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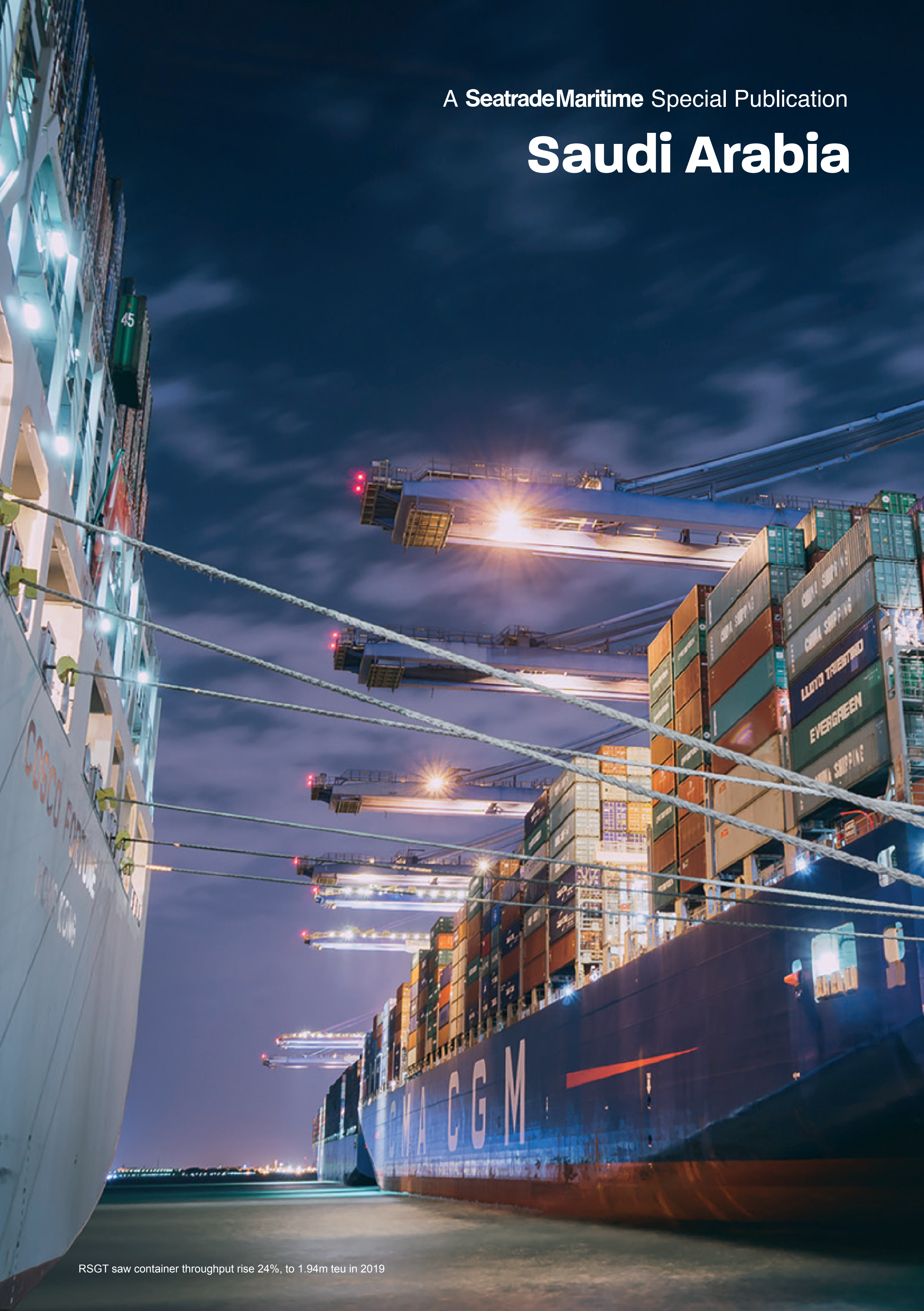
Saudi Arabia



RSGT saw container throughput rise 24%, to 1.94m teu in 2019

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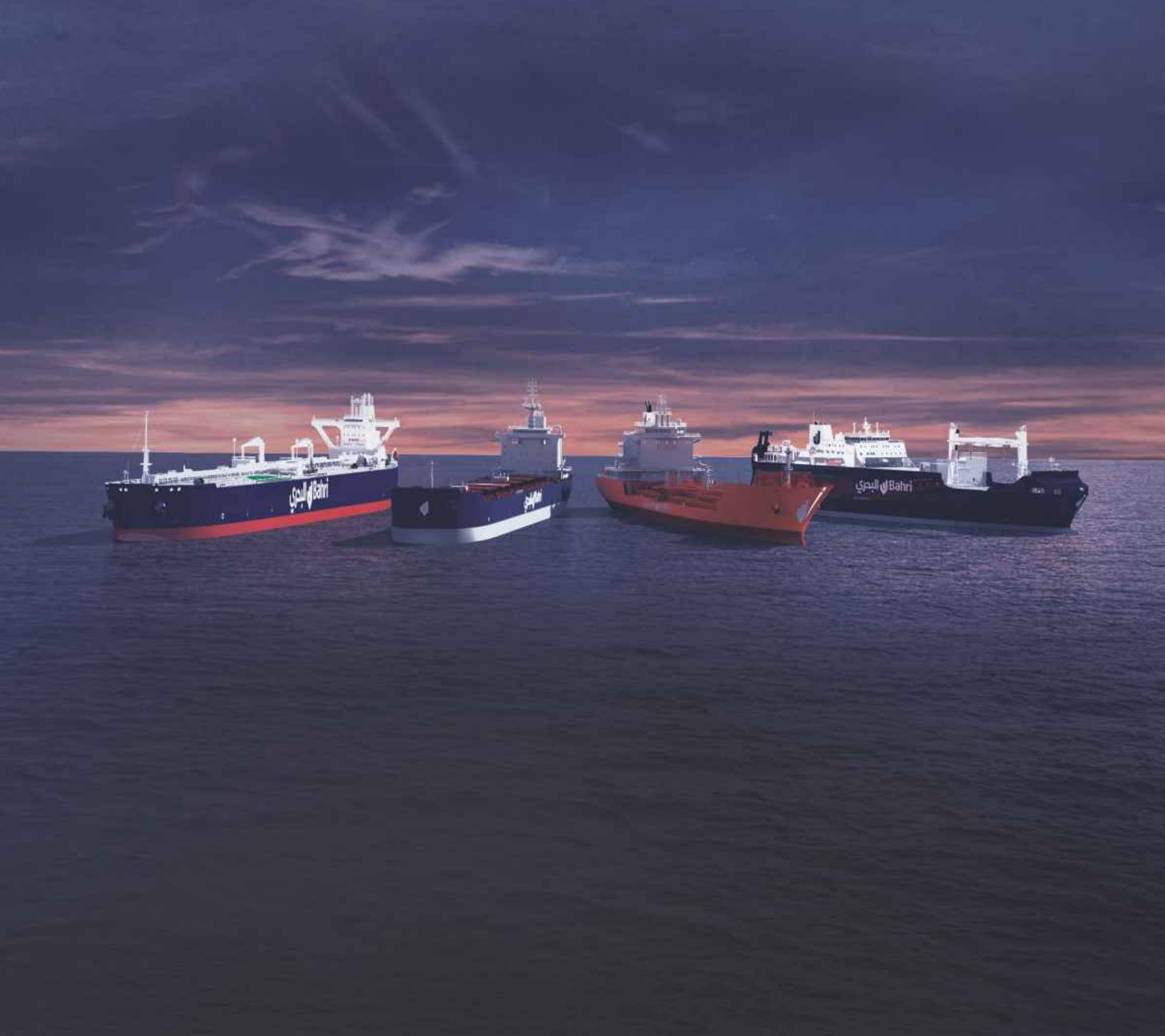
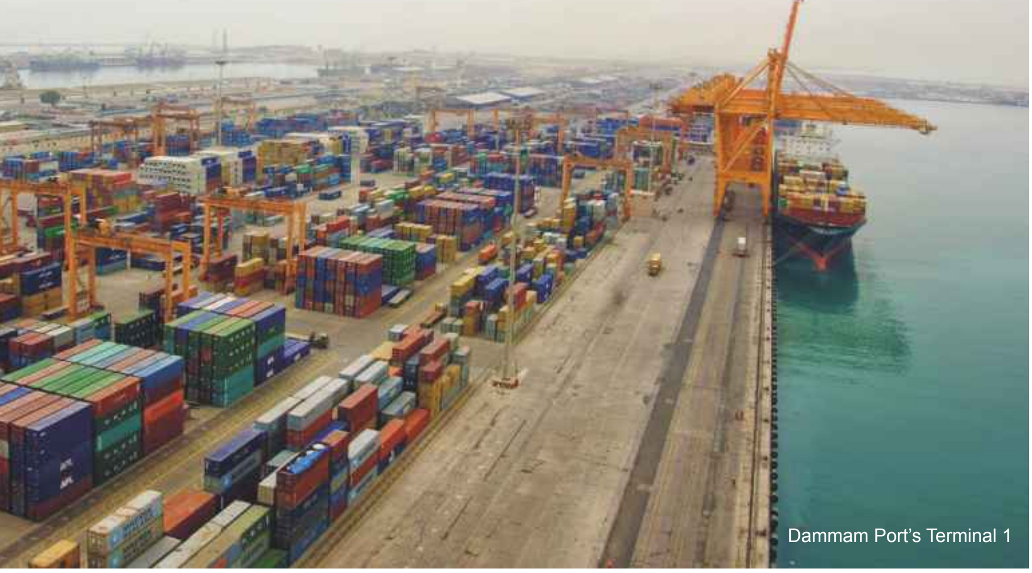




