

Investing in Tourism in Saudi Arabia

During the second half of the 20th century tourism has been growing so rapidly that it will soon become the World's largest industry - overtaking autos, steel, electronics and agriculture. In 1998 635 million people travelled to a foreign country spending some \$439 billion; this spending combined with the transportation revenues involved in tourism totals more than \$500 billion annually.

Tourism accounts for 11.7% of the World's GDP and visitor expenditure amounts to 8% of World exports. The World Tourism Organisation expects an extra 5.5 million jobs to be created each year to 2010 by tourism growth. So why should part of this growth be centred on Saudi Arabia?

Developing tourism in Saudi Arabia is the most 'common sense' policy that can be imagined and an attractive way of diversifying the economy. We are not talking, of course, of mass tourism, but a gradual and refined development within the constraints of the Sharia.

There are three potential markets for tourism; firstly, and most importantly, there is a domestic market; three million Saudi nationals, not counting the significant expatriate community, spend holidays overseas each year. This represents an outflow of income of some SR30 billion or the equivalent of over 15% of the profit from oil exports. Not only is this damaging the Balance of Payments, but it is depriving the economy of domestic purchasing power and the multiplier effects that go with it in terms of extra income and employment opportunities. Secondly, there is the potential of extending the stay of those undertaking pilgrimage to Mecca and Medina. The number of such pilgrims has grown from 431,000 in 1970 to over 1 million today. Extending their average stay, for example, by a further 7 days could raise their spending in the Kingdom by some SR5 billion; again think of the benefits in terms of much needed job opportunities. Thirdly, there is a 'niche', international market. This is not the mass tourism of Spain and the Balearic Islands, nor even the 'Disney World' mentality; these cater for their own particular clientele. Saudi Arabia should appeal to a more discerning, higher net worth clientele, which is looking for something very different.

What does Saudi Arabia have to offer the tourist? A tourist wants to be made to feel at home - the hospitality of the Saudi people and their modesty is second to none. Secondly there is the climate - Saudi Arabia has a beautiful climate when the Northern Hemisphere is suffering from the ravages of winter, so it makes an ideal 'winter sun' retreat. Of course, in the case of the Asir region, the tourist season,



because of its temperate climate, stretches throughout the year.

Thirdly, it has superb beaches, unique countryside and desert as well as tremendous development potential for water sports, including diving in the Red Sea. This gives it much scope for activity as well as rest and recuperation holidays.

Finally, and not of least importance for the international tourist who is seeking that unique experience, is the history, culture, wild life, and archaeology of Saudi Arabia. There is a significant depth to all of these; Saudi Arabia may be a modern Kingdom but it has an ancient past - with villages mentioned in the Koran and the Bible, with hidden tombs in the desert and the old towns of Jeddah and Diriyah - all in contrast to the modern architecture of Riyadh and Jeddah. Remember also that Riyadh was selected by UNESCO as the capital of Arab culture in 2000.

The establishment of a Higher Tourism Authority under the able direction of HRH Prince Sultan ibn Salman ibn Abdul Aziz is very welcome. This can not only provide the information and data requirements of the tourist industry but develop a strategy of gradual expansion avoiding the over-development visible in many tourist spots around the world. Over SR 110 billion has already been spent on provision of infrastructure related to tourist centres - that is major roads, power supplies, communications, water services et al, but a lot more still needs to be done. The private sector is already responding with new resort projects incorporating not only new hotels but shopping centres, wedding halls, medical centres and entertainment facilities.

One final word, if Saudi Arabia does want foreign investment, there is no better way of advertising the fact and also the virtues of investing in Saudi Arabia than through tourism. Tourism can get rid of the 'unknown', which is often a key factor in preventing foreign investment taking place. It is also a golden opportunity for some of those billions of dollars invested overseas to make their way back into the Kingdom.



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