



UNITED ARAB EMIRATES
MINISTRY OF ECONOMY

The Annual Economic Report 2015



Vision

“Internationally competitive and diversified economy under the leadership of efficient and knowledgeable nationals”

Mission

“To develop the national economy and create a pro-business environment that contributes to achieve balanced and sustainable development of the country, through the enactment and modernization of economic legislations, foreign trade policies, development of national industries and exports, promotion of investment, regulation of competition and Small and Medium Enterprises (SMEs) sector, protection of consumer and intellectual property rights, and diversification of economic activities, under the leadership of efficient nationals, in line with international standards of creativity, excellence and knowledge economies”.

Values

- Transparency: to apply institutional governance principles, unambiguity of information, decisions, conducts, and all communication and interconnectedness mechanisms with customers from inside and outside the ministry.
- Respect of Rights: to respect rights of employees, consumers and all customer classes as per applied economic legislations and work regulations.
- Excellence: to provide services beyond customers’ expectations and harmonize with best practices and international standards of excellence and exert efforts for uplifting the efficiency of human resources.

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The Annual Economic Report 2015

The Twenty Third Edition

The Annual Economic Report 2015





**His Highness Shaikh
Khalifah Bin Zayed Al Nahyan**
President of The United Arab Emirates

The Annual Economic Report 2015





**His Highness Shaikh
Mohammed bin Rashid Al Maktoum**
Vice President and Prime Minister of the UAE
and Ruler of Dubai

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The Minister's Statement

The UAE Economy has proven to be among the strongest economies regionally and the most promising globally. Our economy has maintained high growth rates in the past few years confirming its strength through a very challenging period. While many economies worldwide slumped in the years following the global financial crisis of 2008, our economy continued to follow a positive growth trajectory.

The current fall in oil prices poses a great challenge to all oil exporting countries and the UAE is no exception. However, our national economy has once again proven its resilience. Thanks to the leadership's efforts to diversify the economy and reduce its dependence on oil in line with the UAE Vision 2021 and the national agenda, the contribution of non-oil sectors to the national economy has reached 69%, leaving only 29% to the oil sector.

Nevertheless, oil continues to remain important to the UAE. We have so far made significant strides in a number of sectors and plan to lower the contribution of oil to the GDP to less than 20% in the coming years. We believe this will further protect the country from the negative impact of the volatility of oil prices in international markets.

2014 was one of the strongest years for the UAE's economy. Growth in real GDP registered 4.6% and GDP at current prices is estimated to touch AED1.47 trillion. We are expecting our national economy to grow by 3% in 2015.

All indicators currently confirm the stability of the UAE economy and its potential to thrive even as our country becomes a major economic center for the region and an international maritime and aviation hub that connects the East to the West. The successes we are witnessing are the result of a number of integrating factors - political stability, security, advanced infrastructure, and an enabling legislative environment. All these factors have made our country a desired destination for businesses and helped the UAE build the second largest economy in the Arab world achieving truly remarkable growth rates.

I thank the team involved in the compilation of this report. I also commend the other teams and employees at the Ministry for their continuous commitment and persistent efforts in making the UAE a force to reckon with regionally and in the world at large.

His Excellency Sultan bin Saeed Al Mansouri
UAE Minister of Economy

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First: The Global, Arab and Gulf
Economic Conditions



1. Global Economic Conditions

1.1 Gross Domestic Product

The estimates of the International Monetary Fund about the global economic situations suggest noticeable improvement in the growth rates in the second half of 2013. This improvement has led to increasing the estimates of global economic growth of 2014 and 2015 to 3.7% and 3.9% respectively. This increase in the growth rates will result mainly from the increase of the growth rates of advanced economies from 1.3% in 2013 to 2.2% and 2.3% in 2014 and 2015.

The economies of rising and developing countries are expected to have limited active growth; their gross growth rate will rise from 4.7% in 2013 to 5.1% and 5.4% in 2014 and 2015. The improvement in the economies of rising and developing will result from the increase of demand on their exports by the advanced countries and not from the increase of demand in their domestic economies.

The growth rate in the USA will rise from 1.9% in 2013 to about 2.8% in 2014. The improvement in the US growth rate will come from the increase of special demand, which will compensate for a part of the decrease of governmental demand resulting from the constraints imposed on expenditure which will constrain the growth rates in the next year. The US economic growth rate will be about 3% in 2015. On the other hand, the Federal Council has started to go gradually away from the quantitative easing policy, which will lead to the increase of long-term interest rates on governmental bonds and the increase of long-term interest rates on loans. The increase of long- and short-term interest rates will raise the rates of return on the Kingdom's reserve, which will provide more income to public revenues in the Kingdom. On the other hand, the rise of long-term interest rates in the US will return the flow of capitals into the US markets and the capital flow into the rising and developing markets will decline. This has started actually during the past short period.

The announcement of the beginning of going away from the quantitative easing policy has led to declines in the financial markets in the rising countries and a decline in the exchange rates of many the currencies of these countries. These developments have led to raising the pressure on the financial policies in the rising and developing countries. The Kingdom is considered one of the lucky countries that have reduced their governmental debts in the times of prosperity, which will make it avoid any negative consequences of withdrawal from the quantitative easing policy on its financial policies.

In the Eurozone, it is expected that the shallow economic growth rates of about 0.4% in 2013 will diminish and turn into limited economic growth of about 1% in 2014. It is also expected that the growth rate of the economic Eurozone will improve in 2015 to 1.4%. The most prominent thing that will be witnessed by the growth rates of rising economies will be the decline of the growth rates in China from the previously high historical rates to the target growth rates that will reach 7.5% and 7.3% in 2014 and 2015. The Indian economy will witness some improvement in 2014 and 2015, where it will rise to 5.4% and 6.4% respectively.

All the previous growth rates have been built on the basis of the purchasing power. The growth rates built on the basis of current exchange rates in the market are somehow different; by their virtue, the global growth rate will decline to 3.1% and 3.4% in 2014 and 2015 respectively. This decline has resulted from the decline of relative importance of the economies of rising and developing countries when calculating the growth on the basis of currency rates in the global markets. This improvement required in the global economic growth will lead to raising the demand on oil in general. It is expected that the demand on OPEC oil will rise above the previous pessimistic estimations. The International Energy Agency (IEA) has recently raised the estimation of OPEC oil demand to about 200 thousand barrels in 2104. It has estimated that it would reach about 29.4 million barrel a day during 2014.

1.2 Foreign Trade

A report by the Organization of Economic Cooperation and Development (OECD) has stated that the rates of global trade flow had dropped to about 2% during 2015, for the fifth time since about fifty years, to record dangerous levels that do not occur unless with the approach of global recession. The report pointed out that there is still hope in the procedures carried out by the government of China and other countries, which might lead to the recovery of global trade during the next year.

1.3 Inflation

The levels of global inflation have witnessed a decline since July 2015. The main reason is the decrease of oil prices, which have lost about 50% of their traded value in the middle of 2014. The central banks around the world have reduced their monetary policy, except for the USA, through reducing interest rates. There are increasing expectations that the global inflation will rise again by the end of the current year with the recovery of oil.

The main factor behind the decline of energy prices is the increase of supply against demand in the global markets, which has been rising for about two years, and reached its highest level in the last quarter of 2014, amounting to 94.9 million barrels a day according to IEA. The big increase witnessed by the US crude oil production thanks to the shale oil boom, in addition to the recession of global demand, explains a big part of the reasons of the satiety of supply.

The prices in the countries of the Triad; which consists of the US, the Eurozone and Japan; have dropped from 1.6% on the annual basis in July 2014 to 0.2% in March 2015, which has led to deflation in the USA and the Eurozone.

