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**THE CONCLUSION OF THE ACTIVITIES OF JEDDAH ECONOMIC FORUM.
ERDOGAN CALLS FOR SUSTAINED DEVELOPMENT AND PRINCE TURKI AL-
FAISAL BLAMES IGNORANCE AND POVERTY AS THE KILLERS OF AMBITION.
YAMANI CONFIRMS THAT SAUDI ARABIA IS ACHIEVING ECONOMIC
REFORMS.
QUEEN RANIA CALLS FOR REJECTING EXTREMISM.**

The Jeddah Economic Forum 2007 kicked off with Prince Faisal ibn Abdul Majeed formally opening the fifth annual event on behalf of Makkah Gov. Prince Abdul Majeed at the Hilton Hotel.

"The JEF, with economic reform as its central theme, is a platform for Saudi investment opportunities," he said.

The forum, with its three-day sessions, was attended by more than 2,500 delegates from over 52 countries.

"The essence of the forum is to showcase cultural, scientific and intellectual discussions in an overview for complete economic reform," Prince Faisal said. "The forum is much more than an economic phenomena, as it exemplifies a number of social concerns featuring case studies of successes that will help in the development and enhancement of the community from an economic and social perspective," he added.

"If you are looking for insights to economic reform taking place around the world you have come to the right place, and if you want to meet and network with the leaders and decision-makers who make it all happen you have come to the right place," JEF 2007 Chairman Sami Bahrawi said in his address.

"Over the next three days, you will partake in key dynamic sessions and meetings that are sure to expand and challenge all of us to think and act in new ways. Your words, ideas, comments and some of your criticisms will be noted, studied and reported to a waiting world."

Saleh Al-Turki, chairman of the Jeddah Chamber of Commerce and Industry, reiterated

the importance of economic reform as it represented the driving force behind opening the economy to international markets and its vast contributions to national social and economic developments.

The forum gave special recognition to Minister of Commerce and Industry Hashim Yamani, Jeddah Mayor Adel Faqeeh, Xenel Group Executive Director Khaled Zainal, Prince Sultan bin Abdul Aziz Foundation Director General Majed Al-Qassabi, JEF 2006 Chairman Amr Enany, and Bedriya Al-Saeed, winner of the 2007 JEF Collegiate Business Venture Award.

Emaar/King Abdullah Economic City was the partner sponsor of the forum for the second consecutive year. The forum's lead sponsors include CNBC Arabiya, National Commercial Bank, Xenel Group, E.A. Juffali & Bros, Bin Laden, SABIC and Al Hadaf Advertising. Diamond sponsors are Saudi Arabian Airlines, Saudi Research and Marketing Group and Budget Rent a Car. Gold sponsors include Al-Madina Printing Press, Nesma and Medunet.

Described as the "Think tank of the Middle East," the forum is held with the support of the Makkah governor and is organized by Jeddah Marketing Board, a department of JCCI.

Building a developed future for Muslims and Middle Eastern generations and correcting the false images of them in the West through reforms in the region was the thrust of Jordanian Queen Rania's speech during the first session of the eighth Jeddah Economic Forum.

She concentrated on the idea that the older generation in all cultures works for the best of their younger generations and for building a better world. "We are now planting seeds for future technological development," said the queen.

The Middle East is developing nowadays, having more elections and educational reforms. "Here in Jeddah, you had the distinction of electing women as Jeddah Chamber of Commerce & Industry (JCCI) board members two years ago," she said.

Saudi women are increasingly becoming professional, be they teachers, doctors, engineers or journalists, said the queen. "This is the Arabian woman that we are proud of and with whom the West is not yet familiar," she added.

The queen said that despite the advantages and disadvantages of the modern world, there are certain core values that should not be written off as anachronistic.

"What about the language of the conscience and the heart?" she asked the audience.

She said that there is an urgent need to heal the world. "Tomorrow's landscape may not flourish as it should because today the soil is being polluted by violence, mistreatment and fear," she said.

Queen Rania said that the misunderstandings between the West and the Muslim world run in both directions, with the Western image of a Muslim as a violent extremist, a conduit for fear. On the other hand, the image of the West in the Middle East is of a culture founded in violence and arrogance, a conduit for suspicion.

