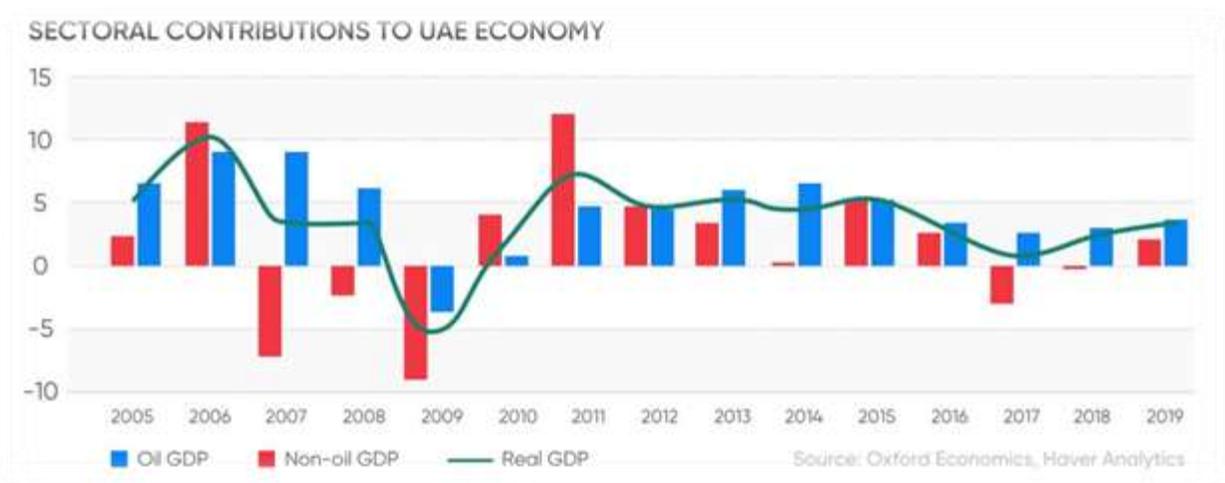


Economy of United Arab Emirates



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The economic growth recovery in 2018 was supported by a rise in net exports as the OPEC+ production cuts were eased and as imports decreased. Improvements in economic sentiment indicators such as the Purchasing Managers' Index (PMI) indicate a positive non-oil growth momentum early in Q1-2019. However, several indicators point to weakening growth in H1-2019. The hydrocarbon sector weakened due to a 7% decrease in oil production in line with the renewed OPEC+ agreement. The slowdown in the real estate sector continues due to oversupply — Q1-2019 property prices significantly declined in Dubai and Abu Dhabi by 9.1% and 7%, respectively, from last year. Oil prices also declined early this year, which in addition to the continued dampening of the real estate sector form an overhang for the remainder of 2019. Another indicator of a weak 2019 is the fall in outward personal remittances by 35.1% in Q1. As such, prospects for further recovery in 2019 are dampened.

Growth is expected to recover over the medium term. In 2019 however, the pace of recovery will be muted by OPEC+ oil production cuts that have been extended until March 2020. Growth is forecast to reach 3% by 2021 supported by the government's economic stimulus plans and impetus from hosting Dubai Expo 2020. However, trade, transport and tourism dynamics will continue to be influenced by the projected global economic slowdown.

The Abu Dhabi and federal budgets are expansionary in 2019, but less so, in Dubai as most of the Expo-2020 infrastructure projects are complete. While 2019 revenue growth is expected to be modest with low oil prices compounded by fee reductions, the loss may be mitigated by VAT revenue. Overall, the fiscal balance is expected to return to deficit in 2019 but will gradually improve over the medium term. Abu Dhabi recently sold US\$10 billion in bonds to finance the deficit, its first international offering since 2017.

