

Good term paper about saudi arabia economic

[History](#), [Middle East](#)



Saudi Arabia, with its huge oil reserves is the main state of the Organization of Petroleum Exporting Countries. From 1992 to 2009 it was ranked first in the world in oil production and exports. Exports of crude oil account for 95% of exports and 75% of the country's income, making it possible to maintain the welfare of the state (International Monetary Fund, 2014).

Foreign exchange earnings from oil reached \$ 45 billion US dollars, or about 85% of export earnings in 2013. High oil revenues contribute to accelerated industrial development in the framework of five-year plans. The growth of industrial production in the 1980s-1990s. reached 10. 5% per year, which is considered one of the best in the world. Intensively developed mining, chemicals, building materials, metal, plastics, textiles, food contributed to impressive successes of Saudi Arabia industrial growth. The country self-sufficient in basic food and even exports wheat, vegetables, eggs, poultry, etc.

According to Simon Rogers (2011), currently, Saudi Arabia has about 7 million foreigners. For the implementation of programs of economic development, the Royal Government has widely resorted to import labor. Saudi state has rarely seen of skilled worker-Saudis because physical work is never enjoyed honor in this country. The natives prefer to work in the trade, banks, government offices or serve in the army. Fifteen to twenty years ago, a quarter of the population of the kingdom were nomadic Bedouins who traveled with their cattle and belongings from pasture to pasture; from well to well over many tens of kilometers. Processes of modernization, industrialization and urbanization of the Saudi society were accompanied by the collapse of the old ways of life. Farmers and Bedouins flocked to the city.

In recent decades, due to the growth of the oil industry there was built a large modern city - Dhahran, Dammam ports and Al-Ju-laundry in the Persian Gulf. Old Harbor Yanbu on the Red Sea coast, previously only takes pilgrims, became one of the industrial centers of the country. The development of the port city of Al Jubayl can also serve as an example of the new orientation of the government to create a diversified industrial infrastructure.

There was built a large complex of the steel and petrochemical industry, powerful sea water desalination plant for the sustenance of Al Jubayl and the capital Riyadh, powerful gas distribution station, mechanized and automated port capable of handling the most advanced vessels.

Discovery of oil transformed Saudi Arabia into a rich state, but now thanks to advances in commerce, industry, energy, agriculture, construction and banking, the Kingdom has become one of the fastest growing countries in the world.

Saudi Arabia is currently ranked 20th among exporters and economically is the most dynamically developing country in the Arab world. Huge sums of money have been invested in the infrastructure of the Kingdom: roads are built at a rate of 1, 100 km per year; also they have built new homes, hospitals, schools and industrial enterprises.

The economy of Saudi Arabia is tested for strength in times of crisis. Saudi Arabia has successfully passed such tests in the eighties when oil revenues plummeted. Long-term planning, which ensured the growth of economic efficiency and the expansion of the production base in Saudi Arabia, has brought long-awaited fruits. Expenses decreased significantly and decreased

production costs. Encourage the development of the private sector and other realistic programs continue to strengthen the economic strength and stability of the currency of Saudi Arabia. Extremely rapid development of Saudi Arabia has been carefully planned. From 1390 on Hijra (1970) The Kingdom has set a strategic goal under a continuous program of five-year plans, covering all aspects of life in the Kingdom. The current five-year plan, which began in 1416 by Hijra (1995) and ends at 1421 on the Hijra (2000) aims to create a fast growing dynamic economy to ensure full employment (House, K, 2012).

Oil and gas reserves in Saudi Arabia remain its biggest national wealth and the largest source of income. In the Kingdom is more than a quarter of the world's proven reserves of oil, that are available.

Every day in the UK produces about eight million barrels of crude oil, of which nine country's refineries produce about 1. 8 million barrels of gasoline.

Saudi oil company ARAMSO, which is the largest producer of oil in the world, currently

working on new methods of marketing and refining. Ongoing research aimed at finding and opening new deposits underground. Thanks to the development of other industries and trade share of the oil industry in the gross domestic product is at present only 36%.

