

CHAPTER 9

SERVICES SECTORS

9.

SERVICES SECTORS

This chapter examines the major achievements of the Fifth Plan period in commerce, tourism, standards and specifications and statistical services. It discusses the key issues to be addressed in these sectors during the Sixth Plan period, and addresses the main themes of Saudiization, economic efficiency and opportunities available for the private sector. The chapter also highlights the objectives, policies and programs for the development of these sectors in the Sixth Plan period.

9.1 COMMERCE

9.1.1 PRESENT CONDITIONS

The commercial sector is composed of the wholesale and retail trades, hotels and restaurants. It plays an essential role in achieving the general objectives and strategic principles of the socioeconomic plan by providing goods, materials and services to citizens in all regions of the Kingdom and enhancing the sources of national income. Thus, the commercial sector can be seen as the life blood of all other economic activities.

The importance of this sector in the national economy is reflected in the value added by the wholesale and retail trades, hotels and restaurants in the last year of the Fifth Development Plan (1414/1415), when it amounted to more than SR 32 billion, or 11 percent of non-oil GDP. These activities account for more than one million jobs, employing 15 percent of the total labor force.

A large number and range of individual enterprises are registered in the Commercial Register. These enterprises can conduct their commercial affairs with a great deal of freedom within the institutional framework and commercial regulations of the Kingdom. The Ministry of Commerce is responsible for regulating the Kingdom's domestic and non-oil foreign trade. Its responsibilities include the supervision and organization of the commercial sector, and the licensing, registering and monitoring of a wide range of companies and commercial establishments, including: general services offices, scientific and technical offices, representation offices and commercial agencies, financial and business service offices, commercial exhibitions, jewelry and gold stores, bakeries and the Chambers of Commerce and Industry.

The Ministry of Commerce also engages in a wide range of other activities: it enforces the protection of trade marks and controls commercial fraud; it studies and reviews existing commercial regulations and enacts new laws; it regulates hotels, rest houses and national exhibitions, and supports the participation of Saudi companies at international fairs; it monitors the availability and supplies of the Kingdom's basic commodity needs and ensures that such commodities conform with Saudi standard specifications; it is responsible for developing quality control laboratories and for monitoring markets

to ensure that consumers are protected; it provides a range of necessary services to business services offices; it regulates the operations of insurance companies in the Kingdom. The Ministry is also responsible for developing and strengthening the Kingdom's commercial relations with other countries through its participation at meetings of the joint committees, and for preparing economic and commercial agreements with these countries. The Chambers of Commerce and Industry represent the interests of companies and commercial establishments operating in this sector.

During the Gulf war, the importance of the commercial sector's institutional organization became apparent, as it succeeded in providing basic commodities and consumer items to citizens, while maintaining a strategic stockpile sufficient to cover the Kingdom's needs for a longer period.

The commercial sector's major achievements in the Fifth Plan period are summarized as follows:

First, at the sector level, supplies of consumer and capital goods remained plentiful and, despite the large influx of expatriates into the Kingdom, no supply bottlenecks emerged. At the same time, export activity continued, as the number of certificates of origin issued between the start of the Fifth Plan and the end of 1414 reached more than 200,000.

Second, at the Ministry of Commerce level, new laboratories have been equipped and opened in Ar'ar and Salwah, while new nuclear radiation checking sections have been added to most of the Kingdom's laboratories. A number of national and foreign exhibitions were organized in some cities of the Kingdom, while the Kingdom also participated in about four international exhibitions each year. In addition, executive rules were issued for the professional firms regulation and the chartered accountants regulation.

The Ministry of Commerce was also responsible for ensuring the supply of commodities from the best sources and at the most appropriate prices, as well as for monitoring the quality of both imported and domestically produced materials and commodities through laboratory tests and analysis in its quality control laboratories.

Third, at the level of the Chambers of Commerce and Industry, several training courses were implemented and marketing and investment opportunity studies completed in coordination with the Ministry of Commerce.

9.1.2 KEY ISSUES

Despite these achievements, some key issues need to be resolved by the concerned agencies during the Sixth Plan period, so that this sector can make an effective contribution to the achievement of the national development objectives. These key issues include:

Low Rates of Saudiization in the Commercial Sector

Low rates of Saudiization in the commercial sector are associated with the steadily increasing number of non-Saudi workers. Thus, measures are needed to encourage greater dependence of commercial establishments on national manpower and more use of advanced technology.

Limited Administrative Capabilities in Some Commercial Establishments

Some commercial establishments lack experience in the disciplines of planning, administration and finance, and are slow to introduce modern work practices. As a result, productivity has been low. Greater cooperation is needed between the Ministry of Commerce, the Chambers of Commerce and Industry and individual commercial establishments to provide the training programs needed to raise efficiency and to enhance administrative capabilities.

