

Saudi Arabia's Vision 2030 and Its Regional Implication

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Abstract

Saudi Arabia adopted Vision 2030 to develop a more diverse and sustainable economy in order to strengthen its position as the center of the Arab and Islamic worlds. The three pillars of the vision are to build an ambitious nation, a thriving economy, and a dynamic society. Creating an intelligent, creative, & industriousness society is the first theme. The second theme is at aimed creating investment tools to open up new economic sectors and diversify the economy. The third theme is to create highly functional, accountable, and transparent government. Its excessive dependency on oil, the Arab uprisings and its excessive reliance on the United States for security and defense forced Saudi Arabia to adopt the vision. The general objective of the study was analysis of the "Saudi Arabia Vision 2030" and its implications for the Middle East and Africa. Particular Goals were developed based on the aforementioned general aim, these were analyze "Saudi Arabia Vision 2030," evaluate the difficulties, and evaluate the consequences of the vision's success or failure. The study is restricted to the Middle East, Africa and the Kingdom of Saudi Arabia. To complement the original data, reviews of previously published and unpublished materials were done. Following that, the gathered data was analyzed. An emerging G20 economy with young people, natural resource and its strategic location enable Saudi Arabia to realize Vision 2030. The transformation process has faced many obstacles such as the over dominance of Riyadh, internal and external migration, the shrinkage of Saudi products' markets as a result of expensive international military ventures, political and military intervention. The Gulf crisis caused Saudi Arabia to lose its business and economic ties with Qatar and gave its rivals Iran and Turkey the chance to seize Qatar's markets, the exclusion of political modernization from "Vision 2030". Whether it is successful or not, the Middle East will suffer greatly as a result. If it fails, the Kingdom will be unable to address the rising rate of youth unemployment and uphold the social contract that is backed by assistance. The fear is what how the USA and UK perceived the Saudi proposal to cut military equipment imports by 50%? How the others see it the reform and the unstable regional environment? On the other side, if 'Vision 2030' succeed, it would strengthen the royal families in the political sphere, made Saudi Arabia influential state in the region, the Saudi Fund for Development, humanitarian help and soft loans that are not geographically restricted will be highly continued. Africa will make Saudi Arabia a place where skilled African laborers can find employment and gave chances to Africa to export raw materials.

Keywords: *Saudi Arabia, Vision 2030, Diversified Economy, Middle East, Africa*

1. Introduction

Saudi Arabia adopted Vision 2030 to develop a more diverse and sustainable economy in order to strengthen its position as the center of the Arab and Islamic worlds. The three pillars of the vision are to build an ambitious nation, a thriving economy, and a dynamic society.¹

Creating an intelligent, creative, and industriousness society is the first theme. Creating a solid basis for economic growth and realizing the vision are equally important. The people of this civilization enjoy a pleasant existence in a beautiful environment and are supported by an empowering social

¹ <https://www.saudiembassy.net/vision-2030>

and health care system. They also live in line with the Islamic ideal of moderation, are proud of their national identity and their historic cultural legacy.

In the second theme, creating economic opportunities for the entrepreneur, the small enterprise as well as the large corporation.² Creating investment tools to open up new economic sectors, diversify the economy, and generate employment. Saudi Arabia intends to boost service quality by privatizing some government operations, enhancing the business climate, luring foreign direct investment, and taking use of its advantageous geographic position at the crossroads of three continents.

The third theme is based on a highly functional, accountable, and transparent government. Create the ideal conditions for people in the public, private, and nonprofit sectors to fulfill their obligations and take the initiative to meet challenges and seize opportunities.

2. Why 'Vision 2030'?

The 2015 report "Saudi Arabia beyond Oil" by the business consultancy company McKinsey Global Institute (MGI) served as the inspiration for "Vision 2030." The research focused on Saudi Arabia's excessive reliance on oil earnings and suggested steps the country should take to diversify its economy and reduce its reliance on oil in order to create a more sustainable economy.

The kingdom is extremely vulnerable to changes in the price of oil because it accounts for over 42% of the Saudi Arabia's GDP, 90% of export revenue, and 87% of budget revenues. Saudi Arabia was forced to consider its future by the Arab uprisings and its excessive reliance on the United States for security and defense.

3. Objectives, Scope, and Methodology of the Study

The general objective of the study was analysis of the "Saudi Arabia vision 2030" and its ramifications for the Middle East and Africa. Particular Goals were developed based on the aforementioned general aim, to: analyze "Saudi Arabia Vision 2030," evaluate the difficulties, and evaluate the repercussions of the vision's success or failure.

