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## Vision 2030 under pressure

The Saudi economy amidst war, competition and reassessment

The US-Israeli attack on Iran and the subsequent Iranian counterattack across the Middle East have put the Saudi economy between a rock and a hard place. Just before the outbreak of the conflict, the government reviewed its long-term development program Vision 2030. It made four major changes: 1) more emphasis on attracting foreign investments, 2) greater focus on Saudi competition with the UAE, 3) discontinuing several unrealistic projects and 4) prioritising sectors like AI and tourism. However, all these changes are threatened by wartime physical, economic and political damage. Implementing Vision 2030 successfully has become much more difficult, regardless of the future of the ceasefire of 8 April 2026. This brief assesses how the war affects Saudi Arabia's reconfigured Vision 2030 programme and the likelihood of its successful implementation. As a key stakeholder in Vision 2030, the EU should continue to support its reassessment and establish a better balance between the level of its cooperation with Saudi Arabia and the UAE, starting with increasing its diplomatic efforts towards Riyadh.

### Introduction

Ten years after its initiation, Saudi Vision 2030 is in trouble. The 28 February US-Israeli attack on Iran has escalated into a war with regional consequences, which Saudi Arabia and the other Gulf states are suffering the brunt of. Beyond immediate damage, Iranian missiles and drones have undermined the image of the Gulf states as safe and secure destinations for foreign capital. Coupled with the prospect of a prolonged conflict and increasing regional instability, the political-economic modernisation programmes of Saudi Arabia and the other Gulf states are at risk.

The war came at a sensitive point in the lifecycle of Vision 2030. At the beginning of 2026, Saudi officials conducted a broad re-evaluation of the

national development plan that resulted in, for example, several large-scale flagship projects (or giga projects) being cancelled, put on hold or significantly downgraded.<sup>1</sup> These changes also had leadership ramifications, resulting in a broad

1 Including the The Line, a futuristic linear urban centre, and the Mukaab, a gigantic cube structure in Riyadh. The Asian Winter Games – which were to be held in 2029 at Trojena – have also been cancelled. Uddin, Rayhan, "[Mukaab: Saudi Arabia Suspends Construction of Controversial Cube Structure](#)," Middle East Eye, 27 January 2026. England, Andrew and Cambell, Chris, "[Saudi Arabia Scale Back NEOM Megaprojects](#)," Financial Times, 25 January 2026.

reshuffle,<sup>2</sup> including the Minister of Investment, Khalid al-Falih.

This reconfiguration is motivated mostly by cost savings and changing priorities. The drive for 'spectacle' was replaced by a more realistic and focused approach that prioritises a handful of sectors: AI and technology, mining and manufacturing, and tourism. However, the US-Israeli attack on Iran and the subsequent Iranian attacks on the Gulf have put the viability of these changes in question.

The brief analyses the future of the Saudi Vision 2030 programme after its reassessment in January 2026 and in the context of the war since February 28. It starts by outlining Vision 2030's main functions, continues with an evaluation of Vision 2030 reconfiguration efforts in 2026 and closes with the effects of the war and the perspective of European interests. Beyond the literature review, the research benefited from several conference discussions and nine semi-structured interviews with Saudi and European diplomats, businesspeople and researchers between September 2025 and March 2026.

### The many faces of Vision 2030

After the death of King Abdullah bin Abdulaziz Al Saud in 2015, his half-brother, Salman bin Abdulaziz Al Saud, succeeded to the throne of Saudi Arabia. With his blessing, his son, Crown Prince Mohammed bin Salman, has since centralised power and sought to transform the country economically and socially, aiming to gain a primary role in regional (and global) politics in the process.

At the epicentre of his reform endeavour has been the Saudi Vision 2030 development programme, which is critical to bin Salman's authority and legitimacy. The framework document announced in 2016 included a multitude of plans, initiatives and ambitions,

organised loosely along four axes:<sup>3</sup> i) diversifying the economy away from the fossil fuel sector, ii) creating employment opportunities and other economic and social conditions favourable to Saudi youth, iii) preparing for climate change and iv) improving the international position of Saudi Arabia in an unstable regional environment.

