

NOV 30 2004

For Six Month Period Ending _____
(Insert date)

I - REGISTRANT

1. (a) Name of Registrant (b) Registration No.
Loeffler Tuggey Pauerstein Rosenthal LLP 5432
d/b/a, The Loeffler Group
(c) Business Address(es) of Registrant
1801 K Street, NW, Suite 340
Washington, DC 20006

CRM/ISS/REGISTRATION UNIT
2005 FEB 28 PM 3:16

2. Has there been a change in the information previously furnished in connection with the following:

- (a) If an individual:
 - (1) Residence address Yes No N/A
 - (2) Citizenship Yes No N/A
 - (3) Occupation Yes No N/A
- (b) If an organization:
 - (1) Name Yes No
 - (2) Ownership or control Yes No
 - (3) Branch offices Yes No

(c) Explain fully all changes, if any, indicated in items (a) and (b) above.
Loeffler Tuggey Pauerstein Rosenthal LLP was previously known as Loeffler Jonas & Tuggey LLP. This name change reflects the dissolution of the former partnership and the creation (via amendment to the original partnership agreement) of a new partnership without W. James Jonas III. The change occurred October 29, 2004. Loeffler Tuggey Pauerstein Rosenthal LLP is also doing business as The Loeffler Group.

IF THE REGISTRANT IS AN INDIVIDUAL, OMIT RESPONSE TO ITEMS 3, 4, AND 5(a).

3. If you have previously filed Exhibit C¹, state whether any changes therein have occurred during this 6 month reporting period.
Yes No

If yes, have you filed an amendment to the Exhibit C? Yes No

If no, please attach the required amendment.

See attached Exhibit C and find the original Partnership Agreement attached as reference, as well as the First Amendment to the Agreement.

¹ The Exhibit C, for which no printed form is provided, consists of a true copy of the charter, articles of incorporation, association, and by laws of a registrant that is an organization. (a waiver of the requirement to file an Exhibit C may be obtained for good cause upon written application to the Assistant Attorney General, Criminal Division, Internal Security Section, U.S. Department of Justice, Washington, D.C. 20530.)

4. (a) Have any persons ceased acting as partners, officers, directors or similar officials of the registrant during this 6 month reporting period? Yes No

If yes, furnish the following information:

Name	Position	Date Connection Ended
Brad Barnes	Attorney, Partner	7/15/04
W. James Jonas III	Attorney, Partner	10/31/04
Mark Keinke	Attorney, Associate	7/31/04
Noe Rangel	Attorney, Associate	7/31/04

(b) Have any persons become partners, officers, directors or similar officials during this 6 month reporting period? Yes No

If yes, furnish the following information:

Name	Residence Address	Citizenship	Position	Date Assumed
Cline White	13927 South Village San Antonio, TX 78249	U.S.	Attorney, Partner	8/10/04

5. (a) Has any person named in item 4(b) rendered services directly in furtherance of the interests of any foreign principal? Yes No

If yes, identify each such person and describe his service.

(b) Have any employee or individuals, who have filed a short form registration statement, terminated their employment or connection with the registrant during this 6 month reporting? Yes No

If yes, furnish the following information:

Name	Position or connection	Date terminated
W. James Jonas III	Attorney, Partner	10/31/04
Noe Rangel	Attorney, Associate	7/31/04

(c) During this six month reporting period, has the registrant hired as employees or in any other capacity any persons who rendered or will render services to the registrant directly in furtherance of the interests of any foreign principal(s) in other than a clerical or secretarial, or in a related or similar capacity? Yes No

If yes, furnish the following information:

Name	Residence Address	Citizenship	Position	Date Assumed
------	-------------------	-------------	----------	--------------

6. Have short form registration statements been filed by all of the persons named in Items 5(a) and 5(c) of the supplemental statement? Yes No N/A

If no, list names of persons who have not filed the required statement.

II - FOREIGN PRINCIPAL

7. Has your connection with any foreign principal ended during this 6 month reporting period?

Yes No

If yes, furnish the following information:

Name of foreign principal

State of Hidalgo, Mexico

Date of termination

9/30/04

8. Have you acquired any new foreign principal² during this 6 month reporting period?

Yes No

If yes, furnish following information:

Name and address of foreign principal

Date acquired

9. In addition to those named in Items 7 and 8, if any, list foreign principals² whom you continued to represent during the 6 month reporting period.

Hong Kong Economic & Trade Office
Royal Embassy of Saudi Arabia
State of Hidalgo, Mexico

10. **EXHIBITS A AND B**

(a) Have you filed for each of the newly acquired foreign principals in Item 8 the following:

Exhibit A ³	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A
Exhibit B ⁴	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A

If no, please attach the required exhibit.

(b) Have there been any changes in the Exhibits A and B previously filed for any foreign principal whom you represented during this six month period? Yes No

If yes, have you filed an amendment to these exhibits? Yes No N/A

If no, please attach the required amendment.

2 The term "foreign principal" includes, in addition to those defined in section 1(b) of the Act, an individual organization any of whose activities are directly or indirectly supervised, directed, controlled, financed, or subsidized in whole or in major part by a foreign government, foreign political party, foreign organization or foreign individual. (See Rule 100(a) (9)). A registrant who represents more than one foreign principal is required to list in the statements he files under the Act only those principals for whom he is not entitled to claim exemption under Section 3 of the Act. (See Rule 208.)

3 The Exhibit A, which is filed on form CRM-157 (Formerly OBD-67) sets forth the information required to be disclosed concerning each foreign principal.

4 The Exhibit B, which is filed on Form CRM-155 (Formerly OBD-65) sets forth the information concerning the agreement or understanding between the registrant and the foreign principal.

III - ACTIVITIES

11. During the 6 month reporting period, have you engaged in any activities for or rendered any services to any foreign principal named in items 7, 8, and 9 of this statement? Yes No

If yes, identify each such foreign principal and describe in full detail your activities and services:

- 1. Services performed on behalf of Hong Kong Economic & Trade Office - See Attachment to #11
- 2. Services performed on behalf of Royal Embassy of Saudi Arabia- See Attachment to #11
- 3. Services performed on behalf of State of Hidalgo, Mexico - See Attachment to #11

12. During this 6 month reporting period, have you on behalf of any foreign principal engaged in political activity⁵ as defined below? Yes No

If yes, identify each such foreign principal and describe in full detail all such political activity, indicating, among other things, the relations, interests and policies sought to be influenced and the means employed to achieve this purpose. If the registrant arranged, sponsored or delivered speeches, lectures or radio and TV broadcasts, give details as to dates, places, of delivery, names of speakers and subject matter.

See Attachment to #12

13. In addition to the above described activities, if any, have you engaged in activities on your own behalf which benefits any or all of your foreign principals? Yes No

If yes, describe fully.

N/A

⁵ The term "political activities" means any activity that the person engaging in believes will, or that the person intends to, in any way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting or changing the domestic or foreign policies of the United States or with reference to political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

IV - FINANCIAL INFORMATION

14. (a) RECEIPTS-MONIES

During this 6 month reporting period, have you received from any foreign principal named in Items 7, 8, and 9 of this statement, or from any other source, for or in the interests of any such foreign principal, any contributions, income or money either as compensation or otherwise? Yes No

If no, explain why.

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies⁶

Date	From Whom	Purpose	Amount
See Attachment to #14(a)			

Total

(b) RECEIPTS - FUND RASING CAMPAIGN

During this 6 month reporting period, have you received, as part of a fund raising campaign⁷, any money on behalf of any foreign principal named in items 7, 8, and 9 of this statement? Yes No

If yes, have you filed an Exhibit D to your registration? Yes No N/A

If yes, indicate the date the Exhibit D was filed. Date N/A

(c) RECEIPTS-THINGS OF VALUE

During this 6 month reporting period, have you received any thing of value⁹ other than money from any foreign principal named in Items 7, 8, and 9 of this statement, or from any other source, for or in the interests of any such foreign principal? Yes No

If yes, furnish the following information:

Name of foreign principal	Date received	Description of thing of value	Purpose
N/A			

^{6, 7} A registrant is required to file an Exhibit D if he collects or receives contributions, loans, money, or other things of value for a foreign principal, as part of a fund raising campaign. (See Rule 201(e).)

⁸ An Exhibit D, for which no printed form is provided, sets forth an account of money collected or received as a result of a fund raising campaign and transmitted for a foreign principal.

⁹ Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks," and the like.

15. (a) **DISBURSEMENTS-MONIES**

During this 6 month reporting period, have you

(1) disbursed or expended monies in connection with activity on behalf of any foreign principal named in Items 7, 8, and 9 of this statement? Yes No

(2) transmitted monies to any such foreign principal? Yes No

If no, explain in full detail why there were no disbursements made on behalf of any foreign principal.

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies, including monies transmitted, if any, to each foreign principal.

Date	To Whom	Purpose	Amount
See Attachment to #15(a)			

Total

(b) **DISBURSEMENTS-THINGS OF VALUE**

During this 6 month reporting period, have you disposed of anything of value¹⁰ other than money in furtherance of or in connection with activities on behalf of any foreign principal named in Items 7, 8, and 9 of this statement?

Yes No

If yes, furnish the following information:

Date disposed N/A	Name of person to whom given	On behalf of what foreign principal	Description of thing of value	Purpose
----------------------	------------------------------	-------------------------------------	-------------------------------	---------

(c) **DISBURSEMENTS-POLITICAL CONTRIBUTIONS**

During this 6 month reporting period, have you from your own funds and on your own behalf either directly or through any other person, made any contributions of money or other things of value¹¹ in connection with an election to any political office, or in connection with any primary election, convention, or caucus held to select candidates for political office?

Yes No

If yes, furnish the following information:

Date	Amount or thing of value	Name of political organization	Name of candidate
See Attachments #15(c)(i) and #15(c)(ii)			

10, 11 Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks" and the like.

V - INFORMATIONAL MATERIALS

16. During this 6 month reporting period, did you prepare, disseminate or cause to be disseminated any informational materials¹²?
Yes No

IF YES, RESPOND TO THE REMAINING ITEMS IN SECTION V.

See Attachment to Section V

17. Identify each such foreign principal.

See Attachment to Section V

18. During this 6 month reporting period, did any foreign principal establish a budget or allocate a specified sum of money to finance your activities in preparing, disseminating, or causing the dissemination of informational materials? Yes No

If yes, identify each such foreign principal, specify amount, and indicate for what period of time.

See Attachment to Section V

19. During this 6 month reporting period, did your activities in preparing, disseminating or causing the dissemination of informational materials include the use of any of the following:

- Radio or TV broadcasts
- Magazine or newspaper articles
- Motion pictures or films
- Letters or telegrams
- Advertising campaigns
- Press releases
- Pamphlets or other publications
- Lectures or speeches
- Internet
- Other (specify) See Attachment to Section V

20. During this 6 month reporting period, did you disseminate or cause to be disseminated informational materials among any of the following groups:

- Public Officials
- Newspapers
- Libraries
- Legislators
- Editors
- Educational institutions
- Government agencies
- Civic groups or associations
- Nationality groups
- Other (specify) See Attachment to Section V

21. What language was used in the informational materials:
 English Other (specify) See Attachment to Section V

22. Did you file with the Registration and Reporting Section, U.S. Department of Justice a copy of each item of such informational materials disseminated or caused to be disseminated during this 6 month reporting period? Yes No
See Attachment to Section V

23. Did you label each item of such informational materials with the statement required by Section 4(b) of the Act? Yes No
See Attachment to Section V

¹² The term "informational materials" includes any oral, visual, graphic, written, or pictorial information or matter of any kind, including that published by means of advertising, books, periodicals, newspapers, lectures, broadcasts, motion pictures, or any means or instrumentality of interstate or foreign commerce or otherwise. Informational materials disseminated by an agent of a foreign principal as part of an activity in itself exempt from registration, or an activity which by itself would not require registration, need not be filed pursuant to Section 4(b) of the Act.

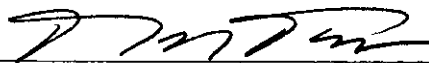
VI--EXECUTION

In accordance with 28 U.S.C. § 1746, the undersigned swear(s) or affirm(s) under penalty of perjury that he/she has (they have) read the information set forth in this registration statement and the attached exhibits and that he/she is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his/her (their) knowledge and belief, except that the undersigned make(s) no representation as to truth or accuracy of the information contained in the attached Short Form Registration Statement(s), if any, insofar as such information is not within his/her (their) personal knowledge.

(Date of signature)

(Type or print name under each signature¹³)

2/24/05



Timothy N. Tuggey, Partner

2005 FEB 28 PM 3:16
CRM/ISS/REGISTRATION UNIT

13 This statement shall be signed by the individual agent, if the registrant is an individual, or by a majority of those partners, officers, directors or persons performing similar functions, if the registrant is an organization, except that the organization can, by power of attorney, authorize one or more individuals to execute this statement on its behalf.

THIS FORM IS TO BE AN OFFICIAL ATTACHMENT TO YOUR CURRENT
 SUPPLEMENTAL STATEMENT - PLEASE EXECUTE IN TRIPLICATE

SHORT-FORM REGISTRATION INFORMATION SHEET

SECTION A

The Department records list active short-form registration statements for the following persons of your organization filed on the date indicated by each name. If a person is not still functioning in the same capacity directly on behalf of the foreign principal, please show the date of termination.

