

Marmore First Take

Saudi Arabia at the 2017 G-20 Summit

July, 2017

Highlights

On July 03, 2017, the German government announced that Saudi Arabia's King Salman bin Abdulaziz Al Saud will not attend the July 7-8 (2017) summit of the Group¹. Saudi Arabia (KSA) chose to send Minister of State and Cabinet Member, Dr. Ibrahim bin Abdulaziz Al-Assaf. Many analysts were surprised by this given the nature of representation by other countries at the highest level. . Some commentators speculated that the decision of KSA may be connected with the ongoing diplomatic standoff with Qatar, as there was much political energy being paid to the issue in the KSA.

The KSA delegation placed a major thrust on the message of combating terrorism in its various forms. According to the Saudi Press Agency (SPA), the KSA "[...] stressed that combating terrorism and extremism and promoting the values of moderation is an international responsibility that requires effective cooperation and coordination among countries." The KSA stressed the importance of working towards ensuring that the international financial system is not exploited by terrorists and drug traffickers, calling for effective implementation of financial procedures to check money laundering.

In the G-20, the KSA appeared much focused on the issue of terrorism. Even as countries like China were pushing for a movement towards a digital economy and many Western countries were mulling the consequences of American withdrawal from the Paris climate agreement, the KSA's singular messaging on combating terrorism appeared to reflect the current preoccupations of the Saudi government, especially in relation to the blockading of Qatar. The issue of development and job creation was brought up by the Saudi delegation in relation to the need to maximize the contribution of youth and to "[...] keep them away from the ideas of extremism and terrorism."²

Though the issue did not officially come up for discussion as part of the G-20, His Excellency Mr. Adel bin Ahmed Al-Jubeir, the Minister of Foreign Affairs of the KSA, gave an exclusive interview to Deutsche Welle (DW), a German international broadcaster. In the interview, the Foreign Minister hinted that the Qatar issue was broached with the US Secretary of State, Mr. Rex Tillerson, on the summit sidelines. In the DW interview, Qatar came in for some stringent criticism from the Saudi Foreign Minister. The following observations were contained in the G-20 official publication titled—G20

Hamburg Action Plan (released on July 08, 2017). The following are the verbatim extracts from the report with respect to references to the KSA—

1. The (monetary) policy stance continues to remain accommodative in Australia, Canada, the euro area, **Saudi Arabia**, South Africa, the United Kingdom and the United States
2. Saudi Arabia is establishing a fund that provides attractive investment capital to support the private sector by raising its efficiency and competitiveness
3. Saudi Arabia is developing a national household allowance to provide social safety net protection to low-income groups

The reference to a fund (point 2 above) is in connection with the Public Investment Fund of Saudi Arabia (PIF), which KSA anticipates will benefit from Aramco's IPO providing huge sums so that many sectors inside and outside of the Kingdom can be targeted for investments³. Meanwhile, the household allowance item (point 3) is part of Saudi Arabia's Vision 2030 plan, and it has three primary objectives⁴—

- » Protecting low and medium income Saudi households against the direct and the indirect impact of various reform steps.
- » Improve targeting of Saudi government aids by instituting a mechanism that will channel the benefits to the eligible population segments only.
- » Promote and incentivize responsible consumption of energy and water resources by households.

The overall motto of the 2017 G-20 was "Shaping an interconnected world". The recurring theme was

the need for governments to master and shape the global challenges of the age⁵. The dominant subject is reflected in the several questions that the G-20 sought to debate and address—

- » How can governments cooperate better in the future for the sake of their respective citizens?
- » What fears and challenges are associated with globalization, and what can be done to address these?
- » How can governments safeguard inclusiveness and ensure that the benefits of prosperity and growth are distributed fairly?

Thus, the 2017 G-20 summit is a reminder of the need to address the fears surrounding the impact of globalization in many parts of the world, while facilitating inclusive growth under a resilient and robust global financial architecture. It would also help to combat corruption to a good degree. The 2017 G-20 recognized the increasingly strident theme that thought the world, in general, has benefited from globalization, it has failed to manage the innate complications.

Many G-20 leaders were focused on understanding the systemic risks that transcend national borders. Yet, the Kingdom's sole focus on terrorism alone, apparently due to the face-off with Qatar, diluted the ability of Saudi Arabia to shape discussions in terms of stressing the need for robust regional and international institutions for promoting economic diversification, skills-based education and greater international collaborations for research. The future of globalization has important implications for the Saudi and the GCC economy. However, the current regional crisis in the GCC appears to take precedence from KSA vantage point.

¹ Reuters

² Saudi Press Agency

³ Saudi Press Agency

⁴ Saudi Press Agency

⁵ G20 SUMMIT

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