

EIC COUNTRY REPORT

SAUDI ARABIA

Executive summary

The Kingdom of Saudi Arabia has the second largest proved reserves of oil in the world and produced on average 11.9 million barrels per day. As it continues to invest heavily in its oil and gas industry it is also undergoing a very strong political, economic and social transformation, represented by the government's Vision 2030 reform programme. First announced in 2016, it plans to reduce Saudi Arabia's dependence on oil, diversify its economy, and develop public service sectors such as health, education, infrastructure, recreation and tourism.

Saudi Arabia is a long-term world champion of the hydrocarbons industry. While Vision 2030 plans to reduce Saudi Arabia's dependence on oil, it does not mean the end of its oil and gas economy, quite the opposite. Saudi Aramco, the state-owned oil company of Saudi Arabia and the world's largest oil volume producer since 1976, is undertaking a plan to invest approximately US\$500bn over the next decade.

The plan includes US\$134bn to spend on drilling and well services, US\$78bn to maintain oil output potential, US\$150bn to increase gas production, and over US\$100bn on new refining and chemicals projects. Ultimately, Saudi

Arabia aims at converting about two to three million barrels of crude oil per day directly into petrochemical products and converting up to 70% of crude feedstock into petrochemicals. The Kingdom also plans to increase its gas production by 65% from current levels and to eventually transform itself into a gas exporter by 2030.

Saudi Arabia's vision to reduce its dependence on oil is not to be confused with countries depending on the Kingdom oil exports, which are likely to rise again in coming years - depending on international demand growth. More than one-quarter of Saudi Arabia total oil production is used for electricity generation. The existing generating capacity of KSA is powered by oil or natural gas. Saudi Arabia's current power energy mix with a power peak demand that could reach 81GW by 2020 and 120GW by 2032, is unsustainable.

Saudi Vision 2030 outlines the Kingdom's goal to reach, in the long term, 70% to 75% of power capacity being gas-fired (50% by 2040) and the rest generated by renewables and nuclear energy.

The National Renewable Energy Programme (NREP) outlines the development of a highly ambitious renewable and nuclear programme in the Kingdom. The latest National Transformation Plan (NTP) is aiming to achieve 27.3GW of renewables installed in the kingdom by 2023 and a whopping 58.7GW by 2030. As per the plan, 20GW and 40GW of PV solar capacity as well as 7GW and 16GW of wind capacity, will be installed respectively by 2023 and 2030 and the entire scheme will require more than US\$80bn worth of investment.

Assimilating foreign companies into the Kingdom's energy sector growth strategy is to play a central role in the success of Saudi Arabia's private sector expansion and embracing a new economic paradigm.

Other recommended EIC events and activities

To compliment this report we've suggested a selection of related EIC events that will give you a more complete picture of the Middle East energy industries. These will provide you with the latest market updates, connect you with key players in the Middle East and give you an insight in to how to do business in the region.

EIC Connect Energy Kuwait 2019
– 16 September 2019

EIC Overseas Exhibition, ADIPEC
– 11 November 2019

EIC Overseas Delegation to Iraq
– 5 October 2020



Get the complete Country Report

EIC members can download the full report via [EICDataStream](#)