

Saudi Economy in Turbulent Times

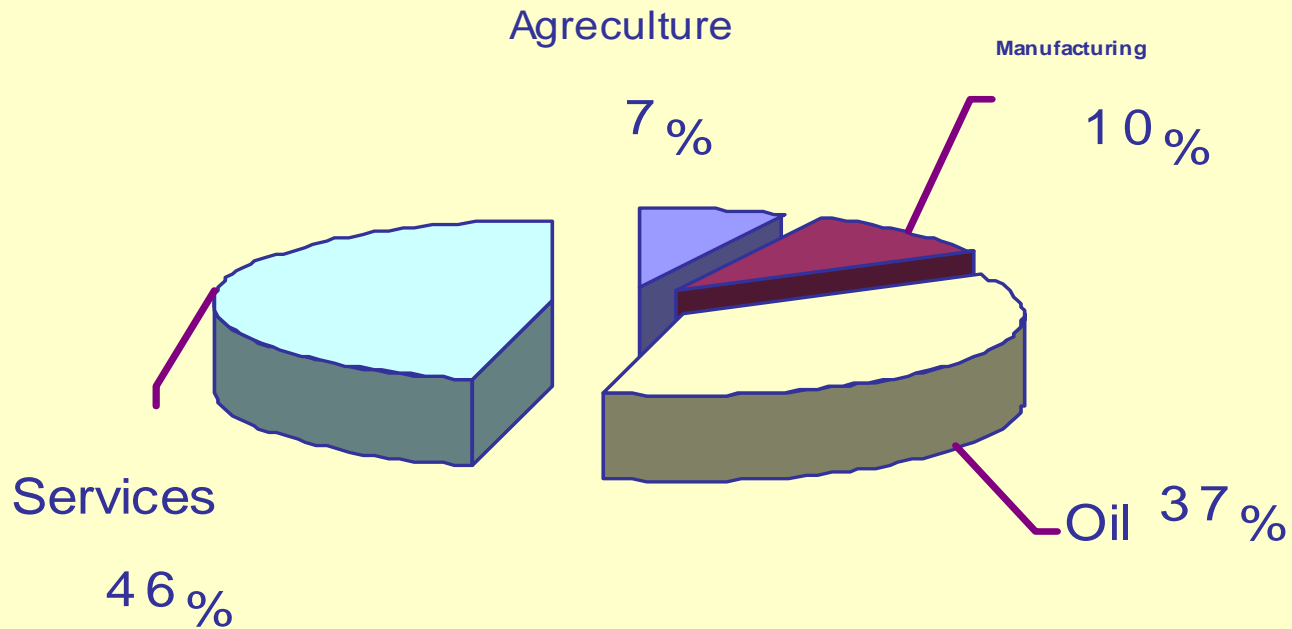
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Overview