Short Form List For Registrant: Loeffler, Jonas & Tuggey, LLP

Last Name	First Name and Other Names	Registration Date	Termination Date	Role
Christy	David S. Jr.,	10/28/03		
Domenick	Julie	6/29/04		
Farrell	Cynthia	10/22/03		
Frazier	Michael James	5/31/02		
Gullott	Kristen Marie	5/13/04		
Jonas	W. James III	12/6/02	10/31/04	
Kraker	Marcus A.	10/28/03		
Loeffler	Thomas G.	5/22/01		
Martinez	Jose E.	1/16/03		
Parlin	C. Christopher	10/28/03		
Plebani	Jon W.	5/22/01		
Rangel	Noe	6/25/03	7/31/04	
Rickhoff	Hans Christopher	10/28/03		

2005 FEB 28 PM 3:16
 CRM/ISS/REGISTRATION UNIT

SECTION B

In addition to those persons listed in Section A, list below all current employees rendering services directly on behalf of the foreign principal(s) who have not as yet filed short-form registration statements. (Do not list clerks, secretaries, typists or employees in a similar or related capacity. If there is some question as to whether an employee has an obligation to file a short-form, please address a letter to us describing the activities and connection with the foreign principal.)

Name	Function	Date Hired
NA		

Signature: _____

Date: _____

Title: _____

2005 FEB 28 PM 3:16
CRM/ISS/REGISTRATION UNIT

Attachment to Question #11

1. Registrant performed services on behalf of the Hong Kong Economic & Trade Office.

The Registrant's services included contacts and meetings with Members of Congress and their staff, as well as with Executive Branch officials. Issues of interest included constitutional developments in Hong Kong, international trade policy, the U.S.-China trade relationship and the World Trade Organization.

2. Registrant performed services on behalf of the Royal Embassy of Saudi Arabia.

The Registrant advised the foreign principal with respect to its relationship with the U.S. Congress and the Administration. Registrant provided services related to interaction between the foreign principal and Members of Congress, congressional staff, officials in the Executive Branch and the World Trade Organization. The Registrant's services included contacts and meetings with Members of Congress and their staff, as well as with Executive Branch officials, regarding the specific issues set forth in response to Question #12.

3. Registrant performed services on behalf of the State of Hidalgo, Mexico.

The Registrant advised the foreign principal with respect to the political climate in Mexico. Registrant assisted the foreign principal with its relationship to U.S political leaders. Registrant assisted the foreign principal with existing bilateral agreements between Mexico and the U.S. and advocated certain infrastructure projects with the State of Hidalgo as part of those agreements. The Registrant's services included contacts and meetings with Members of Congress and their staff, as well as with Executive Branch officials.

2005 FEB 28 PM 3:17
CRM/ISS/REGISTRATION UNIT

Attachment to #12 (Activities)

Hong Kong Economic & Trade Office

Jon Plebani	7/12/04	Phone calls with Mike Sheehy, Office of the Democratic Party Leader, to discuss constitutional development in Hong Kong.
Jon Plebani	7/12/04	Phone calls with Bob King, Minority Staff Director, House International Relations Committee, to discuss constitutional development in Hong Kong.
Jon Plebani	7/15/04	Phone calls with Nancy Stetson, Senate Foreign Policy Relations Committee, to discuss constitutional development in Hong Kong.
Jon Plebani	7/26/04	Meeting with Nancy Stetson, Senate Foreign Policy Relations Committee, to discuss constitutional development in Hong Kong.

Royal Embassy of Saudi Arabia

Tom Loeffler	6/18/04	Meeting with Congressman Joe Barton, Chairman of the House Energy and Commerce Committee, to discuss the Kingdom of Saudi Arabia and US/Kingdom of Saudi Arabia relations.
Tom Loeffler	6/20/04	Phone conversation with Ambassador Robert Zoellick, US Trade Representative to discuss the Kingdom of Saudi Arabia and US/Kingdom of Saudi Arabia relations.
Jon Plebani	6/10/04	Phone conversation with Anthony Blinken, Senate Foreign Relations Committee regarding Saudi and US cooperation.
Jon Plebani	6/11/04	Phone conversation with Anthony Blinken, Senate Foreign Relations Committee regarding Saudi and US cooperation.
Jon Plebani	9/15/04	Phone conversation with Senator Sam Brownback, regarding the war on terrorism and political and societal reforms within Saudi Arabia.

2005 FEB 28 PM 3:17
CRM/ISSREGISTRATION UNIT

Attachment to #12 (Activities)

David S. Christy, Jr.	6/9/04	Meeting with Cecilia Klein, Director for WTO Accessions, USTR, and Dorothy Dwoskin, Assistant USTR for Multilateral Affairs, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
David S. Christy, Jr.	6/15/04	Meeting and telephone conference with Cecilia Klein, Director for WTO Accessions, USTR, and Dorothy Dwoskin, Assistant USTR for Multilateral Affairs, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
David S. Christy, Jr.	6/16/04	Meeting and telephone conference with Cecilia Klein, Director for WTO Accessions, USTR, and Dorothy Dwoskin, Assistant USTR for Multilateral Affairs, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
David S. Christy, Jr.	6/17/04	Meeting and telephone conference with Cecilia Klein, Director for WTO Accessions, USTR, and Dorothy Dwoskin, Assistant USTR for Multilateral Affairs, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
David S. Christy, Jr.	6/21/04	Meetings with Cecilia Klein, Director for WTO Accessions, USTR, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
David S. Christy, Jr.	6/28/04	Telephone conference with Cecilia Klein, Director for WTO Accessions, USTR, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
David S. Christy, Jr.	7/01/04	Telephone conference with Cecilia Klein, Director for WTO Accessions, USTR, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
David S. Christy, Jr.	7/27/04	Telephone conference with Cecilia Klein, Director for WTO Accessions, USTR, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.

Attachment to #12 (Activities)

David S. Christy, Jr.	8/24/04	Telephone conference with Dorothy Dwoskin, Assistant USTR for Multilateral Affairs, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
David S. Christy, Jr.	9/09/04	Telephone conference with Dorothy Dwoskin, Assistant USTR for Multilateral Affairs, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
David S. Christy, Jr.	9/13/04	Telephone conference with Dorothy Dwoskin, Assistant USTR for Multilateral Affairs, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
David S. Christy, Jr.	9/27/04	Telephone conference with Cecilia Klein, Director for WTO Accessions, USTR, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
David S. Christy, Jr.	10/14/04	Telephone conference with Cecilia Klein, Director for WTO Accessions, USTR, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
David S. Christy, Jr.	10/21/04	Meetings with Cecilia Klein, Director for WTO Accessions, USTR, and Catherine Field, Chief Counsel for Legal Affairs, USTR, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
David S. Christy, Jr.	11/03/04	Telephone conference with Cecilia Klein, Director for WTO Accessions, USTR, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
David S. Christy, Jr.	11/09/04	Meeting with Cecilia Klein, Director for WTO Accessions, USTR, and Dorothy Dwoskin, Assistant USTR for Multilateral Affairs, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.

Attachment to #12 (Activities)

David S. Christy, Jr.	11/10/04	Telephone conference with Cecilia Klein, Director for WTO Accessions, USTR, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
David S. Christy, Jr.	11/11/04	Meeting with Cecilia Klein, Director for WTO Accessions, USTR, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
David S. Christy, Jr.	11/16/04	Telephone conference with Dick White, Director for Sanitary and PhytoSanitary Affairs, USTR, in Washington, D.C., regarding GMO conference.
David S. Christy, Jr.	11/22/04	Telephone conference with Cecilia Klein, Director for WTO Accessions, USTR, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
David S. Christy, Jr.	11/30/04	Meeting with Cecilia Klein, Director for WTO Accessions, USTR, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
C. Christopher Parlin	6/16/04	Meeting with Cecilia Klein, Director for WTO Accessions, USTR, and Dorothy Dwoskin, Assistant USTR for Multilateral Affairs, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
C. Christopher Parlin	6/17/04	Meeting with Cecilia Klein, Director for WTO Accessions, USTR, and Dorothy Dwoskin, Assistant USTR for Multilateral Affairs, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
C. Christopher Parlin	6/21/04	Meetings with Cecilia Klein, Director for WTO Accessions, USTR, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
C. Christopher Parlin	6/28/04	Telephone conference with Cecilia Klein, Director for WTO Accessions, USTR, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.

Attachment to #12 (Activities)

C. Christopher Parlin	8/24/04	Telephone conference with Dorothy Dwoskin, Assistant USTR for Multilateral Affairs, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
C. Christopher Parlin	9/09/04	Telephone conference with Dorothy Dwoskin, Assistant USTR for Multilateral Affairs, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
C. Christopher Parlin	9/13/04	Telephone conference with Dorothy Dwoskin, Assistant USTR for Multilateral Affairs, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
C. Christopher Parlin	9/27/04	Telephone conference with Cecilia Klein, Director for WTO Accessions, USTR, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
C. Christopher Parlin	10/21/04	Meetings with Cecilia Klein, Director for WTO Accessions, USTR, and Catherine Field, Chief Counsel for Legal Affairs, USTR, in Washington, D.C. to discuss issues relating to Saudi Arabia's World Trade Organization accession.
Hans C. Rickhoff	6/7/04	Meeting with Mary Scott Pearson, Legislative Director, Office of Congressman Henry Bonilla, to discuss U.S. and Saudi Arabia relations regarding the war on terrorism and political and societal reforms within Saudi Arabia.
Hans C. Rickhoff	6/15/04	Meeting with Soren Dayton, Legislative Assistant, Office of Congressman Nick Smith, to discuss U.S. and Saudi Arabia relations regarding the war on terrorism and political and societal reforms within Saudi Arabia.
Hans C. Rickhoff	7/2/04	Phone Conversation with David Malech, Legislative Director, Office of Congressman Kevin Brady, to discuss U.S. and Saudi Arabia relations regarding the war on terrorism and political and societal reforms within Saudi Arabia.

Attachment to #12 (Activities)

Hans C. Rickhoff	7/29/04	Meeting with Soren Dayton, Legislative Assistant, Office of Congressman Nick Smith, to discuss U.S. and Saudi Arabia relations regarding the war on terrorism and political and societal reforms within Saudi Arabia.
Hans C. Rickhoff	7/29/04	Meeting with Stephanie Smith, Legislative Assistant, Office of Congressman Charles Gonzalez, to discuss U.S. and Saudi Arabia relations regarding the war on terrorism and political and societal reforms within Saudi Arabia.
Hans C. Rickhoff	8/13/04	Meeting with David Ettinger, Legislative Assistant, Office of Congressman Sander Levin, to discuss U.S. and Saudi Arabia relations regarding the war on terrorism and political and societal reforms within Saudi Arabia.
Hans C. Rickhoff	8/19/04	Meeting with Christopher Otilio, Legislative Director, Office of Congressman Robert Ney, to discuss U.S. and Saudi Arabia relations regarding the war on terrorism and political and societal reforms within Saudi Arabia.
Hans C. Rickhoff	8/19/04	Meeting with Francis Gibbs, Legislative Assistant, Office of Congressman Ander Crenshaw, to discuss U.S. and Saudi Arabia relations regarding the war on terrorism and political and societal reforms within Saudi Arabia.
Hans C. Rickhoff	8/26/04	Meeting with Clete Williams, Legislative Assistant, Office of Congressman Paul Ryan, to discuss U.S. and Saudi Arabia relations regarding the war on terrorism and political and societal reforms within Saudi Arabia.
Hans C. Rickhoff	8/27/04	Meeting with Stacey DeFino, Legislative Assistant, Office of Congressman Michael Burgess, to discuss U.S. and Saudi Arabia relations regarding the war on terrorism and political and societal reforms within Saudi Arabia.

Attachment to #12 (Activities)

Hans C. Rickhoff	8/31/04	Meeting with Julie Philip, Legislative Assistant, Office of Congressman Gil Gutknecht, to discuss U.S. and Saudi Arabia relations regarding the war on terrorism and political and societal reforms within Saudi Arabia.
Hans C. Rickhoff	9/23/04	Meeting with Francis Gibbs, Legislative Assistant, Office of Congressman Ander Crenshaw, to discuss U.S. and Saudi Arabia relations regarding the war on terrorism and political and societal reforms within Saudi Arabia.
Hans C. Rickhoff	9/23/04	Meeting with Spivey Paup, Legislative Assistant, Office of Congressman John Carter, to discuss U.S. and Saudi Arabia relations regarding the war on terrorism and political and societal reforms within Saudi Arabia.
Hans C. Rickhoff	9/24/04	Meeting with Chris Mansour, Chief of Staff, Office of Congressman Dale Kildee, to discuss U.S. and Saudi Arabia relations regarding the war on terrorism and political and societal reforms within Saudi Arabia.
Hans C. Rickhoff	11/30/04	Meeting with Christopher Otilio, Legislative Director, Office of Congressman Robert Ney, to discuss U.S. and Saudi Arabia relations regarding the war on terrorism and political and societal reforms within Saudi Arabia.