Commercial Licensing Procedures

A license is needed for most commercial activities in the Kingdom. Under the current licensing system, enterprises are required to deal with more than one government agency and, as a result, multiple procedures must be followed before a commercial license can be issued. These rules and procedures must be simplified so that the entire licensing system can become more efficient.

9.1.3 SAUDIIZATION

It is estimated that Saudis constituted only 16.2 percent of total employment in the commercial sector in 1414/15. Due to the low percentage of Saudi manpower in this sector, it is imperative that further efforts be made to implement decisions relating to Saudiization. The percentages of non-Saudi employees must be identified, and guidelines for the replacement of non-Saudis and the training of Saudis implemented in private sector establishments and companies, so that more national manpower can be employed during the Sixth Plan years. It is expected that the percentage of Saudis employed in this sector will rise to about 25 percent in 1419/20.

9.1.4 ECONOMIC EFFICIENCY

The number of cancellations from the Commercial Register reached about 13 percent of the accumulated number of registered establishments up to 1413/14. These cancellations can be attributed to the fact that some enterprises lack basic viability and the ability to adjust to new market conditions and developments in the national economy. At the same time, however, the total number of registered enterprises rose from 282,954 in 1409/10 to 391,567 in 1413/14. This vigorous growth in registrations indicates the existence of many investment opportunities.

Intensified training programs by the Chambers of Commerce and Industry will help to improve the viability and raise the efficiency of those commercial establishments now suffering from a lack of experience in planning, administration and finance.

Value added in the trade sector grew at an average annual rate of 1.3 percent during the Fifth Plan period, while employment grew at an average annual rate of 2.4 percent. Thus, productivity -- as measured by the value added per employee -- showed a remarkable decline in these years. The Sixth Development plan aims at reducing the average annual growth in the number of workers in this sector to 0.5 percent.

At least 80 percent of enterprises registered in the Commercial Register are small businesses. Such companies often lack the financial resources to invest in large projects with good economic potential. In the Sixth plan period, mergers of small establishments into larger entities and the establishment of more joint-stock companies will be encouraged.

9.1.5 OPPORTUNITIES AVAILABLE FOR THE PRIVATE SECTOR

In accordance with the government's free market principles, the private sector undertakes almost all activity in the commercial sector. The Ministry of Commerce supports the private sector's role in the development process by supervising domestic trade and non-oil foreign trade, by addressing the constraints that impede the growth of the private sector and by developing procedures and regulations for the practice of commercial activities.

In the Sixth Plan period, the Ministry of Commerce will continue to issue regulations, resolutions and executive by-laws and will review commercial regulations currently in force. It will also continue its responsibility for the official registration of all commercial companies and establishments, registering and monitoring boycotted ships and companies, registering scientific and technical offices, representation offices, branches of foreign companies, companies contracted to the government, as well as regulating the activities of hotels. The Ministry of Commerce will continue to support the role of the Chambers of Commerce and Industry and the Chambers' Council in providing companies and establishments with necessary information and services and strengthening the relations between businessmen, in addition to the necessary training courses organized by the Chambers to upgrade the efficiency of manpower in the sector.

In the Sixth Plan period, more support will be extended to the private sector to enable it to undertake a greater role in the Kingdom's comprehensive development and to encourage it to invest in establishing, operating and managing some projects currently operated by the government. Citizens will be informed about available investment opportunities, and will be encouraged to establish financial companies to invest funds inside the Kingdom and to establish joint investment ventures. Support will

also be given to the Chambers of Commerce and Industry to enable them to perform their tasks. By the end of the Sixth Plan period in 1419/20, it is expected that the number of registered establishments and companies will increase by 86,448, the number of commercial agencies will increase by 2,691, the number of trade-marks will increase by 5,524, the number of professional offices will increase by 789 and the number of hotels will increase by 30.

9.1.6 DEVELOPMENT STRATEGY

The commercial sector's development strategy will be implemented through the following objectives, policies and programs:

9.1.6.1 Objectives

The main objectives for the development of the commercial sector are:

- to ensure that the formulation and implementation of commercial regulations are consistent with the needs of the national economy and aim at promoting maximum economic efficiency at minimum cost;
- to promote the training and development of Saudi manpower and the improvement of productivity;
- to increase the role of the private sector in the further development of commercial activities and the implementation of the sector's development programs;
- to provide local markets with needed goods and services and to ensure that consumers obtain products of good quality in sufficient quantity and at reasonable prices.

9.1.6.2 Policies

The following main policies will be adopted to achieve these objectives and to address the key issues identified above:

- *Commercial Regulation*

Existing regulations and rules will be reviewed in order to promote improved commercial practices and to protect consumer interests. The Ministry of Commerce will coordinate with concerned agencies and the General Secretariat of the GCC with respect to the implementation of the Unified Economic Agreement.

