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Message from the Chairman

Welcome to the August edition of our newsletter. I do hope that all of you that were able to take a break from work sometime during the summer holidays.

For those of you who have been in Abu Dhabi and attending our AusBG functions, you would have seen that we have varied our normal luncheon format to introduce panel discussions on developments in banking and finance sector, and this week, on the challenges of recruiting and retaining staff. We hope that the information provided at these lunches will be of practical benefit to members. As always, we value your feedback; both your thoughts on the two lunches mentioned and also on any ideas you have for future topics.

This edition of our newsletter contains a comprehensive update of legal, finance, economic and major project news from around the GCC, with a special focus on the Emirate of Abu Dhabi.

We welcome the newly appointed Trade Commissioner to Abu Dhabi, Liz Gordon, who will commence work in mid-September. We have been fortunate to have a very active and effective Austrade representative in Susan Rae and we look forward to working with both Liz and Susan in the future.

Finally, my personal thanks to Vice Chairman Sam Masry who has been your host at AusBG functions while I have been in Australia during the summer. Also, thanks to Vince Gordon and Peter McLean for their excellent work in organising the last two panel format lunches.

Kelvin Templeton

AusBG Chairman

DATES FOR YOUR DIARY

6th November

**Melbourne Cup Breakfast
Details TBC**

WIN FREE RETURN TRIP TO SYDNEY ON ETIHAD AIRWAYS **Member Get Member Campaign 2007**

EXTENDED!

During June to September, we would like you to assist us by identifying any individuals or companies you believe should be members of AusBG. You can do this by e-mailing contact details to Melissa at office@ausbg.net. Then the rest is up to us. We will contact each person and provide them with all the information they need to become an AusBG member.

If your efforts lead to the person/company signing as an AusBG member during June to September, **your name will go into a draw**, and one lucky person will win a complimentary return trip to Sydney, Australia, courtesy of Etihad Airways.

The draw will occur at our next event in **September** (details to be confirmed)

To be eligible for membership, companies or individuals must fall into one of the following categories

- 1/ UAE subsidiaries of Australian Companies
- 2/ Agents of Australian Companies
- 3/ Companies or businesses conducting regular trade/services with Australia
- 4/ Australian citizens employed in the UAE





June Business Luncheon

AusBG Members and Guests attended the June Business Luncheon on Wednesday 20th June 2007 at Le Royal Meridien Hotel.

A panel of three speakers were invited to discuss the topic "Developments in the UAE's Banking and Finance Sector"

Guest Speakers included:

Mr Jeremy Parrish, Chief Executive Abu Dhabi & Al Ain, Standard Chartered Bank, **Mr Geoff Brown**, CEO Zones Corp Infrastructure Fund, **Mr Tareq Sirhan**, Assoc Director, ADCB Macquarie Corporate Finance and **Michael Cooper**, Director, HSBC Middle East.

The event was attended by over 60 members and guests and was the first of our "Panel of Speakers Luncheons".

AusBG would like to thank Spinneys for the ongoing support.



Liwa Ballroom, Le Royal Meridien Hotel Abu Dhabi



Ms Julia Clarke - Australian Embassy, Mr Gavin Batcheler—Al Tamimi & Co, Ms Sharon Hill—Intersearch in the Gulf



Mr Harry Monaghan—PTW Architects, Mr Brett Bartlett—ALDAR , Mr Tony Thorp—PTW Architects & Mr Paul Le Sueur, ALDAR



*Panel of Speakers & Vice-Chairman of AusBG, Mr Sameh Masry
Liwa Ballroom, Le Royal Meridien Hotel*



Mr Raymond Korban, General Manager—Etihad Airways, Mr Hani Mahashi, METCO & Mr Maurice Farah, Emirates Link Group



Austrade News



Australian Government --- Austrade

Austrade's New Trade Commissioner for Abu Dhabi

Elizabeth Gordon—Trade Commissioner, Abu Dhabi

Liz has been appointed the Austrade's new Trade Commissioner for Abu Dhabi and is expected to arrive in the UAE in mid-September. She will be working from the Australian Embassy to supplement the fantastic work Susan Rae, Austrade's Abu Dhabi based Trade Consultant, has been undertaking there.

Austrade helps Australians succeed in export and international business by providing advice, market intelligence and support to Australian companies developing business around the world. Liz has worked for the Austrade for five years, most recently as the Sydney-based coordinator of a fifty-strong international Building and Construction Network. She has also worked with companies in the environment and oil & gas sectors and looks forward to building her industry knowledge in Abu Dhabi.

In prior roles, Liz has worked in a marketing capacity for the Commonwealth Bank, and in export related positions in the education and meat industries. She has lived and worked extensively overseas. Liz has an undergraduate degree in Russian and German and a completed an MBA in 2007.



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Austrade Visitors—August & September 2007

- ◆ **24 Exhibitors** will be visiting Abu Dhabi as part of **GITEX from the 8th—12th September**—if members would like to receive a list of companies represented please get in touch with Susan Rae on the below details.
- ◆ **Medical & Rescue Services Provider**
- ◆ **Nursing Training & Consultancy Services**

If your company is interested in meeting any of these company representatives, please contact Susan Rae at Austrade. Susan.rae@austrade.gov.au or phone 050 456 9730



UAE News

ReedSmith Richards Butler continues to provide AusBG with up-to-date Business News from the UAE. For any queries please contact Vince Gordon at vrg@reedsmith.com

LEGAL DEVELOPMENTS

Consumer law makes firms apprehensive

A new federal law announced earlier this year which aims to protect consumers has received criticism from businesses for being expensive and time consuming. The Consumer Protection Law is expected to require all suppliers of imported goods to label their products with information including where the product is from, what the product is and whether there are risks associated with its use. It also focuses on "illegitimate commercial practices" that can harm consumers, monitors and controls prices, makes it easier for consumers to return products and promotes fair competition and aims to combat monopolies. The law focuses on the quality of products, as well as governing how products are advertised. However, there is still a certain amount of uncertainty with regard to how the law will be implemented and further details are required before consumers can use the law as the required executive orders have yet to be made. Once the law takes full effect, companies which do not adhere to the law will face penalties with minimum fines likely to range from, Dh1,000 to Dh10,000 although the law itself does not limit liability and actual fines could far exceed the minimum.

