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From Oil to Tourism: Geopolitical Transformation in Saudi Arabia with Vision 2030

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Abstract

This article examines the geopolitical transformation emerging from Saudi Arabia's Vision 2030, a strategic initiative aimed at diversifying the kingdom's economy and reducing its dependence on oil revenues. Vision 2030 marks a significant pivot toward sectors such as tourism, technology, and sustainable development. The article focuses on two flagship projects—NEOM and the Red Sea Project—as case studies to understand how this shift is reshaping Saudi Arabia's regional and international positioning. NEOM, with its emphasis on high technology, innovation, and urban sustainability, represents a vision of a post-oil economy rooted in global competitiveness. The Red Sea Project, on the other hand, introduces a model of ecologically responsible luxury tourism designed to attract international visitors and investment. Both projects are analyzed in terms of their economic, environmental, and geopolitical impact. Ultimately, the article argues that tourism-led development is central to Saudi Arabia's broader strategy to redefine its global image and geopolitical influence in the 21st century.

Keywords: *Vision 2030, Saudi Arabia, Economic Diversification, Geopolitical Transformation.*

Introduction

Very few things in history have had almost no economic value for centuries, but in a short time they have become so important that they have determined societies, economies, state formations, etc. and have put the world's great powers in a state of war. Oil is one of the most obvious of these things. Oil, which had a very limited area of use until the beginning of the 20th century, was given almost no economic value. However, developments in internal combustion engine technology in the last quarter of the 1800s triggered a process that radically changed this situation. The "Otto Engine" developed by German engineer Nicolaus Otto is accepted in the literature as the first modern internal combustion engine (Petrescu et al., 2018). These engines, which used gasoline and other petrochemical products as energy sources, were mostly used to produce energy in a fixed location in areas such as factories in the early years of their invention. Over time, portable versions of these engines have been developed, and today we can encounter them everywhere we turn our heads, and their number has reached billions. This technological breakthrough, which has fundamentally changed production dynamics, has brought about the phenomenon of oil, which is seen as a strategic resource for today's modern economies and societies.

Oil is seen as a very important commodity for today's societies in many ways. Despite the promotion of renewable energy sources by both official and civil authorities for reasons such

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as diversifying energy sources, supporting sustainable development, combating ecological problems, etc., oil still stands out as the primary energy source today. In 2023, 196 EJ of the 620 EJ energy production carried out worldwide came from oil (The Energy Institute, 2024). This means that 31.61% of the energy produced in the world was obtained from oil. In addition, The Energy Institute data shows that global oil production reached a record level of 96 million barrels per day in 2023. Moreover, it is predicted that oil production will trend upwards due to the increase in production after COVID.

Another factor that makes oil important is related to its economic value. It is not possible to reach absolute data on the economic size of the global oil market due to company secrets, futures transactions, black market transactions, special commercial agreements, the quality of the oil produced, international relations, etc. However, some estimates can be made by considering the oil prices in the market, oil production and consumption data. The daily oil production data of 96 million barrels in 2023 was mentioned above. The prices of oil per barrel are determined according to the supply-demand balance in the market. For 2023, a barrel of Brent oil was traded at a high of $93.01 and a low of $72.77 (The Trading Economics, 2024). Accordingly, it can be said that the average price of a barrel of oil for 2023 is $80. Considering the production amounts, it is possible to talk about a market with a daily volume of $7.68 billion and an annual volume of $2.8 trillion. As I mentioned above, these numbers are not absolute data, but they are very important in showing the size of the market.

The price of the primary energy source of the global economy directly or indirectly affects almost all production and service sectors. Therefore, oil prices are a very important variable for the stable functioning of the global economy. This critical importance has caused states to see oil as a strategic product and to turn it into a foreign policy tool from time to time (especially for producer states). For example, producer states that wanted to use oil as an international instrument established OPEC in 1960 to strengthen strategic cooperation. In addition, it is seen that oil is at the basis of many international issues such as the 1973 Oil Crisis, US-Iran relations after the Iranian Revolution, US-Venezuela relations, China's African Initiative, EU-Russia relations after the Ukraine Crisis, Iran-Saudi Arabia competition, etc.

