

JEDDAH ECONOMIC FORUM: THE LORD MAYOR OF THE CITY OF LONDON

Saturday, 11 February 2006

The Rt. Hon. The Lord Mayor, Alderman David Brewer CMG, recently led a delegation of senior businessmen to Saudi Arabia. The Lord Mayor spoke at the Jeddah Economic Forum. Extracts from one of his speeches follow:

Your Excellencies, Dr Taher, Ladies and Gentlemen

It is a great honour to be here today, the Davos of the Middle East! As this year's theme is Diversity in its broadest sense, from economic to political, through social and gender, you will not be surprised at all when I say that for many economists and futurologists, the Kingdom of Saudi Arabia stands today at a crossroads.

It can carry on relying on its natural resources with a prosperous but, shall we say, lopsided economy, or it can go down the path of creating a more balanced economy. A balanced economy where diversity and unity together fulfil the aspirations you all have for this lovely and fascinating land.

So what do I mean by diversity. Let me pick three areas:

Diversity of skills

It would be presumptuous of me to say what should happen here in the Kingdom of Saudi Arabia, but speaking from my own experience, diversity of skills is, without doubt, the key ingredient of the City of London's success.

By that I mean that all the studies we have done over the past decade or so point to people who can compete on a world stage. People being able to think creatively, people enjoying what they are doing, people being supported, led well and paid well. Challenged. Yes. Stretched. Yes. But people who are in the right mental and physical environment to succeed. To create that environment is your task as senior business people, just as it is ours.

We have also found that there are three ingredients to making this work. First is to welcome people of all nationalities who have skills. Second is to insist on qualifications and third is to provide a safe, clean and enjoyable place to live and work. In short it is all about diversity.

All that sounds very easy to do but it is not! First of all there will be those who want to restrict immigration. They do not understand that knowledge workers of whatever nationality actually create jobs for local

people.

Diversity of qualifications

Then there is the issue of qualifications. This is especially important in financial services and the financial support services like the legal and accounting professions. People with recognised qualifications inspire confidence and are as much of a commercial asset as a good idea. Which brings us right back to skills. If you do not know much about Shir'ia law, it is hard to design a Shir'ia insurance product which will be endorsed by a Shir'ia compliancy panel.

But it is important to get the right credentials. If you wish to work with international contracts, you need to understand common law. If you wish to become a regulator, then you need to train within a regulatory regime which is sympathetic and compatible with where you wish to work. To be specific, it is no good learning rule-by-rule, line-by-line regulation in the USA if you hope to work with principle-based regulation throughout the Gulf, the UK, Australia, Canada or most of the far east!

And whilst I am at it, may I say how important we are finding qualifications in other walks of life as well. Not everyone can be an insurance broker. We need people to fix air conditioners, to repair vehicles. They, too, need qualifications and their customers need the reassurance which that quality control brings as well.

Diversity of finance

Finally there is diversity in financing. Your government has put in place ambitious plans for public spending on healthcare and infrastructure which are truly breathtaking. To cope with your rapidly growing population, you are planning some 30 new hospitals with almost 5,000 beds and 250 clinics *in the next five years*. You are also planning 3,000 schools, 12 new desalination plants, upgrades to your airport and the one at Medina besides the new rail network.

Add to that a whole raft of other major projects in power, water, oil, gas and communications and you are looking at an estimated investment of some US\$624 billion over the next fifteen years.

Now, we know you can afford it. But with infrastructure there is a massive on-cost of maintenance, replacement and upgrading which will, at some estimates, almost double that bill over the next thirty years at today's rates. This is not acceptable to even the most wealthy of governments, especially in a land with a galloping population boom. This is where