



EU-GCC Dialogue on Economic Diversification

A project funded by the European Union

GCC Country Economic Profile - United Arab Emirates



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DMI Associates



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United Arab Emirates Key Facts

Government

The United Arab Emirates is a constitutional federation established in December 1971. The UAE consists of seven emirates: Abu Dhabi, Dubai, Sharjah, Ras Al Khaimah (it acceded to the new federation in February 1972), Ajman, Umm Al Quwain, and Fujairah. The UAE's elections of the Federal National Council in 2006 and the creation of the electoral college were landmark steps designed to enhance public participation in the UAE political system. His Highness Sheikh Khalifa bin Zayed Al Nahyan is the current President of the UAE. He is also the Ruler of Abu Dhabi. In the UAE, the post of the President is a constitutional one. The Federal Supreme Council elects from among its members a President for a five-year term according to the Gregorian calendar and may be re-elected for the same office. His Highness Sheikh Mohammed bin Rashid Al Maktoum is the current Vice-President and Prime Minister of the UAE. He is also the Ruler of Dubai.

Membership in International Organisations

ABEDA, AfDB (nonregional member), AFESD, AMF, BIS, CAEU, CICA, FAO, G-77, GCC, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IDB, IFAD, IFC, IFRCS, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IPU, ISO, ITSO, ITU, LAS, MIGA, NAM, OAPEC, OIC, OIF (observer), OPCW, OPEC, PCA, UN, UNCTAD, UNESCO, UNIDO, UNRWA, UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO

Languages

Arabic (official), English, Hindi, Malayam, Urdu, Pashto, Tagalog, Persian

Economic Agreements

- Regional Trade Agreements in force: GCC, GCC – Singapore, Morocco – United Arab Emirates, Pan-Arab Free Trade Area (PAFTA)
- Announced: EFTA – GCC, Australia – GCC, Japan - GCC

United Arab Emirates - Key figures (2022)	
Population (millions)	10
GDP (Billions of Euros)	482
GDP per capita (Euros)	48,723
Real GDP growth (%)	7.4
Inflation rate (%)	4.8

Trade in Goods (2022, Billions of Euros)	
Imports	404.6
Exports	342.3

Trade in Services (2021, Billions of Euros)	
Imports	64.3
Exports	86.1

United Arab Emirates Economic Policies

Economic Development Objectives

- The UAE set out to become 'one of the best countries in the world' and outlined its vision to make the United Arab Emirates one of the best countries in the world by the Golden Jubilee of the Union, in 2021.
- Competitive Knowledge Economy -innovation, research, science, and technology will form the pillars of a knowledge-based, highly productive, and competitive economy.
- Sustainable Environment and Infrastructure - ensure sustainable development while preserving the environment.
- Besides the UAE Vision 2021, several programs and initiatives focus on economic growth and diversification: UAE Policy for Advanced Industries, Emirates Blockchain Strategy 2021, Science, Technology and Innovation Policy, National Strategy for Advanced Innovation, National Food Security Strategy 2051, National Advanced Sciences Agenda 2031, UAE Energy Strategy 2050, National Climate Change of the UAE 2017-2050, UAE Water Security Strategy 2036, UAE Strategy for the Fourth Industrial Revolution, UAE Strategy for Artificial Intelligence, and the UAE Centennial 2071.

