

# Saudi Arabia

## Tourism in the economy and outlook for recovery

Tourism is one of Saudi Arabia's fastest-growing sectors. It is a significant contributor to the national economy and is a key source of jobs. In 2019, tourism directly contributed to 3.8% of GDP, supported 571 152 jobs (5.1% of total employment) and generated nearly SAR 165 billion in tourism spending. Following the pandemic in 2020, tourism's direct GDP fell 61%, with tourism's direct contribution to GDP falling to 1.7%.

International tourism arrivals in Saudi Arabia plunged by 76.4% to 4.1 million in 2020 and declined an additional 16.0% in 2021 to 3.5 million. International tourism receipts fell by 80.6% to SAR 21.1 billion in 2020 and decreased a further 26.8% in 2021 (85.8% down from 2019).

Domestic tourism showed a gradual and faster recovery, with 42.1 million domestic overnight visitors recorded in 2020 (down 11.9% from 2019). Domestic tourists in 2021 hit a record high of 63.8 million, up 34% compared to 2019. Similarly, domestic tourism receipts recorded a new high of SAR 80.9 billion, exceeding 2019 by 32%. Overall, domestic tourism spending contributed to 84.6% of total tourism receipts.

Saudi Arabia's outlook remains positive in terms of long-term prospects. By 2030, Saudi Arabia targets annually 100 million tourist visits, 10% direct contribution to GDP, and 1 million additional tourism jobs.

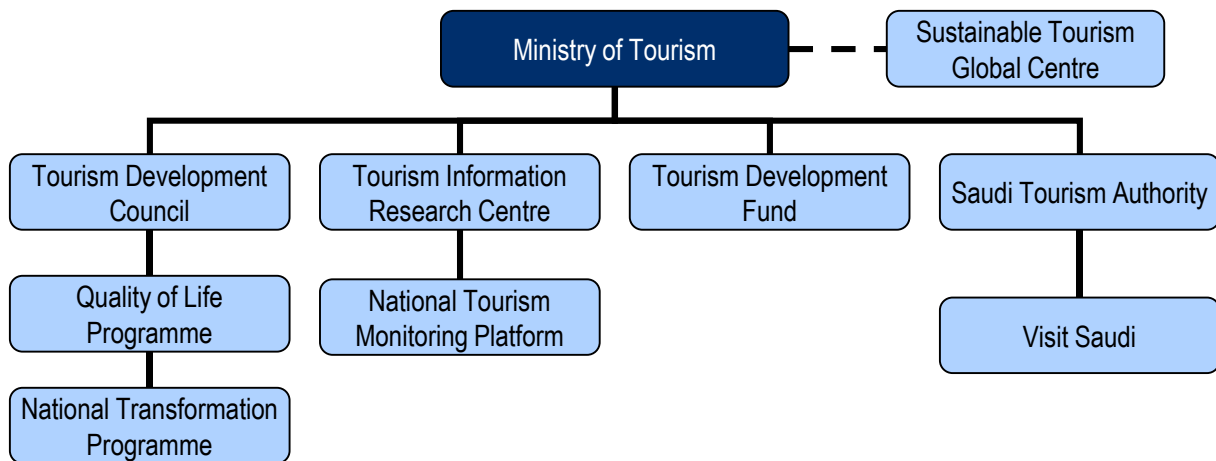
## Tourism governance and funding

Saudi Arabia's tourism policy is centred around the Ministry of Tourism, which focuses on strategy, regulations, destination development, human capital development, and investment attraction. It is supported by the Saudi Tourism Authority (STA), which is in charge of branding, marketing and promotional efforts with the different travel agencies and tour operators. The Tourism Development Fund is in charge of funding iconic projects and supporting the private sector to develop offerings and accommodations.

The tourism policy ecosystem works closely with all the relevant government entities (Ministry of Foreign Affairs, Ministry of Interior, Ministry of Transport, Ministry of Electricity, Water and Agriculture) through a government body called the Tourism Development Committee, where major cross-governmental initiatives are discussed and monitored. Governance has also been put in place to manage the development of the tourism sector through the Regional Tourism Development Committee, which gathers provincial administration, regional development entities, the different entities in charge of developing sites and destinations, and professional associations.

During COVID-19, efforts and policies have been focused on promoting domestic tourism while continuing to develop the offering, regulations, and policies to welcome inbound tourism after the pandemic. In terms of funding, Saudi Arabia plans to invest more than SAR 3 trillion in the tourism sector over the next ten years. This will take shape through investments in every aspect of tourism.

## Saudi Arabia: Organisational chart of tourism bodies



Source: OECD, adapted from Ministry of Tourism, 2022.

## Tourism policies and programmes

The National Tourism Strategy aims to leverage the opportunities of Saudi Arabia's Vision 2030, which focuses on creating a vibrant society, thriving economy, and an ambitious nation. Reforms under Vision 2030 have played a key role in helping the national economy navigate the pandemic.

The Ministry of Tourism's main policy priorities include maximising tourism's contribution to GDP, creating jobs, improving tourism infrastructure and competitiveness, transforming tourism to be a more resilient and sustainable sector, and attracting investment to the sector.

