

CHAPTER I

INTRODUCTION

The record of Saudi Arabia's economy over the past decade is an enviable one. The Kingdom has managed to achieve growth rates consistently higher than those in most other countries while at the same time maintaining a remarkable degree of stability and security. The Kingdom has pursued a policy of a balanced budget and has always maintained a sound balance of payments without placing restrictions on imports or remittances.

These improvements were managed during the same time the Kingdom was rapidly increasing its expenditures on economic and social development. Substantial progress was achieved in health and education, and in the nation's physical infrastructure. These gains have established a sound foundation for future growth.

The picture changed as a result of the Middle East crisis and its direct consequences. The most important of these were the declines in the rate of growth of GDP, the gold and foreign exchange holdings of SAMA, and the percentage increase in oil production.

In the two years following the crisis, additional burdens were placed on the economy in the form of increased defense undertakings for the Kingdom itself and payments to its sister countries. These resulted in an increase in the ratio of government expenditures to revenues. Consequently it was necessary to pursue policies that would keep the deficit under control while the decline in the percentage rate of growth and other economic parameters continued.

It is evident that these changes in trends would call for the pursuance of corrective policies designed to protect the advances made prior to the Middle East crisis. Probably, if not certainly, the most important of these policies is progress in accordance with a development plan that will deploy the available manpower and material resources where they can best be utilized.

Success in the implementation of the Plan depends upon:

1. Remaining within the defined limits of expenditures for Public Administration and Defense.
2. The oil companies' appreciation of the Kingdom's need for an exceptional financing capacity that dictates increasing their payments to the Government during the whole of the plan period.
3. The Government's seeking of new sources from which to increase its revenues by the amount required to finance the Plan. Specific recommendations have been made regarding this subject by ministerial committees formed for this purpose.

MAIN CHARACTERISTICS OF THE ECONOMY

The economy of Saudi Arabia today is dominated by four main characteristics: its dependence on oil; its commitment to a free economy; its manpower problems; and its rapid progress in all sectors over the last decade.

Dependence on oil is the obverse of the advantages derived from the abundance of oil. Rapid expansion of oil production has provided the Kingdom with both government revenues and foreign exchange to finance development. However, economic growth in Saudi Arabia has been primarily a product of this one sector rather than the substantial development of agriculture, mining, and manufacturing that is normally responsible for such growth. Moreover, it has led to the situation where further development of the economy over the coming decades is mainly dependent on growth in revenues and foreign exchange earnings from oil; a situation that must gradually be changed by diversifying production, exports, and sources of government revenue.

The commitment of Saudi Arabia to a free economy derives from the teachings of the nation's religious code and its long-standing social traditions. It is supported by growing evidence that economic and social change cannot be imposed on the country by the actions of the Government alone; but must come about through increasing participation of all elements of society in both the process of development and its benefits. Only by continuously encouraging private enterprise — large and small companies, family businesses, and individuals — to pursue those activities that they can undertake more effectively than government agencies, will the economy be able to benefit to the full from the ability and initiative of all its people.

Rapid growth has brought with it a growing demand for manpower at all levels. This demand has inevitably out-paced the supply. As a result large numbers of foreign personnel are employed in many important areas of the economy, particularly those requiring high levels of education and training.

Employment of foreign personnel provides only a partial solution to the manpower problems of the country. Throughout both the public and the private sectors the numbers of Saudi Arabian employees with levels of education and training high enough for the demands placed upon them by rapid development is relatively low.

Implementation of this Plan will depend, to a high degree, on success in raising the productivity of national and foreign employees throughout the economy - by more and better training, by higher standards of management, and by improving legal and administrative procedures affecting the conduct of public and private business.

The rapid progress that has been made in all sectors of the economy over the past decade has prepared the way for continued rapid growth; it has also brought with it the need to determine priorities for further development and to achieve better utilization of manpower and financial resources.

POTENTIAL FOR DEVELOPMENT

Saudi Arabia is well-endowed with material resources. Large reserves of petroleum and natural gas have already been discovered - proved reserves of petroleum are enough to sustain present production levels for over a century - and vast areas of sedimentary geological formations with potential for further discoveries remain to be explored.