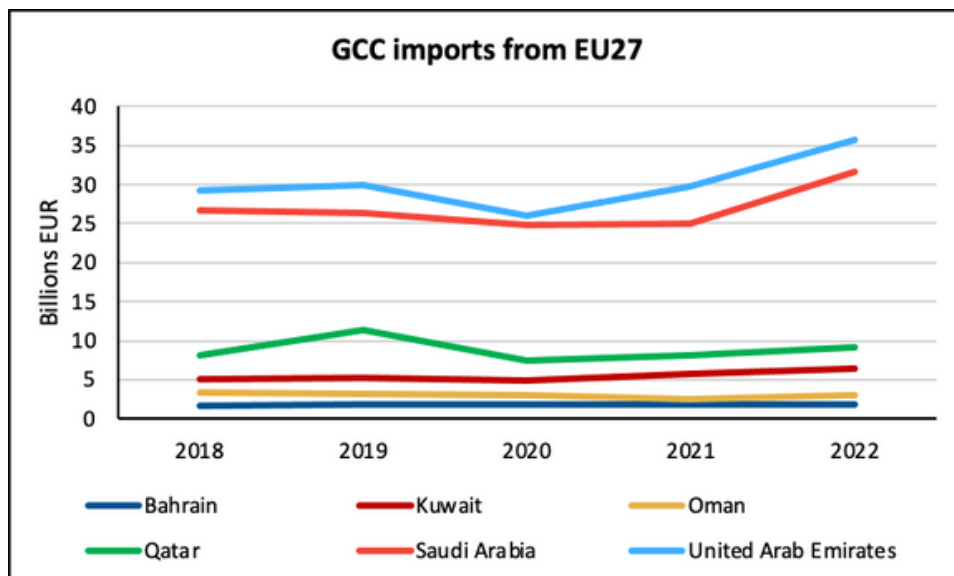
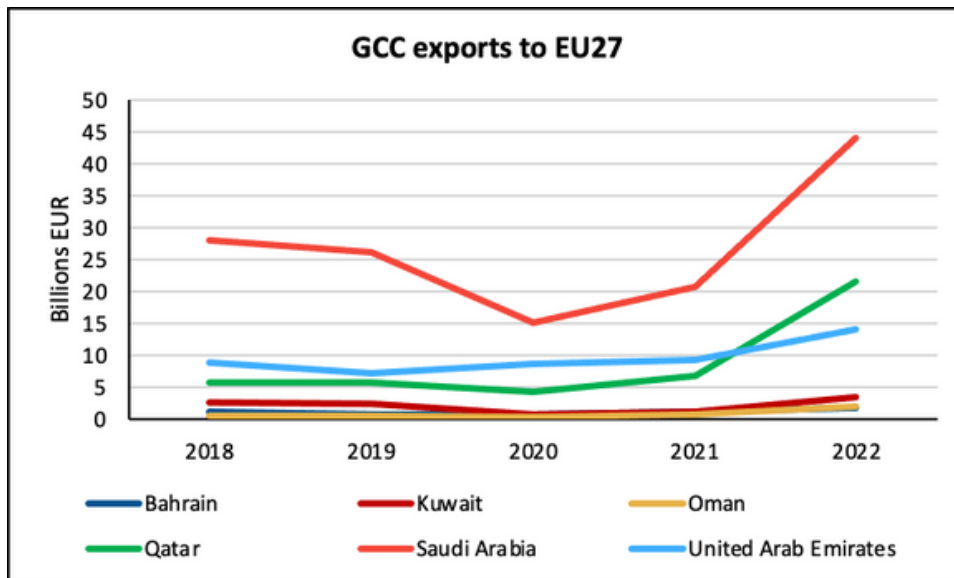
Current Economic Status (June 2023)

- The economic outlook remains positive, supported by strong domestic activity. Overall GDP is projected to grow at 3.6 percent in 2023, with non-hydrocarbon growth of 3.8 percent driven by continued tourism activity and increased capital expenditure. Nevertheless, the outlook is subject to significant global uncertainties, including weaker growth, tighter financial conditions, and geopolitical developments. The implementation of enhanced UAE reform efforts poses upside risks to medium-term growth.
- Strong reform efforts continue under the UAE 2050 strategies. Advancement in Comprehensive Economic Partnership Agreements (CEPAs) will boost trade and integration in global value chains and further attract Foreign Direct Investment (FDI).
