

UNITED ARAB EMIRATES
MINISTRY OF FOREIGN TRADE



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وزارة التجارة الخارجية

Keynote Speech by H.E. Sheikha Lubna Al Qasimi

UAE Minister of Foreign Trade

At the Second Russian Investment Roadshow

The Atlantis Conference Centre, The Palm Jumeirah, Dubai, UAE

9:50 a.m., November 10, 2008

Topic: Keynote Speech for the Opening Session of the Second Russian Investment Roadshow



Your Excellencies,

Distinguished Guests,

Ladies and Gentlemen,

Good morning to all of you, and welcome to the second Russian Investment Roadshow. Just six months ago, the inaugural edition of this interactive conference was applauded as a refreshing new vehicle for discussing and debating global financial issues and trends while exploring Russia's growing international prominence as an attractive business and investment destination. For the next two days Russia once again takes centerstage, this time in our own thriving city of Dubai and in the most economically vibrant country in

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the Middle East. It is truly a pleasure to support and promote the promising prospects offered by our ally of long standing.

Before anything else, I would like to take this opportunity to congratulate this event's organiser, Eventica, for gathering a diverse and distinguished crowd of private sector representatives, government figures, media members and concerned interests from all over the world to the biggest business forum devoted to Russia. For the past 10 years, the former annual Russian Economic Forum in London was the main meeting place for anyone interested in doing serious business with Russia. As the Forum's successor, this Roadshow brings Russia's business potential to a broader international stage, thus ushering in more opportunities and bringing this nation closer to its goal of sustained progress, a goal we all share as active members of the global community.

Ladies and Gentlemen,

We live in uncertain times where a pandemic financial crisis continues to challenge and change the global economic and geopolitical landscapes. While today's volatile markets are testing the resilience of several economies, they are also revealing the vibrancy of others such as Russia, which has gone a long way from what is referred to as a 'transition

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recession' in 1998¹. In 2007, the country achieved a remarkable ninth straight year of growth, hiking its GDP by 8.1 per cent after averaging 7 per cent annually since 1999². Russia is once again one of the 10 largest economies in the world and the EU's third largest trading partner, and has thus become one of the greatest economic comeback stories of this century.

Russia's impressive rebound has naturally boosted business and investor confidence in its economic prospects. In fact, foreign direct investments to the country ballooned from AED 53.7 billion in 2005 to approximately AED 165.3 billion in 2007³. Russia continues to encourage overseas investors to capitalize on its investment advantages, which include easy access to countries of the Commonwealth of Independent States; a technology-savvy and skilled workforce; an emerging middle class with significant disposable income; a rapidly developing construction industry; a burgeoning services market; and a rapidly growing franchise sector. As the world's largest country in terms of area, Russia also offers abundant natural resources that remain relatively untapped and thus entice exploratory and extractive ventures.

I would like to note, that the Russian Government has been very instrumental in enhancing the country's business and investment appeal. Authorities have, for example,

¹ ec.europa.eu/economy_finance/publications/publication10969_en.pdf

² <https://www.cia.gov/library/publications/the-world-factbook/geos/rs.html>

³ <https://www.cia.gov/library/publications/the-world-factbook/geos/rs.html>

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initiated the liberalisation of energy-related areas such as the electricity sector. It has also started enhancing corporate governance in state-owned companies, a very forward-thinking approach that will surely enhance its image as a steadily evolving investment hub.

The leadership's decision to retain a flat tax has made Russia one of the world's top three most benign personal tax environments, along with Hong Kong and my very own country, the UAE⁴. Such a favourable tax policy has helped both our countries attract a highly talented multinational workforce that has contributed greatly to national development. The Government is also reviewing legislative reforms to enhance intellectual property protection, while its bilateral market access agreement with the US reflects its interest in eventually joining the World Trade Organization and becoming an even more active player in international trade.

Distinguished Guests,

As this conference's host, allow me to provide you all with a glimpse of the investment potential of my own country. As the Middle East's leader in welcoming foreign capital, the UAE maintains an economic strategy founded on liberalisation and an open market policy at the import and export levels. This strategy has spawned numerous attractive

⁴ http://www.tax-news.com/archive/story/UAE_Tops_Expat_Tax_League_xxxx29044.html

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business and investment incentives, such as free trade zones that feature state-of-the-art facilities, a tax-free environment, and business-friendly commercial and industrial policies. Add to this the fact that our geographical location positions us just a few hours away from the vibrant markets of Central Asia, Europe, Southern Asia, Western Asia, India and China.

But one key development philosophy that is particularly directing us towards rapid and sustainable progress is our thrust towards economic diversification. Our internal investments in non-oil sectors such as agriculture, industrial operations, real estate and services has generated more than 60 per cent of our revenues, and this share is expected to increase to 70 per cent by 2010. A very important piece of advice that I would thus like to impart to our Russian friends, is to continue diversifying your economic activities, so that your revenue generators will span the entire business spectrum and thus lead to an equal spreading of both opportunities and wealth.

Of course, the optimal state of our economy alone has helped arouse the curiosity of multinational corporations and investors. Our share in global trade climbed AED 150.6 billion from AED 859.5 billion in 2006 to AED 1.01 trillion in 2007, prompting the World Trade Organization to rank the UAE as one of the top 30 trading companies in the world and the first in the Arab region⁵. We posted a solid GDP of AED 698 billion for

⁵ http://uaeinteract.com/docs/UAE_placed_among_the_top_30_in_global_trade/29627.htm

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the same year, sustaining a compounded annual growth rate of 23 per cent over the past four years. We are thus a perfect partner for Russia to extend its business and trade and mutually learn from our respective formulae for economic success.

Ladies and Gentlemen,

Today we are at a global crossroad where the choices we make will define our future economic, social and political destinations. It is important to always keep in mind that we are not alone in this journey and that now more than ever the saying that “there is strength in numbers holds true.” Russia has chosen to open its doors to the global community for us to enter and explore, so that together we can maintain our agenda of shared peace and progress. I am pleased that we have all chosen to take confident steps towards Russia’s hallowed halls of opportunity.

I would like to thank the organisers for allowing me to enlighten you all on the opportunities offered by Russia and the Emirates, the benefits of our collaboration, and global economic trends currently affecting international affairs. I would also like to commend all of you gathered here today for affirming Russia’s important role in global trade and commerce. I wish you all success in your present and future endeavours.

Thank you and please enjoy the rest of the Conference.