*Saudi Arabia Vision 2030, KAEC and NEOM*

**Abstract**

This paper will analyze Saudi Arabia’s comprehensive national transformation program, Vision 2030 from a critical socio-economic perspective, it will also examine the contributions of the master planned cities KAEC and NEOM to meet fulfilling Vision 2030’s proposed goals. Vision 2030 is an ambitious and financially risky long-term strategic orientation for the Kingdom of Saudi Arabia. The vision’s objectives involve reducing dependence on oil, privatizing the economy by creating new channels for economic growth, expanding employment opportunities to its youth and to catalyze greater international involvement domestically. These goals will aim to act in unison to direct Saudi Arabia towards a knowledge-based economy. KAEC’s objectives are to provide jobs to the Saudi youth, enable more women to enter the workplace, and diversify the economy. While NEOM’s aims are to drastically reduce the domestic reliance on oil and catalyze innovation.

Key words: master-planned city, Vision 2030, NEOM, KAEC, renewable energy, knowledge economy, diversified economic growth mediums, Saudi Arabia

**Introduction**

Following the discovery of domestic oil in 1938, Saudi Arabia quickly became one of the richest countries on earth, through its hugely profitable oil-exporting sector (OPEC, 2020). Despite severe restrictions placed on women’s civil liberties and abundant human rights abuses, many industrialized nations maintain strong alliances with Saudi Arabia such as the United States of America. Following the appointment of Crown Prince Salman in 2017, Saudi Arabia has undergone significant reforms including lowering restrictions on women’s ability to travel freely and start businesses, reducing the power of the religious police, and encouraging foreign involvement and investment. Moreover, Saudi Arabia recently announced its national development strategy Saudi Arabia Vision 2030, which seeks to drastically restructure its economy away from the oil industry. The development of new master-planned cities in Saudi Arabia, with particular reference to King Abdullah Economic City (KAEC) and NEOM can be perceived as vital mediums for achieving the goals outlined in the Vision 2030.

This paper will critically examine Saudi Arabia Vision 2030 from a socio-economic lens and analyze whether the master-planned cities of KAEC and NEOM are mediums through which Vision 2030’s proposed goals can be achieved. This paper will outline the objectives put forward by Vision 2030, followed by a socio-economic analysis, and ending with a critical examination of whether KAEC and NEOM seek to meet Vision 2030’s proposed goals.

**Literature Review**

This literature review will focus on the dramatic changes being experienced in Saudi Arabia. The literature review will be divided into three sections: a critical overview of Saudi Arabia Vision 2030, a description of existing literature on KAEC, and an elucidation on NEOM’s current literature. The gaps in the existing body of literature will be critically investigated, and finishing off with a concise statement detailing how this paper will contribute to the relevant body of work in a meaningful manner.

Saudi Arabia Vision 2030

Saudi Arabia’s Vision 2030 is Crown Prince Salman’s ambitious 15-year strategic plan to transform their oil-dependent economy into a knowledge-based one by 2030. Saudi Arabia’s Vision 2030 is underpinned by three pillars: a vibrant society, a thriving economy, and an ambitious nation (Vision Pillars, n.d). Albeit, a universal consensus on a universal definition of a knowledge economy is certainly lacking, it generally involves harnessing the power of knowledge and innovation in the form of human capital and scientific discovery to create new and/or improved goods and services (Haynes, 2020).

KAEC

This section of the literature review will focus on disseminating the existing body of literature regarding the development of the master planned city of KAEC. KAEC was announced in 2005 by the now deceased King Al Saud and represented the single largest investment made in Saudi Arabia at the time, amounting to $100 billion (KAEC, 2020). This was privately financed by Emaar Economic City, a Tadawul-listed real estate development and management conglomerate (Cote-Roy, 2020). The city of KAEC is projected to cover the same land area as Washington, D.C. and plans to accommodate 2 million people (Moser et al, 2015). Additionally, KAEC has designated itself as a major global logistics and manufacturing hub featuring a seaport, industrial valley, business district, resort area, education zone, and a residential space (Moser et al, 2015).

