

MINISTRY OF THE ECONOMY AND FOREIGN TRADE & THE LUXEMBOURG

Economic mission to the Middle East

The Chamber of Commerce recently organised an economic mission to the Middle East in collaboration with Treasury & Budget Ministry, the Ministry for the Economy and Foreign Trade. During its trip, the Luxembourg delegation, headed by HRH the Grand Duke visited the Emirates - Abu Dhabi (from the 19 to the 20th November), and Dubai (from the 20th to the 21st November), and Jordan - Amman (from the 22nd to the 23rd November).

Abu Dhabi

Abu Dhabi is the largest of the seven Emirates. Abu Dhabi city (with 650,00 inhabitants) is the capital of the United Arab Emirates and represents the petroleum, gas and petrochemical hub of the UAE, and is also an important centre for re-exportation to Saudi Arabia, Qatar and Oman. Abu Dhabi recently launched a diversification and privatisation drive to try to limit its dependence on the petroleum industry.

In order to strengthen relations on an institutional level, a cooperation agreement between the Luxembourg Chamber of Commerce and the Abu Dhabi Chamber of Commerce & Industry was

signed in front of both countries' authorities. The agreement reinforces economic exchanges and commercial relationships between the two countries.

The financial delegation visited the Abu Dhabi Stock Exchange as well as the Central Bank, where keen interest was shown, and many questions asked regarding financial controls, investment funds and the euro.

On 19th November, Pierre Gramegna, director of the Luxembourg Chamber of Commerce opened a financial seminar, which was held in the presence of HRH the Grand Duke, and His Highness Sheikh Loubna Al Quasimi, economy minister to the UAE. Some 250 people from the world of finance and economics participated in the seminar, during which Luc Frieden, Luxembourg's Treasury and Budget Minister, presented the benefits of the Luxembourg financial centre - well established infrastructures, highly qualified specialised people, and an advantageous legal and regulatory environment. Frieden's presentation was followed by input from Jean Meyer, chairman of the ABBL, and Robert Hoffmann, director general of ALFI. The seminar was followed by a reception hosted by the Luxembourg delegation at the Emirates palace.



Abu Dhabi



Tom Wagner/SIP

Dubai

Dubai

The second stage of the trip took the Luxembourg delegation to Dubai (21st & 22nd November).

Luxembourg presence at the Big 5 Show in Dubai.

The Chamber of Commerce and the Ministry of the Economy and Foreign Trade organised, for the second time, a Luxembourg stand at the Big 5 Show, the biggest trade fair in the region. The fair is dedicated to the construction sectors and counts 2000 manufacturers and suppliers from 55 countries. The 2005 edition recorded a 13% increase in the number of visitors. The following enterprises were present at the Luxembourg pavilion:

ABES S.a.r.l.
ARCELOR S.A.
CARGOLUX AIRLINES INTERNATIONAL S.A.
E & H CONSULT S.a.r.l.
O-METALL LUXEMBOURG S.A.
PAUL WAGNER & FILS S.A.
SAINT-GOABIN ABRASIVES S.A.
SOLUDEC S.A.
VETEDY LUXEMBOURG S.A.

In view of the satisfaction expressed by these companies, which made many contacts at the exhibition, the Chamber of Commerce, and the Ministry of the Economy and Foreign Trade have confirmed the presence of

Luxembourg to the Dubai Exhibition Centre for the 2006 edition.

On the political level, a non-double tax treaty was signed by Luc Frieden and Dr Muhammad bin Khalafan Al Kharbash, Minister of State for Finance, opening the way to further opportunities for enterprises in Luxembourg and the Emirates. This is the first formal accord signed with the Emirates and signals the political will of both countries to strengthen and develop economic relations.

Last year, Jeannot Krecké, Luxembourg's Minister for the Economy and Foreign Trade promised to organise Luxembourg representation in the region on a permanent basis. So, HRH the Grand Duke along with ministers Frieden and Krecké, inaugurated, in the presence of 450 business representatives from both countries, the Luxembourg Board of Economic Development, Trade and Investment Office of Dubai. This office, which will serve as a point of first contact for Luxembourg business prospecting in the UAE, will also have the task of promoting the Luxembourg economy. It will be managed by Albert Pansin, regional manager, Middle East of Cargolux Airlines, who has

CHAMBER OF COMMERCE PROMOTING TRADE

been working in the region for the last ten years.

A visit to the Dubai Air Show was also part of the Luxembourg delegation's program, where the Head of State, with members of the government, held an exchange of views with the prince heir of Dubai His Highness Sheikh Mohammed Bin Maktoum Al Maktoum. They also discussed infrastructure projects like the construction of a new airport specialising in the low-cost transport of freight.

