

THE ROLE OF LEGAL FRAMEWORK IN ATTRACTING FOREIGN INVESTMENTS: THE CASE STUDY OF TOURISM SECTOR IN SAUDI ARABIA

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Abstract

This research paper uses Saudi Arabia as a case study to investigate how the legal framework affects the country's ability to draw foreign investments. Saudi Arabia, a country that depends heavily on oil, has accepted international investment in the travel industry. Due to its acceptance of significant international investments, Saudi Arabia has become a well-known travel destination, which has helped the country's economy. Since 2019, Saudi Arabia's legal structure has incorporated laws and an atmosphere that is conducive to tourism, and the number of visitors has been steadily increasing annually. Saudi Arabia's legal system guarantees the protection and safety of its visitors. To draw tourists, new resorts, sports facilities, playgrounds, movie theatres, and other amenities are constructed. In addition, this paper discusses regulations about travel, health insurance, and visas that have been implemented for visitors. Saudi Arabia has adapted its domestically more Islamic legal system to a more secular one for its visitors. In a nutshell, this study explores how Saudi Arabia's legal system supports the tourism sector, as well as the positives and negatives of this system and the significance of this framework for international investments in the kingdom.

Keywords: legal framework, foreign investment, tourism, economic growth.

➤ Background

The legal framework is the body of laws, regulations, and policies within which a nation's government operates. The legal framework provides a proper set of rules, regulations, contracts, ideas, and deals to run companies, governments, and dealings with the public. Every institution in the country operates effectively because of these laws and guidelines. A state's internal affairs are ensured to be handled fairly and freely by its legal structure. Justice, peace, and prosperity result from a state's well-established and effective legal system. In the end, this draws in investments from other governments and businesses. (*Introduction to Law and Legal Systems*, n.d.)

Foreign investments are crucial to the advancement of a nation's social as well as economic growth. For growth in these sectors adoption of legislative frameworks in several nations including Saudi Arabia has been prioritized. This also applies to the tourism industry, which is mostly governed by state laws, regulations, and hospitality. Today, tourism is a state's most important economic sector, generating enormous GDP growth each year on a worldwide scale. Therefore, a state's legal system is crucial to attracting investments and boosting the country's GDP. (Zupan Korze, 2018)

Being a member of the World Trade Organization, signing multiple bilateral agreements to advance trade liberalization, business environment liberalization and faster integration with the global economy Saudi Arabia was among those nations that adopted a special law for regulating foreign investments. As a result, the kingdom was concerned about luring policy including its terms, processes, and assurances id governed by foreign investment legislation, for the well-being and comfort of foreign investors the legislation offers certain assurances. According to Article 4 foreign investment activities are entitled to the same assurances, promotions, and advantages as domestic investment activities. This includes unrestricted financial transfers into and out of Saudi Arabia. Since investments cannot be seized without a court order or expropriated without public interest and just recompose the law prioritizes respect for private property. Access to finances and ownership rights to the real right to real estate associated with foreign investment establishments are permitted by law. Customs exemptions are also possible. Saudi Arabia's strong legal system encourages international investment and focuses mostly on the tourist industry. (Albakjaji, 2023)



➤ INTRODUCTION

The legal framework of Saudi Arabia is based on Islamic laws, due to its Islamic status; both its civil as well as criminal disputes are resolved and handled under sharia. The supreme king is the head of the judicial system, in this way; the ultimate decision depends on him. Being an Islamic state Saudi Arabia is more tilted towards Islamic rules and regulations, which promote Islamic values such as peace, prosperity, and freedom. The rule under Sharia is firstly based on the holy Quran and secondly depends on the Sunnah, the actions performed by the prophet (PBUH) during his lifetime. In this way, the domestic laws ensure peace and prosperity because of their heritage belonging to the past. These laws ensure the safety and security of each personnel attracting tourists. (*Legal and Judicial Structure | The Embassy of The Kingdom of Saudi Arabia*, n.d.) Domestically Saudi Arabia is an Islamic state but is more secular in the tourism sector attracting a huge population towards it, welcoming huge investments there. (Brown, n.d.)