NEOM

The new master-planned city of NEOM was unveiled at the 2017 Future Investment Initiative in Saudi Arabia’s capital city, Riyadh by the Crown Prince Salman (Economist, 2017). The city’s designated name is a concatenation of the Greek *neo****,*** meaning new and the Arabic *mostaqbal,* meaning future; thus NEOM literally translates to *New Future* (NEOM, n.d.). As of now, the Saudi state has invested $500 billion towards the development of NEOM and is soliciting further investment for the project from foreign companies and investors (Bostock, 2019). It is projected to cover an estimated 10,230 square miles in the northwestern Tabuk province and plans to be the home and workplace for over 1 million citizens across the globe (NEOM, n.d.). NEOM’s guiding principle is to provide “fresh thinking and new solutions” to create a “new model for sustainable living, working and prospering” (Construction Weekly Online, 2019). NEOM plans to do so by becoming a leading technology hub, harnessing the power of renewable energies and becoming a regional powerhouse in water production and storage (NEOM, n.d.).

Gap in Research & Contribution

This section will discuss pertinent gaps in the literature of Saudi Arabia Vision 2030, KAEC and NEOM. There is a gap in the existing body of knowledge concerning how the quartet of recently announced Saudi master-planned cities will aim to work hand in hand with Vision 2030 to promote its objectives. Additionally, through my research, I observed another gap regarding comparative works on the similarities and differences between KAEC and NEOM. Simply put, this paper will contribute to the existing body of literature by incorporating a paper that critically examines how KAEC and NEOM are physical manifestations of Vision 2030.

**Body**

Vision 2030

Vision 2030 will seek to reduce the national dependence on oil, develop the human capital of its citizens, especially young men and women, expand accessibility to Saudi Arabia for the international community, and increase the role of the private sector by diversifying the mediums for economic growth (Khashan, 2017). Moreover, Vision 2030 aims to restructure its economy by creating 450,000 jobs in non-government sectors, raise non-oil revenues from $163 billion riyals to $530 billion, drastically reduce water and electricity subsidies, and raise the proportion of women in the workplace from 23% to 28% (Nurunnabi, 20017). They are poised to establish themselves as world leaders in the tourism, logistics, real-estate, shipping and technological innovation industries. In late September, 2019 Saudi Arabia officially issued the tourist visa for foreigners, designed to generate revenue through the tourism industry (Beaumont, 2019). Lastly, Vision 2030 has designated the creation of “special zones” in “exceptional and competitive locations” (Vision 2030: Open for Business, 2018). These special zones will fall outside of the jurisdiction of the existing Saudi legal framework, and will have an autonomous judicial system subject to independent regulations and legislations, drafted by investors in accordance with international best practices (Cote-Roy, 2020).

Socio-Economic Analysis of Vision 2030

It has been proposed that Vision 2030 successful implementation is unrealistic for its projected timeframe. Currently, Saudi culture revolves around the values of tribalism, Islam, and oil. Tribalism is deeply ingrained into Saudi society and involves prioritizing the interests of your respective social group over the interest of others (Khashan, 2017). This ironically goes against Islam, which preaches that all human beings are viewed equally in the eyes of the “Creator” (Laura, 2019). For all intents and purposes, Saudi Arabia is a dual-nature state that generates nearly half of its annual national revenue from their oil sector. So, Crown Prince Salman’s Vision 2030 calls for doing away with these three pillars of contemporary Saudi society and replacing them with the “values of moderation, tolerance, equity and transparency”, all within the next decade (Khashan, 2017). This is an underestimation of the requisite time to undergo such cultural transformation, increasing the likelihood of social unrest, in an already unstable region. Moreover, Vision 2030’s internationally praised call for advancements in women’s civil liberties and increased involvement in the workplace is likely to result in push back from the older, more conservative hardliners. This has the potential to further degrade of the existing social fabric that currently unites Saudi Arabia, which would inhibit the continuation and progress of Vision 2030.