The foreign exchange earnings of oil provide relatively unconstrained access to the foreign management skills, trained manpower, technology, raw materials, equipment, and machinery required for development; and to consumer goods not produced in Saudi Arabia.

Petroleum and natural gas also offer cheap sources of power for industry and transport, and are the principle raw materials used in the production of petrochemicals and nitrogenous fertilizers.

Both the Pre-Cambrian shield and the younger coastal rocks of western Saudi Arabia have been shown to have important mineral potentials and many mineral prospects have already been located.

Even in agriculture more resources exist than many had believed possible before area studies and resource inventories were undertaken. These have revealed:

1. Additional land resources which can be used for the increased output of crops, and
2. Subterranean water resources that can be exploited at varying costs for irrigation.

Moreover, on existing cultivated land, higher yields and the production of higher value crops are possible. There is also potential for increasing the productivity of range land.

Growth in per capita income, diversification and industrialization of the economy, and growth in service industries are creating expanding domestic demands for industrial and agricultural products which are now mainly supplied by imports. Growing world demand, particularly in the nearby markets of Africa and Asia, offers increasing opportunities for the export of petroleum products, petrochemicals and fertilizers, and mineral production.

This combination of abundant resources and growing domestic and foreign markets for industrial and agricultural production offers the prospect of continued rapid economic and social development and the opportunity for gradual diversification of the economy.

The rate at which this potential can be realized will depend to a large degree on manpower planning and development of human resources: this dependency means increasing the efficiency and effecting desirable changes in the occupational distribution of the labor force.

Educating and training people are essential elements to development in every sector. Perhaps even more importantly, they are extremely desirable development objectives in their own right.

PLAN OBJECTIVES

The general objectives of economic and social development policy for Saudi Arabia are to maintain its religious and moral values, and to raise the living standards and welfare of its people, while providing for national security and maintaining economic and social stability. These objectives will be achieved by:

1. Increasing the rate of growth of gross domestic product;
2. Developing human resources so that the several elements of society will be able to contribute more effectively to production and participate fully in the process of development; and
3. Diversifying sources of national income and reducing dependence on oil through increasing the share of other productive sectors in gross domestic product.

POLICIES, PROGRAMS AND PROJECTS

Government Policy and Organization

The government will continue to maintain an open and stable economy without exchange or import restrictions. Public expenditures will be financed mainly from current revenues. Foreign exchange reserves will be increased so that the ratio of free reserves to annual imports is at least 1.0 and preferably reaches 1.5.

Development of a strong, diversified, and viable bank sector will continue. In particular, an Industrial Bank will be established and an institution will be set up to finance housing and real estate development.

Private enterprise will be encouraged to increase its productivity and to participate as much as possible in the process of development. Informational and technical assistance will be expanded to help the private sector improve its efficiency.

An integrated program of administrative reform will be followed. Emphasis will be given to better utilization of qualified Saudi personnel, clearer definition of the functions of individuals and organizational units, and revision of regulations and procedures that may obstruct achievement of the objectives of the Plan.

The organization for undertaking public works will be reviewed to define the extent to which further centralization is desirable.

Programs for the development of mapping and topographic surveys will be implemented.

A comprehensive statistical program is planned, including a complete population census, and expansion and improvement of all statistical series.

The Central Planning Organization will be concerned initially with studies that must be undertaken before certain programs can be implemented, and with completing the national accounting framework for economic planning. It will subsequently concentrate on following up implementation of the Plan.

These programs and the underlying policies in combination will enhance the Government's capability to contribute more effectively to development. Continued improvements along the lines indicated will provide better information to decision-makers and better implementation of current and future plans.

Social Development

Economic development is not sought after for its own sake; its only purpose is to improve human welfare. One of the primary ways of accomplishing this is to translate the fruits of economic gain into social improvements. In this way, people benefit from and participate in development and become better equipped to contribute to this process themselves.

Manpower Resources and Development

Some of the factors which will continue to have an important effect on the rate of social and economic development are directly related to the need for increased efficiency and desirable changes in the occupational distribution of

the labor force. An economy initially based mainly on agriculture and commerce, and more recently on oil, is now attempting to diversify as quickly as existing constraints will permit, and manpower shortages have at times made it difficult to proceed as rapidly as desired.