Competition Law expected to check UAE monopolies

The UAE government has finalised the draft of the Competition Law that is expected to abolish monopolistic practices in the country. It is understood that the draft, which at the time of going to press is not yet in the public domain, has been referred to the Fatwa and Legislation Committee at the Ministry of Justice. The World Trade Organisation last year reviewed the UAE's trade policy and suggested changes to the Commercial Company Law and Agencies Law, as well as the introduction of a Competition Law to break monopolies in the private sector. One objective of the new law is to nullify agreements or regulations among business corporations leading to the limitation or prevention of competition. However, it is still felt that the Agencies Law remains a major obstacle in bringing down prices as distributors continue to enjoy a monopoly in branded products.

New Abu Dhabi Judicial Law

The independence of the judiciary has been confirmed with a new law which also aims to upgrade the service of justice, the state's rights, the rights of nationals and residents and to stabilise and secure the local community. Sheikh Mansour Bin Zayed Al Nahyan, Minister of Presidential Affairs and Chairman of the Judicial Department of Abu Dhabi also emphasised that "no power dominates over the judges except their vigilant conscience and rule of law" when announcing the issuance of the law.

UAE may allow 100 per cent ownership to foreigners by 2008

In June, Sheikha Lubna Al-Qasimi, the Minister for Economy and Planning announced that by the end of the year 100 per cent foreign ownership of companies in some areas of the services sector would be allowed. Specifically, the UAE may open healthcare, education and professional services to foreign ownership in order to increase competition. She added that companies in parts of the financial sector may also be allowed majority foreign ownership. Currently, the Companies Law stipulates that foreigners can own no more than 49 per cent of a UAE company, except in specified free-zones. The new law will be welcomed by many foreign investors and may help to solve outstanding issues, including obstacles to finalising the UAE-US trade agreement. It also reflects the World Trade Organisation's recommendations which resulted from their review of the UAE's trade policy.

FDI law takes final form

The UAE's new foreign direct investment (FDI) law, targeted at regulating overseas investments into the Emirates, is reported to be in the final stages of development. The law is designed to make the Emirates a more attractive destination for foreign investment and also seeks to provide foreign investors with a one-stop legal reference point.

The UAE has made significant strides in recent years concerning FDI. In the last decade, the UAE has achieved the largest FDI figure in terms of magnitude. The law will cover all aspects of foreign investments in the UAE and is expected to be issued before the end of the year.

Franchises in the UAE need a greater legal framework

According to local legal experts, franchises are a key component to the countries non-oil economy and require the further attention of lawmakers in the region. It is also felt that the economic conditions in the Emirates are very conducive to growth but that the legislative environment needs to catch up. The current franchise laws are loosely governed by a set of laws established for other retail areas. Under these current laws there are no rules that apply specifically to franchises.

If a law were to come into place it is speculated that it would follow other international models. It should also, according to local legal advisors, set out the information that the primary brand is to provide to prospective and existing franchisees to allow them to decide whether to enter or continue with the agreement. It is clear that some framework is needed within which franchises can operate and to sustain the UAE's retail sector growth. The regulations could also introduce a 'disclosure document' containing information on the primary brand, prohibit the franchisor from seeking a general release and introduce a 'cooling off' period for any prospective franchisee to consider their decision before committing to an agreement.



UAE News

Fujairah to pass new laws concerning home ownership

Fujairah plans to follow Dubai's lead and pass laws allowing foreigners to buy homes. The legislation could prompt construction projects throughout the emirate including the development of a four kilometre residential land reclamation project south of Fujairah's port. The laws are currently under preparation and it is contemplated that they will be passed within the next twelve months.

CONSTRUCTION AND INFRASTRUCTURE PROJECTS

UAE customers get first Dolphin gas delivery

In early July Dolphin Energy announced that natural gas from its offshore wells in Qatar had begun to flow to UAE customers. This is the culmination of a 9 year project which will, when finished, link Qatar, the UAE and Oman in a unique regional grid. From its wells in the North Field in Qatar, raw gas will flow through Dolphin Energy's new processing plant in Ras Laffan Industrial City before the refined methane is transported, via sub-sea pipeline, to the gas receiving facilities in Taweelah, Abu Dhabi. In addition valuable by-products, such as ethane, are also being generated during processing. Shaikh Hamdan Bin Zayed Al Nahyan, Deputy Prime Minister of the UAE and Chairman of Dolphin Energy commented that the "achievement is historic as well as highly important" and that the next target was to increase production to reach the "targeted pipeline throughput of 2 billion standard cubic feet per day in early 2008." The 364 km pipeline was completed last year and Dolphin began using it in March to transport gas to Dubai.

Abu Dhabi seeks bidders for \$3 billion utility plant

In order to meet the ever soaring demand for power in the UAE Abu Dhabi will seek bidders for a new power and water plant in September. The Shuweihat plant will, according to Adbullah Saif Al Nuaimi, director of privatisation at the Abu Dhabi Water and Electricity Authority, be capable of producing 1,500 megawatts of power and 100 million gallons of water per day. Al Nuaimi expects to be pre-qualifying bidders in September and said they will "probably be organising a road show to talk to potential bidders". It was also suggested that in order to meet the increasing demand driven by population growth and industrial expansion the Shuweihat site may be expanded following the award of the contract, depending on the extra demands of the construction boom. Al Nuaimi stated that the site could take up to 5,000 megawatts, but that for the present the proposal is to build 1,500 megawatts. The bidding will follow the award of the Fujairah 2 power project (which it is estimated will produce 2,000 megawatts of electricity and 130 million gallons of water per day) expected later in July or August. Of the four applicants, the lowest bid was submitted by International Power Plc, which owns electricity generation assets in 17 countries, and its partner Marubeni Corp.

2030 Master Plan for Abu Dhabi

Earlier this year the Government of Abu Dhabi revealed a major event planning initiative the aim of which is to create a coherent and sustainable outcome for the Federal capital. Under the plan the city will be shaped by five principles:

1. Abu Dhabi will be a contemporary expression of an Arab city, which has people living, doing, and thriving in healthy supportive proximity to each other;
2. Abu Dhabi will continue its practice of measured growth, reflecting a sustainable economy;
3. Abu Dhabi will respect, be scaled to and shaped by the natural environment of sensitive coastal and desert ecologies;
4. Abu Dhabi will manifest its role and stature as a capital city; and
5. Abu Dhabi's urban fabric and community infrastructure will enable the values, social arrangements and culture of this Arab Community.