- The benefits of artificial intelligence and digitalization and investments in enabling infrastructure will further support economic diversification, foster a smooth energy transition, and help address vulnerabilities from global decarbonization efforts.
- Long-term vulnerabilities from global decarbonization efforts are being addressed through commitments to climate initiatives and a balanced approach to energy transition.
- Investment environment: conducive to attracting FDI. UAE allows foreign investors to own up to 100% of the business. In addition, incentives include investment protection guarantees, financial transfer facilities, and the possibility of modifying the partnership, merger, acquisition, and transfer of ownership under the investor's interest.

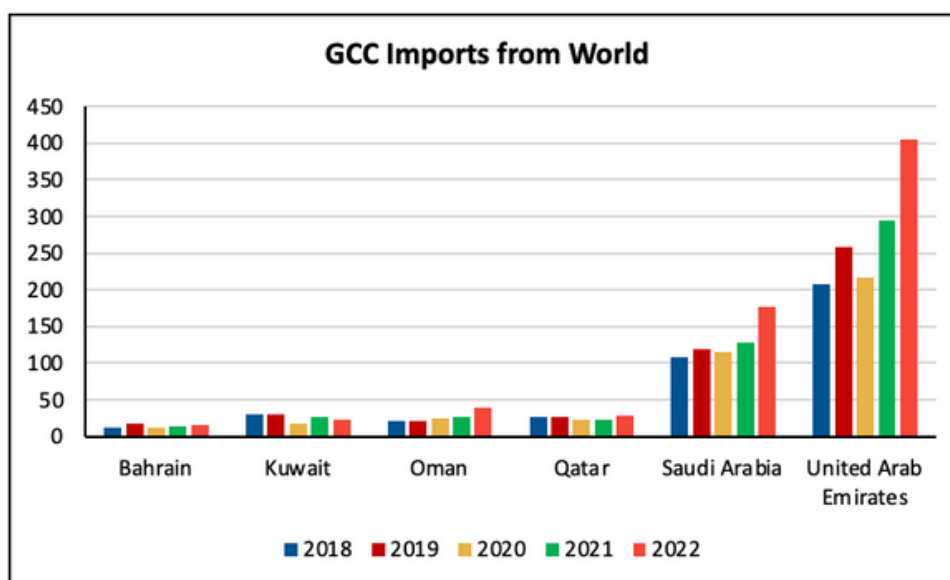
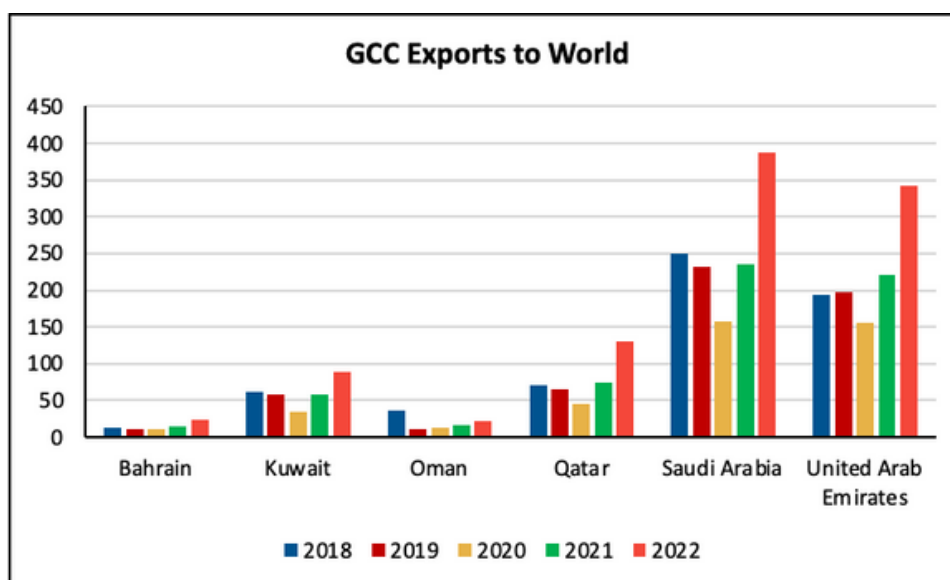
EU – United Arab Emirates Economic Relations

