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# Saudi reforms are halfway through - the image has been changing rapidly, and it's time to change the identity



Saudi Arabia's intentions to implement its Vision 2030 strategy, which should change the country's image and make it a significant worldwide business and cultural actor, are supported by the international political and economic environment.

Crown Prince Mohammed bin Salman's major reform effort is nearly halfway through its anticipated period, and while the results are solid, expectations are considerably higher.

However, will Saudi Arabia's rebranding strategy still be effective after a set period of time?

Saudi Arabia is the fastest growing among the large global economies and last year achieved the highest growth (8.7%), leaving behind China, India and its rich neighbours from the Gulf.

International political and economic trends provide good long-term prospects to its oil industry, as the cornerstone of its economy and development.

Due to sanctions, major producers such as Russia, Iran, and Venezuela cannot anticipate a speedy recovery, making the Gulf nations appealing and reliable global market providers in the next decade. In this respect, Saudi Arabia is the undisputed regional leader.

## Diplomatic actions for a stable region

The Kingdom has been rapidly positioning itself as the principal actor in resolving regional crises, fully aware that it could implement its ambitious national plans only in a peaceful environment.

The space for progress opened up after the diplomatic rapprochement between Saudi Arabia and Iran last March, under the mediation of China, which relaxed numerous crises in the region, primarily in Yemen.

The reform strategy thus provided two key

preconditions for its implementation: stable long-term prospects for its oil industry as an economic engine of change and increased political stability in its immediate environment.

The mega strategy Mohammed bin Salman launched at the beginning of his rule in 2016 will provide funding for projects.

Its main investment vehicle - Public investment fund - is expected to have around \$2 trillion by 2030, making it the largest global investment player.

## The strategy enters an even more significant phase

At the halfway mark, Saudi Arabia and its leader could be pleased with the attention their initiatives have generated. After all, positioning the country as open and desirable for investors and tourists is one of the objectives of Vision 2030.

The direction in which the country's image has been changing is comprehensible, and, thus far, extremely successful. But, has the time come for Saudi Arabia to focus more on changes in its identity?

It might be an even more complex task, but without changing your identity or the objective image of who you really are, solely changing your image (how others see you) could not be entirely efficient.

Saudi Arabia has turned a lot of the spotlight on itself with the arrival of numerous big world football names to its clubs.

Cristiano Ronaldo, Karim Benzema, Sadio Mané, and Roberto Firmino led the "army" of world football stars from the largest European to Saudi clubs last year.

They brought significant marketing and broadcast rights revenues and, in general, worldwide (particularly regional) media interest.

But will their arrival make the national Saudi football league a long-term competitor to major European competitions, primarily in terms of business? Most likely, it will not.

The current wave of transfers of big football names to Saudi Arabia is reminiscent of some earlier similar attempts to buy international influence (China, Turkey, and Japan) in a very wealthy football market.

However, they declined and eventually vanished along with the careers of great players who spent a few years in "small" football countries before retiring.

## How sustainable are the new mega-settlements?

Significant Saudi investments have been made in sports like golf, Formula 1, video gaming, big music stars and festivals, in a whole series of large and wealthy areas and trends, as a way to draw tourists and businesspeople from abroad and ultimately make the Kingdom an attractive place to live and conduct business.

To that end, will mega-settlement projects, such as Neom, the "high-tech semi-autonomous state," or Octagon, the city on the water, or the wellness complex with the Trojena ski resort, be sustainable in the long term?

Those cities are "built by bankers", as said by an anonymous architect from Jeddah, who describes them as "sterile, similar to a shopping mall" and do not have the bright future predicted in the strategy to draw in tens of thousands of new residents who would live and work in a contemporary, digital, and environmentally friendly setting.

These zones are considered the main drivers of tourism development, investment and innovation but also face the risk of remaining isolated islands of well-being intended for privileged-wealthy people, surrounded by a different conservative culture and heritage.

This gap could become deeper if there are no changes in the inner being of Saudi Arabia and its identity.

## Resistance from a conservative environment

Critics of modernisation and opening saw in Crown Prince Mohammed bin Salman's strategy a change in Saudi society's identity as well as its outward appearance. As a result, they do not view his ideas favourably because they inevitably lead to and violate some significant and deeply ingrained traditions of this conservative community.

Also, a significant and perhaps the biggest challenge for the final success of the strategy and its sustainability after 2030 will be the change in the work ethic of the Saudi population and its equipping for an independent and entrepreneurial life.

One of the set goals is to strengthen the private sector, precisely to reduce the dependence of companies and individuals on substantial state subsidies that come from oil profits.

But in addition, the Saudis will need to develop new working practices, critical thinking skills, an entrepreneurial spirit, and labour mobility because these are necessary for the long-term and enduring effectiveness of reform measures.

If this is not done, the Saudi reform project, which is by far the most extensive in the entire region, will be doomed to follow in the footsteps of other, earlier reform initiatives that left the working and social environments deeply divided and left the nation without having a particularly significant impact on regional and international flows.