While the feasibility of various initiatives was uneven, the primary purpose of Vision 2030 was to guide the Kingdom's socioeconomic development over 15 years. It also had to fulfil multiple additional functions. With the help of Western consultancies, headline-grabbing futuristic giga projects such as NEOM city and The Line, the plan was meant to upgrade Saudi Arabia's global image. The aim was to incentivise foreign direct investment (FDI) and counter traditional stereotypes of the country's conservative image, as well as various international political scandals of the late 2010s in which the Saudi government was involved.<sup>4</sup> This effort was also meant to improve Saudi competitiveness with more innovative, smaller Gulf states like the United Arab Emirates (UAE), in an increasingly unstable international environment.

Vision 2030 also intended to safeguard the domestic legitimacy and continuity of the Saudi political system by taking a tightly orchestrated social flight forward. The traditional political framework of the Kingdom had been facing several emergent challenges that put the continued prominence of the Saud family and the rentier distribution of oil income in question. The fossil fuel-based economic system and the conservative social order created by the first generation of Saudi rulers did not create sufficiently attractive working opportunities and

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2 Bower, Edmund and Pasquali, Valentina, "[Saudi Investment Minister among Dozens in Sweeping Reshuffle](#)," Arab Gulf Business Insight, 13 February 2026.

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3 Van Veen, Erwin and Sons, Sebastian, "[Drivers and Strategic Puzzles of Saudi Modernisation](#)," Clingendael Institute, 6 September 2024.

4 These include the start of the controversial military campaign in Yemen in 2015, the assassination of Jamal Khashoggi in Turkey in 2018, and the Sa'ad Hariri affair in 2017 when the Lebanese Prime Minister resigned in Riyadh under unclear circumstances but withdrew his resignation once back in Beirut.

life conditions for Saudi youth.<sup>5</sup> In this context, Vision 2030 was intended to restore legitimacy through economic and social innovation and shape a Saudi identity that would simultaneously ensure the continuity and competitiveness of the Saudi political system. At the same time, the plan contributed to the centralisation of power in the hands of Crown Prince Mohamad bin Salman, both formally and informally, as the head architect of the new Saudi Arabia.

Due to its multiple roles, Vision 2030 has always had inherent contradictions. Most importantly, genuine political economic development as expressed in key performance indicators would require priorities distinct from spectacular, futuristic plans that attract international attention (e.g., The Line). These contradictions were manageable while there was enough fiscal leverage to conduct both types of projects.

However, there have been several recent indicators that the existing plan is not feasible. By 2024, only 70 per cent of all key performance indicators and 56.5 per cent of economic indicators had met their targets on time.<sup>6</sup> At the same time, Riyadh is increasingly faced with fiscal challenges. Oil prices remaining below the Saudi budget's break-even price led to a higher-than-expected 2025 budget deficit of 5.3 per cent.<sup>7</sup> Meanwhile, the costs related to giga projects have increased rapidly, often exceeding original estimates by three or four times.<sup>8</sup> These trends reduced the government's fiscal room for manoeuvre and pushed for the re-evaluation of Vision 2030.

## Vision reassessed

These developments have already led to some readjustments over the past few years, culminating in the broadest re-evaluation in early 2026. Although the de-prioritisation of giga projects was highlighted, this does not tell the whole story. The broad aim of the reassessment was to achieve three targets.

First, boosting foreign investments. Giga projects like NEOM city, Qidiyya (an entertainment centre near Riyadh) and high-end tourist facilities along the Red Sea coastline drew international attention, but not the appetite to invest.<sup>9</sup> According to one report, the Saudi economy had attracted only one-third of the target amount by early 2026.<sup>10</sup> Several steps were taken in the reassessment process to tackle this problem, including appointing a new Minister of Investment, Fahad al-Saif, who had already built an international reputation in his previous position at the Public Investment Fund (PIF).<sup>11</sup> PIF also published a new strategy for 2026–2030 that includes a 15 per cent cut and prioritises working with the Saudi private sector, which can be more reassuring for international companies.<sup>12</sup>

Second, in connection with boosting attractiveness, the reassessment of Vision 2030 was also used to signal new priorities. According to the Saudi Finance Minister Mohammad al-Jadaan, the focus will be on four sectors: tourism, manufacturing, logistics, and technology.<sup>13</sup> Among these, AI and mining are

5 Interview with a former European ambassador to Saudi Arabia, 22 October 2025.

6 The document claimed that 80 per cent of key performance indicators reached their 2024 target on time, with an additional 13 per cent (49 KPIs) falling behind by only 1–15 per cent. However, the detailed picture gives a different ratio. See: [Vision 2030 Annual Report 2024](#), p.19.