From an economic perspective, Vision 2030 is a risky and expensive gamble to reverse the Kingdom's path towards bankruptcy, especially in the context of a dwindling national oil supply. As of now, Saudi Arabia is financing Vision 2030 by undergoing a 5% IPO of its national oil company, Aramco and is seeking further investment from foreign investors (Khaskan, 2017). Despite strong initial international interest, since the violent state-ordered CIA-confirmed assassination of journalist, Jamal Khashoggi much of this interest has not concretely materialized (Jamal Khasgoggi , 2019). This incident strengthens the case that Saudi Arabia will not obtain the much-needed foreign investment to properly carry out this national development policy. So, there is a strong likelihood that the Saudi state’s hand will be forced to IPO as much as 50% of Aramco’s shares to cover the cost of Vision 2030 (Khashan, 2017). This could prove disastrous for Saudi Arabia as it would compromise their capacity to singularly make decisions concerning Aramco, diffuse the generated profits away from Saudi hands and into international ones, and most importantly, they would lose control of their most profitable state-controlled company.

Considering the potentially dire financial repercussions and sweeping social reform of Vision 2030, it is clear why many conservative leaning Saudi citizens are opposed to this comprehensive policy. Another critical dimension of Vision 2030 involves increasing foreign involvement domestically, which prompted John Edwards, a board member of the Reserve Bank of Australia to say that “in order for the plan to be successful, it must profoundly change Saudi society and politics.” (Khashan, 2017). The issuance of the new tourist visa enabling foreigners to legally “vacation” in Saudi Arabia for three months has been poorly received by many of the strict adherents of the Wahhabi interpretation of the Quran. Moreover, the creation of these socially-liberal zones situated in competitive environments carries the potential to make an already charged situation explode, as many Saudis are vehemently against more ubiquitous foreign involvement in the Kingdom, especially when contemporary local social norms are not enforced.

KAEC

KAEC is a microcosm for the emerging theme occurring in the Global South, whereby new master-planned cities are intended as national economic strategies (Cote-Roy, 2020). KAEC seeks to provide an array of viable solutions to Vision 2030’s goal of diversifying the Saudi economy (Moser et al, 2015). KAEC plans to do so by positioning itself as a leader in manufacturing, shipping, business logistics and tourism. This diversification of economic sectors will catalyze large-scale job creation. As it happens, Saudi Arabia is experiencing a unique demographic period, where approximately 51% of the total population is under the age of 25 (Murphy, 2013). KAEC aims to provide 1 million jobs for the rapidly-growing and youthful population (Moser et al, 2015). KAEC has the capacity to greatly aid Vision 2030’s goals of developing its human capital, providing more jobs to Saudi’s growing youth population, and raising the proportion of women in the workplace.

KAEC perceives Singapore’s economy as an effective template for privatizing and diversifying its economy. KAEC aims to emulate Singapore’s international economy, with its port as a source of revenue, its public-private investment strategies to nurture a knowledge economy, and the development of advanced logistics (Cote-Roy, 2020). KAEC’s initiative to attract international companies and investors is based on the powerful incentives of a pro-business regulatory environment and socially-liberal “special zones”, where foreigners can feel more at home. KAEC’s aim to clone Singapore’s international economy has definitely resulted in greater foreign involvement and investment, helping to meet Vision 2030’s goal of opening up Saudi Arabia to the international community. KAEC’s port is already the second largest domestically and is outfitted with state of the art computer systems. In terms of its public-private plan, its business district that seeks to create an international environment for entrepreneurial and corporate growth has attracted over 200 startups and multinational corporations (KAEC, 2020). This will work towards fulfilling Vision 2030’s goal of transitioning Saudi Arabia into a knowledge economy.

