

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Communication from the United Arab Emirates

Addendum

The following communication, dated 15 May 2006, is being circulated at the request of the delegation of the United Arab Emirates.

UAE is pleased to see that momentum is catching now towards more concrete discussions, and we welcome as a promising sign the amount of communications and sessions on sectorals in the last NAMA week's agenda.

As previously underlined by UAE, the sectoral proposal for the liberalisation of raw materials has the advantages of simplicity, clarity and flexibility and offers equal potential of benefits for developing and industrialised countries.

It is our hope that participating into the discussions on the raw materials sectoral proposal will not only mobilise most interested parties, but will also serve for all as an exercise showcasing the merits of the sectoral approach itself.

For this purpose we would like here to stress the economic gains that could derive, in our view, from the sectoral liberalisation of raw materials, not only as an incentive for Members to engage proactively into the negotiation of this proposal, but also because we believe that the same vision could be used to illustrate the positive effects of sectoral liberalisation in other sectors:

Raw materials are the fuel of the world economy. Their liberalisation would contribute in many key sectors to achieving a fair level playing field and to widening the range of competitively priced products. This would encourage competition, innovation, capital flows, investment, price stability and predictability (or at least reduction in speculative price volatility), all this promoting healthier and more transparent markets, and jobs growth.

Liberalised raw materials would also better respond to offer/demand cycles and regional economic dynamics. Logistics could be also better managed in an open market. Consumption would be stimulated. Liberalised raw materials would also support the competitiveness of semi-fabricating industries (raw materials can represent up to 50% of the cost of semi-finished products). They would promote the growth of downstream and processing businesses in developing countries, thus decreasing their vulnerability to the price volatility and cycles of raw materials.

Raw materials, especially minerals and ores, represent also more than 50% of the revenues of many developing countries. The consensus among economists and industrialists is that trade

liberalisation promotes worldwide economic growth, poverty alleviation, job creation, rising living standards, wider consumer choice and efficiency of the industries.

Liberalised raw materials and primary products can powerfully contribute to economic growth through:

- Increased exploration; development; networking and pooling of geological data and exploitation technologies; allowing for a better management of mineral wealth.
- Increased imports of capital goods, Foreign Direct Investment (FDI).
- Development of export-oriented industries, especially in the downstream sector (minerals and metals processing industries for example).
- Stimulation of the growth of the private sector.
- Jobs creation, especially for nationals.
- Development of inter-regional trade.

What we need now is to be able to start designing a matrix for the raw materials initiative and for that purpose your input is very much needed: trade related data, sensitivities, modalities, S & D proposals, critical mass definitions, etc... May we suggest again the use of the questionnaire that we have circulated last year on any format you may wish to use to communicate your views. We all must keep in mind the need to intensify work and to be able to draft a substantial negotiation proposal as soon as possible.