- **Economic and political cooperation between the EU and the GCC countries:** the framework is provided by the 1988 EU-GCC cooperation agreement that seeks to improve trade relations and stability in a strategic part of Europe's neighborhood. The agreement created a Joint Council and a Joint Co-operation Committee which meet annually. The two sides meet on an annual basis to discuss trade, amongst other topics, within the EU-GCC Joint Co-operation Committee held in Riyadh or Brussels.
- **EU and United Arab Emirates:** In 2018, the European External Action Service (EEAS) and the Ministry of Foreign Affairs and International Cooperation of the United Arab Emirates signed a cooperation arrangement to enhance their dialogue to achieve common goals and objectives in areas of mutual interest.
- **Trade Negotiations:** The EU and Gulf Cooperation Council launched negotiations for a Free Trade Agreement (FTA) in 1990. The FTA is foreseen to provide for progressive and reciprocal liberalisation of trade in goods and services. The negotiations have faced several challenges and were effectively halted in 2008, when the GCC countries suspended all ongoing negotiations in which they were involved. While periodic informal contacts have taken place since then to test whether a basis might be found to resume and conclude negotiations, these have not been successful. In parallel with the negotiations, the prospective EU-GCC FTA was subject to a sustainability impact assessment.

GCC Trade in Goods with EU27 & the World



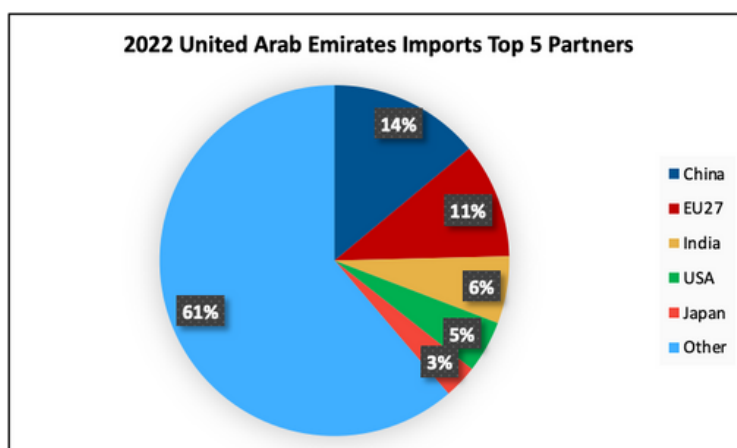
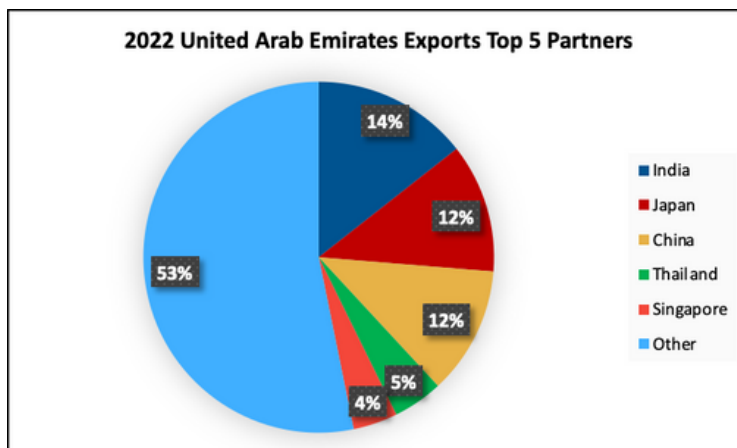
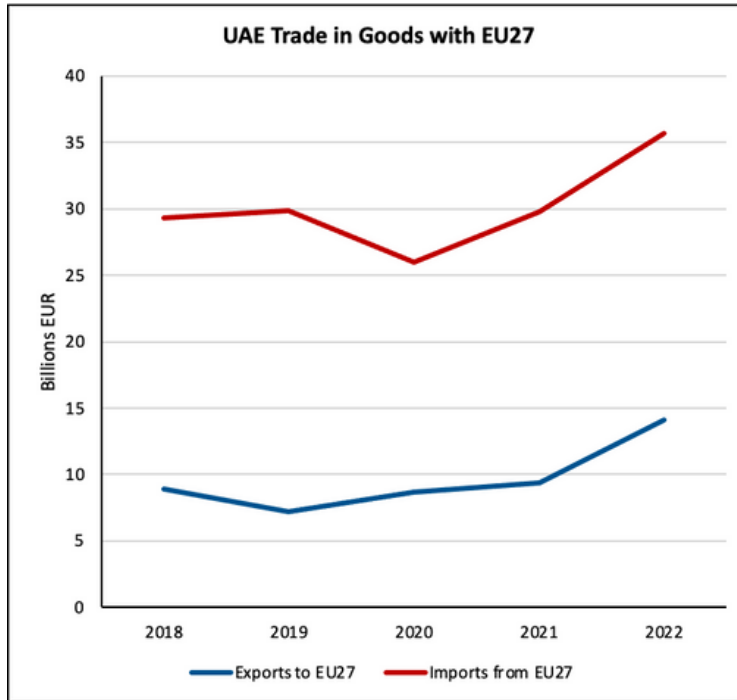
GCC Trade in Goods with EU27 & the World



EU27 Rankings as Trade Partner for GCC Countries, 2022

GCC country	EU27 rank as supplier	Imports value (Billion EUR)	Imports from EU27 as % of country's imports from all partners	EU27 rank as export market	Exports value (Billion EUR)	Exports to EU27 as % of country's exports to all partners
Bahrain	2	2.11	14.3	4	1.26	5.5
Kuwait	2	4.42	18.7	8	193	0.2
Oman	5	2.59	6.7	5	1.13	5.3
Qatar	1	5.37	19.4	4	15.25	11.7
Saudi Arabia	2	33.49	18.9	2	45.18	11.7
United Arab Emirates	2	42.69	10.6	7	13.06	3.8

United Arab Emirates Trade in Goods with EU27 & the World



EU – United Arab Emirates Major Trade Flows by HS Section

EU Imports from United Arab Emirates					
2021			2022		
Goods	Value (millions of Euros)	% Total	Goods	Value (millions of Euros)	% Total
V Mineral products	3,107	32.9	V Mineral products	6,092	43.2
XIV Pearls, precious metals and articles thereof	2,512	26.6	XV Base metals and articles thereof	2,695	19.1
XV Base metals and articles thereof	1,612	17.1	XIV Pearls, precious metals and articles thereof	2,217	15.7
XVI Machinery and appliances	674	7.1	XVII Transport equipment	985	7.0
XVII Transport equipment	276	2.9	XVI Machinery and appliances	691	4.9

EU Exports to United Arab Emirates					
2021			2022		
Goods	Value (millions of Euros)	% Total	Goods	Value (millions of Euros)	% Total
XVI Machinery and appliances	7,559	25.4	XVI Machinery and appliances	9,904	27.7
XVII Transport equipment	4,678	15.7	VI Products of the chemical or allied industries	4,657	13.0
VI Products of the chemical or allied industries	3,859	12.9	XIV Pearls, precious metals and articles thereof	4,451	12.5
XIV Pearls, precious metals and articles thereof	3,621	12.1	XVII Transport equipment	4,133	11.6
IV Foodstuffs, beverages, tobacco	1,309	4.4	IV Foodstuffs, beverages, tobacco	1,911	5.3