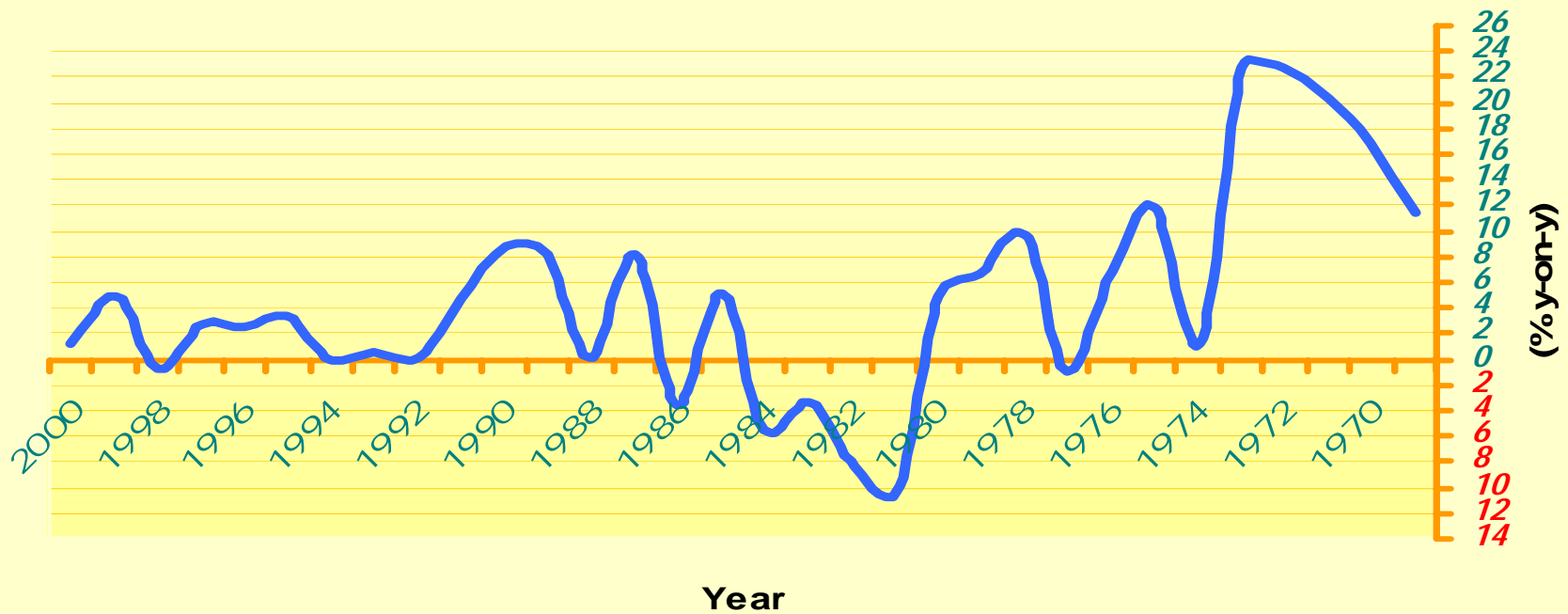
- Saudi Economy: a profile
- Major Economic Challenges
- Future perspectives
- Concluding Remarks