Furthermore, the prices in the Asian emerging countries to less than 3.2% on the annual basis in July 2014 to 2.0% in March 2015. On the top of these countries are Taiwan, Thailand, Korea and Malaysia, and except Indonesia and Hong Kong, all the major Asian economies have witnessed a drop in the prices level. As for the non-Asian emerging countries, they were less affected by the decline of oil prices.

The inflation rate in Brazil, Mexico, South Africa, Nigeria and Turkey was the same in March in comparison with mid 2014; it has reached about 6.5% on the annual basis.

2. Arab Economic Conditions

2.1 Economic Growth

The oil prices have been falling sharply as of June 2014 and have lost about 60% of their previous levels to stabilize at less than \$ 55 a barrel during the first quarter of 2015. This would affect the Arab growth as a group because the oil-exporting countries contribute with about 78% of the gross domestic product at constant prices for the Arab States. On the other hand, in year 2014 there has been a relative stability of the political and security situation in the Arab countries that have witnessed political transformations over the last few years with the implementation of economic reforms to boost economic activity, in addition to the decline in the oil prices which would provide fiscal space to the Arab States that would permit them raise their public spending and alleviate the economic imbalances facing them. The outcome is that the size of the Gross Domestic Product for the Arab States is expected to increase to 2853 billion dollar at the end that of 2014 after it was 2734 billion dollars in 2013, and that economic growth of the Arab countries as a group is to develop from 3.2 % in 2013 to 3.3% in 2014 and expected to reach 3.1% in 2015.

2.2 Average Income Per Capita

The average Arab citizen's income is expected to rise to about \$ 8.4 thousand in 2014, up from 8.2 thousand dollars in 2013 with a large disparity between the Arab countries in this regard.

2.3 Inflation

Due to the decline in the world prices of oil and food, inflation rates witnessed a downward trend in a number of developed and developing countries over the past years. The decline in the world prices for food is expected to continue during 2015 and that the oil prices will remain below their levels compared to previous years, which will impact the price trends in the Arab countries in varying degrees, and those declines will work to minimize the impact of the imported inflation in the Arab countries, especially those in which the relative importance of imported food commodities is high in the prices index basket.

Some Arab countries are expected to witness different inflationary pressures due to rising domestic demand levels, increase of the rates of acceleration of the economic activity in some of them, beside higher prices of the assets, real estate and housing rental in others, which would reduce relatively the benefit of Arab States as a group of the declining world prices of oil and food.

The internal developments witnessed by some Arab countries might impose pressure on the general level of prices as a result of bottlenecks in the supply side and therefore affecting the supply chains of staple commodities.

As an outcome of the developments referred to, inflation rate in the Arab countries as a group are expected to witness a decline from 5.1% in 2013 to 4.27% in 2014 with the probability of its decline to 4.14% in 2015.

2.4 Arab Budgets

The developments which began in the oil markets impact the aggregate general budget of the Arab countries. It is expected that the budgets of the oil-exporting Arab countries are adversely affected by the declines in the price levels, and what increases their brunt is the instability conditions that prevented increasing the production quantity. On the other hand, the Arab countries importing oil will benefit from the downward trend of the prices by reducing their energy subsidies in their budgets and therefore providing the financial margin to increase capital and social spending. In the overall, these developments reflect negatively on the situation of the aggregate general budget of the Arab countries which leads to turning the budget surplus of 2.93% of GDP in 2013 to a deficit of -1.2 % of GDP in 2014, and it is expected to increase to -6.9% of GDP in 2015.

2.5 Arab Foreign Trade

Arab commodity exports retreated, being affected by the slowdown in economic growth in the euro zone countries, from 1382.7 billion dollars in 2012 to 1370.5 billion dollars in 2013, and are expected to reach 1310.9 billion dollars in 2014, while Arab commodity imports rose from 767.9 billion dollars in 2012 to 813 billion dollars in 2013, and are expected to reach 841.1 billion dollars in 2014. The trade balance achieved a surplus which increased in its drop from 614.7 billion dollars in 2012 to 557.5 billion dollars in 2013 and is expected to reach 469.7 billion dollars in 2014. The trade balance, in proportion to the GDP, has developed from 23.3% in 2012 to 20.4% in 2013, and is expected to reach 16.7% in 2014.

2.6 Arab Unemployment

The Arab economic challenges facing the Arab countries with the implications of the internal situation in some countries with the slowdown in the pace of implementation of some important structural reforms, all these represent factors that limit the ability of these countries to increase the GDP growth levels and impede efforts of reducing unemployment rates which estimates are up to about 11.5% in 2014, according to the International Labor Organization.

2.7 Arab Financial Markets

The Arab aggregate financial markets performance in 2014 was better than most other emerging markets performance, accompanied with this was the rise in the institutional investment and foreign investment in these markets after years of negative flow, this goes back to the ongoing efforts of the Arab markets supervisory authorities in general, and their care and endeavor to apply international standards in the field of issuing, listing and trading of securities and improving the practices of disclosure, transparency and corporate governance. The turnover of Arab aggregate financial markets during 2014 has reached about 797.3 billion dollars, and the total volume of shares traded in these markets over the same period has reached about 140 billion securities which value market exceeded \$ 1.04 trillion.

2.8 Arab Debts

The external indebtedness of the Arab countries has improved in general. The external debt index as a percentage of GDP dropped from about 34% as average for the period between 2000 and 2009 to 29.4% in 2013. However, the volume of total external indebtedness of Arab countries rose from \$ 585 billion as average for the period between 2000 and 2009, to 780.6 billion dollars in 2013, with expectations of a rise to \$ 798 billion in 2014.

3. Gulf Economic Conditions

3.1 Gross Domestic Product

Gulf Cooperation Council (GCC) countries have become significant major economic power, giving them negotiating advantages and attraction to attract investment on the global level. The GCC countries have become a global magnet for foreign capital because of their attractive environment subsidized by advanced infrastructure, but at the same time they are facing many regional and global challenges that cast a shadow on the process of economic development of the GCC countries, including, but not limited to: fluctuation of oil prices and currencies, sluggish growth in a number of major global economies, and destabilization of political and secured circumstances in a number of neighboring countries, all of which makes it imperative for these countries to focus more effort on implementation of a number of the most important initiatives and joint projects, such as transfer from the Customs Union to the Gulf Common Market, work to coordinate and approach the fiscal and monetary policies, and start the implementation of infrastructure and logistics joint projects as linking water, electricity and railway lines.

The GCC countries are living today good economic reality embodied by the decisions of the active Gulf market with a GDP that exceeded \$ 1.6 trillion.

3.2 Foreign Trade

Inter-trade between the Gulf countries recorded \$ 95 billion by the end of 2013, with expectations to exceed \$ 146 billion by the end of 2015.

The total of GCC international exports amounted to 921 billion dollars in 2013, bringing GCC to be the fourth largest exporter in the world after China, then the United States and Germany; these exports are mostly crude oil and gas and their derivatives and manufactured products such as petrochemicals, fertilizers and others. Also the imports of GCC from the world put the GCC countries in the tenth ranking globally in terms of the largest importers of the world; GCC imports reached to the level of 514 billion dollars in the same year.

The GCC is the fifth most important economy in terms of volume of trade exchange with the world, and the second in the ten largest economies in the world.

The advanced levels of foreign trade of GCC – as reported above – indicate a major economic force of the GCC to be reckoned with, which gives it negotiating advantages and attraction to attract investment.

Table No. (1): GCC intra-trade – million USD in 2013

	Qatar	KSA	UAE	Oman	Kuwait	Bahrain
Qatar	-	2454.39	8381.36	1570.68	1481.28	456.4
KSA	2454.39	-	8141.18	4623.43	2629.5	5050.85
UAE	8381.36	8141.18	-	15689.37	1692.18	1267.04
Oman	1570.68	4623.43	15689.37	-	777.67	385.55
Oman	1481.28	2629.5	1692.18	777.67	-	279.16
Bahrain	456.4	5050.85	1267.04	385.55	279.16	-
	14,344.11	20,444.96	26,789.77	21,476.02	5,378.51	6,982.60
95,415.97 – Gross intra-trade						

Source: Secretariat-General of GCC countries.