The study is restricted to the Middle East, Africa, and the Kingdom of Saudi Arabia. The study's focus is on Saudi Arabia's Vision 2030, including its difficulties and ramifications for the region of the Middle East and Africa. The study concentrates on the period of time following the adoption of the vision.

The study's importance is crucial since it focuses on the analysis of the Saudi Arabia Vision 2030, its challenges, and its ramifications for the Middle East and Africa. It contributes for the sake of knowledge by looking for fresh perspectives. Additionally, it offers to pay attention to and assist its success.

Secondary and primary data were both employed in the study. The primary data were compiled from papers and media content. To complement the original data, reviews of previously published and unpublished materials were done. Following that, the gathered data was theme-analyzed and interpreted appropriately.

4. Elements of the Goals of Vision 2030

4.1. Vibrant Society

Saudi Arabia has risen to a position of prominence and has earned a reputation for warmth and friendliness toward all Muslims. In this regard, Saudi Arabia has started a third extension of the Two

² <https://agsiw.org/saudi-fund-of-funds-bets-1-07-billion-on-small-local-firms/>

Holy Mosques in addition to renovating and expanding its airports.

Saudi Arabia believes that culture and entertainment are essential to quality of life and plans to increase the role of government funding while also luring local and foreign investors and forming alliances with global entertainment firms. Saudi Arabia aims to provide a range of leisure options in addition to cultural establishments including libraries, art galleries, and museums. The following items are listed in the vision 2030's section on creating a vibrant society:

- To more than double the number of Saudi heritage sites listed with UNESCO;
- To increase household spending on cultural and entertainment activities inside the Kingdom from the current level of 2.9% to 6%;
- To increase the capacity of the Saudi to welcome Umrah visitors from 8 million to 30 million every year
- To raise the percentage of people who exercise at least once a week from 13% to 40%.
- To cut unemployment from 11.6% to 7% and
- To raise the average life expectancy from 74 to 80 years and to raise women's employment participation from 22% to 30%.

4.2. A Thriving Economy

- Increasing investment capacity and to raise SME GDP contribution from 20% to 35%;
- To climb from our current ranking as the world's 19th-largest economy to the top 15;
- To expand local content in the oil and gas industries from 40% to 75%;
- To grow the Public Investment Fund's assets from SAR 600 billion to over SAR 7 trillion; To move up from position 25 on the Global Competitiveness Index to the top 10 countries;
- To boost the private sector's contribution to GDP from 3.8% to the global average of 5.7% of GDP in terms of foreign direct investment;
- Privatizing public services and to increase the private sector's contribution from 40% to 65% of GDP;
- Building a unique regional logistical hub integrating regionally and internationally;
- To increase non-oil government revenue from SAR 163 billion to SAR 1 trillion

4.3. Creating Ambitious Nation

- To move up from 80 to 20 in the Government Effectiveness Index;
- Raising household savings from 6% of income to 10% of total income;
- Increasing the non-profit sector's GDP contribution from under 1% to 5%.

5. The Existing Feature of the Vision, Potential and Obstacles

5.1. The Existing Feature of the Vision

When Vision 2030 was released in 2016 (and after it was updated in early 2017), it contained a number of extremely ambitious goals, such as boosting foreign investment by over twofold and the state's non-oil earnings by more than six times.

History-wise, "Vision 2030" was preceded by two other significant modernization initiatives carried out in the Gulf area during the 1960s.

Early in the 1960s, Mohammad Reza Khan the final shah of Iran launched the so-called "white

revolution," an effort to improve Iranian society.³

Around the same period, the late Saudi King Faisal bin Abdulaziz Al-Saud started a similar scheme. The tragic killing of King Faisal by one of his nephews in March 1975 and his attempts to modernize the country were unsuccessful.⁴

Based on the data released from Saudi Arabia's Ministry of Finance, vision of reducing unemployment is in the way of succeeding 2017 (11.65%) to 2022 (9.7%), women participation in the public and government sphere increased from 2017 (22%) to 2022 (35.6%). But in other sector non-oil government revenue has no radical changes from 2017 (163,000 B. SAR) to 2022 (403,000B SAR). The FGD has slow growth rate between 2017(3.8%) and 2022(0.7%)⁵

5.2. The Potential of the Vision

For investors, Saudi Arabia offers exciting promise and opportunity. An emerging G20 economy with young people. It also possesses natural riches and a strategic location at the crossroads of important commercial routes that span three continents. Large oil reserves are found there,⁶ Saudi Arabia the center of Islamic culture and civilization, Saudi Arabia was able to realize Vision 2030 because to these possibilities.

