ANNUAL MEETINGS
2017 | WASHINGTON DC
WORLD BANK GROUP
INTERNATIONAL MONETARY FUND

Governor's Statement No. 8

October 13, 2017

Statement by the Hon. **MUBARAK RASHED AL MANSOORI,**
Governor of the Fund for the **UNITED ARAB EMIRATES**

Statement by the Hon. Mubarak Rashed Al Mansoori,
Governor of the Fund for the United Arab Emirates

We welcome the opportunity to participate in this year's IMF/World Bank Annual Meetings. The deliberations and the IMFC Communique, in general, have rightly focused on issues that are of direct relevance to the UAE economy.

The United Arab Emirates (UAE) has positioned itself for openness and diversification since its inception in 1971. As a result, about two thirds of GDP come from non-hydrocarbon activities, while the resiliency of non-hydrocarbon exports, which represent 68% of total exports of goods, is helping the growth momentum even as oil prices dipped after June 2014 and the local currency appreciated due to the fixed peg of the Dirham to the US dollar. Non-hydrocarbon exports grew by 3.4% in 2015 and by 4%% in 2016, thereby giving a boost to the growth of export-oriented industries. Therefore, non-hydrocarbon GDP growth, after slowing to 3.2% in 2015 and 2.7% in 2016, it is expected to recover to 3.1% this year and 3.4% in 2018, on the back of improved oil prices and an uptick in global growth.

Underlying the growth and diversification strategies is a vibrant and prudent banking sector that continues to support economic development in the UAE thanks to a strong capital base (18.5% average capital adequacy ratio and 16.9% for Tier1) as well as a strong deposit base, with customer deposits increasing by 7% year–on–year up to August 2017. Moreover, the liquidity situation remains satisfactory with the liquid assets ration hovering above 17%, and non-performing loans remain fully provisioned.

As an open economy that has been positioning itself for further integration in a vibrant global economy to boost our diversified growth strategy, we welcome the increased synchronized growth momentum in several key advanced and emerging economies that have led the pace of recovery of the global economy. We commend the interesting topics selected for our deliberations and the more focused seminar discussions, namely: the world economic and financial outlook, world development and aid effectiveness, Fintech revolutions, withdrawal of corresponding banking relationships, safeguarding financial stability and the special needs of small banks, inclusive growth, to name a few.
Against this backdrop, we would have liked to see more focus to address concerns about the global economy that could have far-reaching implications going forward:

- As major central banks have or about to start the course of tightening monetary policies, the implications should be carefully analyzed and more coordination of monetary policies is warranted to avert the risks of rising uncertainties. Such coordination is necessitated by the potential vulnerabilities related to (1) the risks of capital market bubbles, (2) Emerging Economies' debt overhang, estimated recently by the Institute of International Finance at $53 trillion, owed in large part by corporates and mostly denominated in US dollars, and (3) regional instability in some parts of the world.

- Such uncertainties are made more difficult to assess absent careful assessments of the likelihood of the pending tax reform in the US, the likelihood of changes to major trade agreements, against the backdrop of further potential slowdown in emerging economies.

More focus analysis on the outlook of the global economy and the pending vulnerabilities, would have been beneficial for our deliberations.

On the reform of IFIs, we support the continued drive for further quota reforms at the Bretton Woods institutions to ensure a bigger representation and a stronger voice of emerging economies in the design of necessary reforms and the surveillance of complementary policies. Further, we stress the urgency to move to a merit-based system of appointments at the higher management level to ensure appropriate representation of low-income countries and under-represented regions of the world.

It is our contention that better governance of these institutions will improve their performance, enhance their credibility and outreach to member countries in support of their objectives to safeguard the stability of the global financial system and foster inclusive and sustainable growth for its membership.