

COMPARISON OF THE ROLE OF TOURISM IN THE ECONOMIC DIVERSIFICATION AGENDA OF SAUDI ARABIA AND THE UAE

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ABSTRACT

Keywords:
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This study analyzes the role of the tourism sector in supporting the economic diversification agenda of Saudi Arabia and the United Arab Emirates (UAE) in the post-oil era. Both Gulf countries face the challenge of dependence on oil and seek to develop tourism as a sustainable alternative. The research method used is qualitative with a comparative approach, based on literature review which includes official reports, academic articles, and policy documents. The results show that Saudi Arabia emphasizes tourism based on culture, history, and religiosity through projects such as NEOM, Al-Ula, Qiddiya, and The Red Sea Project, which contribute about 11.5 percent to GDP in 2023. Meanwhile, the UAE is focusing on lifestyle tourism, global entertainment, and digital technology integration through Dubai and Abu Dhabi, contributing around 11.7 percent to GDP in 2023. These findings show that although the strategies of the two differ in orientation and approach, tourism serves as a motor of economic diversification, an instrument of nation branding, as well as a means of cultural diplomacy. This research contributes to the literature by providing a direct comparison of Saudi and UAE strategies in tourism-based economic transformation.

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الكلمات المفتاحية:
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المتحدة.

تهدف هذه الدراسة إلى تحليل دور قطاع السياحة في دعم أجندة التنوع الاقتصادي في المملكة العربية السعودية ودولة الإمارات العربية المتحدة في مرحلة ما بعد النفط. يواجه البلدان تحديات الاعتماد على النفط ويسعيان إلى تطوير السياحة كبديل مستدام. استخدمت الدراسة منهجاً نوعياً ذا مقارنة مقارنة بالاعتماد على مراجعة الأدبيات والتقارير الرسمية والمقالات الأكاديمية والوثائق الحكومية. أظهرت النتائج أن المملكة العربية السعودية تركز على السياحة القائمة على الثقافة والتاريخ والدين من خلال مشاريع مثل نيوم والعلا ومدينة القدية ومشروع البحر الأحمر، حيث ساهمت بنسبة 11.5% من الناتج المحلي الإجمالي عام 2023. بينما ركزت الإمارات على سياحة أنماط الحياة والترفيه العالمي والتكامل التكنولوجي عبر دبي وأبو ظبي، مسجلة مساهمة بلغت نحو 11.7% من الناتج المحلي الإجمالي عام 2023. وتبين أن السياحة، رغم اختلاف النهجين، أصبحت محركاً رئيسياً للتنوع الاقتصادي وأداة للهوية الوطنية والدبلوماسية الثقافية. تساهم هذه الدراسة في الأدبيات من خلال تقديم مقارنة مباشرة بين استراتيجيات السعودية والإمارات في التحول الاقتصادي القائم على السياحة.

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INTRODUCTION

The Middle East region has long been known as a region rich in petroleum resources, which for decades has been the main commodity and the main support for the economies of a number of countries (Olawuyi, 2021). Revenues from the oil sector have enabled massive infrastructure development and rapid economic growth, especially in the era of the oil boom. However, not all countries in the region have abundant oil reserves. Petroleum wealth is more concentrated in countries that are members of the Gulf Cooperation Council (GCC), namely Saudi Arabia, the United Arab Emirates (UAE), Kuwait, Qatar, Bahrain, and Oman. These countries are the most vulnerable to fluctuations in global oil prices, so they are encouraged to look for alternative strategies in ensuring economic sustainability in the future (Al Naimi, 2022).

The contribution of the oil sector to the Gross Domestic Product (GDP) in GCC countries shows considerable variation in dependence. In 2020, the oil sector accounted for 27.6% of Kuwait's GDP, 16% in Saudi Arabia, 15% in Oman, 10.6% in Qatar, 10.5% in the UAE, and 6.7% in Bahrain (World Bank, 2021). These figures confirm that although all GCC countries have oil reserves, their dependence on the sector is not uniform. This difference affects the economic diversification strategy of each country, including in the development of the tourism sector as an alternative source of growth. Diversification is an important step to reduce the risk of a "resource curse" or resource curse that can hinder economic stability and sustainability (Abdelkawy, 2024).