Table No. (2)
The largest commercial exchange in the world – million USD in 2013

1	China	4,228,910.00
2	USA	3,763,610.00
3	Germany	2,597,240.00
4	Japan	1,618,520.00
5	GCC	1,420,000.00
6	France	1,259,888.00
7	The Netherlands	1,203,662.00
8	South Korea	1,105,408.00
9	UK	1,090,339.00
10	Canada	966,823.00

Source: Secretariat-General of GCC countries.

Table No. (3) – The largest importers from the world – billion USD in 2013

1	USA	2,268,320.00
2	China	1,946,850.00
3	Germany	1,174,220.00
4	Japan	832,343.00
5	France	664,839.00
6	UK	622,034.00
7	The Netherlands	585,964.00
8	Hong Kong	524,108.00
9	South Korea	515,585.00
10	GCC	514,400.00

Source: Secretariat-General of GCC countries.

Table No. (4) – The largest exporters to the world – billion USD in 2013

1	China	2,282,060.00
2	USA	1,495,290.00
3	Germany	1,423,020.00
4	GCC	921,000.00
5	Japan	786,177.00
6	The Netherlands	617,698.00
7	France	595,049.00
8	South Korea	589,823.00
9	Russia	521,649.00
10	Italy	509,951.00

Source: Secretariat-General of GCC countries.

3.3 Inflation

The inflation index in the Gulf Cooperation Council (GCC) recorded in June 2015 rates that ranged from 0.18% in the Sultanate of Oman and 4.22% in the UAE, on an annual basis, compared to June of 2014.

The report issued by the Statistical Center of the Gulf Cooperation Council showed the highest recorded inflation ratio in the UAE, compared with other GCC countries where inflation was 4.22%, followed by Kuwait at 3.545, Saudi Arabia by 2.2%, the Kingdom of Bahrain by 1.7% and the State of Qatar by 1.4%, while the Sultanate of Oman came last in rating with 0.18%.

Statistics also showed that the food and beverage group in June 2015 compared to the same month of 2014 rose in most of the GCC countries, where prices in the Kingdom of Bahrain rose by 3.8%, followed by Kuwait by 3.65%, Saudi Arabia by 2.2%, United Arab Emirates by 1.44% and the State of Qatar by 0.2%, in contrast to the Sultanate of Oman that recorded a decline of 0.09%.

The group of housing, water, electricity, gas and other fuels witnessed a rise in all the Gulf Cooperation Council (GCC) countries in June 2015 compared to the same period of 2014, where the United Arab Emirates recorded a rise of 10.21%, followed by Kuwait at 6.54% and then Saudi Arabia 3.0%, the Kingdom of Bahrain by 2.3%, the State of Qatar by 1.8% and the Sultanate of Oman by 0.68%.

The transport group also witnessed a rise in most countries during June 2015 compared to the same period of 2014, where the State of Qatar recorded a rise of 2.7%, Kuwait 0.64%, Saudi Arabia 0.5%, the United Arab Emirates 0.38% and the Sultanate of Oman 0.02%; in contrast, the Kingdom of Bahrain was the only country which recorded a decline of 1.5%.

With regard to the major groups with the highest expenditure by each country during this period, data has showed the following groups ranked first by the country: the education group in both the State of Qatar and the Sultanate of Oman by 11.1% and 4.49%, respectively, the group of housing, water, electricity, gas and other fuels in the United Arab Emirates by 10.21%, the group of culture and entertainment in the Kingdom of Saudi Arabia by 9.6%, the group of restaurants and hotels in Kuwait by 6.88%, and the group of health in the Kingdom of Bahrain by 4.5%. On the other hand, the data showed the groups that declined most in June 2015 compared to the same month of 2014, according to each of the GCC countries: the clothing and footwear group in each of the United Arab Emirates, Oman and Kuwait at rates of 3.35% - 1.69% - 1.53%, respectively, the group of culture and entertainment in the State of Qatar by 2.4%, the group of restaurants and hotels in Saudi Arabia by 1.6%, and the transport group in the Kingdom of Bahrain by 1.5%.

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1. Gross Domestic Product (GDP)

The annual statistical report for 2014 issued by the National Bureau of Statistics, showed that the GDP estimates in 2014 at current prices amounted to 1.46 trillion dirham, with an increase of \$ 45 billion dirham for year 2013, so that the growth rate reached up to 3.2.

The data indicates that the index of the GDP estimates has maintained the same upward trend since 2009, and the GDP estimates for the non-oil sectors amounted to 963 billion dirham, up by about 8.1%, compared to 890.9 billion dirham in 2013.

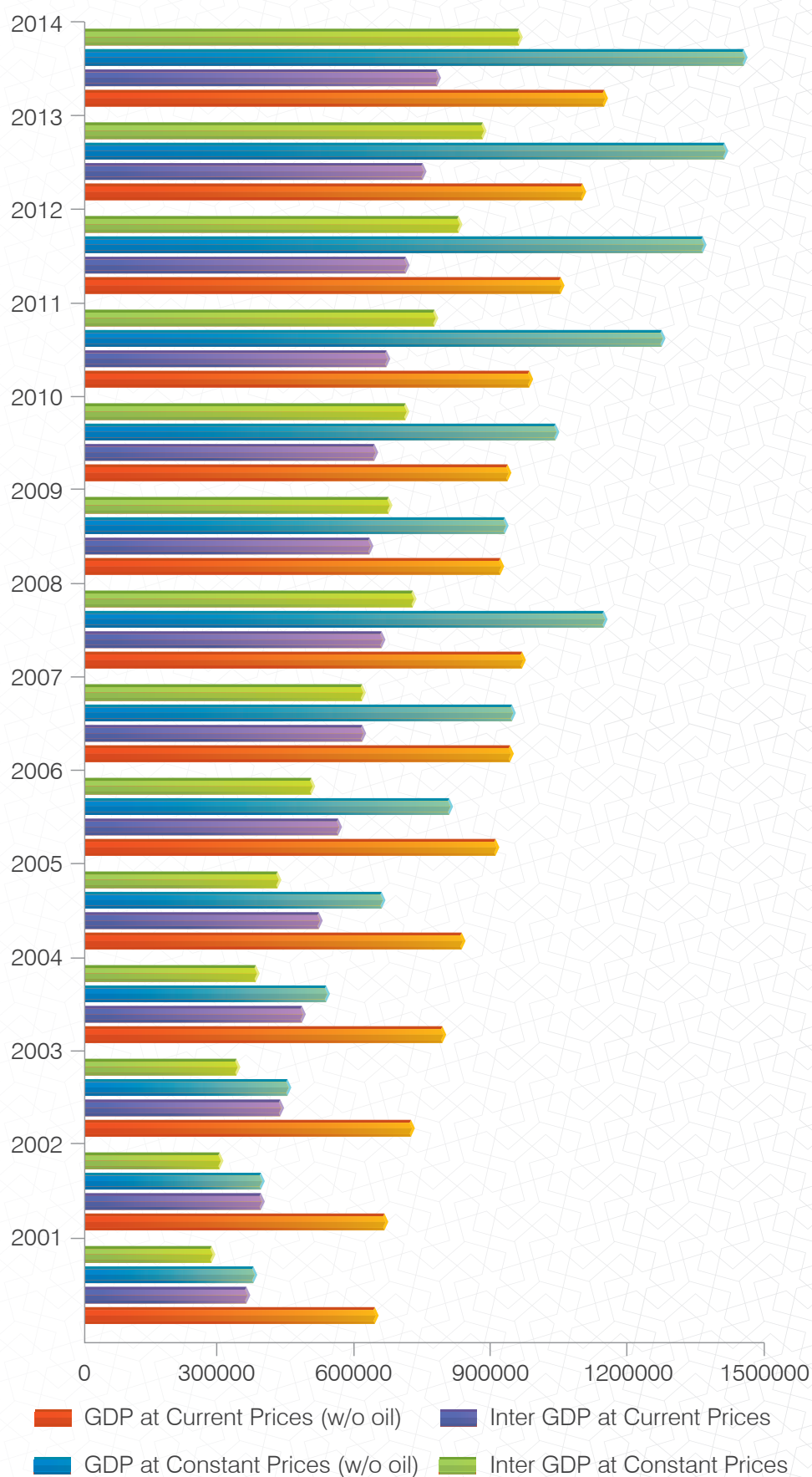
In terms of distribution of the values on the sectors, the GDP in non-financial projects sector amounted to 1.33 trillion, up by about 2.1% from 2013, constituting about 90.7% of the GDP.