7 Wendel, Samuel and Dutton, Jack, "[Saudi Arabia Downsizes Megaprojects, Chases Cash Amid AI Push](#)," *AI-Monitor*, 28 January 2026.

8 Brown, Elliot and Jones, Rory, "[What Went Wrong at Saudi Arabia's Futuristic Metropolis in the Desert](#)," *Wall Street Journal*, 9 March 2025.

9 Coates Ulrichsen, Kristian. "[Saudi Arabia's Vision 2030 and a Nation in Transition](#)," Baker Institute, July 2025.

10 Bower, Edmund and Pasquali, Valentina, "[New Saudi Investment Minister 'Speaks the Language of Investors'](#)," *Arabian Gulf Business Insight*, 16 February 2026.

11 Bower and Pasquali, 2026.

12 Arab Gulf Business Insight, "[Saudi Private Sector Takes Larger Vision 2030 Role, Minister Says](#)," 20 January 2026. Merani, Megha, "[Saudi to Test Revised PIF Strategy as Giga-Project Funding Tightens](#)," *Arabian Gulf Business Insight*, 9 February 2026.

13 Saudi Gazette. "[Al-Jadaan: Saudi Arabia's Goal is Diversification, Tools Can Change with Conditions](#)," 16 February 2026.

likely to gain the most additional attention after the restructuring.

The Saudi government has already invested heavily in AI. In 2025, PIF alone reportedly planned to put US\$40 billion into various AI-related initiatives, including the sectoral national flagship company HumAln.<sup>14</sup> In addition to software development, Riyadh also wants to invest in physical AI infrastructure with data centres and larger computing capacity. The Kingdom has two competitive advantages in the field. First, due to its close relations with the current US administration, it has built strong cooperation with leading companies such as Nvidia, Google and Microsoft. Secondly, as AI infrastructure requires substantial energy, relatively low electricity prices in Saudi Arabia can reduce costs.<sup>15</sup> In the re-evaluated NEOM, AI and data centre development could play a larger role. The project's location on the shore of the Red Sea is considered an asset for using seawater to cool large-scale digital infrastructure.<sup>16</sup>

The other winner of the current reassessment could be the mining sector, which has gained increasing priority in the last few years. Since 2023, the exploration budget has skyrocketed to almost US\$250 million, almost all of which has focused on gold and copper.<sup>17</sup> In 2025, the number of allocated mining exploration licences increased by 220 per cent on a year-to-year basis.<sup>18</sup> Mining is not only a lucrative sector, valued at US\$2.5 trillion, but is also closely linked to Saudi Arabia's industrial development plan. Most infrastructure and manufacturing projects require costly raw materials, for which Saudi

Arabia currently relies on imports.<sup>19</sup> Exposure to long supply chains elevates costs significantly and has jeopardised the viability and efficiency of many industrial and infrastructural projects.

Besides these two key sectors, tourism and manufacturing continue to be cited as priorities, as they have been since the early days of Vision 2030. But, despite continuous political will, there are unresolved challenges in both sectors. For example, while there has been an increase in both domestic and international tourism, the Kingdom has not become a tourism hub beyond its traditional profile in religious travel.<sup>20</sup> In manufacturing, the previously mentioned problem of expensive supply chains is coupled with the tension between the Kingdom's ambitious energy and environmental targets and the feasibility of achieving them.

Third, the reassessment process had a political dimension both internationally and domestically. On the one hand, the scaling back of unrealistic projects did not come as a surprise to foreign investors,<sup>21</sup> and probably strengthens the image of the Saudi leadership as capable of learning and reconfiguring.<sup>22</sup> On the other hand, the reassessment can contribute to a better domestic appreciation of Vision 2030. According to the Saudi Center for Public Opinion's 2022 report,<sup>23</sup> Saudis appreciated the positive effects of Vision 2030 on the country far more than its effects on their individual and financial situations

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14 Soliman, Mohammed, "[Saudi Arabia's AI Ambitions and what it Means for the United States](#)," Middle East Institute, 5 June 2025.

15 Middle East Eye, "[Saudi Arabia Plans to Revive Vision 2030 Strategy, Finance Minister Says](#)," 9 February 2026.

16 England and Cambell, 2026

17 Lamba, Manraj, "[Vision 230: How Mining Could Power Saudi Arabia's New Economy](#)," S&P Global, 13 January 2026.

18 Arab News, "[Saudi Mining Sector Surges with 220% Rise in New Licenses in 2025](#)," 12 February 2026.

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19 Merani, Megha, "[PIF Sounds Alarm on Saudi Manufacturing Delays](#)". Arabian Gulf Business Insight, 10 February 2026.

