

I would like to express my sincere appreciation to Mr. Innes Willox for his very kind introduction this evening, to thank the Government of Victoria , in particular the Hon. Gordon Rich-Philips, Minister for Technology and Minister responsible for the Aviation Industry, Mr. Howard Ronaldson, Secretary, Department of State Development, Business and Innovation, and Mr. John Butler, Victoria's Commissioner to MENA, for its great support in facilitating this gathering, as well as to thank Mr. Tom Harley, for his untiring efforts in coordinating the arrangements for this launch of the Saudi-Australia Business Council and to thank you all for being present here tonight.

Distinguished Guests, Ladies and Gentlemen

It is always my pleasure to address members of the government and business community.

I have addressed business and economic policy forums during my previous postings, and it is a subject close to my heart, but it is a special privilege to address you here in Melbourne as the Kingdom's Ambassador to Australia.

Melbourne was one of the very first states I visited a few days after my arrival in Australia.

For those who are not necessarily aware, a Memorandum of Understanding to form the Saudi-Australian Business council was signed as part of the ninth session of the Saudi–Australian Joint Ministerial Committee held on the 22nd of March in Canberra.

So I am particularly pleased to be here today, with all of you from Victorian Government and the Business sectors since the signing of the Memorandum of Understanding earlier this year.

The purpose of the council is to act as a forum to exchange business matters of interest for both parties and finding ways to promote

economic and business ties, and to boost economic and trade ties with the Kingdom.

Therefore, today, I will be talking about the economic relationship with Australia.

Specifically, I would like to give you a quick snapshot of where the Saudi economy actually is right now;

A sense of the Saudi – Australian economic relationship;

And finally, offer a few thoughts on the future of the relationship.

Saudi Economy and Saudi Economic Craft

It's no secret that we are going through dynamic changes. Unrest continues in some countries in the Middle East.

You are all aware that we continue to live through a difficult economic period. A period of global economic turmoil.

What was once a private and banking sector debt crisis has transformed into a sovereign debt crisis.

The balance of global economic power is increasingly tilting eastwards.

Dynamic change is taking place around the world. Whilst they are dynamic times, they are also a time of opportunities. This is true for many countries, including Saudi Arabia.

Saudi Arabia is the largest economy in the Arab world, and its leading economic engine, with a GDP of over 700 billion dollars in 2012, which is more than twice the number of its neighbouring state, the United Arab Emirates, which is the second largest market in the region.

It's the only country in the whole Middle East and North Africa region that is in the G-20.

The Kingdom's surplus for the year is expected to be at 50 billion dollars and has the highest fiscal balance among the G-20 economies.

It remains amongst the most dynamic of economy's even through a challenging international economic environment.

It is home to a quarter of the world's petroleum reserves. It has the fourth largest gas reserves, as well as vast reserves of minerals and it is the largest free market in the Middle East and North Africa region.

It has a remarkable record of growth in recent years, reaching just under seven per cent in 2012 alone.

It has a young and fast-growing population. 60 per cent of whom are under 30, and approximately 30 per cent are under the age of 15, and it is one of the world's fastest growing countries on a per capita income basis.

Industrialisation is increasing and we are witnessing an unprecedented expansion in the country's infrastructure.

Let there be no doubt. Saudi Arabia's economy is strong. The country is going through a period of rapid and extraordinary economic growth and it is going to be a key economic player in the world for a long time to come.

Such strength is testament to the Kingdom's economic reforms, trade liberalisation, the openness of its economy to foreign investment and the diversification of its economy.

These changes have ranked Saudi Arabia 22nd in the World Bank's Ease of Doing Business report – well ahead of the United Arab Emirates or any other Arab or GCC member state.

Saudi – Australian Economic Relationship

Such growth can only benefit the trade relationship between our two countries.

Saudi Arabia's is already Australia's second largest trading partner in the Middle East.

Last year, Saudi exports to Australia reached 479 million dollars, whilst Australian exports to Saudi Arabia totalled 1.7 billion dollars, making Saudi Arabia Australia's 20th largest export market.

So the total two-way trade is about 2.2 billion dollars.

Several hundred Australian citizens are employed in various sectors across the Kingdom, whilst Australian businesses of equal numbers are conducting businesses within the Kingdom.

At present 9,218 of our own nationals are studying in Australia, in addition to another 7,865 of their family members. Thousands of others of our nationals visit Australia each year. This, in itself, brings no less than half a billion dollars into the Australian economy.

