

# **The Economic Size of Agricultural Sector in Saudi Arabia**

**By**

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## **Abstract**

Due to the importance of the agricultural sector in the variation of the productive base, this study has targeted the recognition of the definite factors of the economic size to the sector and its expectation till 2010.

To accomplish its goals, the study use stepwise regression analysis for independent variables which determined the economic size for the agricultural sector in Saudi Arabia for the period 1980-2001. The results of this study show that:

- Instead of the reduction in the investment values directed to the agricultural sector, and its share of labor, the economic size of agricultural sector increased from 1% in 1980 to 5.11% in 2001. So, this sector participate in diversifying the Saudi economy>
- Water used in agricultural, investments, and level of technology are considered the most important factors in determining the economic size of agricultural sector, where it is explaining 91% of changes that happened in the economic size of agricultural sector during the period 1980-2001.
- According to high level of technology, fixed investment at 1.75% and increasing the water used in agriculture, we expect increase in the economic size from 6.7% in 2004, to 7.74% in 2010, with an average about 7.22% for the period 2004-2010.

- This study recommend re-evaluation the assets and increasing its economic and technical efficiency and encouraging local and foreign investment which can help in re-employ the agriculture economic resource, in order to increase and sustained the share of this sector in Saudi economy.