It would not be wrong to state that oil is more important for some countries than others. Especially for states that are prominent in oil production and consumption, the processes of oil production, transfer and preparation for consumption are of vital importance. In fact, the 5th Fleet of the US Navy is permanently located in Bahrain for the security of the Persian Gulf and the Strait of Hormuz, which are among the most important oil transit points in the world. Securing America's Future Energy (SAFE) data shows that the US military spent approximately $81 billion in 2018, corresponding to 16% of its budget, to ensure the security of global oil resources (SAFE, 2018). For producer states, oil is an even more important commodity. In fact, the enormous economic return of oil allows most OPEC member states to develop with oil-based production alone without investing in any other sector. This income is seen as the most important element shaping state formation, especially in countries bordering the Persian Gulf. As a matter of fact, it is seen that a form of institutionalization has emerged in the literature, which is conceptualized as the "Rentier State" and includes its own unique state-society relations.

The research object of the article, Saudi Arabia, is also one of the OPEC member states whose main source of income is oil. In fact, Saudi Arabia clearly differs from other member states in terms of oil production volume and income from oil. Since 1970, Saudi Arabia has been the

OPEC member that has earned the most from oil every year (OPEC, 2023a). According to this data, although the incomes of the states have fluctuated depending on oil prices over the years, Saudi Arabia has managed to maintain the first place among all states and earned $248.37 billion from oil exports alone in 2023. Again, considering that Saudi Arabia had a total export income of $370.97 billion in 2023 according to OPEC data, it turns out that oil exports filled a volume of 66.95% for the Saudi Arabian economy (OPEC, 2023b). Moreover, ARAMCO, the only company in the country that deals with oil trade, is the company with the highest valuation in the global oil market. The current value of ARAMCO is more than the sum of the values of the 4 largest companies after it (Companies Market Cap, 2024). This data shows how important a commodity oil is for the Saudi Arabian economy and how important a producer Saudi Arabia is for the global oil market.

While oil constitutes a huge source of income for supplier states, it also makes national economies dependent on it, as seen in the example. For example, Saudi Arabia reached a nominal GDP of $1.067 trillion for 2023 (OPEC, 2023c). However, as seen above, it provided 66.95% of its exports from petroleum products. However, although state economies are of critical importance to the global economy, their dependence on a single product makes national economies quite fragile. The dynamics of geopolitical competition between states, political crises, economic crises, epidemics, etc. cause fluctuations in oil prices, which are determined daily by the supply-demand balance in the global market. Thus, oil-dependent economies are prevented from achieving stable incomes over the years, and their fragility increases. In addition to this main factor, global transition initiatives to renewable energy, developments in electric motor technology, etc. emerge as side factors that trigger uncertainties in global oil demands. Considering all this, the national economies of states that derive a large portion of their GDP from oil revenues are becoming vulnerable to uncontrollable threats.

Since oil dependency has made national economies fragile, the idea of increasing economic diversity has emerged in the Gulf Region countries, especially since the 2010s. Accordingly, while oil revenues continue to be an important input in order to achieve sustainable economic growth and a strong national economy, sectors such as tourism, finance, technology, and entertainment need to be developed. For example, the United Arab Emirates (UAE) developed The Abu Dhabi Economic Vision 2030 in the context of this idea. According to the vision, the UAE aims to increase the volume of non-oil sectors in the national economy to 60% by 2030 (The Government of Abu Dhabi, 2008, p. 33). Similarly, Kuwait announced its “2035 New Kuwait” vision in 2017. With the vision, a “national development strategy” was created that would make Kuwait the most important financial and commercial center in the region, transform the country’s institutional structure to support productivity, and enable the establishment of new infrastructures in line with sustainable development goals (Kuwait Ministry of Foreign Affairs, 2017). Saudi Arabia has also developed the “Vision 2030” strategy in order to achieve a kind of economic, political and social transformation similar to the examples of the UAE and Kuwait. Although all these strategies are based on the rationales of diversifying national economies and reducing dependence on oil, it should be emphasized that these are not the only ones. In particular, domestic social dynamics such as demands for modernization should be seen as an internal pressure element supporting the process. In addition, change, geopolitical dynamics, the idea of having a better international image, etc. are also side elements supporting the reform movements in question.