Economic Diversification

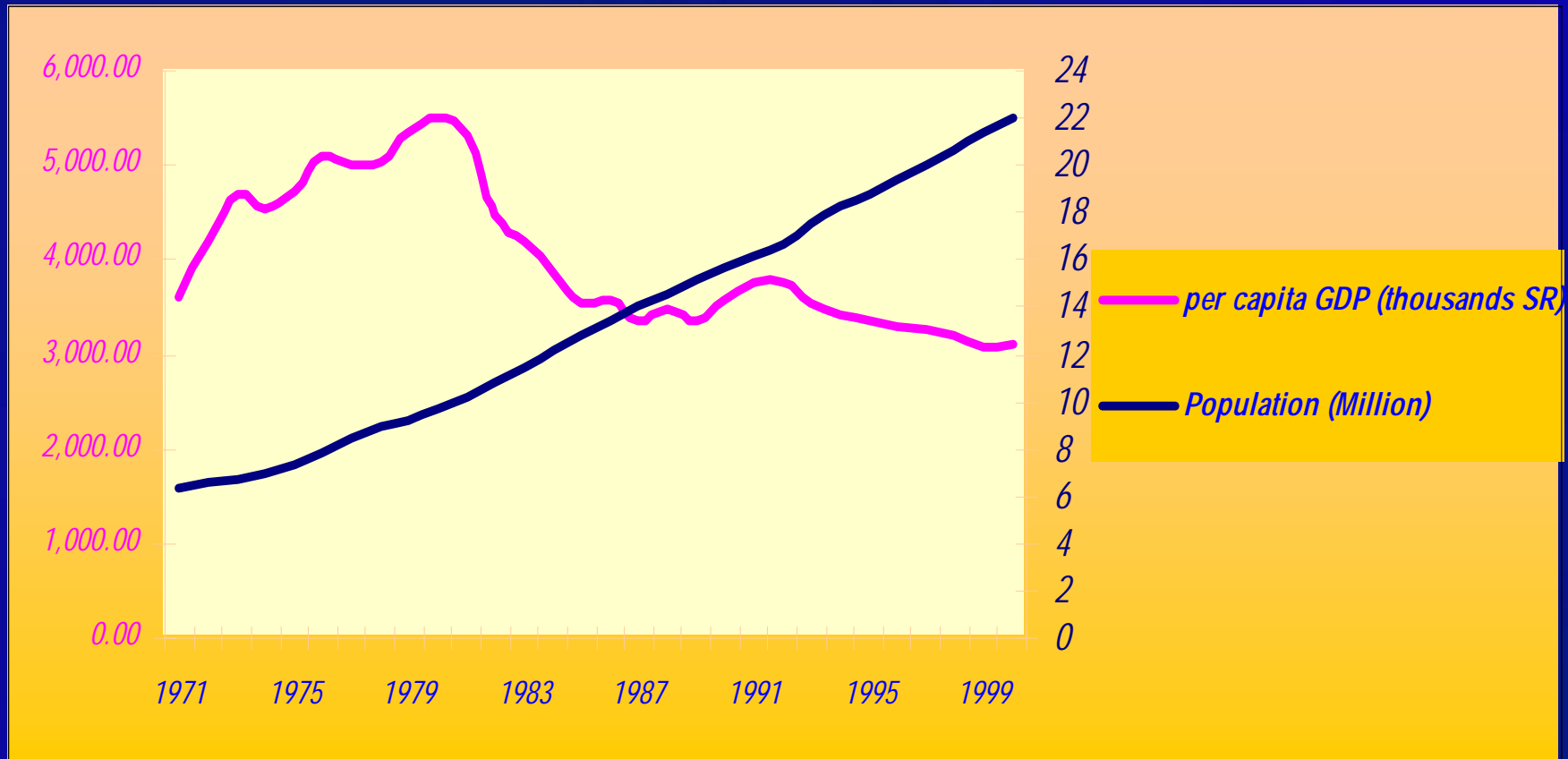


Economic Growth

Economic Growth (year-on-year)



