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TRADE AS A PRIORITY AREA OF ECONOMIC ACTIVITY IN THE SAUDI ECONOMY

Abstract. This article analyzes the role of the trade and small and medium-sized enterprise (SME) sectors in diversifying the Saudi Arabian economy as part of the national strategy, Vision 2030. Key factors driving the sector's growth are examined, including government support, demographic shifts, and the development of logistics infrastructure. Particular attention is paid to digitalization, e-commerce, and the implementation of fintech solutions (incorporating Islamic law) as key tools for enhancing SME competitiveness and reducing the Kingdom's dependence on oil and gas revenues.

Keywords: Saudi Arabia, Vision 2030, economic diversification, trade sector, small and medium enterprises (SMEs), digitalization, e-commerce, fintech.

In the modern economy of Saudi Arabia, trade is one of the key drivers of growth, and its priority status is not accidental. This thesis is supported by a number of arguments, which will be discussed below.

First, the strategic vector for economic diversification set out in the Vision 2030 program is aimed at reducing dependence on oil revenues. Within the framework of this initiative, the state purposefully promotes the development of non-oil sectors, and trade is considered as one of the main tools for increasing the share of non-oil exports and strengthening the domestic market[1].

[1] Кхан, А.Р., Аль-Захрани, М. М. Модели оценки эффективности малых и средних предприятий в торговом секторе Саудовской Аравии // Вестник предпринимательства. 2022. Т. 8, № 2. С. 15-30. URL: https://www.businessjournal.com/article/view/67890 (дата обращения: 27.10.2025).

Second, statistics clearly demonstrate the weight of this sector. So, in 2024, wholesale and retail trade, as well as restaurants and hotels accounted for about 10.3 percent of the country's GDP. At the same time, the sector shows steady positive dynamics: in the first quarter of 2026, the index of operating income in trade increased by 7.3 percent year-on-year. In addition, trade is a major employer, traditionally being among the areas with the largest number of employees.

Third, internal drivers of growth include several factors. Urbanization and rising incomes, especially in large cities (Riyadh, Jeddah), are driving up demand for goods and services. Demographic structure also plays a significant role: more than 60 percent of Saudis are young people who actively consume and prefer digital services. The development of tourism directly stimulates retail trade in the food, fashion and entertainment segments. Finally, the digitalization of the economy contributes to the rapid growth of e-commerce: according to forecasts, it can account for up to 46 percent of retail sales by 2030. This is supported by the spread of digital payments, the developmentof fintech and logistics hubs.

Fourth, trade plays an important role in the value chain, linking producers, logistics, and the end user. The rapid development of logistics infrastructure, including hubs and transport corridors, makes Saudi Arabia a convenient hub for international trade between Asia, Europe and Africa[2].

Fifth, the state creates favorable conditions for the growth of the private sector and small and medium-sized businesses in this area: regulation is simplified, 100% foreign ownership is allowed in most categories of retail trade, and special economic zones with preferential treatment are being developed. This directly encourages entrepreneurial activity and innovation[3].

The development of small and medium-sized businesses in trade in Saudi Arabia plays a key role in the country's economy, contributing to diversification

[2] Шкваря Л.В., Айдрус И. А. З. Россия Саудовская Аравия: взаимная торговля и «своевременное союзничество» в условиях глобальных трансформаций // Вестник Российского университета дружбы народов. Серия: Международные отношения. 2025. № 3 (дата обращения: 12.05.2026).

[3] Халид, М.А. Влияние цифровизации на эффективность малых и средних предприятий в Саудовской Аравии // Научный вестник бизнеса. 2024. Т. 12, № 1. С. 40–55. URL: https://www.businessbulletin.com/article/view/12345 (дата обращения: 20.03.2026).

and sustainable growth. In recent years, there has been a significant increase in the number of small and medium-sized enterprises (SMEs), due to government support and initiatives aimed at improving the business climate. Research shows that government support, including financial subsidies and tax incentives, has a positive impact on the development of SMEs in the trade sector. In addition, small and medium-sized enterprises are becoming important players in the market, contributing to job creation and increasing competitiveness. In the context of economic reforms initiated by the government, entrepreneurs gain access to new technologies and innovations, which allows them to adapt to changing market conditions.

The key role of trade in the Saudi economy is not in doubt, but the implementation of the strategy of diversification and modernization has seen changes in its structure and priorities. Previously, oil and petroleum products dominated exports, but now the country is actively working to reduce its dependence on this sector and develop alternative destinations.