In terms of the contribution of the economic sectors in the GDP, the data showed that the activities related to the extraction of crude oil and natural gas contributed by about 34.3%, and both the wholesale and retail trade activities and repair services activities contributed by 11.3%, while the activities of real estate and business services contributed by about 10.3 % each, and the contribution of the construction activities and manufacturing activities amounted to almost 9% each.

As for the GDP at constant prices, it reached to 1.15 trillion dirham, compared to 1.1 trillion dirham in 2013, while the general trend of the GDP at constant prices continued to rise positively. As concerning the distribution to key sectors, the value of the GDP in the non-financial projects sector reached 1 trillion dirham by a contribution that amounted to approximately 90.5% of the total, supported by the contribution of crude oil and natural gas activities, which contributed by 31.7% of the total, with a total value that reached to 366 billion dirham, in addition to the activities of the wholesale and retail trade and repair services, which contributed by about 12% of the total.

The data also showed a rise in the growth rate of the GDP at constant prices by 8.2% in 2014; the gross fixed capital formation has reached 347 billion dirham compared to 321 billion dirham in 2013.

Figure No. (1) GDP for the United Arab Emirates by Current and Constant Prices



Source: National Bureau of Statistics.

2. Foreign Trade

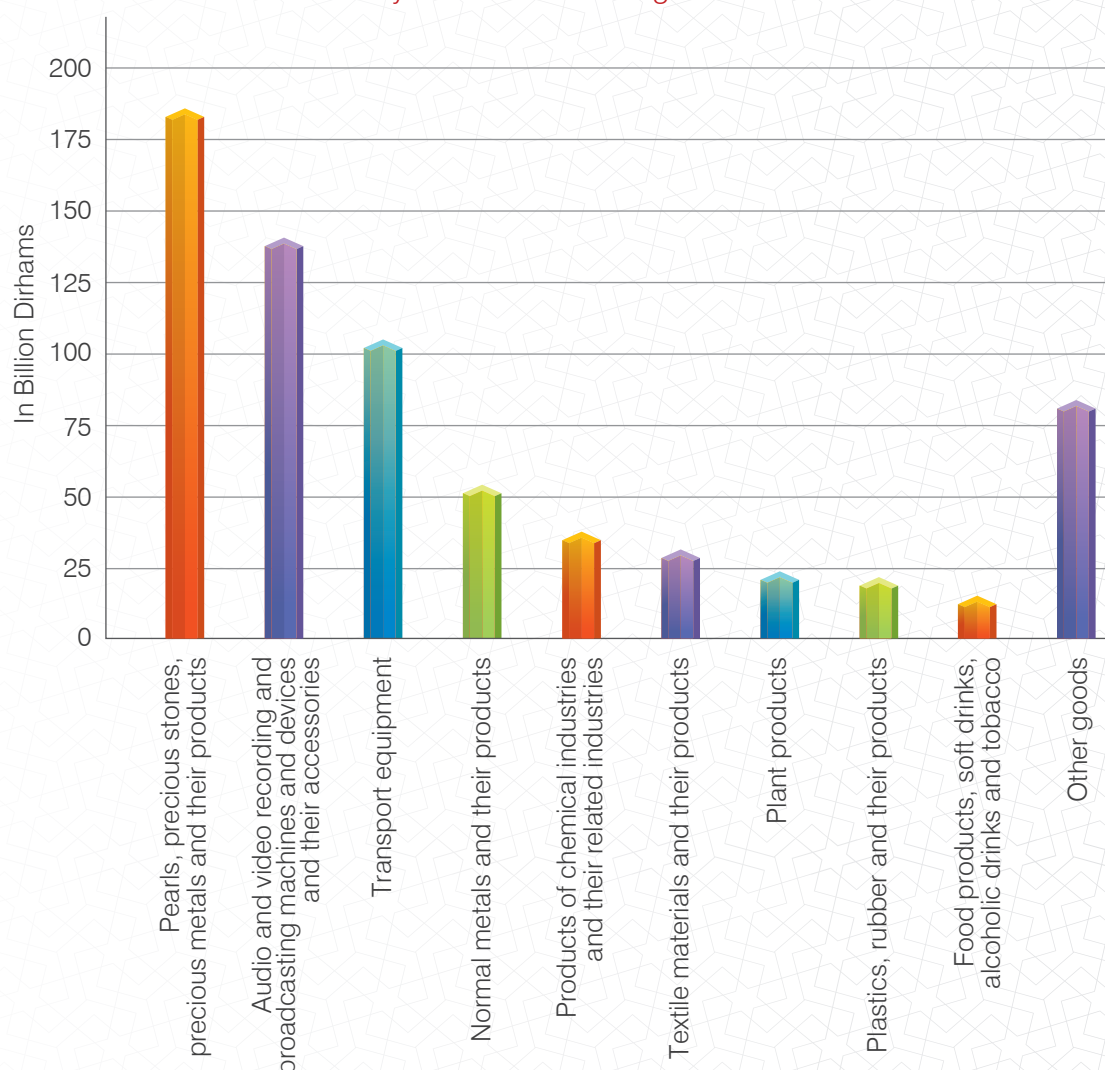
The results of the external trade statistics of the State of the United Arab Emirates during 2014 showed that the total value amounted to 1072.4 billion dirham, compared with 1065.5 billion dirham during the same period in 2013, with a modest increase amounted to \$ 6.9 billion dirham, and a ratio up to 0.65%.

The same data indicates that the value of imports amounted to 696.4 billion dirham in 2014, compared to 685.1 billion dirham during the same period of 2013, an increase ratio of 1.7%.

The data further indicates that the major value of imports was in import of pearls and precious stones and metals; it amounted to 181.8 billion dirham during 2014 compared to 223.8 billion dirham during the same period in 2013, while the country's imports of audio and video recording and broadcasting machines and devices and their accessories have recorded a remarkable rise valued at 138.1 billion dirham in 2014 compared to 116.7 billion dirham during the same period in 2013.

What contributed also to this rise was the increase of the country's imports of transport equipment as it reached almost 104 billion dirham compared to 94.7 billion dirham during the same period in 2013, also the country's imports from the ordinary articles and articles of base metals rose, reaching to 53.8 billion dirham during 2014 versus 50.7 billion dirham during the same period of 2013. The figure below shows the distribution of imports by the main group.

Figure No. (2) Distribution of the Value of Imports according to the Importance of the Coordinating System Clusters through 2014



Source: National Bureau of Statistics.

On the other hand, the total value of exports amounted to nearly 376 billion dirham during the mentioned period, compared with 380.4 billion dirham during the same period in 2013, with a decrease rate of almost 1.2%.