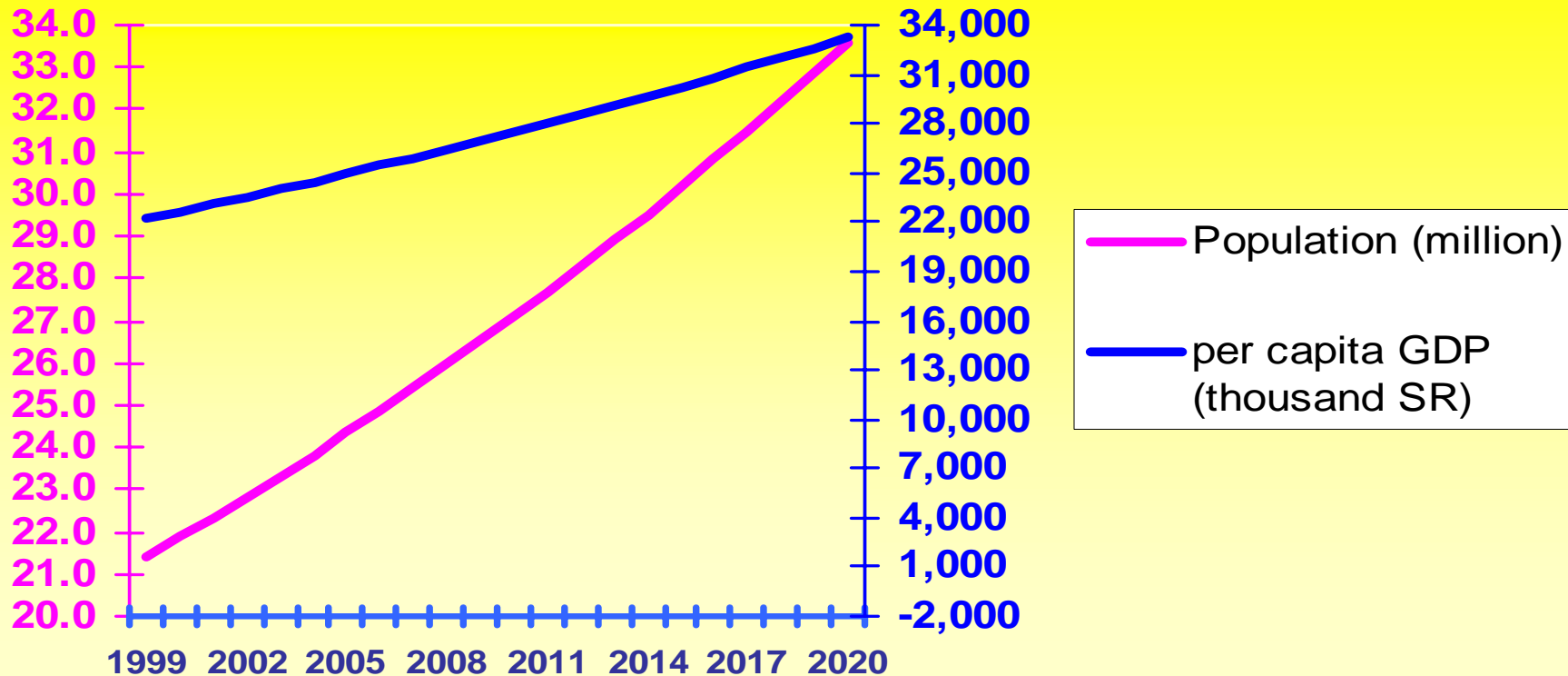
per capita income, the past



Overview

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per capita income, the future



Means to Economic Stability..

Commitment to a stable legislative framework.

Clarity of the orientation of economic development in the medium-term.

Commitment to a non-protectionist, non-isolationist economic philosophy.

Means to Economic Stability

- Commitment to develop human resources educationally, socially and health-wise.
- Adoption of sound monetary and fiscal policies to maintain a stable exchange rate.
- Limit public financial obligations and rely on the domestic market.

Making the Saudi Economy “globalization Compliant” ...

Progressing from a commodity-based economy, to a knowledge-based one.

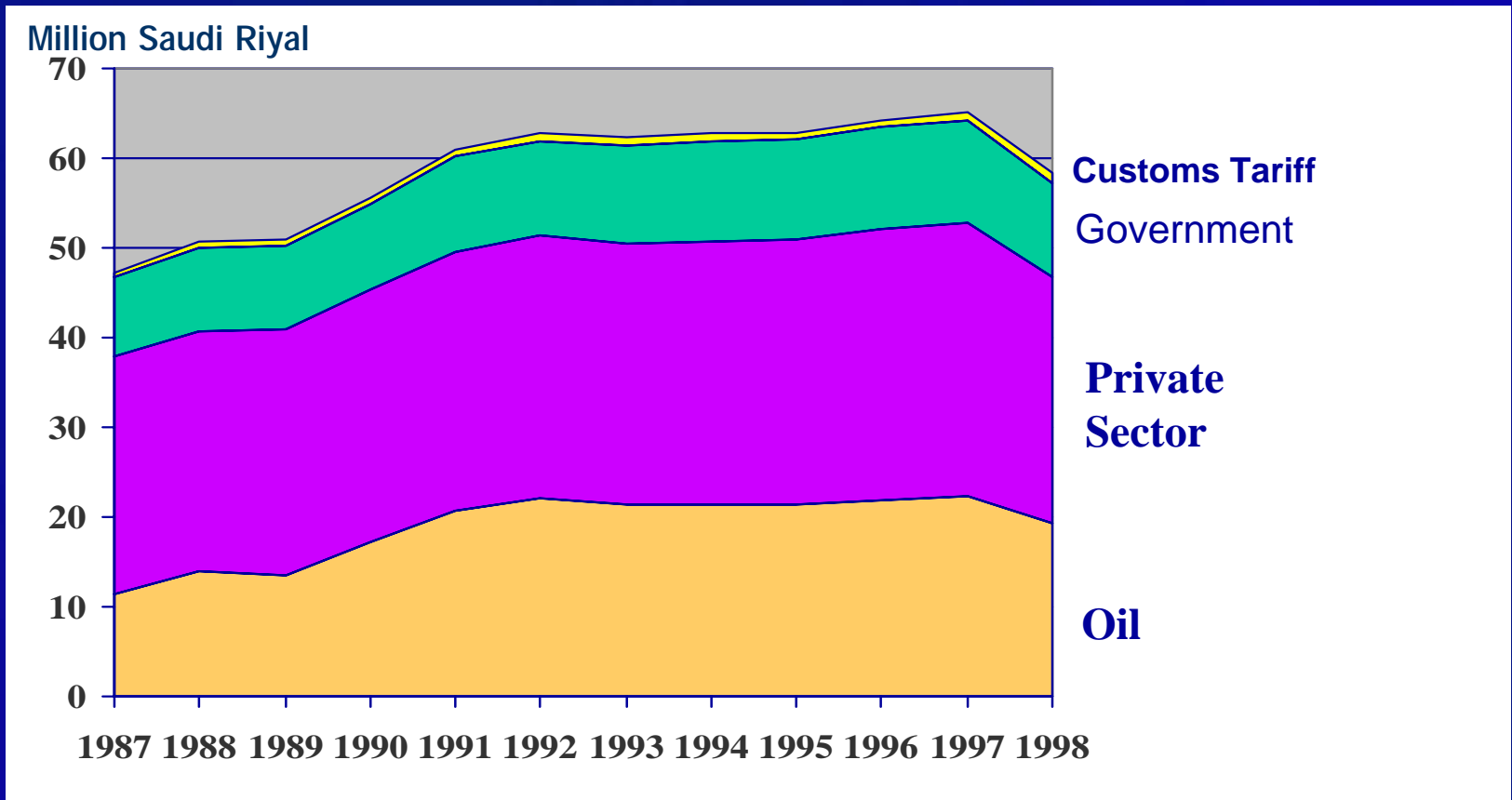
Transformation to an information society is a precondition