The specific outcomes of this initiative are scheduled to be released later this year. However, 'Plan Abu Dhabi 2030' as it will be known, will engineer a holistic approach to urban planning policy in the capital and engineer a commitment from individual developments to contribute to a shared vision for the city. It is estimated that approximately Dh1.47 trillion (\$400 billion) worth of projects are currently under development in Abu Dhabi.

GE Energy to generate further regional power projects

General Electric Energy has said it will be establishing a power generation project office in the Middle East to coordinate the project management activities of the region. The increasing need for electricity has generated great demand for services in the region in which GE currently has commitments totaling over \$4 billion. The expanded presence of GE Energy aims to regionalise its project capabilities worldwide and in the Middle East which it believes is one of the most important areas of growth.

Ambitious \$175 billion diversification plan takes off in Abu Dhabi

Although the basis of Abu Dhabi's economic strength is supported by oil and gas reserves, the UAE is seeking to reduce its reliance on hydrocarbon resources and during the next five years plans to bring a number of new projects on line. The elaborate \$175 billion diversification program which is planned will take the form of public-private partnerships with developments encompassing many aspects of tourism, energy, real estate and social programs. State organisations and spin offs such as Mubadala Development and the Tourism Development and Investment Corporation will act as project integrators and strategic investors as well as inviting foreign investors to take part in the developments.



UAE News

ADNEC's Largest Project in Abu Dhabi to be completed in 2011

Construction has begun on the Abu Dhabi National Exhibition Company's (ADNEC) Capital Centre development, a Dh 8 billion project. Capital Centre, a business and residential micro-city, is set to become 'the world's first fully networked exhibition and lifestyle destination.' It aims to meet the demand for more commercial and residential facilities on Abu Dhabi Island. Set for completion in 2011 it will host a new micro-city consisting of 23 towers alongside a 2.3 kilometre waterfront Marina and an iconic 35-storey Feature Tower. Three bridges will connect all areas of the micro-city.

Abu Dhabi to open biggest fish market in the Gulf

The Central Fish Market to be constructed in Abu Dhabi is to be the largest project of its kind in the Gulf Region with a total built up area of 1.8 million square feet and costing upwards of Dh 1 billion. The Market is set to be finished and operating by mid-2009 and will consist of fish, meat and vegetable markets, with more than 200 outlets including a hypermarket and food court. The project is situated on a Mubadala owned estate in the centre of the city with a capacity for over 3,500 car spaces.

Borouge \$300 million contract awarded to Samsung

Samsung has won a contract with Borouge worth \$300 million for the construction of a new olefins conversion unit at Ruwais, Abu Dhabi. The unit will convert ethylene into propylene to feed to the new Borstar plants and will be the largest using ABB Lummus licensed technology. Work on the olefins conversion unit began on June 25 and is scheduled to be completed by mid-2010.

FGB forms real estate joint venture named Inshaa

Three of Abu Dhabi's leading developer's have joined together in a joint venture with First Gulf Bank (FGB) to launch a new real estate development company called Inshaa Properties. Inshaa (meaning construction in Arabic) will only invest in major projects valued at Dh 200 million and above. It has been launched as a joint stock company with an authorised capital of Dh 500 million with FGB holding a 40 per cent share. The three developers co-operating in the new venture are Aldar Properties, Sorouh Real Estate and Reem Investments, each holding a 20 per cent share of the new company.

BANKING AND FINANCE

Emirates NBD formed from merged EBI & NBD

The Board of Directors at Emirates Bank International (EBI) and National Bank of Dubai (NBD) announced the terms of the proposed merger between the two banks. The new Company, Emir-

ates NBD PJSC, will offer to acquire the share capital of EBI and NBD in exchange for shares in the new Company which will have an approximate market capitalisation of AED 41.3 billion. The Government of Dubai has confirmed its intention to accept the Offer in respect of its holding of 76.62 per cent and 14.25 per cent of EBI and NBD respectively.

Subsequently, Moody's said it considers this merger "as a very significant and positive development for both banks, and the banking industry in the UAE..." however they warned it was too early to determine the outcome of the planned changes and their possible impact on the Banks and their ratings.

NBAD looks for merger opportunities

The Chief Executive of The National Bank of Abu Dhabi (NBAD), Michael Tomalin, says NBAD is 'actively' considering merger opportunities following the recent decision of National Bank of Dubai and Emirates Bank to merge. Recently, NBAD also hired McKinsey & Company, a consultancy firm, to advise the Bank on its restructuring plan. However, analysts believe that because the Gulf has witnessed unprecedented growth and profitability, banking assets per capita are still relatively low in the Gulf countries which leaves sufficient room for organic growth. As a result there is little evidence that a merger wave will occur as the more usual dynamics of mergers are generally absent.

Islamic finance market set to grow

With increased interest from traditional banks the Islamic finance industry is set for a bright future. According to the credit agency Standard & Poor's assets in the sector have risen to \$500 billion driven by growth of more than 10 per cent per year for the last decade. With trade and investment between the East and the West improving Islamic finance is also benefiting from growing interest from the public. Worldwide mounting demand is fuelling the Islamic banking industry's buoyant expansion and S&P estimates that Islamic banks have about 17 per cent of market share in the six Gulf states.

New Islamic Bank in the Abu Dhabi

Early in July H.H. Shaikh Khalifa Bin Zayed Al Nahyan issued a decree establishing Al Hilal (The Crescent) Islamic Bank. The bank will be a public joint stock company 100 per cent owned by Abu Dhabi Investment Council (ADIC) with an authorised capital of Dh4 billion (divided into shares with a nominal value of Dh 1 each) and will operate in accordance with Islamic (Shari'ah) Law principles. The bank will cater for project-related finance and private sector credit facilities including commercial, industrial, tourism-related and real estate activities and will provide financial instruments for both retail and corporate banking as well as consultancy services, funds and portfolio management. The establishment of Crescent Bank is part of the government's initiative to boost the banking sector and provide the necessary finance for development projects.