In 2021, Saudi Arabia announced the Sustainable Tourism Global Centre, a multi-country, multi-stakeholder coalition established to lead, accelerate, and track the tourism industry's transition to net-zero emissions, as well as driving actions to protect nature, climate, and communities.

Sustainability policies are issued to support sustainability and tackle climate change in the sector. Initiatives on this topic will be led by the Saudi Green Initiative, the new Sustainable Tourism Global Centre, tourism destination management organisations and the Ministry of Environment, Water and Agriculture.

As for the recovery from COVID-19, Saudi Arabia's COVID-19 policy responses were aimed at ensuring the survival of businesses in stage one and a faster recovery to sustainable growth in stage two. The government closely observed and calibrated its response against a set of key indicators and aspects that stimulated and catered to the needs of MSMEs, and the tourism sector (see box below).

In 2020, Saudi Arabia announced the creation of a Tourism Development Fund with an initial capital of approximately SAR 15 billion. Additionally, Saudi Arabia exempted companies operating in the tourism sector from issuance/renewal license fees.

Since the pandemic, Saudi Arabia has launched several initiatives surrounding skills and employment:

- A new human capital development (AHLHA) strategy, launched in 2020, which aims to develop the tourism sector by attracting more Saudi nationals to the sector. Several local efforts have followed to support those ambitions.
- The Tourism Shapers programme, launched in 2021 by STA, is an employment initiative that aims to equip the local private sector with the support needed to navigate and manage the evolving tourism landscape.

- The Ministry of Tourism launched the “Tourism Pioneers” programme, which aims to develop the capabilities of 100 000 young people and provide them with key skills in the field of hospitality, tourism and travel to prepare them to work in the tourism sector. The programme includes investments worth over USD 100 million.

Saudi Arabia has also launched several initiatives around innovation and entrepreneurship:

- The Tourism Entrepreneurs Bootcamp was launched in 2021, with the aim to transform innovative ideas into sustainable businesses via an intensive programme for entrepreneurs. The Bootcamp received over 3 000 applicants across 15 cities, of which 30 were ultimately nominated to take part in the final round to obtain funding.
- The Ministry also launched the Tourism Entrepreneurship Accelerator in 2021 to support select start-ups in the tourism space in scaling up their business and expanding service offerings. The Accelerator programme received over 1 200 tourism start-up applications, of which 15 were selected to enter the six-month programme. Throughout this programme, the Ministry of Tourism provided benefits and services totalling over SAR 1 million, alongside 180 hours of workshops and 1 300 hours of one-to-one mentoring.
- In 2022, the Mustasharik programme (also known as Mix & Mentor programme) was launched following feedback from the Saudi tourism entrepreneurship community, aimed at providing mentorship and workshop sessions for entrepreneurs across the start-up lifecycle from ideation to scale-ups.

### Support measures for tourism SMEs in Saudi Arabia

Tourism SMEs, which represent 99.8% of all tourism businesses in Saudi Arabia, were hit the hardest by the COVID-19 pandemic and faced several challenges to their continued development, such as lack of access to finance, market uncertainty, competition from major international players, and low research and development. To address these challenges, Saudi Arabia’s policy responses were initially aimed at ensuring the survival of businesses, followed by a focus on fostering a faster recovery to sustainable growth. Policy measures broadly involved:

- Fiscal policies: including a stimulus package, exemption from issuance and renewal license fees for companies operating in the tourism sector, a delay in loan payments, a loan guarantee programme, and supporting employee wages.
- Employment related measures: including providing unemployment insurance, introducing supportive labour market regulations, providing training and supporting job matching.
- Social measures: including launching an indirect lending initiative for SMEs, providing investment for sustainability focused SMEs, starting a venture capital fund initiative for SMEs, refunding fees paid by SMEs, and providing packages for institutional quarantine in hotels for visitors.

Preliminary impact assessments have showed positive results. Employment in tourism SMEs was largely preserved, with only a low number of establishments going out of business.

