

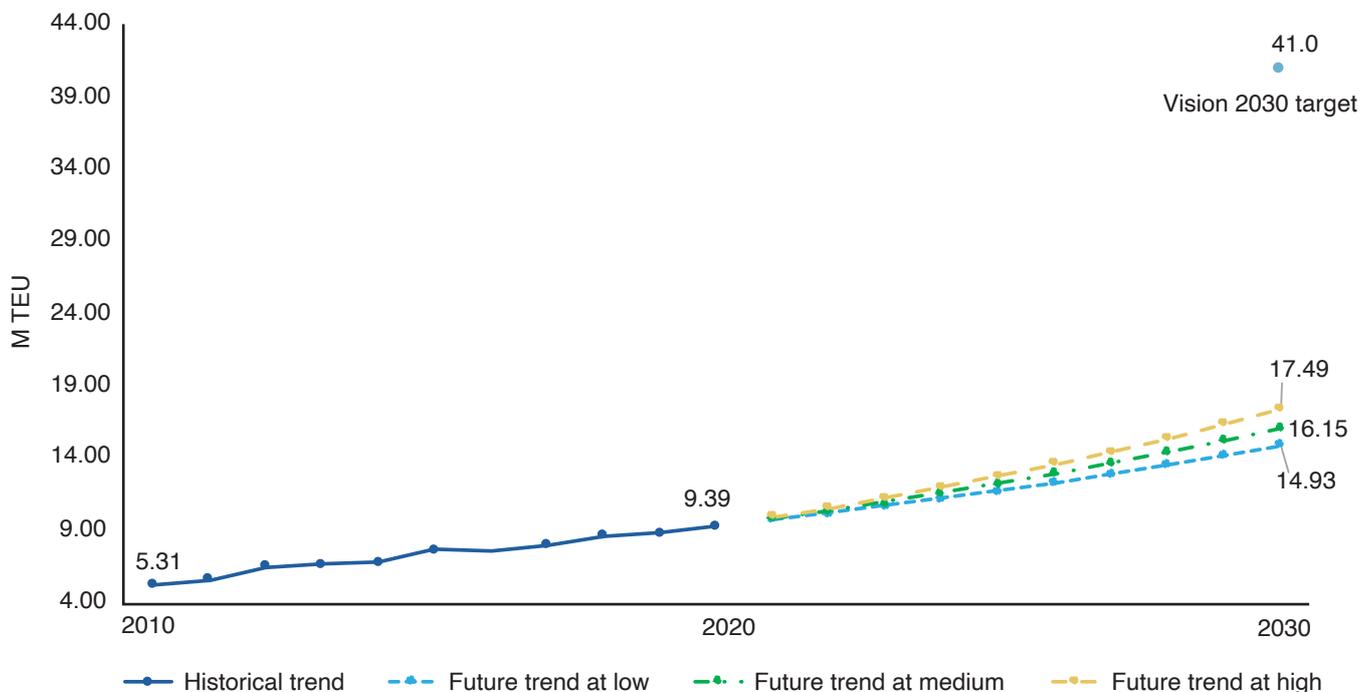
# Data Insight

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## Current and Future Trends in Saudi Arabia's Container Throughput

The maritime sector is a key pillar for the diversification of the Kingdom of Saudi Arabia's economy, and it has been prioritised by the Saudi government due to its strategic importance (Arab News 2021; Saudi Press Agency 2022). Saudi Vision 2030 (Vision2030) has set a target for making KSA a global logistics hub. Correspondingly, the Kingdom has been investing heavily in its seaports to modernize their infrastructure and increase their capacity. For instance, several projects are now underway to boost the maritime transport sector, costing around 6 billion Saudi Arabian riyals (SAR) (USD \$1.6 billion). Additionally, the Saudi Ports Authority has been allocated 30 billion SAR (USD \$8 billion) as a strategic investment to equip and modernize all ports (Transport and logistics value proposition 2021). These additional investments are expected to generate higher future throughput handling at KSA's seaports than the business-as-usual projections based on the continuation of historical trends shown in Figure 1.

**Figure 1.** Saudi Arabia's total container throughput, current and future trends.<sup>1</sup>



Source: United Nations Conference on Trade and Development (2021) and author's estimation, 2021.

Note: MTEU = million twenty-foot equivalent units

<sup>1</sup> The World Trade Organization (WTO) confirmed the short-term impact of COVID-19 on world merchandise trade. In particular, trade volume fell by 5.3% in 2020. For 2021, the WTO expects an increase of 8% in trade volume, with slow growth in 2022. Given that the impact of COVID-19 on the maritime sector is not expected to be long lasting, a continuation of the historical growth trend for maritime exports from the Kingdom over the long-term horizon appears plausible.

## According to Figure 1:

- In 2020, Saudi ports handled 9.39 million (m) twenty-foot equivalent units (TEU) of container throughput.
- Using a time trend model with an outlier and break detection approach, we find that the container throughput has increased at a compound annual growth rate of 5.57%, with a 95% confidence interval of 4.74% to 6.41%, denoted by medium, low and high growth scenarios.
- If the historical growth trends continue, container throughput could increase by 6.76m TEU by 2030 under the medium growth scenario compared with its 2020 level. Under the low and high growth scenarios, it could increase by 5.53m TEU and 8.09 m TEU, respectively.
- Investments in the Saudi maritime sector as part of Saudi Vision 2030 are expected to increase container throughput by up to 41m TEU by 2030. This implies an additional increase of 24.85m TEU under the medium growth scenario, compared with the business-as-usual scenario.

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