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The Impact of International Exhibitions on Foreign Direct Investment in Saudi Arabia

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Chapter One: General Framework of Research

1.1. Introduction

In light of rapid geopolitical and economic shifts, globalization has fundamentally reshaped patterns of international trade and investment (UNCTAD, 2023).

Countries are increasingly competing to attract foreign direct investment (FDI) as a strategic tool for achieving economic growth, transferring technological knowledge, and creating high-quality jobs (Ministry of Investment, 2024). FDI plays a crucial role in boosting productivity, developing infrastructure, and diversifying national economies (UNCTAD, 2025; Ministry of Economy and Planning, 2021).

In this context, international trade fairs have emerged as a strategic platform that transcends the traditional concept of exhibitions, becoming a driving force for strengthening cross-border trade relations and attracting foreign investors (Jane and Weber, 2016). These fairs provide essential networking opportunities, highlight national competitive advantages, and overcome obstacles to international partnerships (Amkina, n.d.). Studies indicate that these major events contribute to creating an enabling environment that encourages increased and sustainable investment flows (Jane and Weber, 2016). This is evident in the growing role of the meetings, incentives, conferences, and exhibitions (MICE) sector as a cornerstone of modern economic diversification strategies (Arab News, 2025).

In Saudi Arabia, the role of international exhibitions has expanded significantly within the framework of Vision 2030, as the Kingdom seeks to establish itself as a leading regional investment hub (Ministry of Investment, 2024). The development of the MICE sector has boosted foreign direct investment (FDI) flows, exceeded

targets and reached US\$26 billion in 2023 (Reuters, 2024). This sector has become a strategic priority for reducing dependence on oil and attracting international capital to promising sectors (General Authority for Statistics, 2025; Arab News, 2025). Despite this, empirical studies examining the direct impact of exhibitions on the volume of foreign direct investment (FDI) in the Kingdom remain limited (Ministry of Economy and Planning, 2021). While exhibitions are theoretically supposed to stimulate investment, the nature of this impact still requires further investigation (Jane and Weber, 2016). Therefore, this study aims to analyze the impact of international exhibitions on FDI in Saudi Arabia and provide policymakers with insights into how to maximize these opportunities (UNCTAD, 2025).

1.2. Research Problem Statement

The rapid expansion of the exhibitions, conferences, and trade events sector in the Kingdom represents a strategic pillar for supporting economic diversification within Vision 2030. Despite the significant momentum in hosting international events, a challenge lies in the "weak systematic link" between these short-term events and sustainable investment commitments.

The problem can be precisely defined by the following gaps:

1.2.1 Theoretical Gap

Scarcity of Specialized Studies: Most previous studies focus on the "tourism" or "logistical" impact of exhibitions, while the academic literature lacks analytical models that directly and systematically link the MICE sector to foreign direct investment (FDI) flows in the Saudi environment.

Absence of Modeling: There is no clear theoretical framework that explains how an "exhibition visitor" or "foreign exhibitor" transforms into an "actual investor" in the local economy.

1.2.2 The Practical Gap

Measuring Sustainability vs Promotion: There is a gap in distinguishing between the "temporary" media and promotional impact of exhibitions and the "sustainable" economic impact that manifests in long-term investment contracts.

The Need for Analytical Data: Despite the abundance of official reports, they are often descriptive, creating a pressing need for an analytical study (like yours) that interprets this data to draw conclusions that support public policy decisions.

1.3 Significance of the Study

This study is of particular importance because it addresses a vital and rapidly growing sector within the context of the massive economic transformation underway in Saudi Arabia. The significance of this research is evident in two main dimensions:

1.3.1 Scientific Significance

Enriching the Academic Library: This study contributes to bridging the knowledge gap regarding the relationship between business tourism (MICE) and foreign investment flows, especially given the scarcity of Arabic studies linking these two variables in the Saudi market.

Establishing the Conceptual Framework: The study provides an updated theoretical framework that clarifies how international exhibitions transform from mere promotional events into economic platforms that support investment diplomacy.