Dammam Port's Terminal 1

On the cusp of opportunity

Seatrade correspondent **Peter Shaw-Smith** travels to the Kingdom of Saudi Arabia to interview leading shipping and port officials on the country's ambitious maritime and logistics plans.

The future of the Saudi maritime, ports and logistics industries is generally considered to be extremely bright thanks to a number of factors. Macro-economic indicators point to the country's strong economic growth buoyed by greater government spending, especially from the Public Investment Fund, allowing a predominantly youthful population to enjoy strong GDP per capita. On exports, the Kingdom is seeking to reduce its dependence on oil revenues but the petrochemical market will continue to mature, offsetting lower commodity prices.

This year's Saudi Maritime Congress taking place in Dammam will celebrate some of the opportunities that lie ahead for shipping, but before then an important decision looms at local port Damman concerning the new concession for Terminal 1, which may be decided as soon as the second quarter.

Currently Dammam's Terminal 1 is operated by Hutchison Ports Dammam, while a second terminal at the port is run by Saudi Global Ports, a joint venture between the KSA's Public Investment Fund and PSA International (see following articles).

Total port throughput at Dammam is believed to have been 1.8m teu last year, compared to a total capacity 3m teu. SGP is understood to have handled around 500,000 teu in the second terminal, up 25% over the previous year, and SGP officials said they were 'very optimistic' about the prospect of winning the second concession in Dammam.

The precedent of Red Sea Gateway Terminal (RSGT) having successfully won the concession to operate North Container Terminal alongside its existing RSGT facility at Jeddah Islamic Port (JIP) is perhaps pertinent, as it suggests that the Saudi Ports Authority may be following a strategy of consolidating the number of operators in order to improve efficiencies and streamline handling processes.

However, landside port players say they prefer a situation where there are two incumbents in Dammam, as this provides price competition as well as choice, and avoids any monopoly situation.

Meanwhile, Saudi Customs has won plaudits for implementing improvements which have led to a significant reduction in inspections and cargo clearance time at the Kingdom's ports. In particular, new regulations have been introduced at bonded and re-export zones at JIP, King Abdullah Port and Dammam Port, allowing for 'light manufacturing activities' to promote value addition.

Customs processes in Dammam, as elsewhere in the Kingdom, appear to have improved dramatically, with dwell times down from 10 days to four, a sizeable reduction of six days, according to SGP officials. Jeddah's LogiPoint and RSGT, as well as Dammam's Saudi Development and Export Services Company (SDES), are among the main beneficiaries of the new system.

Elsewhere, the new IMI (International Maritime Industries) shipbuilding and repair yard at Ras Al Khair on Saudi Arabia's east coast, is also making its mark on maritime activity in the Kingdom. It is expected to be fully ready in around 2022.

Until then, some 160 apprentices and engineers will participate in the construction of a VLCC ordered by IMI joint-venture partner Bahri, for delivery in late 2021, at the yard of another partner, Hyundai Heavy Industries; national oil major Saudi Aramco - fresh from its world record-beating $2trn IPO in December - is the fourth partner in the joint venture.

In the offshore sector, Zamil Offshore has consolidated its fleet, reducing the size from around 75 vessels to just under 60. It has also signed a memorandum of understanding with IMI, which is likely to lead to greater employment opportunities for Saudi engineers, technicians and naval architects. A new maritime law in the Kingdom mandates that vessels involved in cabotage fly the Saudi flag, and Zamil expects opportunities for work and employment to increase as a result.

With RSGT preparing to run a container terminal at JIP with capacity of 5.2m teu, and the new concession at Dammam Port likely to lead to improved performance there, industry executives are confident that the Kingdom's maritime sector is on the cusp of turning an important corner. ●

RSGT boosts traffic, looks to the future

A mock-up of the future combined operations of RSGT and NCT at Jeddah Islamic Port

Jeddah-based Red Sea Gateway Terminal (RSGT) had a banner year in 2019, with overall container throughput up 24%, to 1.94m teu. Transhipment, at 956,640teu, was up 26% while imports and exports also grew by more than 20% each.

RSGT 'outperformed the market' and like Saudi Arabia in general had 'a really good year' in 2019, ceo Jens Floe told Seatrade. 'We make the bulk of our profit on high-yield import and export cargo,' he added, while 'transhipment offers low contribution margins and is fiercely competitive in this region.'

The split between different Saudi ports on import and export is well established and has been 'stable' in recent years, Floe added. 'You have King Abdullah Port, with some of the petrochemicals that is up in the North, but there's very little import-export, though they do transhipment. Then you have Jeddah [Islamic Port], which services the Mecca region, and Dammam, which services the east coast and Riyadh.'

In late December, RSGT officially announced the consolidation of North Container Terminal (NCT), previously managed and operated by Gulf Stevedoring and Contracting, a unit of the UAE's Gulftainer, into its operations at JIP.

'The takeover is now due to take place on April 1,' informed Floe. 'We are doubling our space and adding another 40-45% volume. The physical process of upgrading this facility will take a couple of years, to get everything correct. It will take the immediate capacity to around 5.2m teu,' he said, adding future capacity could reach 8.8m teu.

'Until now, Ocean Alliance [calls at JIT] had been split between RSGT and NCT, and the same for PIL,' he explained. 'It's not optimal for the shipping lines that business is split between two different suppliers, and on local import-export, it's inconvenient having to deal with two customs areas, depending on which vessel your cargo came in on. ... Efficiencies are part of the game going forward.'

Floe said significant restructuring has taken place in the Saudi port industry over the last couple of years, especially in customs, processes and the Fasah (customs reconciliation) system. Saudi has also made strong strides in digitalisation and processes improvement. 'Our dwell times have gone down, since I came three years ago, from around 12 days to around four, four-and-a-half days,' he said. 'The most efficient customers can clear the cargo the same day now.'

He said the truck queues that had blighted port access in the past had disappeared. 'We have automated gates now, but the port community system does not at the moment facilitate truck appointment. So new systems are expected to be implemented this year and that will, from our side, further facilitate efficiencies. We don't have congestion anymore, but it will further facilitate traffic flows.'

Floe said the advancement of plans for the Saudi Landbridge, a rail link from Jeddah to Riyadh, would revolutionise the contribution of the west coast to Saudi Arabia's overall ports business. ●

DP World renews Jeddah concession

DP World has had its 30-year concession to operate South Container Terminal (SCT) at Jeddah Islamic Port renewed by the Saudi Ports Authority (MAWANI), having surpassed promised productivity to date and successfully handled a number new-generation mega-vessels during the past year, according to Mohammad Al Shaikh, ceo of DP World Jeddah.

Total container throughput at SCT increased 14% last year to 1.69m teu, thanks to strong import-export volumnes.

Under the new agreement signed in December (pictured), DP World is to invest up to $500m to improve and modernise the port, including major infrastructure development for ultra-large container carriers. Capacity will be upgraded from 2.4m teu to 3.6m teu, modern gantry cranes will be installed, draught deepened to 18mtr, plus gate automation, yard automation, and advanced IT systems installed to enhance terminal performance.

