

Free essay about economics in saudi arabia

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Introduction

Saudi Arabia is one of the fastest growing economies across the world. It has a free economy that has recorded tremendous growth over the past few years. This growth can be attributed to the free market economy that has seen development from an agricultural state to a global economic power that enjoys modern infrastructure. The country prides itself as the world's largest producer and exporter of oil. This has also paved way for other different forms of economy as it produces and exports many varieties of industrial goods across the world (Aarts and Gerd, 25). The government plays an important role in developing the industrial and economic sectors. The various ministries formulate policies and plans that are effective for setting long-term goals for the country. These ministries include the agriculture sector, the energy ministry, transportation, communication and finance. The private sector on the other hand plays a key role by providing revenue and facilities that enable the country to continue growing. This sector allows other forms foreign investment by creating opportunities where foreign investors come into the country and venture into the opportunities available within the country (Looney, 214). To the end, the focus of the paper will be analyzing the economy of Saudi Arabia and comparing and contrasting it with other countries.

Petroleum Industry

Investment and Education

The government has initiated on employing the youth nationals who generally lack the technical and educational skills into the informal sectors.

This has been coupled with the huge boost on spending on job training and education where institutions have been established to develop growth and increase the population that is educated in the formal sector. In addition to this, the government of Saudi Arabia has appealed to the World Trade Organization to negotiate opportunities where they can attract foreign investors. This has been made possible by the establishment of six cities in different part of the country in order to promote foreign investment and plans to spend huge amounts of money to develop social and infrastructure projects that help in developing the economy of Saudi Arabia (Looney, 209). The growth of Saudi Arabia has had huge differences with other markets across the world as they differ in the strategies that enable each country to grow. For instance, Saudi Arabia focuses on employing foreign workers in order to boost their performance in the market while other states such as the United Arabs Emirates focuses on increasing their expenditure on creating jobs and expanding expansion (Achoui, 37). The other difference between these two states is that the United Arabs Emirates entered into a Trade and Investment Framework Agreement with the United States. This agreement gave free trade zones full ownership and zero taxes in an aim to attract foreign investors. This is not the case in Saudi Arabia as it focuses on employing foreign workers who will boost their growth (Looney, 219).

The Reasons of the Economic Growth

The comparison between Saudi Arabia in terms of annual revenue as well as gross domestic product shows that most of the markets cannot match the rate of growth in the country. For instance, the purchasing power parity in Saudi Arabia and United Arabs Emirates show different aspects where Saudi

Arabia has higher rates by purchasing power than UAE. The rates of growth in Saudi Arabia are significantly higher than those in other states across the region. This boosts the chances of Saudi Arabia to grow higher in the market. Saudi Arabia has recorded low levels of unemployment over the years while other countries have relatively higher poverty levels (Looney, 225). The various industries in Saudi Arabia help the country to receive higher rates of industrial production. This is facilitated by the availability of raw material such as agricultural products that provide the country with sources of food as well as products that boost the economy. The other reason why Saudi Arabia has received tremendous growth is that it has large landscapes and irrigation schemes that guarantee the state of sufficient supply of food and raw materials used in manufacturing. There is also a credible afforestation that maintains the productivity of the state as well park development that attracts more foreigners who travel to view the beautiful environment ((Aarts and Gerd, 271).

There is also a Rabigh power plant that provides sufficient power within the state. The labor force by the population has been branched into the different categories as per the diverse sectors of development. These include agriculture, industrial growth and service rendering. The service sector carries more rates of employment as the country focuses on delivering quality services to all arms of the development process.

Currency

The exchange rates in Saudi Arabia are relatively higher as compared to other states in terms of dollars which gives the Saudi Arabian currency more strength in the market than in other nations across the Middle Eastern

Region. Saudi Arabia as compared to other states such as Iraq, UAE Kuwait, Qatar just to mention but a few has ensured that their import partners range from the highly developed countries (Achoui, 41). This actually implies that the country has managed to partner with the most developed countries in order to boost their economy whereas the other states have just joined hands with a few countries. For instance, Saudi Arabia is importing partners such as China, the United States, Germany, South Korea, Japan, India, Italy and many others. The UAE on the other hand only has India, China and Germany who takes part in providing the UAE with imports (Ramady, 231).

Labor Factor and Resources Management

Saudi Arabia has recorded huge growth in the market due to facts such as, it has utilized its resources to boost the economy. It has also ensured that their debts are minimal across the market to facilitate availability of revenue within the state that ensures growth. It has also ensured that the nationals are employed in different sectors of the informal sectors as well as the government supporting them by facilitating the education sector. The huge population of foreign employees has led to the country recording huge boosts in the service rendered. This ensures that the country remains very active in providing better services and improves the economy of the country. Population below the poverty line has been reduced to ensure that the country implements development in all phases (Aarts and Gerd, 45). The low population below poverty line helps the country as it focuses on improving other sectors such as infrastructure. This also helps in that the country is not dragged down by the poor population who would require government aid. Other states within the global market should utilize the policy of ensuring

that their high levels of employment from the foreign countries. This ensures expatriates who bring in more talent that is essential in the development of the country. The resources should be utilized appropriately in order to serve the purpose of manufacturing and availability of food products. Debts should be minimized in a view to promote other sectors of the development process. The policy adopted by The United Arabs Emirates should not be adopted as a viable way of attracting foreign investors. Their system involves allowing foreigners zero rates and full ownership which may not be advisable as little will be generated from the investments. Saudi Arabia should also focus on regulating the foreign workers and focus on employing more nationals as they would bring in more experience and knowledge of the local markets and give insight on the ready markets. They would also provide lower salary requirement and insurance.

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