

# Optimism and determination

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It is also important to emphasise our commitment to free trade and investment

The G20 Summit is being held while the global financial crisis deepens and transforms into a global economic recession, with falling international trade and a virtual halt to the flow of funds across borders. The world looks to this Summit and awaits the results that will emerge from it on a commitment to work and coordinate through the adoption of practical measures to remedy the ramifications and causes of this crisis.

During our meeting in Washington DC, we adopted a detailed work plan of what needed to be done to deal with the financial crisis. We would like to express our appreciation for the measures taken to implement this plan, and emphasise the importance of its execution by way of the G20's adoption of strong and coordinated measures to stimulate economic growth, strengthen control over all financial institutions, in particular those whose activities endanger the financial system,

and enhance cooperation and coordination among regulatory authorities.

The worsening of the crisis, however, indicates that the measures adopted were not sufficient and that there remains a need for credible reform of the financial sectors in the affected countries. This is a prerequisite for any policies aimed at stimulating economic growth and establishing solid foundations for the international financial system to prevent a repeat of similar crises in the future and for resisting the protective inclinations that have begun to emerge of late.

It is imperative, at our upcoming meeting, that we reiterate the commitment of all countries, in particular those that were most affected by the crisis, to establish further measures to stimulate demand, create job opportunities and deal with the problems facing the financial sector. Success will depend on how well measures are coordinated to provide financial and monetary stimulus, reform financial-sectors and organise markets. It is also important to emphasise our commitment to free trade and investment and our resistance to any moves towards protectionism.

We should also renew our commitment to helping the developing countries overcome the negative effects of the crisis. Conditions in these countries have deteriorated and their need for assistance has increased. The Kingdom continues to provide assistance to developing countries bilaterally and multilaterally. And while the Kingdom is a developing country itself, the assistance it provides has exceeded the UN target for developed countries of 0.7 per cent of GNP for official development assistance (ODA).

The Kingdom of Saudi Arabia continues to adopt economic policies to ensure the growth of its economy, create more job opportunities and fulfil its constructive role in the world economy. Within the framework of monetary policy, the Kingdom has taken measures to enhance confidence and limit the effects of the crisis on the Saudi financial sector. Funds to provide liquidity have been made available and deposits guaranteed. We will continue to pursue policies and take measures necessary to ensure liquidity in the financial system, including increasing the participation of government financial institutions in providing finance. According to IMF estimates, the package of incentives adopted by the Kingdom is the largest, given the size of its economy, of the G20 countries.

HM Queen Elizabeth and King Abdullah Bin Abdul Aziz Al-Saud of Saudi Arabia



The Kingdom will also continue to play its role in stabilising the oil markets. The current economic crisis had a negative impact on world oil demand and future demand projections. Despite the negative impact this is having, the Kingdom continues to proceed with its huge investment programme to increase its productive capacity due to its keen interest in stabilising the world energy markets and its conviction that this serves its interests as well as the interests of the world economy. We invite the consuming countries to cooperate with us in this regard and to strengthen the dialogue between producers and consumers to serve their common interest and not target oil with policies that negatively affect it. In this regard, the Kingdom initiated, in cooperation with a number of friendly countries, and based on its desire to enhance dialogue, the establishment of the General Secretariat for the International Energy Forum in Riyadh.

The Arab region is certainly not unsusceptible to this international crisis and its outcomes, and we are working closely with our brothers in the Arab world to alleviate its negative impacts on our region. This includes increasing the role of the Arab financial institutions in assisting affected countries. However, without a comprehensive and just peace in the region, no meaning can be inferred from talk of stability

and economic growth, and development will not materialise. To achieve the noble objective of peace, the Arab states have offered a comprehensive and balanced initiative – The Arab Peace Initiative – since 2002. Israel's refusal of the initiative wasted a great opportunity to achieve a comprehensive and just peace in the region. We urge the international community to shoulder its responsibilities towards achieving the long-awaited comprehensive and just peace, and to take advantage of the proposed initiative, which will not remain on the table indefinitely.

We are optimistic that the world economy – through clear and strong determination to undertake the necessary and suitable policies and measures to resolve the current crisis – can overcome it and return to the course of growth and stability. We all must learn from this experience and address its root causes in a comprehensive manner to avoid its repetition. ■

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