"We still prejudge others through labels and not through personal experience and direct contact with them," said the queen, pointing out that cultural exchange helps eliminate these misunderstandings.

However, a successful rectification of these misunderstandings is impossible unless both sides actively participate, she said, adding that Easterners and Westerners must open up and use the culture of dialogue and respect.

"Americans, for example, must face up to the fact that the negative sentiments among many Arabs stem not from the lack of understanding of US policy in our region, but because many Arabs and Muslims think many of these policies are wrong and unsound," she said. "No amount of spin can make this problem go away. If they want to win regional 'hearts and minds', US foreign policy must be balanced, just, and deliver peace, not war."

The queen also called on the Muslim Ummah to address some of the factors that contribute to the misunderstandings in the West about Islam. While condemning "Islamophobia" in the West, Queen Rania also said Muslims must recognize that there are people in the world who have hijacked Islam and have used it to commit atrocities that subsequently feed anti-Islamic prejudices among non-Muslims in the West.

Muslims have a right to denounce Israeli policies that are hostile to Palestinian and Lebanese autonomy, and to oppose human rights abuses in Guantanamo and Abu Ghraib. "But we also have to stand in the face of the sectarian violence that is

escalating in some of our countries," she said, adding that the moral high ground is taken when Muslims "reject the voices of extremism in our midst."

The queen focused much of her speech to Muslim-on-Muslim violence, saying that it is difficult to ask the West to accommodate Muslims and Arabs as neighbors when Muslims and Arabs are engaged in sectarian violence in places such as Iraq, Palestine, Lebanon and Afghanistan. As a mother, she asked the audience to consider the future in light of what is happening in the present.

"I'm a mother of four Hussain, Iman, Salma and Hashim. Think of your children while you are listening to my words now," she said. "We are mothers and fathers of thousands of children. What kind of future are we preparing them for? Can we say that we are planting seeds of hope for their futures? Are we really taking part in technological developing and peace?" The queen praised Jeddah for its unique standing as a gateway to the holy cities that has become a Muslim melting pot.

"The reins of our destiny are in our own hands," she said. "We must summon the courage to steer this destiny. There is no place more inspiring for that than Jeddah, a place that has gathered pilgrims of all races, colors and nationalities, as well as the Islamic qualities of mercy, compassion, humility, charity, tolerance and peace."

She invoked the golden age of Islam when Arab civilization was more open to the wisdom of others. "The Arab ancestors welcomed new ideas from foreign lands and combined them with their own experiences to push boundaries of knowledge farther," she said.

The queen referred to two important non-Muslim moral leaders of the 20th Century Mahatma Gandhi and Martin Luther King, Jr., who revolutionized methods of nonviolent protest and boycotts through mass participation and personal sacrifice.

These "leaders of humanity", as she called them, managed to create profound change in their societies by meeting the violence of the state with nonviolent popular uprising. She quoted King's famous line: "There comes a time when one must take a position that is neither safe nor popular, but because conscience tells him it is right."

"And let us not forget the great words of our own religion," she added. "God said in the Holy Qur'an 'God will not change a nation until they change themselves,'" the queen said. "Today we must ask ourselves, where is that spirit?"

Turkish Prime Minister Recep Tayyip Erdogan talked about his visit to the ghettos of Addis Ababa, Ethiopia, and the bits of torn cloth he saw being used as shade in Darfur were very moving. "We need to declare a war on poverty," he said, amid thunderous applause. "I was ashamed of myself when I went into those slums in the Ethiopian capital. I asked my protocol people to leave me alone. I wanted to take a look into their lives all by myself. No sanitation, no hygiene, no water, dozens of people crammed into little rooms and shanties," he said in a voice that seemed to quiver with emotions. "We need to have equitable distribution of wealth. Let the spirit of solidarity spread from the Jeddah Economic Forum," he added.

Within the context of the theme of the session "Flexicurity in Reform: A Balanced Social Agenda", Prince Turki Al Faisal emphasized that education is the only way of overcoming ignorance that leads to terrorism and violence.

"It's fair to say that the basic dragging forces are those who are ignorant. They have closed their minds to what is happening around them in the world. The only way around this is education," said Prince Turki.

He said that by ignorant people he did not mean illiterate or people who had not gone to university, but closed-minded people who are unwilling to change.