The traditional nation is relaxing its stringent clothing regulations for female tourists which mandated that they wear abayas or fully covering black robes. Later on, laws were passed stating Abayas are not required for female travelers but modest clothing, especially at public beaches. These rules were introduced to increase the GDP of states by 10 percent by 230. (*Saudi Arabia Will Issue New Visas, Relax Dress Code for Tourists*, n.d.)

The ambitious vision plan emphasizes the kingdom's legal framework as critical to attracting local and foreign corporate investment and elite foreign residents. The law and the Ministry of Justice's institutional capacity play critical roles in achieving this goal. The ministry is required to integrate and implement a growing number of economic laws through its commercial courts but it must also be adaptable to implementing foreign tribunals and court rulings for Saudi companies. A special jurisdiction in Saudi economic zones like the Red Sea project is introduced where the laws are more tilted towards international standards rather than local standards and less rigid social norms that will support sectors like tourism. (Brown, n.d.) This reflects the flexibility of laws under the legal framework that attracts foreign investments in the tourism sector of Saudi Arabia.

➤ DISCUSSION

• Tourism laws

The tourism laws within the state of Saudi Arabia have been formulated to deal with both domestic and international tourism. The tourism laws aim to connect different sectors of the state to facilitate tourism and tourists. The legal framework of this sector in the Kingdom of Saudi Arabia provides a favorable atmosphere for connecting customers with providers and providing new opportunities for foreigners to invest there. The tourist laws deal with different regulations and sectors including tourist reservations, tour agents, tourist guides, tourist destinations, and committees for overseeing tourism regulation infringement. The tourism laws now strictly regulate every aspect of tourism. Anyone who wants to conduct business in this sector has to have the necessary permissions and an acceptable license issued by the Commission. Any foreign business or individual working in the kingdom is permitted to engage in tourism activities, except tour guides which are limited to Saudi nationals. This is a huge shift from the past when the majority of tourism-related commercial activities were restricted to Saudi citizens or companies under Saudi ownership. Applicants fulfilling the required regulations can get licenses for doing business there. Regulations on the license are too introduced under which this is applicable for three years and cannot be transferred or given to someone else. (*The New Tourism Law and Saudi Arabia's Renewed Commitment to Tourism*, n.d.) After numerous restrictions, Saudi Arabia has formally opened its tourist sector to international investments. This action supports long-term growth and it's consistent with the kingdom's objective of improving market competitiveness. As per the tourist law, there is a significant focus on providing work possibilities for Saudi citizens. Saudization is another policy to promote local workers in all sectors, also known as Nitaqa, which has been introduced by the Ministry of Labor. (*Understanding Saudization*, n.d.)

This policy has also been encouraged in the tourism sector. Any tourist or historical action that ignores this according to the president will not receive financing from the commission. For this reason for foreign investors to benefit from the potential of the kingdom, they need to present the Foreign



Investment Authority and the Commission with a plan that consists of workers from Saudi Arabia. This will ultimately raise foreign investment and provide jobs for locals. Given that the nation's tourist attractions are dispersed throughout its regions tourism must be developed in these areas in a way that would boost employment possibilities and raise the standards of living there hence lowering immigration rates. Because it is a major source of income and employment for Saudis the tourism industry in the kingdom of Saudi Arabia is highly important due to the country's large fluctuations in oil prices. To overcome these fluctuations and lower the costs of hiring the workers from foreign countries, all the potential losses must be overcome. Also, a huge focus on educational institutions is made to educate the students in universities and colleges to educate them regarding tourism to lower the need for foreign workers and managers. These steps have improved the working class in Saudi Arabia along with the rising tourism rates. (Mustafa, 2011)

The Ministry of Tourism is at the core of Saudi Arabia's tourism strategy, with a focus on strategy, legislation, destination human resource development, and investment attraction. Support for it comes from the Saudi Tourism Authority, which oversees marketing, branding, and promotional initiatives with various tour operators and travel companies. Developing landmark initiatives with helping the private sector expand its product and lodging options are the responsibilities of the tourism department fund. The tourism development committee is a governed body that facilitates close collaboration between the tourism regulations ecosystem and all pertinent government departments including ministers of foreign affairs, internal affairs, transportation, power, transportation, water, and agriculture. These cross-governmental interactions as a whole support the tourism sector. The Regional Tourism Development Committee which brings together the provincial government regional organizations and other international organizations also enables the government to oversee the growth in the tourism sector. The period of the COVID-19 pandemic was one of the most challenging phases for the tourism sector of Saudi Arabia, but this challenging time was faced by the state more confidently due to the introduction of some unique policies. During this phase, Saudi Arabia focused on its domestic tourism and took steps to invite tourists in limited numbers to lower the chances of COVID-19 spreading. Additionally, policies were made to overcome the impacts and ensure the survival of the enterprises during the first stage of the pandemic and to accelerate the transition to substantial growth during the second stage. As a whole the government had kept an eye on the tourism sector during the whole pandemic period to keep benefiting the state's economy. (OECD, 2022)