5.3. Obstacles to the Vision

- The Over dominance of Riyadh and Internal Migration: Since the Saudi Vision 2030 project was unveiled in April 2016, Riyadh's importance has increased. A clear illustration of Crown Prince Mohammed bin Salman's ambition to centralized all decision-making procedures is the "top-down" initiative Vision 2030. Riyadh's population has expanded to over 7.2 million as a result of being the center of the universe. The possibility exists, nevertheless, that this internal movement will cut Riyadh off from the rest of the Kingdom.⁷
- External migration also another Kingdom's challenges. Still number of migrants are entering Saudi Arabia throughout the years.
- Saudi Arabian primary and secondary school children have some of the lowest math and scientific test scores in the world, according to the Trends in International Mathematics and scientific Studies 2015 study. It is obvious from this that the Kingdom relies exclusively on foreign technologies and skilled labor to fund its development and lacks the scientific and technological foundation necessary to experiment with large-scale programs like "Vision 2030."
- The shrinkage of Saudi products' regional markets as a result of expensive international military ventures, political and military intervention to the neighboring countries. The Kingdom has been working on budgets to establish itself as the dominant force in the Middle East since 2015. In 2011, it sent troops to Bahrain to defend the Sunni monarchy (Al- kalifa's regime) from Shias led pro-democracy forces. The Saudi's coalition and air strike on Hutie Yemen and Saudi Arabia's intervention against the Bashir al Assad's regime in funding the Syrian rebel groups, particularly the Jaysh al-Islam (Army of Islam) group, in order to encircle its regional Iranian and Iranian-aligned groups made Saudi Arabia hostile relationships with those Arab groups. This also may close the Yemeni, Syrian and Bahrain people appetites to buy Saudi Arabia's future industry products

³ <https://www.wondriumdaily.com/irans-revolution-influenced-by-reza-shahs-reforms/>

⁴ <https://www.brookings.edu/articles/how-the-1967-war-dramatically-re-oriented-saudi-arabias-foreign-policy/>

⁵ Vision 2030, GASTAT, Ministry of Finance, CEIC Data

⁶ <https://worldpopulationreview.com/country-rankings/oil-reserves-by-country>

⁷ <https://www.ispionline.it/en/publication/saudi-vision-2030-importance-being-riyadh-27323>

- The Gulf crisis caused Saudi Arabia to lose its business and economic ties with Qatar and gave its rivals Iran and Turkey the chance to seize Qatar's markets. Saudi Arabia was the main provider to the Qatari markets prior to the blockade. Simply put, Saudi Arabia's military campaigns and its unfriendly ties with its neighbors are increasing the pressure on the achievement of the "Vision 2030" initiative.
- The escalating interest divergence between the United Arab Emirates and the Kingdom of Saudi Arabia also the current challenge and another tension of the region. So without the cooperation of its neighbors how Saudi Arabia meets its vision 2030? Interest divergence have been shown in Somalia, Yemen, Sudan...etc.
- The omission of political modernization from "Vision 2030" is the other significant problem. The political structure of Saudi Arabia is extremely constrained, citizens' fundamental rights are curtailed, and rights campaigners frequently face repression.
- The up and drop in the price of oil around the world, there are concerns and opposition to the privatization of state-owned assets within Saudi Arabia.

6. Regional Implications of the Vision

Whether it is successful or not, the Middle East will suffer greatly as a result.⁸ Economic reforms can only move forward within the confines of current political systems, as evidenced by the experiences of economic reforms in numerous regions of the world, including East Asia, Africa, and Latin America. The following political elements could have a negative impact on the implementation of economic changes in the kingdom:

