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RESEARCH ARTICLE

TOURISM INVESTMENT IN THE KINGDOM OF SAUDI ARABIA BETWEEN REALITY AND HOPE IN THE VISION OF 2030 - A STATISTICAL STUDY

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ABSTRACT

Tourism is one of the most important sectors of investment which contribute to raising the gross national product, so developed countries seek to develop this sector. The study aims clarifying the vision of 2030 and highlighting the tourism investment of the Kingdom because of its geographic position and cultural, natural and Islamic resources. It also highlights the most important aspects of tourism investment in the Kingdom, including the services facilities offered to encourage investors as well as employment opportunities, and other activities with an integrated plan to maintain safety, and other aspects that enable tourism investment. The Kingdom of Saudi Arabia is one of the countries that seek developing tourism because of its components. As a result of this endeavor, 2030 was reached to develop and improve the current tourism in the Kingdom and also investment tourism projects linking the two countries of Egypt and Jordan which will contribute creating development and a positive result for three countries. The study confirms the positive effects of tourism investment on national income on the three countries (Saudi Arabia, Egypt and Jordan) between the period (2007-2018). The study also confirmed the positive impact of tourism investments development as a result of the increase in the number of tourists. The study emphasizes the importance of activating tourism projects, including the Neom project, which links together the three countries studied. The study recommended the importance of spreading tourism awareness about the advantages of tourism in the Kingdom, the importance of knowledge to feasibility study to avoid risks in projects, and providing qualified staff related to tourism guidance to guide tourists and expatriates. The study recommends also the management and improvement of services to facilitate services to investors encouraging them to the investment.

INTRODUCTION

The kingdom is like any other country that has a natural and cultural heritage that is related to it as a civilization. The Kingdom also has the holy sites that many Muslims come from different countries. The kingdom is one of the countries that has economic power in the Middle East but has not been greatly exploited. There are obstacles that hinder Saudi tourism investment due to its dependence on oil investment, which represents 90% of exports, despite the availability of some public services. Society in terms of increasing private income and public investment, as public investment seeks to develop and increase financial returns. Also, the countries seek funding sources of income and improving their economic status and sources, including tourism investment sources. Tourism investment seeks attracting local and international investors; increasing national income and preserving the monuments. The Vision 2030 aims to neutralize oil as a primary source of income. Saudi Arabia's investment in oil exports is 90%. This vision is ambitious and is based on tourism investment. The vision is as follows: the establishment of Al Qadiya and Red

Sea projects and the establishment of the Camel Club and Falcon Club. However, tourism investment is very large. We note the existence of the cultural and archaeological environment and many facilities for investment in the regions and countries which are not used and exploited significantly. The problem of the study is that the Kingdom have become interested in seeking to exploit their environmental qualifications and history and cultural culture to promote the idea of investment in tourism. Among these countries, we find that tourism investment in the Kingdom is absent and the Kingdom suffers from not exploiting its qualifications which can help it to raise the gross domestic product. Therefore, this study has been proposed to identify the factors that help in the development of tourism investment in the Kingdom and also to clarify obstacles which it can limit them.

Objectives

The study aims at:

- Clarifying the vision of 2030 and highlighting the tourism investment of the Kingdom because of its

geographical location and cultural resources, natural and Islamic ones;

- Highlighting the most important aspects of tourism investment in the Kingdom, including the facilities of services provided to encourage investors, as well as the provision of employment opportunities, suggestions and practice of craft activities, camping and other activities with an integrated plan to maintain safety and other aspects that enable tourism investment.

The importance of this study lies in the importance of tourism investment in the Kingdom of Saudi Arabia between reality and hope, and the importance that this issue represents on the economic aspect of the development and prosperity of countries. Also, it tries to clarify and reveal the shortcomings of tourism investment in the Kingdom of Saudi Arabia.

In this study, we try to discuss these hypotheses:

Is there a relationship between the development of tourism investment and the raising of national income of the state?

Sample of the study: The sample of the study consists of three countries which are the Kingdom of Saudi Arabia, Egypt and Jordan. The sample was selected due to the participation of these two countries with the Kingdom in a large tourism project.

Empirical study: In the empirical study, descriptive and econometric analysis was adopted in order to discover the impact of the development of tourist investment reality in the Kingdom compared to Egypt and Jordan.