In the plan for manpower, an assessment is made of human resource requirements in the light of the economic objectives adopted, likely future supply-demand relationships, and the policies and measures to be taken to overcome any indicated imbalances. These are essential aspects in formulating the overall Plan, and the evaluations made show that substantial efforts will be needed for several years before a general state of self-sufficiency in manpower may be approached, and that continued participation of foreign labor will be essential.

Such analyses are also of value in indicating the direction and nature of necessary structural changes in education and training programs, and provision has been made for the expansion of training schemes wherever feasible. This emphasis on improvement of the quality of the Saudi labor force will, in due course, lead to greater participation of all sections of the community in the benefits derived from development.

Partly as a result of the improvements likely to be induced by the Plan, the industrial composition of the labor force will experience some change. Agriculture will remain the largest single employer of labor, but will decline in relative importance, while several other industries, notably commerce, transportation, and services, will increase both relatively and absolutely. These changes will create several new opportunities for employment, and many of the policies to be implemented aim at facilitating this process.

The Government recognizes that manpower problems could not be completely solved during the period of the first Plan, due partly to the insufficiency of data on which future policies may be based. Nomadism, internal migration, and factors affecting occupational mobility, are only a few of the subjects requiring further investigation. A program of research to be executed during the planning period has been outlined, and arrangements will be made to have a continuous review of the manpower situation.

Education

The development plan for education looks to continued expansion of opportunities for education at all levels, from elementary through college, so that each level will have the capability of accepting all qualified graduates from subordinate levels who seek enrollment.

In planning for this expansion, attention has been given to strengthening educational institutions at all levels, with efforts concentrated on measures that will improve efficiency and produce excellence in the educational program.

The Plan provides for more diversification in educational offerings, once the student has completed his basic general education. Industrial education for boys at the secondary level is being expanded. Training in office skills and commercial subjects will be available at three new institutes. The Plan includes more advanced programs in teacher training for girls. Provisions for technical training in agriculture will also become available as the Plan nears completion.

Growth in student enrollment calls for more schools and more teachers. A school construction program is planned to add more government-owned buildings to the school system. In the short run, existing facilities will be utilized much more intensively. The teacher requirements of the Plan are very large. By expanding the teacher training programs for boys and for girls, it is planned to increase the annual output of primary teachers to the point where annual requirements for elementary teachers will be met by teacher training graduates. Until this point, however, contract personnel will be needed for a good number of the elementary teaching positions as well as most of the post-elementary teaching assignments.

The plans for higher education take into account the increasing number of students who will be completing secondary education. By the end of the plan period, enrollment in the University of Riyadh, the College of Petroleum and Minerals, the College of Education in Mecca, and King Abdul Aziz University in Jiddah is expected to reach 9,900 students as compared with the 1389-90 total of 3,800 students for these schools. In addition, the new Women's Teachers' College will have more than 900 students according to enrollment projections. The Plan provides for assisting all these institutions by adding new facilities and equipment, by cooperative arrangements with foreign specialists, and by grants.

Special programs for education include additional facilities for the instruction of the blind and the deaf and dumb. At the same time, an education program for the mentally retarded is to be initiated, with the opening of two institutes, one for boys and one for girls, in Riyadh. Expansion of the night school program for adults, to parallel the development of the intermediate and secondary school programs for boys, is included in the development plan for education.

Training for employment is also provided at the vocational centers of the Ministry of Labor and Social Affairs that prepare young adults in a wide range of trade subjects. Six new vocational centers are to be opened; these will be small centers with programs in basic skills. The Plan also includes a new program of pre-vocational training for youth to be undertaken with United Nations assistance.

The Plan emphasizes the need for promoting Islamic and Arabic studies in institutes and colleges that have been established for this purpose. The Plan provides further facilities for instruction in the existing institutes and colleges and establishes programs of advanced studies in both Arabic language and Sharia.

Health and Nutrition

The health plan will be undertaken in two phases. During the first phase, the first two years of the Plan, effort will be concentrated on improving services, sanitation, and supplies in existing hospitals, dispensaries, and health centers. This will be supplemented by making more effective use of existing doctors and technicians.

The Plan provides for initiating a program of preventive health care and education in health and nutrition.

