

**Saudi Arabia 2030 Plan:
No More Dependency on Oil... and USA**

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Ramy Jabbour

Gulf and KSA Office

“Addiction to oil has disturbed the development of many sectors in the past years”. By this meaningful stance on Al Arabiya TV, the Saudi crown prince Mohammad Bin Salman (MBS) unveiled a far-reaching plan to diversify Saudi Arabia’s economy and wean its excessive reliance on crude oil exports by 2030.¹ A set of reforms that include a reduction in state subsidies for oil, electricity, and water as well in raising more revenue from taxes; and opening up the country to more expatriates and tourists were revealed to the young Saudis wishing a future prosperous as the one their parents have enjoyed. The plan comes at a delicate moment for Riyadh which is facing a steadily deteriorating relationship with U.S. President Barack Obama’s administration adding to a growing cold war with its regional rival Iran. What are the challenges for the 2030 plan and can the Saudi Prince succeed in his vision to transform Saudi Arabia from a *rentier* state to a regular state? How will the Saudi foreign policy be affected by this long term vision?

The New Strategy

Cheaper price of oil puts more pressure on Saudi authorities to make economic changes and reforms. As part of the new strategy, Saudi Arabia will sell less than 5 percent of oil giant Aramco's shares via a partial Initial Public Offering (IPO) and will turn the kingdom into an investment-driven economy and a “global player.” MBS is willing to set up a \$2 trillion sovereign wealth fund which part of its assets will come from the sale of a small part of Aramco.² The prince confirmed that he is willing to reduce the unemployment and promised that lifting subsidies will include the princes and government officials. Moreover, supporting tourism will be part of the future plan to reduce reliance on the oil sector and to direct Riyadh’s economy to the private sector. The Kingdom is willing to build the world’s biggest Islamic museum, open up its land for all tourists, “within our beliefs and values,” and revitalizing culture and entertainment in kingdom. Furthermore, MBS explained that the development of the King Salman bridge over the Red Sea, announced in an agreement with Egypt, will link Europe and Asia which will provide vast building and investment opportunities.

¹ Al Arabiya English (2016), Highlights of Saudi Deputy Crown Prince’s interview with Al Arabiya. Retrieved from: <http://english.alarabiya.net/en/perspective/features/2016/04/25/Highlights-of-Deputy-Crown-Prince-Mohammed-bin-Salman-s-Al-Arabiya-interview.html>

² Young, K. (2016), Understanding Vision 2030: Anticipating Economic Change in Saudi Arabia, *The Arab Gulf Institute in Washington*. Retrieved from: <http://www.agsiw.org/understanding-vision-2030-anticipating-economic-change-in-saudi-arabia/?platform=hootsuite>

Moving to the defense sector, the prince asked: “How could we be the world 3rd largest spender on arms, but we don’t have a military industry?” Bin Salman announced plans to establish a holding company for the military industries 100 percent owned by the government that will be listed later in the Saudi market. The Saudi prince had previously in other interviews stated that a National Transformation Plan -part of the Saudi 2030 vision- will include tax increases, spending cuts, and a much bigger role for the private sector.³

Challenges

It is somehow clear that the plan initiated by the Crown Prince will be put at stake due to several political and economic conditions. The reforms which will give women a larger margin of freedom and enhance the tourism sector will probably upset the Islamic clerics who provide a sort of religious legitimacy to Al Saud family to rule the kingdom. Moreover, the engagement of the Saudi women in the labor market may be viewed as a deviant behavior toward the Wahhabi religious school. On the economic level, the unskilled workers, the high dependency on foreign workers especially in the private sector (Saudi nationals make up less than 10 percent of the private sector workforce and less than half the workforce overall) may disrupt the economic transformation and lessen the independency from the oil sector.⁴ The imposition of taxes to raise more revenue may seem a brilliant idea from the Saud family to transform and diversify its oil-dependent economy. But this is an alien concept in a rentier state like KSA. This new development may thrill the Saudi citizen to ask for more representation in return for taxation. Top oil exporter Saudi Arabia will likely face several challenges to implement this long term vision. The reforms with their liberal nature that Prince Mohammad is willing to apply in the Kingdom may weaken the role of the religious school and foster the Saudi citizens to ask for more representation in the government.