## Statistical Profile

## Saudi Arabia: Domestic, inbound and outbound tourism

	2017	2018	2019	2020	2021
<b>TOURISM FLOWS, THOUSAND</b>					
<b>Domestic tourism</b>					
Total domestic trips	46 910	46 512	53 074	48 399	72 930
Overnight visitors (tourists)	43 821	43 255	47 805	42 107	63 845
Same-day visitors (excursionists)	3 089	3 256	5 269	6 292	9 085
Nights in all types of accommodation	224 212	232 122	268 751	228 538	384 043
Hotels and similar establishments	130 971	140 452	155 540	121 909	204 646
Other collective establishments	11 982	9 034	7 874	4 900	9 359
Private accommodation	81 259	82 637	105 337	101 730	170 039
<b>Inbound tourism</b>					
Total international arrivals	18 607	17 570	20 292	4 882	3 869
Overnight visitors (tourists)	16 109	15 334	17 526	4 138	3 477
Same-day visitors (excursionists)	2 498	2 236	2 767	744	392
Top markets					
Kuwait	..	..	..	..	..
India	..	..	..	..	..
Pakistan	..	..	..	..	..
Qatar	..	..	..	..	..
Egypt	..	..	..	..	..
Nights in all types of accommodation	171 036	173 929	189 036	37 824	31 771
Hotels and similar establishments	146 118	153 005	164 526	30 447	16 081
Other collective establishments	482	5 298	1 011	119	210
Private accommodation	24 435	15 626	23 499	7 258	15 480
<b>Outbound tourism</b>					
Total international departures	28 748	27 425	27 196	6 657	10 678
Overnight visitors (tourists)	21 146	19 751	19 010	4 839	8 415
Same-day visitors (excursionists)	7 602	7 674	8 186	1 819	2 263
Top destinations					
..	..	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..
<b>TOURISM RECEIPTS AND EXPENDITURE, MILLION USD</b>					
<b>Inbound tourism</b>					
Total international receipts	15 020	16 975	19 849	5 960	..
International travel receipts	12 056	13 790	16 431	4 036	3 977
International passenger transport receipts	2 964	3 184	3 418	1 924	804
<b>Outbound tourism</b>					
Total international expenditure	19 065	17 940	16 414	9 069	..
International travel expenditure	17 552	16 651	15 140	8 533	14 489
International passenger transport expenditure	1 513	1 288	1 275	536	2 008

.. Not available

Source: OECD Tourism Statistics (Database).

StatLink  <https://stat.link/ex71ff>

## Saudi Arabia: Enterprises and employment in tourism

	Number of establishments <sup>1</sup>	Number of persons employed				
		2017	2018	2019	2020	2021
<b>Total</b>	<b>101 980 p</b>	<b>535 941</b>	<b>552 556</b>	<b>571 152</b>	<b>679 539</b>	<b>762 957 p</b>
<b>Tourism industries</b>	<b>101 980 p</b>	<b>535 941</b>	<b>552 556</b>	<b>571 152</b>	<b>679 539</b>	<b>762 957 p</b>
Accommodation services for visitors	10 346 p	114 957	118 941	124 676	93 720	98 492 p
Hotels and similar establishments	10 346 p	114 957	118 941	124 676	93 720	98 492 p
Food and beverage serving industry	74 337 p	289 491	298 487	306 508	451 999	520 643 p
Passenger transport	2 913 p	67 782	69 855	72 441	49 597	45 282 p
Air passenger transport	109 p	27 136	28 232	29 547	20 439	20 106 p
Railways passenger transport	2 p	1 593	1 655	1 716	2 297	282 p
Road passenger transport	2 682 p	38 771	39 669	40 860	26 066	23 823 p
Water passenger transport	120 p	282	299	319	795	1 071 p
Passenger transport supporting services	..	..	..	..	..	..
Transport equipment rental	859 p	20 493	21 084	21 868	12 003	13 447 p
Travel agencies and other reservation services industry	1 565 p	25 140	25 560	26 327	14 471	15 771 p
Cultural industry	337 p	2 192	2 256	2 339	5 114	4 710 p
Sports and recreation industry	1 086 p	12 966	13 359	13 843	8 247	10 046 p
Retail trade of country-specific tourism characteristic goods	9 002 p	..	..	..	..	42 424 p
Other country-specific tourism industries	1 535 p	2 920	3 014	3 150	7 334	12 142 p
<b>Other industries</b>	<b>0</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>0</b>	<b>0</b>

.. Not available; p Provisional data

1. Data refer to number of enterprises.

Source: OECD Tourism Statistics (Database).

StatLink  <https://stat.link/8unxar>

## Saudi Arabia: Internal tourism consumption

Million SAR

	2020		
	Domestic tourism expenditure	Inbound tourism expenditure	Internal tourism consumption
<b>Total</b>	<b>48 493</b>	<b>25 354</b>	<b>77 473</b>
<b>Consumption products</b>	<b>35 714</b>	<b>18 397</b>	<b>54 111</b>
Tourism characteristic products	35 714	18 397	54 111
Accommodation services for visitors	9 846	8 443	18 290
Food and beverage serving services	11 376	3 182	14 558
Passenger transport services	7 942	4 270	12 212
Air passenger transport services	5 653	3 026	8 679
Railways passenger transport services	213	43	257
Road passenger transport services	1 968	1 201	3 169
Water passenger transport services	107	0	107
Passenger transport supporting services	..	..	..
Transport equipment rental services	2 348	173	2 521
Travel agencies and other reservation services industry	357	1 954	2 311
Cultural services	1 538	113	1 650
Sports and recreation services	2 306	263	2 569
Country-specific tourism characteristic goods	..	..	..
Country-specific tourism characteristic services	..	..	..
Other consumption products	12 779	6 957	23 362
Tourism connected products	..	..	..
Non-tourism related consumption products	..	..	..
<b>Non-consumption products</b>	<b>..</b>	<b>..</b>	<b>..</b>

.. Not available

Source: OECD Tourism Statistics (Database).

StatLink  <https://stat.link/eih3tb>



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