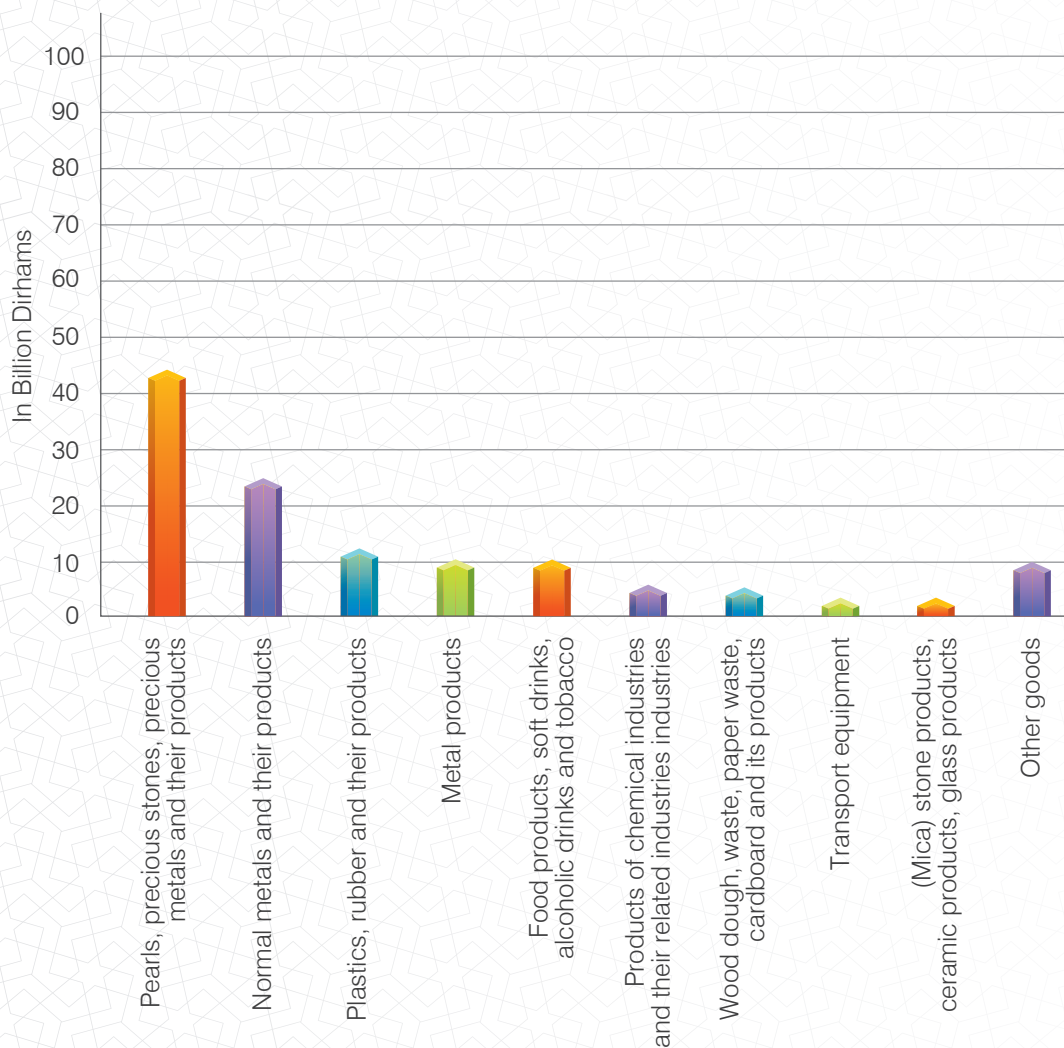
Non-oil exports represent an indication of the capacity of the national economy in accessing foreign markets, and the country is seeking, through its sectoral and trade policies, to enhance the competitiveness of the national economy, and increase the access of the national products and goods to foreign markets.

The value of the national origin exports amounted to 132.2 billion dirham in 2014 compared to 148.2 billion dirham during the same period of 2013. The main reason was the decline in the value of exports of pearls and precious stones and precious metals where exports value was 45 billion dirham in 2014 compared to 80.1 billion dirham in 2013, while the country's exports of ordinary metals and articles of base metals rose reaching to 30 billion dirham during 2014, compared with

21.8 billion dirham in 2013, also the country's exports of plastics and rubber and their manufactured products rose to 11.6 billion dirham in 2014 compared to 10.5 billion dirham in year 2013.

The country exports of audio and video recording and broadcasting machines and devices and their accessories and their accessories have recorded a significant increase, which value reached to \$ 8 billion dirham in 2014 compared to 2.9 billion dirham in 2013, while the country's exports of steel products rose to almost 8 billion dirham during 2014, compared with 7.6 billion dirham during 2013. Furthermore, the exports of the country food industry products rose as well, amounting to 7.5 billion dirham during 2014, compared with 7.4 billion dirham in 2013. All this indicates the potentials of the economy and the diversity of the national goods and the competitive capacity to gain access to foreign markets: what adds to the importance of these results is that they were achieved despite the slip over of the global crisis on the different economies. The following figure demonstrates the distribution of exports by the main group.

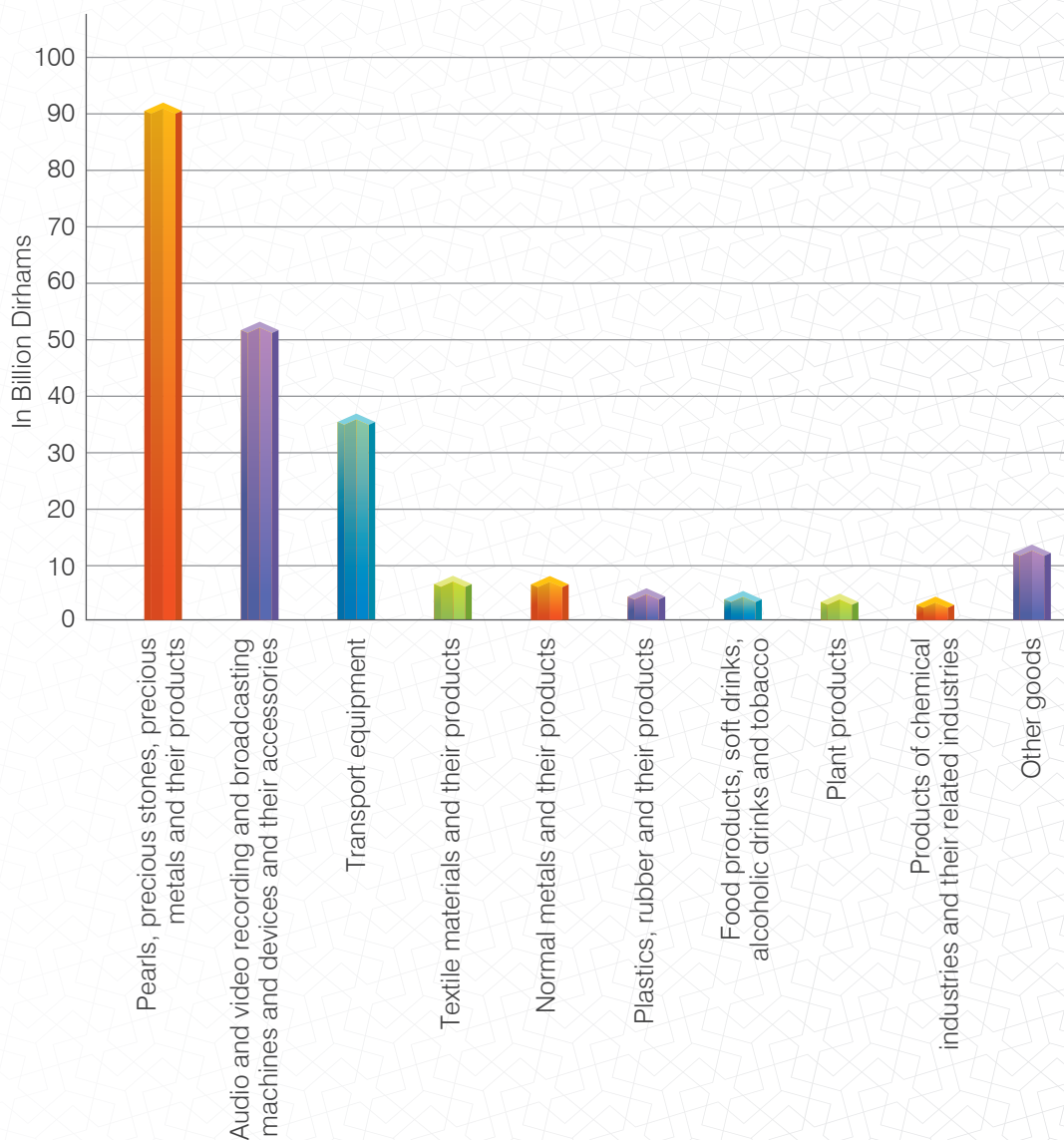
Figure No. (3) Distribution of the Value of Exports according to the Importance of the Coordinating System Clusters through 2014



