



BUILDING A DIVERSIFIED, KNOWLEDGE ECONOMY

BLAZING A TRAIL IN JAZAN

OVER TWO DAYS AT THE JAZAN ECONOMIC FORUM (JEF), GOVERNMENT OFFICIALS AND THE CAPTAINS OF SAUDI INDUSTRY SET OUT IN DETAIL THE PLANS FOR THE ECONOMIC TRANSFORMATION OF THE SOUTHWESTERN REGION. MASSIVE IN ITS SCALE, THE JAZAN ECONOMIC CITY (JEC) IS AN EFFORT TO ACHIEVE BALANCED ECONOMIC DEVELOPMENT IN THE KINGDOM AS PART OF A WIDER PROGRAM OF DIVERSIFICATION.

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Above: HRH Prince Muhammad Bin Nasser Bin Abdulaziz Al-Saud is joined by key governmental officials and business leaders as he inaugurates the Jazan Economic Forum by switching on a 3D rendering of the Jazan Economic City Project. Photo by Abdulaziz Al-Moiweed. Left: An artist's rendering of what Jazan Economic City will look like.

There was a tangible feeling in the air that Jazan's time has come, that the region has reached a landmark time in its history as the Jazan Economic Forum (JEF) gathered some 500 business leaders and government officials over two days.

Two sprawling tents housed the forum, and attendees heard in detail the ambitious plans for the development of JEC. The Saudi Aramco organized event was hosted by the Governor of Jazan Province, His Royal Highness Prince Muhammad Bin Nasser Bin Abdulaziz Al-Saud.

The goal of the forum was to act as a catalyst to stimulate the growth of the JEC project, and a range of detailed presentations set out what the project can offer to potential investors from both within and outside the Kingdom of Saudi Arabia.

Speakers included Prince Muhammad; His Royal Highness Prince Sultan Ibn Salman, President of the Saudi Commission for Tourism and Antiquities; His Excellency Ali I. Al-Naimi, Minister of Petroleum and Mineral Resources; His Excellency Adel Fakieh, Minister of Labor; His Excellency Dr. Tawfiq Al-Rabiah, Minister of Commerce and Industry; His Excellency Abdullatif A. Al-Othman, Governor of the Saudi Arabian General Investment Authority (SAGIA); and Khalid A. Al-Falih, president and CEO of Saudi Aramco.

"Jazan's strategic location on the Red Sea coast heralds a bright future for the region," said Prince Muhammad as he officially inaugurated the JEF by switching on a 3D model of the JEC Project.

Noting that the forum showcased investment opportunities in the region and especially at JEC and Jazan Industrial City, he noted, "I am sure that the Jazan Economic Forum will position Jazan on top of the Kingdom's investment list."

The Prince referred to the visit of King Abdullah to the region in 2005, adding that the royal visit paved the way for a new era in Jazan's history and development.

"Your state has decided to end the underdevelopment of Jazan, taking it to a new course of development running against time, giving special care," the governor quoted the late King as saying during his visit.

"As a result of that royal gesture, we are now witnessing qualitative and quantitative development with new health, tourism, agricultural, and road projects," the governor said.

Prince Muhammad said the Saudi Industrial Property Authority (Modon) has developed 1 million square meters in Abu Areesh to establish an industrial city, adding that the government has allocated 40 million square meters for the city.



Tourism development for the Farasan Islands, Prince Muhammad said, had also been allocated more than SAR 2 billion.

Saudi Aramco has established a partnership with the Technical and Vocational Training Corporation (TVTC) to set up manpower development centers in Al-Darb and Al-Haqu, the governor said, highlighting the quality of the region's human resources. The Saudi Electricity Company will establish a further training center in Bisha.

He also referred to the efforts of Jazan University in supplying the skilled manpower demanded by the job market. Meanwhile, the Higher Institute of Tourism and Hospitality Business is meeting manpower needs of the tourism industry, he said.

He commended Saudi Aramco for its excellence in organizing the forum.

