

3. National Planning

The Third Development Plan (1980-85) calls for total expenditures of \$235 billion representing a 57 per cent increase over expenditures of \$150 billion envisaged under the Second Development Plan. A further \$50 billion has been set aside to cover inflation. The aims are: (1) to preserve Islamic values and law; (2) to uphold the faith and internal security; (3) to secure balanced economic development; and (4) to develop indigenous manpower resources. Anticipated growth is 15.8 per cent with inflation at approximately 7 per cent. Defence and foreign aid figures, however, are not included in the above figures.

While a complete breakdown of Saudi Government spending intentions over the next five years is not yet available, recent published figures show major planned allocations totalling some \$145 billion (this figure, however, excludes allocation for administration, defence and foreign aid). Of the \$145 billion, about \$52.4 billion is to be allocated for economic resource development. One of the major problems facing the Saudi economy is the scarcity of fresh water. Consequently, some \$11.9 billion has been set aside for water desalination schemes (29 new desalination plants are to be constructed). Electrification of the country also ranks high among Saudi government priorities. Various electrical power, transmission and distribution schemes are scheduled to absorb some \$15.8 billion. The Saudi Government has also stated that emphasis will be placed on developing industry, mining and agriculture; with the objective of acquiring new technology, reducing reliance on the crude oil sector as well as co-ordinating industrial development among Gulf states.

To achieve these goals, some \$7.7 billion has been allocated to the Saudi Basic Industries Corporation (SABIC -- a government-owned corporation) primarily to carry out the petrochemical, fertilizer and iron and steel projects planned for the major industrial complexes at Jubail and Yanbu. These projects are joint ventures between SABIC and foreign companies. It is noteworthy that Saudi Arabia's recent decision to drop plans for the Jubail aluminum smelter was apparently taken in light of Bahrain's decision to expand its aluminum smelter (where SABIC has a 20 per cent equity) and Dubai's decision to construct a new one. The General Petroleum and Minerals Organization (Petromin) is to be granted some \$8.3 billion for various petroleum projects (including the expansion of Saudi refining capacity) and for further exploration and exploitation of gold, copper, iron ore, phosphates and other minerals in Saudi Arabia.

In an attempt to reduce dependence on imported foodstuffs and eventually attain agricultural self-sufficiency, the Saudi Government has allocated some \$2.4 billion for agricultural