume of industrial investments amounting to SR 472.1 billion, followed by coke and refined petroleum segment with SR55.9 billion and base metal sector with SR50.4 billion.

A total of 1,728 industrial units have been set up so far in the Eastern Province and the largest number of 315 plants and factories has been established in the sector of non-metallic mineral products. Other sectors in which significant numbers of industrial units have been established included fabricated metal products 248, chemicals and chemical products 210 and rubber and plastics products 200.

A look into the Eastern Province's industrial activity since 2008 has revealed that in 2008, there were only 1,035 industrial units in this region with a capital investment of SR 219.9 billion and a work force of 132,313. The industrial activity in the Eastern Province has grown gradually and by the end of 2018, the total number of industrial units rose to 1,728 with an investment of SR659.5 billion and a work force of 253,849.

Region-wise, the Eastern Province is not only the largest recipient of the industrial capital investments this region is also the second largest area in terms of generating employment opportunities for people after Riyadh region.

In terms of sector-wise industrial activity in the whole Kingdom, the largest number of 1,650 industrial units were established in the non-metallic mineral sector and the largest number of 200,702 people were employed in the same sector. In terms of investment, the largest volume of capital investment was in the chemicals and chemical products sector by the end of 2018.

The Eastern Province is the second largest region in terms of generating employment opportunities for people after Riyadh region. In 2018, over 252,849 people were employed in the Eastern Province.

Total number of work force in the Eastern Province's industrial sector reached over 252,849 in 2018, of which, 47,672 were employed in the chemicals and chemical products sector, followed by 37,422 in the non-metallic mineral products and 33,989 in the base metal sector.

According to the Chambers' report, the Eastern Province has attracted a large number of foreign companies to invest in

the region. In 2018, a total of 240 joint ventures and 107 fully owned foreign entities were established in the region.

The most prolific industries were the factories producing non-metallic products, followed by foodstuffs and beverages manufacturers and chemical factories. In 2018, the total number of commercial registration in the Eastern Province stood at 179,598 while the new licenses issued during the period reached 35,859.

INFRASTRUCTURE

The Eastern Province has made unprecedented progress in its infrastructure development building well-set out road networks, railways, new international airport, utility services, healthcare and educational establishments and a number of world-class industrial cities and estates.

These industrial cities include Jubail Industrial City One and Two, Dhahran Techno Valley, Ras Al Khair Mining City and the latest large-scale infrastructure facility-- the King Salman Industrial Park, in addition to Saudi Authority for Industrial Cities and Technology Zones (Modon) - developed a number of industrial estates like Dammam 1st, 2nd and 3rd industrial estates, Al Ahsa 1st and 2nd industrial estates and Hafr Al-Batin Industrial Estate.

These industrial cities in the Province got a further boost in 2021 when Saudi Arabia launched new initiatives to diversify, industrialise and energise the private sector. These include the Shareek (partner) investment programme, and complimentary initiatives such as Project HQ and Made in Saudi.

The Dammam's 1st Industrial City was established in 1973 on an area of 2.5 million sq m while the Dammam 2nd Industrial City came into being in 1978 and was built on an area of 25 million sq m.

The Dammam 3rd Industrial City was set up in 2012 on an area of 48.5 million sq m. Al Ahsa's 1st Industrial City was established in 1981 occupying an area of 1.5 million sq m while the Eastern region's largest industrial estate, the Al-Ahsa 2nd Industrial City was built in 2013 over an area of 300 million sq m. The Hafr Al-Batin Industrial City was built in 2012 on a total area of 100 million sq m.

ROYAL COMMISSION

The two industrial cities--Jubail Industrial City-I & II, have been developed under the the Royal Commission for Jubail and Yanbu.

The Jubail Industrial City-I has been

home to a group of world-class industries engaged mainly in petrochemicals, chemicals fertilizers, industrial gases, steel, iron and oil related industries. Its industrial zone has around 19 basic industries, with 136 ancillary installations and produces steel, aluminum, plastics and fertilizers under the supervision of Sabic.

Jubail Industrial City II was built to house over 22 new primary industries. The development of the city comprises two ports--industrial and commercial-- located within a 17-sq mile artificial harbor protected by 11 miles of breakwater.

Ras Al-Khair Mineral City has been mainly planned to exploit the mineral deposits of phosphate and bauxite. It is home to a large number of mining facilities, such as aluminum and bauxite factories, and other industries. A water desalination and a power generation plant have been built with a capacity of 1,025 million cubic meters of desalinated water and 2,600 megawatts of electrical output respectively. Its aluminum plant between the Saudi Arabian Mining Company (Ma'aden) and Alcoa is a prominent project. ■

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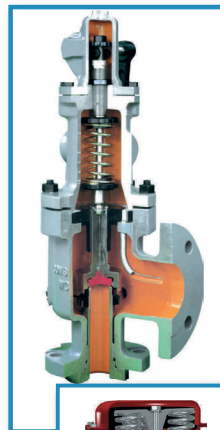
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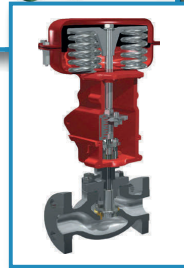
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Spark, the mega global energy hub

The Spark in Saudi's industrial sector

Opening new avenues of industrialisation, The King Salman Energy Park, known as Spark, is leading development of the energy-focused economic city in Eastern Province, the heart of the Saudi oil industry

The Saudi government is transforming the Kingdom's industrial sector, with the goal of creating a leading industrial powerhouse and international industrial hub. In order to achieve this vision, Saudi Arabia's gov-

ernment has launched several diversification initiatives.