State of Hidalgo, Mexico

Jose Martinez	6/08/04	Meeting with Grant Aldonas, Undersecretary of Commerce, regarding discussions of an infrastructure project in the State of Hidalgo, Mexico and the Partnership for Prosperity.
Jose Martinez	6/09/04	Meeting with Senator Christopher Dodd regarding his vision of Mexico.
Jose Martinez	6/09/04	Meeting with Daniel Garza, Associate Director of The Office of Public Liaison regarding infrastructure projects in Hidalgo, Mexico.
Julie Domenick	6/09/04	Meeting with Senator Christopher Dodd regarding his vision of Mexico.

2005 FEB 28 PM 3:18
CRS/ISS/REGISTRATION UNIT

Attachment to #14(a) (Receipts/Monies)

Hong Kong Economic & Trade Office

<u>Date</u>	<u>From Whom</u>	<u>Purpose</u>	<u>Amount</u>
07/01/04	Hong Kong Economic & Trade Office	Fees & Expenses	\$34,729.00
08/01/04	Hong Kong Economic & Trade Office	Fees & Expenses	\$34,729.00
09/01/04	Hong Kong Economic & Trade Office	Fees & Expenses	\$34,729.00
10/01/04	Hong Kong Economic & Trade Office	Fees & Expenses	\$34,729.00
11/01/04	Hong Kong Economic & Trade Office	Fees & Expenses	\$34,729.00
12/01/04	Hong Kong Economic & Trade Office	Fees & Expenses	\$34,729.00

Royal Embassy of Saudi Arabia

<u>Date</u>	<u>From Whom</u>	<u>Purpose</u>	<u>Amount</u>
06/17/04	Royal Embassy of Saudi Arabia	Fees & Expenses	\$210,000.00
06/28/04	Royal Embassy of Saudi Arabia	Fees & Expenses	\$83,316.00
08/17/04	Royal Embassy of Saudi Arabia	Fees & Expenses	\$210,483.00
10/12/04	Royal Embassy of Saudi Arabia	Fees & Expenses	\$237,064.07

State of Hidalgo, Mexico

<u>Date</u>	<u>From Whom</u>	<u>Purpose</u>	<u>Amount</u>
07/01/04	State of Hidalgo, Mexico	Fees & Expenses	\$35,000.00
08/01/04	State of Hidalgo, Mexico	Fees & Expenses	\$35,000.00
09/01/04	State of Hidalgo, Mexico	Fees & Expenses	\$35,000.00

TOTAL **\$1,054,237.00**

2005 FEB 28 PM 3:18
CRM/ISS/REGISTRATION UNIT

Attachment to #15(a) (Disbursements/Monies)

****Office expenses include postage, telephone, telecopy, overnight mail, photocopies, local transportation, local meals, courier and computer research.*

****Transportation to client meetings include travel expenses, hotel, and meals while out of town.*

Hong Kong Economic & Trade Office

<u>Date</u>	<u>To Whom</u>	<u>Purpose</u>	<u>Amount</u>
06/01/04	MPD Consulting	Legal Services	\$1000.00
07/01/04	MPD Consulting	Legal Services	\$1000.00
08/01/04	MPD Consulting	Legal Services	\$1000.00
09/01/04	MPD Consulting	Legal Services	\$1000.00
10/01/04	MPD Consulting	Legal Services	\$1000.00
11/01/04	MPD Consulting	Legal Services	\$1000.00
06/24/04	FARA Registration Unit	Office Expense	\$305.00
06/30/04	N/A	Office Expenses	\$191.00
07/30/04	N/A	Office Expenses	\$70.00
08/31/04	N/A	Office Expenses	\$47.00
10/31/04	Michael P. Daniels	Office Expenses	\$355.00
11/30/04	N/A	Office Expenses	\$45.00

Royal Embassy of Saudi Arabia

<u>Date</u>	<u>To Whom</u>	<u>Purpose</u>	<u>Amount</u>
06/01/04	MPD Consulting	Legal Services	\$20,000.00
07/01/04	MPD Consulting	Legal Services	\$20,000.00
08/01/04	MPD Consulting	Legal Services	\$20,000.00
09/01/04	MPD Consulting	Legal Services	\$20,000.00
10/01/04	MPD Consulting	Legal Services	\$20,000.00
11/01/04	MPD Consulting	Legal Services	\$20,000.00
06/24/04	FARA Registration Unit	Office Expense	\$305.00
08/31/04	American Express	Office Expenses	\$25.00
09/10/04	David S. Christy, Jr.	Office Expenses	\$66.00
09/30/04	American Express	Office Expenses	\$120.00
10/07/04	Michael P. Daniels	Office Expenses	\$300.00
10/07/04	David S. Christy, Jr.	Office Expenses	\$300.00
11/30/04	American Express	Office Expenses	\$250.00

Transport to Client Meetings

6/13/04 – 6/18/04	Travel to Geneva, Switzerland for David S. Christy, Jr., C. Christopher Parlin, Michael P. Daniels to meet with officials of the Kingdom of Saudi Arabia and WTO to prepare for meetings related to the Kingdom's WTO accession.	\$20,385.00
9/13/04 – 9/21/04	Travel to Geneva, Switzerland for David S. Christy, Jr., C. Christopher Parlin, Michael P. Daniels to meet with officials of the Kingdom of Saudi Arabia and WTO to discuss the Kingdom's WTO accession	\$30,452.00

Attachment to #15(a) (Disbursements/Monies)

State of Hidalgo, Mexico

<u>Date</u>	<u>To Whom</u>	<u>Purpose</u>	<u>Amount</u>
06/07/04	N/A	Office Expenses	\$16.00
06/14/04	N/A	Office Expenses	\$58.00
06/18/04	N/A	Office Expenses	\$42.00
06/23/04	N/A	Office Expenses	\$53.00
06/24/04	FARA Registration Unit	Office Expense	\$305.00
06/29/04	N/A	Office Expenses	\$52.00
06/30/04	N/A	Office Expenses	\$389.00
08/12/04	N/A	Office Expenses	\$7.00
08/19/04	N/A	Office Expenses	\$31.00
08/30/04	N/A	Office Expenses	\$105.00
TOTAL			\$236,074.50

2005 FEB 28 PM 3:18
CRM/ISS/REGISTRATION UNIT

Attachment 15(c)(i) – Disbursements-Political Contributions of Registrant

**Loeffler Tuggey Pauerstein Rosenthal LLP
Political Contributions
June 1, 2004 – November 30, 2004**

06/01/04	Texas Christian Coalition	\$300.00
06/04/04	Senator Judith Zaffirini Campaign	\$500.00
06/04/04	Re-Elect Ken Mercer	\$1,000.00
06/10/04	Team Texas PAC	\$2,500.00
06/16/04	Team Texas Joint Fundraising Committee	\$2,500.00
06/21/04	Campaign to Re-Elect Patrick M. Rose	\$500.00
06/24/04	Ron Segovia Campaign	\$300.00
06/25/04	Citizens for Better Transportation PAC	\$5,000.00
06/29/04	Republican Governors Association	\$5,000.00
07/01/04	Jim Ryun for Congress	\$500.00
07/01/04	Republican Governors Association	\$25,000.00
07/07/04	Texans for Greg Abbott	\$10,000.00
07/08/04	Committee for Responsible Growth	\$1,000.00
07/15/04	The Experienced Leadership for Mayor of Pharr	\$2,500.00
08/02/04	Lori Massey Campaign	\$1,000.00
08/13/04	ARMPAC	\$5,000.00
08/18/04	Boren for Congress	\$2,000.00
08/23/04	Talmadge Heflin Campaign	\$500.00
08/26/04	David Dewhurst Committee	\$25,000.00
08/31/04	Ruth Jones McClendon Campaign	\$500.00
09/02/04	Frank Corte Jr. Campaign	\$1,000.00
09/10/04	Jim Pitts Campaign	\$500.00
09/23/04	Lori Massey Campaign	\$2,500.00
09/29/04	Ray Lopez for City Council	\$500.00
09/29/04	Friends of Senator Jane Nelson	\$1,000.00
10/01/04	Dianne White Delisi Campaign	\$1,000.00
10/01/04	Charles A. Gonzalez Congressional Campaign	\$1,000.00
10/05/04	Friends of Oxley Committee	\$2,000.00
10/05/04	Leadership PAC 2004	\$3,000.00
10/07/04	Leticia Van de Putte Campaign	\$1,000.00
10/07/04	Texans for Henry Cuellar for Congress Campaign	\$2,000.00
10/13/04	Harvey Hilderbran Campaign	\$2,000.00
10/18/04	Kevin Wolff Campaign	\$300.00
10/20/04	Tauzin for Congress	\$2,000.00
10/25/04	Roger O. Flores Campaign	\$500.00
10/26/04	Campaign to Re-Elect Carlos Uresti	\$500.00
10/27/04	Judge Rebecca Simmons Campaign	\$1,000.00
10/27/04	Judicial RoundUp PAC	\$1,000.00
10/27/04	Richard Perez Campaign	\$500.00
10/27/04	Senator Todd Staples Campaign	\$1,000.00
10/27/04	Friends of John McCain	\$2,000.00
10/28/04	Robert Puente Campaign	\$250.00
11/08/04	Governor for a Day Committee	\$142.50
11/10/04	Florence Shapiro for Texas Senate	\$2,500.00
11/10/04	Susan Hughes Campaign	\$1,000.00
11/15/04	Paul Elizondo Campaign	\$1,000.00
11/17/04	Jerry Patterson Campaign	\$1,000.00
11/17/04	Rick Perry Century Council	\$25,000.00
11/19/04	Tom Craddick Campaign	\$25,000.00

2005 FEB 28 PM 3: 18
CRM/ISS/REGISTRATION UNIT

**Attachment 15(c)(ii) – Disbursements-Political Contributions of
Short-Form Registrant***

**Julie Domenick
Political Contributions
June 1, 2004 – November 30, 2004**

7/11/04	John Kerry for President	\$500.00
7/13/04	Tony Knowles for Senate	\$1,000.00
7/22/04	Barack Obama for Senate	\$1,000.00
7/22/04	Martin Frost for Congress	\$1,000.00
8/12/04	Barack Obama for Senate	\$1,000.00
9/21/04	Joe Crowley for Congress	\$1,000.00
9/22/04	Barney Frank for Congress	\$1,000.00
9/28/04	Byron Dorgan for Senate	\$1,000.00
9/30/04	Brian Higgins for Congress	\$500.00
9/30/04	David Ross for Congress	\$500.00
9/30/04	Don Barbieri for Congress	\$500.00
9/30/04	John Salazar for Congress	\$500.00
9/30/04	Darlene Hooley for Congress	\$1,000.00
9/30/04	Ed Markey for Congress	\$2,000.00
9/30/04	Stephanie Herseth for Congress	\$1,000.00
10/4/04	North Carolina Victory Fund	\$1,000.00
10/7/04	Don Barbieri for Congress	\$1,000.00
10/8/04	Brian Higgins for Congress	\$1,000.00
10/8/04	John Salazar for Congress	\$1,000.00
10/10/04	Ken Salazar for Senate	\$2,000.00
10/17/04	Inez Tenenbaum for Senate	\$1,000.00
10/27/04	Dan Mongiardo for Senate	\$2,000.00
11/1/04	Democratic National Committee	\$5,000.00
11/18/04	David Scott for Congress	\$1,000.00

2005 FEB 28 PM 3:18
CRM/ISS/REGISTRATION UNIT

* This attachment is based on information provided by the short-form registrant and is not in the personal knowledge of the registrant.

**Attachment 15(c)(ii) – Disbursements-Political Contributions of
Short-Form Registrant***

**Michael Frazier
Political Contributions
June 1, 2004 – November 30, 2004**

06/07/04	Stephanie Tubbs Jones for Congress	\$500.00
06/14/04	Victory 2004/DNC	\$250.00
06/14/04	People for Patty Murray	\$500.00
06/21/04	Obama for Illinois	\$1,000.00
07/15/04	Martin Frost for Congress	\$500.00
07/20/04	Senator Hillary Clinton Hill PAC	\$1,000.00
09/01/04	Joe Hoeffel	\$500.00
09/01/04	Daschle for Senate	\$1,000.00
10/01/04	Salazar for Senate	\$1,000.00
10/01/04	Doggett for Congress	\$1,000.00
10/01/04	Ed Markey for Congress	\$1,000.00
10/01/04	PA Dems	\$1,500.00
10/01/04	Martin Frost	\$1,000.00

2005 FEB 28 PM 3:18
CRM/ISS/REGISTRATION UNIT

* This attachment is based on information provided by the short-form registrant and is not in the personal knowledge of the registrant.

**Attachment 15(c)(ii) – Disbursements-Political Contributions of
Short-Form Registrant***

**Kristen P. Gullott
Political Contributions
June 1, 2004 – November 30, 2004**

06/01/04	Friends of Benedetti – Tom Benedetti	\$100.00
08/06/04	George W. Bush via Bush-Cheney '04	\$1,500.00
09/24/04	Republican National Committee	\$500.00

2005 FEB 28 PM 3:19
CRM/ISS/REGISTRATION UNIT

* This attachment is based on information provided by the short-form registrant and is not in the personal knowledge of the registrant.