³ Mehdi, A. (2016), A New Vision for the Kingdom, *Stratfor*. Retrieved from: <https://www.stratfor.com/weekly/new-vision-kingdom>

⁴ Johnson, K. (2016), Saudi Arabia Plans to Break Its ‘Addiction’ to Oil, *Foreign Policy*. Retrieved from: <https://foreignpolicy.com/2016/04/25/saudi-arabia-plans-to-break-its-addiction-to-oil-salman-vision-2030-aramco/>

A first indicator for the weakening of the Saudi religious establishment was the curb of the unbridled power of the religious police, the notorious Mutawa; the force can no longer arrest.⁵ Moving to Al Saud circles, the question of the princes' role in this reform plan is a key question. It is remarkable what the Atlantic researcher, Jean-François Seznec said: "Mohammed bin Salman is disciplining the royal family to make it palatable to the 70 percent of the country under the age of 30. Ultimately, they are trying to save the royal family from itself."⁶

Projection on the Foreign policy

As the perceived notion of oil-for-security diminishes with the United States' declining demand for oil from the Middle East, and Saudi Arabia's willingness to be less dependent on the oil sector, the two states will be less reliant on each other in the future. Their different opinions concerning the Syrian crisis, the Iranian deal, and the pressure of the U.S. lawmakers in Congress from both parties (Republican and Democrat) on the administration to release a long-classified portion of the 9/11 inquiry that highlights greater Saudi participation in the attacks, distanced the two states from each other.⁷ Since Riyadh is considered as being a regional power that fights threatening ideologies and tries to stop their military power development, the US will eventually support the Kingdom in its battles rather than interfering directly in the war. The Yemeni war and the initiation of the Islamic coalition, are two clear examples of the new Saudi stance in foreign policy and defense. On the other side, Obama's administration made it clear that Riyadh's leadership should fight its own battles. Besides, the former intelligence chief prince Turki El Faissal claimed that the U.S.-Saudi relationship has irrevocably changed, and this will remain the case no matter who will be the next American president be.⁸ The deteriorated relation between the two historical allies will place the Kingdom in a serious position to fully implement the 2030 plan in order to become a more stable, and better developed state, dependent mainly on its own power.

⁵ Gardner, D. (2016), The religious Compact that Constrains Saudi Economic Reform, *The Financial Times*. Retrieved from: <http://www.ft.com/intl/cms/s/0/78294598-0bc9-11e6-9456-444ab5211a2f.html#axzz47QE0osDT>

⁶ Johnson, K. (2016), Saudi Arabia Plans to Break Its 'Addiction' to Oil, *Foreign Policy*. Retrieved from: <https://foreignpolicy.com/2016/04/25/saudi-arabia-plans-to-break-its-addiction-to-oil-salman-vision-2030-aramco/>

⁷ Seznec, J. (2016), US-GCC Ties Need to Expand Beyond Oil, *Atlantic Council*. Retrieved from: <http://www.atlanticcouncil.org/blogs/new-atlanticist/us-gcc-ties-need-to-expand-beyond-oil>

⁸ Krever, M. (2016), 'Yesteryear' U.S.-Saudi relations are gone, says former intel chief, *CNN*. Retrieved from: <http://edition.cnn.com/2016/04/20/world/saudi-prince-turki-amanpour/index.html>

MBS succeeded in his interviews through the Economist, Bloomberg, and recently on Al Arabiyya TV to change the Saudi tradition of governance and to create a nationalistic propaganda as a reclaiming of Saudi Arabia's independence and strength in the era before oil. The Prince will probably evaluate his steps in implementing his vision since he is regarded by his enemies and some of his "friends" as an inexperienced leader. Some princes will likely be concerned that they will lose their privilege of securing favorable terms on business deals - a traditional way for royals to accrue wealth. On the other hand, MBS has to balance the business elite's influence against the power of the Ulama, the clerical body that grants vital religious legitimacy to the House of Saud. Moreover, the Kingdom needs to be transparent to attract more foreign investors and to provide them with a system for resolving commercial disputes based on international law and neutral arbitration, rather than the Islamic law that dominates life in the kingdom.⁹ Vision 2030 is an ambitious first step to change Saudi Arabia's dependency on oil... and USA. The reactions and interactions between state, society, and business in the coming months will define Saudi Arabia's place in the region and the international system for decades to come.

⁹ Henderson,S (2016), Saudi Arabia's Challenging Plan to Shift from Oil, *The Washington Institute*. Retrieved from: <http://www.washingtoninstitute.org/policy-analysis/view/saudi-arabias-challenging-plan-to-shift-from-oil>