- **Modifications in the legal framework supporting tourism**

The growing industry of tourism in Saudi Arabia has attracted the government which has resulted in reforms and the introduction of new laws and rules in the tourism sector. To regulate the rapidly expanding tourist industry following its Vision goals to diversify the Kingdom of Saudi Arabia's economy, the Kingdom of Saudi Arabia revised and expanded its regulatory framework and modified its tourist law. On August 23rd of 2022, the newly announced tourism law which superseded the previous tourism law issued by royal decree No .M2/1436 was issued per Saudi Arabia cabinet decisions No- 70/1444 and it was going to be effective on March 25, 2023. Nearly ten comprehensive implementing regulations also support the new law; this law focuses on the regulation of hotels; ensuring hotel management, and many things more. These new laws stress hotel owners who are interested in working in Saudi Arabia, and how are they going to set up and run their services. Due to lack of a focused legislation, overseas operators used an informal method in the past, managing hotels through offshore agreements. Under the shifting legal environment, offshore operators likely want to reconsider these agreements; particularly if an in-person presence is necessary. Global hotel chains are starting to build their footprints in the hospitality business which has experienced exceptional development. This development meets the needs of the increasing number of travelers looking for opulent and cozy lodging. Overall Saudi Arabian hotel operators either domestic or foreign are recommended to adopt an organized approach. Further recent modifications in tourism laws require foreign hotel operators wishing to operate in Saudi Arabia to create a licensed local organization. Hotel management services do not require a local client. For more legal operations more permission is to be taken from the Ministry of Investments and Ministry of Commerce after



getting the relevant licenses, under new law modifications. These steps are taken to control hotel management to shore up tourism. (*Saudi Arabia Amends Tourism Law and Introduces New Regulations to Boost Tourism*, n.d.)

The Ministry of Tourism is making efforts to grow the domestic tourism industry too with the ultimate goal to meet the targets of the 2030 vision, under which efforts have to be made to establish Saudi Arabia as one of the world's premier travel destinations. Under this plan, the tourism department aims to enhance the processes that govern the digital tourism industry and create intelligent regulations that work within a particular framework to guarantee the achievement of Saudi strategic goals of leading and participating in local and international tourism industry support to boost employment, foster prosperity and draw more tourists to the country. By 2025 nine programs and thirty-one projects are scheduled to be finished as part of the kingdom's digital tourism strategy. The goal of the plan is to enhance industrial prosperity along numerous paths while improving the tourism experience. The foremost digital advancement is to streamline travel procedures and provide effortless trips. This plan focuses on providing a single platform that links travel suppliers and their apps to facilitate commercial dealing in the tourism industry. Plans are to establish an interactive space where digital tourism innovators may investigate solutions. The plan also encourages the use of extended tourism reality apps to promote digital travel. Another important component is promoting environmental responsibility including programs that offer incentives to travelers who adopt eco-friendly behaviors. Through the creation of solutions for data collecting and analysis within the tourist industry, the plan also emphasizes deliberate decision-making. Developing a competent digital workforce is a top priority to produce a new generation of knowledgeable professionals and business owners for the travel and tourism sector. Moreover, a major goal is to draw in investors with them on digital media. These strategies and policies are made by the department to use digital technology to enhance the kingdom's tourism. (*Visas, Tourism, and Entertainment in the Kingdom of Saudi Arabia*, n.d.)