1.3.2 Practical Significance

Supporting the Objectives of Vision 2030: The study aligns with national trends toward economic diversification and attracting quality investments in non-oil sectors.

Guiding Decision-Makers: The results of the analysis and extrapolation provide guidance data for the Saudi Exhibitions and Conferences Authority and the Ministry of Investment, helping to improve strategies for hosting major events to maximize return on investment.

Improving the Competitive Environment: It helps identify obstacles facing foreign investors during their participation in local events, paving the way for innovative regulatory solutions that enhance the efficiency of these platforms.

1.4 Research Questions

Main Question:

What is the role of international trade fairs (MICE sector) as a strategic platform for attracting foreign direct investment (FDI) to Saudi Arabia considering Vision 2030?

Sub-Questions:

Sub-Question 1: What is the correlation between the increase in the number of international exhibitions and the growth in FDI flows, according to official indicators and reports?

Sub-Question 2: How do international exhibitions contribute to enhancing the attractiveness of the Saudi market as a safe and stimulating investment environment for foreign investors?

Sub-Question 3: What pivotal role does the Meetings, Incentives, Conferences, and Exhibitions (MICE) sector play in supporting the economic diversification strategy?

Sub-Question 4: What are the main and minor challenges that limit the effectiveness of international exhibitions in converting available business opportunities into actual foreign investments?

Sub-Question 5: What strategic approaches can policymakers adopt to maximize the benefits of these exhibitions as a sustainable economic tool?

1.5 Research Objectives

Main Objective:

To analyze and extrapolate the strategic role of international trade fairs (MICE sector) as a catalyst for attracting foreign direct investment (FDI) to the Kingdom of Saudi Arabia.

Sub-Objectives:

Sub-Objective 1: To examine the relationship between the frequency of international trade fairs and the volume of FDI inflows, based on historical data and official reports.

Sub-Objective 2: To analyze the mechanisms by which trade fairs contribute to building confidence among foreign investors and enhancing the attractiveness of the local investment environment.

Sub-Objective 3: To assess the alignment of MICE sector growth with the economic diversification strategy and the objectives of Vision 2030.

Sub-Objective 4: To identify the key challenges hindering the optimal utilization of international trade fairs in transforming opportunities into tangible and sustainable investments.

1.6 Research Hypotheses

Main Hypothesis:

There is a statistically significant relationship between hosting international exhibitions and the flow of foreign direct investment (FDI) into the Kingdom of Saudi Arabia.

Sub-Hypotheses:

Sub-Hypothesis 1: International exhibitions contribute to increasing foreign investors' interest in investment opportunities in the Kingdom.

Sub-Hypothesis 2: The development of the MICE (Merchant-Information Technology, Innovation, and Markets) sector contributes to enhancing the Kingdom's ability to attract foreign investment.

Sub-Hypothesis 3: Some economic sectors benefit more than others from hosting international exhibitions.

Sub-Hypothesis 4: Effective organization of exhibitions contributes to enhancing opportunities for establishing new foreign partnerships and investments.