Source: National Bureau of Statistics.

The value of re-exports amounted to 243.7 billion dirham in 2014, compared to 232.2 billion dirham during 2013, and with such value the amount of re-exports rose by 5%, and that was due to higher re-exports of pearls and precious stones and precious metals reaching to 91.6 billion dirham during 2014, compared with 87.3 billion dirham during 2013, while the value of re-exports of audio and video recording and broadcasting machines and devices and their accessories and their accessories has declined to 53.8 billion dirham in 2014 compared to 54.5 billion dirham in year 2013. However, the value of re-exports of transport equipment rose to 44.6 billion dirham compared to 37.3 billion dirham in 2013. The following figure shows the distribution of re-export groups during 2014.

Figure No. (4) Distribution of the Value of Re-Exports according to the Importance of the Coordinating System Clusters during 2014



Source: National Bureau of Statistics.

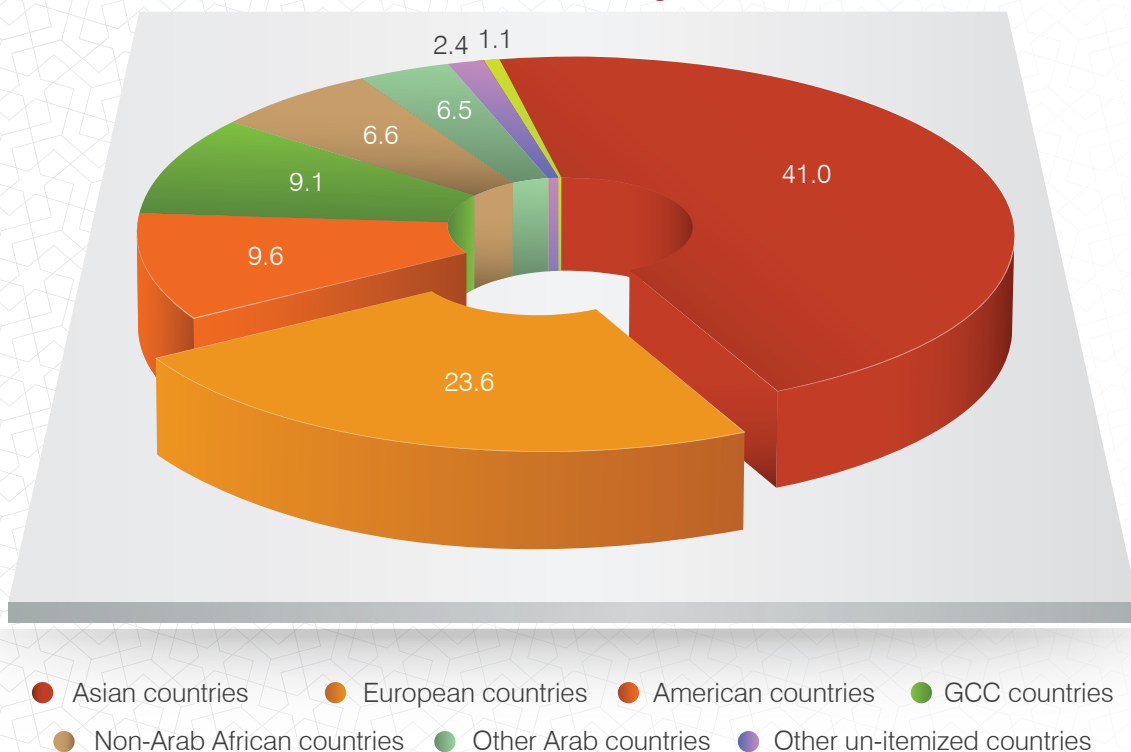
The data regarding the total volume of the trade exchange of the United Arab Emirates by the economic blocs group, during the period under study, showed that the Asian non-Arab countries were ranked first in terms of trade exchange, with a total value of 349.9 billion dirham, and a rate of 41% of the total value of the State's trade with the outside world.

Followed in the second ranking, with a considerable difference, came the European countries group with the value of \$ 253.2 billion dirham and a rate of 23.6% of total trade during 2014. Then came in the third place the American States group with the value of \$ 103 billion dirham with a rate of 9.6%, while in the fourth place came the group of the Gulf Cooperation Council countries, with a total value of \$ 97.2 billion dirham and a rate of 9.1% of the country's total trade with the outside world.

As concerning the non-Arab African countries, the value of the trade exchange with them amounted to about nearly 71.1 billion dirham with a rate of 6.6% of the total trade exchange, while the share of the group of other Arab countries amounted almost to about 70.2 billion dirham and a rate of 6.5% of the total value of trade during 2014.

As regards the neighboring countries, the value of the trade with them was about 12.3 billion dirham with a rate of 1.1% of the total value of trade exchange, as for the other un-itemized countries, their share reached almost about 25.4 billion dirham and a rate of 2.4% of the total value of trade exchange with the outside world during year 2014.

Figure No. (5) The Relative Distribution of Total Foreign Trade by the Economic Blocs with the Outside World during 2014



Source: National Bureau of Statistics.

The UAE trade exchange with the world countries is expected to post a growth of more than 7% for 2015 to reach 1.7 trillion dirham (including the State trade in the free zones); the rate of growth in the State trade for this year is deemed good in light of the global prevailing economic conditions during year 2015.

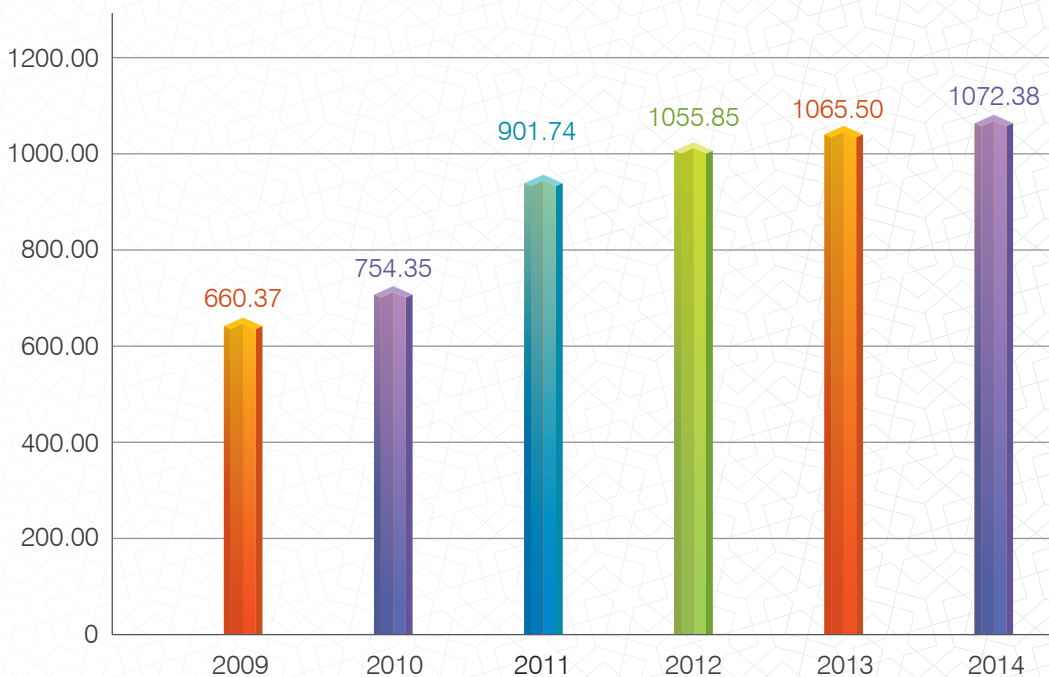
These results reached by the State of the United Arab Emirates were due to working under the guidance of the wise leadership towards the development of the advanced industry sectors, while at the same time continuing to benefit from the power of oil resources for the transition to a knowledge-based economy, and the concentration of the State investments on the extractive industries and in the world-class infrastructure.