"I am also glad to say that US President George W. Bush is finally moving forward toward peace in the Middle East," said Prince Turki. "Words like 'occupation', meaning Israeli occupation of Palestine, and final-status issues are no longer taboo for the American president and the US secretary of state."

Prince Turki also mentioned that only 50 Americans are currently studying in the Kingdom compared to the more than 10,000 Saudis studying in the US.

This was in reply to Robertson's suggestion that more Americans ought to be invited to study in the Kingdom to enhance bilateral relations.

"Rather than more students, we would like to see more congressmen and educators from America visiting Saudi Arabia," said Prince Turki.

Saudi Commerce and Industry Minister Dr. Hashim Yamani emphasized the need for boosting the competitive ability of national production sectors. Speaking at the opening

session of the eighth three-day Jeddah Economic Forum 2007 (JEF) at the Hilton Hotel, he said that the global economy was currently witnessing a very dynamic phase through direct interaction between world markets and great technological advances.

"Now is an opportunity for every nation to make gains from international competitiveness and work toward achieving better economic levels to meet the needs of current and future generations," Yamani said in his address entitled "Enhancement of the Saudi Productive Sector's Competitiveness in a Changing World Economy."

Outlining the Kingdom's strategy to develop the competitiveness of its production sectors, he said the application of current economic reforms was quite fruitful and productive.

The Kingdom has designed an ambitious and detailed program to update, simplify and rearrange investment policies and procedures in a manner that should help improve the investment climate, be it domestic or foreign. The idea is to enhance the competitiveness of the national economy in world markets. "The program objective is to place the Kingdom within the first and foremost 10 competitive nations worldwide by the end of 2010," the minister said.

In the near future, the Kingdom will focus on developing an attractive investment environment, establishing economic alliances, updating information and communication technology, as well as encouraging investments in certain sectors, such as energy, transportation and knowledge-based industries.

The program of economic reforms adopted and being implemented now by Saudi Arabia has led to a notable enhancement of the competitiveness of the Saudi productive sectors. "It has provided the appropriate level of flexibility as to enable them to adjust effectively to the demands of the changing world economy," the minister added.

"The reform program is, of course, ongoing and its focus will be shifted to implementing certain tasks in future," he said. The tasks include continuing with efforts to create a favorable investment climate and providing investors with comprehensive services, encouraging investment in energy and transportation sectors as well as knowledge-based industries, upgrading the levels of information and communication facilities and services plus enhancing research and development in creative technology, and enhancing legal and regulatory frameworks of small and medium size establishments with a view to strengthening their competitiveness.

The other tasks include encouraging the merger of small establishments into larger ones and creating economic alliances among these establishments to promote their productivity and enhancing their efficiency, and establishing business incubators and thus fostering infant industries.

Yamani said the Kingdom had always been one of the leading participants in international trade. Its total trade is equivalent to two-thirds of its gross domestic product (GDP). In 2006, the Kingdom ranked the 12th largest exporter and 22nd largest importer of goods in the world. "The Kingdom is proud of its trade regime," Yamani said. Transparency, predictability and due process are the cornerstones of its trade policy. Prohibited trade related investment measures and export subsidies do not exist. Corporate taxes imposed on foreign firms have been reduced from 45 percent to 20 percent with unlimited carry-forward losses.

What is more, the Kingdom and the GCC Customs Union have established a common external tariff with very low, stable, predictable and declining import duties complemented by the absence of quantitative restrictions. "However, it is the Kingdom's successful accession effort to the World Trade Organization (WTO) that formally integrated it into the multilateral trade regime," Yamani added. "The conditions for qualification to its membership led to the completion of many details in the reform program. Consequently, we have made a large number of commercially meaningful market access commitments on goods and services," he said adding that while many existing regulations were amended, new laws were enacted with concrete procedures to implement the Kingdom's WTO commitments.

In fact, the Kingdom enacted 42 new trade-related laws and regulations. Nineteen of them were required for WTO accession. These legislations addressed a variety of issues including customs valuation, import licensing, technical barriers to trade, anti-dumping, countervailing and safeguard measures, cooperative insurance, accredited private laboratories, foreign investment and capital market.