Saudi Arabia's economic system has historically been based on revenues from hydrocarbon exports: as of 2023, the oil sector accounted for approximately 77 percent of budget revenues. The state has some of the most significant proven oil reserves in the world - about 300 billion barrels, equivalent to about 17 percent of the world's reserves.

In 2018, the share of crude oil and petroleum products in the kingdom's export structure reached 78.6 percent. At the same time, in the twenty-first century, the country purposefully increased the production of polymers, primarily plastics, so that by the specified period, the export of plastics and products made from them amounted to 7.1 percent.

The Saudi authorities are consistently implementing a strategy to reduce dependence on the oil sector and diversify the national economy. As part of the Vision 2030 program, tourism, transport infrastructure (including air transportation and logistics), the real estate market, the entertainment and sports industry, financial services, digital infrastructure and healthcare are identified as priority areas.

To encourage capital inflows and accelerate economic transformation, special economic zones (SEZs) have been established, where residents receive significant preferences: exemption from value-added tax and income tax, a reduced income tax rate, deferred payment of customs duties, and other benefits.

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A key element in achieving theVision 2030 goals is an emphasis on the development of the digital economy and information and communication technologies (ICTs), which create a platform for improving the quality of business processes and expanding market access for SMEs. The combination of these efforts is aimed at creating an innovative entrepreneurial climate in which digitalization becomes a tool for improving the efficiency and competitiveness of small and medium-sized enterprises. Increasing "Saudization" in the ICT sector also includes training and engaging people in the new economy, which enhances the potential of SMEs in the context of human capital.

An important component ofVision 2030 is the integration of SMEs into a broader socio-economic context. The program assumes the preservation of national traditions and values while transforming the labor market and entrepreneurship, which ensures harmonious development and social stability. This comprehensive strategy aims to create an enabling climate that supports innovation, entrepreneurial initiative and business sustainability, which in turn contributes to the creation of a more diversified, flexible and resilient economy.

Digitalization in Saudi Arabia has become intensive in recent years and covers a wide range of areas, from mobile communications and5G to artificial intelligence and e-commerce. Within the framework of the national strategy "Vision 2030", digital technologies are recognized as one of the key factors contributing to the diversification of the economy and increasing its competitiveness at the global level. The introduction of secure electronic channels and the development of e-government have already changed the traditional models of business interaction with state institutions, facilitating access to services and reducing bureaucratic barriers.

For small and medium-sized businesses (SMEs) in the retail sector, digitalization opens up new opportunities that transform classic business models. One of the most important aspects was the expansion of sales channels through the development of e-commerce and digital platforms, which allows entrepreneurs to go beyond the local market and attract customers from different regions and countries. Small and medium-sized enterprises have access to state-of-the-art digital marketing tools, analytics, and customer relationship management, which significantly improves sales efficiency and helps them adapt to rapidly changing consumer trends.

Технологии Fintech technologies play a special role in the development of commercial SMEs. Services such as Buy Now Pay Later (BNPL), cryptocurrencies, and digital compliance are leading to a new level of accessibility and convenience for financial transactions. For many entrepreneurs, this means easier lending, faster turnover, and lower transaction costs. Especially significant is the growth of the national and regional fintecheco system, which is closely integrated with small and medium-sized businesses ' trading structures, providing accounting automation and increasing the transparency of financial reports.

Digital innovations also contribute to the optimization of internal business processes through the introduction of cloud services, warehouse and logistics management programs, as well as electronic document management systems. This not only reduces transaction costs, but also improves the quality of customer service, allowing small and medium-sized enterprises to respond faster to market demands and increase their level of competitiveness. Access to big data and analytical tools expands opportunities for strategic planning and informed decision-making in the face of uncertainty.

A special feature of digital transformation is its connection with the requirements of Islamic law, which affects the implementation of technological solutions in the financial sector and in the organization of electronic payments. In this context, it is important to adapt technologies to the specifics of Islamic banking and local regulation, including the use of RegTechsolutions focused on compliance with regulations and risk reduction. Russian developments in this area are considered as potential tools for strengthening the digital infrastructure of commercial SMEs in Saudi Arabia, which underlines the global and interregional nature of digital transformation.

Finally, the transition to digital business models promotes more active involvement of various categories of the population, including young people and women, in entrepreneurial activities. Simplified access to educational resources and training, as well as the use of online platforms for interaction with government and commercial structures, expand opportunities for the development of new trade projects and startups. Together, digitalization acts as a catalyst for the sustainable development of SMEs in the trade sector of Saudi Arabia, providing the necessary tools for effective business management in the modern economy.

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