UAE News

Islamic Bonds set to hit \$30 billion in 2007

The Middle East as a whole is expected to generate as much as \$30 billion worth of new Islamic bond issuances this year. The figure represents 75 per cent of global Sukuk issues worth a total of \$50 billion which are expected to come to market by the end of the year. The global market for Sukuk is growing at a rate close to 45 per cent per year according to International Monetary Fund figures.

Major projects in the GCC encourage Islamic banking growth

The soaring project finance market in the GCC which reached an estimated \$ 1 trillion this summer has increased the number of companies looking to finance their projects in accordance with Shari'ah principles. The growth in Islamic banking signifies both the increasing reliance on the Islamic finance sector and the booming construction industry within the region. This is despite the fact that the market is still relatively young and that consequently there is a level of uncertainty as to the benefits gained from Islamic project backing.

ADCB named 'Best Bank in the UAE'

Abu Dhabi Commercial Bank (ADCB) has received the title of the 'Best Bank in the UAE' from the international finance magazine *Euromoney*. The awards were presented at the Euromoney Awards for Excellence in the Middle East Dinner held in Abu Dhabi.

'Core' profit of ADCB rises

ADCB has predicted that its 'core' profit will rise to between Dh2 and Dh2.1 billion (\$540 million) in 2007 from Dh1.6 billion last year. Chief Executive Eirvin Knox also added that both of the two top banks in Abu Dhabi, (NBAD and ADCB) are "much more profitable" than Dubai based banks and therefore are able to compete with the merger of Emirates Bank International and National Bank of Dubai. Furthermore, speaking at the start of July, Mr Knox confirmed that ADCB "has no plans for mergers or acquisitions in the UAE now" and is not worried about the foreign competition in the event of Abu Dhabi opening up its banking sector.

Etihad signs \$180 million facility with ADCB

Etihad Airways has signed a sale and leaseback facility agreement with ADCB in order to finance the acquisition of two new Airbus A330-200 aircraft, which are already in service. ADCB is the sole arranger for the facility which is structured as a lease with repayment spread over 12 years and a terminal balloon payment of 30 per cent upon final maturity. The \$180 million facility is one of a number of financing deals Etihad are involved in and earlier this year they announced another order for 12 new aircraft which it is envisioned will bring its fleet compliment to 43 by 2011. Etihad has also concluded the tender for provision of a \$500 million facility to finance four Airbus A340-600 aircrafts and will announce the outcome after details are finalised. It is understood that the total financing from all such deals will amount to \$1.3 billion.

Standard Chartered launches private banking in the Middle East

Earlier this year Standard Chartered Bank opened its Private Banking Middle East headquarters in the Dubai International Financial Centre (DIFC). The Bank's aim is to extend its commitment to serve the growing demand for more specialised products and services for high net worth individuals with between \$1 million - \$50 million in assets.

Spinneys Group agrees \$80 million loan

Spinneys Group Ltd, the Middle East supermarket chain, has agreed a four year \$80 million loan from the National Bank of Dubai and said it plans to issue new shares to finance international expansion. The bank will help Spinneys sell \$100 million of preference stocks.

INTERNATIONAL TRADE RELATIONS

OPEC expects demand to rise in 2008

The Organisation of Petroleum Exporting Countries (OPEC) has stated that it expects the world oil demand in 2008 to grow moderately while supply from rival producers will expand and produce a reduction in the need for crude from the exporter group. OPEC said world oil demand in 2008 would rise by 1.34 million barrels per day, or 1.6 per cent. The main factors moderating oil growth for the next year are increased energy costs including high taxes as well as energy conservation measures, increased efficiency and alternative fuel use.

UAE to focus on joint ventures with Syria

President His Highness Shaikh Khalifa Bin Zayed Al Nahyan and Syrian President Bashar Al Assad held talks on bilateral relations aimed at boosting economic cooperation between the UAE and Syria in all fields. The visit yielded positive results with plans geared at promoting bilateral ties to higher levels of interest within the two countries. There is steady growth in economic ties between the two countries, especially in setting up joint investment bases in trade, tourism, information technology and telecommunication sectors.

UAE ECONOMY

Positive Fitch Rating for Abu Dhabi

Fitch has assigned the Emirate of Abu Dhabi foreign currency and local currency Issuer Default Ratings (IDR) of 'AA' with a Stable Outlook. A Short-term foreign currency rating of 'F1+' has also been assigned.

This AA rating "reflects the Emirate's track record of economic and political stability, exceptionally strong public and external balance sheets as well as its huge per capita hydrocarbon endowment that underpins one of the highest incomes per head of any Fitch-rated sovereign" said Richard Fox, Head of Fitch's



UAE News

Middle East and Africa Sovereign rating team.

One weakness cited by the report was the dependence on oil revenue and the emirate's oil reserves, which are currently the fifth largest in the world. However, this was mitigated by the investment income from the foreign assets managed by the Abu Dhabi Investment Authority (ADIA), the stock of which greatly exceeds annual budget expenditures. While risk of domestic political and social upheaval is judged to be minimal as a result of, among other things, the respect for property rights, traditional codes of behaviour and sensitivity of the government to the welfare of the Emirate's some 350,000 citizens, regional political risk, including the tension between the international community and Iran, weighs negatively on the rating. Other weaknesses in Abu Dhabi's credit profile relate to very limited public disclosure and the limited availability of financial and economic data (i.e. the budget and assets managed by ADIA and up to date information on the measure of price and wage inflation), relatively weak institutional constraints on executive power and the potential for unexpected calls on government finances, including from other emirates in the UAE.

Fitch regarded it as appropriate to treat Abu Dhabi as an essentially sovereign entity. This is because Abu Dhabi is the largest of the seven emirates and generates over half of UAE's GDP, including virtually all its oil and gas production, exports of which were worth more than \$50 billion last year, it also provides over half the federal UAE budget, including direct funding of the defence and security services.