Seeing these conditions, Saudi Arabia launched Saudi Vision 2030 in 2016 which targets economic transformation by strengthening the non-oil and gas sector, such as tourism, culture, entertainment, and investment (Government of Saudi Arabia, 2020; Moshashai et al., 2020). The UAE first embarked on similar steps through UAE Vision 2021 and Dubai's Strategic Plan 2015, which was followed by Abu Dhabi Economic Vision 2030 and UAE Centennial (Ministry of Foreign Affairs of the United Arab Emirates, 2025; Jeong, 2020). Both countries place tourism as a key pillar of the post-oil economic transition, albeit with different socio-cultural approaches and contexts.

In its development, tourism is not only considered an alternative economic sector, but also a means of cultural diplomacy and nation branding. Saudi Arabia, for example, is beginning to open up to international tourists through the easing of social rules and major projects such as NEOM and the development of Al-Ula (Yehia et al., 2022). Meanwhile, the UAE has already established its position as a leading destination with world-class infrastructure, open policies, and the hosting of international events such as Expo 2020 and Formula 1 (Wippel, 2023).

Various previous studies have also highlighted this dynamic. Alnafisah (2025) found that the tourism sector plays a positive role in encouraging income equality in the GCC region. Meanwhile, Al Naimi (2022) emphasized that despite a strong commitment to diversification, Saudi Arabia still faces structural constraints such as oil price volatility and weak education systems (Al Naimi, 2022). Abdelkawy (2024) revealed that although natural resources still contribute to short-term growth, the urgency of diversification is getting stronger to ensure long-term economic resilience (Abdelkawy, 2024). Research on the response of the Saudi people to economic diversification efforts through a tourism approach has been conducted by Hidayat and Soekarba (2024) which shows the duality of public perception of the New Murabba project, one of the Vision 2030 initiatives (Hidayat & Soekarba, 2024). Studies outside the Gulf, such as Burbano and Meredith's (2021) study of the Galapagos Islands, also show that tourism is able to drive economic diversification by shifting people away from traditional sectors to tourism-based opportunities, despite posing social and ecological dilemmas.

From the literature, it can be seen that studies on economic diversification through

tourism have been carried out, but it is still limited in comparing specifically the strategies of Saudi Arabia and the UAE. Most previous research has focused more on macroeconomic analysis or long-term impacts, so not many have reviewed the aspect of direct comparison between the two countries in the framework of tourism. Therefore, this study is here to fill this gap through a comparative analysis that highlights the approaches, socio-cultural contexts, and implications of tourism strategies in Saudi Arabia and the UAE.

This study aims to analyze and compare the role of the tourism sector in the economic diversification agenda of Saudi Arabia and the UAE. The main focus of the study is to identify the flagship projects and their impact on the economic transformation of each country, using qualitative methods based on literature review. The research questions asked are: What is the role of the tourism sector in supporting the economic diversification agenda of Saudi Arabia and the UAE that the two countries are running in developing this sector?

Methodologically, this study adopts a qualitative comparative approach grounded in a structured literature review. The review encompasses academic journal articles, policy papers, government publications, and institutional reports related to tourism and economic diversification in Saudi Arabia and the UAE. Sources from 2015–2024 are prioritized to capture the latest policy shifts in the post-oil transition era. The analysis is conducted through a thematic comparison framework that identifies patterns in strategic direction, socio-cultural contexts, and tourism implementation across both countries, allowing for a rigorous and context-sensitive comparative evaluation.

By examining these issues, this research is expected to be able to make a significant contribution to the literature on economic development in the Gulf region. This study confirms that economic diversification through tourism is not just a shift in income sectors, but also includes social, cultural, and political dimensions. The findings of this study are expected to enrich the understanding of tourism as an instrument of sustainable development as well as a means of cultural diplomacy and nation branding, both in the Gulf region and in other developing countries with similar characteristics.