20 Leber, Andrew, "[Vision 2030 in the Home Stretch: Clear Achievements Yet Limited Accountability](#)," Carnegie Endowment, 10 March 2025.

21 Wendel, Samuel and Dutton, Jack, "[Saudi Arabia Downsizes Megaprojects, Chases Cash Amid AI Push](#)," AI-Monitor, 28 January 2026.

22 In 2024, the much smaller scale 'recalibration exercise' of Vision 2030 targets was cheered by the IMF. International Monetary Fund, "[Saudi Arabia](#)," 2024 Article IV Consultation, September 2024.

23 Saudi Center for Public Opinion, "[Vision 2030](#)," 23 November 2022.

(especially among men).<sup>24</sup> Taking into account the authoritarian environment in the Kingdom, these responses clearly indicate the need for Saudi decision makers to prioritise smaller-scale projects that improve the everyday life of Saudi nationals. Politically, the reassessment reinforced the growing role of PIF in economic governance, an elite group that is personally linked to Crown Prince Mohammad bin Salman,<sup>25</sup> further strengthening the centralisation of power.

## The Emirati factor

While not the primary motive behind its reassessment, review and modification of Vision 2030 occurred at the same time as rivalry between Saudi Arabia and the UAE escalated in Yemen and the Red Sea region. However, economic competition between the two Gulf states has existed for much longer.<sup>26</sup> While the success of Vision 2030 does not require dethroning the UAE from its position of regional economic prominence, a zero-sum mentality has nevertheless emerged in Riyadh due to the Emirates' greater attractiveness to international businesses and investments. Despite the improvement of the Saudi investment climate,

UNCTAD data indicate<sup>27</sup> that the Emirates still attracts more FDI.

Besides being a rival, however, the UAE is also a major economic partner and the largest investor in Saudi Arabia.<sup>28</sup> In 2024, it accounted for 15 per cent of all FDI flows into the country and held the largest stock portfolio.<sup>29</sup> As a result, mounting tensions in late 2025 did not rupture economic ties, but rather added a layer of complexity to Saudi-Emirati rivalry. Since early 2026, Emirati company executives have experienced a stricter approach by Saudi authorities when issuing business visas.<sup>30</sup> At the same time, according to one report, Saudi Arabia sought further Emirati involvement to save some giga projects, which the UAE declined.<sup>31</sup> Although unconfirmed, this mix shows the coexistence of competition and dependence in the relationship between the two states.

Designating AI as a priority sector, combined with the new Saudi zero-sum mentality, will further exacerbate the competition.<sup>32</sup> Since the sector has gained prominence relatively recently, Riyadh did not start with much of a lag compared with other sectors. Both countries have flagship companies, the Saudi Humain and the Emirati G42, which they develop competitively. Saudi Arabia is already on a par with the UAE, with 36 data centres located in the Kingdom by 2025, compared with 34 in the UAE.<sup>33</sup> Of the 36, 32 are

24 While 93 per cent of respondents agreed that, in the first five years of the implementation period, the country's conditions had improved, only 57 per cent felt the same was true with regards to their individual situation.

Worryingly, fewer than one-third of respondents reported an improvement in their financial conditions (30 per cent).

25 Trudelle, Alexis M., "The Public Investment Fund and Salman's State: The Political Drivers of Sovereign Wealth Management in Saudi Arabia," *Review of International Political Economy*, 2023, 30:2, pp. 747-771.

26 Since 2021, the Saudi government has taken multiple steps to catch up with the UAE. For example, authorities have restricted permissible business activities of foreign companies that do not have a headquarters in Saudi Arabia and limited the import of foods produced in free trade zones across the GCC. These steps did not result in substantive change, however. Although Riyadh successfully convinced a number of multinational companies, including Microsoft, Google and Apple, to set up offices, many did not relocate from the UAE to Saudi Arabia as intended but instead opened a second regional headquarters in Riyadh. Salacanian, Stasa, "[Saudi Arabia and the UAE Compete for Hubs for Regional Business](#)," *Stimson Center*, 24 January, 2025.

