

THE JOINT ARAB-BRITISH CHAMBER OF COMMERCE

Accounts for the year ended 31 March 2005
together with the chairman's statement, directors' and auditors' reports

Registered number: 1199402

THE JOINT ARAB-BRITISH CHAMBER OF COMMERCE

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CHAIRMAN'S STATEMENT

In his statement last year, my predecessor Lord Prior emphasised that winning the peace in Iraq was proving difficult and costly. He noted the general hostility of the Arab nations against the United States with which Britain was closely associated and that a just resolution of the Arab-Israel problem remained remote.

Since then, despite some constitutional progress, security throughout Iraq has continued to deteriorate and the death toll, principally among the Iraqi people themselves has mounted steadily. Few knowledgeable observers are optimistic about the establishment in the foreseeable future of a united democratic and functioning civil society in that country.

Meanwhile, Middle Eastern terrorism has struck in London, starting with the suicide bombings on 7th July. While the police and security services have been notably effective in identifying the perpetrators the vulnerability of modern cities to such acts is unquestionable and it is no longer credible, whatever the motivation of disaffected young British Muslims, to argue that the overthrow of Saddam Hussein, however welcome in itself, has made Britain a safer place.

Inevitably, and rightly, Lord Prior also emphasised the centrality of a settlement of the Arab-Israel problem to the peace and prosperity of the whole region. Although the year has seen changes with the passing of the Chairman Arafat and the start of the Israeli withdraw from Gaza, a just peace and the establishment of a viable Palestinian State look no nearer.

While the Arab-British Chamber of Commerce is not a political organisation, this political context threatens the good economic and commercial relations between Britain and the Arab countries which it is our business to foster. The economic context by contrast is strongly positive. The strength of oil prices means that the economies of the Gulf Cooperation Council countries above all are booming, with massive infrastructure projects and opportunities in Saudi Arabia and the Gulf region. This has been reflected to a limited extent in UK trade with the region with a steady increase in both Arab exports of £4.9 billion to the United Kingdom and British exports of £7.8 billion to the Arab world. But insecurity in Iraq casts a shadow over the wider market and our Arab partners complain that British industry continues to lose market share to our competitors.

Against this background, the Chamber has continued to provide its essential service to exporters through the processing of export certificates; with the cooperation of the Arab Embassies the decline in the numbers processed has been much reduced and the revenue generated has been maintained. The Chamber has also continued its promotional work among potential and actual exporters through a series of breakfast briefings and seminars. But with British manufacturing industry reduced in capacity our preoccupation may in future be more substantially in the promotion of the services sector of which the City of London remains a vibrant, even dominant centre.

The Chamber has itself been in the process of transformation since the retirement of the last Secretary General at the end of 2003. As my predecessor reported last year, the Chamber had faced a pension scheme deficit of more than £9.1 million under the rules of Financial Reporting Standard 17 and this necessitated the sale of 6 Belgrave Square. This sale was completed in March 2005 and enabled a special capital contribution of £2 million to the pension fund in April 2005 together with consequential running cost savings of more than £150,000 per annum in the years to come. The Chamber's operations are temporary based at One Jermyn Street which gives us good office accommodation at reasonable cost but no suitable facilities for board meetings, seminars and other events. We hope to be in new permanent premises in Mayfair which offer all the office and convention space we need by the first quarter of 2006. With the staff reorganisation and reduction in numbers over the past two years and the acquisition of fine and appropriate new premises, the Chamber is now in a position to fulfil its full role efficiently and within its budget.

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CHAIRMAN'S STATEMENT (continued)

To achieve this purpose I am delighted to welcome the appointment of Dr. Mohammad Smadi to succeed Mr. Al-Mudaris as Secretary- General and Chief Executive of the Chamber. Dr. Smadi assumed his duties at the start of July 2005. As an economist with long and distinguished public and private sector experience as an international negotiator, Government Advisor and director and chairman of major companies he brings outstanding qualifications to his new post. Together with my fellow directors I look forward to overseeing a long period of positive development of the Chamber's potential under his leadership. An early commitment is for us both to explore with our major stakeholders including the Council of Arab Ambassadors in London how the work of the Chamber can most effectively be taken forward.

We shall do this with a new system of governance in place, agreed by the Board of Directors at its May 2005 meeting. The changes made mean great simplification of the existing committees system. For the future, there will be only two Committees, an Executive and an Audit Committee. The Executive Committee meeting 4 times a year will relieve the full Board of the routine oversight of the Chamber's operations; it is our intention that the board should meet only once each year. The new arrangements will be reviewed in the first half of 2006 to ensure that they have worked out in practice.

Finally, may I pay tribute to my fellow directors and to the staff of the Chamber who have seen it through the testing times of restructuring, the move from Belgrave Square and, indeed, the need to help a new chairman find his feet. I must particularly, single out David Lewendon, who is now, under the Governance changes adopted by the Board appointed Finance Director. With the appointment of Dr. Smadi we can now move forward with new ideas and enhanced efficiency.



Sir Roger Tomkys
Chairman
20 September 2005