MAWANI has also implemented several measures to ensure faster turnaround of containers from the port, he added, including a 24-hour customs clearance, reduced manual paperwork requirements and pre-arrival electronic submissions enabled through the 'Fasah' single window platform.

The 19,100 teu CSCL Arctic Ocean berths at SGP terminal in Dammam

Saudi Global Ports 'in it for long term'

Saudi Global Ports (SGP), expects greater import growth as the Kingdom embarks on greater oil diversification projects, while consumer consumption is also expected to grow, particularly related to the tourism industry and organic growth.

'SGP is here to stay for the long term, as the vision is to develop the terminal's facilities in advance to cope with the expected growth. Planning and building a future-ready terminal is a long-term project, and SGP is positioned to support Saudi Arabia as a growing market in the long run,' ceo Edward Tah said.

A joint venture of Singapore-based global port operator PSA International and Saudi Arabia's Public Investment Fund, SGP was awarded a concession to build and operate the second terminal at King Abdulaziz Port in Dammam in 2012. Tah himself started his career with PSA in Singapore in 2007, joining SGP as head of operations in 2013; he took over his current position on January 1, 2019.

Last year, SGP made good headway, with the introduction of mega-vessels in the current MEA5 service generating more throughput.

'For the whole year, throughput registered around 471,000 teu, which was within expectations,' Tah said. 'Notably, SGP experienced higher Riyadh import volume due to greater consumption in the Kingdom. In the last quarter, geopolitical issues affected exports slightly, but this is not expected to be a long-term downward trend.'

Meanwhile, gateway and transhipment dynamics in East and West coast ports are evolving. 'In the short term, we do not expect to see changes in the gateway hinterland for East and West Coast.,' Tah added. 'Dammam will continue to service the import market for Riyadh. For export, Dammam will continue to be a competitive option for shipping lines and shippers to export the petrochemical commodities.'

'As for transhipment, the Red Sea is well positioned to service the Asia, Mediterranean, and Africa market regions. We expect more shipping lines to use Red Sea ports as a transhipment point to these destinations. Nevertheless, SGP has been exploring with various shipping lines to provide transshipment services to Upper Gulf countries.'

Tah said he doubted whether the growth of Saudi ports would ever threaten Jebel Ali's position as leading port in the region. 'Equipped with state-of-the-art equipment, mega-vessels are able to make direct calls at our terminal in Dammam, providing an alternative option for shipping lines in the Gulf region. However, the UAE and Eastern Region of Saudi Arabia services are serving different markets. SGP's immediate aim is to service local import and export cargo better and more efficiently.'

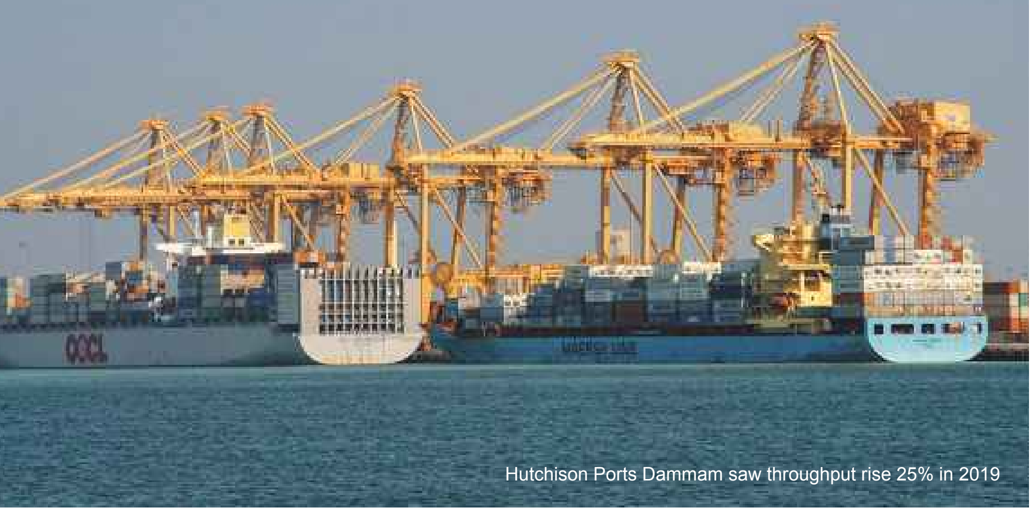
SGP has completed Phase One work on the terminal, bringing capacity to 900,000teu, and has the option to build out a second phase, to double this to 1.8m teu, depending on concession arrangements and market demand. 'There are still plans to develop SGP,' said the ceo. 'The timing for development depends on the possibility of consolidation in Dammam Port, as well as market demand. Generally, SGP will develop the phases well in advance to meet future market needs.'

Improvements in Saudi customs handling have led to a reduction of dwell times in the port from 10 days to less than 5 days, while introduction of the Fasah system, as well as SGP's participation in the CrimsonLogic trade-facilitation platform, has also reduced documentation needs and improved manual box inspections rate at SGP to 10-15%. Introduction of a truck appointment system to improve turnaround time and match terminal operations during peaks and lulls has also been beneficial.

Tah also commended the Saudi Ports Authority (MAWANI) for its greater involvement in reducing logistics costs. In 2019, he said he had seen a reduction in terminal handling charges for imports of empty containers at Jubail, and a 57.5% reduction at Yanbu Port. Lower inspection charges at Dammam Port, coupled with the consolidation of operators at Jeddah Islamic Port, held out the possibility for greater port investment, he said.

Manpower considerations are also important for SGP. 'We are looking to recruit and train more Saudis into the company. At present, our Saudization level is at 35% and our target is to achieve more than 50%. In addition, in line with the kingdom's direction, we will continue to recruit female employees to our company,' he said.

'We have plans to introduce a higher level of automation into the terminal, with equipment such as automatic yard gantry cranes and possibly prime movers in the future. Working closely with PSA International, we will be providing more innovative cargo solutions to the shipping community,' he concluded. ●



Hutchison Ports Dammam saw throughput rise 25% in 2019

Hutchison Ports Dammam sees growing volumes

Hutchison Ports Dammam is the largest import-export terminal in the Kingdom handling over 25% of total gateway cargo, and with a 78% market share of the total laden import volume of Eastern Province. Annual container throughput stands at just over 1m teu.

Last year proved 'very successful' with throughput growing by more than 25% over 2018, HPD ceo Jay New told Seatrade. 'Hutchison Ports Dammam is the only gateway for ro-ro units in the Eastern Province of Saudi Arabia, he added, with that traffic 'up about 21%' year-on-year.'

HPD has been the terminal operator at King Abdulaziz Port in Dammam since 1997 and has cumulatively handled more than 23m teu during this time. It is the Eastern gateway to the Kingdom, for both local distribution and with quick access to Riyadh through three railway lines, connecting Dammam Port to Riyadh. At its 116ha site, it operates seven container berths, three multi-purpose berths and has a total of 17 quay cranes and 53 rubber-tyred gantry cranes. It has its own dedicated customs inspection area with separate facilities for dry, dangerous and reefer cargo inspection.

The terminal has brought the latest port technology to the Kingdom, putting it at the forefront of Saudi port development. Its remote-controlled gantry cranes allow operators to sit in comfortable ergonomic chairs, 1km away from operations, in an air-conditioned area. Each crane is equipped with cameras that scan the profile of the containers on deck to provide the optimal arc for the container being offloaded and guarantees a higher level of safety and lower risk for all concerned. New refers to the cranes as 'a quantum leap forward for port services in the Kingdom' and confirmation of HPD's commitment to offering the highest possible levels of service at the port.

HPD has also invested in providing supply chain services through its partnership with the Saudi Development and Export Services Co. (SDES) in which Hutchison Ports holds shares. SDES operates an integrated bonded warehousing, storage and cargo handling facility inside Dammam Port, situated less than 1km from HPD terminal infrastructure. 'With the new changes in customs practices, a bonded facility is a valuable asset offering deferred duty and VAT payments,' New explained.