AL-NAIMI: JAZAN SPURS INDUSTRIAL DEVELOPMENT

Al-Naimi set out “pivotal results” to be taken from Economic City projects across the Kingdom — chief among them a reduction in the Kingdom's reliance on oil.

Diversifying industry and stimulating manufacturing will

help achieve a balanced and sustainable economy well into the future, said Al-Naimi.

“Expanding the Kingdom's industrial base, with a focus on manufacturing and enhancing added value as a strategic option for the future through the establishment of large, medium and small enterprises for coming generations, and gradually reducing our reliance on oil in our gross national product and balance of payments,” was an economic priority, Al-Naimi said.

Second, the creation of industrial and economic projects

that encompass all the areas of the Kingdom and achieve sustainable development would be crucial.

Al-Naimi held up Jazan Industrial City as an excellent

example of a project successfully spawning industry.

“It provides thousands of various job opportunities to citizens and commercial industries for the private sector and helps launch small- and medium-sized enterprises in this area — thereby making the city of Jazan a major commercial and industrial hub, not only at the Kingdom's level, but also at the level of the Red Sea and the Horn of Africa region.”

Al-Naimi told business leaders that the focus now for those in the oil and mining sectors “is to manufacture intermediate and final products locally, gradually and in a well-considered manner.”

“JAZAN'S STRATEGIC LOCATION ON THE RED SEA COAST HERALDS A BRIGHT FUTURE FOR THE REGION. I AM SURE THAT THE JAZAN ECONOMIC FORUM WILL POSITION JAZAN ON TOP OF THE KINGDOM'S INVESTMENT LIST.”

— HRH PRINCE MUHAMMAD BIN NASSER BIN ABDULAZIZ



Above: While oil will remain a vital part of the development of the Jazan region, a state-of-the-art port will be included in the project. Photo by Moayed Al-Qattan. Right: Education is viewed by the government and Saudi Aramco as vital to providing the skilled workforce of the future to take the reins of new economic developments. Photos by Musleh J. Khathami

AL-OTHMAN: ENTICING INVESTORS WITH INCENTIVES

Al-Othman told the forum that the government had been working hard to increase ease-of-business for potential investors and to introduce tempting incentives to invest in the region.

“These incentives include soft loans worth 75% of the project cost from the Industrial Development Fund to those investing in Jazan,” he said, adding that such loans are given for a period of 20 years.

Al-Othman revealed that foreign investors in Jazan and similar regions targeted for development will benefit from a 50% cut in taxes from the cost of training Saudis and

that the government will contribute 50% of Saudi salaries.

For industrial projects, investors are given a 15% tax cut from the non-Saudis share.

“SAGIA, along with other government departments, is working to create a suitable atmosphere for investment to tap the Kingdom’s potential and realize good returns for

the Kingdom and the investor,”

Al-Othman said.

“We are working to resolve the challenges facing investment.”

Al-Othman noted that the Jazan region was a strategic location that has the

capability of attracting domestic and foreign investment.

“There are a lot of investment opportunities in the region. It is good for (Jazan’s) fisheries, as they account for 40% of the Kingdom’s fish supply,” he explained.

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— ABDULLATIF A. AL-OTHMAN



Top left and right: The Jazan region is home to many large fish and shrimp farms, which account for about 40% of total production of the Kingdom. Photos by Musleh J. Khathami

Jazan is one of the Kingdom's richest agricultural regions, remarkable for both the quality and variety of its agricultural produce, which includes many types of fruit. Photo by Musleh J. Khathami

AL-FALIH: THE IMPORTANCE OF DEVELOPING HUMAN CAPITAL

Al-Falih addressed the forum under the banner of "Jazan: Building the Future through Partnerships of the Present."

He highlighted the importance of developing Saudi human capital to confidently take the reins of a new and evolving diversified economy.

"We at Saudi Aramco take pride in participating in the developmental progress the Jazan area is witnessing today. It is also a source of pride for us that we have been trusted to build a strategic presence in this area through the implementation of several major and support projects, including infrastructure development for the 106 km² Jazan Economic City and building the Jazan Refinery and Terminal, the power plant, the commercial seaport, a water desalination plant,

roads and water and sanitary drainage systems, in addition to connecting electricity.