The Riyadh Health Institute will be expanded to increase the supply of qualified technicians; also, training facilities and teaching standards in all training institutions will be improved. This will be accompanied by repairing and renovating existing structures, repairing or replacing existing equipment, adding new equipment, and by opening hospitals and health centers already constructed but not yet operational.

During this first phase, an intensive research and study effort will be undertaken to prepare for the second phase.

During the second phase, the remaining years of the Plan, one of the basic objectives will be to expand the program for preventive health care and education in health and nutrition.

Also, the capacity of institutions for training technicians will be enlarged. The work in up-grading the national network of hospitals and health centers will be accelerated. This will be accomplished by renovating more of the institutions that will be retained as part of the network and by constructing new ones where there are gaps.

The number of doctors employed by the Ministry of Health will be increased from 775 in 1390 to 1,200 by the end of the Plan, and the number of qualified technicians from 2,195 to 3,900. The proportions of Saudi doctors and technicians will be increased concurrently from 15 and 23 percent respectively in 1390 to 35 and 50 percent by the end of the Plan.

Finally, the research and studies necessary for the preparation of a scientific health plan will be completed. This plan will lead, in a decade, to dramatically improved health care throughout the Kingdom and greatly reduced morbidity and mortality.

Housing

A survey of existing housing conditions will be undertaken as a first step toward formulating housing policies and programs tailored to both the needs and financial capacity of different income groups. The survey will also determine how the private sector should be encouraged to undertake real estate development and housing construction.

The Plan provides for establishing an institution to mobilize finance for housing and real estate development, and for designing and constructing model residential communities in selected locations to demonstrate housing development suited to local needs and conditions.

Social Welfare

Institutional services for disadvantaged persons — the aged, orphans, foundlings, and juvenile offenders — are to be expanded. The organization of new private benevolent societies for participation in social welfare projects will also be encouraged.

Additional social security offices will be opened to assure that grant and pension benefits are equitably distributed, and steps will be taken to provide for more prompt payments. A social research office is to be established to develop information on living costs and conditions that can be used in the application of the social security program. The Plan also includes a program of assistance through training and small business projects to provide employment and self-support for persons who have been dependent on social security payments.

Within the existing community development centers, on-going programs are to be expanded and new programs that fill needs of the communities will be introduced.

The plan for expansion of the cooperative societies looks to the registration of 35 new multipurpose cooperative societies during the plan period. Concurrently, a program of annual conferences and training programs is planned for cooperative society board members and staff personnel who are responsible for the administration of cooperative affairs.

The youth development program includes the first stage of a plan that will provide communities with permanent centers for athletics and recreation. Emphasis in the program of financial support for clubs will shift toward encouraging clubs to develop capital projects such as playing fields, playgrounds, and the installation of game equipment. The overall program of youth development will look to incorporating or integrating youth development activities of other agencies wherever practicable.

Labor Affairs

The development plan for labor affairs is designed to meet requirements that have been specified or implied in the recently enacted labor and social insurance laws. These requirements include labor inspection, the application and enforcement of labor organization codes, settlement of labor cases, compliance with provisions for social services for workers, and safety regulations.

The Plan includes organizing a general department for labor inspection in the Ministry of Labor and Social Affairs and developing social services as provided in the new laws. The number of branch labor offices will be increased from 21 to 29 to cover the Kingdom more effectively. Employment service and inspection units are planned as elements of each branch labor office. The first-instance committee system, which the labor law prescribes as an instrument for acting on labor disputes at the local level, will be put into effect, and 16 committees will be established during the plan period.

The scope of the statistical surveys of the labor force and the employment levels within the Kingdom is to be expanded — to cover employees in private establishments and foreign workers in the private sector. A sample survey of the total labor force will be carried out by the end of the plan period.

To prepare staff personnel for new assignments and to up-grade assigned personnel for broader responsibilities, a number of training programs will be conducted with the cooperation of the International Labor Organization.

Cultural Affairs

In providing for the cultural development of the Kingdom, the public library system is to be expanded and improved, with priority given to enlarging the book collections and periodical sections, and providing libraries with the necessary furniture and equipment. In view of the cultural importance of archaeological finds and the educational value of museums, the Plan proposes to expand the activities of the Ministry of Education in this area. An annual program of archaeological missions is planned for field surveys, site investigations, and site registrations. An acquisition and maintenance program has been designed to assure that buildings and landmarks of historical significance are not lost.

