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## **II. THE SAUDI ARABIAN ECONOMY AND THE FIFTH FIVE-YEAR PLAN**

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### **Economy**

Saudi Arabia has the largest proven oil reserves in the world (25%), is the largest exporter of oil and is third in oil production behind the USSR and the United States.

In recent years, the government's economic priorities have been set out in a series of five-year plans. Since the first of these plans in 1970, the government has focussed on the following fundamental objectives: general economic growth, development of human resources, and diversification of the economy. The first five-year plan (1970-75) was overtaken by the events of the oil boom of 1973 but nevertheless concentrated on these fundamental objectives. Rising inflation, shortages of labour and materials and further increases in oil revenues were reflected in the second five-year plan's emphasis on developing basic infrastructure and increasing the prosperity of all social groups within Saudi Arabia. By the time of the second oil boom (1979-80), the third plan's strategy stressed the development of capital- and energy-intensive industries and programs in an effort to replace foreign workers with Saudis.

By 1985, major infrastructure development was nearly complete. Diversification of the economy, although limited, had increased to approximately