The article will examine the effects of the Vision 2030 strategy on Saudi Arabia's economic transformation and geopolitical repositioning. The important thing about the phrase "from oil to tourism" in the title is the Saudi Arabian economy's efforts to move away from oil dependency and towards economic diversification. Therefore, although the Red Sea Project is mentioned in the article, the term tourism in the title is used with reference to a rhetoric that emphasizes transformation rather than the sector. The article aims to contribute to the literature by revealing the dynamics of transformation in the areas in question. The next section of the article will focus on what Vision 2030 is, its scope and goals. The third section will examine NEOM and the Red Sea Project, which are mega projects of Vision 2030, as case studies. The fourth section will focus on the areas in which Vision 2030 puts Saudi Arabia in international competition.

Transformation in Saudi Arabia: Vision 2030

Vision 2030, announced by Saudi Arabian Crown Prince Mohammed bin Salman on June 25, 2016, is a comprehensive reform program that aims to reduce the Saudi Arabian economy's dependence on oil, diversify its sources of income, and modernize the society and state in line with sustainable development goals. The vision aims to transform the country's economic, institutional, and social structure. In economic terms, the vision aims to develop certain key sectors in the country, primarily tourism and high technology, as alternatives to oil with the support of local entrepreneurs and foreign investments. In this context, it is aimed to make Saudi Arabia a global center of attraction, increase its international competitiveness, and support the country's soft power with a number of mega projects. The vision is a strategy that encourages a series of social reforms in addition to economic goals. As a result of these incentives, it aims to ensure that women and youth play a greater role in social and economic life. The vision is defined on the official website where it was introduced as "transformative and ambitious blueprint to unlock the potential of its people and create a diversified, innovative, and world-leading nation" (Vision2030, 2024a).

The vision is based on 3 main themes: A Vibrant Society, A Thriving Economy, An Ambitious Nation. A Vibrant Society expresses the social dimension of the vision. In line with this theme, it is aimed to create a Saudi society that is strong, modern, has adopted a national culture, lives in world standards, is productive, healthy and rich as the basic requirement of sustainable economic development. A Vibrant Society is in a primary position in terms of shaping the human capital required for the other two themes of the vision. A Thriving Economy expresses the economic dimension of the vision. For some analysts, this theme constitutes the driving force that enables the vision to be formed. The main purpose in this theme is to combine Saudi Arabia's physical possibilities with its human resources and to make investments that will enable the country to reach its economic potential. Thus, the country's economy will gradually get rid of its dependence on oil; an economic structure that feeds on various sources and allows sustainable growth will be created. Within this economic structure, all resources of the country can be used efficiently, and all segments of the Saudi society will be able to live a prosperous and happy life. An Ambitious Nation expresses the political aspect of the vision. Accordingly, depending on national and international dynamics, the state will have a more efficient and effective institutional structure that establishes closer relations with its people, where the people and the state are identified, through a number of institutional reforms.

The mentioned themes and goals of Vision 2030 come together to form the National Transformation Plan (NTP) announced in 2020. The NTP includes a series of short-term plans that determine how infrastructure modernization and public services will be provided in line with the goals of the vision. At this point, it is necessary to remember that all of the above-mentioned goals were compiled from official documents and statements belonging to the Saudi Arabian government, and to keep the country's political image in mind when considering this information.

