

## Aramco Still Plans to Go Public in 2018 in Largest IPO in History

By Jarrah K. Al-Buainain, J.D. Candidate 2019 | October 30, 2017

Early last year, Saudi Arabia's Crown Prince, Mohammed bin Salman, announced that talks of an Aramco initial public offering (IPO) were in progress. Aramco is by far the largest oil company in the world, with the Crown Prince and other Saudi officials valuing the company above \$2 trillion. The public sale of just 5% of the company would mark it as the [largest IPO](#) in history (Alibaba's \$25 billion IPO in 2014 is currently the largest).

Aramco's CEO, Amin Nasser, told the New York Times that the IPO is planned for the latter half of [2018](#). Where to go public, specifically, is the question that has been causing a stir. According to the Saudi [Finance Minister](#), a listing on Tadawul, the Kingdom's local exchange, is set in stone. So the burning question is where *else* will Aramco be listed?

Expectedly, major international exchanges such as the [New York](#) and London exchanges are competing as potential venues for the IPO, which will surely bolster trade activity. Rumors have also circulated the past few months of a possible private sale to China - which Aramco's CEO has [denied](#). Because many believe that an overseas listing occurring before 2019 is not feasible, there has been speculation that [Tadawul](#) could be the only exchange where Aramco will be listing.

However, it is important to view the IPO in the context of its timing and [purpose](#). The Aramco IPO is the crux of [Saudi Vision 2030](#), a plan headed by the Crown Prince to diversify the Kingdom's traditionally oil-based economy and reduce its reliance on oil. Saudi Arabia owns Aramco, and therefore any significant move on Aramco's part would affect the Saudi economy.

The Saudi Government has made it clear, economic growth beyond current levels is an important and viable long-term goal for the Kingdom. Whatever measures taken by the Kingdom's prized possession will be carefully designed to accelerate that prosperity. With hundreds of billions of dollars in [reserves](#), Saudi Arabia is not likely going public solely for the payout.

The Aramco IPO has the potential to produce a myriad of fruitful effects for the Saudi financial landscape. The IPO will encourage market [transparency](#) within the kingdom and undoubtedly attract foreign investment, both of which seem to be in line with the Crown Prince's vision. Given what is at stake for the Kingdom and the potential for adverse [legal implications](#) of listing in foreign exchanges, Aramco's caution in choosing where to list should come as no surprise.