1.7 Diagramming the research model

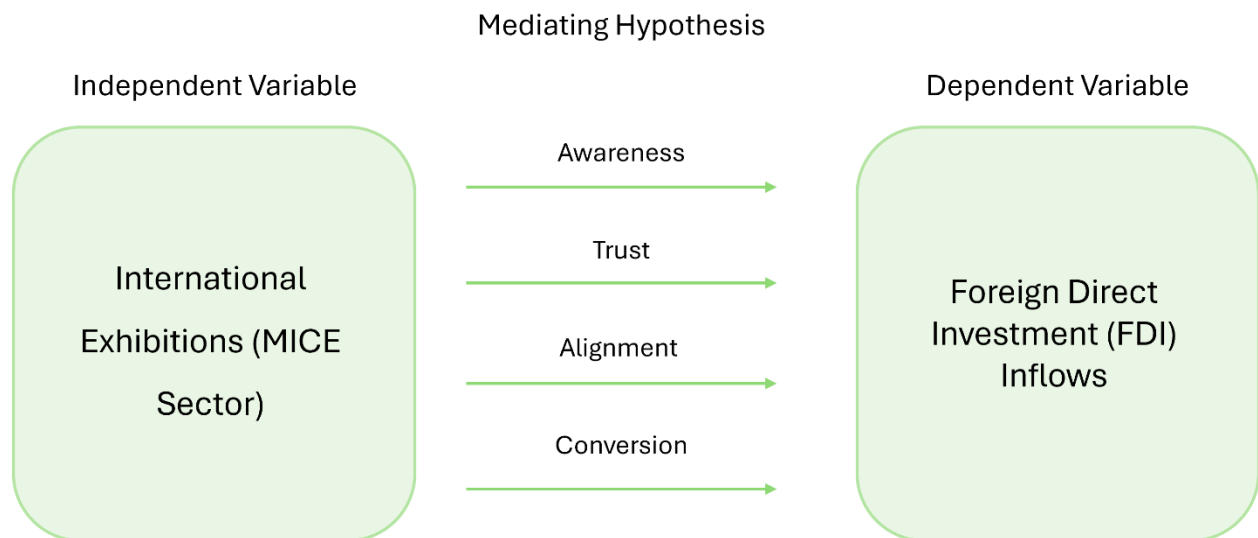


Figure 1: The conceptual framework of the study

1.8 Research Methodology

This study employs a descriptive-analytical approach using secondary data. The methodological framework is summarized as follows:

Research Philosophy: Positivism – Reliance on numerical facts and official reports.

Research Approach: Deductive – Testing hypotheses based on available data.

Research Strategy: Documentary Research – Analyzing the content of reports and documents.

Time Horizon: Cross-sectional Study – Focusing on the Vision 2030 period.

Data Collection Tool: Analysis of annual reports (Ministry of Investment, Exhibitions Authority, Central Bank).

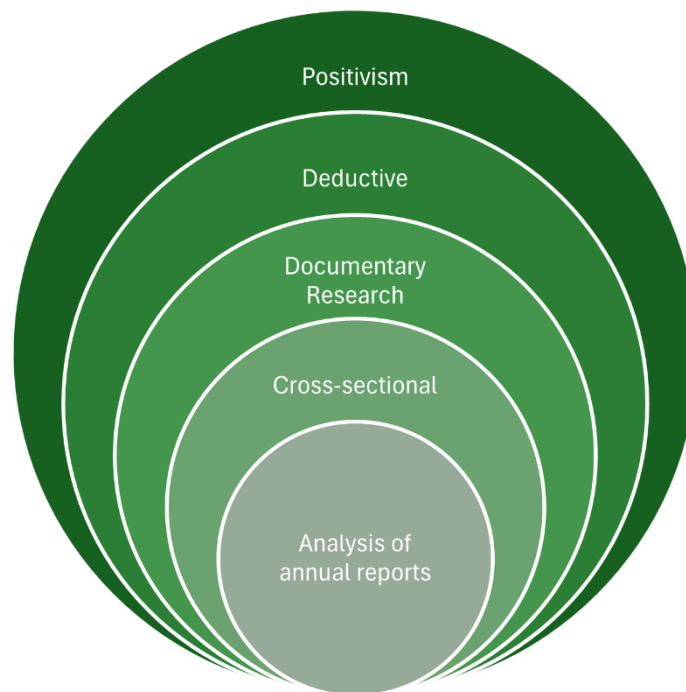


Figure 2: Summary of the research methodology

1.9 Field Study Location

The field study will be conducted in the Kingdom of Saudi Arabia, focusing on major cities that are prominent economic hubs and host a large number of international exhibitions and events: Riyadh, Jeddah, and Dammam.

Reasoning for Choosing the Study Location

Economic and Regulatory Importance:

These cities are among the most important economic centers in the Kingdom of Saudi Arabia, hosting numerous major international exhibitions and events, such as LEAP and Cityscape Global, which are organized under the auspices of the Saudi Exhibitions and Conferences Authority.

