Civil Aviation Policy and Privatisation in the Kingdom of Saudi Arabia

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ABSTRACT

The study examines the extent to which the liberalisation and privatisation of the Saudi Arabian civil aviation sector achieved the claimed benefits of transforming public utilities into private ownership. At the theoretical level, it explored the nature of privatisation, and its relationship with wider reform policies and modernisation paradigms, as an approach for reforming public sector organisations. Empirically it examined the civil aviation sector in Saudi Arabia as its main case study, comparing it with the British Airways and Kenya Airways privatisations, and providing an overview of civil aviation liberalisation and privatisation processes in the Gulf region. Qualitative data collection methods were used, including personal interviews and official documents, and a broad meaning of privatisation was adopted as more suited to the Saudi case.

An in-depth analysis of the interview material and data relating to the process of Saudi Arabia’s civil aviation privatisation and liberalisation, helped identify present successes as well as major issues and problems facing the sector. Despite considerable market potential, unfair competition and other bureaucratic restrictions and obstacles could still have negative consequences for newly-established private companies. Certain issues concerning the requirement for more private participation and more competition among operators and service providers need to be solved, while policy makers and regulators must take many important and crucial decisions to meet expectations and customer demands. All players in the Saudi civil aviation market should be treated equally and a sound regulatory framework, along with objective monitoring, needs to be established to support fair competition among the airlines and other private operators. Unless the situation changes, many opportunities for success in the Saudi market for civil aviation might be lost. However, further success is expected to be achieved with the eventual full privatisation of Saudi Arabian Airlines and the complete liberalisation of the civil aviation sector.

**Key words:** civil aviation privatisation, civil aviation regulation, civil aviation in Saudi Arabia.
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