

Saudi Vision 2030 and an Evolving Middle East: Bilateral Opportunities for Saudi Arabia and Malaysia

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Abstract

The Middle East region, long regarded negatively by the international community as prone to conflict and violence, is undergoing rapid political and economic transformation. The recent 'peace' agreement brokered by the People's Republic of China between the Kingdom of Saudi Arabia and the Islamic Republic of Iran, wherein the two countries agreed to resume diplomatic relations, best exemplifies this transformation. This agreement has started a process of de-escalation in the region's conflicts, such as those in Syria and Yemen. It represents a new trend of emerging South-South relations between the Middle East and the Asian continent, emphasizing the importance of the Asian market to the Middle East. The Saudi Vision 2030, an ambitious plan envisioned by Saudi Arabian Crown Prince Mohammed Bin Salman, is at the core of the aforementioned, in which the oil-rich Kingdom aims to diversify its economic revenue sources as well as its bilateral and multilateral partnerships with partners from both the Global South and North.

The historical links between the Malay peninsula and modern-day Saudi Arabia can be traced back centuries, based on the Malaccan sultanate's commercial, religious, and cultural ties with the Arab world, including parts of modern-day Saudi Arabia. These ties lasted until the unification of the kingdoms of Hejaz and Nejd formed the Kingdom of Saudi Arabia and the emergence of post-colonial Malaysia in the twentieth century. As a result, the two modern-day nation states established formal diplomatic relations in 1961. This paper analyzes the developing relationship between Saudi Arabia and Malaysia in the context of 'Saudi Vision 2030'. After a concise summary of the nature of the bilateral relationship, this study delves into an examination of the economic and cultural ties between the two nations, highlighting potential areas for collaboration, and concludes with recommendations for enhancing bilateral partnerships and explores the future of Saudi-Malaysian relations and the advantages that can be gained by both nations.

1. Introduction: Background of bilateral relations

Bilateral relations between Saudi Arabia and Malaysia date back to the establishment of the modern-day Saudi state and emergence of post-colonial Malaysia. However, it was during the 1970s that the diplomatic relations between the two countries gained momentum with Saudi King Faisal's landmark visit to Malaysia and the appointment of Malaysia's first Prime Minister (PM) Tunku Abdul Rahman as the first Secretary General of the newly established Organization of Islamic Cooperation (OIC) (British Pathe, 2023; OIC, 2023). This era saw the signing of two major agreements between Saudi Arabia and Malaysia, namely the Economic and Technical Cooperation, and the Cultural and Scientific Cooperation agreement. Saudi Arabia also provided financial support to religious and educational institutions in Malaysia. (Idris, 2011, p. 149).

The cooperation era between Malaysia and Saudi Arabia started in the 1970s, during the Premierships of Tunku Abdul Rahman and Abdul Razak Hussein, but it gained momentum when Mahathir Mohammad became the fourth PM of Malaysia. Under Mahathir's leadership, the relationship between the two countries shifted from a one-way economic policy to a two-way partnership, under the umbrella of his Look East policy. Malaysia aimed to diversify its economy and tap into the Middle Eastern market by transitioning from a manufacturing industrial country to the oil and gas industry. This era known as Malaysia's industrial modernization phase saw the two countries sign a bilateral agreement on Avoidance of Double Taxation and also saw Saudi Arabia grant several loans to support Malaysia's economic transformation (Idris, 2011, p. 149).

Malaysia was successful in obtaining a \$10.6 million loan from the Saudi Development Fund during Mahathir's first trip as PM to Saudi Arabia in 1982 (Idris, 2011, p. 148). Later, Saudi Arabia approved a further \$58 million loan to aid in the construction of the East-West Highway's second phase. The Saudi Development Fund loaned a total of \$252.2 million up until 1984. On January 24, 1986, the East-West Highway and the Port Project in Penang Island received approval from the Saudi Development Fund for a combined \$50 million in the second phase of each project (Idris, 2011, p. 148).

After the Asian financial crisis, Mahathir turned his attention to the Middle Eastern market, particularly Saudi Arabia and the rest of the Gulf Cooperation Council (GCC), as a source of tourism revenue and exports (Idris, 2011, p. 150). This move also coincided with the

liberalization of Malaysia's service sectors and oil and gas industry, and it laid the groundwork for a two-way economic partnership for his successors.

In 2017, during the tenure of PM Najib Razak, a momentous event occurred when Saudi King Salman Bin Abdul-Aziz paid a visit to Malaysia. This visit was the first stop on his Asian tour and was widely covered by the Southeast Asian media and academia (Hussein, 2017). The visit resulted in the signing of several Memorandum of Understandings (MOUs) between the two countries, and an agreement between Saudi Aramco and Petronas, which marked a significant milestone in the economic relationship between Malaysia and Saudi Arabia (Sipalan, 2017).