Economic sectors

The UAE is a mixed free-market economy based on oil and natural gas production, and these industries combined take up more than a quarter of UAE gross domestic product (GDP). Over the past 2 decades, the UAE's economic diversification program has led to the rise of several non-oil sectors that now make up a significant percentage of the UAE's GDP: manufacturing (12.6 percent), commerce and hotels (11.4 percent), real estate (9.1 percent), construction (8.6 percent), transportation (7.3 percent), and finance and insurance (6.4 percent). The UAE also has a strong re-export sector. Government services account for nearly 11 percent of GDP. Industrial growth has been assisted by free trade zones, including Jebel Ali in Dubai, which have been magnets for international firms. In recent years Dubai has succeeded in attracting high-profile technology firms to the emirate's "Internet City," including Microsoft, Oracle, Hewlett Packard, and Cisco Systems.

Nonetheless, the health of the UAE's economy as a whole continues to fluctuate with the world price of hydrocarbons and the economic vitality of its largest trading partners, particularly Japan, which accounts for close to a third of UAE petroleum exports. In part, this is due to the large percentage of GDP taken up by petroleum and in part to the fact that government revenues—70 to 80 percent of which come from oil—and spending are closely linked to oil prices. These links have meant that different sectors of the economy have risen rapidly in recent years as oil prices increased sharply after oil prices hit historic lows in 1998. One exception to this trend is the demand for electricity and power: demand for power grew by nearly 400 percent between 1980 and 1998.

Among the most important corporations based in the UAE is the Abu Dhabi National Oil Company (ADNOC). It manages the petroleum and gas extraction operations in Abu Dhabi along with the 2 major petroleum refineries

in the UAE. Other key corporations are Dubai state-owned Dubai Aluminum, a leading supplier of aluminum to the states of the Gulf Cooperation Council; Etisalat, the Abu Dhabi state-owned telecommunications firm; and Emi-rates Airlines, Dubai's state-owned airline. The airline has won a plethora of international "Best Airline" awards and maintains one of the most modern airline fleets in the world. It has outclassed "Gulf Air" (a consortium owned by Abu Dhabi, Qatar, Bahrain, and Oman), which remains one of the leading airlines in the Arabian/Persian Gulf region despite experiencing steep losses in the 1990s.

United Arab Emirates GDP

The Gross Domestic Product (GDP) in the United Arab Emirates was worth 414.18 billion US dollars in 2018. The GDP value of the United Arab Emirates represents 0.67 percent of the world economy. GDP in the United Arab Emirates averaged 137.54 USD Billion from 1973 until 2018, reaching an all-time high of 414.18 USD Billion in 2018 and a record low of 2.85 USD Billion in 1973.

UNITED ARAB EMIRATES GDP	LAST	PREVIOUS	HIGHEST	LOWEST	UNIT	
GDP Annual Growth Rate	2.20	1.70	9.80	-5.20	Percent	[+]
GDP	414.18	382.58	414.18	2.85	USD Billion	[+]
GDP Constant Prices	1442462.67	1422210.35	1442462.67	652734.04	AED Million	[+]
Gross Fixed Capital Formation	288261.59	317161.34	340110.84	100944.50	AED Million	[+]
GDP Per Capita	40782.40	40819.10	116232.80	33893.30	USD	[+]
GDP Per Capita PPP	66615.90	66676.00	112349.60	55363.00	USD	[+]

External trade

With imports totaling \$273.5 billion in 2012, UAE passed Saudi Arabia as the largest consumer market in the region. Exports totaled \$314 billion, which makes UAE the second largest exporter in the region.

UAE and India are each other's main trading partners, with the latter having many of its citizens working and living in the former. The trade totals over \$75 billion (AED275.25 billion).

The top five of the Main Partner Countries of the UAE in 2014 are Iran (3.0%), India (2.9%), Saudi Arabia (1.5%), Oman (1.4%) and Switzerland (1.2%). As for the top five of UAE suppliers are China (7.4%), United States (6.4%), India (5.8%), Germany (3.9%) and Japan (3.5%).

Sources:

<https://www.worldbank.org>

<https://www.nationsencyclopedia.com>