..Making the Saudi Economy "Globalization Compliant"

Progressing from "traditional" to "new" economy.

Building up an ICT infrastructure and industry is a precondition.

GDP at Constant 1970 Prices



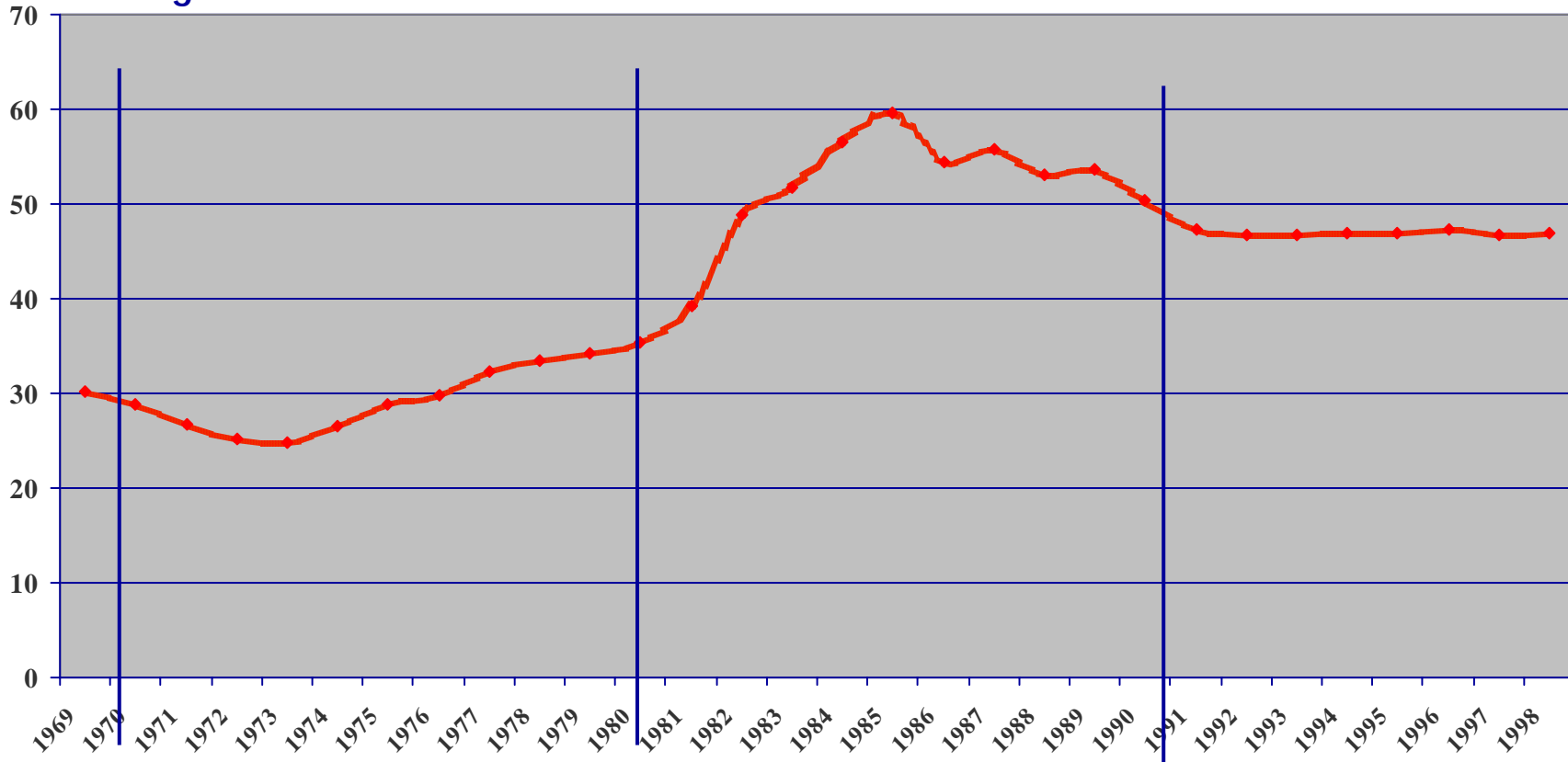
Making the Saudi Economy “Globalization Compliant”