27 The difference was US\$8 billion in 2023 but grew to US\$30 billion in 2024. UN Trade and Development, 2025. "[World Investment Report](#)," UN Trade and Development, 2025, p.9.

28 Alhurra, "[Political tensions Test the Resilience of Saudi-UAE Economic Ties](#)," 28 January 2026.

29 Narayan, Nirmal, "[Saudi Arabia's FDI Inflows Rise 24% to \\$31.72bn](#)," *Arab News*, 4 September 2025.

30 Al Omran, Ahmed et al. "[Business Fear Blowback from Saudi-UAE Shift](#)," *Financial Times*, 31 January 2026.

31 Al Hussein, Mira, "[In Widening Saudi-UAE Rift, Israel is at the Heart of a Narrative War](#)". *+972 Magazine*, 19 February 2026.

32 Soliman, Mohammed, "[From Crude to Compute: Building the GCC AI Stack](#)". *Middle East Institute*, 10 December 2026.

33 Alajlouni, Laith and Murad, Jasim, "[Data-infrastructure Gap: Data Centres and AI Preparedness in the Middle East](#)". *International Institute of Strategic Studies*, 27 May 2025.

operated by Saudis and only four by foreigners (all from the UAE), indicating a high level of digital autonomy. The Emirates operates only 25 of its 34 data centres.<sup>34</sup> Additionally, Saudi Arabia can quickly outgrow the UAE, with a planned national capacity of 2,200 megawatts, more than four times the Emirates' planned capacity.<sup>35</sup>

Beyond infrastructure, Saudi ambitions in AI include developing the Arabic Large Language Model (ALLaM), strategic partnerships with market-leading companies like NVIDIA, and fostering AI applications across sectors such as healthcare, education and maritime security.<sup>36</sup> Although many of these ambitions are also present in Emirati thinking, competition with the UAE is less crucial as the Saudi government can shape market regulations to protect its own industries and products. At the same time, the rivalry undermines potential efforts to further collaboration in the field at the Gulf Cooperation Council (GCC) level.

## The war and its effects on Vision 2030

The 28 February US-Israeli attack on Iran and Iranian counterattacks across the Middle East came at a delicate time for the Saudi leadership. The war exposed the limits of Saudi influence over US and Iranian decisions and the inability of the Kingdom to avoid attacks against its own territory, as well as its economy's high level of exposure to regional developments. In fact, the war undermined key pillars of Vision 2030 as well as its reconfiguration.

Until the ceasefire deal of April 8, Saudi Arabia suffered the second-largest number of Iranian attacks in the GCC after the UAE.<sup>37</sup> Beyond

military targets, Iranian missiles and drones targeted Saudi energy infrastructure like the Ras Tanura oil refinery. Although the direct costs and repair times remain limited for now,<sup>38</sup> estimates indicate a final bill of 10-20 billion US\$.<sup>39</sup> This could be significantly higher if there is a re-escalation.<sup>40</sup> Comparatively, the impact on the Saudi economy was more limited than on other Gulf states (except for Oman), due to the ability of Saudi Arabia to continue exporting significant quantities of oil at a higher price range.<sup>41</sup>

However, the war is affecting Vision 2030 beyond its direct costs. There are already reports that Saudi overseas investments could be downgraded (the American LIV Golf league could be one of the first victims) and that projects connected to NEOM have been cancelled.<sup>42</sup> The new PIF strategy, published on April 15, 2026, indicates a 10 percentage point decrease in the ratio of international investments (from 30 to 20%).<sup>43</sup> Moreover, the war is increasing the risk for international investors of investing in the Kingdom, especially if the risk of future re-escalation is not eliminated. The first few weeks of the war impacted tourism and the AI industry directly, both of which were designated priorities during the early 2026 reconfiguration

34 Ibid. Five are operated by the US, and two by India.  
 35 Pymnts, "Saudi Arabia and the UAE Vie for Middle East AI Supremacy", 9 June 2026.  
 36 Soliman, Mohammed, "Saudi Arabia's AI Ambition, and What It Means for the United States," Middle East Institute, 5 June 2025.  
 37 However, Saudi Arabia comes in fifth in terms of missile attacks (117). Gulf Research Center, "لوجدي يرفع قبة إيران إلى التامج دولاً", "تي ندرألا ةكلمم دولاً و يبرعلا چيلخلا", April 7 2026.

