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# UAE comfortable with steps taken in diversification push

COUNTRY IS NOW BETTING ON INNOVATION TO BE THE NEXT ECONOMIC BREAKTHROUGH

## DUBAI

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Staff Reporter

**T**he UAE is comfortable with its current level of economic diversification, the Minister of Economy has said, even as the country's finances continue to face pressure from sustained low oil prices.

Sultan Bin Saeed Al Mansouri told reporters in Dubai yesterday that the government is pleased with its efforts to reduce the economy's dependence on oil. "We have done an excellent job," he said.

The UAE relies on oil sales for nearly a third of its annual gross domestic product (GDP) but oil prices have dropped by nearly 60 per cent since June 2014 to around \$47 (Dh172.49) a barrel for benchmark Brent crude.

"It's a big drop but at the same time we proved that the country has the ability to turn around and address these issues and build up other sectors," Al Mansouri said.

The UAE has developed huge tourism, property, financial, and transport and logistics sectors as it moves its economy away from oil revenues.

Dubai is the region's financial capital and has the region's largest container port, while Abu Dhabi has made its own inroads in finance and logistics.

The UAE wants to reduce its reliance on oil from 30 per cent of GDP in 2014 to 20 per cent in the next 10 to 15 years. Al Mansouri said the government was still calculating what effect the fall in oil prices will have on its contribution to GDP this year.

Speaking earlier at the Global Trade Development Week (GTDW) forum, Al Mansouri said the drop in the oil prices was a wake up call for the country.

"For us it was sort of an



Virendra Saklani/Gulf News

### Keeping up with changes

- Al Mansouri with Arancha Gonzalez, executive director of the International Trade Centre, at Global Trade Development Week yesterday. The UAE has developed huge tourism, property, financial, and transport and logistics sectors as it moves its economy away from oil revenues.



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**Sultan Bin Saeed Al Mansouri** | UAE Minister of Economy

alarm that we need to do more in terms of the diversification of the economy," he said.

#### Options

The Minister's comments are one of the few times the government has publicly said it was shaken by the low oil prices.

In January this year, the UAE

Minister of Energy, Suhail Bin Mohammad Faraj Al Mazroui, said the country was not worried, while two months before that – in November 2014 – he said the UAE was "concerned but not panicking".

The UAE is now betting on innovation to be the next economic breakthrough.

Al Mansouri said, for the

### Outlook

# 20%

Targeted share of oil in GDP in the next 10-15 years.

second time this week, that the government wants innovation to contribute 5 per cent to national GDP by 2021.

"We need to look at other options that can improve our GDP as we move on [from oil]," he said. The 2021 strategy focuses on fostering innovation in health, transport, renewable energy, education, technology, water and space.