The future is large in many ways for Saudi Arabia,' Andy Tsoi, Hutchison Ports Middle East and Africa md has said, suggesting the group might need to eventually provide capacity of 3m teu in the country. In the meantime, Hutchison Ports will 'continue to work closely with the Saudi Ports Authority to invest in technology, automation and human capital in Saudi Arabia, ensuring the Kingdom remains on track to achieve its targets under the Vision 2030 programme,' he pledged. ●

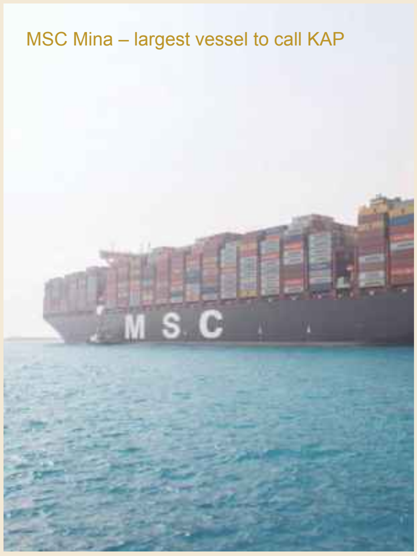
King Abdullah Port expands

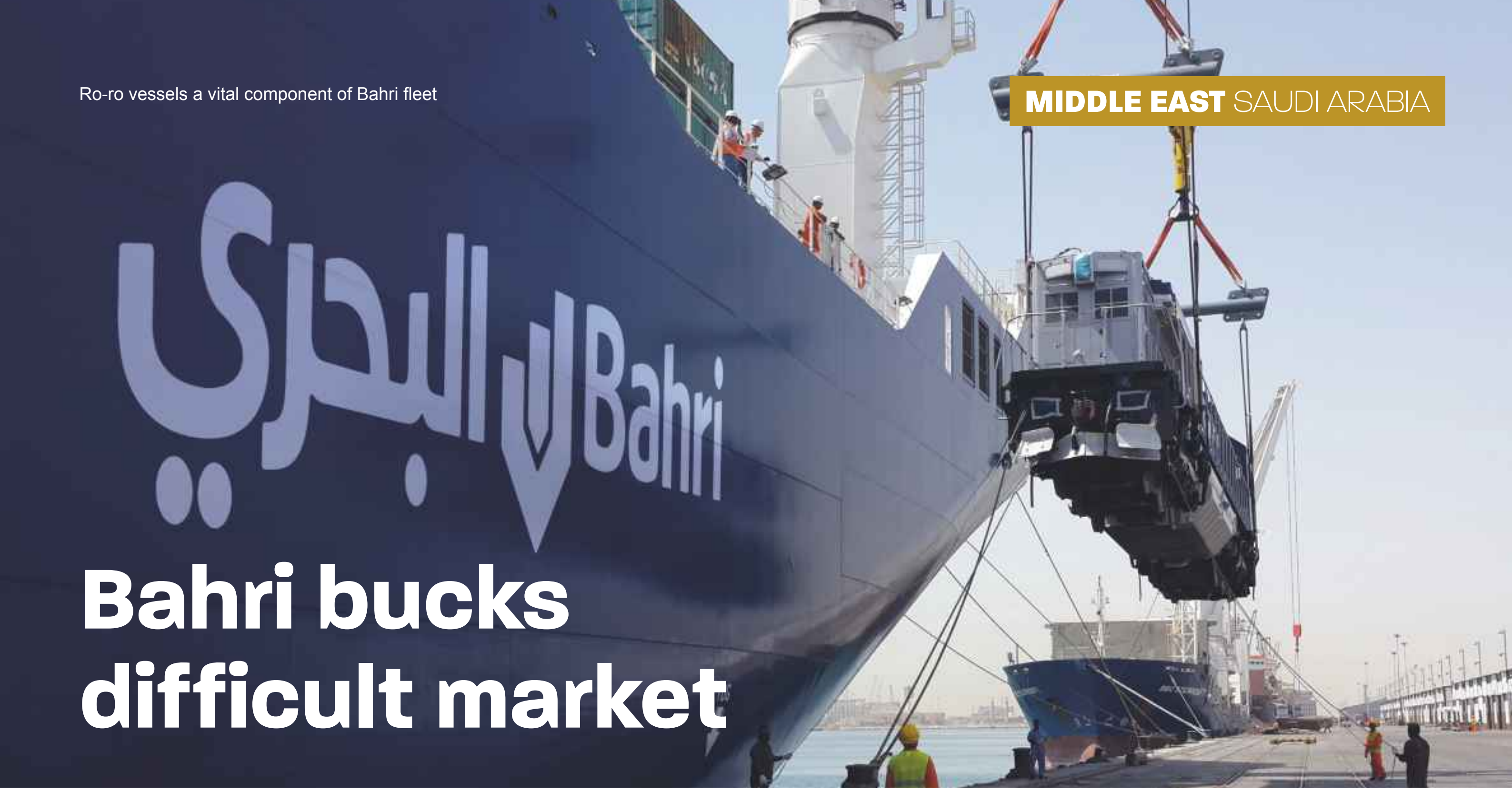
On its first visit to the Kingdom, the 23,656teu MSC Mina berthed at King Abdullah Port (KAP) last October. The call represented an affirmation of the port's ability to handle the world's largest ocean-going boxships, the Panama-flagged vessel measuring 400mtr in length, 61mtr in breadth with a draught of 16.5mtr.

Today, 28 Liebherr cranes are being installed at the port in a new phase of container terminal expansion. KAP's owner, the National Container Terminal Company, signed a Memorandum of Understanding in 2018 to coincide with the official opening of the port by Crown Prince Mohammed bin Salman. The work of technical teams currently installing the cranes is expected to be complete early this year.

Opened in 2013, KAP occupies a total area of 17.4sq km and is situated adjacent to King Abdullah Economic City's Industrial Valley and re-export zone. The port is expected to contribute to the promotion of the Kingdom's role in the fields of trade, logistics, and shipping. When complete, KAP will be able to handle 20m teu, 1.5m vehicles, and 15m tonnes of clean bulk cargo a year.

MSC Mina – largest vessel to call KAP





Ro-ro vessels a vital component of Bahri fleet

Bahri bucks difficult market

The National Shipping Company of Saudi Arabia (Bahri) saw revenues increase last year, as well as a jump in annual profits, despite worsening conditions in the global tanker market as the year wore on.

'2019 was another challenging year for Bahri, but the company managed to overcome all hurdles and achieve [its] goals,' ceo Abdullah Aldubaikhi told Seatrade. 'To further reinforce [its] leadership position in this sector, the company strengthened its internal structure and capabilities, focusing on long-term sustainability and growth.

'Vessels were deployed wisely, monitoring market response and trend, maintaining operational efficiency and optimal utilization, he added. 'New business contracts and partnerships were also executed during 2019.'

Bahri recorded a strong financial performance last year. The company's full-year net profit jumped 29% to SAR621m ($85.5m) from SAR481m the year before, and total revenue reached SAR6.1bn, up 7.1% year-on-year. Fourth-quarter net profit surged 172% to SAR249m, up 172% y-o-y, on total revenue that had increased 8.9% to SAR1.9bn.

Bahri's fleet is today comprised of 88 vessels: 42 VLCCs, 30 chemical carriers, five product tankers, six ro-ro vessels and five dry bulkers. In addition, four dry bulk newbuilds are on order.

The company expanded its market presence in December when its multipurpose vessel Bahri Jeddah made its maiden call at two of India's leading ports, Ennore and Chennai, offering direct calls from South India to the US East Coast. The ship is owned and operated by Bahri Logistics, which deploys a fleet of six multipurpose vessels on a regular liner schedule, all designed to carry project, breakbulk and container cargo, as well as heavy lifts, special purpose vehicles, and mining equipment in a single voyage, the company points out.

In January 2020, Bahri's General Assembly appointed a new Board for the next three years, mostly comprising re-elected members. The move will smooth implementation of 'the company's strategy and development plans during this year,' Aldubaikhi said. 'Bahri is headed by a visionary leadership and strong financial support, focusing on business diversity, growth and sustainability.'

He added Bahri was one of the earliest maritime companies to voluntarily implement ISO 50001:2018 Energy Management standards across its fleet, in addition to holding existing ISO 9001:2015 and 14001:2015 operational excellence certifications.

'The company has partnered with Lloyd's Register to help analyze and build on its existing safety culture so we can continue to uphold our outstanding safety record into the future,' he said. 'In addition, employees' welfare and development was one of the prime goals, and several initiatives and actions [have been] taken in line with international best practices.'

Gender diversity is another focus for the company and as a result its Saudi-based female workforce increased by more than 800% last year. The company was also involved in several CSR activities in 2019, intended to develop young local talent in the maritime industry by providing practical training for both on and offshore jobs, and partnered with various platforms to support this cause.

In December, Bahri joined the Maritime Anti-Corruption Network (MACN), to fight against malpractice at a global level, 'reaffirming our resolve to work with all stakeholders in tackling bribery and corruption, as well as promoting free, fair and open competition in the maritime sector,' said Aldubaikhi.