38 Martinsen, Audun et al., "The Cost of War: Gulf Energy Infrastructure Left Facing a \$25 Billion Repair Bill," Rystad Energy, 25 March 2026.  
 39 Kalin, Stephen et al, "Saudi Arabia's Grand Vision Slams into Financial Reality – and the Iran War", Wall Street Journal, 5 April 2026. Omar, Mohamed, IMF, "Global Economy in the Shadow of War", April 2026.  
 40 Mohammed, Abdul, "Goldman Sachs Warns Gulf Faces Worst Recession in a Generation", House of Saud, 17 March 2026. Alexander, Justin, "Iran War Fiscal Impact Model: Kuwait and Qatar Hit Hardest, Bahrain May Need Support," Global Source Partners, 11 March 2026.  
 41 Arab Gulf States Institute: "Planning for Postwar Recovery: Economic Outlooks and Policy Responses". 14 April 2026.  
 42 England, Andrew and Kerr, Simeon, "Gulf States Could Review Overseas Investments to Ease Financial Strains Caused by Iran War," Financial Times, 5 March 2026; Al Omran, Ahmed, "Saudi Arabia Cancels Building Contracts for Desert Ski Resort," Financial Times, 27 March 2026.  
 43 The National, "Saudi Arabia's PIF targets 80 per cent Domestic Investment in a New Five-Year Strategy", 15 April 2026.

of Vision 2030. Furthermore, Iranian projectiles have damaged data centres in the UAE and Bahrain, undermining the notion that the region is suitable for the construction of AI infrastructure.<sup>44</sup> Sports events have also been affected: for instance, the Formula 1 races scheduled for April in Bahrain and Saudi Arabia have been cancelled.<sup>45</sup>

Despite these spillovers, the war's effects on Saudi development might not be entirely negative. Historical precedents indicate that the shock of armed conflict can galvanise modernisation and spur development.<sup>46</sup> Limited fiscal constraints might incentivise decision makers to focus their efforts. Discussions about Saudi over-reliance on the Strait of Hormuz have already begun, which could lead to further diversification and a more decentralised and resilient oil infrastructure.

## Conclusion and the way forward

The analysis shows that the first quarter of 2026 was a pivotal time for Vision 2030. Its reassessment was a step in the right direction from many perspectives, especially in deprioritising giga projects and designating new sectors that could feasibly attract more investment. However, the US-Israeli attack on Iran and the subsequent Iranian attacks on the Gulf have threatened almost all the positive aspects of the Vision 2030 recalibration exercise: it has undermined Saudi Arabia's fiscal position and its ability to attract foreign investments, directly threatened some of the priority sectors of Vision 2030 (especially AI and tourism), and highlighted once again the dependence of the Saudi economy on oil revenues.

This remains true despite the extended ceasefire deal of April 8, which has yet to yield a satisfactory resolution to the conflict. The risk of re-escalation remains high. The fragility of

the situation is shown by the fact that the Saudi East-West pipeline suffered an attack after the announcement of the ceasefire. To achieve a satisfactory conclusion from a Saudi perspective, the negotiators must find a workable solution regarding the Strait of Hormuz and minimise the risk of renewed Iranian attacks against Saudi Arabia.<sup>47</sup>

Most importantly, however, regardless of the outcome of negotiations, the political and economic damage is already done. The war has once again proved how Vision 2030, and Saudi development more broadly, depend on regional stability<sup>48</sup> in a region that is not stable. Saudi Arabia is exposed not just to the continuation of the crisis in Iran and the Gulf, but also to the internationalised civil war in Yemen and the role of the Houthis. With crises near the Strait of Hormuz and the Red Sea, the freedom of navigation through maritime chokepoints cannot be taken for granted.

Maximising the possibility of successful implementation of Vision 2030 requires at least three conditions to be met:

1. The US-Iran negotiations should succeed in maintaining a ceasefire at least, and chances of re-escalation should be minimised.
2. Iranian control over the Strait of Hormuz should be avoided, and Iran's ability to attack Saudi targets in case of a re-escalation must be dismantled.
3. The Saudi government must convincingly secure the physical safety of investments in the country. This will likely require a massive PR campaign, the strengthening of air defences, and finding a solution, either military or political, to the Houthi problem.