Although Vision 2030 points to a number of comprehensive social and institutional transformations, the economic transformation dimension is more prominent. In fact, when we look at the institutional reforms carried out within the scope of Vision 2030, we see that economic transformation is determined as the locomotive of the process. The National Center for Privatization (NCP) was established in 2017 immediately after the announcement of Vision 2030. The NCP, which is managed by a committee chaired by the Minister of Finance and consisting of members from 10 ministries, aims to manage Saudi Arabia's privatization policies and encourage private sector investments. In this context, the NCP monitors which sectors are suitable for privatization, the processes of transferring public assets to the private sector, and the scope of the privatizations to be carried out.

The entertainment sector is one of the most important sectors for Saudi Arabia to achieve its economic diversification goal. In this context, the General Entertainment Authority (GEA) was established in 2016 to develop and regulate the entertainment sector. Working in collaboration with the private sector and relevant government authorities, GEA is tasked with creating a self-sustaining entertainment sector in Saudi Arabia (GEA, 2024). Riyadh Seasons can be shown as GEA's biggest project. Riyadh Seasons, which has been held since 2019, is a modern festival consisting of a series of entertainment, cultural and sports events. Riyadh Season is seen as an important step in promoting tourism in Saudi Arabia and making the country's name heard in the entertainment sector. In addition to Riyadh Season, concerts of world-famous musicians such as Metallica, Shakira, Jennifer Lopez and Nicki Minaj have also been staged in Saudi Arabia in recent years.

Another important reform for economic diversification was carried out with the Financial Sector Development Program (FSDP). The FSDP, established in 2018, works to support the growth of the country's economy through the development of the financial sector and to regulate institutions that will provide financing for private investments. In this context, it has determined the main objectives as reaching banking and insurance services to wider social segments, ensuring financial stability, realizing digital transformation (FinTech) in the financial sector, providing access to a wider range of investors, both local and foreign, to the Saudi exchange market (Tadawul), reducing reliance on public resources in the financial sector and increasing the role of the private sector, providing financing for SMEs, etc. (Vision2030, 2024b).

Another important institutional reform was the redesign of The Public Investment Found (PIF), which was established in 1971. The reform transformed PIF into Saudi Arabia's sovereign wealth fund and was tasked with financing mega projects implemented within the scope of Vision 2030. NEOM and the Red Sea Project, which will be examined in the next section of the article, are also among these mega projects. Today (2014), PIF has a portfolio of 99 companies in 13 sectors and manages a total of $925 billion in assets (PIF, 2024).

Although NCP, GAE, FSDP and PIF are very important institutional transformations, they constitute only a limited part of the institutional reforms carried out within the scope of the vision. King Salman Energy Park, which was developed as an important industrial center for the energy sector; Misintry of Culture, established in 2018; Sports Development Fund, established in 2020 for the development of sports; Tourism Development Fund, established in 2020 to support tourism investments; Fiscal Balance Program, which aims to provide a long-term fiscal balance to strengthen the country's financial structure and make public expenditures sustainable, etc. institutional reforms that can be increased in number have been carried out in order to achieve the economic goals of the vision.

The private sector is seen as an important actor in order to achieve the economic transformation goals of the vision. In this context, both local and international agents are of critical importance for the strengthening of the private sector throughout the country and for it to gain a role in the economy. This situation indicates an experience that has not been encountered before for Saudi Arabia and the Saudi nation. In fact, until the vision, the Saudi economy was a type of consumption market based on oil rent, where the main actor was the state, private enterprise and property relations were quite limited. At this point, two important policies of economic transformation come to the fore; privatization and foreign direct investment.

