

Research Title:

**Challenges, opportunities and the impacts of 2030 Vision on the
Manufacturing Sector in Saudi Arabia**

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Introduction:

In a swiftly changing global economy, Saudi Arabia's manufacturing sector finds itself at a crucial juncture where tradition intersects with innovation. As the Kingdom seeks to reduce its reliance on oil, the need for transformation has reached an unprecedented level. **Are Saudi manufacturers prepared to adapt to the future, or will they fall behind due to rapid technological advancements?** This pressing question arises as companies navigate the complexities of automation, sustainability, and digital transformation.

April 2016, Prince Mohammed bin Salman, launched Saudi Arabia's Vision 2030 which will be an ambitious initiative to transform the Kingdom's economic, social, and cultural framework. An extensive examination of Saudi Arabia's Vision 2030 reveals its objectives, strategic sectors for economic .diversification, global implications, and advancements towards reducing reliance on oil

Acknowledging the necessity to break free from a traditional dependency on oil revenues, this strategic plan seeks to position Saudi Arabia as a global frontrunner in tourism, technology, renewable energy, and entertainment. Central to Vision 2030 is a dedication to creating a sustainable and inclusive economy that aligns with the aspirations of its citizens and equips the Kingdom for a future beyond oil. The Vision tackles crucial socio-economic issues, such as youth unemployment and the push for a more diverse workforce, while aiming to decrease reliance on governmental financial support

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This all-encompassing blueprint underscores the importance of integrating women into the workforce and improving educational frameworks to cultivate a skilled, competitive labor pool. Furthermore, it envisions the establishment of a strong infrastructure that attracts foreign direct investment (FDI), thus facilitating further economic diversification. In addition to its economic aims, Vision 2030 seeks to modernize Saudi society through social reforms, fostering a vibrant cultural atmosphere that supports the economic shift.

This analysis explores the goals, primary sectors, achievements to date, obstacles faced, and the global significance of Vision 2030, providing insights into how the Kingdom plans to fulfill its ambitious aspirations and reshape its global standing.

Study problem -

The Kingdom is currently moving towards local manufacturing as one of the most strategically sound options, and it is indeed the fastest route for achieving the country's economic goals. However, with the formation of this future economic climate, characterized by strong openness, along with intense competition and the rapid pace of global economic developments, several forms of challenges or obstacles arise that face all economies and business sectors worldwide. Consequently, significant barriers or challenges have emerged for the future of the industrial sector in the Kingdom

As a result, the industrial sector in the Kingdom will need to confront these challenges or obstacles with strength on multiple fronts. This article will address what these challenges or obstacles are, as well as the means for overcoming.

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There are several challenges that the national industry in the Kingdom of Saudi Arabia may face, which can be outlined through the following points:

Dependence on Oil and Gas: The Saudi industry relies heavily on oil and gas, which constitute over 90% of export revenues. This makes the Saudi economy vulnerable to fluctuations in global oil and gas prices.

Weak Industrial Structure: The industrial structure impacts industries in Saudi Arabia, and it is important to note that this structure encompasses not only the physical aspect but also the managerial side within companies and factories

Government Regulations and Policies: National industries encounter challenges related to governmental regulations and policies, such as bureaucratic complexities and lengthy procedures.

Skilled Labor Shortage: National industries face a shortage of skilled labor capable of working in various industrial sectors.

Weak Innovation: Saudi industrial companies face challenges in innovation and development, limiting their ability to compete in global markets.

Weak Infrastructure: The industrial infrastructure in the Kingdom of Saudi Arabia remains incomplete, limiting companies' ability to grow and expand.

High Costs: Industrial companies in Saudi Arabia suffer from high labor, energy, and transportation costs.

Global Competitiveness: Saudi industrial companies face intense competition from industrial firms in other countries, which enjoy advantages such as lower costs and proximity to markets.

Lack of Investors: Some investors may perceive significant investments as a major risk, but if substantial investments were to occur, it would greatly rejuvenate the Saudi market in the economic industry.

- The importance of the study.

Saudi Arabia is placing a new position in the world and looking for to be one of the top countries in the manufacturing sector. Saudi Arabia is looking for to be country exporting industrial products.

The Kingdom of Saudi Arabia is placing significant emphasis on the development of its industrial and commercial sectors within the framework of Saudi Vision 2030, which aims to diversify the national economy and enhance sustainability.

Here are the keys of the importance points of the study that solve the challenges that Saudi Arabia faces on manufacturing sector in 2030 vision

Developing Industrial Management: It is well known that improving performance and productivity in industrial facilities primarily depends on the efficiency and quality of management within these establishments. Thus, more attention should be given to this aspect in industrial units, particularly medium and small enterprises, which according to statistics constitute most operational industrial units in the Kingdom.

Enhancing the Competitive Capabilities of National Products: Improving the competitiveness of national products to reach a global level is vital for the national industry currently.

Keeping Up with Rapid Developments in Global Markets: As we see now, the development and change in global markets, particularly in technology, occur at an unprecedented speed, posing a significant challenge for business sectors around the world, especially in industry

Transferring and Localizing Technology: Technology currently plays a significant role in increasing productivity, which directly impacts the competitiveness of industrial products.

Focusing on Environmental Sustainability in the Industrial Sector: It is certain that the current focus on the industrial environment will gain increasing momentum in the future.

Objectives of the study

Here are the keys of the objectives of the study that solve the challenges that Saudi Arabia faces on manufacturing sector in 2030 vision

Developing the Industrial Sector: -

This study will focus on developing the industrial and manufacturing sector. The study will -
focus on enhancing Saudi manufacturing and supporting local products.

