Saudi Arabia and the UAE Are Not Following the Same Playbook – VIKRAM RATHORE

One diversified early. The other is transforming at scale.

PREMISE

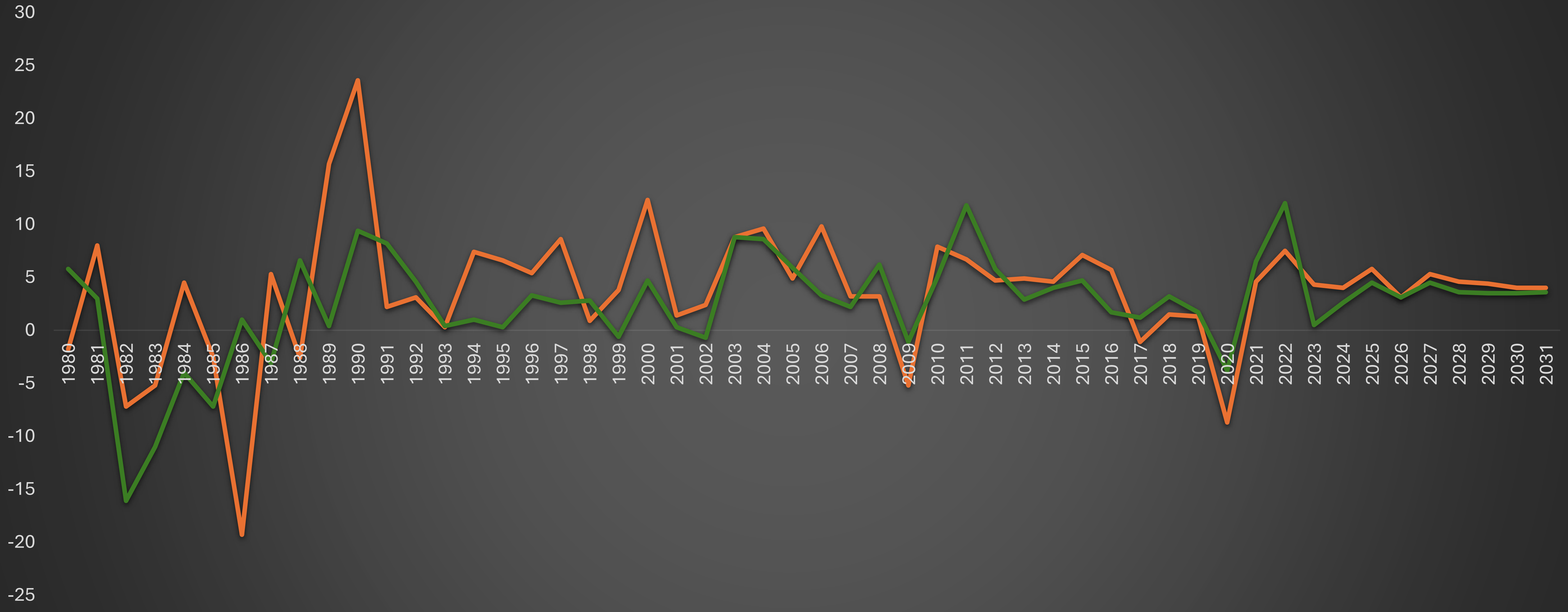
- Two resource-rich Gulf economies with similar starting points
- Both leveraging oil wealth to transition beyond hydrocarbons
- Divergence in: timing
- execution
- strategic priorities

Economic Snapshot

UAE	Saudi Arabia
• GDP per capita: ~$50,000+ • Non-oil GDP contribution: ~70–75% • Trade (% of GDP): Very high (global hub) • Unemployment: Low (~3%) • Diversification index: High • One of the **highest expat population ratios globally (~85–90%)** • Relatively more open and cosmopolitan social environment	• GDP per capita: ~$27,000 • Non-oil GDP contribution: ~50–55% • Trade concentration: Oil-heavy • Unemployment: Higher (~8–9%, youth higher) • Diversification: Improving but uneven • Lower expat concentration (more domestic workforce focus) • Historically more conservative, but **gradually opening sectors (tourism, entertainment, women workforce participation)**

GDP growth Saudi Vs UAE (in %)

