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Мегапроекты как составная часть  
экономической дипломатии Саудовской  
Аравии

Megaprojects as an integral part of Saudi  
Arabia's economic diplomacy

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**Аннотация.** Межгосударственные отношения на современном этапе требуют использования максимально широкого внешнеполитического инструментария. В условиях актуализации геоэкономического фактора в современной мировой политике особое внимание на себя обращает роль экономической дипломатии. В настоящее время данное направление рассматривает как одно из приоритетных большинством государств мира. В этом контексте не являются исключением и государства Ближнего Востока. При этом наиболее активном на этом дипломатическом треке проявляют себя аравийские монархии, включая Королевство Саудовская Аравия, которая использует свой значительный экономический потенциал для достижения собственных внешнеполитических интересов. Составной частью такой стратегии выступает реализация экономических и инфраструктурных мегапроектов. Таким образом, целью настоящей статьи является анализ использования Саудовской Аравией своих крупных проектов в качестве инструмента экономической дипломатии.

**Ключевые слова:** Ближний Восток, Саудовская Аравия, геоэкономика, экономическая дипломатия, внешняя политика, международные отношения

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**Abstract.** Interstate relations at the present stage require the use of the widest possible foreign policy tools. In the context of the actualization of the geo-economic factor in modern world politics, the role of economic diplomacy draws special attention. Currently, this area is considered as one of the priorities by the majority of countries in the world. In this context, the states of the Middle East are no exception. At the same time, the Arabian monarchies are the most active on this diplomatic track, including the Kingdom of Saudi Arabia, which uses its significant economic potential to achieve its own foreign policy interests. An integral part of such a strategy is the implementation of economic and infrastructure megaprojects. Thus, the purpose of this article is to analyze Saudi Arabia's use of its major projects as a tool of economic diplomacy.

**Keywords:** Middle East, Saudi Arabia, geo-economics, economic diplomacy, foreign policy, international relations

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**Introduction.** Nowadays, economic diplomacy is no less important than traditional diplomacy or public diplomacy. Moreover, many economically developed countries give preference to this aspect when developing and implementing their foreign policy. This is primarily due to the fact that the economy, especially at the present stage, is an urgent priority for all countries of the world. Moreover, the redistribution of the balance of power at the global and regional level is based, among other things, on economic criteria. Of great research interest in this context is Saudi Arabia, which over the past decades has achieved tangible success in growing its political and economic influence, both in the Middle East and in the world, including through the use of economic diplomacy mechanisms. One of the main components of the economic diplomacy of the Kingdom of Saudi Arabia (KSA) is the implementation of infrastructure megaprojects that accumulate significant economic resources and attract many other states to their implementation, which also affects the political ambitions of the kingdom.

**Materials and research methods.** From a methodological point of view, this article is based on several groups of studies related to the issues of choosing the necessary tools when a state implements its foreign policy course. In this regard, the work used theoretical concepts based on the principle of separation of “forces” in foreign policy, which required turning to the works of J. Nye, who highlighted the great importance of the economic factor of “soft power” [14]. Theoretical approaches to understanding the role of economic diplomacy in the foreign policy of modern states were also used (D.A. Degtyarev, M. Okano-Heymans, A. Bohan) [2, 15, 6]. In addition, the author analyzed current scientific developments on the role of economic diplomacy in the foreign policy of KSA [10].

The research material includes a wide range of sources: analytical and reference and statistical materials of departments, governmental and non-governmental organizations of the countries of the Middle East; materials from leading world, Middle Eastern and Russian media; materials and documents collected by the author during his scientific internships in the countries of the Middle East.

**Research results and their discussion.** Saudi Arabia ranks prominently among the largest economies in the entire Middle East due to its resource potential. Moreover, the Kingdom has become the focus of attention of a wide range of investors and entrepreneurs around the world after the launch of large-scale modernization and construction projects in KSA as part of the national development project “Vision 2030” [13: 383]. This program is a long-term strategic plan presented by KSA in 2016. It aims to diversify the country's economy and reduce its dependence on oil revenues by developing various sectors such as tourism, entertainment, technology and renewable energy. The project also aims to change the social and cultural aspects of the country by empowering women and promoting a more inclusive society. Vision 2030 aims to create jobs, improve the quality of life for Saudi citizens and position the country as a global destination for investment and business. This national project is headed by Crown Prince Muhammad bin Salman, who led the reform process in KSA and leads various initiatives in the state [3: 62-63]. At the same time, the use of this project in the context of KSA's implementation of its foreign policy and its economic component is of particular research interest. In this regard, it is necessary to separately highlight the importance of the so-called Saudi megaprojects, which have become one of the pillars of the national development project “Vision 2030”, including its foreign policy projection.

A special place among these megaprojects is the construction of the Neom megacity, which was announced in October 2017, just four months after the appointment of Muhammad bin Salman as crown prince. In addition to the obvious economic goals, Neom for the future king of KSA is an important tool for consolidating power in Saudi Arabia and strengthening the security of the regime by solving a number of socio-economic problems [5: 100]. It is planned that an independent economic zone with its own legal and tax system will be created in the city.

The government's goal is to diversify the economy by promoting new high-tech economic zones. The city's geographic location is close to international markets and will be powered entirely by renewable wind and solar energy. This is in addition to the launch of the Line project in the city of Neom, a 170-kilometer-long transport artery designed to move trains and cars underground through an artificial intelligence system [16].

