

UAE businesses seek government help

Strong dollar and weak economic sentiment are hurting UAE companies, local businessman says

DUBAI

BY ALEXANDER CORNWELL
Staff Reporter

The UAE government should introduce measures to ease pressures on local businesses as the dollar rises and consumer confidence dips, entrepreneur Paras Shahdadpuri has said.

A strong dollar coupled with the low oil price and weak economic sentiment globally has created tough conditions for UAE exporters.

The dollar appreciated by as much as 8 per cent against major currencies last year, according to the dollar index, and though it has since weakened it is still stronger than many emerging currency. It is up nearly 10 per cent against the Russian rouble year-on-year and 23 per cent against the South African rand.

"We are facing serious problems with the Russian and CIS [Commonwealth of Independent States] markets where the currencies have halved. We are facing problems in Africa where the currencies had a big hit," Shahdadpuri, Chairman of the Nikai Group of Companies, told *Gulf News* in an interview at a conference last week.

A strong dollar is bad for UAE exporters because the UAE dirham is pegged to the dollar.

Shahdadpuri's UAE-based conglomerate has interests in electronics, appliances, IT, general trading and food and ships to countries in the Middle East, Africa, Europe, Asia and the Americas. The former Indian diplomat turned businessman wants the UAE to "step in" and "support the entrepreneurs".

He suggests the UAE reduce labour and licensing charges or "promote exports" in markets affected by the rising dollar.

Proactive initiative

The "government here has been very proactive by and large [in the past but] honestly I have not seen any major proactive initiative to help the ... current difficult situation," said Shahdadpuri, who is also a former president and current board member of the



A.K Kallouche/Gulf News

Paras Shahdadpuri

Indian Business and Professional Council.

The low oil price has had a ripple effect in oil-producing markets in the Middle East, Africa, Russia and elsewhere, with consumer and investor confidence wavering. In the UAE, the Middle East's second-largest economy, the non-oil private sector has slowed down in four of the past five months, according to the Emirates NBD UAE Purchasing Managers' Index (PMI).

Demand for consumer goods is decreasing, Shahdadpuri said.

"Hopefully we will be growing [in 2016]," he said of group revenue.

The Nikai Group will be looking to enter the Iranian market this year following the lifting of nuclear-linked sanctions against the country in January. The group is in talks with local partners in Iran to distribute and manufacture electronics and white goods in the country.

"We are in the process ... I don't think it should be more than 6 months to 9 months at best [to enter the market]," Shahdadpuri said.

But a fallout between the Gulf Cooperation Council (GCC), which includes the UAE, and Iran has the potential to spoil any business deals. Several GCC states downgraded diplomatic relations with Iran after the Saudi Arabian diplomatic missions in Tehran and Mashhad were ransacked in January. Saudi Arabia and Bahrain have also cut flights and trade ties.

"I only hope that the politics does not spoil the game. The policies of the Iranian government towards the GCC [could] be a spoilt sport but if business has its own space independent of politics I am sure UAE will stand to gain," Shahdadpuri said.