- *Training of Saudis and Replacement of Non-Saudis*

The private sector will be encouraged to develop and implement training programs in coordination with the Council of Saudi Chambers and the Chambers of Commerce and Industry. The Ministry of Commerce will cooperate with the Ministry of Labor and Social Affairs and the Chambers of Commerce and Industry in joint efforts to reduce the dependence on foreign workers and to replace them by Saudi manpower.

- *Support for Private Sector Expansion*

The government will encourage the establishment of more joint stock companies and the consolidation of small commercial establishments into larger, more efficient economic units. Permanent exhibitions will be held in the major cities of the Kingdom for the promotion of national products. The Ministry of Commerce will strengthen its relations with the Chambers of Commerce and Industry, who will be encouraged to increase their contribution to the development of the private sector, to expand their services rendered to commercial establishments, and to develop relations with their counterparts in other countries.

- *Supply and Quality Control*

The Ministry of Commerce will continue to monitor supply and demand movements and the strategic stockpile of food and other consumer items. It will also continue its monitoring activities with respect to local markets, quality control, prices and the control of commercial fraud.

9.1.7 GROWTH TARGETS DURING THE SIXTH DEVELOPMENT PLAN

The trade sector is expected to grow at an average annual rate of 6.2 percent during the Sixth Plan period, while its share of non-oil GDP is expected to reach 11 percent at the end of the plan. The main services provided by the Ministry of Commerce are expected to grow at the following annual growth rates: registration of establishments and companies (4%), commercial agencies (9%), trade marks (4%), professional offices (5%), hotels (2%), sample testing services in quality control laboratories (16.8%), issuance of certificates of origin for manufacturing industries (12%).

9.2 TOURISM SERVICES

9.2.1 PRESENT CONDITIONS

Tourism is a fast growing and important service industry in many countries, where it is regarded as a major source of income and generator of employment. Domestic tourism services in the Kingdom are also regarded as an effective means of preserving the unique values, traditions and identity of Saudi

society. In addition, the development of the tourist industry conforms with the main objectives of long-term economic development aimed at the diversification of the Kingdom's economic base and expanding its sources of income.

The Kingdom is rich in resources and is well endowed with natural, cultural and environmental features, in addition to an advanced transportation network. The development of recent years has also seen the emergence of high quality tourism services such as public parks, hotels and restaurants, as well as exhibition centers, museums and mountain resorts.

Areas with great tourism potential include the Red Sea coast with its coral reefs, the Gulf coastal area near the major urban centers of the Eastern Province, and the Sarawat mountains in the Asir and Baha regions. Health resorts have also been established around the mineral springs of Al Ahsa, Jawf, North Hail and near Al Madinah. Together, the combination of all these natural, social and economic assets provides the potential for a substantial expansion of tourism within the Kingdom, both for Saudi and non-Saudi residents and for citizens of the GCC countries (see Figure 9.1).

A number of government agencies have responsibilities related to the development of tourism, such as the Ministry of Education, which supervises the historical sites, and the Ministry of Agriculture and Water, which supervises the Kingdom's forests. The General Directorate of Hotels and the Ministry of Commerce evaluate investment feasibility studies for hotel projects and perform a range of regulatory functions in the hotel sector, such as the granting of operating licenses, the classification and grading of hotels into different price categories, and the inspection of facilities to maintain standards of quality and safety.