The development of radio and television as public information media will continue through the plan period. Attention will be focussed on the addition of necessary replacement or supporting equipment to raise the level of transmission quality and reliability. The television network is to be increased with the addition of three transmitters that will serve growing areas not now in the reception range of existing transmitters. Four high-quality medium wave radio transmitters are planned for locations in the north, south, east, and west border areas to provide local service and to improve the coverage of the neighboring Arab countries.

Physical Infrastructure

Economic development demands a physical infrastructure that supports both the producing and consuming sectors and that links them together. Postal services, telecommunications, roads, and utilities are vital ingredients for improving productivity and living standards. Attaining the Plan's objectives for infrastructure improvements is essential to attaining many of the Plan's objectives for other sectors.

Electricity

Continuing rapid expansion of the privately-owned electric utilities serving the urban areas of the Kingdom will be required. Total generating capacity added during the period will amount to 1.6 times the total installed at the present

time. This will improve existing service standards and help to eliminate the currently uneconomic practice of individual commercial, industrial, and governmental organizations providing their own generating systems even when central station service is available.

An organized effort will be made to provide electricity to reasonably accessible communities of over 2,000 population. Government's role will be to provide up to 75 percent of the capital required by interest-free, long-term loans. The remaining capital requirement would be provided by private local individuals.

A proposal to establish a regulatory body to supervise the operations of the Kingdom's electric utilities is now pending. The establishment of an Electric Service Organization will do much to provide the type of electrical service needed for the development of the Kingdom.

The standardization of voltage and frequency of the electric industry is a major program that will be undertaken during the plan period.

Urban and Community Water

Well drilling and the development of other sources of water for non-agricultural use will receive priority during the plan period. The construction of distribution systems will receive secondary emphasis.

During the initial period of the Plan, a study will be undertaken to determine the most economic means of meeting the potable water needs of the urbanized areas and communities of the Kingdom. Alternative sources of supply will be considered for each community.

User charges collection procedures will be improved by the Ministry of Interior. This will not only increase revenues but will also tend to discourage excessive use of water by consumers.

Municipal Facilities and Services

Sewage and waste disposal systems, storm water drainage, municipal buildings, slaughter houses, vegetable and meat markets, and other similar facilities will be provided during the plan period. It is proposed to pave, illuminate, and provide sidewalks for about 1,820 kilometers of streets in the Kingdom, complete sewage systems in Riyadh, Jiddah, Mecca, Medina and six smaller cities, and to complete storm water drainage facilities in six cities. Regional and urban planning will continue.

Roads and Road Transport

The program for road construction will continue at the current rate. The amount of roads constructed during the plan period, will total 4,312 kilometers. The study of the feeder road program will be completed and about 900 kilometers of these roads will be constructed by the end of the period. A program to bring maintenance standards up to an acceptable level will be undertaken. The adoption of a proposed system to limit and enforce load weights of trucks should help reduce the maintenance requirement for roads.

The Plan provides for an overall transportation study to consider all modes of transport. The findings of this study will be used as a framework for a program to integrate the development of roads, ports, airports, and railway facilities.

Ports and Railway

The construction programs now underway at Jiddah and Dammam, plus the additional expansion proposed for Dammam, will provide sufficient capacity at these two major ports for the remainder of this century. An expansion of Yanbu Port will be undertaken if economically feasible. Studies are now in progress to determine which other Red Sea minor ports should be developed during the plan period.

A study will be undertaken to consider proper rate levels for the Saudi National Railway Corporation in light of competition and potential markets. This should reduce the deficit between expenditures and revenues. The proposed transportation study will consider the long term role of the Railway in the Kingdom's transportation network.

Civil Aviation

The existing air traffic services such as air/ground communications, navigational and landing aids, search and rescue services, fire and rescue services, and air traffic control services will be improved. Airports will be improved as required. Fifteen airports will have jet aircraft capability by the end of the period.

Training will receive emphasis during the period. The output of the Department's two technical schools will double compared to the rate of the corresponding previous period.