Source: Eurostat Comext

EU – United Arab Emirates Major Trade Flows by HS Heading

2022 EU Imports from UAE		2022 EU Exports to UAE	
V Mineral products (HS 25-27)	2710 Petroleum oils and oils obtained from bituminous minerals (excl. crude); preparations containing >= 70% by weight of petroleum oils or of oils obtained from bituminous minerals; waste oils containing mainly petroleum or bituminous minerals(2002-2500);Petroleum oils and oils obtained from bituminous minerals (excl. crude) 2709 Petroleum oils and oils obtained from bituminous minerals, crude 2711 Petroleum gas and other gaseous hydrocarbons	XVI Machinery and Appliances (HS 84-85)	8517 Telephone sets, incl. telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data, incl. apparatus for communication in a wired or wireless network {such as a local or wide area network}; parts thereof (excl. than transmission or reception apparatus of heading 8443, 8525, 8527 or 8528) 8471 Automatic data-processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, n.e.s. 8411 Turbojets, turbopropellers and other gas turbines
XV Base metals and articles thereof (HS 72-83)	27601 Unwrought aluminium 7308 Structures and parts of structures "e.g., bridges and bridge-sections, lock-gates, towers, lattice masts, roofs, roofing frameworks, doors and windows and their frames and thresholds for doors, shutters, balustrades, pillars and columns", of iron or steel; plates, rods, angles, shapes, sections, tubes and the like, prepared for use in structures, of iron or steel (excl. prefabricated buildings of heading 9406) 7213 Bars and rods of iron or non-alloy steel, hot-rolled, in irregularly wound coils	VI Products of the chemical or allied industries (HS 28-38)	3004 Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses or in forms or packings for retail sale (excl. goods of heading 3002, 3005 or 3006) 3303 Perfumes and toilet waters (excl. aftershave lotions, personal deodorants and hair lotions) 3304 Beauty or make-up preparations and preparations for the care of the skin, incl. sunscreen or suntan preparations (excl. medicaments)
XIV Pearls, precious metals and articles thereof (HS 71)	7102 Diamonds, whether or not worked, but not mounted or set (excl. unmounted stones for pick-up styluses, worked stones, suitable for use as parts of meters, measuring instruments or other articles of chapter 90) 7108 Gold, incl. gold plated with platinum, unwrought or not further worked than semi-manufactured or in powder form 7113 Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal (excl. articles > 100 years old)	XIV Pearls, precious metals and articles thereof (HS 71)	87102 Diamonds, whether or not worked, but not mounted or set (excl. unmounted stones for pick-up styluses, worked stones, suitable for use as parts of meters, measuring instruments or other articles of chapter 90) 7113 Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal (excl. articles > 100 years old) 7108 Gold, incl. gold plated with platinum, unwrought or not further worked than semi-manufactured or in powder form

Economic Competitiveness Indicators

Indicator	Ranking	Out of # Countries
Fraser Institute – Economic Freedom, 2023 Report	50	165
United Nations e-Government Survey, 2022	13	193
Global Innovation Index, 2023	32	132

Infrastructure – Key Figures

Airports: 25 with paved runways (2021)

Annual passenger traffic on registered air carriers: 95,533,069 (2018)

Annual freight traffic on registered air carriers: 15,962,900,000 mt-km (2018)

Major seaports: Al Fujayrah, Mina' Jabal 'Ali (Dubai), Khor Fakkan (Khawr Fakkan) (Sharjah), Mubarraz Island (Abu Dhabi), Mina' Rashid (Dubai), Mina' Saqr (Ra's al Khaymah); container port(s) (TEUs): Dubai Port (13,742,000) (2021); LNG terminal(s) (export): Das Island

ICT

Broadband - fixed subscriptions: 3,245,123 (2020)
subscriptions per 100 inhabitants: 33 (2020 est.)

Telephones - fixed lines: 2.2 million (2021 est.)
subscriptions per 100 inhabitants: 24 (2021 est.)

Telephones - mobile cellular: 18 million (2021 est.)
subscriptions per 100 inhabitants: 190 (2021 est.)

