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### **Dubai World debt plan 'better than expected'**

Ministry of Finance chief says plan will improve banks' confidence.

Banks have enough liquidity to finance development projects Younis Haji Al Khouri, Ministry of Finance. (EB FILE)

The Dubai World debt restructuring was better than expected, said the Director-General of the Ministry of Finance, Younis Haji Al Khouri yesterday.

The restructuring will have positive effects on debtors, he said, speaking on the sidelines of a forum on financing inter-exports, organised by the Abu Dhabi Department of Economic Development, Ministry of Finance and the International Islamic Trade Finance Corporation at the capital's Park Rotana Hotel.



"The most important thing in the debt restructuring is that it is highly positive on the 97 banks and financial institutions exposed to Dubai World. Undoubtedly, this restructuring has served the debtors and improved their confidence in the UAE economy," he said

Al Khouri said the restructuring, as well as Dubai Government's offer, was more than what was expected for debtors and world institutions, and they have confirmed confidence in Dubai and UAE economy.

About the situation of liquidity in UAE banks, Al Khouri said banks have enough liquidity to finance development projects. "The banks' financial situation is very strong, and they do not need new liquidity. No one bank at the moment needs the third liquidity support loan of Dh20 billion." The capital sufficiency index of banks is strong and very good, which shows their strong position, he said.

Al Khouri said the third instalment of the liquidity support loan is available at the Ministry of Finance's account, and at a nominal interest too. Any bank can ask for a loan. "But over the past [couple of] months, we have received no requests for extra liquidity," he said.

### **VAT enforcement**

On the fate of the value added tax, Al Khouri said the World Bank had compiled a study on VAT and suggested 2008 or 2009 for enforcement, but this has not been done so far. The enforcement will be within the GCC, and Saudi Arabia and the UAE are now ready to enforce it, but Qatar, Bahrain and Oman have not completed their preparations, he said.

In his speech at the forum, Al Khouri reiterated his ministry's desire to co-operate and co-ordinate with regional and international development organisations and establishments to serve development projects.

He said the ministry aims to enhance the benefit for the UAE private sector from projects, services and means of finance extended by the International Islamic Trade and Financing

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Corporation (IITFC) and to find investment opportunities that lead to the flow of private and public capital to the member states.

Meanwhile, Undersecretary of the Abu Dhabi Department of Economic Development (DED), Mohammed Omar Abdullah, said the emirate seeks to increase its non-oil exports by 11 per cent of the Gross Domestic Product. This will help curb fluctuations of the GDP through diversification, so that Abu Dhabi becomes a more investment attractive destination.

According to the DED, Abu Dhabi has endeavoured over the past few years to complete many reforms to speed up economic activities, especially non-oil ones, to enable the private sector to have a bigger role in the emirate's economic diversification through trade openness.

Abu Dhabi has gone a long way in establishing a centre for the promotion of exports, said Abdullah, adding that the DED intends to set up a bank for financing exports and an authority for ensuring exports. Also, the department intends to encourage local producers and to open up regional and international markets for them. As part of the plan, Abu Dhabi is taking part in international exhibitions and forums and sending trade delegations to international markets, he said.