

<b>H.E. Sheikha Lubna Al Qasimi</b> <b>Minister of Economy</b>	<b>Date: April 22, 2007</b> <b>Tokyo</b>
<b>Keynote Speech at Japan Business Forum</b>	



### **Distinguished Guests**

### **Ladies & Gentlemen**

Thank you for the incredibly warm and positive reception that we have received on this visit to one of the UAE's key strategic trading partners- Japan– the land of the rising sun.

It gives me great pleasure to be with you here today. Japan is one of the UAE's major bilateral trading partners and therefore the opportunity to address you all is one that I regard as being of utmost importance.

We stand together on a precipice of mutual economic growth and prosperity. Non-oil trade between the UAE and Japan was more than Dhs 17 billion in 2006. Total trade between the UAE and Japan was 34.1% of the total trade between Japan and the rest of the GCC. This makes the UAE the most significant GCC trading partner with Japan.

Japan is a significant purchaser of UAE and GCC oil and gas products. It is of great significance that Japanese exports to the UAE also increased by almost 100% over a four year period.

### **Ladies & Gentlemen**

In 2006, the UAE recorded a nominal GDP growth rate of 23.4%, with an overall nominal GDP figure of AED 599 billion, or around USD 163 billion. The non-hydrocarbon sector contribution has been increasing steadily over the past few years; even with soaring international oil prices... up from 46% of total GDP in 1990 to 62.5% of total GDP in 2006. This is indicative of the successful economic

diversification policy of the UAE government. The International Monetary Fund (IMF) estimates that net FDI inflows reached more than \$11 billion in 2005.

I believe we have already shown evidence of this in the way we have built upon our traditional strengths and core competencies, and particularly Dubai's role as a regional trading centre and entrepot and Abu Dhabi's role as an industrial, petrochemicals and fertilizers center. The UAE is blessed with great wealth from oil and our mission has been to exploit **it our commercial expertise** to develop the economy. Today, the UAE has demonstrated excellent development and growth in its non oil economy, especially in the services sector and lately in the industrial sector.

By judicious use of our oil wealth we have developed an excellent physical infrastructure, a competent administration and an educated population. We have adopted an open door policy to capital and skills. We continuously strive to update our legislation and policy to **convoy our excellent business environment and that guarantee investors rights and organize economic life in the country, supporting the private sector and providing it with full protection and guarantees lower costs of doing business and other business constraints.**

The UAE has taken the top spot among Arab countries on highest level of transparency, according to the Berlin-based Transparency International's 2006 Corruption Perceptions Index (CPI). The UAE came 31st out of the 163 countries surveyed.

In our free zones, we have gone beyond the norm in establishing a stable, predictable regulatory and working environment for foreign companies with full ownership; this has proven a magnet for foreign direct investment.

### **Ladies & Gentlemen**

The economic result of the UAE's tourism drive (more hotels, more leisure and retail-related activities), has made the UAE a major player in the **regional global** economy; we currently boast double our population in tourism. This is due to the fact that the UAE offers a fully integrated tourism experience: we are way ahead of our regional competitors when it comes to traditional "3-S" tourism (or sun, sea and sand tourism),

shopping tourism (we ARE the Hong Kong of the Middle East), and even business or MICE tourism (meetings, incentives, conferences and exhibitions). This is evidenced by hotel occupancy rates that exceed 90% for most of the year! The UAE offers an extremely liberal and multicultural experience, with a population representing more than 150 countries and where 79% of the population is non-local.

You are no doubt aware that we have already completed two rounds of a Free Trade Agreement negotiating with Japan within the GCC framework. I am confident that this FTA will bring natural benefits to both the GCC and Japan.

The UAE's total foreign trade (which includes goods and services) with the world was approximately 142% of our GDP in 2006<sup>1</sup>. Some have interpreted this as a result of the international policy of 'openness' adopted by the UAE government. Openness does not simultaneously impact upon international trade figures, however. In fact, the UAE government has had this policy in place for some time, actively encouraging free trade and FDI into the country. In addition to the Federal Government, individual emirates acting autonomously, with the overall approval of the federal government, have actively encouraged investment through the establishment of free trade zones that allow companies to set up and operate and remain free of corporate or personal income taxes, allow for 100% repatriation of profits and remain free of the requirement to have a 51% local partner, which applies to areas of activity outside the free zones.

The UAE's liberal economic policies have contributed in the massive increase in foreign trade. Moreover, it was the severe increase in the international price of oil, in 2004, that led to an increase in exports, disposable income and subsequently an increase in imports. This had an enormous impact on growth in overall foreign trade.

In the UAE, Dubai has taken the **bold steps to be one of a prominent of establishing a financial centre that competes on the global stage, along with London, New York, Singapore, your very own Tokyo and even Shanghai.** The Dubai International Financial Centre is **already perfectly** positioned and slots into the time zone directly

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<sup>1</sup> Total trade in goods (excluding services) was 134.3% for that year.

between East and West. It has become the final piece in the jigsaw of round-the-clock capital market operations with the commencement of operations of the Dubai International Financial Exchange late last year. It was always envisioned that a large part of the DIFC operations would be made up of financial institutions from all over the world. To date, we have 107 regulated firms, of which 84 are authorised firms, from the UK, US, all of Western Europe (except Spain and Italy), Singapore and Hong Kong. Japan's presence to date is JBIC of course, and Sumitomo. It is hoped that many more will follow to establish a presence in the financial centre. The DIFC is perhaps the vehicle needed to educate Middle Eastern and Japanese investors alike about funds specifically linked to investment in our respective countries.

**The envisioned economic cooperation scop lies on the fact that there are vast sectors in the UAE witnessing fast development , such as e-commerce, IT, and the transfer of modern technology in addition to the promising investment opportunities in traditional economic sectors, such as industry, agriculture, communications, building and construction .**

**Moreover, the state has prepared for investment opportunities an excellent environment by creating specialized cities and zones , including other complementary and auxiliary ones to facilitate investments and lay down many alternatives for the investors.**

So what is the UAE's future direction and how might it affect Japan?

If I may summarise:

- We need to continue to progress towards a Free Trade Agreement that enshrines two-way openness.
- We need to educate our investment community about the vehicles and opportunities available.
- The UAE needs technology and transfer of technical know-how to continue to grow the economy and to continue to diversify away from Oil and Petroleum based exports.
- We need to continue to create education and knowledge opportunities for

nationals.

- We need to stimulate entrepreneurship within the UAE to take advantage of the different opportunities on the world's stage. Innovation should substitute replication as the commercial *modus operandi*. In that regard, we have a lot to learn from the leading Japanese business economy.

**Ladies & Gentlemen**

I am looking forward to continued success and even stronger business ties between our countries....

**Shukran Jazeelan, or Domo Arigato Gozimasu.** (Thank you very much).

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