RESULTS AND DISCUSSION

The role of tourism in Saudi Arabia's economic diversification

Saudi Arabia's efforts to diversify the economy are by creating the Saudi Vision 2030 framework. Saudi Vision 2030 was formed by Mohammad bin Salman -Crown Prince- in 2016. This vision is designed to reduce Saudi Arabia's dependence on the oil sector, which has been the country's main foreign exchange. The sectors that are being developed focus on the non-oil and gas sector. such as the tourism, culture, investment, and technology sectors. In addition, through this vision, the Saudis aim to create more jobs and strengthen Saudi Arabia in the international arena. This strategy targets a 10% increase in Saudi Arabia's Gross Domestic Product (GDP) by 2030 (Arabia, 2020).

The main sector that is developed to diversify the economy is the tourism sector. Through tourism development, it is hoped that many tourists from outside will enter Saudi Arabia so that it plays a role in increasing the country's foreign exchange. The presence of foreign tourists not only has an impact on increasing national income, but also encourages the growth of various supporting sectors, such as hospitality, transportation, culinary, and creative industries (Johanes et al., 2024). Thus, tourism serves as a catalyst for the creation of new jobs, the improvement of infrastructure quality, and the expansion of investment opportunities. Furthermore, this strategy shows that tourism is positioned not only as an alternative source of state revenue, but also as an instrument of socio-economic transformation that can strengthen Saudi Arabia's economic resilience in the face of fluctuations in global oil prices.

Policy transformation also supports the strengthening of this sector. Since 2019, Saudi Arabia introduced a tourist visa that allows visits of up to 90 days, established a Tourism Development Fund to encourage investment, and launched a National Tourism Monitoring Platform to monitor the sector's performance (Saudi Tourism Authority, 2024). Digitalization is also driven through online licensing services and virtual tourism innovations, such as *the Virtual Reality Experience for the Two Holy Mosques* and the Al-Ula digital tour (Mir & Kulibi, 2023).

According to World Travel and Tourism Council (2024) data, the tourism sector will contribute 11.5% to Saudi Arabia's GDP in 2023 (World Travel & Tourism Council, 2024a). The Saudi Tourism Authority report (2024) recorded an increase in international tourist arrivals by 73% and a surge in international tourism revenue of up to 207% in September 2024 (Saudi Tourism Authority, 2024). This achievement not only confirms the effectiveness of the Vision 2030 strategy, but also places Saudi Arabia as the country with the fastest growth of the tourism sector among G20 members. With this positive trend, tourism is increasingly recognized as the main motor of economic diversification and a means of structural transformation towards the post-oil era.

However, this economic achievement does not necessarily run without obstacles. The implementation of major Vision 2030 projects, including the tourism and urban development sectors, has also faced social resistance at home. The New Murabba Project found a duality of public perception. Young and progressive professionals support the project as an instrument of economic diversification, while conservatives highlight cultural and religious implications that are perceived as contrary to traditional values. This shows that the success of Saudi tourism strategies does not only depend on economic achievements, but also on the government's ability to bridge differences in perceptions in society (Hidayat & Soekarba, 2024).

There are several mega projects that have been made to realize this vision. Tourism development projects that are Saudi Vision 2030 projects include NEOM, Qiddiya, The Red Sea Project, and Al-Ula. The overall project reflects Saudi Arabia's efforts to diversify its economy from oil dependence to a more inclusive tourism and cultural sector.

The most iconic project is NEOM city (New Future) which is a futuristic city launched in 2017. The city is located in Tabuk Province, northwest of Saudi Arabia. The city is directly adjacent to the Red Sea which stretches for 460 km. The area of the region is about 26,500 km² (Boretti & Castelletto, 2022). The project was designed as a symbol of a major transformation within the framework of *Vision 2030*. NEOM includes a number of major projects such as The Line, a futuristic linear city with no cars and carbon emissions; Oxagon, the world's largest floating industrial area; Trojena, a mountainous tourist destination that will host the 2029 Asian Winter Games; and Sindalah, a luxury island focused on marine tourism.

