**Ministry's of Finance statment about the national budget for 2004**

This Press Release contains the actual outcome for fiscal year 1423/1424 (2003), highlights for the new budget for fiscal year 1424/1425 (2004), and recent economic developments.

The Outcome for Fiscal Year 1423/1424 (2003)

The Ministry of Finance expects revenues to be SR 295 billions and expenditures to be SR 250 billions in 2003. There have been some increases in certain expenditures related to developments in the regional and domestic security situations in 2003, and in expenditures related to the settlements of some late payments. The remaining revenue is used to retire part of the domestic debt.  
The National Budget for 1424/1425 (2004) Some of the main features of the 2004 budget include:

* + Total revenues for fiscal year 2004 are projected at SR 200 billions.
  + Government expenditure for fiscal year 2004 is budgeted at SR 230 billions.
  + The budget for next year includes new projects amounting to SR 41.6 billions, mostly in the areas of education, health, social development, roads, municipalities and water services.

**Appropriations**

Annualized appropriations for the main development and public service sectors for 1424/1425 (2004) are as follows:

* + SR 63.7 billions for education, including technical and vocational trainings.
  + SR 24.3 billions for health services and social developments.
  + SR 8.6 billions for municipality services.
  + SR 7.3 billions for transportation and telecommunication.
  + SR 15.1 billions for other infrastructural developments, especially in the fields of water, industry, and agriculture.

**Specialized Development Institutions and Government financing programs**

The Specialized Development Institutions (the Industrial Development Fund, the Agricultural Bank, the Real Estate Development Fund, the Credit Bank, and the Public Investment Fund) will continue to be active in providing credits to projects and services in the areas of industry, agriculture, and real estate. These credits are projected to reach SR 10.6 billions in 2004.

The new budget also includes appropriations for government lending programs for private universities, colleges, and schools, as well as a program for loan guarantees for small and medium enterprises (SME's) to enable them to get the needed financing on appropriate terms. The program will be implemented by the Industrial Development Fund and the guarantees will be provided by the Ministry of Finance and local banking institutions.

**Economic Developments in 2003**

**1- Gross Domestic Product**

GDP is estimated to have grown by 12 percent in current prices and 6.4 percent in constant prices in 2003, reaching SR (792) billions. The increase in oil prices and quantities was a major contributing factor to this outcome, as the oil sector was expected to have grown by 22.9 percent in current prices.

Private sector GDP is estimated to have grown by 3.7 percent in current prices and 3.4 in real terms. Non-oil industrial sector is estimated to have grown by 3.9 percent; construction sector by 2.8 percent; electricity, gas, and water sector by 6.2 percent; transport and communication sector by 4.3 percent; and wholesale, retail, restaurants, and hotels by 4.4 in real prices.

The robust growth in the private sector has been accompanied by a number of factors that have enhanced confidence in the national economy and should continue to have a positive impact on private sector growth. Among these factors are the sovereign credit rating by Standard & Poor's to the Kingdom (with A+ long-term local currency and A long-term foreign currency grades), the custom union among the GCC countries, the signed and upcoming agreements on natural gas exploration, private sector involvement in the power and water projects, and the IPO of part of the Saudi Telecommunication Company's (STC) shares.

**2 - General Price Level**

Inflation, as measured by the cost of living index, is estimated to have increased by 0.51 percent in 2003, while the non-oil GDP deflator has shown a small increase of 0.29 percent.

**3 - Balance of Payments**

According to SAMA preliminary data, current account is estimated to have recorded a surplus amounting to SR 101.9 billions in 2003 compared to 44.5 billions in 2002. Non-oil exports are estimated to have grown by 1.6 percent in 2003, totaling SR 33 billions and representing 10 percent of total exports.

**4 - Money and Banking**

The government financial and monetary policies continue to be governed by the objective of maintaining stable prices and exchange rate. The broad money supply during the first ten months of 2003 grew by 4.2 percent compared to 11.8 percent in the same period of the pervious year. With regard to the banking sector, bank deposits recorded a growth of 4.5 percent during the first ten months of 2003, total banks claims on public and private sectors increased by 12.3 percent; with their capital and reserves increasing by 2.9 percent and profits rising by 7.4 percent in the same period.

**5 - Stock Market**

As a result of the partial sale of the STC shares and the substantial improvements in economic activities and investment environment, the stock market continued to improve during 2003. The National Share Index stood at 4384 as of December 11, 2003, compared to 2518 at the beginning of the year, increasing by more than 74 percent. Value of shares traded amounted to SR 537 billions at the end of November, 2003 compared to SR 134 billions in 2002.