In the previous five years, Saudi Arabia has introduced new initiatives that surround employment, skills, enterprises, and innovation. To transform creative ideas into visible enterprises through intensive training for entrepreneurs,

The Tourism Entrepreneurs Boot Camp was established in 2021. Almost 300 people applied to the Boot camp in fifteen different places, and 30 of those candidates were eventually chosen to participate in the financing phase. The Tourist Entrepreneurship Accelerator was also introduced by the Ministry in 2021 to assist a limited number of newly established businesses in the tourist industry as they grow and broaden their service providers. Out of more than 1200 submissions four tourist start-ups, and 15 were chosen to participate in the monthly accelerators program. 180 hours of seminars and 1300 hours of one-on-one mentoring were offered by the Ministry of Tourism throughout this initiative with benefits and services totaling over SAR 1 million. The Mix and Mentor program was introduced in 2022 as a response to comments from the Saudi tourist entrepreneurial community. Its goal is to offer training sessions and mentorship to entrepreneurs at every stage of this start-up journey from conception to scale-ups. (*Tourism Sector Contributes to 4.45% of Saudi Arabia's GDP*, n.d.)

- **E-visa and non-stop visa**

Under the new guidelines, the Saudi government introduced new policies regarding visas for tourists. E-visa is a new entry visa for tourists from the whole globe including developed states like the United States and the United Kingdom. The tourism sector opened in 2019 in Saudi Arabia had has now become one of the fastest-growing sectors. A total of 9.9 million tourists visited Saudi Arabia in 2022. This rapid increase in the tourism sector has engaged the Saudi tourism authority and the government to make policies and take steps to foster tourism. E visas are instant travel visas for tourists welcomed by Saudi Arabia. Regulations related to visas on arrival have already been extended to citizens of the Gulf and holders of owners of legal US, UK, and Schengen visas along with permanent residents of the UK, US, and any other member of Europe. These new e-visas welcome tourists from 63 countries covering the continents of Oceania, Asia, North America, Asia, Africa, and Europe. E- Visa can be applied online and people from different regions can enjoy the rich cultures, tourist sites, and



hospitality of Saudi Arabia. This visa allows multiple entries to Saudi Arabia during one year, for 90 days in each tour. This e-visa attracts many people to Umrah too. (*Saudi eVisa | The Official Website for Tourist Visa to Saudi Arabia*, n.d.)

The introduction of a new stopover visa has also been made public by Saudis previously. Moreover, passengers on SAUDI and flynas can also obtain free visas which are valid for a maximum period of 96 hours, and apply to a wide range of countries than traditional tourism via e-visa. (*Saudi Announces New Instant E-Visa Options for Visitors*, n.d.) These two visas are a short overview of how laws and policies regarding visas in Saudi Arabia are turning to attract tourism and foreign investments from different parts of the world.

- **Transformation in travel and entertainment**

Under Vision 2030, different steps were taken under the legislation of Saudi Arabia. The Saudi Arabian government has focused on attracting tourists from all over the world, for this purpose they have invested hugely in the travel and entertainment sector to transform the country into a global hub of tourism. A noteworthy transformation in the entertainment sector has been recorded in Saudi Arabia. New laws were introduced by demising the ban on cinemas which had previously persisted for nearly 30 years. New cinemas were formed Red Sea International Film Festival was held in 2022, which had played more than 1144 films many of which were from different nations, this had attracted audiences from the whole world due to the diversified media ecosystem. Saudi Arabia is investing quickly and hugely using public investment funds, Blizzard Entertainment and Video Game Company Electronic Arts are some examples. Other sectors on which the government is focusing are amusement parks, sports, and film theaters.

The Ministry of Tourism of Saudi Arabia is also focusing on the private sector for investments and is formulating projects to convert cities like Riyadh into tourism hubs. (1, 2024)

