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Trade &
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• South Africa

DRIVING THE BUSINESS OF TRADE AND INVESTMENT

Country Targeting Strategy 2011/12

Country Intelligence

United Arab Emirates



January 2012

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Country background and economic overview

The Trucial States of the Persian Gulf coast granted the UK control of their defense and foreign affairs in 19th century treaties. In 1971, six of these states - Abu Zaby, 'Ajman, Al Fujayrah, Ash Shariqah, Dubayy, and Umm al Qaywayn - merged to form the United Arab Emirates (UAE). They were joined in 1972 by Ra's al Khaymah. The UAE's per capita GDP is on par with those of leading West European nations. Its generosity with oil revenues and its moderate foreign policy stance have allowed the UAE to play a vital role in the affairs of the region. For more than three decades, oil and global finance drove the UAE's economy. However, in 2008-09, the confluence of falling oil prices, collapsing real estate prices, and the international banking crisis hit the UAE especially hard. In March 2011, about 100 Emirati activists and intellectuals posted on the Internet and sent to the government a petition calling for greater political reform, including the establishment of a parliament with full legislative powers and the further expansion of the electorate and the rights of the Federal National Council (FNC), the UAE's quasi-legislature. In an effort to stem further unrest, the government announced a multi-year, \$1.6-billion infrastructure investment plan for the poorer northern Emirates. In late September 2011, an FNC election - in which voting was expanded from 6,600 voters to about 12 percent of the Emirati population - was held for half of the FNC seats. The other half are appointed by the rulers of the Emirates.

The UAE has an open economy with a high per capita income and a sizable annual trade surplus. Successful efforts at economic diversification have reduced the portion of GDP based on oil and gas output to 25%. Since the discovery of oil in the UAE more than 30 years ago, the UAE has undergone a profound transformation from an impoverished region of small desert principalities to a modern state with a high standard of living. The government has increased spending on job creation and infrastructure expansion and is opening up utilities to greater private sector involvement. In April 2004, the UAE signed a Trade and Investment Framework Agreement with Washington and in November 2004 agreed to undertake negotiations toward a Free Trade Agreement with the US, however, those talks have not moved forward. The country's Free Trade Zones - offering 100% foreign ownership and zero taxes - are helping to attract foreign investors. The global financial crisis, tight international credit, falling oil prices, and deflated asset prices caused GDP to drop nearly 4% in 2009. UAE authorities have tried to blunt the crisis by increasing spending and boosting liquidity in the banking sector. The crisis hit Dubai hardest, as it was heavily exposed to depressed real estate prices. Dubai lacked sufficient cash to meet its debt obligations, prompting global concern about its solvency. In February 2009, Dubai launched a \$20 billion bond program to meet its debt obligations. The UAE Central Bank and Abu Dhabi-based banks bought the largest shares. In December 2009 Dubai received an additional \$10 billion loan from the emirate of Abu Dhabi. The economy is expected to continue a slow rebound. Dependence on oil and a large expatriate workforce are significant long-term challenges. The UAE's strategic plan for the next few years focuses on diversification and creating more opportunities for nationals through improved education and increased private sector employment.

Country statistics

Indicator	Measure	Rank
Geography		
Area	83,600 sq km	115
	land: 83,600 sq km	
	water: 0 sq km	
Coastline	1,318 km	
Natural resources	petroleum, natural gas	
Land use	arable land: 0.77%	
	permanent crops: 2.27%	
	other: 96.96% (2005)	
Irrigated land	2,300 sq km (2008)	
Demographics and population development		
Population size	5,148,664 (Jul 2011 est.)	115
Population structure	0-14 years: 20.4%	
	15-64 years: 78.7%	
	65 years and over: 0.9% (2011 est.)	
Popn growth rate	3.282% (2010 est.)	6
Net migration rate	19 migrant(s)/1,000 population (2010 est.)	3
Urbanization	84% of total population (2010)	
	growth: 2.3% (2010-15 est.)	
Sex ratio	2.2 male(s)/female (2010 est.)	
Life expectancy at birth	76.51 years (2011 est.)	71
Total fertility rate	2.4 children born/woman (2010 est.)	92
HIV prevalence rate	0.2% (2001 est.)	103
Literacy rate	77.9% (2003 est.)	
School life expectancy	13 years (2009)	
The economy		
Currency	Emirati dirham: 3.673/US\$ (2010 est.) note: officially pegged to US dollar since Feb 2002	
GDP (PPP)	total: \$246.8 billion (2010 est.)	51
	growth: 3.2% (2010 est.); -3.2% (2009 est.)	117
	per capita: \$49,600 (2010 est.)	9
	agriculture: 0.9%	