Expanding the share of private sector in GDP.

Government's economic role need be non-interventionist.

Share of the Private Sector in GDP

Percentage



Making the Saudi Economy “Globalization Compliant”

Build-up momentum, tempo, and character for the national privatization program.

Transparent, swift, and socially balanced.

Making the Saudi Economy “Globalization Compliant”

- Fiscal restructuring
- Governance
- Transparency

Role of the Private Sector in the National Economy

Allow private sector to invest in all economic activities ... services, utilities, industry (*oil and non-oil*) and agriculture.

In return, private sector should contribute in financing the social welfare program.

Interchangeable Relationship Between:



All Parties Must Play Their Respective Economic Roles

Government

Finance welfare program, enforce policies, and be accountable.

Private Sector

Invest resources and be socially responsible.

Citizens

Production, consumption, and be involved

Making the Saudi Economy “Globalization Compliant”

Develop a time dimension for realizing structured reforms.



The Saudi Economy

- Maintain stability.
- Give absolute priority to improve public finance indicators.
- Promote confidence in the Saudi economy.
- Meet the challenges relating to the following economic distortions:
 - ✓ **National Labor Market.**
 - ✓ **Domestic Trade in-efficiencies.**
 - ✓ **Localization of Financial Market**

Economic Role of the Government

- Re-rank current and investment expenditure priorities.
- Reallocate the expenditure shares among the chapters of the public budget.
- Revise the economic criteria that govern dozens of autonomous Governmental establishments.

Causes of Increased Expenditure

- Raising the output quality of the Human Resources Program in Saudi Arabia.
- Increasing the level of per-capita income, inclusive of upgrading welfare services (education, health, general services).

Making the Saudi Economy “Globalization Compliant”

- Downsize the Government.
- Secure new finance sources to the economic institutions.
- Reduce the Budgetary Deficits.

Focusing Government Expenditure & Relying on Private Investment

1

Upgrading administrative efficiency and productivity of Government organizations.

2

Encouragement of private sector capital to participate in national investment.

3

Utilization of private sector funds in financing Government's welfare program.

4

Transfer of ownership of commercially-oriented Government activities to the private sector.