"Combined, such projects will provide a solid base for investments in heavy and secondary industries, petrochemicals, mining industries and other conversion industries that utilize the area's rich mineral and agricultural resources.

"But before taking care of all of the above, the company paid attention to a basic cornerstone that is the most important one in my view: The development of the human component. A number of qualification and training initiatives were launched to create a highly capable and qualified workforce from among the area's youth to fill the jobs in all stages of the projects mentioned.

"We did not wait for the completion of the project to bring this into reality. Rather, building this human workforce started last year when Saudi Aramco and the Technical and Vocational Training Corporation (TVTC) signed the agreement of the Jazan Contractors Alliance for Training and Employment "Maharat," in launching two training institutes: One in the Al-Haqu area and the other in the Al-Darb area."

Al-Falih said the alliance fell within the framework of an innovative strategic partnership with the refinery project's contractors to train and employ 5,000 Saudi young people from Jazan in various construction-related professions and crafts over four years.



“Longer term,” he added, “we aspire for the number of jobs available in Jazan to reach 75,000 jobs, through the operations expected to exist in the Economic City, as well as the industrial and services projects arising from them.”

Al-Falih recognized the efforts of the Saudi Aramco team that organized the JEF and expressed his “utmost gratitude to the Custodian of the Two Holy Mosques, King Salman ibn Abdulaziz Al-Saud, for his continuous support and approval of such prosperity projects Kingdomwide.”

Al-Falih addressed business leaders and government officials on both days of the forum and focused on the opportunities to give meaningful employment opportunities to the “sons and daughters” of the Kingdom.

The CEO also commented during his weekly conference call with the management team: “For Saudi Aramco, of course, the big test ahead of us is building the refinery, the gasification plant, which is the world’s largest, the power plant with over 4,000 megawatts (MWs), the infrastructure of the Economic City, the port and the refinery terminal.

“It goes without saying that it’s one of our biggest challenges today. When you consider the location, the remoteness and the technical complexity associated with this, it’s a great challenge.

“But associated with this is enabling a broad, sustainable development for a very important region of the Kingdom, the southwest, which has a lot of potential. The nucleus for development in Jazan is there. And Saudi Aramco is blazing a new trail with its contribution to that development while also, importantly, creating a profitable, integrated set of assets that we will own and manage for the long-term,” Al-Falih said.

THE JAZAN ECONOMIC RENAISSANCE

The city and region of Jazan were put under the spotlight by the JEF. The two-day event gathered together business, government and industrial champions to explore the investment opportunities around the JEC mega-project. It’s a development of huge significance, not just for the Jazan region, but for the Kingdom as a whole as it seeks balanced economic development and a flourishing, sustainable economy for future generations. Saudi Aramco is playing a central role in that vision and is tasked with making it a reality — delivering the Jazan economic renaissance.



Fishing is a large part of the local economy.
Photo by Musleh J. Khathami



FROM A RICH PAST SPRINGS A BRIGHT FUTURE

For Jazan city and its wider region, these words ring loud and true in the wake of the JEF.

Jazan is known as the Pearl of the South, its rich and varied landscape defining the region, from its lush stepped mountains to its fertile plains, to the ancient trade routes of the Red Sea and the coral jewels of the Farasan Islands.

The region's people also cherish a unique culture, expounded by a cuisine infused with the bounties of the sea, energetic folkloric dances and intricately designed traditional dress.

That strategic locality of the past is now being supplanted by a bold vision of the future, which germinated in the mind of the late King Abdullah. That vision is no less strategic and will see Jazan transformed.

The heart of the JEC will be the Jazan Refinery and Terminal, a refinery to be owned and operated by Saudi

Aramco with the capability to process 400,000 barrels per day of crude oil, a 4 gigawatt power plant and a state-of-the-art port.