Saudi Arabian Airlines

A major long term objective of the Airlines is to improve efficiency so that it can operate as a commercial entity and not require governmental assistance to meet the costs of operation and new equipment.

The Plan provides for extending jet service to seven new population centers during the period. Other programs to be undertaken include the improvement of in-flight service, innovations in employee relations, the adoption of modern data processing methods, and studies of rate structures and markets. An important study will be to determine the profit or loss attributable to each route. With this information, it is proposed that the Government's financial contribution to the Corporation's operations be related to (1) the financial loss to the Airlines resulting from serving routes at the Government's direction, and (2) the extraordinary costs of developing a national air carrier.

Meteorology

A major program of the Department will be to improve weather observation in the Kingdom by the addition of trained staff and surface and upper air observation stations. Facilities necessary to receive and utilize the vast amount of international information disseminated including cloud-cover pictures transmitted by satellite, will be installed. The administration of the 200 weather observation stations now within the Ministry of Agriculture and Water will be transferred to the Department.

Telecommunications

The automatic telephone system now being installed in the major cities will be expanded to include many of the small towns. It is expected that 137,000 telephones will be installed in the Kingdom by the end of the period with nearly all of these being automatic telephones. A firm is being employed to operate and manage the system.

The telegraph network will be expanded and improved, including teleprinter and photo-telegraph services.

An intra-Kingdom communications network will be partially in operation by the end of the period. International communications will be possible via coaxial cable with Kuwait, by microwave with Bahrain, and by satellite with the rest of the world.

Organizational improvements and training will receive emphasis.

Consideration will be given to the creation of an autonomous governmental body to operate the telecommunications system.

Postal Services

The general objective will be to improve the services rendered through the addition of personnel, emphasis on training, introduction of new equipment, and administrative change.

The Postal Service will be separated from the Telecommunications Department and its accounting and statistical sections will be moved from Mecca to Riyadh.

New buildings will be constructed at Riyadh, Jiddah and Dhahran. An expansion is also planned for Dammam. Twenty new post offices will be established in the communities of the Kingdom.

Industry (Mining, Manufacturing, and Construction)

The main objective of the plan for industry is to realize - as rapidly as organizational, manpower, technical, and financial constraints permit - the known high potential for industrial development, thereby making a major contribution to the growth and diversification of the economy.

The programs and projects to be undertaken during the plan period fall within the following areas:

1. Petroleum refining, that is, projects for refineries, bulk storage, and blending of lubricating oil,
2. Petrochemical and fertilizer industries,

3. Surveying, exploration, and exploitation of minerals,
4. Basic metal industries,
5. Manufacturing industries other than the ones mentioned above,
6. Construction industry.

Petromin will be provided with a formal capital structure and organization, and will establish an international trading and marketing company. This company will market internationally products produced by Petromin and its related enterprises.

Mining industry will be stimulated by review and revision, where necessary, of the mining code and foreign capital investment regulations, and by promotion of joint ventures on a cost-sharing basis with foreign mining companies. The establishment of a Saudi Mineral Exploration Company will be studied during the first year of the Plan. By the end of the Plan, all major decision making and operations will be transferred to the Directorate General of Mineral Resources, leaving contractors responsible only for specific activities.

Private manufacturing industry will be encouraged by publication of a statement of (1) National Industrial Policy outlining various forms of encouragement, and (2) an explicit pricing policy for petroleum products and natural gas to be used for domestic industrial consumption. In addition, the implementation of three industrial estates — one each in Riyadh, Jiddah, and Dammam — will be completed during the Plan.

The Industrial Studies and Development Center will carry out high priority feasibility studies, evaluate industrial opportunities, study the desirability of additional industrial estates, publish an investment guide, and provide extension services to the private sector.

An Industrial Bank will be established to assist in financing large and medium scale industry, and to provide subsidized credit for small scale industry.

To improve the productivity of the construction industry, the effects of labor legislation, land registration, and other influencing factors will be reviewed and appropriate measures will be formulated. Moreover, national building codes and materials specifications and standards will be established.

Agriculture

Objectives for the development plan for the agriculture sector include more efficiency, greater output, and sound distribution and use of resources.

The sectoral plan focuses on increasing agricultural output by about 27 percent during the period of the Plan, which corresponds to an increase of 4.9 percent annually. In addition, a base for further development will be built through an accumulation of experience in implementing and managing projects, and of knowledge about resources and how to use them.