**Attachment 15(c)(ii) – Disbursements-Political Contributions of
Short-Form Registrant**

**W. James Jonas III
Political Contributions
June 1, 2004 – November 30, 2004**

8/15/04	ARMPAC	\$4,000.00
8/25/04	Dennis Moore for Congress	\$250.00
10/27/04	Carlos Uresti Campaign	\$1,000.00
10/28/04	Trey Martinez Fischer Campaign	\$1,000.00
10/29/04	Texans for Rick Perry	\$25,000.00
10/30/04	Friends of Susan Combs	\$1,000.00
10/31/04	Friends of Jeff Wentworth	\$1,000.00

* This attachment is based on information provided by the short-form registrant and is not in the personal knowledge of the registrant.

**Attachment 15(c)(ii) – Disbursements-Political Contributions of
Short-Form Registrant**

**Tom Loeffler
Political Contributions
June 1, 2004 – November 30, 2004**

6/3/04	Dot Snyder for Congress	\$ 2,000.00
7/27/04	Becky Armendariz Klein for Congress	\$ 2,000.00
8/16/04	Tom DeLay Congressional Campaign	\$ 2,000.00
8/17/04	Boren for Congress	\$ 2,000.00
8/17/04	Texans for Lamar Smith	\$ 2,000.00
8/17/04	Wohlgemuth for Congress	\$ 2,000.00

* This attachment is based on information provided by the short-form registrant and is not in the personal knowledge of the registrant.

**Attachment 15(c)(ii) – Disbursements-Political Contributions of
Short-Form Registrant***

**Jose E. Martinez
Political Contributions
June 1, 2004 – November 30, 2004**

07/27/04	Becky Armendariz Klein for Congress	\$2000.00
8/30/04	In-Kind Contribution for reception for Rep. Solomon Ortiz	\$970.82

2005 FEB 28 PM 3:19
CRM/ISS/REGISTRATION UNIT

* This attachment is based on information provided by the short-form registrant and is not in the personal knowledge of the registrant.

**Attachment 15(c)(ii) – Disbursements-Political Contributions of
Short-Form Registrant***

**Jon Plebani
Political Contributions
June 1, 2004 – November 30, 2004**

10/04/04	PA Victory	\$250.00
----------	------------	----------

2005 FEB 28 PM 3:19
CRM/ISS/REGISTRATION UNIT

* This attachment is based on information provided by the short-form registrant and is not in the personal knowledge of the registrant.

Attachment to Section V (Informational Materials)

Included with this filing are materials Registrant believes were provided either in person or by electronic mail on behalf of the Royal Embassy of Saudi Arabia to congressional staff during this six month reporting period. At the time of distribution, Registrant did not realize that it could be subject to FARA's 48-hour filing or labeling requirements with respect to any of these materials.

2005 FEB 28 PM 3:19
CRM/ISS/REGISTRATION UNIT

2004 Press Release
06/14/2004
Summary of FATF Report and Conclusions

[Washington, DC] - Saudi Arabia and its banking supervisor have a long history of vigorous action against criminal activity involving the monetary system. As a result, it does not have an appreciable illicit drug problem and is not a significant drug transit country. However, the country has been affected by terrorist attacks, notably in May 2003 and in November 2003, and as a result, Saudi authorities have focused heavily on systems and measures to counter terrorism and the financing of terrorism. This has involved the creation of new legislation, new systems and new organizations to detect and prosecute those involved in terrorist financing, along with action to increase the requirements for financial institutions on customer due diligence, the establishment of systems for tracing and freezing terrorist assets, and an increase in the regulation and transparency of charitable organizations. This legislation implemented the recommendations of the Financial Action Task Force (FATF), an inter-governmental body which develops and promotes policies, at both national and international levels, to combat money laundering and terrorist financing. In particular, FATF produces a set of recommendations which define best international practice as regards procedures to combat money laundering and terrorist financing. These procedures are known as the FATF 40 + 8 Recommendations.

Once these processes were in place, Saudi Arabia invited a team of assessors from FATF member countries to conduct an evaluation of the country's procedures against money laundering and terrorist financing. An evaluation of this kind involves the member country being examined by the FATF on the basis of an on-site visit conducted by a team of three or four selected experts in the legal, financial and law enforcement fields from other member governments. The purpose of the visit is to draw up a report assessing the extent to which the evaluated country has moved forward in implementing an effective system to counter money laundering and to highlight areas in which further progress may still be required.

In preparing the detailed assessment, assessors reviewed relevant anti-money-laundering and counter-terrorist financing laws and regulations, supervisory and regulatory systems in place to deter money laundering and terrorist financing, and criminal law enforcement systems. The evaluation team visited Riyadh in September 2003, and had meetings with senior officials from all of the major government departments. In addition the team met with the Saudi Arabian Monetary Agency (SAMA), which is the Kingdom's central bank, and with representatives from the commercial banking, insurance and money exchange and remittance sectors.

The evaluation team produced a report which was submitted to, and accepted by, the FATF plenary session on February 27, 2004. The report concluded that the systems and legislation in place in Saudi Arabia met the general obligations of the FATF 40 + 8 Recommendations.

The report summarized the steps which Saudi Arabia has taken to combat money laundering and terrorist financing. Its content and conclusions can be summarized as follows:

(a) Legal System

CRIMINAL JUSTICE TRAINING
2005 FEB 28 PM 3:10

The evaluation concluded that the laws of Saudi Arabia met the FATF standards. The country has, and has had for some time, comprehensive rules covering anti-money-laundering and counter-terrorist financing requirements for the banking sector. Until the implementing regulations to the Anti Money Laundering Law (2003) are issued, the 2003 SAMA AML/CFT Rules for banks are the only rules that apply to the insurance sector regarding customer identification. The Insurance Law (2003) will allow, for the first time, the incorporation of new insurance companies within the Kingdom, and the Capital Markets Law (2003) will create a new securities sector with an independent and specialized supervisor separate from SAMA. These laws require the establishment of independent regulatory systems, which must ensure that appropriate money-laundering procedures are required of firms seeking to establish themselves under these new laws. Separate rules exist for the money exchange business.

The evaluation team conducted their evaluation as of the date of their visit. The visit occurred shortly before the coming into force of the Implementation Rules made under the 2003 AML Law. These rules completed the legal structure of Saudi Arabia's anti-money-laundering legal system, and addressed the issues raised by the evaluators. In particular, the regulations make clear that terrorist financing using lawfully acquired funds is contrary to the Anti Money Laundering law (see Recommendations below).

The legal system of Saudi Arabia is based on Shari'ah. Money laundering and terrorist financing are offenses under Shari'ah law, and successful prosecutions have been brought for both money laundering and terrorist financing in the Shari'ah courts based on violations of Shari'ah law.

The Saudi courts will also assist the courts of other jurisdictions in the fight against money laundering and terrorist financing. The Anti Money Laundering Law requires Saudi courts to recognize a property confiscation order issued by a foreign authority, providing that the property would be subject to a confiscation order under Saudi Law. The country also has mechanisms for coordinating the execution and freezing of assets required by relevant UN Security Council Resolutions, and SAMA has issued a series of circulars to all commercial banks and exchange houses to inform them of their freezing obligations under UN Security Council Resolution 1267 (1999). Both the Anti Money Laundering Law and the Implementation Rules for the Vienna Convention provide a basis for the receiving and executing of foreign requests to confiscate, freeze and seize or trace criminal assets. Should a foreign request require an investigation that requires access to bank account information, the relevant information would be obtained from the commercial bank by SAMA.

b) Investigation and Enforcement Procedures

The investigation team found that the country's investigation and enforcement mechanisms were substantive and effective. Law enforcement agencies operate under the responsibility of the Ministry of Interior, which sets policy through the Permanent Committee for Combating Terrorist Financing (PCCTF) and the Mutual Legal Assistance Committee (MLAC). The Bureau of Investigation and Prosecution is operationally autonomous from the Ministry of the Interior and since 2001 has responsibility for conducting criminal investigations and prosecuting cases on matters under its jurisdiction. These include the investigation of money laundering and terrorist financing. Article 11 of the AML Law (2003) mandated the creation of the Saudi Anti Financial Crime Unit (SAFCU) as the central intelligence gathering body for the country. SAFCU has

27 permanent employees from a range of legal, financial and investigative backgrounds who work with a number of specialists who are to be seconded to the unit. There are plans to establish sub-branches of SAFCU in each of the 13 provinces of Saudi Arabia.

There has been a requirement to report suspicious transactions directly to the police since 1975. Prior to the creation of SACFU, financial institutions reported suspicious transactions to the local offices of the Directorate for Combating Drugs (DCD).

(c) International Cooperation

The evaluation team found that Saudi Arabia's legal structures regarding international cooperation were sound. Saudi Arabia is a signatory to a range of conventions, treaties and bilateral agreements that provide for general international cooperation particularly within the Middle East and Gulf Cooperation Council regions. The MLAC acts as a central point for the receipt of, and response to, foreign requests for legal cooperation on ML inquiries. In instances where it may be unclear what type of assistance can be provided the Board of Grievances has the overall authority for resolving any requests to enforce foreign judgements.

d) Charities

The assessors found that the Saudi system of regulation of charities was more thorough and more effective than anything they had otherwise encountered, and should be a model for other jurisdictions. From 2003 charities have been required to operate only one main consolidated account for each organization, to hold the account in Saudi Riyals, not to transfer money outside Saudi Arabia, not to make cash disbursements and not to carry out transactions through ATM or credit cards. The effect of this is that all transactions with or through charities are identifiable both as to donors and as to recipients, and information as to such transactions is promptly available to SAMA and to the FIU.

(e) Non-Bank Financial Institutions

Non-Bank Financial Institutions (NBFIs) are subject to strict registration requirements: accountants, from the Saudi Society for Certified and Public Accountants; solicitors and notaries, from the Ministry of Justice; precious metals dealers, from the Ministry of Commerce; domestic charities by the Ministry of Labour and international charities by the Ministry of Islamic Affairs.

(f) Cash transactions

SAMA has been engaged for many years in a project to move the Saudi economy to a fully bank-payment-based model. Significant steps have been taken to discourage large cash transactions and to encourage the use of bank transfers in order, inter alia, to improve the ability of the law enforcement authorities to monitor cash transactions. Saudi Arabia also monitors the physical movement of cross-border transportation of cash. The import or export of currency in excess of SR 10,000 must be declared at the border, or point of entry, and a record is maintained of declarations and investigations carried out if there are doubts as to the source of the money. Saudi Arabia applies strict controls on the movement of Saudi currency. Saudi banks are encouraged to buy any excess Saudi riyals that they may have accumulated in other countries, and persons leaving Saudi Arabia with large amounts of cash are encouraged to

deposit the funds in a bank (and thus transfer the funds by wire or convert them to another currency) before departure. Consequently there is very little cross-border transportation of currency.

(g) Recommendations

The mutual evaluation team found that Saudi Arabia was not fully compliant with the FATF recommendations in only two of the areas surveyed.

First, the team was not satisfied that the drafting of the definition of terrorist financing in the criminal law which proscribes it was sufficiently clear. Although there is no doubt that engaging in terrorist financing is contrary to the law and is a criminal offense, the team suggested improvements in the definition of terrorist financing which would bring the drafting into line with established international practice. The implementing regulations of the money-laundering and terrorist-financing laws adopted by Saudi Arabia have removed any ambiguities in this respect.

Second, there is an issue as to transmission of originator information on wire transfers between banks, which appears to be common to many FATF member countries. Saudi Arabia is ready to proceed in this area in conjunction with global international payment systems (SWIFT). This is expected to occur in the near term once SWIFT is ready for Saudi Arabia.

The report also commented that requests for information addressed to Saudi Banks must be routed through SAMA, and that this added an extra step to, and could therefore delay, the process of providing effective legal assistance in AML/CFT inquiries or prosecutions. However this view is not accepted by Saudi Arabia. As the central bank and bank regulator, SAMA has great legal and moral authority over regulated banks, and its involvement in the process has always ensured that requests for information or cooperation are dealt with expeditiously.

Aside from these issues, the measures put in place by the country were found to be in line with best international practice.

This information is distributed by Qorvis Communications, LLC on behalf of the Embassy of Saudi Arabia. Additional information is available at the Department of Justice, Washington, DC

2005 FEB 28 PM 3:20
SRM/ISS/REGISTRATION UNIT

FOR IMMEDIATE RELEASE

July 27, 2004

CONTACT:

Saudi Information Office

(202) 337-4076

www.saudiembassy.net

2005 FEB 28 PM 3: 20
CRM/ISS/REGISTRATION UNIT

Foreign Minister Prince Saud Al-Faisal comments on 9-11 Commission Report

JEDDAH, SAUDI ARABIA (July 27, 2004) - *Minister of Foreign Affairs Prince Saud Al-Faisal made the following statement in Jeddah on July 27, 2004:*

Last week, the United States' National Commission on Terrorist Attacks Upon the United States issued its final report. We appreciate the 9-11 Commission's hard work over the past 20 months, as well as the time spent by the Commission's staff in Saudi Arabia and with Saudi officials. They have produced a serious and comprehensive report, and we welcome their findings.