In per capita terms, Abu Dhabi's proven oil reserves and production are by far the largest in the world, underpinning per capita income that exceeds many more highly rated sovereigns, although this is not reflected in all aspects of social development and human capital. According to Fitch, Abu Dhabi has an evident comparative advantage in hydrocarbons and its downstream derivatives, which will support a high standard of living for the foreseeable future. Nevertheless, it was noted that the government has embarked on an ambitious programme of economic and structural reforms, designed to cement its role as the UAE's industrial hub, expand the role of the private sector and improve the productivity and competitiveness of its citizens and the non-oil economy.

High oil prices are rapidly swelling Abu Dhabi's already substantial external assets, which are mainly managed by ADIA. In absolute terms and relative to GDP, the government is one of the largest net external creditors amongst rated sovereigns and currently has no domestic or foreign debt. However, the rating factors in some moderate future foreign borrowing as public investment spending accelerates. At current oil prices, Fitch expects gross external assets to continue rising rapidly over the next two years. Even taking account of the external liabilities of the wider public sector, the banks and non-bank private sector, Abu Dhabi is one of the top ten net external creditors rated by Fitch. Moreover, Abu Dhabi's government balance sheet is robust to even dramatic declines in oil prices and investment income. Contingent liabilities in the rest of the public sector and in Abu Dhabi banks - many of which have direct or indirect government stakes - are assessed to be modest and do not pose a material risk to sovereign creditworthiness.

Fitch nonetheless cautioned that even though most of the planned infrastructure and other projects (estimated at over \$100 billion over the next five years), will be largely private sector-led and fi-

nanced, they nonetheless could result in future calls on government finances if not successfully executed or if the economic and financial environment were to change dramatically. In the UAE context, Abu Dhabi already supports the smaller emirates through the federal budget and circumstances can be envisaged in which further ad hoc support might be requested. However, Fitch believes Abu Dhabi would exercise discretion in meeting such demands and treat its own obligations as senior and would not imperil its own financial and credit standing.

UAE Offsets Group unveils new corporate identity

The UAE Offsets Group, the government entity responsible for the implementation of the offset programme, has unveiled a new corporate identity and changed its name to the Offset Programme Bureau (OFFSET) in order to reflect the clarity of its purpose of adding value to the nation's economy. OFFSET will continue its role as a conduit for partnerships between defence contractors and local businessmen. OFFSET is mandated to set up joint ventures as well as investing in commercial, industrial, financial and education projects and to create investment funds in the UAE and abroad. The programme is also implemented on defence contracts and procurement orders worth more than Dh36.73 million (\$10 million) signed or issued by the General Headquarters of the UAE Armed Forces.

Sheikha Lubna unveils the 'Investors Guide to the UAE'

In June Sheikha Lubna launched the 'Investors Guide to the UAE', which contains essential and up-to-date information for the UAE regarding the UAE business environment. It provides details of legal requirements, a macro-economic overview of the UAE, the essential steps to setting up a company, details of business sectors and new developments and information the UAE's role in the Gulf Co-operation Council.

ESCA issues new Corporate Governance rules for Listed Companies

Earlier this year the Emirates Securities & Commodities Authority (ESCA) issued new rules for corporate governance to be applied by listed companies. The Rules are derived from common international practices and rely on the main criteria applied by the Organisation of Economic Cooperation and Development (OECD). The framework provides for principles such as accountability, transparency, disclosure and protecting shareholders' rights. It is hoped that these rules will enhance confidence in UAE equities and represent a new point of attraction for foreign investments. The new framework has been subject to public feedback and is set out in a total of 19 articles. Internal supervision, corporate governance reporting and transparency and disclosure are emphasised. ESCA has initially allowed a 3 year grace period for companies to comply with the Code which will be obligatory by May 2010.



UAE News

Power shortages may be the future amongst Middle Eastern states

Shortages of natural gas, the fuel of choice for electricity generation, have become the norm in many Middle Eastern countries and may lead to power shortages in the near future. Abu Dhabi is expected to divert gas from its oil field re-injection process for use instead in power stations and desalination plants in order to keep the city running during the hot summer months when electricity demand is at its highest. The International Energy Agency stated that "shortages of natural gas have become a regular feature, forcing governments to consider alternatives such as coal, fuel oil, nuclear and even imported gas." Without a long-term solution at the present, the UAE is looking at importing power from other states in the future.

Statistics centre to be set up in Abu Dhabi

The Abu Dhabi Council for Economic Development is to establish a statistical centre in order to streamline data and information critical to the economic development of Abu Dhabi. The new statistical bureau, created through an agreement signed with Statistics Sweden, will be capable of compiling and analysing large amounts of relevant economic, social, and demographic data and will provide the UAE Federal Government with reports regarding the major trends in development. The bureau will play a role in the future formulation of policies geared towards economic development in the region as well as providing a means to track the effectiveness of these policies. The first phase of the project is hoped to be operational by the first quarter of 2008.

UAE inflation rises to 9.3 per cent

Rising rents and the impact of the falling dollar have increased UAE inflation to 9.3 per cent in 2006 according to reports from the Ministry of Economy. A large factor in the increase in inflation from 6.3 per cent in 2005 to 9.3 per cent was the increase of 15.3 per cent in housing costs, partly due to the lack of available housing. Along with housing, both transport and telecommunications costs have increased and this, coupled with an increase in food, drink, and tobacco prices, has aided in the UAE inflation. Rapid population growth is one reason why local supplies of both consumer goods and housing have been stretched.

The falling US dollar, to which the UAE dirham is pegged, also increased the price of imported goods and services. The fall in the Dollar and rise in the Euro adversely affected the purchasing power of many expatriates in the UAE. The Ministry of Economy states that the government is trying to bring down inflation by forcing companies to reduce prices and placing caps on goods and services including rents, cinema tickets, baked goods, animal feed, juice and dairy products and cement. According to the IMF, inflation in the UAE is expected to fall to 8 per cent in 2007, but many economists doubt this optimistic estimate.

UAE will not act on dollar peg without Gulf support

The UAE will not drop its currency peg to the US dollar without other Gulf nations doing the same, according to the country's Central Bank Governor. The 2010 deadline for six countries in the GCC seems doubtful and Oman has stated it will not meet its target. The GCC countries had agreed to keep their currencies pegged to the dollar in

the run-up to 2010. However, markets have been betting the dollar's decline would tempt some Gulf States to change dollar-pegged exchange rates, especially after Kuwait broke ranks and adopted a currency basket in May.