The development of NEOM aims to make Saudi Arabia a global center of innovation, technology, and tourism. The total projected investment for the development of this city reaches USD 500 billion (Madakam & Bhawsar, 2021). NEOM is not only designed as an industrial and technology hub, but also as a global tourist destination based on innovation and sustainability. One of its flagship projects is Sindalah Island. Sindalah Island is a luxury island in the Red Sea with 413 ultra-premium hotel rooms and 333 high-end apartments (NEOM, 2025). With the principle of sustainable development, NEOM is expected not only to boost international tourism but also improve the welfare of local communities (Alatawy, 2024).



Figure 1. Sindalah Island as part of NEOM's luxury tourism project

Another project being built by Saudi Arabia is Qiddiya. Qiddiya is a city that was built as the entertainment center of Saudi Arabia. The purpose of the development of Qiddiya is to make this area a center of entertainment, sports, and also the arts. The city is 45 km from Riyadh which is the capital of Saudi Arabia. The distance is not too far from the country's capital, making Qiddiya have good prospects in the future because of the ease of accessing this location. In addition, with this development, it is hoped that Riyadh will also have a positive impact (Rivera, 2021).

Qiddiya is one of the important actors in Saudi Arabia's economic diversification agenda which is expected to encourage the creation of a more sustainable and resilient economy. The project is estimated to cost an investment of USD 8–10 billion. The magnitude of this investment is in line with the large potential of the domestic market which is reflected in the annual expenditure of Saudi citizens on entertainment and tourism abroad which reaches around USD 10 billion. Saudi Arabia's seriousness in building this entertainment city is reflected in the appointment of Philippe Gas as CEO of the Qiddiya project. Previously, he served as President and Managing Director of Walt Disney Attractions Japan & Disneyland International, as well as experience leading the development of Tokyo Disney Resort (Rivera, 2021). With the presence of Qiddiya, foreign exchange flows that previously left the country are expected to be held and diverted into the domestic economy, thus ultimately contributing to the increase in Saudi Arabia's Gross Domestic Product (GDP).

The project is not only oriented towards creating alternative sources of income, but also opening up new jobs for tens of thousands of Saudi youths. Thus, Qiddiya functions as a forum for training skilled workers in the tourism and entertainment sectors, as well as a laboratory for human resource development relevant to the needs of Saudi Arabia's new economy. Its proximity to Riyadh makes Qiddiya have a role in supporting Riyadh's development as a global economic center. This project is projected to strengthen Riyadh's attractiveness as one of the ten cities with the largest economy in the world by 2030 (Rivera, 2021).

The Red Sea Project is one of Saudi Arabia's leading tourism projects (*giga-projects*) located on the Red Sea coast, between the cities of *Umluj* and *al-Wajh*. The project is designed to develop a sustainability-based luxury tourist area. This project takes advantage of existing natural resources such as the use of more than 90 natural islands, white sandy beaches, and coral reefs that are still preserved. With a focus on eco-friendly tourism, The Red Sea Project targets the development of luxury resorts, marinas, and supporting facilities that are integrated with the principles of nature conservation (Chalastani et al., 2020).

In the context of economic diversification, The Red Sea Project plays a strategic

role in supporting *the Vision 2030* agenda through the creation of a globally competitive tourism sector. This project is projected to be able to create around 70,000 new jobs and contribute SAR 22 billion per year to Saudi Arabia's Gross Domestic Product (GDP). In addition, the existence of this project is expected to attract foreign investment, increase the number of international tourists, and restrain foreign exchange flows that previously came out due to high tourism expenditure of Saudi citizens abroad. Thus, The Red Sea Project is not only a luxury tourist destination, but also an important instrument for the transformation of Saudi Arabia's non-oil and gas economy (Chalastani et al., 2020).