Following the outbreak of the COVID-19 pandemic, Saudi Arabia became Malaysia's biggest contributor of pandemic aid, supplying crucial COVID-19 related assistance, including one million doses of the AstraZeneca vaccine and other medical equipment, as part of a package worth US\$5 million. The then Malaysian Foreign Minister (FM) Hishammuddin Hussein publicly acknowledged and commended Saudi Arabia for their prompt and crucial support, citing it as 'proof of Saudi Arabia's sincerity and their resolve to stand with Malaysia during this challenging pandemic' (Daniele, 2021).

Travel and people-to-people connections are a significant component of the Saudi-Malaysia relationship. The number of Saudi tourists visiting Malaysia increased from 27,808 in 2000 to nearly 100,000 in 2017, making them one of the largest contributors to Malaysia's tourism industry (Statista, 2022). In 2019, before the pandemic, Saudi Arabia accounted for roughly 30% of Western Asian tourists to Malaysia, with 121,444 arrivals (Arab News, 2022).

On the other hand, many Malaysian religious pilgrims travel to the holy cities of Makkah and Madinah in Saudi Arabia for *Hajj* and *Umrah*. To ease the movement of Malaysian pilgrims, immigration authorities from both countries launched a joint initiative in 2019. The initiative aimed to streamline the immigration clearance process for Malaysian *hajj* pilgrims, including the use of automated identification and rapid data capture and relay technologies. This initiative enabled pilgrims to reach their destinations with minimal delay upon arrival, avoiding administrative challenges (Malaysia Airports, 2019).

The COVID-19 pandemic temporarily halted the influx of international pilgrims, including Malaysian pilgrims. However, in 2021, Malaysian pilgrims returned to the two holy cities in Saudi Arabia (Yusof, 2021). During a recent visit to Malaysia, Saudi Minister for Hajj

and Umrah, Dr. Tawfiq Al-Rabiah, stated that in 2023, there would be 31,600 Malaysian *hajj* pilgrims (Saudi Gazette, 2023).

The incumbent Malaysian PM, Anwar Ibrahim, shortly after taking office as the country's tenth Prime Minister, received a cable from Saudi King Salman Bin Abdul-Aziz and Crown Prince Mohammad Bin Salman congratulating him and wishing the Malaysian people 'further progress and prosperity' (Arab News, 2022) On the occasion of Saudi Arabia's founding day, Prime Minister Anwar stated, 'Malaysia is committed to elevating the brotherly relations with the Kingdom to a higher level, especially in trade, investment, education, and culture, as well as exploring new potential areas of cooperation' (Bernama, 2023).

2. Economic relations

Saudi Arabia and Malaysia have enjoyed strong economic ties for decades. Both nations have a long-standing history of cooperation in various fields, including trade, investment, and energy. With the implementation of the Saudi Vision 2030 plan, the economic relations between the two nations are set to undergo significant changes. In this section, we will discuss the economic relations between Saudi Arabia and Malaysia, all within the framework of Saudi Vision 2030.

2.1 Scientific Cooperation:

The Saudi Vision 2030 plan aims to diversify the Saudi Arabian economy away from its dependence on oil revenues and establish a more robust knowledge-based economy. In this context, The Malaysian Ministry of Foreign Affairs has identified several areas of cooperation in science and technology, including development of smart cities, artificial intelligence and the fourth industrial revolution (Wisma Putra, 2021). By investing in these sectors, both nations can improve the quality of life for their citizens and create new economic opportunities.

The potential for cooperation between Saudi Arabia's NEOM city and Malaysia's Cyberjaya is significant, given the shared focus on technology and innovation. NEOM, a planned city on the Red Sea coast, is being built as a model for sustainable living and advanced technology, while Cyberjaya is a technology hub in Malaysia, known for its high-tech infrastructure and focus on digital innovation. The development of smart cities is one intriguing possibility for cooperation. NEOM has ambitious goals for creating a fully integrated, sustainable city of the future using cutting-edge technology and data analytics. On the other hand, Cyberjaya has already made significant strides in the development of smart city

infrastructure, including smart energy management, automated transportation, and smart security systems. The two cities could collaborate to develop even more cutting-edge and creative smart city solutions by pooling their knowledge and resources.

