Chapter 10
The Economics of Religious Tourism (Hajj and Umrah) in Saudi Arabia

Abla Abdul Hameed Bokhari
King Abdulaziz University, Saudi Arabia

ABSTRACT

Even though great oil wealth has freed Saudi Arabia from economic dependence on Hajj and Umrah revenues, diversification of economic base and sources of income necessitates taking the economic impacts of these revenues into account. Therefore, this chapter aims to discuss the economic impact of religious tourism in the Kingdom of Saudi Arabia. Tourism worldwide is a risky business. Nevertheless, religious motives of Muslim pilgrims have never been noticeably vulnerable to any circumstances. Furthermore, religious tourists are the highest spenders compared with other types of tourists in Saudi Arabia. Subsequently, annual pilgrimage to Saudi Arabia for Hajj and Umrah can play an increasingly vital role in economic growth and development. In its broadest generic sense, religious tourism plays a vital role as foreign exchange earner, a creator of job opportunities, and a tool for improving the balance of payments. Its contribution to the economic welfare, if well planned, can be more significant than any other economic force known.

INTRODUCTION

Even though the great oil wealth has freed Saudi Arabia from economic dependence on Hajj and Umrah revenues, diversification of economic base and sources of income necessitates taking the economic impacts of these revenues into accounts.
Therefore, this study aims to investigate the economic impact of religious tourism in the Kingdom of Saudi Arabia. Worldwide tourism plays an increasingly vital role in economic growth and development. In its broadest generic sense, tourism plays a vital role as foreign exchange earner, a creator of jobs’ opportunities, and a tool for improving the balance of payments. In addition, its contribution to the economic welfare is more significant than any other economic force known.

Before the 1930s, it would be difficult to speak of a unified entity such as the Saudi Arabian economy. The country had been fully known as a wide desert land where scattered population of Bedouin tribes lived in poverty and rough climate condition. Oil had been discovered in Saudi Arabia in 1938, although large-scale production did not exist until The Second World War. Oil wealth has made possible rapid economic development, which began in the 1960s and expedited remarkably in the 1970s. Saudi Arabia became the largest reservoir of oil, and ranked as the largest exporter of petroleum in the world. In spite of fact that the Saudi economy is mainly known to many countries in the world for its crude petroleum as its single product, it is based on more than oil.

Prior the discovery of oil, the economy had been depending on pilgrimage to Mecca and Medina. For the fact that, Mecca and Medina, Islam’s two holiest cities, are located in the country, religious tourism has its great importance. Saudi Arabia as a Holy Country has gained the honour of carrying the responsibility of providing integrated services to the pilgrims of God’s Inviolable House, to those performing Hajj and Umrah, and to the visitors of the Prophet Mohammed ⛪ Mosque. The Saudi government had invested heavily over the years in hosting and providing services for visitors. Much had been accomplished to comfort pilgrims, their arrival, transportation, feeding, accommodation, and even health services.

Saudi Arabia’s economic diversification efforts through encouraging tourism have gained a remarkable impetus. However, Saudi Arabia is not a country that many people visited for tourism. Leisure and cultural tourism in the kingdom, for instance, is still in its infancy. Nevertheless, religious tourism is well-established in the kingdom. The kingdom has been serving Hajj pilgrims with great honour since its establishment, taking the responsibilities of providing infrastructure, foods and beverages, accommodation, and medical care for the guests of God. Religious tourism had been expanded for beyond the Hajj, as millions of Muslims visits the holy places annually for Umrah performance and for visiting the Prophet Mosque.

Pilgrimage to the holy places accounts a major share of the world tourism industry, and it is even more to Saudi Arabia, with the assumption that the Saudi economy was simply resource-based, and scanty in nature. The government had been trying to diversify the economy through different paths, and much had been achieved in energy-related industries. Tourism was recently appeared on the agenda of planning, and became one of the primarily goals. Saudi Arabia’s privatization
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