Figure 2. Shebara Resort at The Red Sea Project

The next tourism project is the city of Al-Ula. Al-'Ula is one of Saudi Arabia's leading tourism destinations located in the northwest of the kingdom, in the Hejaz region. The region has natural wealth in the form of fertile valleys and the archaeological remains of *Madā'in Šālīḥ* (Hegra), a Nabatean heritage city designated by UNESCO as Saudi Arabia's first world heritage site in 2008. More than 90 monumentally carved stone tombs are the main attraction of the region, in addition to its dramatic desert landscape and its historical role as a transit route for pilgrims from Damascus in the past. With unique cultural, historical, and natural values, Al-'Ula was developed as an international class tourist destination (Cassola-Cochin, 2020).

Within the framework of *Vision 2030*, the Saudi government positions Al-'Ula as a cultural and historical tourism center that supports economic diversification. The establishment of the Royal Commission for AlUla (RCU) in 2017 is a strategic step to manage the development of the region in an integrated manner. Through cooperation with international partners, including France through *the Agence Française pour le Développement d'AlUla (AFALULA)*, the government designs world-class tourism infrastructure such as museums, cultural centers, tourist trails, and eco-friendly resorts (Cassola-Cochin, 2020). This approach not only emphasizes the preservation aspect of cultural heritage, but also encourages Al-'Ula as a symbol of Saudi openness to global tourism.

The Al-'Ula development project is estimated to reach 45 to 90 billion dollars (Cassola-Cochin, 2020). From an economic perspective, the development of Al-'Ula is expected to have significant economic benefits, including job creation and increased tourism revenue. It also aims to encourage sustainable development by integrating cultural preservation with economic growth (Rafae, 2024). The promotion is also based on digital technology, as well as the involvement of the local community (Mir & Kulibi, 2023). Thus, Al-'Ula is not only a global cultural tourism destination, but also a strategic instrument in the transformation of Saudi Arabia's non-oil and gas economy through the sustainable tourism sector.



Figure 3. Al-Ula Desert

Through various strategies and policies implemented within the framework of Vision 2030, Saudi Arabia has succeeded in making the tourism sector one of the main drivers of economic diversification. This can be seen from the achievements in 2023, when the tourism sector contributed around SAR 444.3 billion or equivalent to 11.5 percent of the total national GDP (World Travel & Tourism Council, 2024b). This figure not only reflects the acceleration of post-pandemic recovery, but also confirms the government's success in implementing visa policies, infrastructure development, and promotion of cultural and religious destinations. With its increasing contribution from year to year, tourism now occupies a strategic position as one of the main pillars of non-oil and gas economic development in Saudi Arabia.

United Arab Emirates strategy and policy

The United Arab Emirates (UAE) has long placed tourism as a strategic sector in its national economic development. One of the programs carried out by the UAE for the succession of economic diversification through tourism is "Vision 2021". Vision 2021 is a long-term plan launched by the United Arab Emirates (UAE) with the aim of making the country one of the best in the world by 2021, coinciding with the celebration of the Golden Jubilee (50 years) of the formation of the UAE federation. This idea was launched by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE as well as Ruler of Dubai, in 2010 at a cabinet meeting (UAE Government, 2024).

As a concrete step towards achieving this vision, in 2014 Sheikh Mohammed as Prime Minister of the UAE launched a seven-year *National Agenda* that contains six key priorities. These priorities include building a first-tier education system to produce globally competitive graduates and the provision of world-class healthcare that is accessible to all citizens. In addition, this agenda seeks to build a competitive economy based on knowledge and innovation to reduce dependence on the oil sector. From the government side, the focus is emphasized on creating an agile and responsive government and the formation of a safe and resilient society. Finally, this agenda also targets sustainable environmental and infrastructure development (UAE Government, 2010).

As a continuation of *Vision 2021*, the United Arab Emirates launched the *UAE Centennial 2071* as a long-term vision geared towards making the country one of the world's leading in the century of its formation. This vision focuses on sustainable development that emphasizes the importance of investing in the younger generation as a driving force for the future (Zakarneh et al., 2024). In addition, *the UAE Centennial 2071* also targets the development of knowledge-based economies and technological innovation as the main foundation for reducing dependence on natural resources (Mataruna-Dos-

Santos et al., 2022). With this strategy, the UAE seeks to position itself as a global economic, education, and research center, while strengthening its competitiveness in the era of digital transformation and green economy.