- If it fails, the Kingdom will be unable to address the rising rate of youth unemployment and uphold the social contract that is backed by assistance. If there is no further oil price rise, it may potentially compromise the government's ability to give Saudi citizens substantial financial gifts in exchange for their political allegiance. The Saudis are among the world's most spoiled people, receiving significant government assistance from birth to death. Social upheaval could start if the social contract breaks down. Different Saudi regions as well as the surrounding nations will be affected by the threat of societal upheaval.
- On the other side, if 'Vision 2030' is a success, it would strengthen the royal families internal political base but have a detrimental effect on the regional order.⁹ Because of its achievements, Saudi Arabia will continue to rule the Arabian Peninsula as super power. Enabled Saudi Arabia super dominant and monopolist in the Middle East states. If Saudi's dominance will be assured may results containing of democracy and non-sense feelings towards democracy in the region because of Saudi Arabia nature of undemocratic state.
- On May 23, the US Embassy in Riyadh used the slogan "Shared History, Strong Partnership, United Vision" to highlight the friendship and strategic ties that have existed between the US and the Kingdom of Saudi Arabia for a long time. The largest exporters of military hardware are the United States and Great Britain. Saudi Arabia had a goal in which it aspired to create its own military armaments and cut back on imports by 50%. How did the United States and the United Kingdom perceive the Saudi proposal to cut imports by 50%?
- The Saudi state's fundamental makeup, which is built on a relationship between the Al-Saud royal family and Wahhabi preachers, is that of a confederation of strong tribes. The Wahhabi clerics stand in for the school of Muslim traditionalism with their overt preference for literal readings of the Qur'an and the Hadiths as well as their opposition to science. They typically

⁸ <https://www.e-ir.info/2018/07/10/saudi-arabias-vision-2030-will-it-save-or-sink-the-middle-east/>

⁹ <https://www.e-ir.info/2018/07/10/saudi-arabias-vision-2030-will-it-save-or-sink-the-middle-east/>

reject rationalist ideas and demand that the government uphold Islam. The clerics have a reputation for being anti-women and for keeping women out of the public eye. The Saudi government plans to expand the leisure and entertainment industry, enhance foreign investment, and grow nonreligious tourism during the next ten years. Therefore, the reforms can offend the conservative organizations.

7. The Vision's Impacts on Africa

- Saudi Arabia's development cooperation has always been influenced by its foreign policy and its commitment to helping underdeveloped nations. The Saudi Fund for Development works directly with the governments of developing nations to finance important development projects and offers soft loans that are not geographically restricted. An important component of Saudi Arabia's overall aid is humanitarian help. Through the World Bank, Islamic Development Bank, and many UN agencies, Saudi Arabia participates in global development assistance. However, this has decreased after 2021 as a result of the extensive Saudi initiative for Vision 2030.¹⁰
- The success of "Vision 2030" allowed Saudi Arabia to establish a powerful economy and will make Saudi Arabia a place where skilled African laborers can find employment.
- The accomplishment of "Vision 2030" gave Africa the chance to export raw materials.
- Saudi Arabia was able to boost its capacity to receive Umrah pilgrims and entry restrictions would be reduced.

8. Potential for the revision of Saudi Arabia's Foreign Policy Patterns based on the Vision

In addition to bringing the new governing elite to power, the political, social, and security events that started in the Arab world in 2011 also compelled several Arab states to implement political, economic, and social changes. Scholars have also described Saudi Arabia's 2030 vision as reform. The fundamentals of Saudi Arabia's foreign policy include a combination of tribal tradition, the monarchical form of government, Wahhabi doctrine, over-dependence on oil, and security relations with the United States.¹¹ The three basic principles of Saudi foreign policy "Wahhabi conservatism, the oil economy, and the security alliance with the United States" shaped Saudi foreign policy. By developing the 2030 vision, Saudi Arabia is currently attempting to alter the Wahhabi - Oil - US triangle.¹² Two hypothesis are giving by political analysts for the question of "Saudi Arabia could change its foreign policy?"

1. Saudi Arabia's domestic reforms as facilitators of its foreign policy.¹³
2. With regard to Saudi Arabia's Vision 2030 program, a brief mention will be made of the domestic changes that have caused Riyadh to adjust its regional strategy.
 - Maintaining cultural, media, and political sovereignty in the Arab and Islamic worlds;
 - Pursuing supremacy in the Arabian Peninsula;
 - Hegemony in West Asia and North Africa;
 - Maintaining balance in relations with the United States;
 - Reducing reliance on oil and diversifying its economy.

9. Recommendations

The following recommendations are made in the paper:

¹⁰ <https://www.e-ir.info/2018/07/10/saudi-arabias-vision-2030-will-it-save-or-sink-the-middle-east/>

¹¹ https://journal.iiwfs.com/article_120761.html?lang=en

¹² https://journal.iiwfs.com/article_120761.html?lang=en

¹³ <https://rusi.org/explore-our-research/publications/commentary/kingdom-change-saudi-arabias-evolving-foreign-policy>

- African states should support the Saudi's Arabia efforts to achieve its vision 2030 because of Saudi's achievement of its vision has an impact on Africa's political, social as well as economic affairs.
- The African states should try to buy oil fields and other sects from Saudi's privatization process for their sustainable provision of oil and other supply.
- Saudi Also should improve its relationship with regional and non-state actors.

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