The city of Qiddiya is envisioned as the world's most expensive hub, which will be three times larger than the Walt Disney land in America. More than 300 sports and entertainment spaces will be available including golf courses, stadiums, huge theme parks movie theaters, and art theaters. These constructions in this city aim to attract a total of fourteen million tourists. The Jeddah central project has been launched to convert this city of Saudi into a center of international destinations. Under this project, policies were made to form luxurious hotels, residential units, boat harbors, sports stadiums, beaches, and symphony houses have to be built. This will provide a city of whole facilities for international tourists. With foreign entertainers and musicians taking the stage around the nation the alternatives for entertainment have greatly increased. Music, film, and art have become thriving hubs for creative expressions and cross-cultural interactions. Saudi Arabia offers a list of visually stunning tourism destinations. With the proliferation of art galleries and music festivals local and foreign artists have more venues to display their abilities. Global discussion of art, ideas, and music is encouraged by this interaction which also builds understanding between Saudi locals and foreigners to reduce the gap in entertainment and abstract their interest. (*Saudi Arabia - Tourism & Culture in Facts, Figures and Statistics*, 2023) For a developing entertainment sector, the Saudi government formulated The General Entertainment Authority in 2016 to support the Kingdom's Vision 2030 to diversify the economy oil and position it as an international player in the tourism, creative, and leisure sectors. Within just five years of the establishment of the General Entertainment Authority over 2500 enterprises are now able to start their entertainment endeavors thanks to 2189 licenses and 1809 permits that GEA has awarded in only five years. More than seventy-five million visits have been recorded after that with revenue of 1 billion dollars. The film industry played a vital role in attracting tourism in Saudi Arabia, a 35-year ban on this industry was removed in 2018, as a result of which several domestic cinemas were created. The Movi was one of the foremost and most widely spread cinemas in Saudi Arabia. (*2022 Look Ahead: Saudi Arabia's Booming Entertainment Sector Is Just Getting Started | Arab News PK*, n.d.)

- **Culture and policies attracting tourism**

Saudi Arabian's creative environment is becoming more varied as a result of cultural rebirth. The importance of crafts is growing as well as regional craftspeople are resurrecting old traditions and



creating exquisite handcrafted items that honor Saudi Arabia's rich cultural past. Apart from serving as mementos these crafts also serve as evidence of the artistic heritage of the country. In foreign partnerships and initiatives, the country demonstrates its dedication to cultural exchange. (*Saudi Arabia - Tourism & Culture in Facts, Figures and Statistics, 2023*)

A primary focus of Vision 2030 is the advancement of the tourism sector and culture industry simultaneously, where significant strides have been made. Numerous sites have been recognized by UNESCO, demonstrating the nation's dedication to cultural development and conservation. In the past ten years five sites in Saudi Arabia the Al Ahsa oasis, the rock art in the Hali region, old Jeddah, Tarif, and many other cultural sites have been included in the UNESCO World Heritage list. Due to this recognition huge investments have been made in this cultural site. (Jameel, n.d.)

The Saudi Commission for Tourism and National Heritage acclaimably started the Saudi Seasons project in 2019 to preserve and promote Saudi Arabia's rich and distinctive culture while also expanding the local and international tourist industry. Since its founding, the Saudi Commission for Tourist and National Heritage has undergone many transformations to acquire its present configuration and emerge as the first government organization overseeing the tourist industry in the kingdom. From the day of its founding the primary goal of the SCTH has been to manage the kingdom's tourist industry in terms of sector growth, promotion, and organization. Given the enormous tourist potential of the kingdom, STCH also seeks to increase the role of the tourism industry by removing any barriers that may and in its way. The National Heritage is developed, maintained, and preserved via efforts of STCH which also promoted the role of antiquity in the cultural and economic advancement of the populace. The tourist industry based on STCH should play a role commensurate with the kingdom's standing and importance within human civilization as well as its current influence on the global community. (*Saudi Commission for Tourism and National Heritage (SCTH)*, n.d.) These institutions and steps are tactics used by Saudi institutions to use their cultural sites to attract people seeking cultural structures.

- **Religion tourism**

Religious tourism is one of the major economic hubs of Saudi Arabia. Religious sites in Mecca and Medina are sites of tourism during the whole year and hajj once a year. An unprecedented number of pilgrims visit Saudi Arabia to fulfill their religious obligations. The legal framework of Saudi Arabia promoted and helped these visitors to effectively follow their religious norms. The kingdom has implemented several laws to make it simple for pilgrims to find accommodation. In addition, significant development programs and plans are in action to reach record levels by 2030. The tourism industry is also working to increase the number of employees during this period to fully facilitate the pilgrims. The number of pilgrims entering Saudi Arabia is rising annually. The kingdom welcomed 93 million visitors in 2022 and a total of 8 million during the first four months of 2023. (Alec.Hills@tourism-review.com, n.d.)