Whilst these numbers paint a solid picture of the economic relationship between both sides, one would be surprised when comparison is drawn to the trade figures for instance between Saudi Arabia and China.

Future of Economic Relationship

Our trade with China nearly 10 years ago was equal to the trade with Australia at the present time – in the range of the two billion dollars figure.

In 2012 alone, our trade with China was approximately 73.4 billion dollars.

I do not wish to convey any pessimism at the state of the bilateral economic relationship nor on the state of the opportunities offered to Australians in Saudi Arabia.

But having said that, what prospects are there for the bilateral trade relationship between our two nations? Specifically, as States are

tilting towards the Asian region, but more specifically in light of the “Australia in the Asia-Pacific Century”?

As many of you know, there is great potential on advancing the trade and investment side between both sides. There are a lot of opportunities in Saudi Arabia.

Winston Churchill once said, and I quote: “A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty”.

Evidently, I am an optimist. And I trust that you share such optimism too. There are various reasons behind such optimism. However I’ll limit these to a couple of points, and would be content to expand on these afterwards:

First and foremost, on the Free Trade Agreement, Saudi Arabia looks forward to the resumption of negotiations rounds between the GCC and Australia.

As you would know, GCC – FTA negotiations which began in 2006/2007 with Australia ceased in 2009.

This suspension was not only with Australia. But rather all GCC FTA negotiations were suspended as a result of the Global Financial Crisis.

In sum, the GCC wished to reassess its position vis-à-vis the GFC.

Our assessment has now been completed and therefore, we very much look forward to the resumption of negotiations with all countries, including Australia, once certain political consultations are concluded from our part.

We look forward to resuming negotiations with a view towards achieving a comprehensive FTA with Australia that is inclusive of trade in goods, services and investment which would without doubt advance the interests and opportunities for both sides.

Second, as much as the Kingdom is interested in its investment in Australia, it, in turn, is very much interested in Australian investment in Saudi Arabia.

But in addition to these investments, we are also keen on creating partnerships between both sides across various areas. One such area would be entering in a partnership regarding food production and food security.

At this point I would like to draw your attention to Saudi Arabia's keenness on the resumption of importing Australian livestock, including sheep at record numbers.

This keenness is born from the knowledge that Australian sheep have minimal diseases.

I reiterate our Agricultural Minister's vocal disappointment during his visit to Australia earlier this year regarding the Australian Government's decision to introduce the Exporter Supply Chain Assurance System which we view as "a supply chain process which crosses borders".

The Kingdom, with its great ethical and social values and strong Government policy and commitments on animal welfare looks forward towards importing sheep from Australia at figures similar to previous years – about 1.2 million sheep if not more. This of course is subject to the removal of current obstacles through negotiations and a mutual understanding and respect.

Thirdly, investment opportunities are also ripe in the areas of education, health, mining, financial and investment markets, as well as sustainable developments, agriculture, resources, renewable energy, services, knowledge-based economy and tourism.

I'll talk very briefly about education for instance.

Saudi Arabia places much importance on the education sector.

Ten years ago, the Kingdom had only seven universities. Nowadays there are over 27 universities across the Kingdom.

There are about 150 thousand scholarships annually for the King Abdullah Scholarship Program. These scholarships are not just limited to students, but also extended to students' family members to pursue their education abroad as well.

On sustainable development, the Kingdom is working towards achieving the highest capacity on renewable, use of solar energy as well as green building.

Much emphasis should also be noted on the development of the Kingdom's infrastructure. This development is not only limited to building school and universities but also in hospitals.

Over 500 billion dollars is being spent as part of the Kingdom's National Development Plan.

Conclusion

I'll conclude my remarks by noting that the world will face many difficulties and challenges over the coming years. But I am confident that, Saudi Arabia is well placed in the international system as well as financially.

1. With an assertive and leading role in the Middle East;
2. One of the few stable countries in the region;
3. A continuous increase in the in-flow of Foreign Direct Investment which has ranked the Kingdom the 12th largest in the world and the highest amount in the Middle East and North Africa region;
4. A GDP of 700 billion that is set to continue on a similar trend in the years to come;

5. Major Government incentives towards businesses that include:

- a. No personal income taxes;
- b. The ability to transfer company losses for future years in regards to taxes;
- c. Access to generous regional and international financial programs and incubators, and;
- d. Tax incentives for training and recruitment of Saudi labour,

I am confident about the prospects of our economy and I trust that you share that positive prospect, not only sharing it in your mind, but also in your investments in Saudi Arabia.

Thank you for your attention.