EMPLOYMENT

Health insurance must be provided to married female employees

The Health Authority in Abu Dhabi (HAAD) has clarified the position under Article 11 of the Health Insurance Law and emphasised that employers must provide health insurance policies to married female employees, even if they are under their husband's sponsorship. HAAD also stated that employers have to cover widow female employees and up to three of her children under the age of 18 with health insurance provided that she is the legal guardian of the children.

OTHER NEWS IN THE REGION

Bahrain now sole owner of Gulf Air

With effect from May Oman has ceased to be a shareholder in Gulf Air, as a result of which, Bahrain is now the sole owner and manager. The airline was initially owned by Bahrain, Oman, Qatar and Abu Dhabi. Qatar withdrew in 2002 and Abu Dhabi in 2005.

Etihad and Emirates alliance to reduce costs

Abu Dhabi based Etihad Airways is seeking to reduce costs by teaming up with Dubai's Emirates Airlines for IT services and spare parts. Etihad has embarked on a fast-paced expansion since it began in 2004 but with the appointment of new CEO James Hogan and fuel prices rising, a new strategy of belt-tightening and strengthening existing routes, rather than launching new destinations, is being introduced. As part of the company's goal is to become profitable by 2010, Etihad is in preliminary talks with Emirates to seek ways to cost share purchasing, engineering and IT services, especially as Etihad currently uses an Emirates-owned information technology system called Mercator.

Abu Dhabi set to take on the tourist world

The Emirate of Abu Dhabi is poised to become one of the most sought after destinations for tourists in the coming years. By focusing on creating unique experiences for visitors it may develop into one of the world's top tourism and business hubs. Abu Dhabi is also seeking to diversify its economy. The Emirate is making efforts to become a regional hub for culture, arts and sports. The key elements that have been and will draw increasing numbers of visitors to Abu Dhabi have been described as its uniqueness, specialisation, and culture. The Emirate's efforts to place itself on the tourism map will according to experts take some time to bear fruit, given the massive projects that are under way.



UAE News

Abu Dhabi unveils big eco-tourism project

Abu Dhabi continues its drive to develop tourism with the launch of a Dh11.5 billion eco-tourism project which combines six nature reserves spread across eight islands. When fully operational the Desert Islands which lie off the Emirate's western coastline, are expected to generate Dh1.2 billion in tourism revenue annually and to create around 6,500 jobs. By 2017 it is hoped that the island will attract a million visitors per year and provide a variety of experiences including a nature reserve, cultural destination and a showcase for world class environmental, conservation and ecological tourism to rival areas such as the Caribbean and Maldives.

New York film academy comes to Abu Dhabi

The Abu Dhabi Authority for Culture and Heritage has signed a memorandum of understanding with the New York Film Academy under which a branch of the US Academy will be established in the Abu Dhabi Cultural Foundation from January next year. The school will help to develop the film industry in the UAE and to promote the UAE heritage as well as enhancing cultural dialogue between the two cultures. Preparations are also being made in Abu Dhabi for the Middle East International Film Festival which will be held for the first time in Abu Dhabi from 12 to 17 October.

Process to break Q-tel monopoly to begin in Qatar

Qatar's Supreme Council of Information and Communications Technology (ictQATAR) has begun the process of granting a second mobile and fixed phone license thereby breaking the monopoly of the state owned Q-tel. One of the key goals of ictQATAR is to foster competition through non-discriminatory licensing. This is seen as an important step towards further economic growth in the region generally as well as in Qatar.

Partnership of Mubadala and Lockheed Martin announced

A strategic partnership has been agreed in principle between Mubadala Development Company and Lockheed Martin, a US defence contractor. Together the two aim to launch Abu Dhabi further into the aeronautical industry making it a global player in maintenance, repair, research and technological training. The memorandum of understanding was signed at the Paris Air-show. This agreement follows that signed by Mubadala and Boeing and is further evidence of Mubadala's ambitious strategy for Abu Dhabi.



Spinneys Promotions—August



AUGUST PROMOTIONS

BEER

Heineken 33cl
Pilsner Urquel 50cl

OFFER

Receive a Cooler Bag with every case
GET 6 bottles FREE with every case

WINES

Gato Negro Merlot - 3 Bottles
Gato Blanco Sav Blanc - 3 Bottles

6 for 99/- AED
(Limited Offer only!)

WINES OF WORLD

(Australia)

Palandri Chardonnay
Palandri Shiraz
Palandri Semi Sav Blanc
Palandri Cab Sauvignon
Palandri Baldivis Merlot

20% OFF

(USA)

Aaron Holdings - Full Range

25% OFF

BUBBLY OF THE MONTH

KRITER

Jacobs Creek Brut

20% OFF

CHAMPAGNE

Nicolas Feuillatte

SPIRITS

Absolut 75cl
MARTEL XO 75CL
Glenlivet 12yrs
Ballantines 75cl

15% OFF

4 FREE mini's with each Bottle
10% DISCOUNT
10% DISCOUNT
Buy 2 bottles and Receive a Travel Bag

also *LIMITED OFFER* on *SPIRITS* selection maximum of **25% OFF!**



International Crime Co-operation Strengthened

International crime cooperation between Australia and the United Arab Emirates has been significantly strengthened, Minister for Justice and Customs, David Johnston said today.

"Australia welcomes today's treaty signing with the United Arab Emirates," Senator Johnston said.

"These treaties represent a significant step in strengthening our cooperative ties to tackle transnational crime.

"The signing of the extradition and mutual assistance treaties will enhance our ability to effectively combat transnational crime including terrorism, people trafficking, money laundering and corruption.

"The extradition and mutual assistance in criminal matters treaties are Australia's first international crime cooperation treaties with the United Arab Emirates," Senator Johnston said.

"Extradition treaties enable countries to prevent criminals from evading prosecution by crossing international boundaries, while mutual assistance treaties enhance countries' abilities to help each other investigate and prosecute criminal offences."



Sitting L-R:

HE Mr Mohammed Al Dhaheri, UAE Minister for Justice; Senator the Hon David Johnston, Australian Minister for Justice and Customs.

