

Saudi Arabia's Public Investment Fund and Hyundai Motor Company Break Ground on Automotive Manufacturing Facility

Saudi Arabia's Public Investment Fund and Hyundai Motor Company Break Ground on Automotive Manufacturing Facility in King Abdullah Economic City (KAEC)

RIYADH, SAUDI ARABIA, May 20, 2025 /EINPresswire.com/ -- Saudi Arabia continues to make significant steps towards its Vision 2030 goals with the announcement that construction has begun on a new state-of-the-art automotive plant at the King Salman Automotive Cluster, thanks to a landmark partnership between the Public Investment Fund (PIF) and Hyundai Motor Company.

Saudi Arabia's Public Investment Fund (PIF) and Hyundai Motor Company begun work to establish a state-of-the-art automotive manufacturing facility at King Salman Automotive Cluster, marking a pivotal moment in the development of Saudi Arabia's automotive sector, and in its ambitions to become a leading regional hub for advanced industrial manufacturing.

The new facility reflects a longstanding relationship between Saudi Arabia and Hyundai, spanning over four decades. With a projected annual capacity of 50,000 vehicles aimed at servicing the Saudi market, the plant will manufacture both internal combustion engines (ICE) and electric vehicles (EVs).

Hyundai has consistently maintained a prominent position within Saudi's automotive market, achieving one the largest market shares in the first quarter of 2025. Recognizing both the loyalty of the Kingdom's consumers to the Hyundai brand and the company's extensive knowledge of the local market, discussions regarding the creation of a manufacturing plant began as early as 2017.

The project continued to gain momentum within the framework of the National Industrial Strategy (NIS), launched in 2022, to unlock new opportunities across strategic industrial sectors, with the automotive industry identified as one of its key priorities. The National Industrial Strategy set a clear objective: to attract three to four original equipment manufacturers (OEMs), capable of producing more than 300,000 vehicles annually within a centralized automotive cluster.

This vision is now being realized through the development of the King Salman Automotive

Cluster at King Abdullah Economic City, which already facilitates key partnerships with Lucid Motors and Ceer, alongside the newly announced Hyundai facility.

The advanced manufacturing plant is expected to have a transformative economic and social impact on the Kingdom. The facility is projected to contribute an estimated USD 5 billion to the Kingdom's gross domestic product (GDP) by 2045. These include direct positions within the manufacturing operation, as well as indirect and induced employment opportunities across the broader automotive supply chain and associated industries.

The facility will also play a central role in supporting the Kingdom's broader goals of localizing industrial production, enhancing local content, and advancing supply chain capabilities. The Local Content and Government Procurement Authority will serve as a strategic partner in ensuring the integration of Saudi-made vehicles into the mainstream market, by procuring goods directly from manufacturers.

Furthermore, the facility will contribute to the Kingdom's ambition to develop a competitive, export-oriented automotive industry, serving both local demand and regional markets.

Throughout the last five years, the Ministry of Industry and Mineral Resources has played an instrumental role in the formation of this partnership, under the leadership of His Excellency Bandar ALKhorayef, who personally led negotiations with Hyundai, overseeing all components of the deal. His Excellency worked to ensure that the right policies, incentives, and industrial enablers were established to secure the long-term success of the project. In parallel, the Ministry actively engaged with global and local suppliers, to strengthen the automotive supply chain and support the broader localization objectives of Vision 2030.

In December 2022, the Ministry signed a Memorandum of Understanding with Hyundai aimed at enhancing cooperation in automotive manufacturing. This agreement laid the initial groundwork for the establishment of the new plant, aligning national industrial priorities, with Hyundai's global capabilities.

Later, in 2023, His Excellency concluded a series of high-level meetings in South Korea with the senior leadership of Hyundai Motor Company and

Hyundai Heavy Industries. The visit focused on advancing joint investment opportunities, finalizing plans for the new manufacturing plant, and strengthening industrial and mining sector partnerships.

This milestone for both Saudi Arabia and Hyundai, has also been made possible through the collaborative efforts of multiple government entities and private sector stakeholders, including the Ministry of Industry and Mineral Resources, the National Industrial Development Center, the Ministry of Energy, the Ministry of Finance and the Ministry of Economy and Planning. Each institution has played an instrumental role in facilitating this significant project, ensuring its

alignment with national industrial priorities and creating a conducive environment for its successful execution.

Most notably, PIF continues to serve as a primary enabler of the automotive sector in the Kingdom, delivering targeted investments aimed at unlocking high-impact opportunities for economic growth and job creation. In the partnership with Hyundai, PIF holds a 70% stake, reaffirming the authority's commitment to advancing Saudi Arabia's automotive sector and its dedication to making the goals of Vision 2030 a reality.

Hyundai's decision to invest in Saudi Arabia reflects the company's confidence in the strength and resilience of the Saudi market, as well as the Kingdom's growing role as a destination for advanced manufacturing. This facility will enable Hyundai to better serve its loyal customer base in the Kingdom and the wider region, while contributing to the long-term sustainability and competitiveness of Saudi Arabia's automotive sector.

This announcement represents more than just another manufacturing facility in the Kingdom; it signifies the beginning of a new era for Saudi Arabia's automotive sector. As Saudi Arabia continues to attract global industry leaders and invest in key sectors, projects such as the Hyundai facility reaffirm Saudi Arabia's position as a high-value, globally competitive hub.

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