

Saudi 'Davos in the desert' opens with region on war footing

AFP – Global business leaders meet in Saudi Arabia on Tuesday for a glitzy investor forum as conflict shakes the region and scepticism mounts over the Gulf kingdom's most ambitious development projects.

The Future Investment Initiative (FII) debuted in 2017 as a showcase for de facto ruler Crown Prince Mohammed bin Salman's dream of diversifying the economy of the world's largest crude exporter away from oil.

This year's three-day event is expected to draw more than 7,000 delegates including TikTok CEO Shou Zi Chew and the chief executives of Citigroup and Goldman Sachs.

For the second year in a row, conflict in the Middle East is likely to shape panel discussions and side meetings.

Last year's FII took place just weeks after Hamas's unprecedented attack on southern Israel triggered the war in Gaza, with high-level speakers warning about economic turmoil should the fighting draw in other countries.

A year later those fears have been realised, as Israel presses operations against Hezbollah in Lebanon and carries out tit-for-tat strikes with Iran.

"I suspect attendees will reflect seriously on the grinding nature of the Israel-Gaza war, a new invasion in Lebanon, and ongoing concerns over region-wide conflict escalations," said Robert Mogielnicki of the Arab Gulf States Institute in Washington.

"The Saudis have been effective in shielding their country

from the worst effects of regional conflict for now, but it's very difficult to find a silver lining in this manner of conflict raging across the Middle East region."

FII Institute CEO Richard Attias told a press conference in Riyadh this month that the gathering is not meant to focus on "politics" and should instead tackle big-picture investments "to build a better world".

"We are an independent platform and we don't want to be, forgive me for the word, polluted by any political events," said Attias, former producer of the World Economic Forum in Davos, Switzerland.

"I am curating events for 35 years now, and I learned one thing: The show must go on."

– 'Doubters beware' –

This year's FII, sometimes referred to as "Davos in the Desert", also comes as Saudi officials try to demonstrate progress on signature elements of Prince Mohammed's Vision 2030 reform agenda.

Authorities have reportedly scaled back 2030 size and population targets for NEOM, a planned futuristic megacity in northwest Saudi Arabia meant to feature a ski resort and twin skyscrapers 170 kilometres (105 miles) long.

On Sunday, NEOM announced the opening of its "first physical showcase", a luxury Red Sea island known as Sindalah featuring restaurants, hotels and yachting berths.

"There was so much scepticism over NEOM in the Western media that the Saudis had to do something to demonstrate their commitment," said Jim Krane of Rice University's Baker Institute.

"The early opening at NEOM is probably designed to embarrass the naysayers by telling the world that Saudi Arabia is moving

ahead. It's a 'doubters beware' message."

Saudi Finance Minister Mohammed al-Jadaan said in May that "shocks" including the war in Gaza were prompting officials to "reprioritise" some aspects of Vision 2030.

At a briefing with journalists in December last year, Jadaan said officials had decided to push the timeframe for some major projects past 2030, though he did not provide details and also noted that others would be accelerated.

Saudi Arabia has enacted a series of oil cuts since 2022 in a bid to hike prices and is currently producing around nine million barrels per day, well below its declared capacity of 12 million bpd.

Last month the finance ministry said it anticipated a budget deficit of 2.3 percent of GDP in 2025, citing increased government spending and lower oil revenues.

Additional spending commitments meanwhile continue to pile up for events such as Expo 2030 and the 2034 World Cup, for which Saudi Arabia is the sole bidder.

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