The 9-11 Commission has put to rest the false accusations that have cast fear and doubt over Saudi Arabia. For too long, Saudi Arabia stood morbidly accused of funding and supporting terrorism. In contrast to the insinuations of the infamous Congressional report, with its 28 redacted pages, which aimed at perpetuating these myths instead of investigating them seriously, now there are clear findings by an independent commission that separate fact from fiction.

The 9-11 Commission has confirmed that there is no evidence that the government of Saudi Arabia supported or funded Al-Qaeda. According to the report **"...we have found no evidence that the Saudi government as an institution or senior Saudi officials individually funded the organization."**

The falsehoods that were disseminated about the flights that carried some Saudis after 9-11 when American airports and airspace were closed were shown by the report for what they were: at best a figment of the imagination, and at worst an intent to incriminate. The Commission found that these flights were handled professionally, and **"they concluded that none of the passengers was connected to the 9/11 attacks and have since found no evidence to change that conclusion."**

The 9-11 Commission goes further to highlight the fact that the Saudi government was pursuing Bin Laden prior to the attacks on the United States. The report refers to the Kingdom's success in disrupting Bin Laden cells in Saudi Arabia **"that were planning to attack U.S. forces with shoulder-fired missiles."**

We are pleased with the report and we feel vindicated. We also hope that the "Saudi bashing" will now come to an end as people acknowledge the true facts about terrorist

activity and our determined efforts to combat it. Today, the government and the people of Saudi Arabia are engaged in a determined and deadly battle with Al-Qaeda forces. This is a battle that we cannot and will not lose, God willing. But to succeed, we need encouragement, not recrimination; we need partners, not prejudice; and we need cooperation, not condemnation.

For too long, almost any rumor about Saudi Arabia was accepted as truth and a rush to judgment ensued. What the pundits and constant critics of Saudi Arabia may not realize is that the image of Saudi Arabia they tried to impress on the American psyche is in line with what the terrorists themselves wanted to accomplish. And both pundits and terrorists, through their actions, intended to sever ties between our two countries and peoples.

But now is the time to put the hyperbole behind us and join hands to build a better future. There is much work to be done to restore U.S./Saudi relations to the basis of friendship and trust that existed in years past, and which both countries recognize as critical to national and international interests. We welcome the Commission's call for a reassessment of our relationship. Together, we need to strengthen the pillars upon which the Saudi-American relationship rests. Our relationship is built upon goals for global energy security, combating terrorism, the stabilization of Iraq, regional peace and security, and extensive trade and investment. Each of these areas is of great importance and directly impacts the economic well-being and security of both countries. And in each of these areas, there is much work to be done to broaden and deepen ties between us to herald a new era in our relationship.

###

This press release is distributed by Qorvis Communications on behalf of the Royal Embassy of Saudi Arabia. Additional information is available at the Department of Justice in Washington, DC.

The New York Times
August 5, 2004

Saudis Preparing for First Elections
By AGENCE FRANCE-PRESSE

RIYADH, Aug. 4 - Saudi Arabia's first exercise in democracy - elections to choose half the members of 178 municipal councils in all 13 provinces of the vast kingdom - will take place in three stages running from November into early 2005, the government news agency reported Wednesday.

Saudi officials have agreed with United Nations election experts invited to the kingdom that the first stage would start here in the capital after the holiday marking the end of the Muslim fasting month of Ramadan in October.

The second stage would cover the oil-rich Eastern Province, and the regions of Assir, Al Baha, Jazan and Najran in the south.

The third stage, would be held after the annual pilgrimage, or hajj, in January 2005, when voters in the western regions - Mecca and Medina - and the northern regions - Al Qassim, Al Jawf, the Northern Border, Tabuk and Hail - would go to the polls in turn, according to the report by the official news agency, SPA.

The agency reported that Saudi officials and the United Nations experts, whom it did not name, had agreed on pushing back the start of the elections so that they would not interfere with Ramadan, when Muslims fast from dawn to dusk.

The minister of municipal and rural affairs, Prince Mutab bin Abdul Aziz, has approved the rules that will govern the elections and they will be made public soon, the agency reported.

Prince Mutab had confirmed last month that the elections, the first in the conservative Muslim kingdom, would be held later this year as the government had promised last October.

The elections had been put in doubt by a campaign of violence by suspected sympathizers of Al Qaeda.

Plans were also marred by the arrest in mid-March of about a dozen reformists, three of whom are still in detention and who are expected to go on trial next week.

The ballot is part of a campaign to introduce limited reforms in Saudi Arabia, and the government insists that the elections must be tailored to Saudi specifications and not necessarily follow a Western pattern.

Saudi women's rights advocates said they hoped that women would be allowed to take part in the elections, but most admitted that that was unlikely.

This material is distributed by Qorvis Communications, LLC on behalf of the Royal Embassy of Saudi Arabia. Additional information is available at the Department of Justice, Washington, D.C.

2004 FEB 28 PM 3:20
CRM/ISS/REGISTRATION UNIT

FOR IMMEDIATE RELEASE

August 11, 2004

CONTACT:

Saudi Information Office

(202) 337-4076

www.saudiembassy.net

SAUDI ARABIA READY TO INCREASE OIL PRODUCTION IMMEDIATELY

[Washington, DC] [August 11, 2004] -- Saudi Arabia has announced that it is prepared to increase its oil production by up to 1.3 million barrels per day if necessary based on the demands of consumers.

In a statement today, Saudi Arabia's Minister of Petroleum and Mineral Resources Ali bin Ibrahim Al-Naimi declared: "The Kingdom is well prepared to meet all the requirements of the international oil companies if they need additional volumes, relying on its surplus production capacity of more than 1.3 million barrels daily, which could be used immediately if required."

According to Minister Al-Naimi: "The Kingdom of Saudi Arabia, in collaboration with the other OPEC countries, endeavors to ensure the stability of the international oil market and prevent oil prices from escalating in a way that may negatively affect the world economy or oil demand. To achieve this goal, the Kingdom has increased its production during the last three months to meet the growing demand for Saudi oil. This increase amounted to more than one million barrels per day, bringing to more than 9.3 million barrels daily the average production of the Kingdom during the past three months."

Saudi Arabia's policy over the last 30 years has been to ensure an adequate supply of crude oil at moderate prices. The Kingdom remains a strong and reliable energy supplier for the international community.

###

BUSH'S SOCIAL RECORD

MEDICARE DRUG CARDS

JACK VALENTI Q&A

National Journal

THE WEEKLY
ON POLITICS AND
GOVERNMENT



The Survivor

Through salesmanship and deft political work, Robert Mueller has kept the FBI in charge of its own post-9/11 restructuring. But is the bureau changing enough?

BY SIOBHAN GORMAN

BRACING FOR THE SAUDI SANDSTORM

BY BRUCE STOKES

PARIS—In November 1979, some 400 Muslim fundamentalists seized Islam's holiest shrine, the mosque in Mecca. A three-week standoff ensued. French sharpshooters, sent in to help the Saudi Arabian government dislodge the militants, failed. In desperation, the Saudi government flooded the mosque, drowning the insurgents. "If it had gone on for another three weeks," said one senior French government official here, "the regime would have fallen." Next time, neither the Saudi leadership nor the West may be so lucky.

Saudi Arabia is a pressure cooker about to blow. Islamic extremists are again openly at war with the government, and this time the militants are stronger and the ruling elite is weaker. "If Saudi Arabia goes, so too do all our plans for the Middle East," warned Flynt L. Leverett, a visiting fellow at the Brookings Institution and the former senior director for President Bush's Middle East Initiative, which aims to bring more democracy to the Arab world. Moreover, Saudi instability would very likely send oil prices soaring, throwing the world economy into recession and triggering joblessness, increased protectionism, and domestic political unrest in industrialized countries.

Europeans are genuinely and deeply worried about further internal Saudi upheaval and the global economic turmoil that could ensue. Meeting with an Atlantic Council study group in July, European officials complained bitterly about Washington's refusal to share intelligence on Saudi Arabia with them or to plan jointly on how best to weather a new and very different desert storm.

"Every time I go to Saudi Arabia, I have the impression of being in Paris in 1788," said a French defense expert, alluding to the 1789 French Revolution. Guillaume Parmentier, director of the French Center on the United States, agreed: "We are much more skeptical of Saudi Arabia than America." Nor are the French alone in their worries. "Saudi Arabia consumes many hours a day," acknowledged a senior national security official in Berlin.

Indeed, beset as it is with demographic, economic, religious, and now internal-security problems, Saudi Arabia merits losing sleep over.

The desert kingdom is a very young society ruled by very old men. About 40 percent of the population is under the age of 15. But the current leadership—all sons of the nation's founder, Ibn Saud—are in or near their 80s. Ever since King Fahd suffered a debilitating stroke in December 1995, Crown Prince Abdullah, 80, who heads the National Guard, has ruled as regent. It is unclear who will succeed Abdallah and his many brothers. The next generation has no strong candidates. But

without a clear succession plan, Saudi Arabia could face a political crisis.

The country has earned hundreds of billions of dollars in oil revenues over the years, but Saudi per capita income is down 40 percent in the past two decades. A ruling family that has spent like there's no tomorrow has squandered resources. The population, which is expected to reach 26.8 million next year, has also nearly quadrupled since the early 1970s. Employment, however, has not kept pace. And at least a quarter of the Saudi population may now be jobless.

Religious strife engulfs the country. The Saudi ruling family, which gained power through an alliance with the puritanical Wahhabi strain of Islam, is now vilified by Muslim fundamentalists as too modern, too secular, and too Western.

It is little wonder, then, that Saudi society is pulling apart at the seams. Since May 2003, bombings and shoot-outs, which have often targeted Western oil workers, have left at least 80 people dead. The French suspect that more militants are operating inside Saudi Arabia than Riyadh acknowledges—perhaps in the thousands—and that they have penetrated the lower levels of both the security forces and the military. Obviously, the French also say that huge, recently discovered arms caches belonging to the militants could not have been amassed without some official collaboration.

The travails of this anachronistic kingdom matter mainly because Saudi Arabia produces a tenth of the world's annual oil supply and sits on a quarter of the globe's petroleum reserves. The current price of oil—more than \$40 a barrel—already factors in a 10 to 20 percent terrorism risk premium, in part because of concerns about Saudi stability. Interruption of Saudi flows could easily drive oil prices to well over \$50 a barrel. Just how high and how long prices would stay there would depend on the extent and cause of the cutoff. If Saudi militants sabotaged pipelines and refineries, prices would spike until repairs were made. If fundamentalists were to seize power intent on teaching the infidel West a lesson, whatever the short-term cost for Saudi Arabia, oil prices could remain high for some time.

The cost of such a price spike could be considerable. Economist Thomas R. Stauffer estimates that the oil embargo after the 1973 Arab-Israeli war cost the U.S. economy about 10 percent of its projected growth over the following three years. The price tag was between \$300 billion and \$600 billion in today's dollars. The 1979 Iranian revolution and the subsequent Iran-Iraq war cost the United States an additional \$355 billion, as oil prices doubled after the two countries attacked each

**THE WESTERN
ALLIANCE NEEDS
A COORDINATED
APPROACH TO COPING
WITH A COLLAPSE OF
THE HOUSE OF SAUD.**



2005 FEB 28 PM 3: 20
CRM/ISS/REGISTRATION UNIT

FACTS ABOUT SAUDI ARABIA IN 9-11 COMMISSION REPORT

Ambassador to the United States Prince Bandar bin Sultan stated: "The 9-11 Commission has confirmed what we have been saying all along. The clear statements by this independent, bipartisan commission have debunked the myths that have cast fear and doubt over Saudi Arabia."

1. THERE IS NO EVIDENCE OF SAUDI GOVERNMENT FUNDING OF AL-QAEDA

The 9-11 Commission confirmed that it has found no evidence that the government of Saudi Arabia funded Al-Qaeda. The 9-11 Commission also confirmed that it has found no evidence that the 9-11 hijackers received funding from Saudi citizen Omar Al-Bayoumi, or from Princess Haifa Al-Faisal, wife of Ambassador to the United States Prince Bandar bin Sultan.

- According to the 9-11 Commission: **"...we have found no evidence that the Saudi government as an institution or senior Saudi officials individually funded the organization."**
- According to the 9-11 Commission: **"We have found no evidence that Saudi Princess Haifa al Faisal provided any funds to the conspiracy, either directly or indirectly."**
- Although there was some initial suspicion of Saudi citizen Al-Bayoumi and his contact with two of the 9-11 hijackers, according to the 9-11 Commission: **"...we have seen no credible evidence that he believed in violent extremism or knowingly aided extremist groups. Our investigators who have dealt directly with him and studied his background find him to be an unlikely candidate for clandestine involvement with Islamist extremists...Neither then nor later did Bayoumi give money to either Hazmi or Mihdhar."**

- more -

2. SAUDI FLIGHTS WERE INVESTIGATED AND HANDLED PROFESSIONALLY

Despite accusations by Craig Unger, Michael Moore and others, the post 9-11 flights that repatriated Saudi citizens, including members of the bin Laden family, were investigated by the FBI and **“no one with known links to terrorism departed on these flights”**.