The State of the UAE is currently experiencing a major industrial revival which first signs appear clearly in the arrival of the total capital invested in the industrial facilities to more than 34.6 billion dollar and the increase in the number of industrial facilities to more than 6,000 plants, and the number of workers in this sector exceeded 433 thousand worker and employee. This revival will have a positive impact on driving innovation and creativity wheel and building national distinguished competencies to serve the national agenda of the State of the United Arab Emirates for 2021.

The 2021 advanced vision of the Emirates, which will contribute in drawing-up an ambitious economic and well thought-out roadmap for the development of a diversified and knowledge based economy, ensures that the stability and economic prosperity of the country will not depend on one staple commodity. The targets of that vision are summed up in promoting the economic diversification and the arrival of the contribution of non-oil sectors to the rate of 80% of the GDP for the State by 2021. The UAE today is on the right track, where the economic contribution of non-oil sectors rose 69% in 2014; the industrial sector is considered one of the most important sectors that characterize the diverse UAE economy, with its contribution to the GDP which reached to 14% by the end of 2014.

The interest in foreign investment, especially the industrial investment, is not limited to pumping liquidity and capital and creating more jobs, but it goes beyond that to the indirect benefits and positive effects that investments bring with, such as transferring technology, and practical administrative and regulatory expertise, in addition to encouraging competition and innovation.

Figure No. (6) Total Trade of the State (2009 – 2014) in Billion Dirham



In Billion Dirhams
Source: National Bureau of Statistics.

The previous data shows that there is a stable and remarkable growth, which indicates the country's interest in the national industry, particularly food processing and the promising industries that will be in demand in the future, such as renewable energy industries with their required spare parts and information technology services industry, as these have a clear impact on the development of the non-oil exports movement to the outside world.

The country was also concerned with working on the development of a clear policy to establish industries specific for exports and commodities which raw materials are available in the country, through a clear strategy for increasing the non-oil exports, and to work on the establishment of centers for the development of non-oil exports and the promotion of local goods and focus on the markets that still need the products which the country is distinguished for and have high competitive capacities, such as urea, aluminum, ceramics and others.

The State has expressed clear interest in diversifying trade exchange in the import sector so as to avail all the goods and from all around the world in order to provide a decent life and raise the individuals' standard of living by providing all supplies and raw materials, goods and tools they need from all over the world. It further took the initiative to open all global markets for traders to import all needs of the citizens and residents of the UAE.

The data showed that the country markets are complete at both the regional and global levels in term of diversity of the global commodities according to the production of the latest international brands regardless of type, and the latest information technology, by encouraging conducting international exhibitions in all sectors, and throughout the year.

3. Inflation

The index rate of the consumer prices for 2014 at the country level reached 120.84 compared to 118.07 during 2013, and therefore the general inflation rate of the consumer prices would be 2.33%, which is higher than it was in 2013, meaning a rise by 1.10%.

The index of the consumer prices rose in the UAE «inflation», during March 2015 by 4.31% compared with March 2014, while the consumer prices rose 0.90% during March 2015 on a monthly basis.

The prices of food and non-alcoholic beverages decreased during March 2015 with a rate of 0.13% compared to February 2015, due to lower prices of meat, poultry and fish, dairy products, eggs, sugar and sugar products, spices, salt, and other foods, tea, coffee and cocoa. In contrast, oils and fats prices rose, and also fruits and mineral water, soft drinks and vegetables.

In addition to these, the prices of alcohol and tobacco decreased during March 2015 with a rate of 0.12% compared to February 2015, and such decrease resulted primarily from the decline in the prices of alcoholic beverages.

However, the prices of the group of clothing and footwear have increased during the month of March 2015 with a rate of 0.14% compared to February 2015, and this resulted primarily from a rise of the prices of garments and accessories for clothing and footwear.

As regards the group of housing, water, electricity and gas, the prices have registered a significant increase during March 2015 with a rate of 2.33% compared to February 2015, and this resulted primarily from higher rental prices.

Furthermore, the prices of the group of household furnishings and equipment have increased during

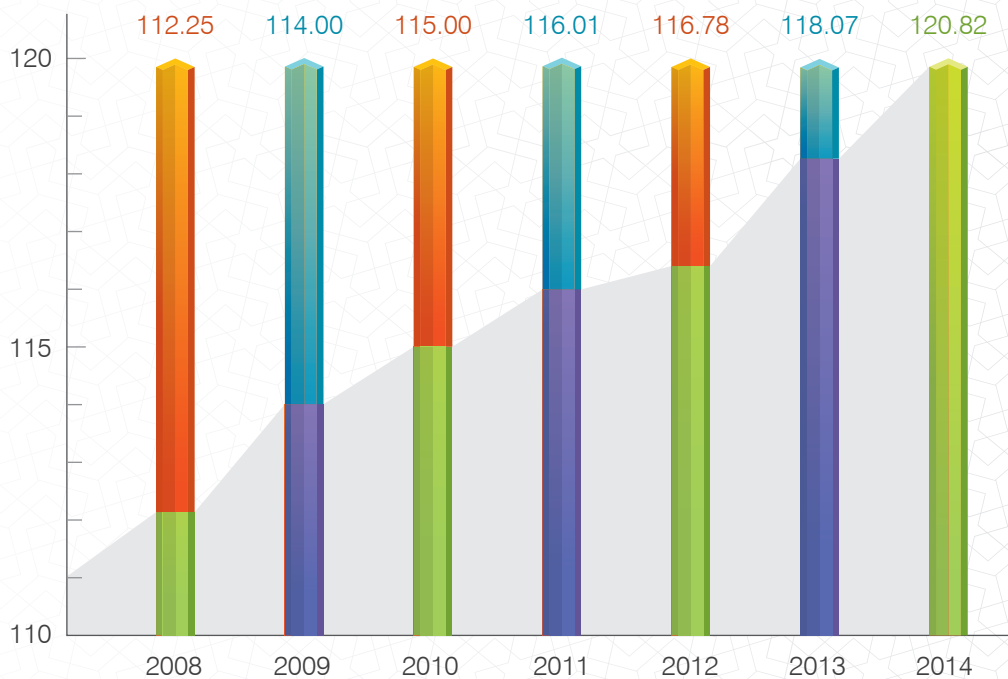
March 2015 with a rate of 0.08% compared to February 2015, and this resulted mainly from the higher prices of household hygiene items and household services.

Health group prices increased during March 2015 with a rate of 0.11% compared to February 2015, and this resulted primarily from a rise in the doctors' fees and the prices of medicines and vitamins, and also a rise in the prices of medical analyses and x-expenses.

