

Abstract

The Economic impact of the Accession of the Kingdom of Saudi Arabia to the World Trade Organization (Input-Output Model)

The study aims to highlight the main issues related to Saudi Arabia's accession to (WTO) in relation to industrial and agricultural sectors. The study investigates the impacts on different economic sectors for the period (2001-2005). Specifically the effect on sectoral and GDP growth rates, prices, costs of production, government consumption, private consumption, capital formation, change in stock, exports, imports, cost of living index, profits and value added. The study uses an updated input-output Model for Saudi Arabia up to year 2005 using RAS Techniques.

Six scenarios pertaining to the agriculture and industrial sectors are simulated in that model in accordance with the overall (WTO) agreements rules and other relevant studies. The scenarios are the customs reduction, the subsidy reduction, exports and imports increases, agricultural sector scenario, the industrial sector scenario and the full impact scenario.

The scenarios analysis of the study reveals that by acceding to the (WTO), Saudi Arabia is expected to experience a decline in the average growth rate in agricultural, transportation, finance and service sectors for the period (2001-2005) by %3.7, %0.02, %0.01 and %0.005 respectively. The growth rate in the industrial sector on the other hand would increase by %7.26. The rate of growth of GDP is estimated to rise by an average %0.74, in the "full impact scenario", over the period.

The results of the full impact scenario show that prices of products or production cost of agricultural and industrial sectors rise by %1.79 and %1.54, and decrease in other sectors. Value added and profits in the agricultural sector are estimated to decrease by %2.57 and %3.5 respectively, and the industrial sector by %3.79 and %7.03 respectively. Profits and value added in all other sectors are expected to rise.