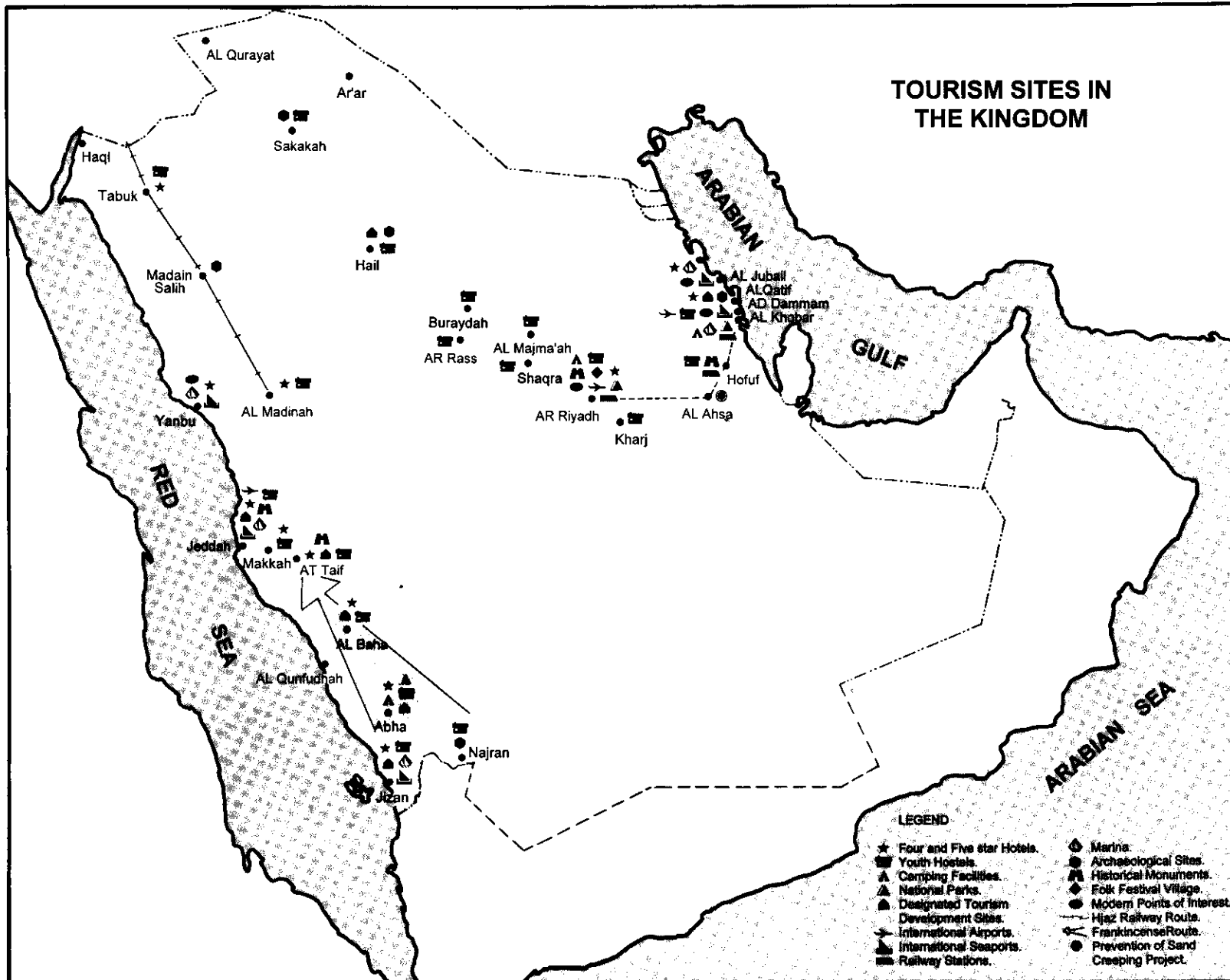
A major expansion in the provision of tourism services occurred during the Fifth Plan period. The private sector responded positively to a wide range of government support measures for the development of tourism, such as the provision of loans on favorable terms, continuous encouragement for the establishment of hotels and tourism companies, and the allocation of construction plots for these projects in designated tourism areas.

Due to the availability of a wide range of tourism services, the Kingdom is now capable of hosting international and regional conferences, meetings and sports events. Local residents and tourists alike can now enjoy a variety of leisure activities, whether in the desert or at coastal resorts, or in Asir, Baha and Taif as summer resorts, or in other tourism areas.

9.2.2 KEY ISSUES

At present, there is no government authority responsible for the planning and promotion of tourism in the Kingdom. Thus, although the potential for expanding domestic tourism is widely recognized, there is a need for greater institutional support for private sector investors in identifying suitable

Figure (9-1)



investment opportunities, in determining the possible future patterns of demand for tourism services and in domestic tourism development to encourage citizens to enjoy their holidays and vacations inside the Kingdom. In this regard, the Provincial Council of each region which possesses significant potential to develop tourism, in conjunction with the board of the local Chamber of Commerce and Industry in that region, must encourage the private sector to expand its investments in tourism.

9.2.3 SAUDIIZATION

The tourism services sector is currently characterized by a small share of Saudi manpower in total employment, particularly in hotels. In 1414, the total number of employees in hotels amounted to 12,516, of whom only 864, or 7 percent, were Saudis. However, through the establishment and implementation of suitable training programs and adequate incentives, employment opportunities for Saudi nationals in this steadily growing sector could be significantly expanded.

9.2.4 PRIVATE SECTOR OPPORTUNITIES

In conformity with the priorities of the Sixth Development Plan to establish policies for encouraging the private sector to invest within the Kingdom, the government undertakes the following measures to support the private sector in the development of tourism:

- providing loans for the establishment of hotels and tourism areas;
- providing physical infrastructure in the tourism areas, such as roads, communications, telephones, electricity, fresh water, in addition to establishing gardens and parks in regions that have significant tourism potential;
- allocating land and implementing land use regulations in tourism development areas;
- organizing athletic and cultural festivals that encourage domestic tourism, such as the heritage and cultural festival in Al Janadriyah and the athletic festivals organized by the General Presidency for Youth Welfare.