Increases in yield of wheat and vegetables will be brought about through improved technology. Subsidy on fertilizer at 50 percent of its cost will increase fertilizer use, particularly on wheat where multiplication-demonstration teams will teach the technique of raising high yielding varieties of wheat. Farmers' returns from the new wheat will be kept at a profitable level, through price support if needed; possible marketing assistance for vegetables will also be studied.

Mechanization and modernization of farms, assisted by a subsidy program, will contribute to increases in production of forage and other crops. Livestock production increases, including 47 percent increase in meat production during the Plan (8 percent per year), will reflect larger forage supplies, resulting from better range management and from increases in alfalfa production. Better animal health and disease control will also be factors in the increase of livestock production.

Development of new lands and enlargement of existing farms by private entrepreneurs will be facilitated by the recent fallow land distribution law, and will be further encouraged by government technical assistance and grants.

The lending program of the Agricultural Bank will be quadrupled during the period of the Plan, and will facilitate land development, widespread adoption of fertilizer, new varieties of seed, and new machinery and methods.

Major publicly sponsored development and reclamation schemes already underway will be put into operation during the plan period. While no new major projects are proposed, continuing studies will assure that soundly conceived projects will be ready when resources become available.

Research to gain additional information about resource availability and possible use will be continued and analytical work will be expanded. The Plan includes provision for a comprehensive agricultural census to be completed by the last year.

Trade, Services, and the Hajj.

Trade and services are conducted by the private sector of the economy (public services, such as education and health, are dealt with separately). The Hajj involves a number of extremely diverse activities, part of which are performed by the private sector, and the remainder by a number of different governmental agencies — their roles in the Hajj are covered in their respective plans.

Trade and Services

The role of government in this sector is to improve its efficiency through informational and technical services, to promote fair practices, and to settle disputes. To address these needs, the Plan provides for creating a Planning Bureau in the Ministry of Commerce & Industry to establish planning as a continuing function and to coordinate associated work in other government agencies.

The Plan also provides for improving the informational and registration system. This will expand the data base and will be accompanied by more prompt dissemination of information gathered.

To meet the growing needs of the business community, practical training programs will be expanded and new ones established.

A continuing review of the tariff structure will be conducted to make it responsive to the needs of agricultural and industrial development.

The regulations governing foreign capital investments will be studied and modifications and supplements proposed to encourage more foreign investment under conditions that produce real economic benefits to Saudi Arabia by increasing the domestic product and employment, and by increasing exports or reducing imports.

The Plan provides for development of a uniform code of business practices and contract forms, and for more prompt settlement of disputes. Both consumers and producers will benefit by putting into effect and enforcing standards of measure and specifications and of hygiene in public facilities.

The Hajj

Over 400,000 foreign Muslims made the pilgrimage in 1389. These were augmented by an estimated 600,000 to 900,000 from in-country. This vast influx of people, during such a short period of time and concentrated in the Western Region, exerts heavy demands on a number of government agencies - The Ministry of Hajj and Waqfs, the Ministry of Interior, the Ministry of Health, the Ministry of Communications, Ministry of Foreign Affairs, Ministry of Defense and Aviation, and various municipal organizations.

The plan for the Hajj, therefore, consists of many parts of the plans of other government agencies. These plans are designed to improve the handling of administrative matters, to move, house, and feed the pilgrims more efficiently and to provide better services of every type, such as medical care.

FINANCIAL ALLOCATIONS

Total financial allocations for the Plan amount to SR 41.3 thousand million. This is a provisional figure covering the total estimated cost of the programs and projects described in the Plan. It will be revised from year to year in accordance with the following:

1. Revised estimates of the costs and timing of programs and projects that have been included in the Plan subject to further study;
2. Review of the costs of on-going programs to determine possible savings in program expenditures;
3. Review of difficulties expected to be encountered in implementing programs;
4. The rate of growth in production of oil and the revenues received from this source; and,
5. Progress with increasing revenues from other sources.

Chapter III reviews the detailed distribution of these allocations among the sectors. This distribution reflects the Plan objectives of growth in gross domestic product, development of human resources, and diversification of the economy.