- **According to the 9-11 Commission: “First, we found no evidence that any flights of Saudi nationals, domestic or international, took place before the reopening of national airspace on the morning of September 13, 2001. To the contrary, every flight we have identified occurred after national airspace reopened.”**
- **“Second, we found no evidence of political intervention...None of the officials we interviewed recalled any intervention or direction on this matter from any political appointee.”**
- **“Third, we believe that the FBI conducted a satisfactory screening of Saudi nationals who left the United States on charter flights. The Saudi government was advised of and agreed to the FBI’s requirements that passengers be identified and checked against various databases before the flights departed. The Federal Aviation Administration representative working in the FBI operations center made sure that the FBI was aware of the flights of Saudi nationals and was able to screen the passengers before they were allowed to depart.”**
- **“The FBI interviewed all persons of interest on these flights prior to their departures. They concluded that none of the passengers was connected to the 9/11 attacks and have since found no evidence to change that conclusion. Our own independent review of the Saudi nationals involved confirms that no one with known links to terrorism departed on these flights.”**

3. THE SAUDI GOVERNMENT WAS PURSUING BIN LADEN PRIOR TO THE ATTACKS ON THE U.S.

The 9-11 Commission confirmed accounts of Saudi Arabia's attempts to capture Osama bin Laden prior to 9-11 and efforts to foil Al-Qaeda terror attacks inside the Kingdom as early as 1998. The Saudi Arabian government was pursuing bin Laden and his Al-Qaeda network before the 9-11 attacks, and these terrorists, in turn, were pursuing targets inside the Kingdom of Saudi Arabia before those attacks on the United States. Osama bin Laden fled Saudi Arabia 10 years before the 9-11 attacks. The government of Saudi Arabia revoked his citizenship in 1994. In 1996, he publicly denounced the government of Saudi Arabia.

- According to the 9-11 Commission: **“The CIA learned in the spring of 1998 that the Saudi government had quietly disrupted Bin Ladin cells in its country that were planning to attack U.S. forces with shoulder-fired missiles. They had arrested scores of individuals, with no publicity.”**
- According to the 9-11 Commission: **“Saudi Crown Prince Abdullah, who had taken charge from the ailing King Fahd, promised Tenet an all-out secret effort to persuade the Taliban to expel Bin Ladin so that he could be sent to the United States or to another country for trial.”**
- The former head of Saudi intelligence Prince Turki Al-Faisal coordinated with CIA Director George Tenet to get Mullah Omar and other Taliban leaders to hand over bin Laden. According to the 9-11 Commission: **“Yet in September 1998, when the Saudi emissary, Prince Turki, asked Mullah Omar whether he would keep his earlier promise to expel Bin Ladin, the Taliban leader said no. Both sides shouted at each other, with Mullah Omar denouncing the Saudi government. Riyadh then suspended its diplomatic relations with the Taliban regime.”**

###

Saudi Arabia

Gateway to the Middle East

When the West asks for reforms in Saudi Arabia it tends to forget that the Kingdom has undergone more changes in one generation than in the previous thirteen centuries. It is impossible to exaggerate the impact that Islam has on Saudi culture since religion is the dominant thread that permeates every level of society. Finding a balance between the demands of globalization and the obligations of their religion is the key challenge facing Saudis today.

As the birthplace of the prophet Mohammed and home of Islam's two holiest sites, the Mosques of Mecca and Medina, 1.3 billion Muslims turn to face Saudi Arabia five times a day in prayer. Saudis believe that this

means they must be held to higher standards than other Muslims around the world and that their society must be built around the principles of Islam.

Despite its conservative reputation, Saudi's have experienced significant change and the pace of reform is accelerating. Economic, social and political reforms are all under way, though Saudi's recent outside pressures and internal tribal disputes must come from within at their own pace and most important of all must happen without compromising Muslim beliefs. Saudi's ultimately mean "Westernize or die".

Oil has been and will continue to be the driving force of the country's growth.

25% of the world's proven oil reserves. Saudi's is a vital strategic power center in the world today as a leading member of OPEC. The petroleum sector provides for roughly 75% of budget revenues, 45% of GDP and 90% of export earnings, but Saudi's economic plans have often been to stress the relationship between their role as a key supplier of the world's oil and the major consumers of oil in a free market of supply and price stability that have underpinned their economic growth. The Minister of Oil Affairs has not worked towards a balance between the producers and consumers, setting a price range of between \$21 and \$28 a barrel is of most benefit to both parties.





Starting From April 21, 2004

A zero has been added after "05" in all mobile numbers in Saudi Arabia:

- Callers from inside Saudi should place a zero after "05" (i.e. 050 xxxxxxx)
- Callers from outside Saudi should place a zero after "5" (i.e. +96650 xxxxxxx)

الاتصالات السعودية
SAUDI TELECOM



Our Work Today is For a Better Tomorrow

Oil is an exceptionally volatile commodity. Whereas prices had plummeted to around \$18 a barrel as recently as 2002 and under \$10 in the late 1990s, prices in recent months have spiked at over \$40. Saudi is one of the very few countries with spare capacity and as such plays a crucial role in helping to avoid soaring oil prices.

Minister Naimi said in August that Saudi was "prepared to meet all the requirements of the international oil companies if they need additional volumes, relying on the surplus production capacity of more than 1.3 million barrels daily, which could be used immediately if required."

Oil price fluctuations mean that economic performance in the Kingdom is notoriously difficult to predict, but 2003 was an exceptional year with 6.4% GDP growth, the highest oil revenues in 20 years, a \$12 billion budget surplus, low inflation and interest rates and a booming stock market. Even when you consider regional instabilities, the Saudi economy has rarely looked so healthy and the indicators for this year are equally optimistic. Standard and Poor (S&P) recently upgraded the Kingdom's rating to A "Stable" a move which should further increase confidence in the country's future.

High on the agenda now is to achieve WTO membership. Most observers believe that after years of delays, entry is a matter of months away. Saudi has already successfully negotiated bilateral deals with the majority of its trading partners, including the EU and Japan. Agreement with the US is the final major hurdle. US officials say that Saudi is "moving quickly" to resolve the outstanding issues.

Abdul Rahman Al Jeraisy, chairman of the Saudi Council of Chambers of Commerce believes that Saudi's non-membership is anachronistic. "We are the most advanced economy in the world not to be a member already. Our founder King Abdulaziz chose an open economic system and so for over a



hundred years we have been the dominant economy in the Middle East. We were slow to negotiate first with GAT and then with WTO representatives and that explains why we are not already members, but we are extremely hopeful that this will be rectified soon. People outside the Kingdom have been slow to recognize that although we are a conservative society we have a very open economy."

Dr Fawaz Al Alamy, Deputy Minister of Commerce who has led the WTO negotiations is optimistic Saudi's membership is imminent. "We are keen to participate and enhance our position as an integral member of the world economy. It is essential and fair for Saudi Arabia to take part in an organization that controls 89% of world trade. We have an open market economy and we comply with many of the rules much better than existing WTO members. We have come a long way with our self-imposed economic reforms. People say that since 9.11 we have been pushed into making these reforms, but in fact this process was already underway and we were doing it freely and willingly. We reduced our tariff rates in 2003 from 20% to 5%. Most countries said that 10% was acceptable, but we had already reduced the rates to 5% due to our customs union agreement with other GCC members."

Crown Prince Abdullah, Saudi's de

facto ruler, has been instrumental in pushing through a string of domestic reforms. Landmark municipal elections are scheduled in November and will be the first political elections at any level since the formation of the Saudi state in 1932.

Education reform is also high on the agenda to combat rising unemployment and meet the needs of a burgeoning population. Nearly 40% of the population is under the age of 15 and the private sector has been demanding urgent improvements to the education system to enable them to hire more young Saudis in the future.

The education debate also contains an important political dimension as ministers fight charges that the system has been a breeding ground for terrorism. The Kingdom has suffered a series of suicide bombings, gun battles and kidnappings since May 2003 that have been blamed on al-Qaeda sympathisers. In December last year, Saudi authorities published a list of the Kingdom's 26 most wanted terrorist suspects of which half have now been captured or killed. In a statement to the official Saudi Press Agency, Crown Prince Abdullah acknowledged that the Kingdom "was subject to organized terror, but has successfully brought it down. All that you are seeing before you now is the mopping up of the last pockets."

Tackling Privatization and Competition Head-On

Privatization and liberalization are two buzzwords in Saudi Arabia's economy and no company exemplifies the government's efforts in these areas more than the **Saudi Telecom Company (STC)**.

Saudi Arabia's telecommunications market is the largest and fastest growing in the Middle East. It has been dominated by STC since its establishment in the late 1990s as one of the first steps toward privatization

when the Ministry of Post and Telecommunications handed over control of the Kingdom's telecommunication facilities.

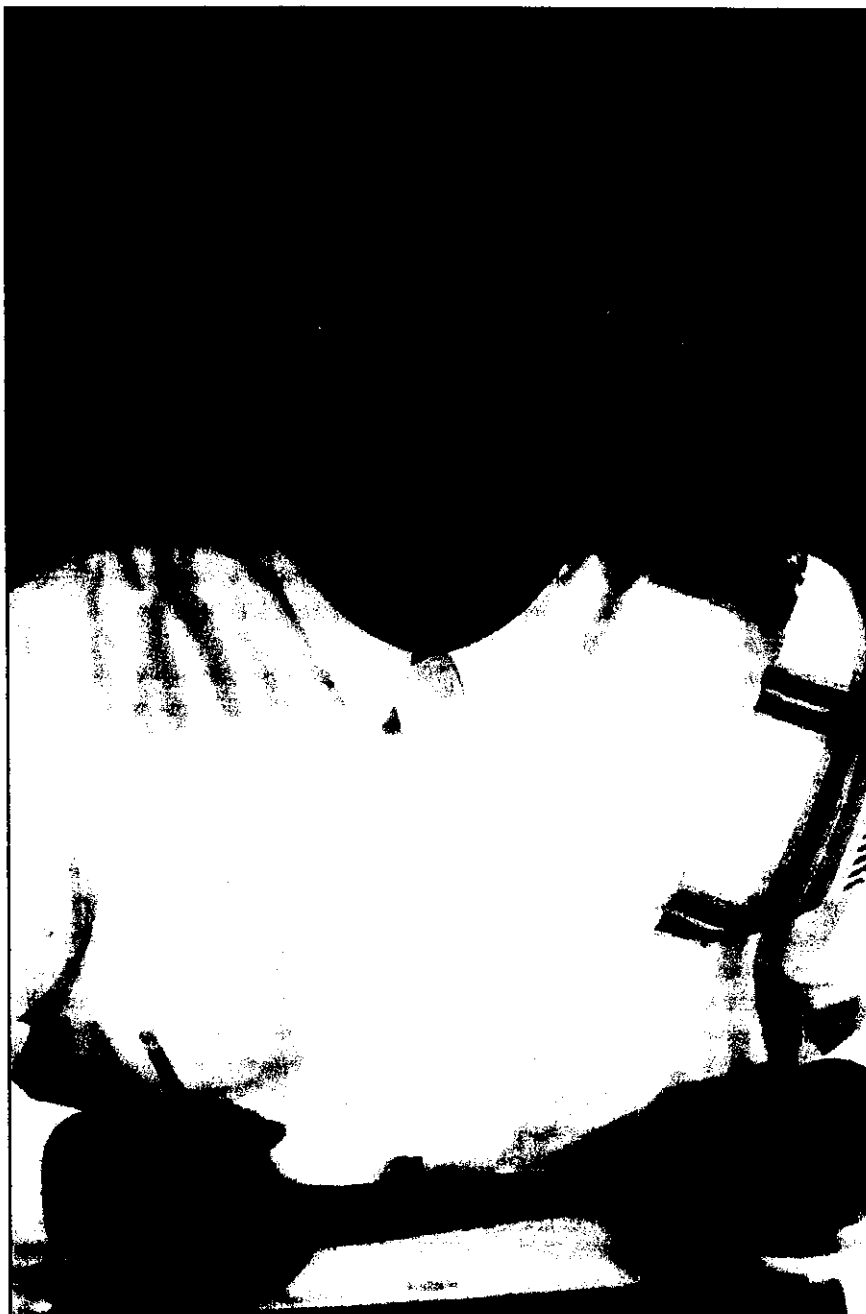
Since then further privatization drives culminated in the public offering of 90 million shares, representing 30% of the company, made available to the Saudi