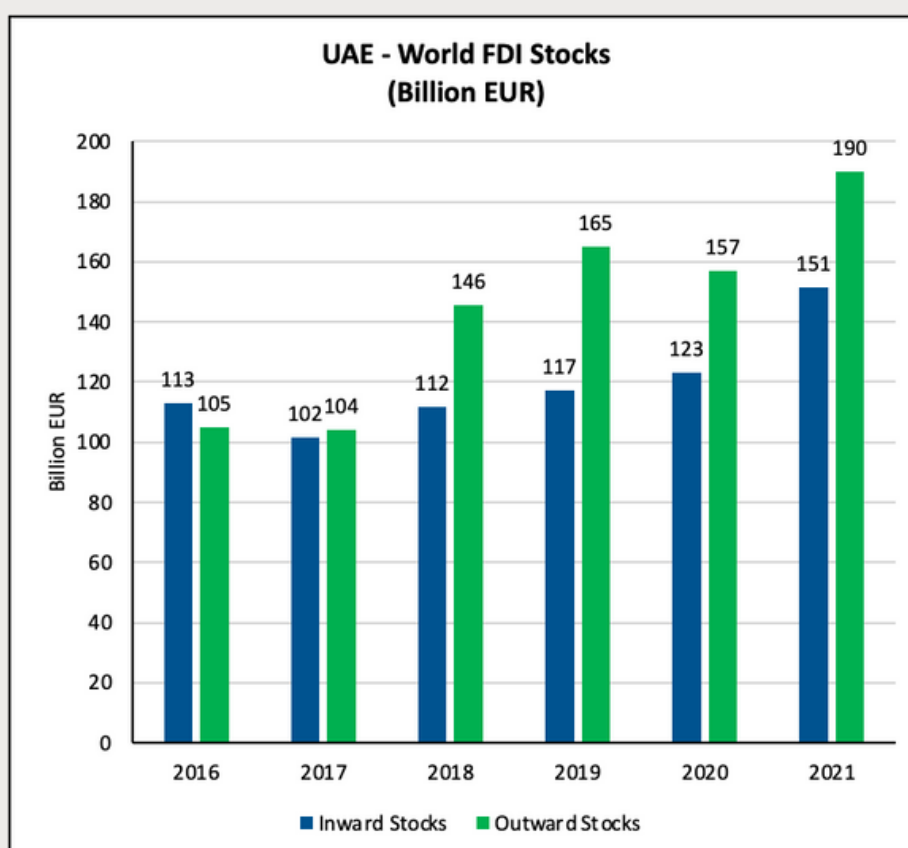
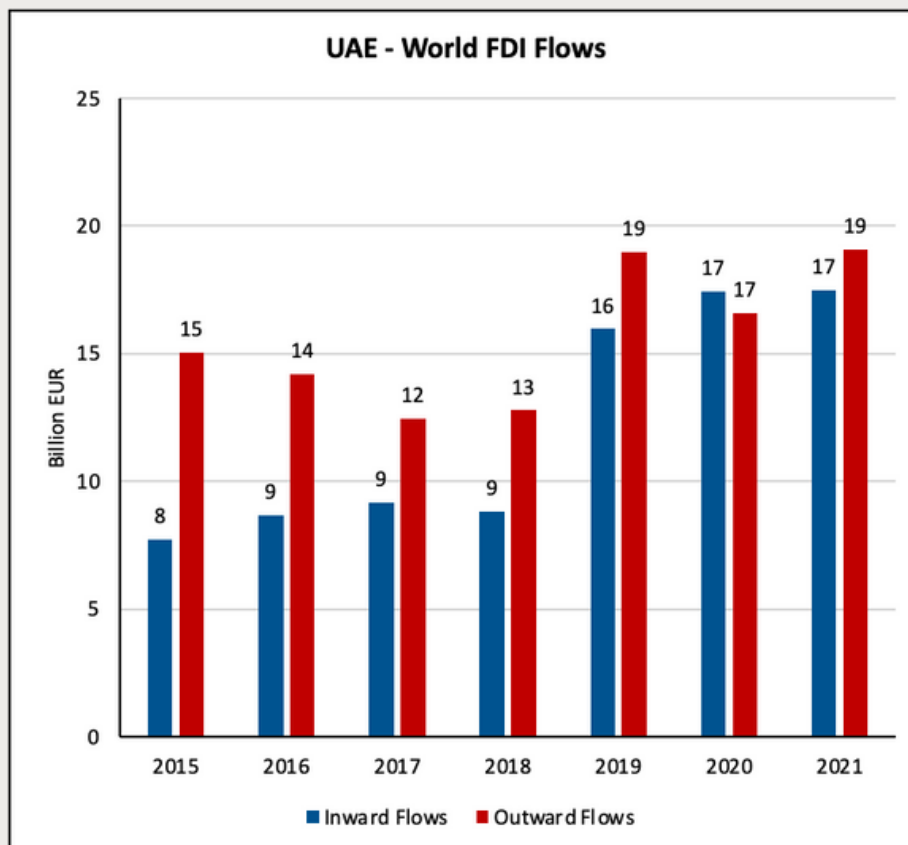
Population Structure & Availability of Human Capital

Population (2023 est.)	
Population (millions)	10
Population growth rate	0.58%
Birth rate	10.76 births/1,000 population
Death rate	1.62 deaths/1,000 population