"I am also proud to say that as a full-fledged member of the TRIPS agreement and the Paris and Bern IPR Conventions, the Kingdom commands today the full and most updated laws and regulations related to intellectual property rights including those addressing trade marks, trade names, trade secrets, competition, copyrights, patents, geographical indications, industrial design, integrated circuits and border measures," Yamani said.

"We are also working diligently on enforcing these legislations to combat piracy, eliminate infringements and substantially clear our market of fraud and fake goods."

In cooperation with the Gulf Cooperation Council states, the Kingdom is also negotiating free trade area agreements with its major trading partners, he added.

Yamani emphasized that the Kingdom was pursuing its foresighted objectives set out by Custodian of the Two Holy Mosques King Abdullah and embarked on an ambitious program of economic reforms and restructuring. This is being implemented through four mechanisms Streamlining the decision making process, expediting and enhancing the efficiency of the economic base, strengthening the role of the private sector and seeking the integration of the Saudi economy at the global level.

"Strategies for economic reform universalism vs particularism was the theme of the first session, which was moderated by BBC broadcaster and presenter Sue MacGregor. Sami F. Bahrawi, chairman of JEF 2007, said in his opening remarks that for eight years in succession, this prestigious event has contributed to placing the Kingdom in its rightful place at the center of global socio-economic dynamics. "Reform is real and is a part of who we are."

The environmental movie that was produced by Tariq Abdul Hadi Taher, which was part of the Jeddah Economic Forum program, was canceled at the last minute due to organizational reasons.

Saudi-Yemeni Business Council held a symposium on Saudi-Yemeni Strategic Economic Partnership on the fringes of Jeddah 8th Economic Forum.

During the forum, they discussed a number of investment opportunities in the two countries.

Dr. Abdullah Bin Mirie Bin Mahfouz, the Council's Chairman said that they reviewed the increase in Saudi exports to Yemen which amounted to SR 8 billion in 2006.

Yemen has established a \$100-million fund to conduct detailed studies on more joint investment projects for Saudi and Yemeni businessmen.

Yemeni Minister of Planning and International Cooperation Abdul Kareem Ismail Ahsan,

who was leading a Yemeni business delegation to the Kingdom, made this announcement yesterday during a meeting at the Jeddah Chamber of Commerce and Industry (JCCI).

Abdul Kareem said that a Saudi-Yemeni Joint Business Committee has been established as an initial step in this direction.

The Yemeni minister pointed out to the Saudi businessmen that meager industrial activities in his country led to the unemployment and poverty which led to flow of illegal workers to the Kingdom.

Dr Abdullah Bin Mahfuz, chairman of the Saudi-Yemeni Business Council, said that the volume of Saudi investments in Yemen has to be raised as Saudi Arabia and Yemen jointly have a market of 40 million consumers.

He pointed out that the investment opportunities in the economic city being planned in Yemen's Al-Wadiah would be unlimited with its geographical contiguity to Saudi territories. The city, which is located in the Rubu Al-Khali, close to the Saudi border, is expected to become a commercial portal for the Gulf Cooperation Council countries in the near future.

He announced in the meeting the establishment of a \$100-million joint investment company by Saudi businessman, Abdul Khaleg Saeed, and a Yemeni businessman, as an initial move in the direction of joint investment between the two countries.

Several Saudi businessmen demanded the extension of tax exemption period for Saudi projects in Yemen from 10 years to 15 years. They also demanded greater reduction in the customs duty.

Sami Bahrawi, chairman of the Eighth Jeddah Economic Forum, said at the conclusion of the forum that the London School of Business would be formulating a series of recommendations based on analyses of the conclusions and proposals addressed.

Economists and other experts will produce the report over the next two months in order to glean what Bahrawi described as the "cream of the forum." He said that the report will help academics and professionals understand that direction Saudi Arabia is going in policies related to issues such as privatization, social responsibility and education. Bahrawi made his comments during a press conference that included Jeddah Chamber

of Commerce and Industry (JCCI) Chairman Saleh Al-Turki at the close of the forum.

Al-Turki said that the eighth annual JEF has concluded achieving its goals.

"The many important deals that were signed and side meetings that were held during the forum and the great number of attendance are clear signs of the event's success," he said, adding that planning for the ninth annual JEF would begin shortly, pledging to improve some of the minor glitches that occurred this year.