'We are confident that the collective efforts of MACN will accelerate the development of a safe and sustainable shipping and trade ecosystem.' The company also recently became a member of the World Economic Forum.

'Bahri has ended 2019 with renewed hope and aspirations, confidently continuing our journey through an era full of opportunities to stimulate the growth of global trade movement,' the ceo concluded.

Norabic thrives via partnership

Norabic has access to 70-80 Norden tankers on charter

When local businessman Khalid Al Shathri decided to set up his own shipping company a decade ago his goal was to increase professionalism in the Saudi shipping industry. To do this, his preferred route was to bring in foreign expertise. Norabic, a joint venture of Danish shipowner Dampskibsselskabet Norden A/S and Saudi Arabian shipping company Alrayn Maritime Co, was duly set up in 2015.

The business model envisaged taking up shipping transportation opportunities that could not all be dealt with by existing player Bahri (National Shipping Company of Saudi Arabia). Given the increasing industry willingness to adopt an 'asset-light' business model, chartering has become focus of Norabic's business, giving it access to 300 Norden vessels, as well as others available on the open market. Norden vessel sizes range from handysize to panamax, while Norabic charters in tankers up to 55,000dwt in size.

'There are two shipowning companies in Saudi Arabia today, Bahri and Norabic,' Riad Gaceb, Norabic's senior chartering manager, told Seatrade. 'You only had one player, and at that time our local owner wanted to increase local presence. Getting a strong, well-known partner would, of course, create many opportunities.'

'Norabic is a joint venture between Alrayn Maritime and Norden, which controls over 300 bulkers and tankers.,' he continued. 'The split is 70-80 tankers and the rest are dry bulk... from handysize, which is typically 32,000dwt ships, up to panamax at around 80,000-82,000dwt. That's our scope of work.'

In dry bulk, main commodities are grain and steel products, various types of ores, coal, fertilizer, cement clinker, sulphur, salt, bauxite and alumina. Common liquid bulk commodities are clean products like gas oil, gasoline, jet fuel, naphtha, ethanol, as well as dirty cargoes, such as fuel oil and crude oil. Norabic also carries vegetable oil, molasses, palm oil, and caustic soda and other easy chemical grades.

'Norabic focuses on local Saudi-controlled clients, like Almarai, Ma'aden, Sabic and Saudi Aramco,' Gaceb explained. 'Any Saudi-controlled freight is handled by this office. The whole purpose of creating Norabic was to add value for Saudi clients, and to have a local presence.'

Mirroring a trend in other transportation sectors, Gaceb said vessel ownership was changing to an emphasis on chartering tonnage in. 'It's a mixed bag of things because sometimes you own some vessels 100%, some you have on partnership, and some are rented in the market. The shipping market has been volatile for several years now and there's been a lot of difficulties. Many owners are moving from traditional ship-owning to being asset-light players,' he said.

A trade war between China and the US was having an adverse effect on the charter market, he said, because in normal times half the world's dry bulk tonnage is China-bound. Jeddah was becoming an important bunkering centre due to tightness of fuel markets, he added.

Petrochemicals exporters Sabic and Ma'aden dominate Saudi dry bulk trades, he continued, as well as an oversupply of clinker, which Saudi producers are looking to export, often to India, South Africa, and Bangladesh, an economy which is said to be booming at the moment.

'Today, some 8-9m tonnes of clinker a year is being exported, mostly from King Abdullah Port, on the west coast. Grains and iron ore for Saudi steel-maker, Hadid, are moving into the east coast. Some 5-6m tonnes of sulphur and pet coke for Aramco and Sabic are going out of Jubail and Yanbu.'

Previously Gaceb worked with international shipping company Clipper Group in Denmark, and the close-knit nature of the shipping fraternity in that country enabled him to take up the opportunity with Norabic, via Norden, in 2015. He remained coy on whether Norabic would change its stance on ownership if market conditions improved. 'That is of course under discussion, and something that is up to the board to decide. There are several scenarios in the future,' he said. ●

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IMI readies first yard zones

A rendering of how IMI could look as early as 2022

International Maritime Industries (IMI), the ship construction and repair yard being built on Saudi Arabia's east coast at Ras Al Khair, anticipates the handover of Zone D, for offshore rigs newbuilding, and Zone C, for commercial vessels newbuild, respectively in late 2020 and early 2021.

Full build-out of all facilities is expected to be complete in around 2022.

'The internal readiness for IMI to operate the yard, I would say, is, all in all, in good shape,' Taher Al Dabbagh, IMI's svp - corporate services, told Seatrade. The shipyard itself was also progressing well, he said, with the different zones due to be completed within schedule.

'While the yard is under construction, and we are preparing our operational readiness... we are also in the market,' he added. 'We have a collaboration agreement with companies like Dammam Shipyard, and started some MRO (maintenance, repair & operations) business jointly.'

Al Dabbagh said he expected Zone C, for the construction of commercial vessels, to be ready in early 2021. '[Although] the yard is not 100% ready, we will not cease our responsibility to cater to our customers, like Bahri, and others' requirements. So we are happy to support them through our partners,' he said.

Building on a memorandum of understanding signed in June, Saudi shipowner and IMI jv partner Bahri signed a Vessel Purchase Agreement last September with IMI, and Hyundai Heavy Industries (HHI) as subcontractor, to build a 319,000dwt VLCC at the South Korean shipbuilder's Ulsan yard, for delivery in October 2021. HHI is another of IMI's four shareholders, as are Saudi Aramco and Lamprell.

'The VLCC newbuild in South Korea will have a big contribution from Saudi manpower,' said Al Dabbagh, adding that IMI anticipated sending 'around 160 employees, apprentices and professionals' to Korea to participate in the tanker's construction.

'They will have training, especially the graduate apprentices,' he continued. 'When the yard is ready, they will return with hands-on experience, to give us a stronger push for construction of the No.2 and No.3 VLCCs, when the time comes.'

Zone C is to be a joint zone for basic common work that is needed for either ship construction or fabrication, he continues. 'As a matter of fact, that's part of our competitive advantage, that we are combining in a very advanced technical way some of the common work for both. Whatever is manufactured in fabrication will then move to the dedicated area for vessels, or the rigs area.'

In addition to IMI, the King Salman yard is also intended to host American oil and gas contractor, McDermott, and a ship engine manufacturing facility. IMI will also benefit from plans for a rapid increase in maritime training in the kingdom.

'We have a plan to have 5,500 graduate apprentices by 2024, qualified in nine different disciplines, such as pipe-fitting, welding, mechanics, instrument technicians, electrical technicians, scaffolders, heating, ventilation and air conditioning (HVAC) technicians, riggers and crane operators. All are Saudis,' the svp detailed.

'A big part of this project is nationalization. We will have the first batch of 700 graduating in March this year and we will deploy them into different places. The second cohort of 700 trainees was accepted in November 2019.'

Alblagha optimistic on future work prospects

Alblagha Industrial, owned by Saudi Arabia's diversified Al Blagha Group, is confident of winning new work in coming years, and signed a joint service agreement with International Maritime Industries, the new super-yard at Ras Al Khair, which promises to revolutionise yard operations in the Kingdom, in 2019.

Eng. Fares Al Balwi, Alblagha Group chief executive

Alblagha Industrial began operating Jeddah Shipyard in 2008 and took over management of Dammam Shipyard in 2012. It also carries out engineering services, rig and OSV repair work, and operates two floating docks at Dammam Shipyard. In recent months, the shipyard appointed a new managing director, British executive Darren Edwards.

Through its Maritime Company for Navigation (MACNA) subsidiary, Al Blagha is also a shipowner and operator, with a fleet of vessels based in the Red Sea and operating from the ports of Jeddah, Yanbu, Diba and Jazan.

Alblagha Industrial has a presence in most Saudi ports 'but the main facility is in Dammam - and it's not limited to ship repair. It has some aspirations in shipbuilding and has [launched] its oil and gas services division,' according to group ceo Eng. Fares Al Balwi.

Regarding the new Saudi mega yard complex, he mused: 'Is IMI an opportunity or a challenge? We signed a joint service agreement in 2019. Its spirit is to collaborate so that we and IMI can work together in actually doing maintenance and engineering work in the yard on rigs and ships. There is only a limited number of companies who specialise in what we do - and I believe in the long-term prospects of the business.'