Infrastructure development projects and policies have been inattentive, for accommodating an enormous number of pilgrims in upcoming years. Saudi Arabia continues to attract millions of pilgrims for the yearly hajj pilgrims because it is the heartland of Islam moreover; the development of religious tourist destinations that provide distinctive spiritual excursions is being pursued after the hajj by the Saudi government. Steps are taken to guide the pilgrims and assist them using technology are also on the way. In the year 2022, The Saudi Tourism Authority released the Nusuk platform in partnership with the Pilgrim Experience Program. This is Saudi Arabia's initial unified online platform offering pilgrims and tourists an easy to user-friendly planning portal for their travel to Makah, Madinah, and other destinations. New laws are formulated regarding visitors to Umrah and for helping pilgrims (Henderson, 2011). Likewise, new visas and options are open for tourists based on the duration as well as the type of religious trip.

- **Legal framework and media in the tourism sector**

The media has provided a detailed picture of Saudi Arabia for being an international visiting site. Information regarding the destinations, managements, hotels, and events on media platforms attracts a notable number of visitors to Saudi Arabia. Due to the tourism law, the commission is empowered



to decide what publication requirements apply to printed or digital materials that promote travel, mainly focusing on books, articles, maps, guidebooks, images, and posters. By doing this the kingdom will be presented in a favorable light, encouraging Saudi citizens to travel within their nation and drawing in foreign visitors. The Saudi Commission and National Heritage included pictures of AL Bahah in different articles. Due to its moderate climate and dense forest, it has been a favored travel destination for tourists. Visas for nearly fifty countries would be provided online, with their full information on media platforms (*Saudi Arabia Takes to Social Media to Promote Attractions - Hotelier Middle East*, 2019).

Media has been used there as a tool by the government to engage the public with their programs and contractions for tourism. Online materials and digital platforms were adopted more quickly as a result of the epidemic. Historically a destination marketing organization has mostly used trade exhibitions, radio, TV, magazines, and billboards to market their location. Though useful when combined with digital marketing, the pandemic accelerated the transfer of marketing funding from traditional media to digital platforms and highlighted some of the problems with traditional marketing platforms. There is more acceptance and comfort with these and other technologies even though many destinations have experimented in the past with new digital platforms and online contests such as producing audio and video content or placing advertisements on audio files and linked TV. Many new policies targeting these digital platforms are formed in the state of Saudi Arabia to promote their tourist destinations. Saudi Arabia's Prince Sultan bin Salman announced the establishment of a media platform in partnership with the Ministry of Culture and Information. The program intends to promote good content, display national history, and boost tourism through a TV station named "Live Saudi Arabia," which will broadcast material via social media and provide residents with interactive experiences from various places. (*Saudi Commission for Tourism and National Heritage (SCTH)*, n.d.)

Partnerships

Saudi Arabia is expanding its partnerships beyond its borders, incorporating companies and markets from around whole globe for the advancement of the tourism sector and to attract more people. The tourist department fund will be a successful partner for investors interested in Saudi Arabia's booming tourist industry. TDF was created in June 2020 to bolster one of the kingdom's fastest-growing businesses. Its four billion dollar budget is intended to assist Saudi and foreign investors in gaining access to high-potential tourist projects throughout the nation's regions. The fund's successful debut, despite the pandemic glare according to Saudi Arabia's Minister of Tourism Ahmed al-Khateeb, was evidence to investors and private sector trust in long-term prospects for tourism in the kingdom of Saudi Arabia. Eastern Providence's Dana Bay in Saudi Arabia is home to a mixed-use coastline resort that will include luxury residences, retail stores, food establishments, performances, art galleries, and craft workshops along a 14-kilometer stretch of beach.

The Tourism Department Fund and Dana Bay Tourism Company signed a partnership in October 2022, for TDF to invest in a closed real estate fund valued at 171.36 million. This is a step taken to invest there to make this place more valuable, via partnership. Before July 2022 TDF allowed automatic commercial registration that does not require data entry and introduced a digital platform to provide funding options for investors and business owners in the tourist sector. The fund had committed to encouraging investment in tourism by launching this new platform. Six key tourist projects totaling 400 million dollars were authorized by TDF earlier this year. (*Why Saudi Arabia's Tourism Sector Is Emerging as the Destination of Choice for Global Investors*, n.d.)