"There will be a better media center (next year) that will be closer to the main hall and the topics would have more diversity of local and international economical topics," he said.

Al-Turki did not specify an exact date of next year's forum, but did suggest that it would address regional economic development. (The Gulf Cooperation Council is in the process of working out how to implement a common currency, a sign of the efforts to bring the six member states closer economically.) Al-Turki also mentioned the problem with illegal workers, of which he estimated there are 2.5 million in the Makkah region alone. He said that one of the best side affects of the JEF is the amount of publicity it provides the Kingdom in general and Jeddah in particular. The JCCI chief estimated that the publicity provided by the JEF would be valued at about \$16 million worth of advertising. He said the JEF's budget this year was \$3.2 million.

In an inspiring speech Lech Walesa challenged the delegates with his vision of the future of the global economy.

The speech, wide in scope and ideas and peppered with anecdotes and earthy imagery, by turns produced applause and sharp intakes of breath from a captivated audience.

"A lot has been said about business here the economic system in the world now will not be sustainable in the 21st century because there are too few owners to defend the current system."

He pointed out that less than 10 percent of the world owns 90 percent of the wealth and that this was simply not sustainable. "To survive this century, we need to at least triple the number of stakeholders by looking at other forms of ownership so that we prevent the people from supporting and voting for populists and demagogues."

Walesa drew on his personal experience and the history of Poland, sandwiched between two powerful nations and written off by the world when under Soviet communist rule.

"We tried at the end of the war to warn the world about Stalin and the fact that he was going to install a bad system on the world," said Walesa. "We could not protect ourselves. Communism sat badly on the Polish character, like a horse's saddle on a pig."

He reflected that when two superpowers existed "the empire of evil and the empire of good" they disciplined each other. "Now the 'evil' has collapsed, what is the position of the empire of 'good?'" he asked.

He noted that the United Nations was an institution of great merit but bound in red tape and very ineffective. The remaining superpower not once did he refer to the United States by name was "an extremely effective superpower when it defends its interest and perhaps somebody else's on the way if it doesn't get in the way." However, this superpower lacked the authorization and empowerment to act on behalf of the world.

"There is no doubt that this superpower is a military and economic leader to the world, however it is certainly not a moral or political leader to the world, and the world lacks a leader."

The institutions and structures in the modern world Walesa thought were no longer relevant and to reform them a lot of debate was needed based on the grounds of the achievements of mankind and the lessons learned in order to make platforms and systems that are relevant.

"We see in your country so many striking values that would be applicable to those structures," he told the delegates.

Poland was written off by the world when it was occupied by the Soviet Union. Walesa said that based on the calculation of other nations, there was no way to shake off the Soviet yoke.

"However, a few individuals me included said there had to be a way out but leaders of the world gave us no chance at all; only a nuclear war could change the status quo." The point of his story was, to show where the error was in all their calculations. "When

you engage in speculation about your future and that of your country, you should realize where the error in these calculations was. We calculated tanks, dollars and missiles. What we overlooked were the values, the spirit and God. We neglected these totally."

Walesa detailed the failure of the Soviet attempt to reform the Communist system through perestroika and glasnost, locating the beginning of the downfall to the visit to Poland of Pope John Paul II the first Polish pope. "That guy (Gorbachev) who failed received a Nobel Peace Prize," said Walesa. "I want you not to feel discouraged with any failures that fall upon you; you could win a Nobel Prize!"

Walesa said that relationships between countries with fixed territorial boundaries once revolved around war and dominance. Now, with globalization on us, enemies had become consumers and instead of keeping potential enemies poor and weak it was in each country's self interest to keep them rich enough to buy products.

"Even though the capitalist system does this, bear in mind one thing," he said. "The communist system does not work. Capitalism is not ideal but it is effective in some countries all we have to do is improve it and enlarge the number of stakeholders. We must stop thinking in terms of single countries but in regions and of the globe."

Arab League Secretary-General Amr Moussa said that impediments such as regional politics and international policies that produce disorder and slow down the economic development of the region had to be addressed in order to ensure sustained growth.

"One wonders about our role. This type of disorder regional instability and international policies that trigger disorder will not provide a climate for sustained development," Moussa said on the concluding day of the Jeddah Economic Forum 2007.