Investment Attraction:

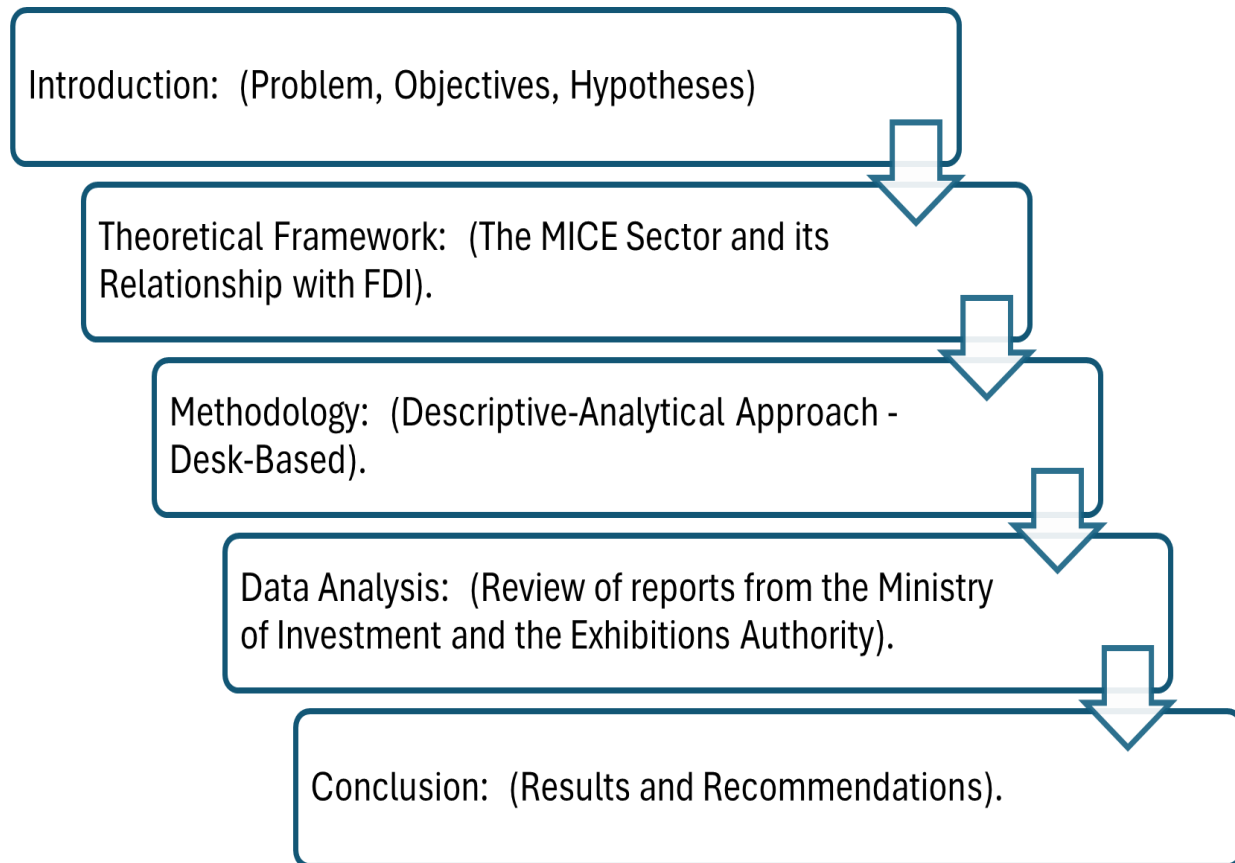
These cities represent key attractions for international companies and foreign investors, witnessing broad participation from international institutions and investment entities, thus enhancing opportunities for economic cooperation and the exchange of investment opportunities.

Abundant Data and Target Audience:

These cities provide a suitable environment for collecting field data from the study sample, which may include foreign investors, exhibition organizers, and representatives of participating companies. This contributes to analyzing and measuring the impact of

these events on the flow of foreign direct investment, in line with the objectives of the Kingdom's Vision 2030.

1.10 Proposed Research Structure



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