Currently, these three conditions are uncertain. Saudi Arabia has limited influence on the first two, beyond supporting the Pakistani facilitation efforts. The third condition depends more on the will of the Saudi government and available

44 Walt, Vivienne, "Big Tech's Uncertain Future in the Persian Gulf," The New York Times, 7 March 2026.

45 Benson, Andrew, "F1 Cancels Bahrain & Saudi Arabia Grands Prix," BBC, 14 March 2026.

46 Mohammed, 2026.

47 Kalin, et al, 2026.

48 Al-Sami, Hisham, "2030: رؤية جديدة للشرق الأوسط،" *Al-Ghad*, 23 March 2026.

resources, but it would require clear prioritisation and an effective strategy.

As a result, it is increasingly likely that further recalibration of Vision 2030 will be necessary after the war to achieve the desired outcome. Pressure is already felt to abandon large-scale projects, even if they are partially constructed.<sup>49</sup> Although the Saudi state budget and PIF continue to exercise significant fiscal leverage, most plans cannot be envisaged without attracting additional FDI, which seems increasingly difficult. The changes outlined in the new five-year strategy of PIF, published on April 15, 2026,<sup>50</sup> reflect the recalibration process initiated at the beginning of the year, and not a genuine assessment of the war's effects.

Moreover, it is not yet clear how the war will affect Saudi-Emirati competition. Despite their proclamation of unity, there is little evidence to support a structured rapprochement between the two countries. Indeed, the UAE appears to be doubling down on the policies that contributed to Saudi-Emirati tensions in the first place – most importantly, their partnership with Israel and their assertive policies in the Red Sea region. In the economic domain, post-conflict strategies will inherently focus on national priorities, possibly further strengthening the zero-sum mentality. Once again, the UAE seems to be the first mover in mitigating the effects of the war by announcing a stimulus package in early April.

### The European perspective

For European investors and stakeholders, the developments threatening the successful implementation of Vision 2030 are a problem. Collectively, the EU is the largest investor in the Saudi market,<sup>51</sup> with a 59 per cent share of all FDI inflows and 29 per cent of investment stock

in 2022.<sup>52</sup> As such, several EU member states (including Luxembourg, France, the Netherlands and Spain) have both a stake and an interest in minimising the damage. Politically, with all its shortcomings, Vision 2030 is seen positively by the EU as a long-term development programme that, despite being authoritarian in nature, has delivered many benefits for Saudi citizens.

As a result, the EU and its member states should consider how they can help support Saudi government efforts to revive Vision 2030 after the war. The EU should incentivise the Saudi government to double down on the positive aspects of the recalibration process, abandon unrealistic projects and focus more sharply on strategic sectors that benefit the whole society. Post-war thinking could be an ideal moment to also reflect on the continued negative aspects of Vision 2030, especially concerning neglected social groups such as migrant workers, Saudi Shi'a and rural communities, and the uneven distribution of benefits.

This would require significant diplomatic effort, especially in developing EU-Saudi ties that are embedded in, but independent of, EU-GCC ties. The various diplomatic channels currently in place mostly consider the GCC as a whole rather than prioritising bilateral ties. Given the intensification of Emirati-Saudi rivalry, this position will become increasingly ineffective and further marginalise the EU. European diplomats should signal increased interest in negotiating the strategic partnership agreement with Saudi Arabia. It is even possible that the post-war recalibration might open the way to Riyadh's greater interest in a free trade deal or a more comprehensive economic agreement, similar to the one currently being negotiated with the UAE.

These steps could create the necessary frameworks in which the EU could not just deepen its ties with Saudi Arabia but also utilise its economic presence to shape long-term

49 Kalin, et al, 2026.

50 England, Andrew and Al Omran, Ahmed, "[Saudi Wealth Fund Resets Priorities after Decease of Heavy Spending](#)", Financial Times, 15 April 2026.

51 The Euro-Gulf Information Center, "[EU-GCC Relations: Infographic](#)," March 2024.

52 Ministry of Investment of the Kingdom of Saudi Arabia, "[Saudi Arabia Foreign Direct Investment Report](#)", January 2024.

economic planning in Riyadh, even beyond Vision 2030. In this way, the EU could ensure that European investments in the Saudi economy do not have negative social or environmental consequences.





Beyond economic planning, the development of the Saudi industry will be a priority after the war. It will be strategically important to double down

on cooperation in this field, especially since the EU can rely on the existing market presence of various European companies in this sector. European governments can initiate trilateral defence industrial cooperation with Saudi Arabia and others, especially Turkey and Ukraine. With these steps, the EU can renew its importance as a key economic partner and stakeholder in the long-term development of Saudi Arabia.

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