The UAE is also developing their tourism to boost the country's economy. Dubai is a city in the UAE that is a pioneer of tourist destinations. As part of its efforts to develop tourism, the government has created a strategy contained in the Dubai Tourism Vision for 2020 (Antwi-Boateng & Al Jaber, 2022). The main goal of making the strategy is to double the number of tourists annually with a target of 20 million visitors per year (Zaidan, 2015). This figure is targeted to be realized in 2020. In addition, with this strategy the UAE can increase the value of the Gross Domestic Product.

The realization of the Dubai Tourism Vision for 2020 shows the number of achievements that are close to the value of the expectations made. In 2019, there were 16.73 million international tourists entering the UAE (DTCM, 2020). The achievement of this figure occurs because there are supporting factors such as the construction of new hotels, world-class theme parks, and other iconic destinations (Yas et al., 2020). However, in 2020, the realization of this program experienced obstacles due to the COVID-19 pandemic which caused limited global mobility (Crupi & Schilirò, 2023). Despite this, the UAE continues to develop efforts to welcome the end of the pandemic by developing various marketing methods.

To support the Dubai Tourism Vision for 2020 program, the government is also building several tourisms supporting infrastructure. One of them is the construction of public transportation in the form of Etihad Rail. The railway line was built for 900 kilometers stretching across the UAE, from Ghuwefat on the Saudi border to Fujairah, near the border with Oman. Etihad Rail is a national rail network that connects the major emirates in the UAE. Etihad Rail not only connects cities in the UAE, but this project is also promised to connect to neighboring countries such as Saudi Arabia, Bahrain, and Oman (Gargash, 2025). With the construction of this infrastructure, the community does not only focus on the city of Dubai which is the country's business center. This is in accordance with Schiliro's opinion in Crupi et al (2023) who explained that the development of transportation access is important to support tourism development (Crupi & Schilirò, 2023). This project opens up opportunities to expand the exploration of tourists in the UAE.



Figure 4. Etihad rail

The development of the tourism sector is also supported through new government policies related to visa facilitation for visitors. One of these policies is the exemption of entrance fees for passengers who are transiting during the first 48 hours. The facility can be extended for up to 96 hours for only USD 13.6. In addition, the UAE Cabinet also

adopted new agreements with a number of countries regarding the joint exemption of visa requirements. Furthermore, this facility includes visa fee exemption for dependents accompanying foreign tourists under the age of 18, which applies annually from July 15 to September 15 (Antwi-Boateng & Al Jaber, 2022).

In addition to the seven-year National Agenda, the UAE also created the "*Projects of the 50*" program. *Projects of the 50* are a series of development and economic projects that aim to accelerate the development of the United Arab Emirates (UAE) and make it a comprehensive hub in various sectors. The initiative is designed to strengthen the UAE's position as an ideal destination for talents and investors from around the world. The project covers a wide range of key sectors such as economics, entrepreneurship, advanced skills, digital economy, space and advanced technology.

As part of the *Projects of the 50 grand initiative*, the "*UAE Tourism Strategy 2031*" is one of the key projects that will be implemented in the coming years to support economic diversification through the tourism sector. The strategy includes 25 initiatives and policies designed to encourage the development of the national tourism sector. Some of its key targets include increasing the tourism sector's contribution to GDP by up to AED 450 billion with an annual increase of AED 27 billion, making the UAE one of the best tourist destinations in the world, attracting an additional investment of AED 100 billion in the tourism sector, and reaching 40 million hotel guests annually. This strategy is built on four main pillars: strengthening an integrated national tourism identity, developing and diversifying specialized tourism products, building the capacity of the tourism sector and encouraging the contribution of national human resources, as well as increasing investment in all lines of the tourism industry. The implementation of this strategy involves cross-agency cooperation, including the Ministry of Economy, the Ministry of Foreign Affairs and International Cooperation, the Federal Authority for Identity, Citizenship, Customs and Port Security, the UAE Central Bank, the General Civil Aviation Authority, national airlines, the World Tourism Organization, international companies, and the Federal Centre for Competitiveness and Statistics (United Arab Emirates, 2024b).