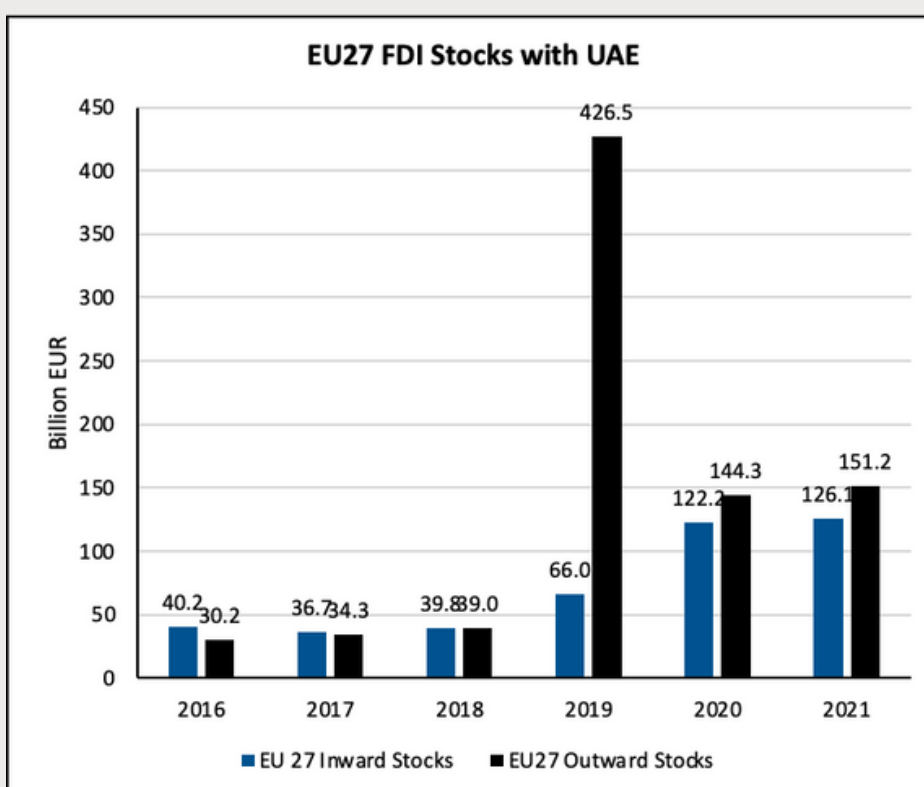
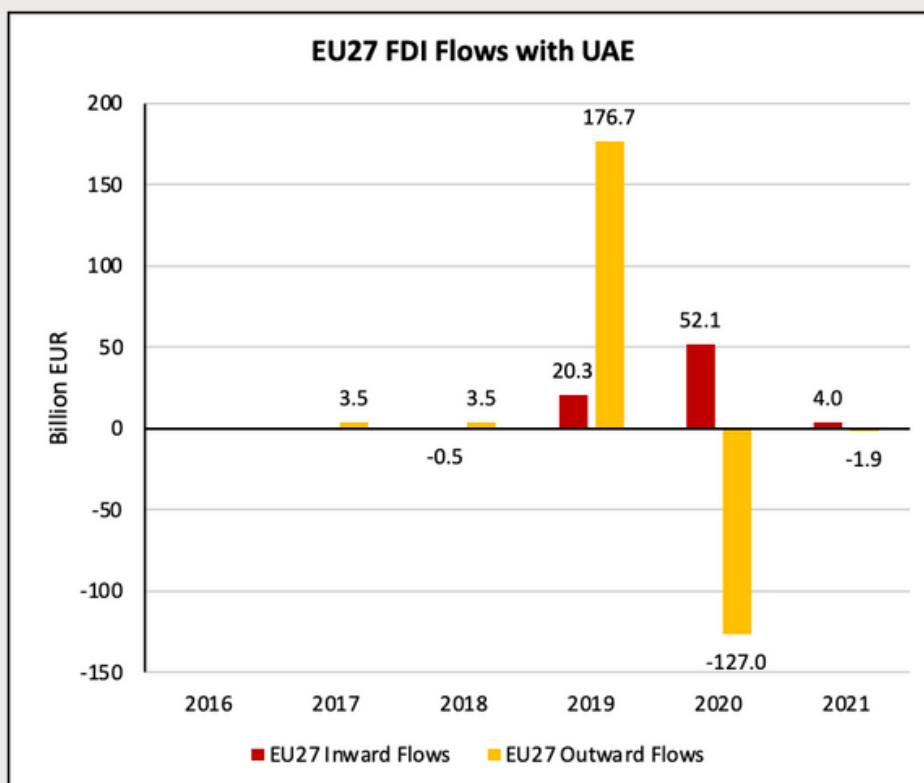
Age structure (2023 est.)	
0 -14 years	16.23% (male 829,266/female 789,187)
15 - 64 years	81.77% (male 5,840,920/female 2,314,683)
65 years and over	2% (male 151,340/female 48,053)

Human Capital Availability
<p>Literacy (age 15 and over can read and write) 2021:</p> <ul style="list-style-type: none"> total population: 98.1% male: 98.8% female: 97.2%
<p>School life duration (primary to tertiary education) 2020:</p> <ul style="list-style-type: none"> total: 16 years male: 15 years female: 17 years
<p>Labor force: 6.074 million (2021 est.) (expatriates account for about 85% of the workforce)</p>
<p>Unemployment, total (% of the total labor force):): 3.36% (2021 est.)</p>

United Arab Emirates - World FDI Flows & Stocks



EU27 FDI Flows & Stocks with the United Arab Emirates



United Arab Emirates Ranking as EU27 FDI Partner

UAE ranks 12th in FDI Flows to EU

	EU27 Partner	FDI Flows to EU27 (Million EUR)
1	Cayman Islands (UK)	36,240.7
2	Canada	32,048.3
3	Bermuda (UK)	17,408.7
4	Russia	16,527.1
5	Jersey	13,204.6
6	Saudi Arabia	11,553.2
7	Japan	10,699.0
8	South America	4,732.2
9	Uruguay	4,565.2
10	Mexico	4,358.6
11	Norway	4,055.1
12	United Arab Emirates	3,996.1

UAE ranks 12th in FDI Stocks to EU

	EU27 Partner	FDI Stocks to EU27 (Million EUR)
1	United States	2,465,738.4
2	United Kingdom	1,414,053.9
3	Switzerland	613,909.8
4	Bermuda (UK)	405,086.7
5	Canada	267,864.8
6	Cayman Islands (UK)	239,875.2
7	Jersey	212,198.9
8	Japan	211,554.0
9	Singapore	171,154.8
10	Russia	162,361.0
11	Hong Kong	150,348.5
12	United Arab Emirates	126,147.6

United Arab Emirates FDI with World Partners, 2021

- **UAE inward FDI flows from** all world partners reached 17.5 billion EUR, while **outward FDI flows** were 19 billion EUR.
- **FDI stocks in UAE** from all world partners reached 151 billion EUR and **UAE outward FDI stocks** to all partners were close to 190 billion EUR.