The Cyberjaya model, which offers a blueprint and useful insights based on the experience gained from developing a smart city. Malaysia, may be able to assist NEOM in overcoming some of the challenges associated with building smart cities. The Cyberjaya model can be useful in the following ways:

1. **Sustainability and Green Initiatives:** An area of collaboration could be in the development of renewable energy. NEOM has set a goal to be powered entirely by renewable energy sources, including solar and wind power. Cyberjaya, meanwhile, has been a leader in the development of sustainable practices and renewable energy technology in Southeast Asia (Ibrahim, 2023). By working together, NEOM and Cyberjaya could share knowledge and resources to accelerate the development of sustainable energy solutions.
2. **Regulatory Framework:** Cyberjaya's regulatory framework, which controls various facets of smart city development, provides a model that NEOM can learn from. This covers laws and rules governing the use of technology, data security and privacy, land use, and infrastructure standards (Cyberview, 2023). NEOM can create a strong regulatory framework to support the growth of a smart city ecosystem by comprehending and modifying the pertinent Cyberjaya model elements.
3. **Technology Integration:** The Cyberjaya model places a strong emphasis on integrating various technologies and systems to build a well-rounded and effective smart city. NEOM can use this strategy to incorporate cutting-edge data analytics, artificial intelligence, and Internet of Things (IoT) into its infrastructure. The lessons

learned from Cyberjaya can help NEOM choose the right technologies and build a seamless, interconnected ecosystem.

2.2 Oil and Gas Industry

Saudi Arabia and Malaysia have a long-standing partnership in the oil and gas industry, and this cooperation has been strengthened in recent years with a shared commitment to reducing carbon emissions and achieving carbon neutrality.

Under Saudi Vision 2030, Saudi Arabia has set a goal of reducing its dependence on oil exports and diversifying its economy. One key strategy is to expand the country's petrochemical industry, which has the potential to create new jobs and increase economic growth. This presents an opportunity for cooperation with Malaysia, which has a well-developed petrochemical industry and is a major producer of palm oil, a key feedstock for the industry.

In addition to this, both Saudi Aramco and Petronas have a common target to be carbon neutral by 2050 (Aramco, 2021; Petronas, 2023). This involves reducing emissions from their operations and investing in renewable energy sources. By working together, Aramco and Petronas can share knowledge and best practices in this area, as well as collaborate on research and development of new technologies to reduce carbon emissions. For example, they can work together on the development of carbon capture and storage (CCS) technology, which involves capturing carbon dioxide emissions from industrial processes and storing them underground. This technology has the potential to significantly reduce carbon emissions from the oil and gas industry.

3. Cooperation in Tourism

For decades tourism and international travel has been the cornerstone of people-to-people interactions between Saudi Arabia and Malaysia and a generator of economic revenue. Given the Saudi Vision 2030 blueprint, upgrading this relationship to a more comprehensive and strategic partnership is urgently required. In September 2019, the Saudi government implemented a series of policy reforms in the tourism sector, including liberalizing visa policies, which for the first time, enabled visitors from around the world to visit Saudi Arabia as tourists (Hincks, 2019). The new tourist visa policy, which aims to contribute roughly 10% to the Saudi Gross Domestic Product (GDP), aims to attract nearly 100 million annual tourists

by 2030 and paves the way for Umrah pilgrims from across the Muslim world to visit other parts of the Kingdom as tourists (Ministry of Tourism of Saudi Arabia, 2023). Malaysia is one of the countries that the Saudi government has decided to apply an electronic visa policy to, giving its citizens access to an online tourist visa that is valid for one year and allows for multiple entries and can also be used by Malaysia's Muslim citizens for performing Umrah (Handy Visas, 2023).

These reforms provide opportunities to enhance people-to-people interactions between Saudi Arabia and Malaysia. Malaysian Umrah pilgrims can visit other parts of the Kingdom as tourists, and Malaysia can leverage its position as a key tourism destination to share its expertise with Saudi Arabia. As a result, Malaysian corporations and firms can tap into the newly emerging tourism market in the Kingdom. From Saudi Arabia's perspective, among the aims of the tourist reforms is to strengthen the Islamic and national identity of the Kingdom, enriching the experience of the nearly 37 million Hajj and Umrah visitors (Ministry of Tourism of Saudi Arabia, 2023). As a Muslim-majority country with vast experience in 'Halal' tourism, Malaysia can be a perfect bilateral partner for Saudi Arabia to share its expertise on religiously oriented tourism. Malaysia has, for decades, as a part of its extensive public relations campaign, branded itself as a Muslim-friendly vacation and education destination by referring to itself as 'the leader in the world's *halal* industry' (Islamic Tourism Center – Ministry of Tourism, Arts & Culture Malaysia, 2023). The Islamic Tourism Center of the Malaysian Ministry of Tourism, Arts, and Culture has used visuals of prominent mosques and Islamic museums as the centerpiece of its advertising campaigns (Islamic Tourism Center – Ministry of Tourism, Arts & Culture Malaysia, 2023).

