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**From:** Terje Rod-Larsen <[REDACTED]>  
**Sent:** Tuesday, August 4, 2015 5:50 PM  
**To:** Jeffrey Epstein  
**Subject:** Fwd:  
**Attachments:** dubai3\_2507061b.jpg; andrewcritchlow-60\_2769386j.jpg; comments.gif; car-dubai\_1532483b.jpg

Sent from my iPhone

Begin forwarded message:

From: Morits Skaugen <[REDACTED]>  
Date: August 4, 2015 at 19:35:56 GMT+2  
To: Terje Rød-Larsen <[REDACTED]>

Another Dubai debt crunch is looming as oil slump hits Gulf

Persian Gulf emirate could suffer the most as falling oil prices hit economies across the Middle East

Dubai has kept borrowing despite its 2009 debt crunch <http://www.telegraph.co.uk/journalists/>  
style="outline: 0px; text-decoration: none; padding: 0px; background-color: rgba(255, 255, 255, 1);">10:25AM BST 02 Aug 2015

277 Comments <[http://www.telegraph.co.uk/finance/oilprices/11776815/Another-Dubai-debt-crunch-is-looming-as-oil-slump-hits-Gulf.html#disqus\\_thread](http://www.telegraph.co.uk/finance/oilprices/11776815/Another-Dubai-debt-crunch-is-looming-as-oil-slump-hits-Gulf.html#disqus_thread)>

Car parks filled with abandoned sand-covered Porsche and Ferrari sports cars was an enduring image of Dubai's last flirtation with economic oblivion five years ago.

The Persian Gulf sheikhdom had loaded up on billions of dollars debt during the last decade in a race to diversify its economy which unlike many of its neighbours isn't dependent on oil.

The strategy came unstuck in late 2009 when the emirate shocked the markets when it announced it needed to freeze \$26bn of debt owed by one of its largest "Government-Related Entities" (GREs), Dubai World.

Eventually Dubai was able to borrow from Abu Dhabi, its wealthy partner in the United Arab Emirates and the nasty bankers in New York and London who had lent the money didn't have to mark a massive default on their balance sheets. It looked like Dubai was out of the woods and the economy well on the way to recovery until late last year when the price of oil started to plummet. Although the port city has little crude of its own its mercantile economy depends to a large extent on the wealth and economic activity that is created around in Abu Dhabi, Saudi Arabia, Qatar and Kuwait. These energy superpowers create the economic activity which sustains Dubai and its large service economy which relies on the industrial port of Jebel Ali and the emirate's position as a transport hub. When oil is trading at \$100 per barrel this model works well. International companies base more of their employees in Dubai and this in turn creates demand for real estate and services such as banking and leisure.

However, with oil now trading at around \$50 per barrel and some forecasters warning that crude may even drop to levels much lower Dubai's economy is once again looking extremely fragile.

Abandoned cars in Dubai were a common sight during the crash. The International Monetary Fund (IMF) warned recently that Dubai was once again loading up on debt. According to the fund, GREs have increased their net debt positions to around \$93bn (£60bn) over the last year, while the emirate's total debt is arguably unsustainable at around 102pc of gross domestic product.

At the same time some key drivers of Dubai's economy are beginning to stutter. Real estate - a key driver for the economy and one partly linked to expat employment - is in reverse. According to JLL transactions fell by almost 7pc in the second quarter.

Of course Dubai will also be able to fall back on the financial support of Abu Dhabi and the wider UAE. However, the fall in oil prices is now taking its toll on the entire federation. According to the IMF, the UAE's fiscal balance will turn negative this year for the first time since 2009 with a deficit equal to 2.3pc of GDP expected.

Although this isn't calamitous and the UAE as a whole has billions of foreign currency reserves the falling oil prices is clearly a major risk.

Just keep an eye out for abandoned supercars at the airport.

Best regards from Moritz.

sent from my iPad.

- Sorry for possible typo and brief reply due to this.