Against this background of government support, the private sector was able to establish the Saudi Company for Hotels and Tourism, a major joint stock company with share capital of SR 500 million, specialized in tourism development. Ten other joint venture companies in the hotels and tourism sector have also been established, with total capital of SR 1,214 million. The Saudi Company for Hotels and Tourism participated in the construction of hotels, tourism villages, sports clubs, commercial exhibitions and other similar services.

The Kingdom has witnessed remarkable developments in the field of tourism as a result of continuous private investment with government support. The number of hotels in the Kingdom rose

from 259 in 1410/11 to 287 in 1413/14, while the number of hotel bedrooms rose from 23,005 to 24,730 over the same period. These hotels, located in the main cities, include 22 in the five-star category, 56 in the four-star category, 81 in the three-star and 121 in the two-star categories, while 7 are rest houses. Furthermore, there are sports clubs and tourism villages on the Red Sea and Arabian Gulf coasts, and many furnished rental units in these areas.

Tourism activity is expected to expand during the Sixth Plan period, and the private sector will continue to establish more hotels, rest houses, tourism villages and recreational communities. Many tourism projects are currently being undertaken in different parts of the Kingdom and these are expected to be completed during the Sixth Plan. For example, two tourism projects are being established in At Thoal and others on the Sulayman Gulf shore and the Red Sea coast. Also, a major tourism project will be established on the Red Sea coast north of Jeddah, while tourism housing units are being constructed at Azizia shore on the Arabian Gulf, the Buhayrah recreational project is being established in Dammam and a coastal resort area in Al Khobar.

Future plans of private sector companies indicate that the following projects will also be established: Sawdah tourism center, Habalah tourism center and cable cars, Al-Qurala tourism center, Zarah mountain, Shamsan project, Khamis Mushayt recreational city project, and coastal projects, exhibition centers and other tourism projects in different parts of the Kingdom.

9.2.5 DEVELOPMENT STRATEGY

The development strategy for the tourism sector in the Sixth Plan will be implemented through the following objectives, policies and programs.

9.2.5.1 Objectives

The objectives for the development of tourism in the Sixth Plan are:

- To develop the tourism sector into one of the major economic sectors capable of creating self-generating sources of income and contributing to economic and social progress;
- To develop tourism and recreation areas in a manner which does not conflict with protection of the Kingdom's natural resources, historical sites and social traditions;

9.2.5.2 Policies

These objectives will be pursued through the following policies:

- The expansion of diverse tourism facilities and the provision of recreational services in the tourism development areas will continue to be encouraged;

- The facilitation of private sector participation in the development of tourism will be continued;
- Tourism-related agencies will cooperate in the active promotion of domestic tourism and the provision of high quality services;
- Tourism and hotel management study programs will be established in the universities and the IPA to prepare training programs for Saudi nationals in the field of tourism activities.

9.3 STANDARDS AND SPECIFICATIONS

9.3.1 PRESENT CONDITIONS

Standards and specifications are key instruments for measuring the scientific and technological progress of nations. The establishment and implementation of standards and specifications is a prerequisite for ensuring the quality of both imported and local products and for protecting the consumer against low quality goods.

The commitment to quality standards in the Kingdom has evolved with the growth in its international trading activities, as attention focused increasingly on the quality of imported goods and their conformity to established international standards. At the same time, the adherence of national products to specific standards has boosted their competitiveness against imported products and has inspired consumer confidence in these products both within the Kingdom and abroad.

The unique environmental conditions of the Kingdom, combined with Islamic values and the prevailing Arab traditions and culture, provided an incentive for developing a Saudi system of specifications. Accordingly, the Saudi Arabian Standards Organization (SASO) was established by Royal Decree NO.(M/10) in 3/3/92, to develop and publish Saudi standards and specifications for manufactured goods, to develop testing methods and calibration and metrology procedures, to follow up standards and specifications of other international organizations, to introduce a system of “quality marks”, “conformity certificates” and services approval, and to enhance cooperation with Arab and international organizations on matters related to standards and specifications.

The Fifth Plan objectives of SASO included the preparation of 500 draft specifications and the approval of 250 specifications in their final form. During the plan period, SASO prepared 900 standards and thus exceeded the plan target. It also approved 225 specifications, in addition to the updating or modification of 26 standards, thus achieving the plan target. This increased the total number of specifications issued by SASO up to the end of the Fifth Plan to more than 800. The specifications

approved during the Fifth Plan covered many fields: food items (101), building and construction materials (6), electrical products (27), mechanical products (31), chemical and petroleum products (57), spinning and weaving products (9), measurement and calibration (14), and quality management systems (6).

