



position than most. Having saved oil revenue in the boom times, you are now able to invest in infrastructure to bring jobs to a fast-growing population. And with the economic ties between our countries greater than ever - the UK is now the second largest foreign investor in the Kingdom, and Saudi Arabia is the UK's largest trading partner in the Middle East - your economic strength is very much in our interests.

But as well as addressing the current problems, we need to plan ahead. Because both our countries face challenges if we are to compete effectively in the global markets of 2020 or 2030. We need serious investment in and cooperation on education and re-skilling if we are to continue to drive down poverty, attract international business and provide jobs for our populations.

There are many opportunities for us to work together here. We already have over 14,000 Saudi students in the UK. And our twin educational sectors are jointly driving innovation in some of the most vital sectors for the future: the Universities of Sheffield and Leeds are collaborating with King Saud University on nanotechnology, and Oxford and Cambridge are working with KAUST. I want us to seek out further opportunities for partnership - working with you to support your efforts to build a knowledge-based economy.

The final priority relates to the twin challenges of climate change and energy security. Despite the current downturn, with the global population projected to rise from 6.6 billion now to 9 billion in 2050 and the developing world on a clear path

of industrialisation, the world now faces the most rapid and significant increase in the demand for energy in modern history.

Much of this demand will be met with oil and gas. Saudi Arabia's role is of course critical. Your investment in the oil industry is key to maximising efficiency and keeping future production levels high and oil affordable. Your role in international oil markets, and in particular your help in stabilising oil prices last summer, is greatly appreciated.

There is however no escaping the need to accelerate the shift to low-carbon. The environmental arguments are well known, and very real in the Middle-East - a region which contains five per cent of the world's population but only one per cent of the world's water. And the economic case is becoming increasingly clear too as the world's growing demand for energy cannot be met by oil and gas alone.

I want our two countries to work together to exploit the economic opportunities that the low-carbon agenda offers. Because by investing in low-carbon technology countries can gain a first-mover advantage in the industries of the future. The Kingdom of Saudi Arabia has taken important steps in this direction by investing in large scale solar energy research, and we are both committed to continuing our joint efforts to develop carbon capture and storage technology.

The ties that that bind our Two Kingdoms together are today stronger than ever. The traditional links between our Royal Families, cemented by the State Visit last year, have been supplemented by a much more intensive dialogue between our governments. And the contacts between our people are more frequent than ever - 25,000 Brits now live and work here, and each year 100,000 visitors flow in each direction, many British people coming here on pilgrimage to Makkah and Madinah.

These ties are the basis for increasing cooperation on a wide range of issues. They are the foundations for partnership in the face of many of the great challenges we now face, and the building blocks for a reinvigorated multilateralism that is essential to our success in the 21st century. I look forward to our discussions today about how to intensify and reinforce this partnership over the coming years.