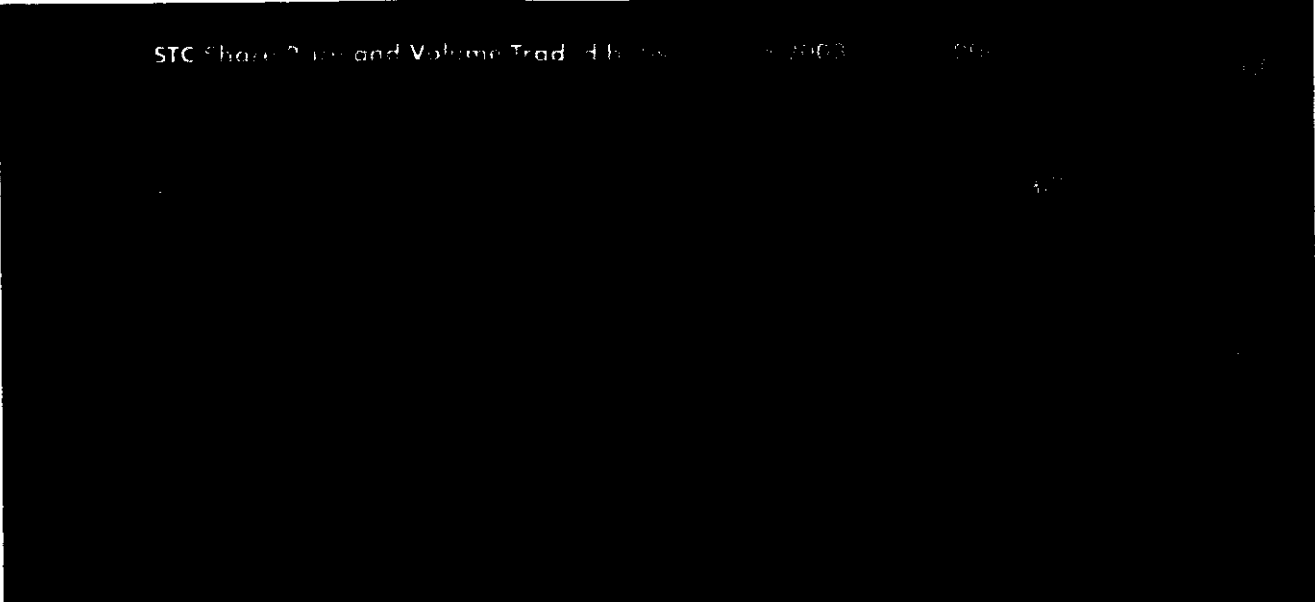
We invest nearly SR 6 billion (\$1.6 billion) annually in developing better infrastructure

public and state affiliated social welfare and pension funds. Despite the fact that the flotation was during the run up to war in Iraq, it was a huge success. The shares were more than 3.5 times oversubscribed with 900,000 applicants and raised just under \$10 billion for the government making it the second largest flotation worldwide in 2002 and easily the most significant in the Middle East. STC is now the 14th largest telecommunications company in the world.

STC's shares remain a firm favorite among Saudis. They represent well over 20% of the stock market's capitalization and from a starting price of SR 170 (\$45.3) they have been pushed up to the SR 550 (\$146.6) mark by investors betting on continued fast-growing demand in the Kingdom. In the past two years when global markets have been sluggish or merely recovering, the Saudi stock market has experienced continuous record trading performances on the back of STC's success.

Until now STC has run a monopoly on both fixed line and mobile telephony, but the Saudi Communications





STC Share Price and Volume Traded by Day - 2003

Commission is supervising the liberalization of the sector and has passed laws to allow competition in its mobile phone services.

In August this year, the Commission selected the Emirates Telecommunications Company (Etisalat) from a short list of six consortia bidding for the GSM and 3G licences. The \$3.457 billion bid has been applauded by Amr Dabbagh, Saudi Arabia's investment supremo for its "financial attractiveness" and described it as "a vote of confidence" in the sector as well as the Kingdom's economy.

Etisalat will be entering a lucrative market with high growth potential. STC's President, **Khalid Al Molhem**, believes that deregulation will result in opportunities for STC as well as benefits to the consumer. "The entry of a second GSM player is a welcome development, that we have anticipated and been preparing for several months. We foresee several benefits arising out of this situation, for industry players and customers alike. The industry is currently growing at an average rate of 30% annually, and we are confident that a new player will expand the market, and drive further growth, rather than restrict STC's market share. The penetration of the telecom sector in Saudi Arabia is less than the international average, which indicates that there is strong

potential for growth in the Kingdom. We expect the industry to grow to \$7.9 billion by 2007."

"The immediate impact of liberalization is a shift in prices in the face of increased competition. The decreased pricing will tap into previously unexplored markets within the Kingdom, allowing more consumers to avail of GSM services. Thus, our market reach will be far greater. This will pro-

Domestically, STC is now the benchmark by which all privatizations are judged.

vide the right impetus to install cellular network infrastructure to remote areas in the Kingdom, further expanding the market. Consumers are extremely receptive to new technology and are quick to adapt to trends; the introduction of prepaid GSM cards in 2002 has boosted our revenues from SMS."

"In order to maintain our market position, STC has been offering several value-added services as well as after-sales services to its subscribers. We invest nearly SR 6 billion (\$1.6 billion) annually in developing better infrastructure. We also have plans to offer technical solutions and core services to GSM operators, which will be a new revenue stream for the company."

Saudi Arabia is the size of Western Europe with a hostile terrain. Providing a comprehensive and state of the art telecommunications infrastructure to a lightly populated area has been a huge task for STC. Temperatures can reach 50 degrees Celsius in summer; high humidity on the coast, extreme dryness in the central areas, dust storms and occasional flooding add to the challenge. Through a sequence of Telephone Expansion Plans, STC has invested \$15 billion since privatization with the mission of building "more infrastructure in four years than was built in the previous thirty."

STC now has to balance the interests of the consumer and the shareholders, but remains committed to being a customer driven company. "Our strategy is to make our tariffs competitive at the regional and international level. We review our tariffs regularly and reduce them in tune with our expansion projects," says Al Molhem.

The past two years have been seminal in the company's history and is a reflection of Saudi Arabia's changing economic landscape. Domestically, STC is now the benchmark by which all privatizations are judged. International investors have looked on with interest to gauge the impact of liberalization in a sector that promises further opportunities in the future.

Riyadh - A Modern Oasis

Riyadh, the economic and political centre of Saudi Arabia, has been transformed in little over a generation to become a thriving metropolis. Taking its name from the Arabic word "rawdah" meaning "a place of garden and trees", Saudi Arabia's capital now rivals any modern city in the world, marrying ancient desert traditions with the splendour and functionality of its modern architecture. A population of nearly 5 million is expected to double in the next 20 years as the city continues to expand rapidly. **Abdullatif Al-Shaikh**, President of the **Arriyadh Development Authority (ADA)** explains his vision for the city.

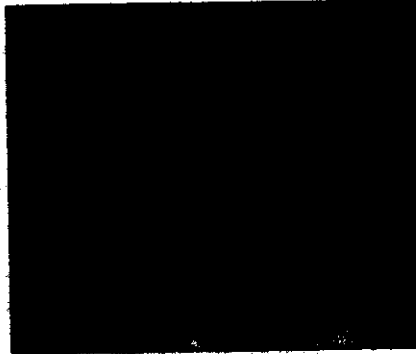
What are the objectives of the Authority?

30 years ago the High Commission for the Development of Arriyadh (HCDA) chaired by the governor of Arriyadh region, His Royal Highness Prince Salman bin Abdulaziz was established with the ADA as its executive arm.

We are responsible for the comprehensive planning, design and implementation of major city projects, as well as the coordination of infrastructure upgrades in all urban sectors including transportation, economic development, housing and environmental projects.

What is your vision for Riyadh?

Our vision for Riyadh over the next 50 years has been developed as part of a Metropolitan Development Strategy.



Abdullatif Al-Shaikh - President ADA

The ADA team has identified themes that reflect the role of the city as the capital of the Kingdom of Saudi Arabia, the home of Islam and the two holy mosques as well as a national and international political, economic, cultural and historical centre.

We are building a city to be an oasis in the middle of the desert. We want Riyadh to reflect the harmony between the desert environment and modern urban practises. The city is now an active and energetic commercial and financial centre. Riyadh is a hub of knowledge, a prominent centre in education and health services and a leader in scientific research and development particularly in the fields of energy and desert environment technologies.

What are your current major plans and projects?

Riyadh's population is expected to double within 20 years and the city has to increase correspondingly. We are currently engaged in implementing a

number of wide scale programs. These include an ultramodern light rail public transportation system to cover the entire city and a strategy for developing information communication technology (ICT) with the aim of establishing ICT parks around the city.

To add to the city's human, social and cultural aspects we have been developing recreation and entertainment parks and facilities, particularly the development of Wadi Hanifa. Wadi Hanifa is the largest natural feature in the city - a 120 km long valley - that plays a primary role in our environmental plans. We are exploiting the Wadi for agricultural and entertainment purposes by developing the riverbed, the dramatic cliffs and escarpments for irrigation and water purification. As part of our strategy to develop the city's tourism sector, we are engaged in a SR 2.5 billion (nearly \$670 million) investment project in Thumamah Park about 60 km from the city centre to provide an outlet for the city population.

Other tourist schemes include the re-development and preservation of the Arriyadh historical city, the first Saudi capital dating back almost two and a half centuries. The project is already underway and includes the historic city, the nearby Wadi villages, extensive palm groves and gardens, tourist facilities and a rich network of trails and parkways.

www.

com

Growth is not achieved by coincidence...

Millions (SR)



We at Bank Aljazira tailor-make Islamic financial solutions that answer our client's financial needs.

Innovation is an integral part of our strategy and as a result, we constantly develop and introduce new products, such as:

Tamam Program: Financing for local share margin trading compliant with Islamic Shari'ah.

Takaful Ta'awuni: The Shari'ah compliant alternative to life insurance.

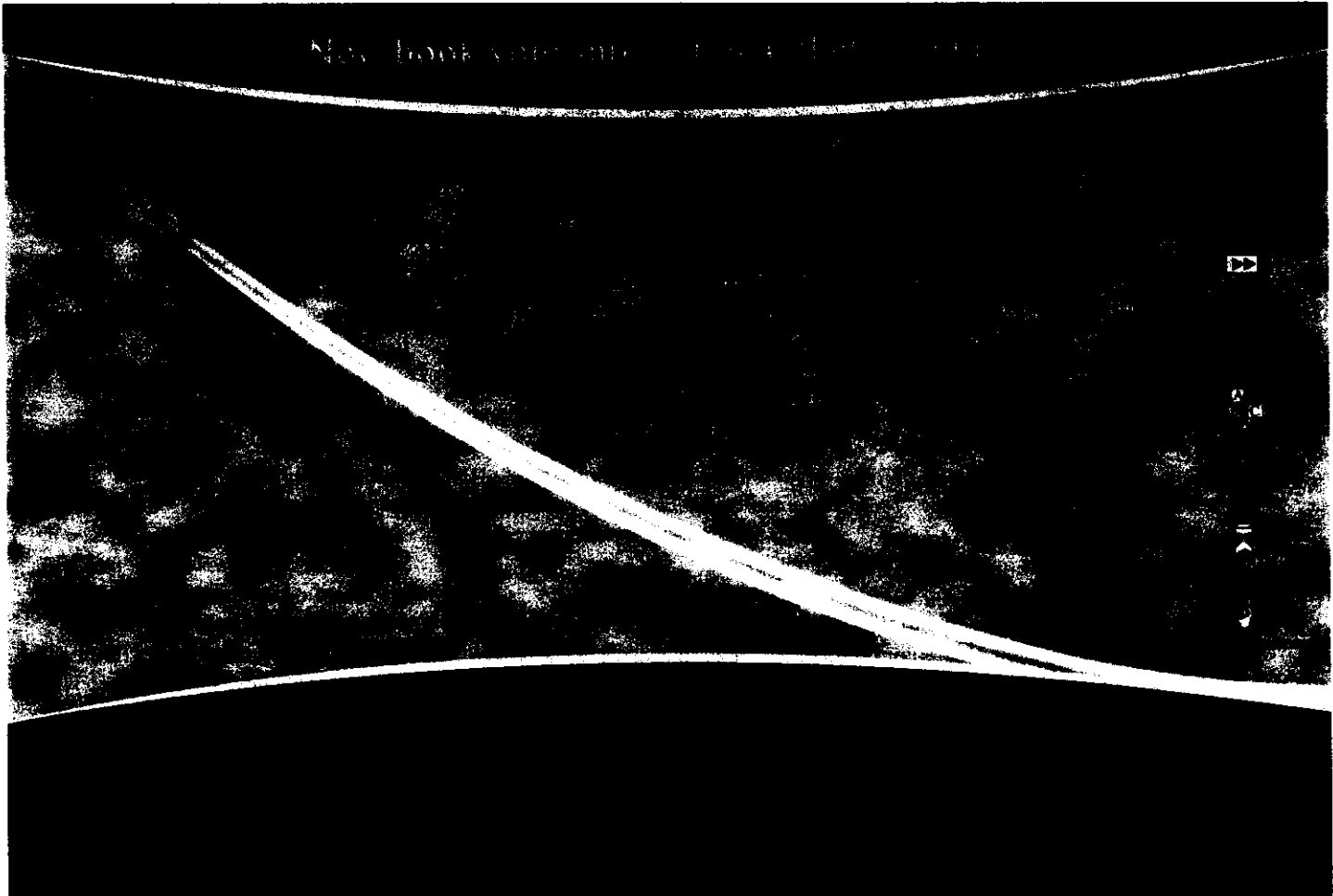
Dinar Program: Corporate and Individual financing compliant with Islamic Shari'ah.