Furthermore, the study is focusing on the below point that helps to face the challenges that will increase the productivity and improve manufacturing sector in Saudi Arabia to the peak in 2030 vision.

Increase the numbers of Industrial Cities: -

Establishing and developing industrial cities such as Jubail and Yanbu, which are among the largest centers for heavy and petrochemical industries

Enhancing the Commercial Sector and Expansion of E-commerce:

The Kingdom supports digital transformation by developing IT infrastructure and encouraging e-commerce as part of programs like Vision 2030

International Trade Development:

Strengthening trade relations by signing partnership agreements with countries and global economic organizations

- Study questions:

To determine the questions and challenges to develop the manufacturing sector to reach the peak in 2030 we need to understand the history of Saudi Arabia in Industry and manufacturing sector.

Increase in the Number of Factories: Numerous factories have been constructed across the kingdom, with their number totaling approximately 7,007 in 2015.

Increase in Investment Capital: The invested capital reached about \$1.1 trillion in 2015

Increase in the Workforce: The number of workers rose in 2015 to around 990,000.

Establishment of Modern Industrial Cities: A large number of cities have been created and equipped with the necessary services and facilities.

Establishment of the Saudi Authority for Industrial Cities: An independent body overseeing everything related to industrial cities and their development.

Advancements in Industrial Production: There has been significant progress in industrial production in recent years

Increase in GDP for Manufacturing Products: The GDP for manufacturing products (the process of converting raw materials into usable products) increased from 32 billion Riyals in 1974 to approximately 296 billion Riyals in 2015.

Development in Saudi Exports: The Kingdom has prioritized exports, especially "petrochemical products," which compete strongly in global markets in terms of both quality and price.

The above points give a small view of Saudi Arabia history where during time Saudi Arabia focus on how to develop the county in Industries and manufacturing sector. Furthermore, the above points can give many question and answer on how the study help to solve all the challenges to improve the Saudi Arabia manufacturing sector.

- Previous studies and theoretical framework.

April 2016, Prince Mohammed bin Salman, launched Saudi Arabia's Vision 2030 which will be an ambitious initiative to transform the Kingdom's economic, social, and cultural framework. An extensive examination of Saudi Arabia's Vision 2030 reveals its objectives, strategic sectors for economic diversification, global implications, and advancements towards reducing reliance on oil.

Here are some articles that study the subject during the last 10 years

<https://thebftonline.com/2025/01/13/saudi-arabias-vision-2030-transforming-the-kingdoms-economy-and-society>

<https://www.almrsl.com/post/1457730>

<https://alphabeta.argaam.com/article/detail/110846>

- Theoretical premises of study.

The theoretical premises of study is reaching 2030 vision making the goals and objectives that Saudi Arabia work on such as the below points:

Increase in the Number of Factories.

Increase in Investment Capital:

Increase in the Workforce:

Establishment of Modern Industrial Cities

Establishment of the Saudi Authority for Industrial Cities:

Advancements in Industrial Production

Development in Saudi Exports

- Methodology and research methods.

The approach to investigating the challenges, opportunities, and impacts of the 2030 Vision on Saudi Arabia's manufacturing sector employs a mixed-methods framework. Qualitative techniques, such as in-depth interviews and focus group discussions with industry experts, policymakers, and business leaders, will elicit insights into their perceptions and experiences regarding the implementation of the Vision. To complement this, quantitative data will be collected through surveys distributed to a range of manufacturing enterprises, assessing operational changes, investment trends, and workforce dynamics since Vision's launch. Furthermore, secondary data analysis of economic reports and industry performance metrics will enhance the understanding of the sector's development. This methodological triangulation is designed to capture both the detailed experiences of stakeholders and broader statistical trends, thereby providing a comprehensive evaluation of how the 2030 Vision is transforming the manufacturing landscape in Saudi Arabia.

- Study tools (data Collection tools).

To investigate the challenges, opportunities, and effects of the 2030 Vision on Saudi Arabia's manufacturing sector, a diverse set of data collection methods can be utilized to gather thorough insights. Surveys and questionnaires can be used to collect perceptions and experiences from various industry stakeholders, including manufacturers, policymakers, and employees. In-depth qualitative data on specific challenges and opportunities in relation to Vision can be obtained through interviews with key informants. Additionally, focus groups can encourage discussions about innovation-driven strategies critical for transformation. Analyzing case studies of successful manufacturing companies will provide valuable context and benchmarks. Moreover, harnessing secondary data sources, such as government reports and industry analyses, will enhance the understanding of market trends and economic impacts. Collectively, these research methods will enable a comprehensive analysis of the evolving landscape influencing Saudi Arabia's manufacturing sector in light of its ambitious 2030 Vision.

- Study Limitation.

A major constraint in examining the challenges, opportunities, and effects of Saudi Arabia's Vision 2030 on the manufacturing sector is the scarcity of empirical data and longitudinal studies that could offer in-depth insights into the ongoing transformation. This vision involves a complex interaction of economic, social, and technological factors that are in constant flux. Furthermore, the dynamic nature of global markets and domestic policies may obscure the direct impacts of Vision 2030. Research often relies on qualitative assessments and expert opinions, which can introduce biases and limit the analytical scope. Additionally, disparities in regional development within Saudi Arabia can result in varied outcomes in the manufacturing sector, complicating the effort to generalize findings across the industry.

- List of references and preliminary sources.

<https://thebftonline.com/2025/01/13/saudi-arabias-vision-2030-transforming-the-kingdoms-economy-and-society>

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