All are welcome to explore new highly prospective areas of the kingdom. These funding and partnership polices by the state towards companies provide support; and enhance investment confidence of companies there, along with benefits for the state too. The Kingdom of Saudi Arabia is also focusing on foreign partnerships one of the most recent examples is its partnership with Chinese companies. Saudi Tourism Authority is strengthening its partnership with Huawei mobile services and Petal Ads, to enhance Chinese tourists to the kingdom. A Memorandum of Understanding inked during Beijing's launch event for Approved Destination Status formalized this strategic partnership and demonstrated a shared commitment to use technology to create a more intelligent and engaging



travel experience. Underscoring the continued cooperation between the two organizations, the Memorandum of Understanding was signed by the president of Huawei Consumer Cloud Service Global Ecosystem Development and Operational, and Fahd M. Hamidaddin CEO of Saudi Tourism Authority. Through this digitization of travel services, the alliance seeks to transform the tourism industry with a particular focus on drawing Chinese travelers to Saudi Arabia. Through this partnership, Saudi Arabia can use Huawei's strong customers and gather fresh information on Chinese tourists. HMS's advertising division, Petal Ads is essential to the partnership since it runs focused marketing campaigns across a range of media to inform Chinese consumers about distinctive charm and variety of tourist attractions. (*Saudi Tourism Authority, Huawei Expand Partnership to Boost Chinese Tourism to Kingdom, 2023*) This policy will ultimately attract a huge population living in China to Saudi Arabia. Saudi laws and regulations are also emphasizing partnerships and collaborations with other states to attract foreign investments through tourism.

➤ METHODOLOGY

This research paper is exploratory and descriptive, which investigates the impacts of the legal framework in attracting foreign investments mainly focusing on the tourism sector of the state of Saudi Arabia. This article describes how the legal framework acts as a promoter to enhance tourism to attract foreign investment and foreigners towards the Kingdom of Saudi Arabia and how new steps and policies under the legal framework are acting successfully. A deep focus has been made on both primary and secondary data have been made, that is collected from articles, official sites, newspapers, and journals. This data has been examined to bridge the role of the legal framework in attracting foreign investments in Saudi Arabia via tourism.

➤ Findings/ results

• Overcoming environmental impacts

The tourism sector of Saudi Arabia has attracted huge foreign investments in the state. An innovative report titled *The Environmental Impact of Global Tourism* claims that Saudi Arabia's tourism sector has grown to be a major driver of the nation's economy accounting for 6.4 percent of the GDP annually generating only 3.3 percent of greenhouse gas emissions worldwide. The report assesses the environmental effect of travel and tourism in nearly 185 countries for a decade. This success was revealed by the President of the World Tourism and Travel Council and the Saudi minister of tourism. Based on studies Saudi Arabia is ranked 15th in the world for the largest decrease in emission intensity. It draws to the fact that the kingdom routinely emits fewer greenhouse gases than the larger Middle East and North Africa areas, besides the rush of tourism. The emissions from the tourist sector in Saudi Arabia are notably lower than the worldwide average demonstrating the nation's dedication. Globally tourism-related greenhouse emissions grew by 2.5 percent a year, but this case is the opposite with the state of Saudi Arabia. The crown prince's sustainability mandate is upheld by the decision to data-driven initiatives, which are in line with Saudi Arabia's sustainability goal. The World Tourism Council is working with Saudi Arabia to make it easier for large hotel operators to get all of the energy they need from a single international renewable energy supply. (*Saudi Tourism Shows Strong Growth with Low Environmental Impact, 2023*)

This will improve sustainability efforts within the hospitality sector and streamline the process. One of the key successes of the Kingdom of Saudi Arabia is its ability to counter the negative impacts of greenhouse gases and lower their emissions besides huge infrastructure projects, which pave the path towards a more rapidly growing tourism sector.