Al Balwi said there was a new and more general focus in the government's strategy in recent years on marine and maritime, including an emphasis on localization and in-Kingdom total value, where the challenge is 'to improve quality and competitiveness.'

'King Salman maritime complex is not only a facility, it is an ecosystem for the maritime industry. For companies like us, having 27 years history in the maritime industry, with 11 years in ship repair, this complex presents an opportunity given our early mover advantage and the value we can add there.'

Alblagha Industrial manages and operates ship repair yards in Dammam and Jeddah

Saudi Landbridge Project looms closer

After being stuck on the drawing board for a decade, it looks as if the work on the Saudi Landbridge project linking the Red Sea port of Jeddah to Al Jubail on the Arabian Sea may finally be about to get underway.

To recap, Italian rail consultant Italferr won a contract from the Saudi Public Investment Fund to extend detailed design work back in 2017. Then at the Saudi Maritime Congress in 2019, transport minister of the time Nabil Al Amoudi said that the Landbridge was a 'key project' due to be undertaken 'in the next few years,' adding that the government had signed an MOU with China Civil Engineering Construction Corporation, a unit of China Railways Corporation, and a Saudi company, to study further project development.

Last October, it was reported that the Saudi Railway Company had signed a new MOU with China Civil Engineering Construction Company to implement the whole project for an agreed value of $10.6bn.

The Saudi Landbridge Project is envisaged as paving the way for the first direct link between the Red Sea and the Arabian Gulf. According to an official Saudi Arabian General Investment Authority (SAGIA) document published in 2018, some 950km of new railway line is planned between Jeddah and Riyadh, and another 115km of track between Dammam and Jubail.

When the line beomes operational, 'over 8m tons of freight cargo would be distributed in Saudi Arabia and neighbouring countries,' SAGIA said. 'The train will have the capacity to carry up to 400teu. It will also be involved in passenger transport and serve millions of passengers every year. The Landbridge project is expected to carry 35-40 freight trains and five to six passenger trains per day.'

Unconformed reports suggest that the Hyperloop concept may be under study for the Jeddah-Riyadh route. Last year, the BBC quoted US company Virgin Hyperloop One as saying technology could reduce a journey from Riyadh to Jeddah to 76 minutes, compared with more than 10 hours currently.

Officials working on the project told Seatrade they were unable to share any further information until March.

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Farooq Ahmad Shaikh, LogiPoint CEO

LogiPoint eyes fresh logistics opportunities

The introduction by Saudi Customs of allowing 'Light Manufacturing Activities' in the country's bonded and re-export zones (BRE) is set to revolutionize the efficacy of these Saudi BREs, creating a value proposition similar to so-called 'free zones' in the UAE but with perks all of their own.

Farooq Ahmad Shaikh, ceo of LogiPoint, told Seatrade that given business specialization new opportunities were opening up rapidly for clients of LogiPoint, which in 2017 transformed from a BRE pioneer into a leading network of integrated logistics parks across the Kingdom.

'The BRE was a new concept once, but it is one that is well-understood and well-utilized by the market today,' he said. 'The optimum utilization of the facility is now being driven by the client.'

Some clients benefit by being able to do all Value Added Services such as repackaging, labelling or assembly, he explained; others are able to operate in the Kingdom without registering a company with the Saudi authorities. Again, some dealers, especially in the automobile industry, value storage, and prefer not to channel products to market all in one go.

'One of the global tech giants is benefiting from using LogiPoint BRE as a regional assembly and distribution facility for their products. Luxury automobile brands carry out value additions to their cars destined for the African market using the LogiPoint advantage. And the fact that LogiPoint at Jeddah Islamic Port also has a 'Non-Bonded' facility, has allowed one of the world's premier e-com giants to establish a fulfillment center in our state-of-the-art logistics park,' he related.

Goods can stay in LogiPoint BRE in Saudi Arabia for up to three years during which time no duties are applicable. Clients can lease space according to their own needs, whether it is purpose-built customized warehouses, pre-built warehouses, container yards or open yards and enjoy bonded storage until they finalize their re-export formalities or complete their import modalities.

'You can store un-cleared goods at the bonded zone. That was the original idea behind the BRE,' explained the ceo. 'It has evolved as Saudi Customs have evolved. Now depending on the type of goods or parts you bring in, you can do all Value-Added Services prior to re-export.

'You don't need to clear the goods to re-export them,' he added. 'Today, value addition can be done without registering a legal entity in the country. In the Free Zones in neighboring countries, you must get a company registered in the free zone. Here you can do this without even registering your company.'

Logistics space is also fast becoming a big consideration in Jeddah, especially in the south of the city. LogiPoint has set up two logistics facilities there: Logistics Park Modon 1, spread over 120,000sq mtr is located in the heart of the Jeddah Industrial Area, close to the Jeddah Islamic Port, and Logistics Parks South Jeddah, spread across 662,900sq mtr and located in Al-Khumra, the second largest logistics hub in the Kingdom. Shaikh said these parks operate on a different model to the BRE, with focus being on efficient storage and handling of raw materials as well as on effective handling and distribution of finished products.

With the possibility of transferring airborne cargoes arriving at Jeddah International Airport into containers for onward forwarding, Shaikh highlighted the potential of JIP to become the region's leading logistics hub – Jeddah's strategic location on the Red Sea has been underutilised by the entire region, he said, but LogiPoint has leveraged that potential and started offering cross-border trucking under bond into all GCC destinations. This now means that GCC imports originating from the European and American can be delivered to destinations in neighboring states within 3-4 days, saving precious 8-10 days to the supply chain.

Shaikh is optimistic about the prospects of LogiPoint in the years to come, 'We look to the future as we have always done – with an ambition to contribute to the transformation of the logistics industry in the Kingdom and a will to enable its stakeholders through going the extra miles ourselves.' ●

Dammam Bonded and Re-export Zone model

Dammam Bonded and Re-Export Zone (BRZ) was the first such facility on Saudi's east coast to drive import and export business on the east coast. Today, in addition to Dammam, Saudi Arabia has similar zones at Jeddah Islamic Port, King Abdullah Port, while a new zone recently launched operations at King Fahad International Airport, Dammam. A number of other facilities are in the planning phase, among them at in Al Khumra and Riyadh.

Abdullah Al Qahtani, Project Manager, SDES

Dammam BRZ is situated on a 350,000sq mtr site at Dammam Port. It is owned and managed by the Saudi Development and Export Services Company (SDES) - a consortium of Hutchinson Port Holdings, Al Blagha Group company MACNA (Maritime Company for Navigation), and a prominent group of Eastern Province businessmen led by SDES's chairman, Khaled Al Bawardi. It operates on a 30-year lease granted by the Saudi Ports Authority, which commenced in 2000.

The zone was launched with 22 prebuilt warehouses, six office suites, a 100,000sq mtr paved external storage site, and a 100,000sq mtr container storage and handling park. Expansion saw the installation of a dedicated industrial storage area, a temperature-controlled warehouse, a 50,000sq mtr auto storage zone, and the addition of 10 x 1,000sq mtr covered storage sheds for bulk cargo storage and processing.

As currently conceived, the BRZ allows customers to defer duty payments, bonded storage of inbound cargo, full or partial withdrawal of stored items from bond and an onsite customs office for the exclusive use of Dammam bonded zone clients. Land development plots prepared for custom designed construction projects, access to goods prior to customs inspection, reduced port handling charges, faster clearance of goods, duty free re-export of goods, and lower supply chain costs are also attractions.

'We were established in 1999 and have been in operation for 20 years. This is the first bonded zone to be set up in all of Saudi Arabia. The man who started this concept was Sheikh Khaled Al Bawardi, one of the most popular and visionary businessmen here in the Eastern region,' Abdullah Al Qahtani, project manager, SDES, told *Seatrade*.

'He looked around the Gulf Cooperation Council (GCC) countries and found that Jebel Ali was doing amazing business using the free-zone idea. We don't have the same model in Saudi Arabia, so he come up with this concept and presented it to the government. Until then, no clear regulations had been provided to enable investors to set up their businesses in the kingdom.'

The SDES business continued to grow for a decade, before reaching a 'convergence point' in 2010, when local company Al Blagha Group and global port operator Hutchison Ports joined as shareholders. The Hong Kong-based operator also embarked on management of its concession at Dammam Port, allowing SDES to win new international import-export business.

In 2019 the number of teu handled grew by 14% year-on-year, he added, and a further increase of 10-15% is expected in 2020.