The theme of the session was "Changing The Global Energy Paradigm," at which Dr. Majid Al-Moneef, the Kingdom's governor to OPEC, Amadeo Di Lodovico of the McKinsey Global Institute, Rachad Itani, executive partner of Xenel-Balderrie, and Zeger Degraeve, professor at London Business School, also spoke. Broadcaster Sue MacGregor moderated the session.

"Political stability is a prerequisite for sustained development. But how can it be sustained when the region is threatened by acute and delicate issues in Palestine, Lebanon and Iraq, with sectarian, ethnic and other types of strife?" asked Moussa who gave an overview of the political and energy situation in the Middle East and the Gulf.

Moussa also warned about the delay in the implementation of the recent agreement reached in Makkah between Hamas and Fatah. According to him, the Palestinians need to form the unity government which was agreed to in Makkah as soon as possible in order to get out of the difficulties they find themselves in as a result of the international embargo imposed on the Hamas government.

Indicators show that the Palestinian economy is experiencing difficulties. The per capita GDP has fallen by 33 percent, according to 2005 figures. The number of Palestinians living below the poverty line totals 70 percent of the population in Gaza and the West Bank. Unemployment has increased by 32 percent.

"These are very serious indicators," Moussa said and asked whether the financial and economic embargo should continue to force this population to submit to Israeli policies.

Moussa said the Iraqi situation had gone from bad to worse. The country's poverty level is the same as that of the Palestinians. Over 10 million Iraqis are living on the poverty threshold. Unemployment stands at some 50 percent. Casualties are one million and half a million others are wounded and disabled.

"These figures show the acuteness of the crisis experienced by Iraq today. Iraq is threatened by internal strife and religious as well as sectarian and ethnic conflict," he added.

"We see no other way of coming out of the crisis in the Arab world except if the UN Security Council imposes a political framework that supports the current security policy and guarantees attainment of a consensus among all political parties that will ensure equal citizenship and fair distribution of wealth.

"It should also ensure that Iraq continues to abide by the constitution, that it rejects terrorism and upholds the rule of law. Occupation forces should withdraw. No outside party should interfere with the country's domestic policy. The country should be helped to re-establish its security institutions," said Moussa.

The importance of the economic sector in the Arab world should be above the impediments that may hinder Arab joint actions in all spheres of activity, he said, adding that the Arab world is a land of promise in human and natural resources and so great efforts must be made to overcome all of its impediments in order to attain appropriate

and positive results.

Reiterating that various Arab states have made quantum leaps in education and many other sectors, Moussa said progress was all the more obvious in Egypt, North Africa and other parts of the Arab world.

Moussa said there was a general tendency to see the movement to reform as fraught with concern.

"We should engage in economic forums, scientific research and dialogue among ourselves so as to achieve democracy and broaden political participation. This should not be overlooked, especially as the region is faced with hazardous political challenges as well as security and stability concerns," he said.

"Political stability is a necessary prerequisite for sustainable regional economic development. So we should see how we can preserve our achievements and progress, how we can sort out the acute crisis that is triggered by the so-called clash of civilizations and against Islam and Muslims. We already have sectarian, ethnic and other types of strife extending from Palestine to Lebanon, Somalia and Sudan and beyond," he added.

The nuclear issue concerning Iran is engulfing the region which could have dangerous consequences. "We in the Arab world are concerned with the Iranian nuclear issue which is part of the nuclear issue of the Middle East. It's not a stand alone issue. This should not be ignored and it must not serve as a source of disruption. We have a position that is based on the need for a peaceful and balanced political settlement. We in this region are not ready in any way to pay the price of a new military adventure in the region regardless of its motivation; we must serve the precise regional interests above all other interests such as a nuclear free zone. Otherwise we will be contributing to the international arms race."

Even the US administration is required to revive the peace process in the Middle East in keeping with accepted international principles and tenets whereby negotiations should resume to end occupation and establish an independent Palestinian state within a clearly expressed time frame. Moussa was critical of US foreign policy and Washington's relationship with Israel.

The secretary-general hinted that his organization would furnish details about all

possible ways to deal with the Middle East crisis by the end of March, before the Arab Summit in Riyadh. One of the details is related to harmonizing the customs regime by 2015 and establishing an Arab common market by 2020.