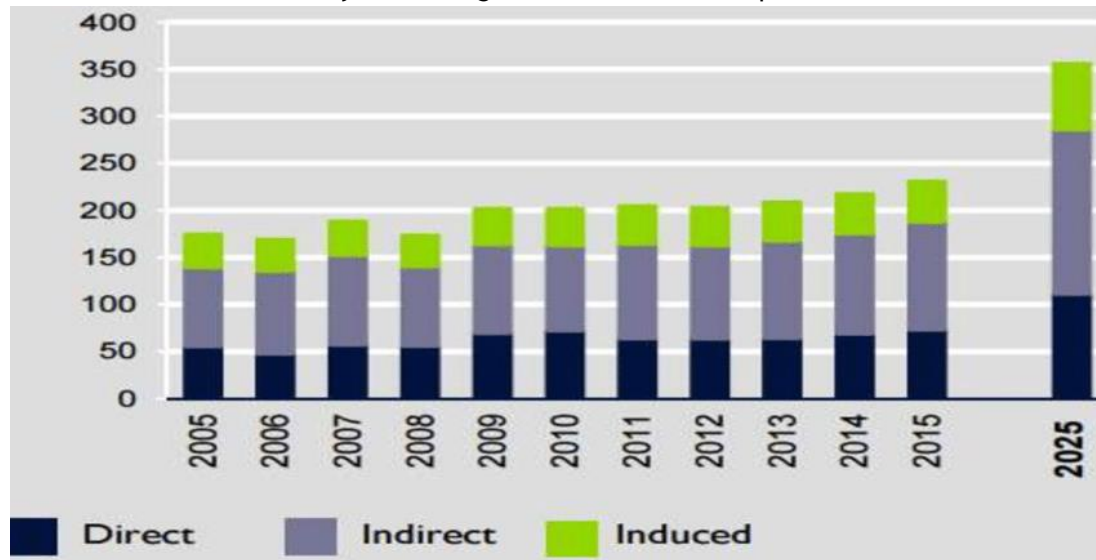
• Rising GDP

Being one of the fastest-growing sectors in the Kingdom of Saudi Arabia, tourism has contributed a lot to the GDP of the state. It plays a vital role in creating jobs and makes a major contribution to the national economy. In 2019, the tourism sector contributed to 3.8 percent of GDP and supported 571152 jobs which is nearly 5.1 percent of all employment. In 2020, the epidemic had impacted the GDP contribution from this sector which has dropped to 1.7 percent a total of 61 percent decline was recorded. The reforms and policies resulted in a slower and more rapid recovery in domestic tourism



which compensated the loss, due to the epidemic. Ahmed al Khateeb the kingdom's minister of tourism declared that the kingdom will invest more than 800 million dollars in the tourism industry over the upcoming decade as this sector contributes to the state's GDP reaching 4.45 percent. (*Tourism Sector Contributes to 4.45% of Saudi Arabia's GDP*, n.d.) The rising GDP is evidence of foreign investment in the tourism sector.

This graph shows the investments made in Saudi Arabia and which are to be invested in the future. There is a clear increase in foreign investments in the tourism sector, direct, indirect, or induced. As a result of which the economy of the kingdom has recorded a rapid rise.




(Sherbini et al., 2016)

CONCLUSION

In a nutshell, the state's regulatory framework supporting the tourism industry has been a crucial driver in attracting foreign investment to the Kingdom of Saudi Arabia. The legislative system includes steps to ensure visitors' safety, security, and freedom of tourists. Policies that promote the arts, entertainment, culture, and religious sites are helping to attract visitors to the area. Saudi Arabia is becoming a tourism hotspot as a result of its large visitor intake, which has contributed hugely to the GDP of the state. Further, the vision 2030 is more about the development that will support the tourism sector rapidly, by inviting foreign investors. For instance, the policy of Saudization provides job opportunities for the locals, which lowers dependency on outsiders, and investments of foreigners would stay in the state only. Saudi Arabia's burgeoning prominence as a visitor's center has prompted an array of international investors to invest in the kingdom across a wide range of sectors, including hotels and cinema. State actions, as well as the formation of institutions and organizations, are fundamentally attracting outsiders. Moreover Saudi Arabia is collaborating with different states and international companies to promote the tourism sector. Overall, policies are developed in practically all state areas, including media, tourism, transportation, digital tools and infrastructure development to attract tourists. In conclusion, this study shows that the legal framework's growth over time and revisions are what drive tourism, which has resulted in significant foreign investment in the state.

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