

**Speech of His Excellency the Governor to the  
Custodian of the Two Holy Mosques on the Occasion of the  
Presentation of SAMA's Forty-First Annual Report**

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**Custodian of the Two Holy Mosques,**

It is great pleasure for me to present to Your Majesty the Forty-First Annual Report of the Saudi Arabian Monetary Agency which reviews the most salient domestic economic developments of fiscal year 1424/25 H corresponding to 2004G. and latest developments during the current year.

**Custodian of the Two Holy Mosques,**

This year witnessed the death of the late King Fahd Bin Abdulaziz, May the Almighty Allah bless him. Great and varied achievements had been made during his era that encompassed all pillars of economic and social development. The achievements contributed to strengthening the Saudi economy, activated the role of the private sector and enhanced the welfare of the citizens.

**Custodian of the Two Holy Mosques,**

During 2004, the national economy continued to record high growth rates in the various sectors for the third consecutive year, reflecting the continued efforts of your wise leadership in the implementation of effective economic policies and appropriate structural and regulatory changes, as well as the positive developments in the global oil market. The national income grew by 16.8 percent; and the real gross domestic product by 5.3 percent. This growth was accompanied by notable improvement in the general State budget which recorded a surplus of Rls 107 billion. The current account of the balance of payments also registered a surplus for the sixth consecutive year, striking a record of Rls 194.7 billion in 2004. Money supply increased at high rates in the preceding year and in recent months, motivated by expansion in credit extended by commercial banks to the private sector, signifying the dynamic role of the sector in the expansion of economic activity. These

positive developments were accompanied by an environment marked by stability in exchange rate and domestic prices. The cost of living index grew by only 0.3 percent in 2004. It is expected that the robust performance of the Saudi economy would continue during the current year and forthcoming years, God willing.

### **Custodian of the Two Holy Mosques,**

Our national economy is currently poised for a new era characterized by great optimism and strong confidence of a promising tomorrow and a bright future of development and prosperity in all fields. This is the fruitful outcome of the important and continuous decisions and measures taken for restructuring and regulation of the Saudi economy in which the Supreme Economic Council – under your wise leadership- had played a prominent role. One prime and foremost factor which enhances optimism is the great buoyancy witnessed by the oil market which would support the fiscal position of the State, apart from increasing confidence of investors in the domestic economy which has been clearly reflected recently in the domestic investment environment.

### **Custodian of the Two Holy Mosques,**

I would like to avail of this opportunity to congratulate Your Majesty on the steps taken to direct expected surplus financial resources to reduce the public debt and towards fields aimed at enhancing development, increasing the contribution of the private sector and the creation of employment opportunities. These steps will boost the constituents of the domestic economy and diversify its production base, and contribute to achieving sustainable growth and promote the welfare of the citizens.

It is highly gratifying that in assessing the performance of the Saudi economy, various international financial organizations and rating agencies have paid tribute to the economic policies followed by your wise leadership for continued maintenance of fiscal consolidation and confining expansion in expenditure to long-term investment in vital production sectors and programs aimed at improving the status of the categories of the community whose needs are paramount, particularly in view of the fact that the increase in revenues

has resulted from developments in the global oil market which has been subject to considerable volatilities over time.

Your wise leadership will ensure, God willing, consolidation of the economic march and save the economy from the vagaries of the oil market. Your directives to rationalize expenditure in spite of the substantial improvement in revenue and to allocate the fiscal surplus for future projects and important programs, reduce public debt, and build appropriate reserves to meet adverse impacts that might result from unexpected and sudden changes in the oil market are quite reassuring and speak of Your Majesty's sagacity and foresightedness.

May the Almighty Allah guide your steps to success.