

Keynote address
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(Tasnee)
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Your Excellencies, respected guests... ladies and gentlemen...

Assalam Alaikum!

Well, you were listening to the keynote speakers from the public sector and I am the only one on the podium today that represents the private sector.

However, the honorable speakers who spoke before me have covered almost everything relevant to the topic of this conference, which in fact made my job easier.

We all know that everyone is speaking about the impact of the financial crisis that hit the world like a fast spreading epidemic, which—at this age of globalization—left no country untouched in one way or another.

We read headlines in the media about retrenchments and lay offs indicating that some millions of people have lost their job in different parts of the world in general and the US, Europe and other Asian countries, in particular.

Job cuts and contraction or recession have been the signs of the poor economic conditions of economies and their companies irrespective of the sectors they operate in.

I was fascinated recently by a news item I would like to share with this distinguished audience.

“A leading newspaper considered a report as good for US workers because it showed that employers cut 539,000 jobs in March 2009”.

It was interesting to note that the report considered that; as good news because the job cut figure was the smallest in six recent months.

Ladies and gentlemen, this shows the optimism and hope that; hopefully soon the world will recover from the worst of the current financial crisis, and which is why we have gathered here today from across the world to review and discuss the future strategy on how to overcome this common problem.

It is obvious that the Saudi economy has stood robust and healthy during this turbulent financial crisis which had severe impact elsewhere in the world, mostly because of the Kingdom’s strong export-based economy, which is supported by oil sector and highly competitive advantage of its basic industries.

It is equally important to mention here that Saudi Arabia has maintained substantial foreign reserves.

However today, we are living in a global village and as no country in the world is immune from the impact of global financial crisis; and there is a need for proper response on a number of fronts, which could be divided,

based on the role the public and private sectors have to play.

First, I will focus on what the private sector needs to do, to counter the global economic impact.

The companies can take a number of corrective measures as follows:

- As the markets are turning out to be more competitive and the significance of the economies of scale become more evident the private sector should seriously consider restructuring and or consolidating through mergers and acquisitions.
- Although the Saudi petrochemicals sector enjoys competitive edge however the petrochemicals business is a global business and the importance of leveraging technology, R&D capabilities and marketing expertise over large production capacities are very high for winning in this competitive environment.
The Saudi petrochemicals business has a unique opportunity to consolidate to form larger institutions which can compete globally in a more effective way to achieve growth and prosperity.
- Cost cutting measures to achieve higher efficiencies should be adopted on a priority basis and focus the investment portfolios taking the competitive advantage into consideration.

Second, I would like to emphasize the role of the public sector as we all know that a partnership between public and private sectors would go a long way for a healthy economic growth of a country.

Here I would like to highlight on the contributions by the public sector on a number of issues which include the following:

- The public sector can enhance the flexibility of its financial institutions' lending policies through increased funding and lending limits.
- The public sector also may enhance the capability of the private sector financial institutions for long-term lending which is critical for major projects financing relied traditionally on foreign banks to a larger extent.
Long term public sector in deposits in Saudi banks should enhance their long term lending capability as most of their deposits are short term.
- The public sector can consider regulatory reforms and the streamlining of procedures to facilitate the use of additional alternatives of financial instruments such as Sukuk, Convertibles, etc.
- There is a need for enhancing the competitive advantage offered to the private sector, which is aimed at facilitating its investments in viable ventures.

An important measure in that regard is expanding the availability of needed infrastructure in fields such as industrial cities and utilities.

- Human resources development is another area that is critical to our success which needs additional efforts through specialized technical training programs and vocational education in order to make the Saudi manpower capable and competitive.
- The public sector has taken an important lead in the ‘Clusters Program’ aimed at enhancing the downstream industries, opening more employment opportunities, expanding, and diversifying the economy.

The expansion of the needed infrastructure will be critical for the success of this important national initiative.

Ladies and gentlemen, in conclusion I would like to emphasize that although the Saudi economy had fared better than most economies in the world in coping with this financial crisis.

We still need a lot of work thru cooperation between the public and the private sectors to withstand the impact of this crisis while at the same time pushing for our economic growth which is critical for our prosperity.

The expansion of our economy should be always our priority taking into consideration the needs of our expanding population.

That can not be achieved except thru true partnership and strong initiatives from the public sector to support the endeavors of the private sector.

-Thank you-