In addition to welcoming annual pilgrims from all over the world to the holy cities of Makkah and Medina for the Hajj and Umrah, Saudi Arabia also boasts numerous other mosques, Islamic museums, and other locations with significance for religious history. Malaysia, therefore, can share its expertise in the tourism industry, where the country can brand itself as a vacation destination while also retaining religious identity as a part of promotion campaigns.

Discussions between think tanks and experts from both countries have identified tourism as a key ingredient in boosting bilateral partnerships, and recent policies of both governments have shown a similar inclination (Rasanah: International Institute for Iranian Studies, 2021). In 2016, the two countries signed a bilateral agreement (Tourism Malaysia, 2016); but recent

moves of the government post-Saudi policy implementation show a more policy-driven and institutionalized approach. For example, the Saudi Tourism Authority (STA) opened its regional office in Kuala Lumpur, covering the entire region of Southeast Asia, and responsible for trade and consumer marketing activities (Gaya Travel Magazine, 2021). Additionally, regular annual exchanges of visits of tourism representatives from both countries signal deeper coordination and coherence.

4. Conclusion and Recommendations

The Kingdom of Saudi Arabia and Malaysia have many variables related to their economy, society, and security based on shared foundations. The bilateral relationship has been chiefly stable and solid, with a shared vision and goals going into the future. The economic interests of post-pandemic Malaysia, where major businesses and industries suffered, directly correspond to warmer relations with Saudi Arabia. Similarly, in light of the Saudi Vision 2030 many of Saudi Arabia's future goals correspond to greater cooperation with Malaysia, especially in tourism, trade, and renewable energy.

In recent decades, the bilateral relations between Malaysia and Saudi Arabia have demonstrated genuine efforts to enhance cooperation. However, it is important to acknowledge that in the past numerous opportunities have been missed in establishing a relationship that is independent of external influences, particularly from global powers such as the United States. The shifting focus of Saudi Arabia towards the Asian market presents a significant and favourable prospect for the development of Saudi-Malaysian ties within the framework of South-South relations. Notably, despite the existence of several MOUs pertaining to media cooperation, cultural exchanges, and other areas, the majority of news coverage between the two nations continues to be reliant on Western media sources. This reliance on outsourced news has created a barrier to meaningful people-to-people interactions, limiting the direct exchange of information and hindering a deeper understanding and engagement between Malaysia and Saudi Arabia. Addressing this challenge is imperative to foster closer ties and strengthen the foundation of bilateral relations.

Predominantly, existing interchanges revolve around religious matters, with Malaysian nationals undertaking pilgrimages to Saudi Arabia for Hajj and Umrah and a significant proportion of Malaysian students pursuing courses in Islamic studies, Arabic language, and other related fields in Saudi Arabia. Promoting regular exchanges among journalists,

academics, intellectuals and entrepreneurs is imperative to optimize people-to-people interactions. While it is advisable to sustain the existing practice of Malaysian students studying Islamic studies and Arabic language courses in Saudi Arabia, it is equally crucial to introduce student exchanges in other scientific domains, such as climate change, renewable energy, tourism management, and petroleum engineering, that align with the objectives of the Saudi Vision 2030. Furthermore, it is noteworthy that notwithstanding the numerous MOUs signed between the two nations across diverse domains, expediting the implementation of these agreements assumes critical significance, given that any protracted delay is bound to be detrimental to the interests of both parties.

In conclusion, the following recommendations pertaining to the economic domain, aimed at fortifying the Saudi-Malaysia partnership within the ambit of the Saudi Vision 2030 are proposed. Firstly, enhanced collaboration and institutionalization of partnership between the 'Visit Saudi' initiative of the Saudi Tourism Authority (STA) and the Islamic Tourism Centre program of the Malaysian Ministry of Tourism, Arts, and Culture. While the existing MOUs on tourism cooperation must be retained and further strengthened, this study particularly advocates the establishment of an institutionalized partnership and collaboration between the 'Visit Saudi' program in Saudi Arabia and the Islamic Tourism Centre program in Malaysia. This would involve, inter alia, a) an initiative whereby Saudi trainees sponsored by the STA can receive training from officials at the Islamic Tourism Center in a range of areas including, but not limited to, hospitality, public relations, hotel management, health and safety protocols, and so on; b) Regular online and offline workshops between the two parties, aimed at fostering the exchange of experiences and ideas; c) Joint marketing campaigns targeting potential tourists in other regions, with an emphasis on promoting the unique cultural and religious experiences that both Saudi Arabia and Malaysia have to offer; d) The development of joint tourism packages that showcase the diverse attractions and experiences available in both countries, including cultural/religious festivals, historical landmarks, mosques and Islamic museums; e) Establishment of a joint research and development center aimed at identifying new trends and opportunities in the tourism sector, as well as promoting sustainable tourism practices and enhancing the visitor experience.

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