Standing L-R:

HE Mr Abdul Rahim Yousef Al Awadhi, Assistant Undersecretary, UAE Ministry of Justice; HE Dr Saeed Al Shamsi, UAE Ambassador to Australia; The Hon Philip Ruddock MP, Australian Attorney General

Etihad New Flights & Schedules

Etihad to Launch Brisbane Flights in September

Etihad Airways will start a three flights-a-week service in September to the Australian city of Brisbane from Abu Dhabi. Brisbane, the capital of the state of Queensland which is home to the world-famous Gold Coast, will be Etihad's second destination in Australia following the highly successful Sydney route which started in March.

The Brisbane flights, which will operate via Singapore, will provide business and leisure travellers from the Middle East with a frequent service to Australia's third biggest city. Australia is one of the most popular holiday destinations for UAE nationals with more than 23,000 Emiratis visiting the country in 2006, a seven-fold increase from 1996.

Nationals from Gulf Cooperation Council (GCC) countries can also apply for a two year tourist visa which allows multiple entries to Australia, perfect for annual family visits. Etihad will operate a two cabin Airbus A330-200 between Abu Dhabi and Brisbane configured to carry 262 passengers, with 22 in business class and 240 in economy.

Daily Flights Start to Sydney

Etihad Airways' Abu Dhabi to Sydney service will increase from three flights-a-week to daily from Friday 29 June. The flights to Australia were launched on 26 March and since then the Sydney route has established itself quickly as one of Etihad's most popular destinations.

Following the success of the Sydney service Etihad is keen to expand its Australian network further and is examining several potential new destinations. James Hogan, Etihad Airways' chief executive, said: "Prior to the launch of the Abu Dhabi to Sydney service we knew it would be popular with business and leisure customers, but the demand we have received has outstripped all expectations."

"We are now looking forward at the flights increasing to a daily frequency which will ensure more customers can enjoy the Etihad experience as they head 'down under'."

From 29 June Etihad flight EY450 will depart daily from Abu Dhabi at 10.10am, arriving in Sydney at 6.15am the following day. The return service EY451 departs from Sydney at 2.35pm, arriving Abu Dhabi 11:25pm. All times are local.



L-R: Miss Hayley Currell, Senior Cabin Crew; Mr James Hogan, CEO, Etihad Airways; Miss Stephanie Jones, Senior Cabin Crew. Launch of flight to Brisbane.



Hafilat Industries LLC has arrived in the UAE

General Manager – Bob McCulloch said; “our aim is to bring World Class quality buses, coaches and manufacturing capability to the UAE. We are doing this through a partnership with Australia’s leading bus builder and operator Volgren.”

We recruited a core group of supervisors from the Philippines and took them to Australia where they were given 3 months training at Volgren’s Dandenong Factory. They performed so well that Volgren wanted to keep them!

As part of the training which included, welding steel and aluminium, body building, automotive electrics and spray painting they built a bus for the Australian market. The staff are now in Abu Dhabi and have commenced building Intercity Coaches (in Australia they are known as School/Charter Buses). The Intercity Coaches are being built on a Mercedes Benz chassis, although we can build a bus on any of the main chassis suppliers (i.e. Volvo, MAN, Scania, Iveco and Mercedes Benz).

To expose the region to high quality buses we imported two proto-types; a Low Entry City Bus and an Intercity Coach. So if you see a familiar bus driving in the UAE, your correct as it’s an Australian style bus said Bob.

Hafilat Industries LLC is a manufacturer of World Class quality buses in the UAE that deliver leading-edge technology and a genuine focus on customer needs for the Middle East. Our vision is to provide “A Better Way to Travel”.

Hafilat Industries LLC is a joint venture between Specialised Investment Group, Emirates Link Group and Volgren.



Hafilat Industries LLC



Hafilat Prototype - Intercity Coach now in the UAE



Hafilat Prototype - Low Entry City Bus now in the UAE

Aussies Abroad—Abu Dhabi

Aussies Abroad is a community based organisation dedicated to the promotion of Australian culture in the UAE. It aims to provide its members with social and recreational opportunities to forge and strengthen bonds within the community and to enhance interaction within the culturally diversified UAE community.

Upcoming Events:

6th September—Monthly Aussies Drinks, 7pm—Hemingways, Hilton Hotel

27th September—Monthly Coffee Morning

NEW CONTACT DETAILS: www.aussies-abroad.com or email contact@aussies-abroad.com



New Members Directory

AusBG would like to welcome all of our new members that joined over Summer. For a full list of members, please go to our website at www.ausbg.net to access the Members Directory (members only area)

NEW INDIVIDUAL MEMBERS

NAME	COMPANY	POSITION	CONTACT EMAIL ADDRESS
Mr Adrian Nichols	Certpoint Systems	Bus Develop. Associate	adrian.nichol@hct.ac.ae
Mr David MacDonald	Ernst & Young	Executive Manager	david.macdonald@ae.ey.com
Mr Robert McCulloch	Hafilat Industries	General Manager	robertj.mcculloch@gmail.com
Mr Peter Hoslin	Abu Dhabi Airports Co.	Head of Marketing	phoslin@adac.ae
Mr Wahid Iskander	Injazat Data Systems	Service Delivery Manager	wahid.iskander@inzajatdatasystems.com
Mr Gasan Shaban	Cold Rock Ice Creamery	Director	coldrock@emirates.net.ae
Mrs Joanne Shaban	Bright Beginnings Nursery	Director	brightb@emirates.net.ae
Ms Michelle Sabti	Abu Dhabi Tourism Auth	Tourism Training—Section Head	msabti@adta.ae
Ms Margaret Barbalet	Australian Embassy	Deputy Head of Mission	Margaret.Barbalet@dfat.gov.au
Mr Guy Danalis	Trowers & Hamlins	Lawyer	gdanalis@trowers.com
Dr John Yeaman	Pavement Mgt Services		jyeaman@pavement.com.au
Mr Brett Bartlett	ALDAR Properties	Head Prop Mgt Accounting	bbartlett@aldar.com
Mr Joshua Davis	THINC Projects	Consultant	jdavis@thincprojects.com
Mr Peter Robottom	Impact Solutions	General Manager	pjr999@emirates.net.ae
Mrs Elizabeth Stachow	Australian Embassy	Consul—First Secretary	elizabeth.stachow_abud@dfat.gov.au
Mr Edmund Stachow			stachow1@telstra.com
Mr John Lee	Department of Transport	Highway Advisor	john.lee@doti.ae

NEW CORPORATE MEMBERS

COMPANY	TITLE	NAME	CONTACT EMAIL ADDRESS
Etihad Airways	Mr Raymond Korban	General Manager—UAE & Oman	rkorban@etihad.ae
	Mr Ziad Hamaideh	Sales Manager—Abu Dhabi	zhamaideh@etihad.ae
ANZ Expat Mortgages	Mr Nicholas Thornton	Regional Manager—UAE	thornton@anz.com
Citigroup Corporation	Mr Manan Desai	Head of International Office	mdesai@eim.ae



MEET THE MEMBERS



Meet the Members, allows you to get to know your fellow AusBG members who share tips and information about living and working in Abu Dhabi.

