

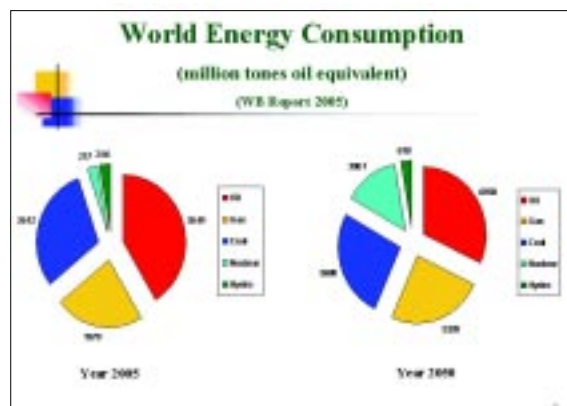
Special Briefing Economic reform in Saudi Arabia

RGBB kicked off the 2008 series of Special Briefings at the British Embassy on Saturday, February 16, 2008, with a powerful message on Economic Reform in Saudi Arabia. Our speaker was Dr Fawaz Al-Alamy, Advisor to the Minister of Commerce & Industry and Saudi Arabia's Chief Technical Negotiator for accession to the WTO.

Dr Fawaz spoke for 20 minutes without notes and was clearly a master of his subject. He set the scene with a briefing on the prospects for the world economy and used as his reference points five major areas of challenge facing the world:

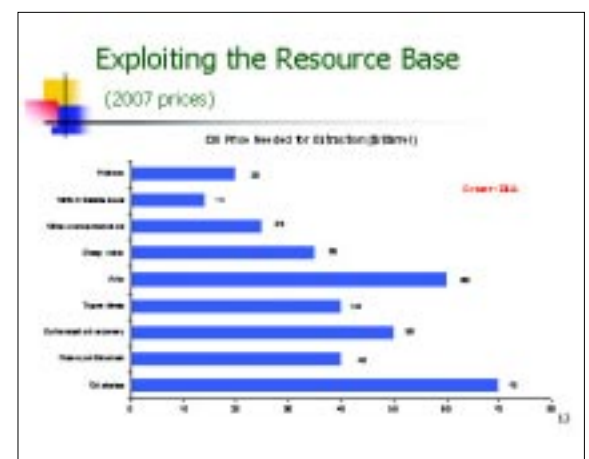
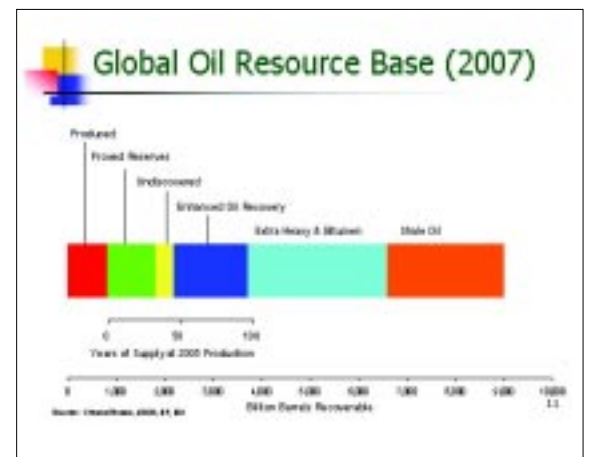


With membership of the WTO and the ten-year process of associated reform, Dr Fawaz explained how Saudi Arabia could expect to be seen increasingly as a global player with interests and responsibilities deriving from all of the challenges highlighted above. Turning specifically to energy, while Saudi Arabia remains committed to being the major provider of oil-based energy, there is also a strong recognition that as world energy consumption expands over the next 50 years, that nuclear energy will increasingly supplement other sources of supply even in oil-rich nations such as Saudi Arabia.



Fully accepting the extent to which the Saudi Arabian economy is currently reliant on oil exports he then explained to the audience the correlation between oil prices and sources of supply ranging from conventional proven resources in easy-to-access areas through to the most expensive option of extracting oil from shale.

The first chart below shows current estimates of oil globally available from all sources while the second shows at what prices it becomes commercial viable to extract oil from more expensive sources:



Dr Fawaz then went on to address the challenges faced by Saudi Arabia as a sub-set of the global challenges highlighted above.

For those in the audience anxious to learn about economic reform in Saudi Arabia, Dr Fawaz explained the inevitability of change given each of these three national challenges

Diversification

- ◆ Oil accounts for 89% of income
- ◆ Services amount to 40% of GDP
- ◆ 95% of imports are in Finished and semi-finished Goods