During the Fifth Plan, SASO continued to issue licenses for the use of quality marks, with 75 Saudi factories producing 180 goods being granted such licenses. SASO also continued the approval of conformity certificates for many imported goods, the provision of technical advice, the analysis and testing of samples in its laboratories, the issuing of export certificates for food products and customs clearance for some goods. In addition, SASO examined newly issued industrial licenses so that the availability of approved specifications pertaining to the products and activities of such licenses could be identified.

SASO also continued its participation in various standards organizations at Arab, regional and international levels. As the Secretariat of the Gulf Arab Standards Organizations, SASO contributes to the preparation of standard Gulf specifications. It also participates in the specifications activities of the Arabian Industrial Development and Mining Organization's technical committee. SASO also continued its role as a member of the International Standards Organization (ISO), the International Electrotechnical Commission, and the International Organization for Legal Metrology, amongst others.

9.3.2 KEY ISSUES

To boost the activities of the standards and specifications system and to increase its contribution to development, the following issues must be addressed during the Sixth Plan period.

Shortage of Technical Capabilities and Expertise

The preparation and approval of a wide range of standards and specifications, in addition to the other activities of SASO, involves many stages and requires the services of experienced technical manpower. At present, there is a shortage of such skilled personnel, thus hampering the ability of SASO to carry out its tasks efficiently.

Simplification of Procedures and Development of Work Methods

The prolonged technical procedures required for the preparation of draft specifications has led to delays in their final approval. Such procedures must be simplified, particularly for items that do not require changes in each specification, since many of them are not important to local environmental and social conditions. In this regard, SASO must enlist the assistance and participation of experienced concerned agencies to improve and expand the base of approved Saudi specifications.

Introduction of Standard Specifications (ISO 9000)

The set of International Standard Specifications (ISO 9000) has acquired special significance recently because economic groups, such as the European Union, give priority to imported products that conform to ISO 9000. SASO has already initiated the first steps to introduce these specifications as Saudi and Gulf specifications and will increase its efforts in this domain in the Sixth Plan, so as to ensure the export success of many Saudi products and industrial facilities.

9.3.3 SAUDIIZATION

By the end of the Fifth Plan, 94 percent of SASO's total staff were Saudis. At different levels within the organization, Saudis accounted for 87 percent of administrative jobs, 94 percent of professional jobs, 83 percent of the skilled technical positions. Although SASO had great success in Saudiizing clerical and manual jobs, its continuing need for outside technical expertise affected its efforts to Saudiize the professional and skilled labor jobs which represent the majority of its positions. Such circumstances are expected to prevail during the Sixth Plan period due to the nature and expanding scope of SASO's work and the different types of expertise required. In the Sixth Plan no new positions will be created and SASO will try to recruit Saudis to fill existing vacancies. As a result, total employment at SASO is expected to increase, and 96.5 percent of whom will be Saudis. Administrative positions will be fully Saudiized, while Saudis will account for 97 percent of professional and 84 percent of skilled technical jobs.

9.3.4 ECONOMIC EFFICIENCY

A variety of indicators can be used by SASO to measure productivity levels in its various activities, and hence to develop methods needed to upgrade and improve these levels, such as the ratio of approved specifications per employee or the ratio of approved to draft specifications.

The organization is expected to continue with the tasks it has been entrusted with during the Fifth Plan, including the customs clearance of some goods and the issuance of export certificates, in addition to its basic tasks pertaining to the preparation and approval of draft specifications, the operation of quality and calibration laboratories, the simplification of procedures and reducing the various stages between draft specification and final approval.

With the expected increase in employment and the enhancement of employee skills through intensive training programs, SASO will be able to perform its tasks more effectively and to raise its productivity levels.

9.3.5 PRIVATE SECTOR OPPORTUNITIES

SASO has established a broad base of national standards and specifications and has provided several quality improvement advisory services to the private sector and national industries. Private sector industries applied these specifications, while SASO continued its efforts to convince concerned parties of the advantages of compliance with standard specifications. In this regard, it is the mutual responsibility of SASO and the private sector to develop awareness of the importance of specifications and the application of quality standards.

Although there is no private specialized institution in the field of specifications, there are seven private quality control laboratories approved by SASO at the end of the Fifth Plan. This number is expected to increase steadily during the Sixth Plan period. These laboratories provide services to the commercial and industrial sectors, as well as to individuals in different fields.

9.3.6 DEVELOPMENT STRATEGY

The development strategy of the standards and specifications system in the Kingdom will be implemented through the following objectives, policies and programs.