Also, the government introduced new regulations last May which have served to facilitate the process of handling bonded shipments, removing the requirement for international investors to register commercially at Dammam BRZ, explained Al Qahtani 'Now businesses can move goods into our zone, consider them as 'bonded,' perform what is referred to as 'light manufacturing,' and then export the goods to somewhere else. Companies can use this area as a platform for their business. We expect the new regulations to bear fruit in the first quarter of 2020.' ●

Riyadh Dry Port

Baas International Group (BIG), operator of Riyadh Dry Port (RDP) in the Saudi capital, recorded solid traffic growth of 21% in 2019. While volumes have fluctuated in recent years due to handling dynamics at the port of Dammam, it expects a further increase of 10-12% in inbound volumes in 2020. With capacity of 500,000teu it is currently the only dry port or inland container terminal in the Kingdom. RDP has obtained ISO 9001:2008 certification and is now working on a development plan 'to further optimize and increase its storage and handling capacities, service levels, and operational efficiency,' BIG chairman Bader Al-Suweidan told *Seatrade*.

BIG employs the latest technology to run its operations, including Navis, Psilog-TechLogix, and SAP. The Terminal Operating System is NAVIS N4 2.3, while SAP handles billing, sales and distribution, as well as human resources, and materials management. Its website has an online container tracking feature integrated with Navis, recording latest container positions. Completion of the Saudi Landbridge rail project between Jeddah and Riyadh would also positively impact RDP's operations, Al-Suweidan predicted.

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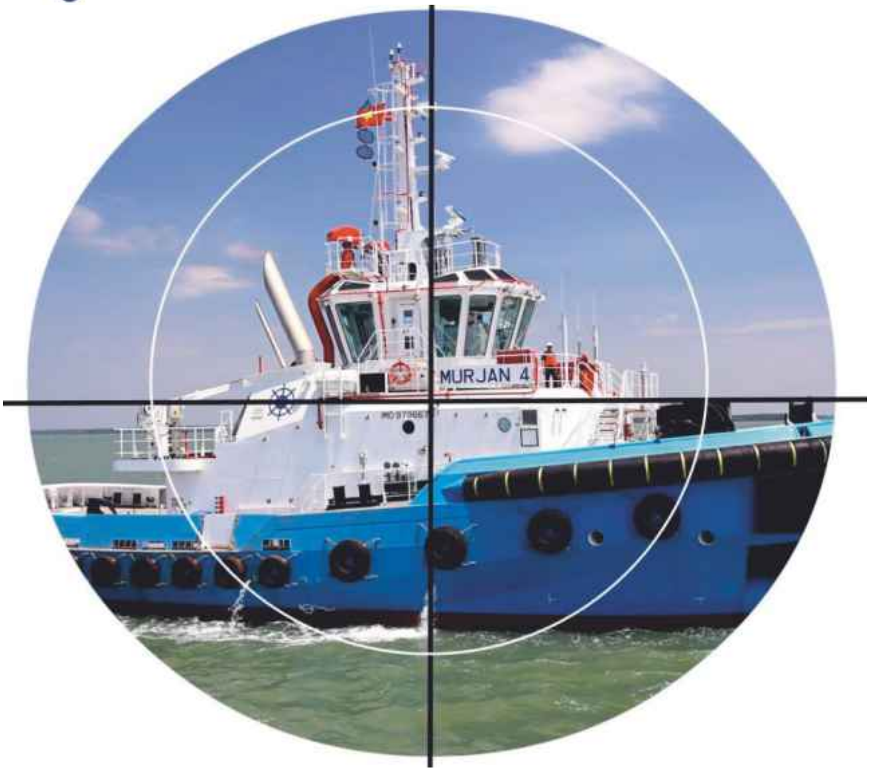

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Zamil Offshore plays vital role with fleet and yard operations

Zamil Offshore continues to be a critical component of Saudi Aramco's offshore oil and gas work, with the company likely to benefit from a new national Maritime Law requiring vessels operating in the Kingdom's territorial waters to be Saudi flagged.

'Last year was a challenging year for most industries, but we took the opportunity to consolidate our fleet,' Mazen Al Harbi, Zamil Offshore's chief HR and Admin officer, told Seatrade. The former 75 vessels were slimmed down to '50-plus' by the sale of 17 older vessels, and Zamil has also managed to increase its market share in the lift-boat market, with nine jack-up barges on contract with Saudi Aramco, he said.

'The plan for 2020 is to optimize processes and improve operational excellence,' Al Harbi continued. 'Some 95% of our fleet is on long-term contract with Saudi Aramco, mainly in the Arabian Gulf. We also started a joint venture with McDermott to target a specific market segment.'

With around 3,000 employees, Zamil Offshore has three business units: marine, shipyards and offshore construction. Zamil Marine manages supply boats, work boats, utility boats, crew boats and one jack-up self-propelled lift-boat. Zamil Shipyards has delivered 50 vessels and performs maintenance and repair on another 150 for various clients. Zamil Offshore Construction has executed several projects for the oil and gas industry.

The advent of International Maritime Industries' (IMI) shipbuilding and repair yard at Ras Al Khair offers opportunities for Zamil to cooperate and contribute. 'We signed an MoU in December 2018 and have performed various offshore projects with IMI to date. We believe Zamil Offshore can contribute and seek further long-term partnership and engagement with them. We look forward to being part of the 2030 Vision.'

Al Harbi stressed that 'Zamil is not a new company or startup. We have a huge yard here in Dammam and we have also have the Jeddah yard as well,' meaning it will have valuable expertise to offer IMI. Furthermore, the recent successful IPO by IMI partner Saudi Aramco has 'underlined the Government's openness and willingness to involve its citizens in the national asset,' he added.

Zamil has built various types of vessels, including craft and aluminum vessels, he added, and also has 'a newbuild project which is aligned with the Saudi Vision 2030 strategy to build new vessels.

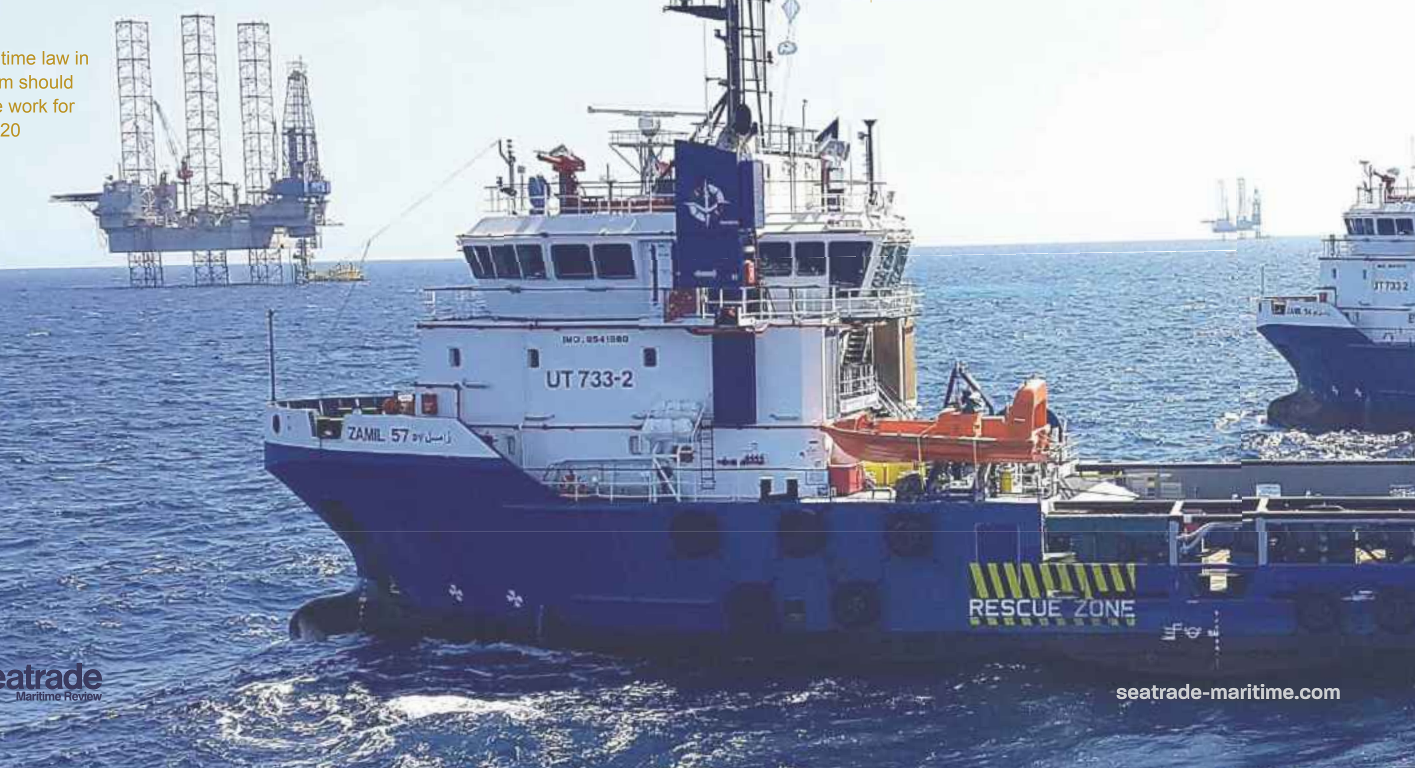
'We are expanding maintenance and repair,' he concluded. 'Overall, we project a record 2020 compared to last year. Newbuild is fully occupied, so maintenance and repair is where we are now expanding.'

