

WORLD BANK GROUP

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INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
MULTILATERAL INVESTMENT GUARANTEE AGENCY

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Statement by H.H. **SHEIKH HAMDAN BIN RASHID AL MAKTOUM**,
Deputy Ruler of Dubai and Minister of Finance and Industry,
UNITED ARAB EMIRATES,
at the Annual Meetings of the Boards of Governors of the
World Bank Group and the International Monetary Fund

Your Highnesses, Mr. Chairman, Governors, Mr. Wolfensohn, Mr. Köhler, Ladies and Gentlemen,

I have the great honor to welcome you to the United Arab Emirates, on behalf of His Highness Sheikh Zayed bin Sultan Al Nahyan, President of the UAE; His Highness Sheikh Maktoum bin Rashid Al Maktoum, Vice-President, Prime Minister, and Ruler of Dubai; and the members of the Federal Supreme Council; on the occasion of the 2003 Annual Meetings of the Boards of Governors of the World Bank Group and the International Monetary Fund.

This gathering of representatives from the Bank and Fund's 184 members symbolizes the equality of all the peoples of the world, and underscores that the problems and challenges facing the global economy and the international financial system today are of concern to all countries and can only be addressed effectively through cooperation and if all of our voices are heard.

Ladies and Gentlemen,

The Annual Meetings are for the first time being convened in an Arab country, and we hope that this will be the first of many such gatherings in our part of the world. The selection of the United Arab Emirates as host for your meetings recognizes that this region is an integral part of the world economy and a key player in today's multilateral system.

The Arab world is a region of tremendous richness, diversity, and potential, bound together by close historical and cultural ties. It is one of the oldest centers of learning and tolerance and the birthplace of many of the world's magnificent civilizations and religions. Most importantly, it is filled with talented and resourceful people who have a strong desire to contribute to the progress and prosperity of mankind. But this part of the world will not be able to realize its full economic potential until a just and permanent solution to the regional conflict is found and the international community makes a serious effort to bring peace and security to the region.

In Iraq, rays of hope are starting to emerge for a free society founded on the rule of law. A stable Iraq, at peace with itself and with its neighbors, is in the collective interest of all of us, particularly those of us in this region of the world. Iraq must once again become stable, prosperous, and a responsible partner in the international community, and the Iraqi people must be free to determine their own political future and control their own natural resources. We believe that the international community must contribute to the reconstruction of Iraq in all areas.

Moreover, the present situation in the occupied Palestinian territories is sadly marked by deteriorating living conditions and increasing social and economic despair. Without a lasting settlement that guarantees justice, peace, and security to all the peoples of the region, as well as an independent state to the Palestinian people, instability will continue to undermine economic progress in this part of the world. The international community must do its utmost to help the Palestinian people build a better future for themselves.

Ladies and Gentlemen,

The United Arab Emirates has been completely transformed since its formation in 1971. A relatively undeveloped region has become, as you can see, a modern state that enjoys a high standard of living and is well integrated with the rest of the world. The UAE serves as an excellent example of what a country can accomplish if it pursues economic liberalization, creates an environment conducive to private sector activity, and preserves political and social stability. This success is a result of the government's policy of diversifying revenue sources by supporting and encouraging the nonoil sector and investments in the domestic and foreign private sectors. Our country has become a model of how to combine the technologies and advances of the western world with the traditions and values of the east. We are proud that the UAE is in many ways a melting pot of nationalities and cultures, with people from all over the world working together in harmony.

We realize that as we move forward and try to accelerate growth, we will have to diversify further our economy and export base. As part of this strategy, the government is working to create a suitable investment climate that will enable Dubai to become an international financial center as well as a popular tourist destination in the years to come. However, we recognize that we are in the early stages and that much remains to be done. We must continue to develop our infrastructure, legislation, and business climate if we are to attract additional investments and absorb our growing labor force.

In this regard, we applaud the efforts of the IMF and the World Bank and their cooperation with local institutions in the UAE, which have enabled us to benefit greatly from the experience and expertise of the two international organizations.