The enormous potential that exists in this region is of great interest to Luxembourg companies. Some are already active. Secalt, has a 30% market share in the business of cleaning facades. In addition, around 80% of the dishes used in hotels bear the name Villeroy & Boch. Dometic holds 80% of the market of 5 (and higher) star hotels in the Emirates. During the visit, Basic Consulting presented its different urban projects, most notably "Defence d'Afficher" which grabbed the attention of His Highness Sheikh Maktoum Saeed Al Maktoum. Following this meeting it signed a letter of intent to open an office in Dubai.

The financial delegation then met with the leaders of the DIFC, Dubai International Financial Centre, which aims to become the new financial centre of the Middle East. Dubai also hopes to establish an investment funds association similar to the Luxembourg model, and a legal framework for investment funds is being studied at the present time. Luc Frieden and Pierre Gramagna left Dubai on 21st November to go to Bahrain where they assisted in the opening of a representative office of Dexia Private Bank.

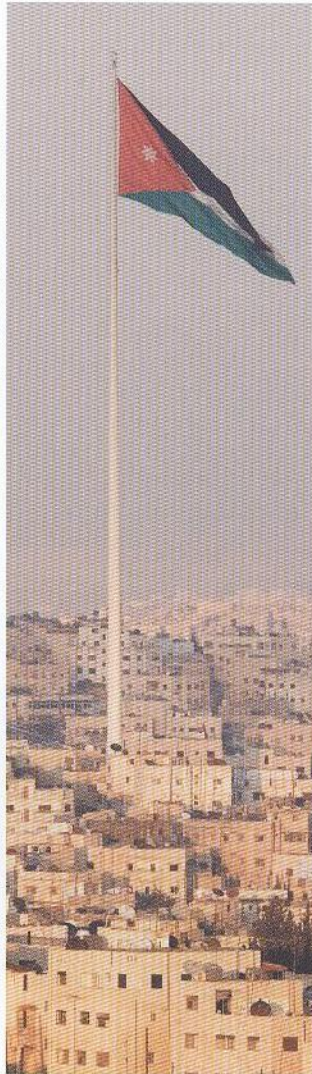
The Luxembourg delegation also had the chance to get an idea of how work on the immense construction project of the artificial island Palm Jebel is progressing. In fact, the dredgers which were given the task of constructing two of the three islands of the Persian Gulf, bear Luxembourg's maritime ensign.

Amman

Jordan was the final stage of the economic mission, and was also where Jean Asselborn, Deputy Prime Minister and minister for foreign affairs joined the delegation.

Relations between Luxembourg and the Kingdom of Jordan are excellent, highlighted by the visit of His Majesty King Abdullah II to Luxembourg a year ago. This greatly boosted the development of economic relations between Jordan and Luxembourg, and formed part of the reforms project to modernise Jordan's economy launched by the King. Jordan's economic restructuring has also been accelerated by the strategic influence of the US within the framework of the peace accords with Israel.

The Jordanian economy realised some very good results in 2004 with an increase in GDP estimated at between 6 and 7.5%, the highest since 1992. The best performing sector was construction, which increased by 19.9% in comparison with the year before. This increase is attributed to numerous infrastructure projects and to the increasing number of dwellings and apartment blocks under construction. A significant pick up was also



Tom Wagner/SIP

The instability in Iraq had encouraged many Iraqis to operate from Jordan. As a result of the increase in re-exportation and the fact that many Iraqis have bought apartments in Jordan, the kingdom has become the doorway to Iraq.

In order to strengthen relations with professional organisations, the Luxembourg Chamber of Commerce signed an agreement with the Jordanian Chamber of Commerce and Industry. Two seminars on the economic and financial sectors are also part of the program to promote Luxembourg know-how and increase the volume of exchanges. The president of Cargolux, Ulrich Ogiermann, particularly thanked the Jordanian sovereign for his personal engagement following the economic forum organised as part of his visit to Luxembourg in 2004, which led to the company being able to operate two weekly flights to Amman from Luxembourg. These flights allow, not only the transport of merchandise to Jordan, but also serve as a portal to Iraq.

recorded in the tourism and transport sectors thanks to the flux of capital in the Gulf of Iraq. The property sector also saw a considerable progression. Over the last two years certain districts of Amman have increased by 35%. The fact that the Amman stock exchange has an exceptional year is a sign of the confidence in business circles in the economic policy being followed in Jordan.

Capital invested in listed companies, in the insurance, banking industrial and services sectors facilitated industrial investment, which increased by 66% in 2004.

The Luxembourg delegation experienced a keen interest in their products from local companies. Dometic visited Al Wasl Hospital, which is in the process of renewing its refrigerators for storing blood, and which plans to build a new blood bank linked to a bone marrow transplant centre, and the Red Crescent Society, which is looking for material to store and transport vaccines.

The financial delegation met with 9 Jordanian financial institutions, most of which are involved in research in the private banking area, which they hope to develop further.