Local content

Under the new maritime law the importance of local content has been upgraded, and Zamil Offshore says it now has 'around 40%' Saudi nationals on its payroll.

'In 2018, we introduced a programme for offshore construction,' explained Al Harbi. 'We trained Saudis as welders and pipe-fitters. We are replicating the scheme this year in the shipyard. We sent many Saudis for training for aluminum molding. We hope to involve more Saudis in shipbuilding and seek Saudi naval architects.

'We have always given priority to the Saudi



A new maritime law in the Kingdom should mean more work for Zamil in 2020 workforce,' he added. 'Whenever we get Saudi CVs, we look at them carefully and see if we can utilize them. In Zami Offshore, we have good people, the best Saudis available in the market. Even employees who leave us return because of the work environment and job security. Roles and responsibilities are clear, and we provide good support for Saudis in terms of development.'

Despite the challenges facing the offshore industry in the past five years, Al Harbi was confident that the possibility of new work in the Red Sea would mean a boost to operations in the company's Jeddah yard. In addition, the new Maritime Law issued in 2019 stipulated that only Saudi flagged vessels should operate in the Kingdom's waters, with international tonnage requiring an explicit government exemption.

'In Saudi Arabia we expect to be in a better shape because of the changes brought about by the new maritime laws,' Al Habri added. 'Our vessels are mostly Saudi flagged.

'I expect that there will also be a mandate requiring a specific number of Saudis on board vessels and this will also be linked to repair,' he continued. 'With the local Saudi workforce at Zamil Offshore, we will be in better shape than [our competitors], especially since the government is supporting localization.'

improved. 'That is of course under discussion, and something that is up to the board to decide. There are several scenarios in the future,' he said. ●

The Murjan 4, a 90-Ton BP Tug, operated by Marine Services

Jeddah's Marine Services offers diverse expertise

Marine Services Co. Ltd (MSCL) is a Saudi Arabian technical solutions and services provider, integrating industrial and marine knowledge with experience, technologies and skilled staff.

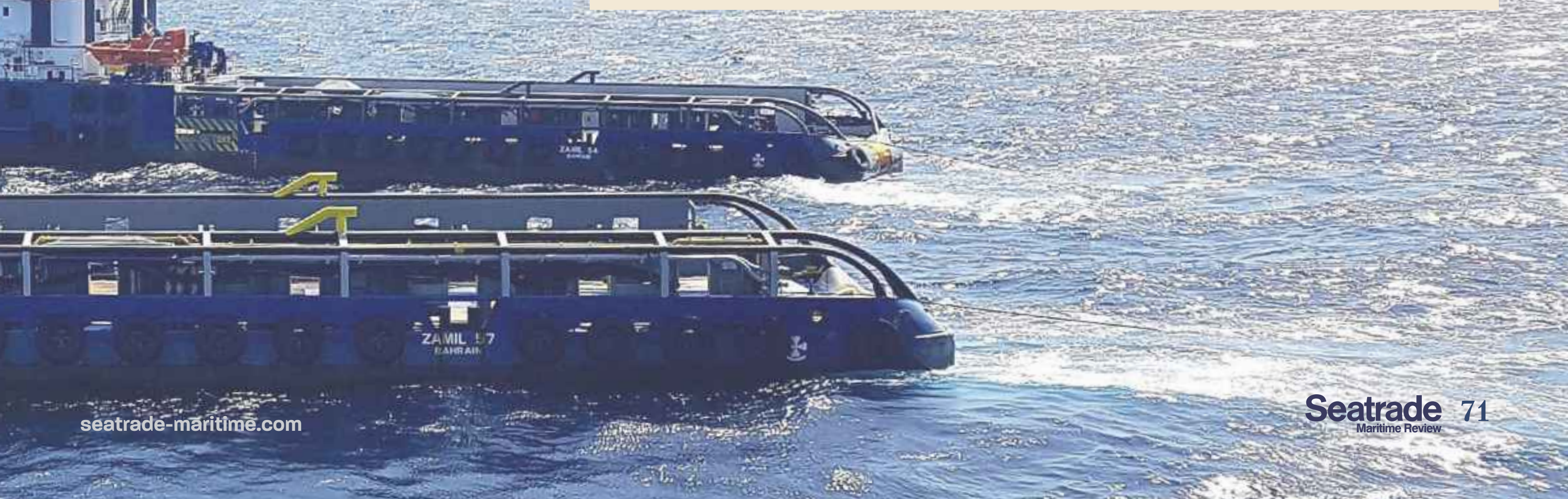
'We consult, plan, design, engineer, fabricate, implement, maintain and manage,' the company states.

MSCL was set up in 1975 as part of the Al-Zakir Bokhari Group. It offers its clients highly specialized consultancy, professional management and diverse engineering solutions for the industrial and marine sectors. Headquartered in Jeddah, and with operational branches in Makkah, Dammam, Rabigh, Ras Tanura and Abha, the company provides services to all major markets in the Kingdom.

In late 2017, MSCL took delivery of four 72ton BP ASD tugs and is operating them for its client.

'Our main purpose is to provide technical services both in industrial and marine industry. The company is geared up for ship owning, ship management, ship repair, port management, and electro-mechanical contracting,' Capt. Salah U. Ahmed, MSCL general manager, told Seatrade.

Marine Services currently has a port management contract with Petrorabigh at Rabigh Port, situated 25km north of King Abdullah Port, overseeing the discharge of crude from VLCCs for petrochemicals concern, Rabigh Refining and Petrochemical Company (Petro Rabigh). Rabigh is a deep-water port, primarily serving Rabigh Refinery, operated by Petro Rabigh, a joint venture of Aramco and Sumitomo Chemical. The port handles liquid bulk cargoes. ●



Maritime academic lauds Saudi changes

Hattan Timraz, Dean of the Faculty of Maritime Studies at King Abdulaziz University in Jeddah, is one of Saudi Arabia's leading maritime legal experts, specialising in International Maritime Law, and he is particularly interested in the adoption and implementation of international maritime conventions.

'Saudi Arabia, in particular, has made big institutional and legislative changes in the past few years, such as establishing the General Transport Authority (GTA), the newly formed 'competent maritime authority,' and the issuance of a number of regulations that ratified international conventions. These changes and improvements were necessary to facilitate the execution of the government's ambitious 2030 plan for the expansion of the maritime industry,' he said.

'It is safe to say that welcome improvements in the region are largely due to implementation of the [International Maritime Organization's] Mandatory Audit Scheme, coupled with a genuine desire to do well by everyone concerned. There is also a renewed realization concerning the significance of the maritime industry to the development of the national economy. As a result, large investments are being made in the sector."

Timraz also praised the GTA on issuing the first Saudi Certificates of Competency for 10 deck officers and five engineers. 'All are graduates of The Faculty of Maritime Studies at King Abdulaziz University (KAU-FMS). The prospects of the maritime industry in the region appear very positive and encouraging, from our point of view,' he concluded.

Nevertheless, he feels that member states of the Gulf Cooperation Council (GCC) as a whole need to make greater efforts to adopt international conventions, including those of the IMO, to better manage implementation of safety and pollution regimes.

'Having said that, individual countries in the GCC have taken big strides in improving their record of accomplishment in the [adoption] of IMO Instruments,' he noted. ●

Dr Hattan Timraz, pictured at the Faculty for Maritime Studies at King Abdulaziz University, Jeddah