In recent years, the kingdom's leadership has increasingly resorted to using the future metropolis of Neom as the focus of its diplomatic efforts. The unique factor of the advanced megacity compared to other megaprojects is its role in Saudi Arabia's foreign policy as an instrument of "soft power" in the context of the development of the state's economic diplomacy. Neom contributes to expanding the options available to the Kingdom in foreign policy. Thus, many investment organizations around the world have declared their readiness to invest heavily in this project [5: 105]. In particular, the Russian Direct Investment Fund (RDIF), during the first official visit of the Saudi king to Russia in October 2017, announced that it would invest billions of dollars in the city of Neom and would participate in the marketing of the project together with Russian companies specializing in advanced technologies [1: 41].

Given the futuristic and neoliberal economic ideas behind the Neom project, Saudi Arabia also emphasizes that the city is a suitable location for cooperation and investment between it and the world's leading economies. Muhammad bin Salman is using the future metropolis as a tool to attract Saudi Arabia's diplomatic partners. Thus, Saudi Arabia presented its gigantic project to economically leading countries during the G 20 summit in 2020, working to organize visits of country leaders to Neom [12: 30]. At the same time, the Saudi project offers a better climate and geographical location for international companies than Dubai. In this regard, Saudi Arabia is trying to position the future of Neom and its tourism image as a potential rival destination for Dubai. Advertising for the city appears in the world's leading publications, social networking sites and major international television channels, demonstrating the importance of Neom in Saudi Arabia's public relations strategy [5: 106].

The construction of the metropolis partly determines the foreign policy efforts of the Kingdom of Saudi Arabia, also acting as an integral part of the economic diplomacy conducted by the kingdom. For example, relations with Israel are necessary for Saudi Arabia to complete the Neom project. Therefore, the normalization agreements (Abraham Accords) signed between the United Arab Emirates (UAE), Bahrain and Sudan, on the one hand, and Israel, on the other, meet the interests of Saudi Arabia, which is one of their initiators [7]. It can also be added that in June 2017, Egypt transferred the islands of Tiran and Sanafir, located off the coast of Saudi Arabia and the Sinai Peninsula, to Saudi Arabia, based on its belief that the Egyptian economy would benefit from the megacity project [11: 60]. In fact, Saudi Arabia is planning to build a bridge that will cross the Straits of Tiran and connect Egypt with the city of Neom. But in order to expand the transport capacity of KSA and build a Saudi-Egyptian bridge, it is necessary to negotiate with Israel on this matter. The peace treaty that Egypt signed with Israel in 1979 provides for the free passage of Israel ships through the Strait of Tiran, and therefore the project is dependent on approval of Israel [8:6].

Let us note that the prosperity of the future metropolis seems problematic without an agreement with Israel. Thus, a public opinion poll conducted by the Doha Institute showed that 90 percent of Arabs still oppose diplomatic recognition of Israel [17]. We believe that it is not enough for Saudi Arabia to continue the strategy of international relations without reference to the decision on the status of its relations with Israel. It also needs other allies from the Arab world to lay the appropriate foundation for mutual Arab-Israel recognition. But it is not yet known how comprehensive the process of normalization of Arab-Israel relations will be.

It should be especially emphasized that the implementation of the Neom project may have a negative impact on relations between KSA and the UAE, knowing that relations between them are not always friendly. In 2013, a confrontation occurred between the two countries over a border dispute over the Shaiba oil field [4]. In addition, the war in Yemen has demonstrated the diverging interests of the two countries. In the future, the megacity and the policies of

Mohammed bin Salman may push the two Gulf countries into competition to seize control of the market. In the context of the desire to implement similar projects in order to diversify the economy, a confrontation may arise between the two countries in order to control various markets in the region.

In this context, major projects such as the King Abdullah Financial Center and King Abdullah Economic City compete with the neighboring UAE. International companies can promise their employees a Western lifestyle in Dubai, which is not yet possible in Saudi Arabia. This is an important factor for international companies seeking regional presence in the Middle East and North Africa region. The King Abdullah Financial Center and King Abdullah Economic City, which are worth billions of dollars, have had great difficulty attracting companies to open offices there. The Saudi government even intends to turn the King Abdullah Financial Center into a special economic zone to attract international companies [9].

Saudi Arabia cannot allow Neom to suffer the same fate, given the Kingdom's significant population growth and high unemployment rates. The Saudi Arabian government will try to lure companies away from Dubai by offering those companies special tax treaties and other incentives to open branches in the emerging metropolis. As the UAE and KSA actively work to reduce their economic dependence on oil, they may compete with each other for international companies and investment.

It remains to be seen whether the UAE is ready to share dominance over the location of the region's main business hub. It remains to be seen how the two richest Gulf states will resolve any future disputes that may arise between them. Saudi Arabia will have to negotiate with Israel and the UAE regarding the future of the Neom project.

**Conclusion.** Thus, it is clear that Saudi economic diplomacy strives to achieve two complementary goals: external investment and internal investment, and as a complement to them: the effective implementation of foreign and domestic policies. Mohammed bin Salman's foreign policy is closely linked to his economic and social vision. The Neom megacity exemplifies other megaprojects in Saudi Arabia and provides a boost to the Kingdom's diplomatic efforts. The government aims to improve the Kingdom's image and expand business opportunities through this project. With Mohammed bin Salman as heir to the throne, it is likely that we will see the kingdom increasingly use the tools of economic diplomacy.

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