This Month we talk to Brigitta Norton, Events Manager for Kenzay and although a new AusBG member, she is not a newcomer to Abu Dhabi.

I arrived in Abu Dhabi four years ago with my husband and three children and felt at home straight away. In the time we have been here we have traveled to Oman, Cyprus, Egypt, South Africa and Europe; many places we wouldn't be able to visit if we were living in Australia. We meet up regularly with lots of different groups of friends of various nationalities and enjoy the many social outings and activities available to residents of Abu Dhabi, including camping in the desert, horse-racing in the winter evenings, sports and cultural events as well as golf, cricket, sailing and swimming lessons for the kids.

Since our arrival I have been involved in the Aussies Abroad (www.aussies-abroad.com) and Australian Alumni (www.megaanetwork.com) groups and also have contacts in many of the sporting associations. Communities like these create a wonderful environment to meet new people from different countries through many of their competitions, networking functions or social activities.

Currently I am working as an event manager for Kenzay, a local Abu Dhabi company, and we are primarily involved in organising the **Abu Dhabi Cycling Race of Champions** – the world's richest cycling race. The Race, running from 5-10th November, will feature in Abu Dhabi and Al Ain the individual and team winners of the Tour de France, Giro d'Italia, La Vuelta a España and the UAE National Team along with five international champion teams.

The Race provides the perfect opportunity to promote Abu Dhabi as a destination for tourism and business visits, and also importantly, it is a great opportunity to increase the focus of the core values of this extreme sport such as teamwork, determination and commitment. The Race will also encourage awareness of the positive benefits cycling has for the community, health and the environment.

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The website (www.abudhabiroc.com) provides registration forms for companies looking to sponsor the Race, volunteers wanting to help out or individuals interested in participating in the Pro-Am. Everyone involved, along with the spectators, have the opportunity to be a part of the most exciting cycling event to be held in the Middle East.

Working on the Race has meant I have been in Abu Dhabi for another hot summer but I have found there are still plenty of ways to keep cool. The great summer sales, a chance to improve on indoor sporting skills and the hotels have some great summer meal deals; another way to meet, mingle and make new friends if you are new to Abu Dhabi.



Abu Dhabi

5–10 November

For More Information Visit: www.abudhabiroc.com



NOTICE BOARD

DRIVER / ADMINISTRATIVE ASSISTANT

The Australian Embassy in Abu Dhabi has a vacancy for a Driver / Administrative Assistant.

Job Description

1. Drive official vehicles (both manual and automatic) as directed. Assist with the maintenance of vehicles and ensure that adequate records are kept in relation to vehicle usage and petrol consumption.
2. Perform banking of official monies. Arrange for the delivery of mail and official notes to Ministries, and follow-up on the processing of official documents through the Ministry of Foreign Affairs, Immigration for residency visas, Customs, and other government organisations as required.
3. Assist with office procurement. Perform routine office tasks under the direction of the Senior Administrative Officer including filing of office records and photographs.
4. Assist with airport formalities for visiting officials and VIPs.
5. Other duties as directed.

Required Experience/Qualifications

1. **Previous experience as a driver with a Diplomatic Mission is essential.**
2. Valid UAE driver's licence for both manual and automatic vehicles.
3. Good command of English language – both written and spoken.
4. Administration experience and computer skills including knowledge of Microsoft Office products (Excel, Word) and use of e-mail.

Remuneration Package

The annual salary will be 48,870 plus an annual housing allowance of Dhs 34,000 and an annual homeward leave.

Submitting an Application

Applications addressing the required experience and qualifications and including a comprehensive Curriculum Vitae should be forwarded by **31 August 2007** to the:

Recruitment Officer
P.O. Box 32711

RECEPTIONIST/ADMINISTRATIVE ASSISTANT

The Australian Embassy in Abu Dhabi has a vacancy for a Receptionist/Administrative Assistant

Job Description

1. Manage Embassy switchboard.
2. Meet and greet all clients and visitors to the Embassy reception counter, as the first point of contact.
3. Answer telephone and counter enquiries from members of the public and clients.
4. Ensure information for the public, displayed in the reception area of the Embassy, is current.
5. Provide administrative and translation assistance as required.
6. Other duties as directed.

Required Experience/Qualifications

1. Fluency in spoken and written English and Arabic is essential.
2. A Tertiary qualification with an English major is highly desirable.
3. Previous client/customer service experience.
4. Administration experience and good computer skills including knowledge of Microsoft Office products (Excel, Word) and use of email.

Remuneration Package

The annual salary will be Dhs 57,112 plus an annual housing allowance of Dhs 39,100 and an annual homeward leave.

Submitting an Application

Applications addressing the required criteria and including a comprehensive Curriculum Vitae should be forwarded by **26 August 2007** to the:

Recruitment Officer
P.O. Box 32711
Abu Dhabi, UAE

BRIGHT BEGINNINGS NURSERY

Bright Beginnings Nursery is currently looking for English Speaking Pre-School Teachers. You must have the relevant experience and/or qualifications to work with young children.

We are also currently looking for a French Teacher.

Please fax your C.V. to (02) 446 4431 or email
brightb@emirates.net.ae

**To Advertise on the Bulletin Board
please send your advert and details
to office@ausbg.net**

**Alternatively you can post your
notices on the AusBG website
Bulletin Board at www.ausbg.net**