Industrial Goods Saudi Arabia is currently exported to more than 90 countries. The main industrial cities in Jubail - in the Eastern Province and Yanbu - on the Red Sea, are managed by a special Royal Commission. Other industrial centers are Riyadh, Jeddah, Dammam, Al-Qassim, Al-Ahsa, Mecca. Plants and factories producing fertilizers, steel, petrochemicals, cement,

glass and plastic. To spread economic prosperity to all parts of the country planned to establish industrial cities in other parts of the Kingdom.

Industrial development in the last 30 years has completely changed the face of the country. Previously, Saudi Arabia imports all it needs manufactured goods. At present, the factories in Saudi Arabia made a progressively larger portion consumed in the domestic market of goods and, in addition, are constantly growing exports of manufactured goods.

Agriculture went from growing dates and breeding sheep, camels and goats to produce a wide range of products and as a result has become one of the most productive sectors of the economy of the Kingdom. Currently, agriculture plays a very important role in the national economy.

Government policy has led to a revolution in agriculture. Farmers and agricultural companies should be encouraged to increase production, to give them unused land, in order to include these areas in the process of cultivation and use them for the cultivation of crops and livestock. The area of cultivated land increased from 600, 000 hectares in 1401 by Hijra (1980) to 1. 7 million hectares in 1416 by Hijra (1995).

Saud-Arabian Agricultural Bank provides loans to assist individual farmers and companies in the implementation of promising projects. As part of the scheme of the grant of loans and credits the Bank approved more than 3, 132 new agricultural projects. Currently the country is completely sufficient in wheat, dates, vegetables, many fruits, dairy products, eggs, chicken, fish and shrimp. Surplus products are exported, which is a remarkable achievement for a country of sand and desert. In 1418, at the Hijra (1997) in the UK produced 2. 7 million tons of vegetables, more than one million

tonnes of fruit and 650 000 tons of dates.

Economic advantages of this are huge reserves of oil and gas production and processing industry an excellent companion. Other advantages are well controlled surplus and stable current income and big profits from 2 million pilgrims to Mecca each year.

Some economic weaknesses are poor professional education, high subventions for food, import on most consumer goods and industrial raw materials. Also high youth unemployment, the dependence of the country's wealth by the ruling family and fear of instability. The accuracy of the inventory questioned publications WikiLeaks.

Saudi Arabia's economy is based on oil industry, which accounts for 45% of the gross domestic product. 75% of budget revenues and 90% of exports of oil products export. Proven oil reserves of 260 billion barrels (24% of proven oil reserves in the world). And, unlike other oil producing countries, Saudi Arabia, this figure is constantly growing, thanks to the discovery of new deposits. Saudi Arabia plays a key role in the Organization of Petroleum Exporting Countries, by which regulates the international oil prices (House, K, 2012).

In the 90s the country experienced an economic downturn, coupled with the fall in oil prices and at the same time a huge population growth. Because of this, the per capita GDP in a few years fell from \$ 25, 000 to \$ 7 000. In 1999, OPEC was decided to drastically reduce the amount of oil, which led to a jump in prices and helped to rectify the situation. In 1999 began an extensive privatization of electricity and telecommunications. In December 2005, Saudi Arabia joined the World Trade Organization.

Foreign Trade

Export - 310 billion USD. In 2008 - oil and oil products. The main buyers - US 18. 5%, Japan 16. 5%, China 10. 2%, South Korea 8. 6%, Singapore 4. 8%.

The main imports are Saudi Arabia, industrial equipment, vehicles, weapons, food, building materials, scientific equipment, chemical products, textile and clothing. The main flow of imports come from the US, Japan, UK, Germany, Republic of Korea, Singapore and France. The government promised to make appropriate changes in trade, investment and tax laws in preparation for accession to the World Trade Organization (WTO).

Import - 108 billion USD. In 2008 - industrial machinery and equipment, foodstuffs, chemicals, automobiles, and textiles.

Major suppliers - US 12. 4%, China 10. 6%, Japan 7. 8%, Germany 7. 5%, Italy 4. 9%, South Korea 4. 7%.

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