The implementation of the UAE Tourism Strategy 2031 is also the first step towards achieving the ambitious goals contained in the UAE Centennial 2071. The UAE Centennial Plan 2071 is a long-term development plan launched to guide the direction of the UAE for five decades after 2021, with the goal of making the country the best in the world by 2071. The plan focuses on strengthening national reputation, investing in the younger generation, and transformation in four key pillars: future governance, superior education, a knowledge-based economy, and a happy and cohesive society. Through this strategy, the UAE targets economic diversification, increased productivity, and strengthening national values as the foundation of a sustainable and globally competitive future (United Arab Emirates, 2024a).

The UAE Centennial 2071 shows a new direction of development since 2016. This agenda is in line with the 2030 SDGs which encourage economic diversification to move out of dependence on oil. While improving oil and gas production efficiency, the UAE is beginning to transition to renewable energy and boosting the non-oil and gas sector, especially tourism and hospitality. The successful development of infrastructure such as modern airports, highways, and public transportation, as well as tourist icons such as the Burj Khalifa and the Palm Jumeirah, make the UAE a major international tourist destination. Dubai and Abu Dhabi are also focused as business tourism hubs through the organization of global events such as the Dubai Shopping Festival, Dubai Airshow, Formula 1 Grand Prix, and Abu Dhabi International Boat Show. The government also provides state-of-the-art convention centers and technology facilities to attract the world's business actors and investors (Russo et al., 2023).



Figure 5. Iconic view of Palm Jumeirah

This strategy not only increases state revenue from the tourism sector, but also creates new jobs and encourages the growth of creative industries and MSMEs related to the hospitality sector. The UAE government is actively developing tourist-friendly visa policies, including long-term visas for investors and creative economy actors, as well as a Golden Visa program that attracts global talent. In addition, institutions such as the Department of Economy and Tourism in Dubai play a central role in coordinating destination promotions, drafting industry regulations, and developing globally competitive tourism service standards. This diversification is not only a response to oil price fluctuations, but also part of the UAE's nation-branding narrative as a modern, tolerant, and open country to the international world (Almezaini & Rickli, 2017). Thus, the tourism sector is used as a strategic tool in economic diplomacy and soft power that strengthens the UAE's position in the global arena.

The UAE's tourism strategy is also designed synergistically with the digitalization and smart city agenda, especially in Dubai which carries the concept of Dubai Smart Tourism. This initiative integrates information technology, artificial intelligence, and big data in tourism services, such as the e-visa system, digital travel guide applications, to the use of the Internet of Things (IoT) in hotels and tourist attractions (Gugler et al., 2021). This approach not only enhances the visitor experience, but also strengthens the UAE's global competitiveness in the innovation-based tourism industry. In addition, the UAE also encourages the development of sustainable tourism through eco-friendly projects such as Masdar City and the promotion of eco-tourism in desert areas and natural beaches in the emirates of Ras Al Khaimah and Fujairah (Mogielnicki, 2021).

Tourism is also used as a medium to strengthen national identity and preserve culture. The construction of world-scale museums such as the Louvre Abu Dhabi and the Museum of the Future demonstrates the UAE's efforts to balance modernity with cultural heritage. This strategy also expands the tourism segmentation, from shopping and entertainment tourism to educational and cultural tourism. Thus, tourism is not just an alternative economic sector, but an instrument of structural transformation of the national economy and a tool of cultural diplomacy that expands the UAE's influence in the region and the world (Kyriakidis et al., 2024).