This transformation will propagate a range of targeted medium and light industries, which in turn will feed clusters of service industries. All of this development will be overlaid on a smart infrastructure — a road network, a rail link to Jiddah and modern communications networks.

"THE NUCLEUS FOR DEVELOPMENT IN JAZAN IS THERE, AND SAUDI ARAMCO IS BLAZING A NEW TRAIL OF CONTRIBUTING TO A DEVELOPMENT WHILE ALSO, IMPORTANTLY, CREATING A PROFITABLE, INTEGRATED SET OF ASSETS THAT WE WILL OWN AND MANAGE FOR THE LONG-TERM."

— KHALID A. AL-FALIH

JAZAN REFINERY PROJECT

Suleman Albargan is Saudi Aramco's general manager of the Jazan Refinery Project.

According to Albargan, the fully integrated refinery — with its gasification capabilities — will be the first of its kind in the Middle East and will be the largest in the world, giving a clear indication of the vast scope of the JEC project.

The hydrogen generated by this integrated scenario will start the turbines spinning in the power plant, generating



Through the Jazan Refinery, Saudi Aramco will extend its focus downstream, across the entire oil value chain.

When harnessed to spur domestic growth in chemicals and associated value chains, the Jazan refinery byproducts will fuel the creation of new jobs across the sectors.

The employment targets are assertive: The creation of 15,000 to 20,000 jobs in JEC's first five years, rapidly scaling up to generate more than 75,000 new jobs over a 15-year period, with that figure soaring further upward as the city reaches maturity.

CORE INDUSTRIES

The core industries that have been carefully targeted for development in the new city include food processing, electromechanical industries, and the automotive industry.

The master plan blends an evolution of Jazan's traditional agricultural heritage with technological advancement and high-end manufacturing.

It's all part of a Kingdomwide strategy to build capabilities and stimulate competitiveness — in short, maximizing import substitution potential. Crucially, it is also about creating meaningful skilled employment for a youthful Saudi population.

The vision also fulfills another goal, widely regarded as critical to Saudi Arabia's sustained economic growth — diversification.

In government, the need for the Kingdom to decouple its economy's reliance on its abundance of oil and gas resources has long been recognized and is a central plank of the government's strategic plans.

The objective of the development of Economic Cities at strategic points across the Kingdom, according to the Saudi Arabian General Investment Authority (SAGIA), is "to grow the national economy and raise the standard of living for Saudis through: Enhancing the competitiveness of the Saudi economy; creating new jobs; improving Saudi's skill levels; developing the regions and diversifying the economy."

The chief architects tasked with building a balanced and competitive Saudi economic landscape laid out their plans in detail. Domestic and international investors keenly listened as the future prospects of Jazan were outlined.

JEC will play a key role in growing and diversifying the national economy and creating jobs guided by a master plan to provide infrastructure to minimize investors' startup time.

In other words, Jazan and Saudi Arabia are open for business. ☎

The Jazan region is varied, including lush stepped mountains and fertile plains for farming. The highest peak is Fifa Mountain, which is 11,000 feet high. Photos by Musleh J. Khathami

4,000 MWs. Approximately 2.6 MWs will be conducted into the national grid.

"Saudi Aramco was entrusted with the overall JEC project by the Ministry of Petroleum and Mineral Resources in 2013," Albargan said. "The government was very much interested in seeing the project kick-started. They wanted to see the infrastructural enablers to ensure the success of the future industries. Saudi Aramco was mandated to develop this infrastructure, the water desalination, the sewage, the communication networks, the roads and site preparation. At the forum, presentations expanded on all of this and investors got a good idea of the model and the master plan for the JEC."

The port and terminal are critical parts of this huge developmental jigsaw. A channel that can take the weight of very large ships is currently being dredged. Site preparation over the vast area is ongoing.

When the refinery is up and running, which will happen around six months after completion, the delivery of the broad vision for Jazan will become tangible.

JUNGLE OF STEEL

The site of the JEC is vast — 106 km² — and the power plant and refinery will take up a huge 16 km² area.

"During construction there will be a jungle of steel, this is a hugely complex project," added Albargan.