Ladies and Gentlemen,

While the United Arab Emirates is blessed with vast oil and gas reserves, we recognize that it is our citizens who are our most valuable resource and the real wealth of our country. The government has sought to develop the nation's human resources and improve living standards by providing education, health care, and equal employment opportunities for men and women. In the wise and well-known words of our president, His Highness Sheikh Zayed bin Sultan Al Nahyan, "Wealth is of no real value unless is it used to serve the people." This strategy has enabled the UAE to obtain a high ranking in the UNDP's Human Development Index.

Ladies and Gentlemen,

The United Arab Emirates is deeply committed to international cooperation and continuing its support of development efforts in developing countries. The government has a well-established policy of providing assistance to developing countries in the form of grants and unrestricted development aid. It provided Dh 106 billion in assistance through end-2002 to a number of developing countries, of which over 75 percent was in the form of grants. The government has also provided material assistance through the Abu Dhabi Fund for Development, as well as multilateral regional and international organizations and funds, thus demonstrating its firm commitment to international cooperation.

Mr. Chairman, Ladies and Gentlemen,

Reducing the levels of poverty in many parts of the world remains an issue of the utmost importance. Despite the commitments made by the international community in this respect, over three billion people still live in abject poverty, earning less than two dollars a day and lacking even the barest essentials. Greater efforts to achieve development goals must be made in the new millennium, and it is disappointing to see that flows of official development assistance have been declining. It is critical that the developed countries honor their shared objective of providing 0.7 percent of their GNP as official development assistance if the Millennium Development Goal of reducing poverty by half by 2015 is to be met, along with working to reduce the debt burden.

But increased official development assistance by the advanced countries is not by itself sufficient to reduce poverty; generous technical assistance is also needed to help developing countries build their human capital. Successful and durable economic development requires not only aid, but also the empowerment of and investment in people so that they can make a meaningful contribution to the development of their society and realize their aspirations. For their part, developing countries have to increase investment in the education and training of their own citizens.

In this regard, we applaud the role of the World Bank in focusing its strategy on poverty reduction and we call for further efforts to increase the size of loans, credits, and private sector support in future years, while continuing efforts to achieve development goals, simplify procedures, and reduce the debt burden of the borrowing countries.

We also welcome the IMF's initiative to review the substance of reform programs, aimed at focusing on a limited number of pivotal conditions clearly linked to macroeconomic objectives, thus helping member countries adopt reform policies and improve their economic performance. This will also encourage countries to seek advice and assistance from the Fund before their problems get out of control.

Mr. Chairman, Ladies and Gentlemen,

No meaningful discussion of poverty reduction can take place unless it addresses the issue of trade, as a more open trading system will help poor countries achieve sustainable development. In this regard, a critical contribution to poverty reduction can be made if the advanced economies improve market access for developing country exports and reduce trade-distorting subsidies, which cause greater hunger and poverty in developing countries throughout the world.

It was hoped that progress in this important area would be achieved during the recent meeting of the World Trade Organization in Cancún. As this did not happen, we look forward to continued negotiations and we hope that the Board of Governors will issue a positive statement on the determination of all countries to cooperate on this crucial issue.

Embracing free trade is equally important for developing countries. Their implementation of more open trade policies can potentially boost domestic productivity through increased competition, spur foreign direct investment, create employment opportunities, and thereby raise the overall standard of living.

The free flow of trade should also be accompanied by the steady transfer of the modern technologies of the developed world to developing countries. It is regrettable that the technological gap between developed and developing countries is growing larger. The lack of technical assistance and technology is unfortunately denying developing countries a chance to participate fully in the global economy. As foreign direct investment is the main external driver for technology transfer, developing countries will need to create a domestic climate even more conducive to private sector activity if they wish to receive higher levels of FDI flows and reduce this technology gap.

Ladies and Gentlemen,

We all agree that we would like to live in a world free of poverty and conflict. A much stronger and more determined international effort with the full participation of both developed and developing countries is necessary if we are one day to live in such a world. It is only by working together and cooperating with one another that the nations of the world can achieve the goals that they cannot realize separately or in conflict with each other.

I wish you all the very best as you carry out your very important deliberations over the next few days. I hope that your discussions will assist the World Bank Group and the IMF to continue improving the quality of life of people everywhere.

I wish you all a very pleasant stay in Dubai, and hope that you will find some time outside of your busy schedules to enjoy our beautiful country and experience our warm hospitality.