Global Conference on Advances in
Business and Social Sciences (GCABSS – 2020 Online)

Comments and Questions
GCABSS 2020

Paper No. 201211

Comment 1
I would appreciate the authors on making and writing a good paper with a thorough analysis.

Reply
Thank you!

Comment 2
I think suggestions that oil-rich countries need to shift towards an alternative economic basis are oft-repeated and generally accepted. That is one of the conclusions that our presenters also make here. While this is a logical conclusion is such situational analyses; however, using cliches takes away the study's uniqueness. I would recommend the authors to conclude their paper with a better and unique paradigm and avoid using too much-used jargon.

Reply
Thank you!

Question No. 1
Please explain how tests of joint integration confirm that GDP growth is affected by long-term exports?

Reply
We started analysis data with unit root test and the result showed that all the variables of the study have achieved stationarity after the first difference. Then we use Engle-granger test, the result of Engle-Granger show that impact of international trade on economic growth doesn't hold in Saudi Arabia in the long-run. Then we use Johansen cointegration method and we found that null hypothesis of Trace statistics and Maximum eigenvalue statistics value is less than the 5% conventional significance level and accept null and reject the alternative hypothesis. Which conclude that long-term exports has affect GDP growth.

Question No. 2
As a result of your research, please how do you reach the following conclusion?
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Reply
The result was concluded through a long-term positive relationship between exports and GDP growth and for further economic diversification and in line with Vision 2030, the Saudi economy must reduce dependence on oil revenues and increase non-oil revenues. Because we seeking to reduce the risks of revenues that depends totally on oil and diversification of state income sources.

Question No. 3
What are other applications of your results, any extensions?

Reply
- Petrochemical and other oil-based industries are must be concentrated at industrial cities in major urban centers. And these plants use natural gas and natural gas liquids that were previously flared, as well as refined products from the oil industry to manufacture products that would in turn feed non-oil industries.

- Concentration on industrial plants in specific areas facilitates the provision of vital support services, such as water, power and transportation.

Question No. 4
Economy of Saudi Arabia is highly concentrated in oil and I wonder if the model controls for oil price?

Reply
In our model we used the variables GDP, exports, imports and consumer prices we didn't use oil price in our model if that your question.