KAEC’s innovative manufacturing and logistics district coined Industrial Valley, is currently home to more than 120 global, regional and local companies (KAEC, 2020). KAEC’s decision to focus on developing its logistics hub was made with the intent to create increased efficiencies and synergy between its port and industrial valley, as logistics represents the complementary industry to shipping. KAEC’s development of its port and industrial valley directly contribute towards the fulfillment of Vision 2030, as they are diversified private industries that will drive economic growth.

NEOM

Upon completion, NEOM is poised to significantly contribute to fulfilling Vision 2030’s objectives, with particular reference to reducing the national dependence on oil. This section will outline how NEOM’s energy sector will catalyze a drastic reduction on Saudi oil dependence. NEOM’s energy sector will be powered completely on clean renewable energy. The local environmental and climatic profile of the area encapsulating NEOM offers unmatched potential for the development of large-scale solar and wind projects (NEOM, n.d.). A smart transmission and distribution network grid will be installed to supply all of NEOM’s various industries and households with clean energy in an optimized user-experience (UX) and efficient manner (NEOM, n.d.). As NEOM is projected to cover over 10,000 square miles in Saudi Arabia, Egypt and Jordan and will be home to an estimated million individuals, the scale of this investment in renewable energy is very considerable (NEOM, n.d.). This will provide large-scale business to the rapidly-growing renewable energy sector, and will act as an economic signal to other individuals, organizations and metropolitan centers throughout Saudi Arabia, Jordan and Egypt to invest in like-minded technologies.

NEOM’s water sector plans to be the regional powerhouse and leader in water production and storage. Situated along 450 kilometers of coastline, NEOM has access to an enormous source of saltwater. NEOM water system aims to be completely generated from desalination plants entirely run on renewable energy to ensure zero greenhouse gas emissions (NEOM, n.d.). NEOM has a unique competitive advantage with regards to water production and storage, due to its optimal adjacent coastline location and Saudi Arabia’s vast desalination expertise. The water distribution network is set to be fully connected through an advanced internet of water infrastructure system to minimize the seepage and loss of water (NEOM, n.d.). This is critical given NEOM’s arid and hot climate, which offers inconsequential amounts of precipitation while having a strong evapotranspiration effect. Moreover, NEOM’s water network is set to be a circular economy, with all the wastewater being processed to generate energy, fertilizer and reusable ‘grey’ freshwater for irrigation (NEOM, n.d.). All in all, NEOM’s water sector will enable Saudi Arabia to transition away from oil at a faster rate, while improving its human capital through the implementation of innovative infrastructure and technologies, as well as attracting foreign water-centric companies and organizations.

**Conclusion**

This paper sought to analyze Saudi Arabia Vision 2030 from a socio-economic perspective, followed by examining whether KAEC and NEOM positively contribute to the fulfillment of Vision 2030’s proposed goals. Vision 2030’s objectives involved reducing dependence on oil, privatizing the economy by diversifying its economic growth, expanding employment opportunities to youth and to catalyze greater international involvement within the Kingdom; all in the name of becoming a knowledge-based economy. Despite the visionary approach to this policy, it can be argued that it calls for too much societal change in too short a timeframe, potentially leading to social unrest. Also, the vision is funded by an IPO of Aramco, which could also prove disastrous for Saudi Arabia. With that said, the development of the two master-planned cities of KAEC and NEOM are contributing in a major way to meeting Vision 2030’s proposed objectives. KAEC is paving the way for a knowledge economy through developing the Kingdom’s human capital, providing more jobs to the growing youth population, raising the ratio of women in the workplace, and by diversifying the mediums for economic growth. On the other hand, NEOM enormous investments in renewable energy generation systems, as well as its clean and innovative water production and storage network greatly contribute to the Kingdom’s desire to drastically lessen their reliance on oil.

One limitation of this paper involved difficulty in finding a wealth of peer-review academic literature regarding NEOM. As a result, I relied heavily on their official website, offering an inherently-biased insight into NEOM. I would have greatly benefited from a longer paper. Originally, I was set on writing a comparative paper on the similarities and differences observed between KAEC and NEOM, while using Vision 2030 as a backdrop to set the local context. Lastly, this paper would have delved more deeply into critically comparing the social, economic and technological dimensions of each respective master-planned city.