Privatization has been a very important policy, especially for local economic agents, in terms of accessing capital and making investments. The NCP, which plays an important role in the implementation of the country's privatization policies, has been mentioned above. Immediately after the establishment of the NCP, the Private Sector Participation Law was created to support the private sector's participation in the economy and to carry out the necessary legal regulations (The NCP, 2017). Thus, the necessary political, institutional and legal groundwork for privatization was created. In fact, the NCP carries out large-scale privatizations in target sectors such as education, industry and mineral resources, environment and agriculture, hajj and umrah, health, state property, labor and social development, transportation, communication and information, energy, sports, media, and finance. For example, in 2018, Saudi Arabia's Ministry of Health launched a program to privatize the health sector. Within the scope of the program, a holding company and five regional companies were established. According to the program, each company will manage a cluster of properties consisting of hospitals and health center. So, the companies will compete among themselves. The Ministry of Health will assume a regulatory role rather than a service provider in the new order. The program aims to have 290 hospitals and 2,300 health centers operated by the private sector by 2030 (LaingBuisson, 2018). In addition, although the privatizations carried out by the NCP primarily aim to strengthen local actors, it also allows for full foreign ownership.

Another key tool used to achieve Vision 2030's economic diversification goals is Foreign Direct Investment (FDI). FDIs are critical for the sustainable growth of non-oil sectors. FDI is generally seen as important in international political economy because it provides the capital and technology transfer needed by the national market. However, it is seen that it has other functions that come to the fore for the Saudi economy. For example, the country's traditional rentier structure causes a lack of the skills and experience gained by private sector initiatives such as risk analysis, efficiency analysis, global market dynamics, etc. Therefore, actors entering the national market with FDI can pave the way for the establishment of a more rigid private sector structure.

Within the scope of the vision, the National Investment Strategy (NIS) was established to create a strong private sector and support private entrepreneurs and startups in non-oil sectors. The NIS aims to gradually increase FDI from SAR 17 billion (approximately $4.5 billion) in 2019 to SAR 388 billion (approximately $100 billion) by 2030 (KSA Ministry of Investment, 2024a). Although the NIS set an FDI target of SAR 83 billion (approximately $22 billion) for 2023, the Saudi economy exceeded the target and attracted an FDI of SAR 96 billion ($25.6 billion) (Reuters, 2024). The FDIs realized were used in sectors such as manufacturing, finance, construction, wholesale and retail trade, science and technology, information and communication, mining, etc. (KSA Ministry of Investment, 2024b).

As seen above, the Saudi Arabian economy is in a comprehensive transformation process with the reforms it has implemented to diversify its income sources and reduce its dependence on oil. It is seen that the economic reforms and investments carried out within the scope of Vision 2030 have yielded positive results. From 2016 to 2021, the volume of non-oil revenues in the Saudi economy has gradually increased to 38%, and in 2021 alone, there was a 53% increase in non-oil revenues compared to the previous year (Moates, 2024). In 2021, oil's share in total exports was measured as 79.5%, and non-oil GDP growth was measured as 5.7% (IMF, 2023, p. 4). Although the non-oil GDP growth rate decreased slightly in 2022 and was measured as 5.3%, the export volume of non-oil sectors expanded and the volume of oil in total exports decreased to 77% (IMF, 2024, p. 4). Although this growth is not yet sufficient for the non-oil sector to self-sustain, it is very important for the diversification of economic resources. Amine Mati and Sidra Rehman argue that the reform momentum should be maintained in order to sustain this performance and create an economic structure that is more resilient to the dynamics in the oil market (Mati & Rehman, 2023).

NEOM and Red Sea Project

Vision 2030 is being pursued with reforms on the one hand, while on the other hand it is providing a concrete appearance with mega projects. The most striking of these projects are NEOM and Red Sea Project. NEOM and Red Sea Project play a central role in achieving Vision 2030's economic, institutional and social transformation goals. Both projects were developed for regions far from the Persian Gulf coast where Saudi Arabia's oil fields are located, where settlement and economic activities on the Red Sea coast are quite limited. In a sense, these projects serve as the flagship of Vision 2030 by adding diversity to the Saudi economy both sectorally and geographically.