9.3.6.1 Objectives

- to meet the increasing requirements of Saudi commercial, industrial and other sectors for Saudi standards and specifications;
- to protect consumers by ensuring that both locally produced and imported goods meet appropriate quality standards;
- to improve the competitiveness of national products by ensuring that they satisfy high quality standards;
- to boost the Kingdom's foreign trade through abolishing technical barriers arising from differences in specifications.

9.3.6.2 Policies

To achieve its Sixth Plan objectives, SASO will implement the following policies:

- Preparation of standards and specifications commensurate with the Kingdom's environmental conditions;
- Approval of Saudi standards and specifications for both imported and locally produced goods, testing methods and calibration and metrology procedures, technical codes and terminologies;

- Updating Saudi standards and specifications when necessary, to keep abreast with technological developments and limiting inappropriate specifications as far as possible;
- Continue to apply the system of *quality marks* and *conformity certificates* for goods and to approve services that conform with the quality criteria specified by Saudi standards and specifications;
- Enhancement of SASO's capabilities to monitor its level of commitment towards the approved standards;
- Continue supporting private laboratories which have the capability and efficiency to perform the required tests.

9.3.6.3 Main Programs

SASO will implement these policies through the following four main programs:

Management, Operation and Specifications: This program deals with the basic operations of SASO in the preparation and approval of specifications and standards, in addition to its administrative activities.

Maintenance and Operations: This program concentrates on managing and supervising the maintenance and operation of SASO's facilities and equipment.

Manpower Development: This program aims at the development of SASO manpower through appropriate training programs in accordance with SASO's requirements for qualified technical manpower in the field of standards and specifications.

Quality Control: This program aims at completing the establishment of SASO's quality control laboratories and the establishment of some specialized laboratories for the private sector. It also aims to continue applying *quality marks* and *conformity certificates* systems for products, organizing customs clearance and granting export certificates for food products.

9.4 STATISTICAL SERVICES

9.4.1 PRESENT CONDITIONS

Successive development plans have highlighted the need for accurate and comprehensive statistics in the development planning process and in the measurement of economic progress through the implementation of these plans. In this respect, the various statistical services in the Kingdom have played an important role up till now. As the economy becomes more diversified and advanced, however, the Kingdom's statistical services will need to expand beyond their earlier focus on the enumeration of a limited

range of socioeconomic data towards the preparation of advanced statistical and analytical studies of social and economic developments, and to make more intensive use of modern communication methods in the timely provision of data to users.

The statistical information sector, which is composed of different government agencies and some private sector establishments that collect, compile and distribute statistics in their own specialized fields, generally follows international organizational arrangements and practices. The Central Department of Statistics (CDS) within the Ministry of Finance and National Economy is the main agency responsible for the collection, preparation and dissemination of social and economic statistics.

During the Fifth Plan period, the CDS developed and consolidated its systems of data collection and statistical reporting in different fields. Its two major achievements in this period were the Population Census of 1413 and the Establishment Survey of the same year. The Population Census provides substantial new information that will be indispensable for research and planning purposes, such as demographic indicators, employment statistics and housing data. The Establishment Survey covered more than 150 cities and villages and was more extensive than the earlier survey of 1401, thus contributing to greater understanding of the private sector's size and role in economic development. Other CDS activities during the Fifth Plan period included the collection and dissemination of statistics on foreign trade, national accounts, prices, and government services, in addition to the publication of its annual reports and statistical yearbooks.

Statistical yearbooks have also been published by other government agencies, such as the Ministries of Interior, Health and Education, and the General Organization for Social Insurance. These statistical yearbooks have been improved in terms of the range and quality of data. Information bases have also been established by other agencies through such studies as the comprehensive national transport study undertaken by the Ministry of Planning, the labor market study of the Manpower Council, and the field studies on employment in the Kingdom undertaken by the Chambers of Commerce and Industry and the Institute of Public Administration.

9.4.2 KEY ISSUES

Despite these achievements, a number of key issues need to be addressed during the Sixth Plan period. The key issues have been discussed in detail in Chapter 3, so that two issues are discussed only briefly here:

Gaps in Information Coverage

Effective policy making, planning and decision-making in both the public and private sectors is constrained by continuing information gaps. There is a lack of data on some development issues,

such as the regional distribution of economic activities, natural resources, investment opportunities and production. There is an urgent need to develop data and information on vital economic structures and indicators.

Data Collection and Dissemination Intervals

The collection and updating of data take place on an irregular basis, thus leading to gaps in time series data that limit their use. There is also a need to reduce the elapsed time between data collection and the availability of information to users and to expand the publication and dissemination of processed data.

9.4.3 SAUDIIZATION

In the CDS, the central government agency in the field of statistical services, Saudi nationals accounted for 92.6 percent of total employment at the end of the Fifth Plan period. The planned training and scholarship programs of the CDS will ensure the full replacement of non-Saudis by the end of the plan period, so that all employees will be Saudis.

