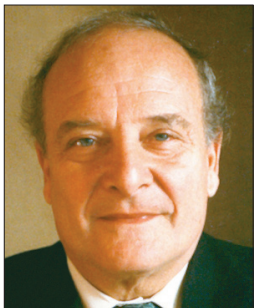


Reform and liberalisation

By **SIR ALAN MUNRO KCMG**

CHAIRMAN, SAUDI-BRITISH SOCIETY AND FORMER BRITISH AMBASSADOR TO THE KINGDOM OF SAUDI ARABIA



ALAN MUNRO

spent much of his career in the Diplomatic Service involved in relations with the Arab world. His appointments included ambassador to Algeria and Deputy Undersecretary for the Middle East and Africa. He was Ambassador to Saudi Arabia from 1989 to 1993, a period which included Iraq's invasion of Kuwait. He is Chairman of the Saudi-British Society, a Director of the Arab-British Chamber of Commerce, and a member of the Saudi-British Business Council. He has written a book, 'Arab Storm', on the political background to the Gulf War of 1990-91.

The State Visit of King Abdullah bin Abdul Aziz Al Saud to the United Kingdom marks a new stage in what is one of Britain's closest and most significant links with Arabia and the wider Arab world. The ruling Al Saud family and their vast desert Kingdom 'go together like a horse and carriage' in the words of the old song. The careful governance by successive monarchs since King Abdul Aziz, known in the West as Ibn Saud, reasserted his family's authority with the capture of Riyadh in the heart of Arabia in a daring raid in 1902 and began the consolidation of territory which culminated in the creation of the Kingdom thirty years later, has today created a prosperous and united country with a political and economic influence that extends well beyond the Middle East into the wider world. In the two years since he succeeded his half-brother King Fahd as head of the Saudi state King Abdullah has demonstrated his firm commitment to taking the Kingdom and its conservative society forward into the global community, while preserving its cherished and devout traditions.

For her part Britain has for nigh on a century now had a close association with the establishment and the impressive development of the Saudi state. Our links go back almost a century to the First World War when Ibn Saud received British support in his action to challenge Ottoman Turkish authority in Arabia's heartland. In the years that followed, a British official, St. John (later Abdullah) Philby, became a close adviser to the King as the Saudi kingdom took shape and opened up its communications. It was the United States that, in the period prior to the Second World War, took the lead in the discovery and development of what were to prove the world's largest reserves of crude oil. But during the war years and in the decades of rapid economic growth that were to follow, the Kingdom and its rulers always looked to British institutions and enterprises for partnership in building a stable and flourishing society on the back of the revenues that were flowing from the bounty of their oil resources.

These links have well withstood the tests of periodic political and economic upheaval in Arabia's volatile region. Today Saudi Arabia continues to turn to her connections with the United Kingdom for support, skills and investment in her civil infrastructure and thriving industry, and for cooperation in her defence too, where the links with the Royal Saudi Air Force and the National

Guard have long been close. Our participation with Saudi Arabia in the international operation to expel Saddam Hussein's Iraq from neighbouring Kuwait in 1990-91 marked a high point of this important relationship.

It is these ongoing bonds of partnership that give a real substance to the visit to Britain by King Abdullah. The King was last here twenty years ago in his role as Crown Prince. Since that time Saudi Arabia has seen significant changes to her social and political structure, with the establishment of a National Assembly and regional councils, the latter with an elected component, as well as wider public debate, greater freedom of press comment and access for foreign journalists. The educational curriculum has been broadened and a programme launched to establish new universities and technical colleges, so essential to the Kingdom's future development as she diversifies her economy and creates employment opportunities for a fast growing and youthful population. There have also been real advances in the role of Saudi women in the professions, in business and in higher education – there are currently as many young women studying in Saudi universities as men students.

