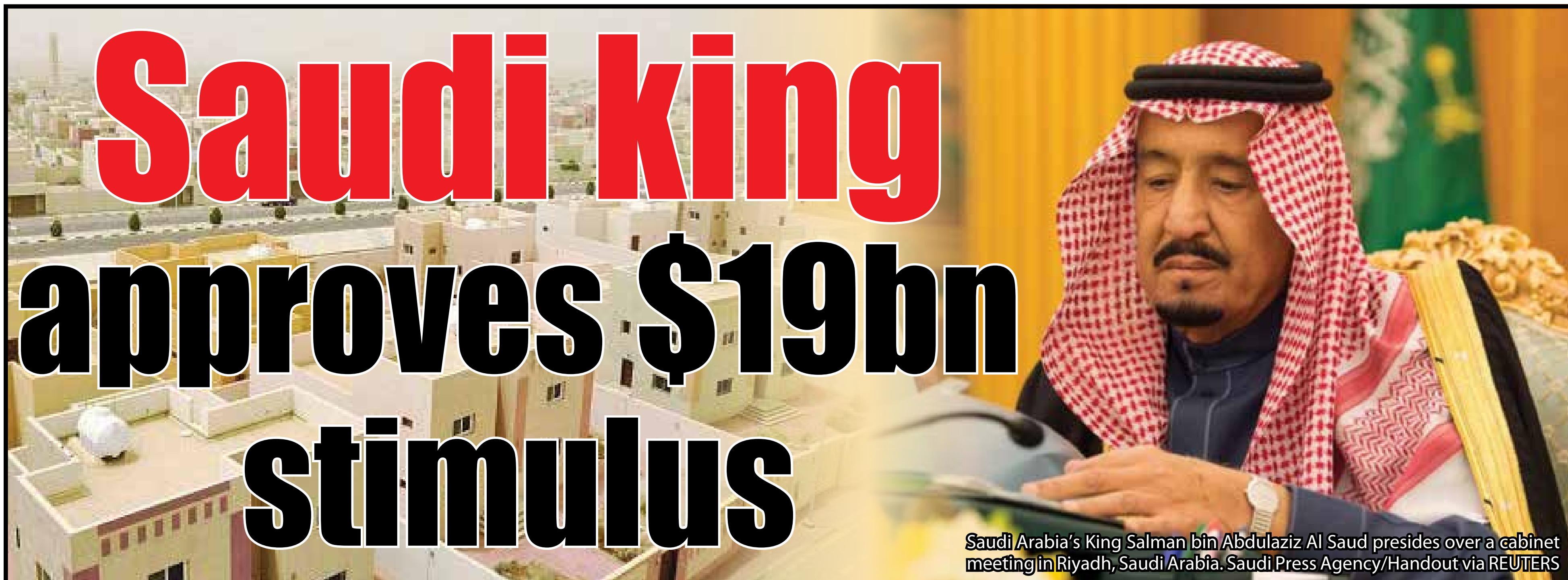
Saudi king approves $19bn stimulus



Saudi Arabia's King Salman bin Abdulaziz Al Saud presides over a cabinet meeting in Riyadh, Saudi Arabia. Saudi Press Agency/Handout via REUTERS

Riyadh

Saudi Arabia's King Salman approved 72billion riyals ($19.2bn) worth of measures to stimulate growth in the private sector.

The measures include residential housing loans worth 21.3bn riyals, a 10bn riyal fund to support economic projects, and 1.5bn riyals to support distressed companies, the government announced on Thursday.

A 2.8bn riyal government fund will be created to invest in smaller companies, while the government will adjust the fees which it charges for services to save smaller companies 7bn riyals.

More money would be spent on projects such as developing the kingdom's broadband infrastructure and promoting advanced construction techniques. Officials did not give details of most of the stimulus measures.

Fahad al-Sukait, a cabinet adviser who briefed reporters on the stimulus plan, said the measures outlined on Thursday were part of a four-year, 200bn riyal scheme to aid private businesses.

