

The existence of under-exploited gas reserves in the kingdom has been one of the strongest arguments for developing gas-based heavy industries.⁵ In general terms, the theory indicates that Saudi Arabia should establish and promote industries primarily based on natural gas and oil. For example, according to the Heckscher-Ohlin theory of international trade, a country tends to have lower comparative costs in the commodity that uses the largest amount of the relatively cheapest factor in its economy. Gas – especially the dry gases, methane and ethane – is an expensive product to transport, thus making it sensible to look for more productive uses for its exploitation. These considerations provide the fundamental rationale for specialization.