

## The impact of non-oil exports on economic growth in Saudi Arabia

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**Abstract:** *This research aims to measure non-oil exports' impact on economic growth in Saudi Arabia (1970-2018). The data published in the annual reports of the Saudi Arabian Monetary Authority (SAMA) was used. They were using the standard approach through the ARDL model to determine the impact of each of the non-oil exports, consumer spending, and government spending on economic growth represented by the GDP. The results showed there is a Co-integration relationship between the variables, and this means the existence of a long-run equilibrium relationship. The results also revealed a positive and significant impact of non-oil exports on economic growth in Saudi Arabia. The time series is not static at the level. At the same time, it is static and does not contain the root of the unit when taking the first difference for it at the level of significance (5%) except for consumer spending, which is static when taking the second difference.*

**Keywords:** Non-Oil exports, economic growth, GDP, ARDL, Co-integration.

### Introduction

Foreign trade is an important factor in economic growth, and exports play a major role in this factor due to the gains made by exporting countries such as creating job opportunities, reforming the trade balance deficit, and improving the balance of payments structure, and others (Shatnawi, 2013). The disparity in the natural and acquired advantages of each country has led to its specialization in producing certain types of commodities, which created a surplus in its production and then exported the surplus to other countries of the world to import goods that are not available to them in turn. Carrying out new investments that create an increase in national income and thus raise the standard of living for individuals and contribute to solving social problems, the most important of which is unemployment (Hussein and Ali, 2018). Many developing countries have adopted a strategy to boost exports according to the principle of the comparative advantage available to each country. For example, we find that the Kingdom of Saudi Arabia, Algeria, Tunisia, and Egypt followed this strategy, even partially, with Saudi Arabia and Algeria specializing in exporting petroleum and some mineral resources, while Tunisia specialized in Exporting phosphates, agricultural materials, and petroleum to a lesser extent. Egypt has specialized in exporting petroleum and cotton recently (Saeed, 2017). The relative importance of each group of Saudi manufacturing industries varies greatly, chemical industries and petroleum products are one of the dense industries that need huge funding to establish them (Al-Ghamdi and Al-Andijani, 2020).

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