



UNITED ARAB EMIRATES

What's happening in this economy

While oil prices have rebounded from the lows of 2014, subdued prices are expected for longer, impacting the UAE's economy and fiscal position. The UAE Central Bank predicts non-oil GDP to reach 1.8 per cent in 2019, and oil GDP to reach 2.7 per cent, based on an expected average of 3.1 million barrels of oil a day.

The UAE government has acted decisively with a number of stimulus packages and initiatives aimed at economic recovery and diversification beyond the hydrocarbons sector. The government announced higher spending levels, with Federal spending increasing 17.3 per cent to USD 16.4 billion in 2019. The focus is on priority sectors such as education, infrastructure and hospitality.

The Emirates of Abu Dhabi and Dubai also announced economic stimulus packages to improve job growth and the business environment. These include freezing government fees, allocating 20 per cent of government contracts to SMEs, waiving company fines and trade violations, offering payments in instalments, and offering attractive investment support.

The government also introduced sweeping changes to employment and visa rules to target job creation and real estate investment. Company ownership rules have been relaxed to allow 100 per cent foreign ownership in some sectors. World Expo 2020, to be held in Dubai from October 2020 to April 2021, is expected to boost economic activity.

Rising regional tensions, the challenging global economic climate and weakness in domestic consumption saw the UAE's Purchasing Managers' Index slip to 51.1 in September 2019, its lowest reading since May 2010.

The prolonged under-performance of the real estate sector continues to weigh down the non-oil outlook. The sector continues to record declines in sales and rental prices in 2019 due to oversupply.

The UAE is ranked 25 out of 82 in the global business environment rankings for the period 2019–2023.

Trade, investment, and commercial opportunities and activities

- There are an estimated 250 to 300 Australian companies in the UAE focused on agriculture trade and services (education, construction, engineering, architecture, food and beverage):
 - as well as the local market, many companies use the UAE as a hub to service the region.
- The main commercial opportunities for Australian exporters and service providers are in premium food, agribusiness and international education:
 - there are also opportunities in health and aged care, advanced technology and defence industry.

Key facts and figures

- Population: 10.4 million
- GDP growth: 2.8% (2019 DFAT)
- GDP per capita: USD 39,806
- Political system: Constitutional monarchy
- Two-way trade/key goods and services traded: AUD 10.6 billion
Exports: alumina, agriculture; imports: petroleum
- Two-way investment/major investments: AUD 14.5 billion, mostly infrastructure



connecting Australian business to the world

- The UAE will host World Expo 2020 in Dubai. Australia will participate with a pavilion in the mobility district. Over 25 million visitors are expected, with more than 70 per cent coming from outside the UAE.
- In the lead up to World Expo 2020, Austrade, DFAT and state government representatives are identifying and promoting Expo-related commercial opportunities for Australian businesses.
- The UAE's sovereign wealth funds, family offices and high net worth individuals continue to be a responsible and reliable source of investment funds for Australia:
 - UAE investors hold Australia in high regard as an investment destination, and
 - the UAE has invested in major Australian infrastructure assets, real estate and tourism, and companies via private equity.
- The UAE hosts several sector-focused international trade and investment events each year, including Gulf Food, International Defence Exhibition and Conference (IDEX), Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC), Arab Health, GITEX Technology Week, the Annual Investment Meeting (AIM), and others:
 - these events provide opportunities for Australian companies to showcase and market their offerings, and to network with government and industry
 - Australian companies use the UAE and events as a gateway to doing business the region.

Trade policy and negotiations

UAE trade policy is characterised by free trade and low tariffs, but non-tariff barriers are increasing in the market.

Australia–UAE FTA negotiations stalled in 2009 following a GCC decision that new FTAs would be negotiated as a bloc. All GCC FTA negotiations have been at a standstill since 2009.

The GCC has signed two FTAs – with Singapore in 2008 and the European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland) in 2009.

The UAE has been a member of the WTO since 10 April 1996 and a member of the GATT since 8 March 1994.

The biennial Australia–UAE ministerial-level Joint Economic Committee is a key platform to advance trade, investment and commercial priorities, and to resolve obstacles to trade.

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