9.4.4 PRIVATE SECTOR OPPORTUNITIES

Although government statistics are widely used by the private sector, investment decisions could be better informed if the private sector itself were to undertake more economic, commercial, marketing and financial studies and surveys, particularly with respect to industrial surveys, product marketing and available investment opportunities. Such surveys could be conducted in coordination with the CDS. In this regard, greater coordination is required between the government statistical services and the needs of the private sector.

There will be opportunities for the private sector to participate in many research studies to be undertaken by the CDS in the Sixth Plan period, such as manpower studies and economic studies related to commercial and industrial establishments. The CDS can employ the private sector to conduct some or all field surveys and to undertake data processing and analysis. In addition, other government agencies may also employ the services of the private sector to conduct statistical surveys.

9.4.5 DEVELOPMENT STRATEGY

The development strategy for statistical services will be implemented through the following objectives, policies and programs.

9.4.5.1 Objectives

Since the availability of accurate statistical information has become a prerequisite for economic and social transformation, the important role of agencies that prepare and provide such statistics

is clearly evident. Particularly important in this regard is the Central Department of Statistics, for its crucial role in providing statistical surveys to serve management, planning and research purposes, and in providing the necessary frameworks to achieve the following objectives:

- to diversify and expand the statistical base for the national economy;
- to develop and coordinate statistics related to the private sector;
- to develop statistical services in both the public and private sectors.

9.4.5.2 Policies

The expansion and improvement of the statistical services will require the implementation of the following policies:

- Users will be provided with reliable and updated information about economic, social and demographic structures and their future trends.
- The quality of field research will be improved and its continuity maintained.
- There will be better coordination between official statistics and private sector users.
- The timely collection, processing and dissemination of data will be facilitated by the adoption of appropriate technologies and administrative techniques.
- The financial and human resources of the statistical departments at government agencies will be increased, particularly in the CDS, and there will be better coordination between the CDS and other government agencies.
- The private sector will be supported and encouraged to undertake more field studies aimed at stimulating investment and rationalizing decisions.
- Citizen awareness will be promoted, so that they can give reliable information to the CDS.

9.4.5.3 Main Programs

These policies will be implemented through the following programs:

Population Research: This program covers studies and research related to the population and labor force, in terms of population characteristics and demographic indicators at both Emirate and Kingdom levels, in addition to the structure and distribution of the labor force by sector and occupation. This program also covers household budget surveys, Government services surveys and updating of information.

Economic Research: This program deals with economic research and studies at government and private sector levels, and will include the private sector establishment survey, which may be either

comprehensive in its coverage or based on samples conducted at different times. In addition, there will be a qualitative census of these establishments classified by economic activity. The program will also include economic research at national level on various price indices, national accounts and foreign trade.

Support Analysis, Studies and Research: Through this program, statistical studies will be diversified, both quantitatively and qualitatively, particularly following the availability of the economic and population data base in the population and housing census completed by the CDS in 1413. Similarly, the data base available after the completion of the establishments survey will deepen the statistical material available for economic analysis and population studies during the Sixth Plan period.

9.4.6 GROWTH TARGETS DURING THE SIXTH PLAN

The CDS will exert further efforts during the Sixth Plan to address the key issues which impede the development and expansion of the statistical services. The CDS will also undertake many studies and research on economic and population matters, including:

(A) Population Studies

- 1) Analytical studies based on the Population and Housing Census;
- 2) Demographic studies on birth rates, mortality rates, immigration and emigration, education and health, in order to identify population characteristics and growth rates;
- 3) Labor force research by sex, age and occupation;
- 4) Annual Hajj statistics on pilgrims from inside the Kingdom, and the number and type of vehicles in the holy places;
- 5) Household budget surveys and consumption expenditures every five years;
- 6) Government services survey and annual updating of information.

(B) Economic Studies

- 1) Economic research about the private sector, including a comprehensive private establishment survey every five years; annual economic surveys of national industries and establishments; economic surveys of private sector companies in the commercial services and distribution sectors, construction, financial services, real estate, gas and water sectors; annual and monthly sample surveys of private establishments.

- 2) Statistics on price indices including cost of living, wholesale prices, producer prices, house rents, export and import prices; preparation of international comparisons; the collection of such statistics on a monthly and yearly basis.
- 3) National accounts, including income, output and expenditure, capital formation, capital balances, and the preparation of Input-Output tables every five years.
- 4) Foreign trade, including the tabulation of customs data by volume, value and origin/destination; the publication of quarterly and biannual reviews on foreign trade.

In addition to these studies, the CDS will undertake statistical analysis of such research and on other statistical reports it receives, and will continue to issue its regular reports and reviews.