Naqa'a Program: The Shari'ah compliant alternative to time deposits.

Thus leaving nothing for coincidence.



Head Office: P. O. Box: 6277 Jeddah 21442
 Tel: 6518070 Fax: 6532478
www.baj.com.sa - info@baj.com.sa



Innovation in Islamic Banking Gives New-Look Bank Aljazira the Edge

In the highly competitive Saudi financial sector, **Bank Aljazira** is leading the trend in offering Shari'ah compliant products that are attracting a significant share of the market away from traditional banks.

Muslims around the world have increasingly been demanding a form of banking that recognizes their religion. Bank Aljazira has been very proactive in responding with their highly innovative products.

The underlying principle to Islamic banking is to avoid charging interest on loans, deemed usury. In the past quarter century, rapid economic development in many Muslim countries has determined the need for complex financing tools and institutions such as Bank Aljazira have developed and introduced a number of increasingly sophisticated investment products that are also Shari'ah compliant.

Bank Aljazira Chief Executive Officer (CEO) **Mishari Al-Mishari** points out, "It is the fastest growing financial services industry in the world. We have geared ourselves to providing Shari'ah compliant products and they now account for the bulk of our business. In terms of attracting new business, Shari'ah compliant products will continue to be the focus of Bank Aljazira."

Bank Aljazira began a restructuring process in the 1990s culminating in the strategic decision four years ago to focus on the development of Shari'ah compliant products. "Since we implemented these changes we have enjoyed huge success. We started from scratch and identified a niche we wanted to participate in. We felt that this was an area that needed development and now we have overtaken the

other banks in this growing market segment. For the type of business we do, the results speak for themselves, we are the best," says Al-Mishari. One example is the Tamam program, a Shari'ah compliant alternative to



Mishari Al-Mishari

conventional share trading margin accounts. Al-Mishari explains, "There were no Shari'ah compliant products available in this area. People had to either trade in the conventional manner on an interest basis or deal with their own money. So we developed the first product like this in the world." In share trading, Bank Aljazira now retains nearly 16% of the market despite having only 1% of the Kingdom's branches and has been buoyed by the unprecedented success in the past two years of the Saudi stock market, boosted by the big performers such as Saudi Telecom and petrochemical's giant, SABIC.

Another product that has attracted international interest is the Takaful Ta'awuni program, the only approved alternative to conventional life insurance. In its second year, Takaful Ta'awuni achieved total new business of just under SR 10 million (\$2.7 million) in annual premiums, double the first year. The program has now been widened to include

plans for marriage and education as well as supplementary cover for disability and family income benefit.

The stellar financial performance of the bank reflects its success in meeting the growing demand in the Kingdom for Shari'ah compliant upscale banking products and services. Net profits increased by 58% last year and there was an increase of 80% in customer deposits. In the first 6 months of 2004, Bank Aljazira increased its profits by 61% over the first 6 months of 2003.

Al-Mishari puts some of this success down to the customer service that Bank Aljazira offers. Particular emphasis has been placed on the bank's branches focusing on quality rather than quantity. "We have set the standard with our new-look branches. They are situated in prime locations, providing clients with easy access and parking, modern and comfortable surroundings and the highest levels of customer care. Our King Fahd branch is a showcase branch and is a good indication of where we are heading. We are the first to provide private rooms where VIP clients can trade in an enclosed and relaxing environment."

The future promises more success. "There is still a lot of room for expansion. Our profits grew by 58% last year but we are not trying to sustain that, we are trying to exceed it. Saudi Arabia's accession to the WTO will create opportunities for new financial organisations to come here. They will need local partners. The new capital markets law will also bring good prospects since it makes strategic alliances easier."

A World-Class Airline with a Distinctive Character

Saudi Arabian Airlines was born when US President Roosevelt presented King Abdulaziz with a twin-engine DC-3 in 1945. The gift must have been well received because within months the King had bought two more.

Today, Saudi Arabian Airlines has some 136 aircraft having recently purchased 61 state-of-the-art aircraft from Boeing and McDonnell Douglas making it one of the youngest fleets in the world. Last year, the airline carried more than 12 million passengers, linking 25 cities across Saudi Arabia with 52 of the world's major cities.

World travel has become a homogenized experience, but Saudi Arabian Airlines differentiates itself from many other airlines by retaining a strong sense of national identity in all its services. Mr. Abdullah Al-Jehani, Vice-President of marketing explains. "Our mission is to be a world-class airline,



Prince Sultan Bin Salman

but at the same time we want to ensure that we retain a distinctive character. This is reflected as soon as you board a Saudi Arabian Airlines aircraft, you will

find aspects that are special to our culture such as Arabic coffee and food. We also wish our passengers a safe journey with a prayer at take off and



landing which helps people to relax." The third component of the airline's mission is to be a "customer driven carrier." The recently launched "Golden Services" programme available to passengers in all three classes is part of a wider commitment to enhanced services and is in line with directives to prepare the airline for privatization in the future.

Saudi Arabian Airlines performs an important function for Muslims around the world in conveying pilgrims to Mecca during the annual pilgrimage, the Hajj. Every year the airline mobilizes its resources to cope with this huge peak that last year saw Saudi Airlines bring 750,000 Muslims into the Kingdom. "The Hajj presents an opportunity and a challenge for us," says Mr. Al-Jehani. "The Hajj is over a very short period, so during this time we have to mobilize our resources to cope with the huge increase in demand. This year, in order to do this we had to lease 16 aircraft and reconfigure 12 aircraft of our own fleet in addition to the normal flights we offer.

The revenue from the Hajj is over SR 1 billion (\$265 million). We have to be very prepared and our aim is to carry the pilgrims safely to and from their countries. Every year the numbers increase and we try to increase our market share."

Another expected boost is slowly emerging in the form of tourism and the airline launched the "Discover Saudi Arabia" campaign to encourage visitors to enjoy a unique experience. Despite a wealth of cultural sites and pristine landscapes, the Kingdom has not been an obvious choice for tourists,

but the Supreme Commission of Tourism has embarked on a 20 year programme to change that.

Under the dynamic leadership of Prince Sultan bin Salman, a former NASA astronaut, the Commission is restructuring the industry to promote private sector led initiatives to kick-start the sector.

Tourism is increasingly being recognised as a valuable resource for the Kingdom and it is hoped will ultimately provide important revenue as the economy continues to diversify. "Tourism continues to be one of the growth industries in the global economy and a high degree of planning is required to develop and promote the tourism sector in an appropriate manner. Tourism is about encouraging more Saudis to travel and explore the Kingdom, it is about encouraging pilgrims to spend more time in the Kingdom, as well as improving access for foreign visitors who want to explore the Kingdom. The Kingdom has many of the features required to develop a successful tourism industry," says the Prince.



When trust becomes a matter of life we shall only work harder,
bringing you excellence from around the world.
With faith and hard work, with trust and hope we become closer.
A family focused on your success.

Our rehabilitation centers and clinics, operated by the most experienced
consultants and specialists from around the world, are open to serve you.

The Ambulatory Clinic

- Impaired Children Center
- Pain Management
- Diabetes
- Geriatrics
- Sports Medicine
- Pediatric Wellness
- Ophthalmology
- Dental

مدينة سلطان بن عبد العزيز للخدمات الإنسانية
SULTAN BIN ABDULAZIZ HUMANITARIAN CITY

Small steps. Great expectations

Riyadh, Kingdom of Saudi Arabia, Tel: + 966 (1) 562 0000 Fax: + 966 (1) 562 0236

www.humanitariancity.org.sa

Helping People to Help Themselves

As an important part of their Islamic heritage, Saudis have long been recognized as charitable people, but since 9.11 a number of charitable organizations have come under close scrutiny or been victim of innuendo in the Western media.

The **Prince Sultan Foundation** is one of a number of large Saudi foundations that have been at pains to disassociate themselves from any wrongdoing. Under the banner "Helping people to

"We hope to maintain the principles that Prince Sultan has given us"

help themselves" the foundation's mission has been to set up an institution that enables people to gain independence in the future.

Prince Sultan, the Kingdom's Second Deputy Premier, challenged his sons to come up with a sustainable model that would provide focus to his many charitable efforts. The result is a foundation, which at its core comprises of the **Prince Sultan Humanitarian City** and a Science and Technology Centre. These two gleaming creations stand out from their desert background as testament to the vision of their founder and his sons.

Prince Sultan's son, **Prince Faisal** is head of the foundation. "It is inconceivable to imagine that someone is willing to give away 99% of his personal wealth, so we were reluctant to make this project on such a huge scale, but Prince Sultan kept pushing us and saying, 'If the benefit is justified, then I do not care about the cost, I will donate the money'."

The Humanitarian City is a gigantic SR 1.2 billion (\$320 million) medical facility, with cutting edge equipment that has managed to attract leading

specialists in a variety of fields from dentistry to prosthetics.

According to Prince Faisal a major challenge has been to make the foundation sustainable. "I realized from the beginning that if it is not run as a profit motivated scheme, then it is never going to last. It is a balancing act to behave as a profit motivated scheme, but then not actually make a profit, since we are not allowed to do that as a charitable foundation. The income we make is reinvested back into the institution. The Humanitarian City is a prime example. Although this is a charitable institution, patients must have some means of payment such as insurance. When a patient has no means of payment, the balance is covered by the foundation. We have established a patient fund. We accept donations, but we do not want people to send their money here without knowing exactly where the money is being spent. This is a sensitive issue at the moment, so we have studied various models and we use the United Way model whereby the money donated by people goes to a patient fund. The

"We have aspirations and a tremendous civilization that need to be understood. We want to bring back the peace that we used to be known for"

money helps a specific patient and we send a progress report so people can track how their money is being spent."

The Science and Technology Centre is an educational facility aimed at young people. "Science and technology is of paramount importance to our development. It is the first such project in the Middle East and most importantly it is geared to making science and

technology attractive to kids. It is an investment in the future of the world."

An example of the foundation's commitment to these values is through various



HRH Prince Faisal bin Sultan

projects in foreign universities. At Berkeley, for example, the foundation has set up a department of Middle Eastern studies. "Some people suggested that it should be Islamic studies, but we said that we prefer that it has nothing to do with religion or politics. We want students to study people and civilization. Religion and politics are a big part of that but not the only part. We are showing people that we are civilized and that we care about our own people."

Prince Faisal maintains that despite the challenges, it has been an heart-warming experience. "We hope to maintain the principles that Prince Sultan has given us. We hope to provide good deeds and that through actions rather than words we hope people will understand that as a society we are just like any other. We have aspirations and a tremendous civilization that need to be understood. We want to bring back the peace that we used to be known for."

25 Years of Shipping Success



Riyadh, a desert city, might seem an unusual place to find the headquarters of Saudi Arabia's national flag carrier, the **National Shipping Company of Saudi Arabia (NSCSA)** but with access to major oil ports on both sides of the Arabian peninsula it is in fact well positioned and the company is celebrating 25 years of operations.

NSCSA originally concentrated on dry goods and cargo, but since the mid 1980s has expanded its activities to include petrochemical and crude oil transportation. It is on these three pillars that NSCSA has built a diversified shipping company.

The decision to diversify has had a major impact on the performance of the company according to NSCSA's CEO **Khalil Al-Gannas**. "We are still in the dry goods market but oil and petrochemicals are now our main focus. As early as 1985 we made a strategic shift by diversifying into becoming a crude oil and petrochemicals carrier. That transformation has proved to be an excellent decision. Now oil and petrochemical goods make up the bulk of our revenue."

Diversification began with the acquisition of a 43,000-dwt tanker in 1985, leading to the formation of Arabian Chemical Carriers a year later in partnership with Kuwait's United Arab Shipping Company. The rapid expansion of the Kingdom's petrochemicals

industry saw renewed commitment from NSCSA. A joint venture with Saudi's largest petrochemical producer, SABIC in 1990 now oversees a fleet of 18 tankers. Prospects are bright according to Al-Gannas. "In association with SABIC with whom we have a 10-year leasing deal, we have embarked on a major renovation of our existing chemical fleet. We have already signed contracts to build 6 new chemical carriers with the possibility of more in the future."

Since entering the crude oil transportation market in 1996, NSCSA now owns and operates nine Very Large Crude Carriers (VLCC) each with a capacity of 2.1 million barrels. A deal was signed last year with ChevronTexaco to carry 12 full shipments to destinations

worldwide, including a minimum of 6 bound for the East coast of the US.

In an unpredictable industry the benefits of this diversification are clear. Petrochemical and crude oil transportation accounted for 100% of last year's profits.

Rising demand from China and the expected WTO accession should provide additional boosts to the company. Al-Gannas is confident of a strong future for NSCSA. "With our strategic position, our oil, the industrial base, and the fact that Saudi Arabia is the major economy in the region, we are rightly considered an important shipping hub. We have what it takes and will continue to expand."

A large, dark advertisement for NSCSA services. The text is white and lists various services: "Liner Services", "Freight Forwarding & NYOCC", "Crude Oil Transportation", "Petrochemicals Transportation", and "Ship Management". Below the text, there is a small, stylized logo of a ship or a similar vessel. The background is dark and textured.