NEOM is a mega project located in the northwestern Saudi Arabian coast on the Red Sea and Gulf of Aqaba, bordering Jordan on a mostly desert land. Situated on an area larger than Kuwait (26,500 square kilometers), NEOM takes its name from the combination of the ancient Greek words new (Neo) and the Arabic words future (Mustaqbal). NEOM plans to establish a settlement complex on previously uninhabited desert land, completely separate from the rest of the country, and inaccessible to the current Saudi judicial system. The NEOM idea is based on the themes of economic diversification and sustainability. NEOM is designed to provide advanced infrastructure facilities for 14 important sectors of the near future (manufacturing, water, high technology, entertainment, education and innovation, design and construction, food, energy, sports, tourism, human mobility, health, finance and media) that will reduce dependence on oil, and to be a global center of attraction for these sectors. NEOM is expected to be financed with an investment of $500 billion from the Public Investment Found and local and international investors (NEOM, 2024).

The Red Sea Project, announced in 2017, is a mega project that plans to create a luxury tourism region on the Red Sea coast of Saudi Arabia, including an archipelago of 90 islands, approximately the size of Belgium (28,000 square kilometers) (Fattah, 2024). The project area is divided into 3 destinations: Red Sea, AMAALA and Thuwal. A tourism settlement with thousands of rooms consisting of a total of 80 hotels is planned in these destinations (Red Sea Global, 2024). Located in a geography that offers very different ecosystems such as desert and sea, mangrove forests and coral reefs, the Red Sea Project will enable Saudi Arabia to become an important actor in luxury tourism by offering different touristic experiences together.

Undoubtedly, the most important outcome of these mega projects for Vision 2030 is that they will help ensure economic diversity. The NEOM project is designed as an economic center focused on high technology and innovation. It is aimed for NEOM city to be a global center of attraction for future economic sectors such as artificial intelligence, renewable energy, biotechnology, and FinTech. The Red Sea Project aims to revitalize the luxury tourism and accommodation sector and host millions of tourists every year on the Red Sea coast of Saudi Arabia. In order to achieve NEOM's goals, an infrastructure investment of approximately $500 billion is foreseen (Omran, 2024). Within the scope of the Red Sea Project, Red Sea Global company, owned by the Public Inverstment Found (PIF), has planned to realize a $20 billion investment alone, covering 24 holiday villages with more than 4200 hotel rooms in total in 2023-2024 (Nair, 2023). NEOM and the Red Sea Project are also very important in terms of providing new employment opportunities in the fight against unemployment. NEOM alone is expected to provide employment for 380 thousand people (Yaakoubi & Rashad, 2021). The Red Sea Project is expected to create direct or indirect employment for 70 thousand people to work in the tourism sector (Qahthani, 2024). Crown Prince Mohammed bin Salman has claimed that after the NEOM project is implemented, economic activities in the city will contribute $48 billion to non-oil GDP annually (Misk Hub, 2021). The Red Sea Project is aimed to attract more than 1 million tourists annually from 2030 and generate approximately $4 billion in non-oil GDP (Hussain, 2017, p. 3).

NEOM and the Red Sea Project also provide advantages in terms of attracting foreign capital and FDI opportunities in achieving Vision 2030 goals. NEOM aims to be a center of attraction for international technology giants, entrepreneurs and startups with its high technological infrastructure and financial investment incentives. In this context, a significant portion of direct foreign investments to Saudi Arabia are expected to come to life in NEOM. FDIs to NEOM will also bring about technology and qualified labor transfers. NEOM's CEO stated on October 30, 2024 that the private sector has invested more than $16 billion in the NEOM project in the last 18-24 months (Reuters, 2024). The Red Sea Project is designed to attract the attention of international hotel chains and tourism operators to the Saudi Arabian market. Thus, tourism is seen as a productive sector that will be strengthened by foreign investments in order to ensure economic diversity. Gregory Dierejian, Group President of Investment and Legal at Red Sea Global, stated that the Red Sea Project has also started to attract the attention of foreign investors and that he expects more FDI to come to the project in the short term (Fattah, 2024).

