



The address of His Highness the Prime Minister at the "Arab Economic Integration Conference from the Private Sector's Perspective" Organized by the Kuwait Chamber of Commerce and Industry (KCCI) in cooperation with the General Federation of Chambers of Commerce, Industry and Agriculture of Arab Countries

11 November 2008

**His Highness Deputy Amir and Crown Prince Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah,
Ladies and Gentlemen,
Esteemed guests,
Assalamu Alaikum Wa Rahmatullahi Wa Barakatuh,**

I am pleased to welcome you all in your second country Kuwait which is hosting this conference on the prospects of Arab Economic Integration from the Private Sector's Perspective. Firstly, I wish to extend my appreciation to the Kuwait Chamber of Commerce and Industry for organizing this conference in cooperation with the General Federation of Chambers of Commerce, Industry and Agriculture of Arab Countries, the chamber has often initiated the hosting of forums and conferences which shed a light on economic issues of importance.

Ladies and Gentlemen,

As you are aware, Kuwait is always keen to enhance and develop the ties of joint Arab cooperation in all fields, especially those related to economic cooperation emanating from the belief Kuwait has that consolidating Arab economic ties will achieve a qualitative leap in different fields of Arab collective action, to serve the higher interests of our Arab Ummah and its people's aspirations.

Consequently, the resolution was endorsed by the Arab Summit held in Riyadh-Kingdom of Saudi Arabia on the 28th-29th of March 2007 to hold the " Arab Economic, Social and Development Summit" in the State of Kuwait on the 19th-20th of January 2009 by virtue of the wise initiative of His Highness the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah.

Based upon this, the conference represents a significant opportunity that we must capitalize on to raise the prospects of the Arab private sector on means of confronting the social and economic challenges which face our countries in the current phase, and which contribute to setting the agenda for the upcoming Arab Summit, assisting Arab leaders in drawing plans and setting programmes to bolster the private sector thereby contributing to efforts aimed at developing the Arab economy on a firm basis.



Dear attendance,

Our countries are currently facing various social and economic challenges, particularly those linked to the modest results achieved on the level of providing the requirements of sustainable development. The rate of speedy population growth is one of the prominent challenges that face the majority of Arab countries in the current phase, and this is linked to the increase in demand on public services such as education, health, social welfare and public utilities and the increased need to provide job opportunities for the growing number of citizens entering the work market. Reports on this issue show that Arab countries are witnessing high levels of unemployment in comparison with other regions of the world. The average rate of unemployment in Arab countries reached 14% compared to 5.8% in the major developed industrial countries, and around 3.7% in emerging industrial Asian countries.

The increase in demand in these activities paves the way for expanding the role of the private sector in Arab economies, especially that it requires a high degree of flexibility in movement, creativity and utilization of advanced technology in accordance with the active and creative nature of the private sector.

Hence, the importance of providing a stimulating environment for the Arab private sector to contribute in activities by placing regulatory standards and appropriate means to participate and pursue the considerations related to boosting the ties of Arab economic integration.

Besides this, the productive structure of the majority of Arab economies is limited in diversity; most prominently, the manufacturing sector does not represent a relatively significant increase in economic activities, other than a few Arab countries. However, most Arab countries depend on extracting and exporting raw materials and fuel in attaining the main source of national income.

Upon examining the reality of Arab economic cooperation, indications also show modest accomplishments in this field, this was withdrawn with dependence on proportional status of Arab countries in the global economy. Therefore, the option of deepening Arab economic integrity is considered the most apparent option available to Arab countries in this field, which is enhanced by the bonds of religion, history, heritage, culture shared by Arab countries.

Dear guests,

Fast developments and crises in the current global economy pose increased challenges that are faced by Arab economies. On this occasion, we must point to the widening scope of the global financial crisis and the negative repercussions on most countries around the world, including Arab countries in light of globalizing markets and the information and communication revolution. The risk of this crisis is in its impact on the banking and financial sectors in Arab countries, which represent one of the most important aspects of Arab economic development efforts.

Thus, the importance rises for coordinating efforts aimed at the development of Arab banking and financial sectors in the framework of an integrated organization with supervisory and monitoring procedures and measures, which may contribute to enhancing the capability of our banking and financial institutes to overcome the



ramifications of the current financial crisis. The efforts exerted by Kuwait in the past few years concentrated on enhancing efficiency in the performance of local banking and financial sectors, increasing their competitive capabilities to strengthen the sector's role in the national economy. As well as following up this sector through a monitoring organization with the latest global methods in this field. As a result, the appropriate environment was bolstered for the growth and development of the local banking and financial sector, with the Kuwaiti banking sector receiving the best credit classifications in the region, assisting it in confronting the challenges of the current phase. We are fully confident of the ability of our banking and financial sector to overcome the challenges of this phase and continue its distinguished performance.

Dear guests,

Although the immediate ramifications of the current financial crisis on Arab countries remain within relatively limited scopes, the significance of activating and enhancing means of joint Arab action at this stage, and to confront the negative consequences, particularly the indirect ones, on the rates of economic activity is paramount.

We in Kuwait are totally convinced that countries of the Arab world, with their distinguished geographic and strategic location, and the wealth they possess in human and natural resources can overcome the challenges of the current phase and increase their ability to confront the effects of the global financial crisis, if their notions and directions unify.

Dear guests,

I doubt that there is any fundamental difference in this phase of joint Arab action over the pivotal role of the private sector in driving economic development in our countries, since the majority of Arab states apply programmes and policies of economic reform and free markets to consolidate the role of the private sector in developing local production capabilities. To top this, the private sector has been included to draft the executive programme for the greater Arab free trade zone of which the transparency phase began from 1997.

In this respect, we can say that Arab states have achieved progress in this field with disparity, and yet the progress achieved remains below the required level. Therefore, the need increases at this stage to provide a supportive investment climate, which encourages the private sector to play its development role on the local and Arab levels.

Developing the greater Arab free trade zone and pushing ahead with enhancing the ties of Arab economic integration requires new initiatives to achieve a qualitative leap in the business and commercial environment in Arab countries, exceeding the confined integration of trade in commodities between Arab states to the wider integration, which also includes trade in services, the flow of investments and the transfer of production factors.

The role of your conference comes into its own, since it includes elite Arab businessmen and economists to present their opinions on the means of achieving this qualitative leap.



**I wish you success in this conference and pray to Allah to assist us in continuing our action for the progress we look forward to attaining under the wise leadership of His Highness the Amir and His Highness the Crown Prince.
Thank you for your attention.**

Wassalamu Alaikum Wa Rahmatullahi Wa Barakatuh.