Works Cited

Beaumont, P. (2019, September 27). Saudi Arabia to open itself up to foreign tourists for first time. Accessed March 1, 2020. Retrieved March 2, 2020, from <https://www.theguardian.com/world/2019/sep/27/saudi-arabia-offer-tourist-visas-for-first-time>

Bostock, Bill. (2019, September 23). "Everything we know about Neom, a 'mega-city' project in Saudi Arabia with plans for flying cars and robot dinosaurs." Accessed February 29, 2020. Retrieved from <https://www.businessinsider.com/neom-what-we-know-saudi-arabia-500bn-mega-city-2019-9>

Construction Weekly Online. (2019, June 18). "PICTURES: This is what Saudi Arabia's Neom Bay Airport looks like." Accessed March 1, 2020. Retrieved from <https://www.constructionweekonline.com/projects-tenders/255820-pictures-the-airport-serving-saudi-arabias-neom-super-city-in-2019>

Cote-Roy, L. (2020, February 13). Lecture 8: Common Features of New Cities. *Geog 325*. Accessed Feb 27, 2020.

Economist, The. (2017, October 26). "Saudia Arabia's Reforms: There's no place like NEOM." Accessed Feb 28, 2020. Retrieved from <https://www.economist.com/middle-east-and-africa/2017/10/26/saudi-arabia-launces-a-futuristic-economic-zone>

Hayes, A. (2020, February 6). Knowledge Economy Definition. Accessed February 29, 2020. Retrieved from <https://www.investopedia.com/terms/k/knowledge-economy.asp>

Jamal Khashoggi: All you need to know about Saudi journalist's death. (2019, June 19). Accessed March 1, 2020. Retrieved from <https://www.bbc.com/news/world-europe-45812399>

KAEC: Invest in the Leading Economy. (2020). Accessed March 2, 2020. Retrieved from <https://www.kaec.net/invest/#goto_partner_section>

Khashan, H. (2017). Saudi Arabia's Flawed "Vision 2030". Accessed February 29, 2020. Retrieved from <https://www.meforum.org/6397/saudi-arabia-flawed-vision-2030>

Laura, L. (2019, April 1). Saudi-Arabia's Epidemic: Tribalism. Accessed February 29, 2020. Retrieved from <https://www.blueabaya.com/2010/07/saudi-arabias-epidemic-tribalism.html>

Moser, S., Swain, M., & Alkhabbaz, M. H. (2015, April 2). King Abdullah Economic City: Engineering Saudi Arabia's post-oil future. Accessed February 29, 2020. Retrieved from <https://www.sciencedirect.com/science/article/pii/S026427511500030X>

Murphy, C. (2013). Saudi Arabia's Youth and the Kingdom's Future. Accessed March 1, 2020. Retrieved from <https://www.newsecuritybeat.org/2012/02/saudi-arabias-youth-and-the-kingdoms-future/>

NEOM. n.d. *NEOM.* Accessed March 1, 2020. Retrieved from <https://www.neom.com/about/>.

Nurunnabi, M. (March, 2017). Transformation from an Oil-Based Economy to a Knowledge-based Economy in Saudi Arabia: the Direction of Saudi Arabia 2030. Accessed February 29, 2020. Retrieved from <https://link.springer.com/content/pdf/10.1007/s13132-017-0479-8.pdf>

OPEC: Saudi Arabia. (2020). Accessed March 2, 2020. Retrieved from <https://www.opec.org/opec_web/en/about_us/169.htm>

THE VISION THEMES. (n.d.). Accessed February 28, 2020. Retrieved from <https://vision2030.gov.sa/en/vision/themes>

Vision 2030: Open for Business. (2018, November). Accessed March 2, 2020. Retrieved from <https://vision2030.gov.sa/en/node/7>