

Moves to stabilise economy working

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Abu Dhabi: The worst period for the UAE economy is over and the steps taken by the government to create a sense of stability are positive, Minister of Economy Sultan Bin Saeed Al Mansouri said on Monday.

"I am very optimistic because now we have understood the size of the challenges and are well organised," Al Mansouri told reporters on the sidelines of a steel conference in Abu Dhabi.

Al Mansouri said he agreed with a top Dubai Finance Department official who said last week that the bad days were over for Dubai's economy, which is stabilising and will gradually recover.

Nasser Bin Hassan Al Shaikh, director-general of Dubai's Department of Finance, said the emirate had begun disbursing a \$10 billion (Dh36.7 billion) fund it raised to battle the impact of the global credit crisis.

Separately, Al Mansouri said the UAE's strategy was to support the economy by directing large investments toward the industrial sector in order to increase industry's contribution to gross domestic product (GDP) and reduce the country's dependence on oil.

He also noted that the industrial sector's contribution to GDP had increased to 27 per cent and industrial investments had exceeded Dh77 billion.

Al Mansouri said the government was monitoring bank liquidity and capital adequacy as part of a "second phase" of measures designed to deal with the crisis.

"The second phase is to really evaluate our performance" in banking, trade and the economy as a whole in the first quarter of 2009, said Al Mansouri.

A government committee is meeting on a weekly basis to monitor liquidity and other parts of the economy, he added.

The UAE Central Bank in September established a Dh50 billion liquidity enhancing facility for the country's banks.

In October, it guaranteed deposits of local and most foreign banks and said it would put another Dh70 billion into the banking system to raise liquidity.

To offset the economic downturn, the Central Bank in February bought \$10 billion of Dubai Government bonds, enabling the emirate to set up a fund for state-linked firms struggling to meet debt and financial commitments.

The same month, Abu Dhabi said that it would inject Dh16 billion into five of its banks to boost liquidity.