

UNITED ARAB EMIRATES
Ministry of Foreign Trade



دولة الإمارات العربية المتحدة
وزارة التجارة الخارجية

Speech by H.E. Sheikha Lubna Al Qasimi

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At the African Business Forum

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Topic: Towards Afro Arab Economic Integration

Your Excellencies,

Distinguished Guests,

Ladies and Gentlemen,

Good morning everyone, I am sure that you are all as eager as I am to start discussing how we can further elevate the Afro-Arab partnership. But before we do, please allow me to share my thoughts on how productive our regional

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ties have been and how important it is for us to unite amidst today's changing global economic landscape.

Before anything else, I would like to congratulate Titlas for organizing the Forum. Given today's challenging economic conditions, this event provides the perfect opportunity to solidify our ties with Africa and together pursue higher levels of prosperity and peace.

Distinguished Guests,

If you read the UN Conference on Trade and Development's recently released 2009 World Investment Report, you'll notice two contrasting scenarios in terms of global foreign direct investment. On one hand, developed countries sustained a 29 per cent decline in their FDI flows in 2008. But analysis of developing and transition economies shows an impressive growth of 43 per cent. Africa in particular posted record FDI levels, with West Africa's 63 per cent surge leading the region¹.

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<http://www.unctad.org/Templates/webflyer.asp?docid=11904&intItemID=2068&lang=1&mode=highlights>

The UN report also warns of evidence of covert protectionism in some countries as well as restrictive approaches to FDI. This is something that my country, the UAE, strongly opposes. We believe that now is the time for us to expand our regional and international commercial ties rather than resort to protectionism. We advocate closer integration with critical partners such as Africa as we witness the emergence of a new global economic order.

Ladies and Gentlemen,

As the world's second largest continent, Africa has definitely come of age as a global trading ally. Referring again to the World Investment Report, we find that the UN is calling for more investments into Africa's agricultural sector to jumpstart a "new green revolution" which can help ensure better global food security. Aside from agribusiness, the continent is also recognized for its numerous mining, hotel and tourism, telecommunications, and power and energy opportunities.

The UAE has maintained long and productive historic, political, cultural and economic ties with Africa. The proximity of the African continent makes it a highly convenient business partner for our country and for the Arab World. Emirati businesses are particularly drawn to Africa's ports, tourism, real

estate and construction, hospitality, telecommunications, financial, and energy sectors. The forum profile provided to you shows the billions we continue to spend on various African industries even amidst the downturn, proof of our utmost confidence in the region's commercial potential.

There are some specialized businesses which we are especially interested in promoting across Africa, such as Islamic finance and renewable energy; the latter complements the recent selection of our capital city of Abu Dhabi as headquarters for the fledgling International Renewable Energy Agency. We firmly believe in the potential of Africa, which is why we shall continue to advocate closer commercial integration between our regions.

Like Africa, the UAE also relies on economic diversification to withstand the present downturn. Our non-oil industries generated over USD120 billion of our GDP in 2008, representing an 8.4 per cent from 2007 and comprising around 60 per cent of our national economic output². We have also been similarly enjoying high confidence from the global markets; we in fact led the MENA region in the World Economic Forum's Global Enabling Trade

² Based on previously approved Ramadan Gala Dinner speech

Report 2009, ranking 18th among 121 surveyed economies³. Our economy grew 7.4 per cent⁴ last year despite the emergence of the credit crunch, and we are on track to once again post a positive year.

We would thus like to invite African and Arab investors to consider the UAE's business and investment opportunities, which are backed by numerous incentives such as zero corporate profit and personal income taxes, 100 per cent repatriation of capital and profits, low import duties, and the absence of currency restrictions, quotas and trade barriers. By offering these benefits, the Emirates has been able to account for around 60 per cent of foreign investment flowing into the Gulf Cooperation Council⁵.

Furthermore, the UAE Government has implemented several measures to counter the recession, such as injecting more than USD30 billion into our banks to maintain liquidity and increasing the federal budget to fund critical infrastructural projects. These have sustained our competitive edge as an investment hub.

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http://www.uaeinteract.com/docs/UAE_leads_MENA_countries_in_%E2%80%98Global_Enabling_Trade_Index%E2%80%99_/36640.htm

⁴ <http://www.gulfnews.com/business/Economy/10335031.html>

⁵ <http://www.roadex-railex.com/images/pdf/UAEtopsGCCinforeigninvestment05Mar09EB.pdf>

Ladies and Gentlemen,

Economic integration can significantly diminish barriers to the flow of goods, services, and factors of production. Its effectiveness has been proven by affluent economic blocs such as the European Union and our very own Gulf Common Market. The fact that three of the top 10 fastest growing economies last year were from Africa⁶ shows how mutually beneficial it is to more closely integrate Afro-Arab economic activities.

Last year, total trade between the UAE and African countries reached USD8.4 billion, accounting for a 120 per cent increase from 2006 and representing 3.6 per cent of our total foreign trade for 2008⁷. Our non-oil exports to the region rose 30.3 per cent to USD 960 million, accounting for 4.7 per cent of our total foreign trade⁸. The region's vast natural resources and enormous market have helped the Emirates and many Arab countries enhance their trade productivity.

⁶ http://en.wikipedia.org/wiki/List_of_countries_by_GDP_%28real%29_growth_rate

⁷ Based on MoFT Handout

⁸ Based on MoFT Handout

However, there are still challenges that we must address in the pursuit of closer Afro-Arab economic integration. For its part, Africa should continue implementing key political and economic reforms and investing in vital social sectors to sustain its growing popularity as an investment destination. For the Arab community, we need to widen our exploration of the African markets further; while several of the region's countries have managed to attain solid growth since the mid-1990s, the majority still battle against poverty and are not in a position to meet the Millennium Development Goals set by the UN.

A broader Arab approach to African investments can help these countries achieve progress and result in significant mutual economic returns in the long run.

Ladies and Gentlemen,

I recently quoted Paul Kagame, the President of Rwanda, and I feel it is fitting to repeat his inspiring message today in the spirit of this Forum. He said that "In Africa today, trade and investment, and not aid, are pillars of development." We must support Africa's search for more sustainable and proactive strategies for growth and recognize that Africa's success shall also

be our success. The global economic crisis has taught us that we should adopt a unified approach to progress; Afro-Arab economic integration will prove that we have learned our lesson well.

I would like to thank the organisers for inviting me to share my thoughts with you today. I would also like to commend the Forum participants for your role in enhancing Afro-Arab economic and commercial ties and look forward to your valuable opinions and recommendations.

Thank you, and please enjoy the rest of the Forum.

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