At the core of these initiatives is the establishment of special industrial zones and economic cities, which have become catalysts for industrial development and



Spark: a fully integrated industrial ecosystem

growth.

One of the dynamic upcoming industrial city is The King Salman Energy Park, known as Spark, which is a mega project designed to position the Kingdom as a global energy hub.

Due to be completed in 2035, the 50-sq km project is being constructed in the Eastern Province over three phases. Spark has announced steady progress on the project's Phase One with 80 per cent of the work completed which consists of infrastructure, roads, utilities and real estate assets established across 17 sq km.

Located close to Abqaiq between Dammam and Ahsa, Spark will also focus on industrial areas, including upstream, downstream, petrochemicals, power, and water. The new project is expected to generate thousands of direct and indirect jobs and annually add \$6 billion to the Kingdom's gross domestic product (GDP).

With energy giant Aramco as the main anchor tenant in the park, the project will create a global industrial hub for energy-related manufacturing services and is expected to attract some of the world's biggest and most innovative energy industry names.

Opening new avenues of industrialisation, the company is leading development of the energy-focused economic city in Eastern Province, the heart of the Saudi oil industry.

Only last month, Spark confirmed a new deal for the development of a multimillion-dollar manufacturing site that will produce corrosion protection tapes and oil and gas equipment.

In a statement, the energy city said it has just signed an agreement with oil and gas services provider Mubarak A. AlSuwaiket and Sons Oil & Gas Services Co. (MASO&G).

Through the deal, which represents a SAR40 million (\$10.6 million) investment in Spark, MASO&G will set up a factory to produce corrosion protection tapes made of polyisobutylene (PIB) and establish an oil tools equipment manufacturing and service centre.

The factory will be built on a 40,000-sq-m area in Spark. The SAR40 million capital injection will be made over a three-year period.

"Spark is committed to enabling the production of environmentally friendly products and technologies as part of its ESG commitment," said its President and CEO Saif S Al Qahtani. >>



Spark is being developed to become the leading gateway to the regional energy sector

>> Al Qahtani pointed out that through partnerships with tenants who are key players in their industry, Spark elevates the strength of its world-class integrated ecosystem while facilitating investor's ambitions.

"Ultimately, through the localisation of manufacturing, we contribute towards a more sustainable future for the Kingdom and beyond," he added.

On the strategic deal, AlSuwaikeet said: "Our investment in Spark will provide us with a sustainable ecosystem that enables ease of operations and allows us to contribute towards the localisation of manufacturing in the Kingdom," said MASO&G's President, Mubarak Abdullah AlSuwaikeet.

SPECIAL STEEL PROJECT

Prior to this deal, South Korea's steel conglomerate SeAH Group announced that it is setting up a joint venture with Saudi energy giant Aramco to produce special steel pipes in Spark.

SeAH Changwon Integrated Special Steel Corp, the group's special steel maker, said the joint venture, SeAH Gulf Special Steel Industries (SGSI), will accelerate the expansion of the group in the Middle East, according to The Korea Economic Daily report.

In September of last year, SeAH Changwon agreed on an investment of \$230 million to jointly set up a seamless stainless steel pipe production plant with Aramco-owned Saudi Arabian Industrial Investments Company (Dussur), the Saudi



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They completed the JV establishment after reporting the integration to six authorities including those in South Korea, Saudi Arabia, the European Union and China, said the report.

The factory will have an annual capacity of 17,000 tonnes. Construction work on the factory will commence in Q4 of this year with commercial operations set to begin in first half of 2025.

277,000 SQ M DRILLING SITE

Earlier, the mega project that is currently under construction announced that Aramco and Horizon Project Company have broken ground on a 277,000 sq m drilling and workover site.

Construction on the site is set to be completed by Q2 2023.

"This is another significant venture by Aramco that will contribute to business

continuity. We expect the new drilling and workover facilities to attract other oil field services companies, who have an indispensable role to play within the collaborative setting of an integrated energy ecosystem," Nasir Al-Naimi, senior vice-president of upstream at Aramco said in a statement.

The new complex will provide infrastructure for 1,200 drilling and workover employees. Aramco and Horizon have already signed a 22-year contract for the project.

"The development strategically advances our role as an anchor tenant at SPARK. As an integrated ecosystem for the energy sector, Spark is being designed to capture the full economic value of demand for energy-related goods and services. Aramco intends to leverage the scale of our drilling activities to meet that demand and ensure continuity of energy supply, thereby cementing our position as a global energy leader and bolstering the Kingdom's position as a hub for energy services," Abdulhameed Al-Rushaid, vice-president of drilling and workover at Aramco said.

FDI AT SPARK TO EXCEED \$2BN

"We're excited to announce Aramco's new drilling and workover head office and industrial hub at Spark. Its establishment will enhance the oil and gas supply chain by utilising Spark's advanced offerings, such as its logistics hub and dry port, to establish a thriving eco-system," Al Qahtani, said.

"This can also be a driver for other localisation opportunities across the energy value chain, for example at Spark's digital and non-metallic hubs. Spark aims to support the industry and attract small and medium enterprises to its state-of-the-art, ready-built facilities and its supply base operated by Oilfields Supply Center (OSC)," he added.

DRONE SYSTEMS AT SPARK

Spark also signed a lease agreement with EnEx to establish a manufacturing facility to produce drone systems at Spark's digital hub.

The project will also produce power isolators and is another step forward to localise production and digitisation in the kingdom, said Spark in a Twitter message.

EnEx is a private Saudi company acting as an investor and business promotor.

Spark is also the first and only industrial city in the world to achieve silver LEED certification. ■