Of that amount, 40bn riyals was allocated this year in the form of capital increases for state funds which support the economy by lending in areas such as housing.

The 72bn riyals will be spent over the next four years, including 24bn riyals in 2018, Sukait said. Officials are still drawing up plans to spend the remaining 88bn riyals of the scheme, he added. (*Reuters*)

Following are next year's measures:

- Residential housing loans worth 21.3bn riyals
- A 10bn riyal fund to support economic projects
- 1.5bn riyals to support distressed companies
- A 2.8bn riyal government fund will be created to invest in smaller companies
- 400m riyals will be spent on highly efficient air conditioning equipment
- 5bn riyals of export financing
- 800m riyals to boost the capital of Kafalah, a programme which lends to small and medium-sized enterprises (SMEs)
- 1.6bn riyals of indirect financing to SMEs
- 7bn riyals worth of customs fees will be returned to SMEs
- 5bn riyals for a program supporting large investments; the government did not give details
- 2.56bn riyals of spending on the country's broadband and fiber optics infrastructure
- 13.87bn riyals to promote advanced construction techniques

Aramco to push ahead with expansion

Damama

Saudi Aramco, the world's largest oil producer, aims to regain its lost market share after the OPEC-led supply-cut pact ends and plans to push ahead with a downstream expansion strategy to be on par with Big Oil, its chief executive said on Wednesday.

Amin Nasser, the CEO of the state oil giant, which is preparing for an IPO next year, said Aramco is moving ahead with its refining and petrochemicals expansion strategy and is in discussions with several potential partners in Asia, Europe and the United States.

"We had to cut our allocations to certain markets based on the (OPEC) agreement ... hopefully we will regain these markets as soon as this deal ends," he said in an exclusive interview.

"We have a very reliable customer base. I don't see (any) sort of problems in terms of gaining market share beyond the OPEC agreement," Nasser said, adding the company will continue to abide with the OPEC production targets.

Nasser said his company has held talks with Russian firms including Kremlin-controlled Rosneft on possible joint investments.

Saudi Arabia and Russia say they will remain in partnership long after the current output reduction deal expires.

"We are engaging ... with the Russian companies to identify opportunities whether in Russia or globally in terms of joint investments in areas of interest to both sides," Nasser said.

"We have discussions with Rosneft in different areas, in terms of creating JVs. Essar is one area that we were interested in. And still the discussions (with other partners) are on going."

The Saudi government plans to sell up to 5 percent in Aramco next year in what could be the world's largest initial public offering.

The company plans to raise its total refining capacity - both inside the kingdom and abroad - to 8 million-10 million bpd from around 5.4 million bpd now.

"If you look at our peers, their refining capacity is either equal or much higher than their production capacities. So we are looking at our refining capacity to be in that range," Nasser said.

Aramco's focus to expand and regain its market share will remain on Asia, Nasser said, adding that the United States and Europe are also two important markets for the company.

"The U.S. is an important market and we are looking at expanding after having taken the full ownership of Motiva. We are looking at expanding our footprint in the U.S. for sure," he said.

China, the world's second biggest oil consumer, is one of the main markets where Aramco wants to expand its foothold, Nasser said. (*Reuters*)

Plans fuel hike

London

Saudi Arabia plans to raise petrol and jet fuel prices in January in an effort to reduce energy subsidies and bolster state finances, according to a report by *Bloomberg*.

Petrol prices are set to jump by about 80% while jet fuel prices will be raised to international levels, a person with knowledge of the matter told *Bloomberg*. Other fuel types and electricity tariffs are also expected to rise in price over the coming years.

Fuel prices, excluding jet fuel, are not expected to rise to international levels until 2023 at the earliest. Under Crown Prince Mohammed bin Salman's plans to reform the economy, fuel subsidies are eventually to be totally eliminated.

Saudi Arabia's Finance Ministry did not immediately respond for a request for comment. The price hikes are part of the Kingdom's efforts to reduce the amount it spends on state handouts and subsidies, and to diversify its economy away from oil. (*MSN Money*)