EU27 FDI with World Partners, 2021

- **EU27 FDI flows to world partners** reached 98.8 billion EUR and **FDI flows to EU27 from world partners** -219.2 billion EUR.
- **EU27 FDI stocks to world partners** were 16,642 billion EUR and **world partners' FDI stocks into EU27** reached 14,051.4 billion EUR.

EU27 - United Arab Emirates Bilateral FDI, 2021

- **EU27 FDI flows to UAE** were -1.9 billion EUR, compared to -127 billion EUR in 2020. **EU27 inward FDI flows from UAE** decreased sharply in 2021 to 4 billion EUR from 52 billion EUR in 2020.
- **EU27 FDI stocks to UAE** increased in 2021 to 151 billion EUR, from 144 billion EUR in the previous year. **UAE FDI stocks to EU27** increased slightly in 2021 to 126 billion EUR from 122 billion EUR in 2020.

Investing in United Arab Emirates - Incentives

- UAE allows foreign investors to own up to 100 percent of the business. In addition, incentives include investment protection guarantees, financial transfer facilities, and the possibility of modifying the partnership, merger, acquisition, and transfer of ownership under the investor's interest.
- In 2020, the UAE Cabinet issued Resolution No. 16 of 2020 Concerning the Determination of the Positive List of Economic Sectors and Activities Eligible for Foreign Direct Investment and Percentage of their Ownership.
- The resolution names 122 economic activities in the Positive list. These activities are permitted for 100 percent foreign ownership. Under the positive list, 3 categories are open to investors:

1. Agricultural sector
2. Manufacturing sector
3. Services sector

There are certain sectors and economic activities that are not permitted for FDI. This Negative list includes the following activities:

- Exploration and production of petroleum materials
- Investigations, security, military sectors, manufacturing of arms, explosives, and military equipment, devices, and clothing
- Banking and financing activities, payment systems, and dealing with cash
- Insurance services
- Hajj pilgrimage Umrah services and other activities are mentioned in Article 7 of the FDI law.

Important Contacts

Agency	Support Provided	Website	Contact Information
Dubai FDI	Dubai FDI provides essential information and invaluable support to foreign businesses looking to invest in Dubai's thriving economy and take advantage of its global strategic importance	http://www.dubaifdi.gov.ae	Business Village, Block A, 9th Floor Near Clock Tower Tel: +971 4 4455555 info.fdi@fdidubai.gov.ae
Abu Dhabi Investment Office (ADIO)	DIO provides a comprehensive range of services to potential investors along every step of their investment journey	https://www.investinabudhabi.ae/	9th Floor, Khaleej Al Arabi Street, Capital Gate, Abu Dhabi, UAE Tel: +971 2 403 1003
Dubai Department of Economic Development	Commercial Licensing	https://eservices.dubaided.gov.ae	Tel: + 971 4 4455555 info@dubaided.gov.ae
Abu Dhabi Department of Economic Development	Commercial Licensing	https://added.gov.ae/	Al Falah Street - Fatima bint Mubarak St 6 Tel: +971 2 815 8888 contact@abudhabi.ae
Mission of the United Arab Emirates to the EU	UAE Embassy to the EU	https://sp.mofaic.gov.ae/EN/DiplomaticMissions/Embassies/Brussels/Pages/home.aspx	Avenue Franklin Roosevelt, 86 1050 Brussels, Belgium Tel: (+32) 2 640 60 00 BrusselsEMB@mofaic.gov.ae

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- Fraser Institute 'Economic Freedom of the World Annual Report 2023'
- IMF (2023) Saudi Arabia Article IV Consultation Staff Report
- United Nations 'E-Government Survey 2022 - The Future of Digital Government'
- WIPO (2023), 'Global Innovation Index 2023 - Innovation in the face of uncertainty'

About the EU-GCC Dialogue on Economic Diversification Project

The EU-GCC Dialogue on Economic Diversification is a project funded by the European Commission Service for Foreign Policy Instruments under the Partnership Instrument.

The project contributes to stronger EU-GCC relations by supporting the GCC countries in the ongoing process of economic diversification away from hydrocarbon-dependent sectors, including by funding regular EU-GCC Business Fora.

The purpose of this project is to promote climate-friendly trade, investment, and economic affairs-related policy analysis, dialogue, and cooperation between stakeholders from the EU and GCC at both regional and country levels in the context of the GCC economic diversification process.

For more information on the EU-GCC Dialogue Project, and to download research reports and other publications, please visit:

https://www.eeas.europa.eu/eeas/EUintheGCC_en

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