Indicator	Measure	Rank
GDP composition	industry: 55.5%	
	services: 43.6% (2010 est.)	
Labour force	3.705 million (2010 est.)	91
	unemp rate: 2.4% (2001 est.)	20
Labour force by occupation	agriculture: 7%	
	industry: 15%	
	services: 78% (2000 est.)	
Poverty rate	19.5% (2003 est.)	
Gross investment (% of GDP)	23.8% of GDP (2010 est.)	70
Public debt	51.2% of GDP (2010 est.)	49
Inflation rate	0.9% (2010 est.); 1.6% (2009 est.)	21
Commercial bank prime rate	5.2% (Dec 2010)	152
Agricultural products	dates, vegetables, watermelons; poultry, eggs, dairy products; fish	
Industries	petroleum and petrochemicals; fishing, aluminum, cement, fertilizers, commercial ship repair, construction materials, some boat building, handicrafts, textiles	
Electricity	production: 80.94 billion kWh (2009 est.)	36
	consumption: 70.58 billion kWh (2008 est.)	37
Oil	production: 2.813 million bbl/day (2010 est.)	8
	consumption: 545,000 bbl/day (2010 est.)	33
	exports: 2.395 million bbl/day (2009 est.)	4
	imports: 235,300 bbl/day (2009 est.)	42
	reserves: 97.8 billion bbl (1 Jan 2011 est.)	7
Natural gas	production: 48.84 billion cu m (2009 est.)	19
	consumption: 59.42 billion cu m (2008 est.)	14
Current account balance	\$6.053 billion (2010 est.)	132
Trade	exports: \$212.3 billion (2010 est.)	23
	imports: \$161.4 billion (2010 est.)	25
Export commodities	crude oil 45%, natural gas, re-exports, dried fish, dates	
Import commodities	machinery and transport equipment, chemicals, food	
Export partners	Japan 17.1%, India 13.6%, Iran 6.9%, South	

Indicator	Measure	Rank
	Korea 6.1%, Thailand 5.1% (2010)	
Import partners	China 14%, India 17.5%, US 7.7%, Germany 5.6%, Japan 4.8% (2010)	
Reserves of forex & AU	\$42.79 billion (31 Dec 2010 est.)	40
FDI stock	at home: \$74.13 billion (31 Dec 2010 est.)	45
	abroad: \$53.43 trillion (31 Dec 2010 est.)	32
Communications		
Telephones	main lines in use: 1.48 million (2010 est.)	67
	mobile cellular: 10.926 million (2010 est.)	65
Internet	country code: .ae	
	hosts: 379,309 (2010)	54
	users: 3.449 million (2009)	61
Infrastructure		
Airports	41 (2010)	102
	with paved runways: 25	
	with unpaved runways: 16	
Pipelines	condensate 458 km; gas 2,352 km; liquid petroleum gas 220 km; oil 1,437 km; refined products 212 km (2010)	
Roadways	4,080 km	156
Ports and terminals	Al Fujayrah, Mina' Jabal 'Ali (Dubai), Khawr Fakkan (Khor Fakkan), Mubarraz Island, Mina' Rashid (Dubai), Mina' Saqr (Ra's al Khaymah)	

Data sources

Central Intelligence Agency [CIA]; *the World Factbook*. www.cia.org. Accessed: January 17, 2012