One of the most important goals of the projects is to create sustainable sectors both economically and environmentally. The fact that both projects are built on almost untouched areas brings with it concerns about the destruction of natural life in these areas. NEOM designs a city that will operate entirely with renewable energy (International Energy Agency, 2023). Thus, it is aimed to reduce carbon emissions and carbon footprint to near zero. The Red Sea Project is similarly designed to operate with renewable energy sources. A $1.5 billion infrastructure agreement was prepared for the AMAALA destination alone to have a sustainable infrastructure (Darley, 2024). Within the scope of the agreement, a 250 MW solar photovoltaic park, 700 MWh battery energy storage, transmission and distribution lines, a desalination plant with a 37 million liter daily capacity, wastewater treatment plants will be established. Moreover, in the context of sustainable tourism, importance is given to issues such as biodiversity, protection of coral reefs and mangrove forests in the region, and protection of desert and marine ecosystems. For this reason, 75% of the islands in the project area have been protected from being touched, and 9 islands have been designated as special protection zones (Red Sea Global, 2021).

Results: Opportunities and Risks

It would be premature to define Saudi Arabia's economy as "oil-independent" in the current stage of the Vision 2030 process, which has been underway since 2016. While national and international reports underscore growth in non-oil sectors, petroleum remains the backbone of the Saudi economy. However, this reality does not warrant a pessimistic outlook regarding the kingdom's economic diversification efforts. Vision 2030 should be understood not as a fixed deadline, but as the framework for a gradual and far-reaching transformation.

Among the dimensions of this transformation, institutional restructuring is relatively more feasible than achieving deep-rooted economic and social change. It is inherently difficult to predict when and how the economic effects of reform will materialize. The social aspect is even more complex: reforms may face societal resistance or require extended periods for full adoption. Therefore, it would be unrealistic to expect Saudi Arabia to have achieved, by 2030, a transparent and accountable institutional framework aligned with market principles, fully diversified and self-sufficient economic sectors, and a social structure entirely adapted to the demands of the new order. Instead, focus should remain on the momentum of the transformation itself and on measuring progress through tangible, incremental outcomes.

Vision 2030 also places Saudi Arabia in international competition within geographic and sectoral arenas previously unfamiliar to the kingdom. While Saudi Arabia has long asserted regional influence, particularly in the Persian Gulf—largely due to its own and neighboring countries' dependence on oil—the diversification strategy suggests a potential shift in strategic orientation. The geopolitical significance of the Persian Gulf has historically been shaped by hydrocarbon reserves, with regional rivalries, such as those with Iran and Qatar, reinforcing this dynamic. In contrast, the mega projects under Vision 2030—particularly NEOM and the Red Sea Project—are located away from traditional oil hubs. Their implementation is poised to enhance the strategic importance of the Red Sea, signaling a geographical pivot in Saudi regional policy. This shift is also likely to introduce new dimensions of competition, such as with Egypt, particularly in the domain of high-end tourism along the Red Sea coast.

Vision 2030 compels Saudi Arabia to enter international competition in sectors where it has limited prior experience, particularly tourism and high technology. Excluding the religious tourism associated with Hajj and Umrah, tourism has historically played a minimal role in the Saudi economy. Notably, sectors such as maritime tourism remain underdeveloped. This is due in part to legal and cultural restrictions; for example, current regulations prohibit men and women from using the same facilities for recreational purposes and forbid women from swimming in front of men on public beaches (Saudi Visa Authorization, 2024). These constraints have contributed to a lack of domestic expertise and institutional experience in tourism development. In contrast, countries like the United Arab Emirates and Egypt—long established in global tourism markets—hold a comparative advantage.

Similarly, Saudi Arabia's experience in high-tech fields such as artificial intelligence, robotics, and financial technology (FinTech) remains limited. Most of the observable advancements in these sectors have occurred only recently, as a direct result of Vision 2030's reforms and strategic investments. In essence, the kingdom has yet to cultivate a domestic talent base sufficiently developed to compete globally in high-technology industries.

