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

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Table of Contents

Chapter One: General Framework of the Research	3
1.1 Introduction	4
1.2 Research Problem Statement	6
1.2.1 Research Objectives.....	7
1.2.2 Research Questions.....	7
1.3 Significance of the Study	8
1.3.1 Theoretical Importance	8
1.3.2 Practical Importance	9
References	10

Chapter One: General Framework of Research

1.1. Introduction

Considering rapid geopolitical and economic shifts, globalization has fundamentally reshaped international trade and investment patterns (UNCTAD, 2023). Countries are increasingly vying to attract foreign direct investment (FDI) as a strategic tool for achieving economic growth, transferring technological knowledge, and creating quality employment opportunities (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 exhibition, becoming a driving force for strengthening cross-border trade relations and attracting foreign investors (Jin & Weber, 2016). These fairs provide essential opportunities for networking, highlighting national competitive advantages, and overcoming obstacles to international partnerships (Amkenah, n.d.). Studies confirm that these major events contribute to creating an "ecosystem" that encourages increased and sustainable investment flows (Jin & Weber, 2016), as evidenced by 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 under the umbrella of Vision 2030, as the Kingdom seeks to solidify its position 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 \$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 momentum, empirical studies examining the direct impact of exhibitions on the volume of foreign direct investment 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 in-depth research (Jin & Weber, 2016). Therefore, this study aims to analyze the impact of international exhibitions on foreign direct investment in Saudi Arabia and provide policymakers with insights on how to maximize these opportunities (UNCTAD, 2025)

1.2. Research Problem Statement

The rapid expansion of the Exhibitions and Conferences (MICE) sector in Saudi Arabia represents a strategic pillar for supporting economic diversification efforts and attracting foreign investment under Vision 2030. The government has embraced hosting major international exhibitions and events to solidify the Kingdom's position as a leading regional investment hub. However, despite these extensive initiatives, a significant knowledge and empirical gap remain regarding measuring the actual and sustainable impact of these events on the volume of foreign direct investment (FDI) inflows.

Although official reports consistently emphasize the importance of exhibitions in promoting economic opportunities, academic research that quantitatively analyzes the direct relationship between these exhibitions and the growth of investment flows remains extremely limited. Consequently, it remains unclear to what extent these events can translate into long-term investment commitments across different economic sectors. Therefore, this study seeks to investigate the impact of international exhibitions on FDI in the Kingdom and provide empirical evidence to support public policy decisions in this area.

1.2.1 Research Objectives

This study aims to achieve the following main objectives:

Analyzing the impact of international exhibitions: Examining the extent to which international exhibitions and events contribute to increasing the volume of foreign direct investment (FDI) inflows into the Kingdom.

Identifying the sectors that benefit most: Identifying the economic sectors that reap the greatest investment gains because of hosting these exhibitions and conferences.

Providing strategic recommendations: Formulating practical proposals for decision-makers and stakeholders aimed at maximizing the effectiveness of the exhibitions sector as a strategic tool for attracting foreign investment.

1.2.2 Research Questions

This study attempts to answer the following research questions:

To what extent do international exhibitions affect the volume of FDI inflows into the Kingdom of Saudi Arabia?

Which economic sectors benefit most from hosting international exhibitions?

What strategies can policymakers adopt to enhance the role of exhibitions in stimulating and attracting foreign investment?

1.3 Significance of the Study

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

1.3.1 Theoretical Significance

Bridging the Knowledge Gap: This research contributes to the academic literature by establishing a clearer link between the Meetings, Incentives, Conferences, and Exhibitions (MICE) tourism sector and foreign direct investment (FDI). This area remains significantly under-researched in emerging markets, where empirical and quantitative data are often scarce (Jane & Weber, 2016).

Expanding Economic Frameworks: By examining international exhibitions as platforms for knowledge transfer, this study expands the scope of the OLI model. It also provides a deeper theoretical understanding of how business events influence decision-making processes in multinational corporations (Dunning, 2000).

Academic Reference for Future Studies: This research provides a scientific foundation for researchers interested in the intersection of event management and macroeconomics, paving the way for further research into the long-term socioeconomic impacts of major events.

1.3.2 Practical Significance

Guiding Policy Development: The findings offer concrete evidence to assist government entities, such as the Ministry of Investment and the Saudi General Authority for Exhibitions and Conferences, in assessing the economic viability of international forums and directing support toward high-yield sectors (Sultan & Al-Tunisi, 2025).

Enhancing Investment Attraction Strategies: By identifying the sectors most responsive to business exhibitions, organizers can design more specialized events. This ensures that international exhibitions transcend mere networking and become effective tools for transforming business opportunities into actual investment partnerships (Saudi Ministry of Investment and Conferences, 2024).

Supporting the Goals of Vision 2030: In practical terms, this study aligns with the Kingdom's strategic objectives of increasing the contribution of foreign direct investment to GDP. It also provides a roadmap for leveraging non-oil sectors to build a diversified and sustainable economy (Barbari and Tawfiq, 2024).

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