MATERIALS AND METHODS

The objective of the study is to highlight the tourism investment of the Kingdom because of its geographical location and cultural, natural and Islamic resources, and thus to identify the most important aspects of tourism investment in the Kingdom, including the services facilities offered to encourage investors as well as the provision of employment opportunities of the activities. To achieve this objective, we used statistics of Saudi Arabia over ten years using the Stata application (STATA 13).

Presentation, discussion and interpretation of the research results: We try to evaluate the impact of the development of tourism revenues on the national income of three countries: Saudi Arabia, Egypt, Jordan by using simple regressions. We use a compilation of statistics for ten years and three countries (Panel). We find by two regressions using Stata application some results:

1-The first model applied to analyze the impact of tourism revenues is as follows:

Tourism revenues (Time / country) = constant + number of arrivals from tourists + direct tax rate + national income (1)

- ✓ A positive impact for the arrivals of the three countries on tourism revenues;
- ✓ The analysis showed that the income of the three countries is positively affected by tourism revenues;

- ✓ That the increase in the population contributes to the increase in tourism revenues.
- ✓ And the higher are the taxes, the lower are the tourism revenues.
- ✓ The national income has the potential to affect tourism revenues at 70 percent.
- ✓ Fisher's percentage was less than 5 percent, and therefore the model has a statistical significance, which makes us rely on it to analyze the effects of national incomes, population and the percentage of taxes on tourism investment.
- ✓ The model showed also the positive impact of tourism investment on tourism revenues, as the value of tourism investments has increased and tourism revenues have improved and increased.
- ✓ We find a negative causal effect between taxes and the value of tourism investment.
- ✓ A strong causal effect between population and tourism investment as the high population positively affects tourism revenues.

The Table 1 below shows the results of the first regression.

2-The second regression we applied is as follows:

National income (Time / country) = constant + value of tourism revenue + number of arrivals + the proportion of direct taxes + tourism investment (2)

By the regression (2), we find some results:

- ✓ A positive relationship between the value of tourism revenues and the national income of the three countries of Saudi Arabia, Egypt and Jordan.
- ✓ The value of tourism revenues affects positively the three countries' national income.
- ✓ Tourism investment has a high and positive impact on the income of the countries mentioned above.
- ✓ The model we have applied has the ability to measure national income by 80 percent.
- ✓ Also Fisher's percentage was less than 5% and therefore the model is of statistical importance which makes us rely on it in analyzing the effects of tourism value on national income.
- ✓ We find a strong causal effect between the ratio of tourism revenue and national income for three countries, where the rise and improvement in the value of tourism revenues affects positively national income. This result confirms the importance of tourism revenues on income.
- ✓ A negative causal effect between the tax rate and the value of national income, as the high tax rate negatively affects the state's income.
- ✓ A high population has a positive impact on national income.
- ✓ Thus, through these results, we find a positive relationship between the value of tourism investments and tourism revenues.
- ✓ We found that the national income of the three countries is positively affected by the tourism investment.
- ✓ The national income is negatively affected by the value of direct taxes.

The Table 2 below shows the results of regression (2):

Table 1. the causal relationship between the development of tourism investment and its impact on national income in three countries Saudi Arabia, Egypt, Jordan (2007-2018)

National income	Taxes	Currency rate	Number of departures	Number of arrivals	population	Independent
3.425 (2.43)	-4.25 1.98)	4.34 (2.04)	1.43 (0.04)	0.893 (1.96)	0.677 (2.43)	Tourism Investment

Source: Authors' results, 2018

Table 2. The causal relationship between the development of national income and its impact on tourism investment in three countries Saudi Arabia, Egypt, Jordan between the period 2007-2018

Currency rate	Taxes	Number of departures	Number of arrivals	population	Tourism Investment	Independent
0.42 (2.6)	-1.16 (2.05)	2.68 (2.34)	4.5 (2.04)	1.43 (1.54)	5.23 (2.42)	National income

Source: Authors' results, 2018

Conclusion

This study tries to identify the elements that affect tourism investment in Saudi Arabia and in Egypt and Jordan, as well as obstacles to reduce them. This study finds that there is a positive impact between the arrivals of tourists and tourism revenues. The analysis showed that the income of the three countries is positively affected by tourism revenues and that the increase in the population contributes to the increase in tourism revenues. However, the higher are the taxes, the lower are the tourism revenues. It is also showed the positive impact of tourism investment on tourism revenues. The high value of tourism revenues affects positively the three countries' national income. Tourism investment has a high and positive impact on the income of the countries mentioned above. However, there is a negative causal effect between the tax rate and the value of national income.

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