On the economic and business fronts too there has been a surge of reform and liberalisation in areas governing overseas investment, capital markets, taxation, commercial legislation and the encouragement of a dynamic private entrepreneurship, of which the Kingdom has no lack. This process of deregulation has been stimulated by the Kingdom's accession to full membership of the World Trade Organisation, a step which marks the country's full integration into the global trading economy. New fields for private and overseas investment have been opened up such as minerals exploration and insurance. Saudi Arabia has fostered one of the world's fastest growing petrochemical industries and in Saudi Aramco she has the world's largest oil and gas producer. Here too, doors have been opened for international companies from west and east to participate in the development of newly discovered natural gas resources in the inhospitable terrain of the Empty Quarter bordering Abu Dhabi and Oman, in Arabia's south-east corner. Ambitious plans are in hand for the expansion of power generation, water provision, telecommunications and transport – Saudi Arabia currently has the world's largest railway building programme. Riyadh is today said to be the world's fastest growing city. At the same time a breathtaking

programme has been announced for the construction of no less than five new cities on virgin sites along the Red Sea and Gulf shores. These will be devoted to industrial and scientific activity, building on the success of the two cities of Jubail and Yanbu, which were created out of barren desert twenty years ago.

This scene of impressive internal change has been accompanied in recent years by the assumption by the Saudi leadership of a more prominent and significant role on the regional and international stage. In the ever sensitive field of energy policy Saudi Arabia continues to use her influence, as supplier of around one quarter of the world's oil needs, to stabilise market volatility resulting from political crises within this key crude producing region. On the wider regional front King Abdullah has given a lead in action to reduce tensions and assist with development. Partnership with the other Arab states along the Gulf has, through the Gulf Cooperation Council, been forged into an important economic and mutual security block. Across the wider Islamic world too Saudi Arabia, with her responsibility for the custody of Islam's two most holy shrines in Mecca and Medina, exerts a powerful and moderating influence through the Jeddah-based Organisation of the Islamic Conference. In this connection, the Kingdom is playing a determined and successful part in international action to combat extremism and terror activity within its own society and elsewhere.

Perhaps most significant of all is the initiative taken by King Abdullah through the Arab League to promote the Arab Peace Initiative for a fair solution to the Israel-Palestine question. This bold proposal was endorsed by all 22 Arab states at the Arab Summit in Riyadh. Saudi Arabia is also working for the resolution of a wide range of other regional issues from Iraq and Iran, through Lebanon and Somalia to Darfur in the Sudan.

This new era of development and outward engagement on the part of Saudi Arabia has great significance for her relationship with the United Kingdom. Both countries have much to contribute to each other, and King Abdullah's visit thus comes at an auspicious time. There is close cooperation over regional issues, as well as in the fields of security and the countering of terrorism. Ideas on issues of social and cultural importance are regularly shared through the annual Two Kingdoms Conference, the next of which will take place during King Abdullah's visit. Saudi Arabia remains a major market for Britain; the two-way trading relationship is Britain's largest in the Arab world. Moreover Britain is the second largest overseas investor in the Kingdom after the United States, a figure that will grow further with the establishment of new industrial cooperation in the wake of the Al Salam military aircraft programme and the investment by Shell in gas exploration. Recent years have seen major expansion of links in vocational

and higher education, in young business development with the Prince of Wales' Trust, and with architectural landmarks too. British retail stores are familiar across the Kingdom. Britain's financial and professional services continue to establish their strong reputation while a sugar refinery set up ten years ago in Jeddah by Saudi industrialists with Tate and Lyle is now one of the largest in the world. The British expatriate community in the Kingdom outnumbers those from other western countries; many of its members have made their lives there for twenty years or more. The largest western pilgrim delegation to the annual Haj in Mecca comes from Britain. A leading Saudi businessman has recently instituted two annual prizes for those who make a major contribution to Saudi-British relations.

The picture is similar in the opposite direction. Many Saudis have properties in Britain and enjoy coming for their holidays; several thousand young Saudis are presently studying in British educational institutions. There is investment too, through the City of London with its lead in Islamic financing, in construction and in manufacture; one of the largest suppliers of school meals in Britain is Saudi-owned. The recently appointed Secretary General of the London-based Arab British Chamber of Commerce is a Saudi woman. On the cultural side London's Victoria and Albert Museum has benefited from the generous sponsorship of its Islamic Galleries by a leading Saudi businessman with investments in Britain.

Britain will give a sincere welcome to King Abdullah and the senior delegation he brings with him. His visit can be counted upon to reaffirm and expand a deep and longstanding partnership, which will continue to hold great benefit and significance for both countries. ■

This scene of impressive internal change has been accompanied in recent years by the assumption by the Saudi leadership of a more prominent and significant role on the regional and international stage

The Minister of Petroleum and Mineral Resources with King Abdullah Bin Abdul Aziz Al-Saud