The tourism sector has become one of the major contributors to the economy of the United Arab Emirates (UAE). This is evidenced by the fact that in 2023, more than 28 million people are staying in hotels in the UAE. From this sector alone, the country managed to get around AED 220 billion or about US\$60 billion, which accounts for almost 12 percent of the country's total revenue (GDP). In addition, more than 800 thousand people work in fields related to tourism, ranging from hotels, restaurants, to transportation services (Ministry of Economy UAE, 2023). Not only does it happen in a

year, this trend continues to grow in 2024. In the first nine months (January–September), there were already 75.5 million hotel stays. This value represents an increase of 8 percent compared to the previous year. Hotel revenue also rose, reaching AED 33.5 billion. Throughout 2024, the tourism sector is expected to contribute AED 236 billion, still around 12 percent of GDP.

Especially in Dubai, the tourism achievements are striking. The city set a record with 18.72 million international tourists arriving during 2024. This figure has increased by more than 9% compared to the previous year which was only 17.15 million tourists (Tourism, 2025). The increase in the number of international tourists coming to the UAE has also made Dubai International Airport the busiest airport in the world, with a total of 92,331,506 passenger movements in 2024 (Airport Council International 2025). Overall, tourism helps create many jobs, power various business sectors, and strengthen the UAE's economy without having to rely on oil.

The tourism strategy and policies implemented by the United Arab Emirates have shown significant results in supporting the country's economic diversification agenda. In 2023, the tourism sector contributed about AED 220 billion, or equivalent to 11.7 percent of the total national GDP (World Travel & Tourism Council, 2024c). This achievement is inseparable from various innovative policies implemented by the government, such as the development of world-class tourist destinations, the promotion of large-scale international events, and the provision of increasingly flexible visa facilities for tourists. This success affirms the UAE's position as a global tourism hub, while strengthening its role in building a highly competitive non-oil and gas economy.

For the short explanation, here is the comparison of tourism economic developments of Saudi Arabia and the UAE:

Table 1. Comparison of tourism economic developments of Saudi Arabia and the UAE

Aspects	Saudi Arabia	UAE
National Strategy	Vision 2030	Vision 2021
Focus on Featured Projects	NEOM, Al-Ula, Qiddiya	Expo 2020, Etihad Rail, flexible visa
Promotional Approach	Cultural, religious, historical; National Identity Promotion	Luxury lifestyle, entertainment, technology; Smart & Green Tourism
Contribution to GDP	11,5% (2023)	11,7% (2023)
Number of International Tourists	27.42 million (2023)	28.15 million (2023)
Tourism Revenue	SAR 444.3 billion (2023)	AED 220 billion (2023)

CONCLUSION

The tourism sector has proven to play a strategic role in supporting the economic diversification agenda of Saudi Arabia and the United Arab Emirates (UAE). Although both countries use tourism as a tool for economic diversification, their orientations and approaches are different. In Saudi Arabia, tourism is used as an instrument of long-term structural transformation based on cultural identity, history, and religiosity. Major projects such as NEOM, Al-Ula, Qiddiya, and The Red Sea Project are not only aimed at attracting tourists, but also to create jobs, attract investment, and strengthen the country's image through cultural diplomacy. Tourism's contribution to Saudi GDP will reach around 11.5 percent in 2023, showing that this sector is increasingly becoming the main engine of the transition to a non-oil and gas economy. Meanwhile, the UAE places tourism as a leading sector with a pragmatic and market-oriented orientation. Through Dubai and Abu Dhabi, the UAE is developing a luxurious lifestyle, global entertainment, and the integration of digital technology in the concept of smart and green tourism. Flexible visa policies, world-class infrastructure development, and the organization of international events have

succeeded in driving the achievement of tourism contribution of around 11.7 percent to GDP in 2023, while strengthening the UAE's status as a global tourism hub. Thus, the role of tourism in both countries not only serves as an alternative sector to reduce dependence on oil, but also as an instrument of nation branding, cultural diplomacy, and a driver of sustainable development. Saudi Arabia stands out in building an inclusive and local engagement-based long-term foundation, while the UAE excels in short-term realization through global appeal and mature infrastructure. Both models affirm that tourism is an important key to the post-oil economic diversification agenda in the Gulf region.

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