

Dubai World will pay debts: UAE minister

By
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It is only a matter of time before Dubai's conglomerate Dubai World restructures its debt and meets its obligations, the United Arab Emirates economy minister said.

Sultan bin Saeed al-Mansouri, in remarks carried by the official WAM news agency late on Wednesday, also attacked "this negative campaign" against the UAE and Dubai, a member of the seven-emirate Gulf Arab federation.

"Dubai is an integral part of the United Arab Emirates, the second largest Arab economy," WAM quoted the minister as saying.

"Dubai World's debts do not affect the economic performance of Dubai or the UAE and it is a matter of time before the company restructures its debts and honours its commitments as per a scheduled plan."

Dubai shook global markets last week when it asked for a six-month repayment freeze on debt issued by government-owned Dubai World, which has led the emirate's breakneck transformation into a financial, trade and tourism hub.

The conglomerate said on Monday it would restructure about \$26 billion of debt owed by its main property firms, Nakheel and Limitless.

Dubai World will meet its main creditors next week to discuss the request for a payment extension.

"We are surprised by this negative campaign on the UAE and Dubai," Mansouri said. "The emirate has accomplished a strong track record of growth that would have taken decades for other countries to achieve.

"Debt restructuring is a normal business response and the decision by Dubai World to tackle its debts is on the right track and proves the transparency of Dubai."

Mansouri listed the federal government's interventions since the global financial crisis erupted late in 2008, but gave no indication it would provide any specific help for Dubai World.

"The UAE has already taken concerted efforts to meet the challenges arising from the financial crisis," Mansouri said, citing a three-year guarantee for bank deposits, and injections of extra liquidity into the banking system.

"The Central Bank has also injected money in the UAE banks to address any problems that might emerge from the reaction to Dubai World debts," he said.