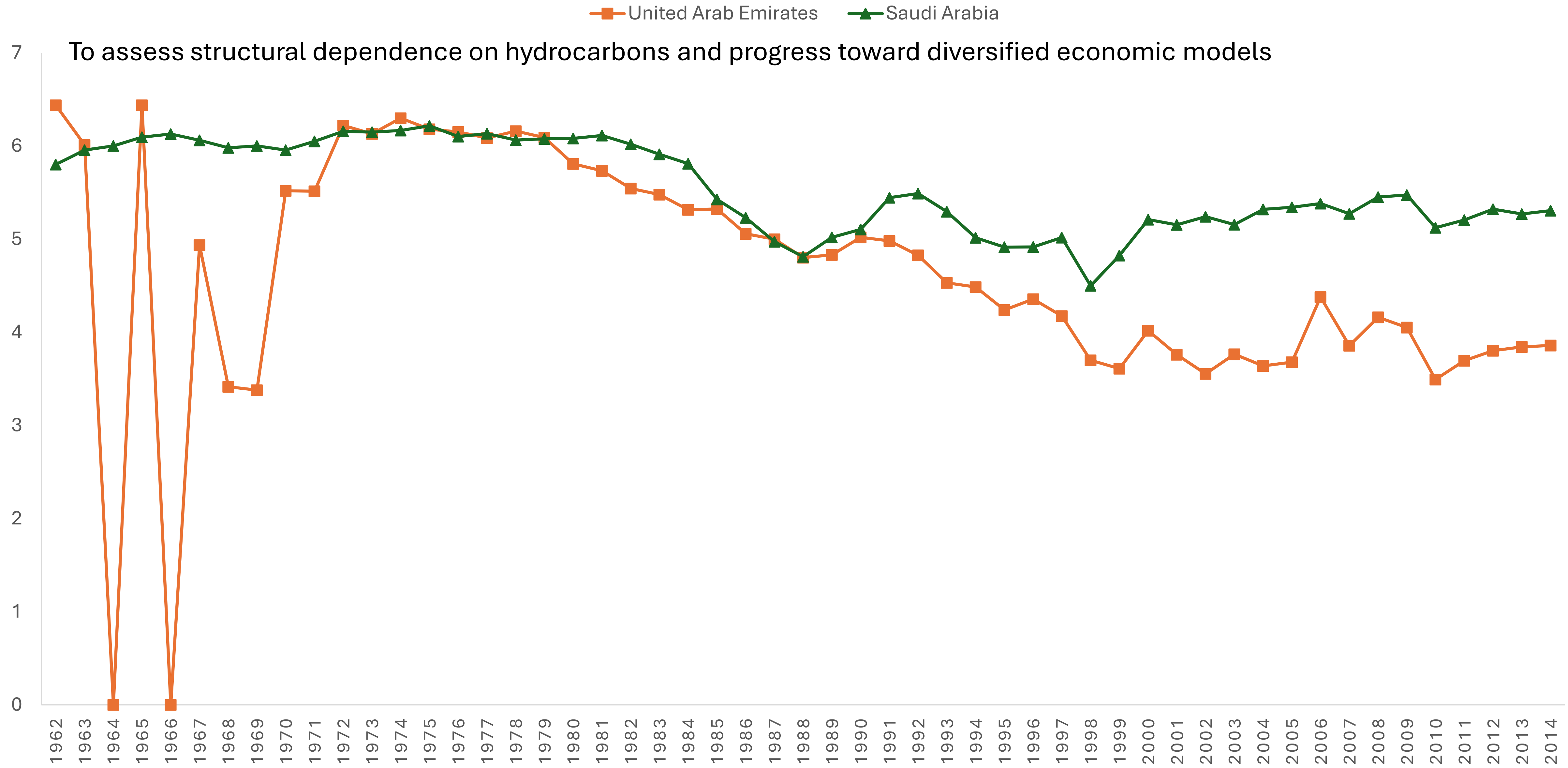
To compare long-term growth trajectories and economic resilience of both economies



Average GDP growth (in %)

UAE	3.719231
Saudi Arabia	2.532692

SAUDI VS UAE EXPORT DIVERSIFICATION INDEX



Note: Lower the value more diversified the economy is, UAE has lower diversification index since 1987 signifying pragmatic economic policy

UAE Journey

- **Pre-1970s (The Foundation):** Economy focused on pearl diving, fishing, and regional trade routes.
- **1970s-2000s (Oil-Led Growth):** Discovery of oil transformed the country, providing capital for rapid development.
- **2000s-2020s (Diversification Phase):** Active investment in tourism, real estate, aviation, and financial services, reducing reliance on oil.
- **2020s-Present (Knowledge-Based & Future Economy):** Shift towards AI, aerospace, renewable energy, and biotechnology

Saudi 2030 Diversification Strategy

- Economic diversification , reduce reliance on oil
- Become dynamic investment driven economy
- Build GIGA projects NEOM(future city),the Red Sea Project , Qiddiya (entertainment hub)
- Investment in healthcare , education, equality to enhance standard of living

Why did Saudi infra projects not deliver

- Overestimation of demand and economic viability
- Capital allocation inefficiencies in large-scale projects
- Dependence on oil revenues for funding cycles
- Execution complexity of giga-scale developments
- Shifting policy priorities and fiscal constraints

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Foreign Policy

UAE:

- Multi aligned
- Part of BRICS ,cordial ties with Russia, China , India
- Has strategic ties with US
- Has understanding with Iran
- First Gulf nation to recognise Israel as a sovereign nation

Saudi:

- Very closely aligned with US
- Trying to balance relations with BRICS nations but US influence is high
- Has historical rift with IRAN
- Has inconsistent stand on Israel-Palestine issue

Why is UAE succeeding

- Multi aligned policy in a fragmented world
- Increasing Trade with RIC, Global South Nations
- Hosts US base, buying military equipment
- Is enhancing tech capabilities and investing in AI , deep tech
- Has now workable ties with both Israel and Iran very few nations to do so
- Left OPEC recently , complete autonomy now over its Oil price, production

Why Saudi foreign policy is Unsettled and Inconsistent

- Inconsistent Stand on Israel-Palestine situation
- Was supposed to join BRICS
- As of may 2026,stand still unclear
- Exposure to petro-dollar dynamics and global currency shifts
- Complex regional geopolitical commitments

Conclusion خاتمة

Early vs Late Diversification
UAE moved early and steadily; Saudi is scaling rapidly but later

Economic Model Difference
UAE: global hub model
Saudi: domestic transformation model

Execution Gap
Ambition vs feasibility mismatch in large projects

Strategic Outlook
Saudi has scale advantage; UAE has execution advantage