From a pragmatic perspective, however, Vision 2030 also offers substantial opportunities in regional competition. Saudi Arabia possesses notable advantages over neighboring states such as the UAE and Kuwait, which pursue similar economic diversification agendas. With a significantly larger population and landmass, Saudi Arabia is better positioned to attract investment across a range of sectors. In the field of tourism, for instance, the kingdom benefits from two distinct coastlines, diverse desert landscapes, and religiously significant sites, enabling it to offer a broader and more unique range of experiences to tourists compared to its regional counterparts. Likewise, its geographic scale provides greater flexibility for constructing new urban zones focused on technological innovation and for developing a skilled labor force to support these sectors.

Vision 2030 represents not merely a policy framework but a sweeping social and institutional transformation effort—a process that may be described as a form of r/evolution. The reforms currently underway have the potential to fundamentally reshape Saudi Arabia's social, economic, and political life. As with any transformation of this magnitude, elements of resistance are to be expected, particularly from actors benefiting from the traditional rentier system. Localized pushback against the ideals of Vision 2030 is therefore likely, especially where reform challenges entrenched interests. The key determinant of the vision's success will be the regime's ability to manage this transition with political and institutional stability.

Nonetheless, the domestic political structure of Saudi Arabia introduces inherent risks to the realization of Vision 2030. The concentration of political power within the royal family, and particularly the centralization of authority under Crown Prince Mohammed bin Salman, has resulted in a top-down model of governance. While this may facilitate swift decision-making and the efficient implementation of reforms, it also renders the process highly personalized. The future of Vision 2030 becomes intimately tied to the political longevity of the crown prince himself. In the absence of institutional checks and participatory mechanisms, this raises concerns about the durability and institutionalization of reforms beyond his tenure.

A deeper structural issue lies in the composition of the rentier-state elite, which remains largely confined to members of the royal family. To better understand the fragility this structure may produce, Michael Mann's concept of power, as articulated in The Sources of Social Power (1986), proves instructive. Mann likens state power to a rope: while it may appear solid and unified from a distance, it is in fact composed of many interwoven strands. When the state is strong, the strands remain tightly bound; during periods of crisis, however, these strands may unravel, exposing internal fragmentation. In Saudi Arabia, traditional power has been shared among various royal sheikhs—many of whom also oversee core rentier institutions. Today, power is increasingly consolidated in the hands of the crown prince. While this may suggest that "the rope is currently strong," the lack of political or legal mechanisms to manage future crises exposes the system's underlying fragility. The long-term success of Vision 2030 will therefore depend not only on economic investment but on the willingness and ability of rentier elites to adapt to the new order being constructed.

In the traditional Saudi system, power has been distributed among various sheikhs within the royal family, many of whom simultaneously control the existing rentier mechanisms. Under the current regime, however, power has become increasingly centralized in the hands of Crown Prince Mohammed bin Salman—suggesting, in Mann's terms, that "the rope is currently quite strong." Nevertheless, the absence of institutionalized political or legal mechanisms to manage succession or crisis renders this concentration of power inherently fragile. The stability of the transformation envisioned by Vision 2030 hinges on the ability of these rentier elites to adapt to the emerging economic and political order. If they do, the transition may proceed smoothly; if not, resistance or institutional breakdown may jeopardize the process.

Privatization, support for local entrepreneurs, and opening the country to foreign investments are practices that can radically change the state-society relations that have been maintained with the rentier state model until now. Continuing investments that are highly efficient in terms of profitability can lead to the emergence of new elites with significant amounts of capital accumulation in the medium and long term. These new elites will be a new phenomenon for Saudi Arabia. The nature of the relationship that the new elites will establish with the state and rentier elites is another element that will determine how smooth the transformation will be.

Another point of resistance to transformation may arise from within society itself. Rentier state practices have led to the provision of social welfare largely through state subsidies in the last 50 years. Using oil revenues to finance reforms and investments to be realized within the context of Vision 2030 means a decrease in direct subsidies provided by the state. At this point, social segments that demand the continuation of subsidies may take a position against Vision 2030.

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