In Sharjah, the prices recorded an increase by 1.85% during March 2015, which resulted primarily from a rise in the prices of the group of housing, water, electricity and gas. In Ras Al Khaimah, the prices recorded an increase by 0.45% that resulted primarily from a rise in the group of housing, water, electricity and gas.

In Fujairah, the prices recorded an increase by 0.61%, resulted primarily from a rise in the prices of the group of housing, water, electricity and gas. Ajman recorded higher prices with a rate of 1.15%, resulting primarily from the rise in the prices of the group of housing, water, electricity and gas. In Umm Al Quwain, the prices recorded an increase by 0.50%, resulting from the rise in the prices of the group of housing, water, electricity and gas. The prices in Abu Dhabi recorded a rise by 0.77% during March 2015 compared with February 2015, while the prices in Dubai recorded a rise by 0.20% during the same period.

Figure No. (7) The General Index for 2008 – 2014



Source: National Bureau of Statistics.

The "National Bureau of Statistics" disclosed that the rate of inflation in the domestic economy rose by 21% over the past seven years, based on a survey it conducted on the changes to the indices of the prices of about 1,000 commodity between 2007 until the end of 2014.

The results of the survey indicated that the prices of the consumer goods services or the prices of houses and their administrative services, came with less rates in inflation and registered 43.11% and 11.6% respectively; while the higher education services prices participated as the biggest rate in price inflation movement since 2007 realizing an increase rate of 53.48 % until the end of 2014.

Abu Dhabi has recorded an inflation rate of 28.53% which is considered the highest in the rates of goods and services during that period, followed by Umm Al Quwain with 27.95%, Ajman with 26.08%, Fujairah 24.32%, Ras Al Khaimah 23.87%, and Sharjah with 22.10%. Dubai has achieved the lowest rate of inflation last year compared to the base year (19.88%).

The movement of the price index of the consumer prices in 2014, compared to the base year, showed that the rate of inflation in the prices of education was the highest compared to the other items to hit 53.48%, followed by inflation in the prices of beverages and tobacco by 48.53%, and food and beverages by 43.11%.

The rate of inflation in the prices of restaurants and hotels reached 41.6%, then came household furnishings and equipment by 32.28%, followed by miscellaneous goods and services 27.04%, transport services recorded inflation in the prices with a rate of 21.8%, while promotion and culture services with a rate of 16.47%.

The movement of the prices of housing, water, electricity and gas in that period recorded a rate down by about 11.62%, followed by the health services 7.78%, and finally the communications which recorded lower inflation rates during the mentioned period by no more than 1.03%.

It is noteworthy that the prices of food and tobacco and the education services, restaurants and hotels during 2014, in addition to the rise in most of the other groups, pushed the price index to rise during 2014 in comparison to 2013.

4. Consumer Spending

The United Arab Emirates, due to what it enjoys of a large and cumulative financial reserve sufficient to cope with the downturn fluctuations in oil prices, has adopted in 2014 reversal policies to address these fluctuations by maintaining rising spending levels to stimulate growth and support economic stability in the medium and short term and to further achieve its strategic objectives and high life quality, maintain the well-being and high standard of living, provide the finest education, health and public services and continue to satisfy and please the citizen. Therefore, the size of the real final consumer spending rose from 576.6 billion dirhams in 2013 to 578.3 billion dirhams in 2014, representing a growth rate of 0.3%. However, the final consumption rate in proportion to the real GDP has dropped between the two years from 52.2% in 2013 to 50.1% in 2014, due to the increasing volume of the GDP at a higher rate than the rate of increase in spending, as shown in the following table No. (5).

Table (5) Final Consumption Expenditure for years 2013 and 2014 (billion dirhams)

Description	2013	2014	Growth rate %
Government consumption expenditure	82.4	85.4	3.6%
Domestic consumer expenditure	494.2	492.9	0.3%
Final consumption expenditure	576.6	578.3	0.3%
Final consumption expenditure / real GDP	52.2%	50.1%	-

Source: Economic Statistics Department, the Department of National Accounts, National Bureau of Statistics, preliminary estimates, June 2015.

5. Investment Environment

5.1 Local Investments

In the pursuit of activating the policy of diversification of income sources and supporting the State orientation to shifting to the knowledge economy based on research and innovation, the State, despite the decline in oil prices and therefore public revenues, has continued following an expansionary policy in spending, where the private, public and government sectors pumped more investments in the economic activities and sectors to finance strategic projects and infrastructure such as expansion and modernization of the national network of airports and the Etihad Rail network, roads, transportation, energy, tourism facilities, e-infrastructure and e-logistics and financial services.

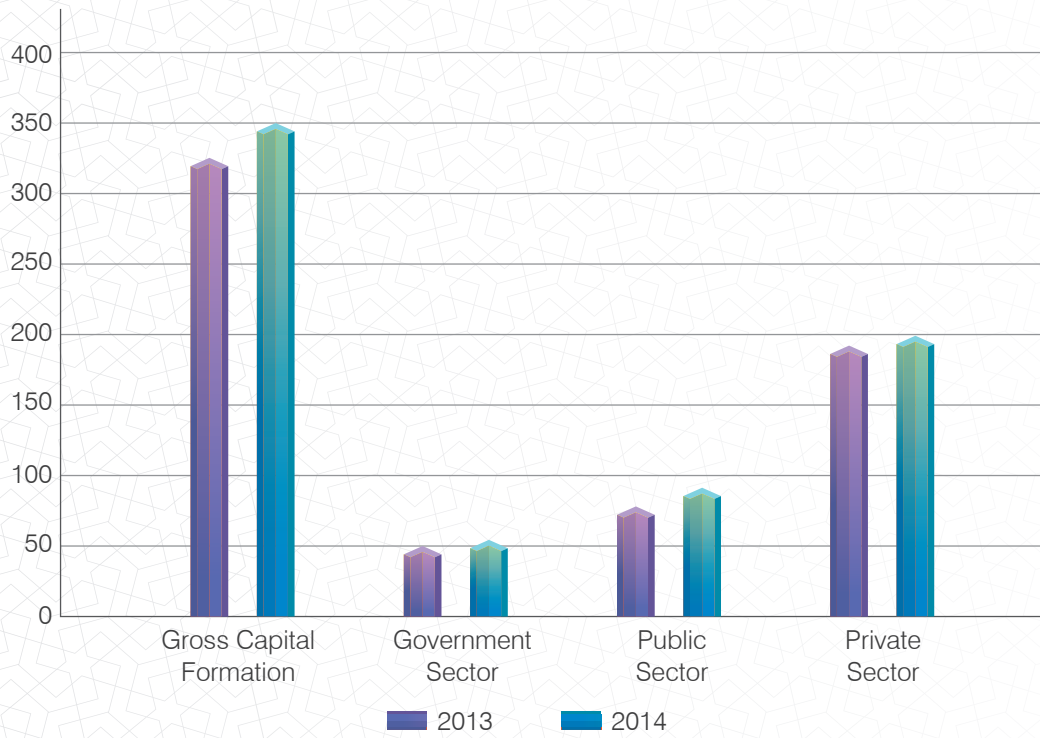
The data shown in Table (6) demonstrates the development of the State total investments from about 321.6 billion dirhams in 2013 at current prices, to 347.9 billion dirhams in 2014, a growth rate of 8.2%. Investments have increased across all sectors; the value of the contribution of the private sector has increased in the implementation of projects upwardly to 201.9 billion dirhams in 2014 after it was 190.2 billion dirhams in 2013, a growth of about 6.2%, and also the share of the government and public sector has increased in the implementation of investment of 131.4 billion dirhams in 2013 to 146.0 billion dirhams in 2014, a growth rate of about 11.1%.

Table (6) Annual Gross Capital Formation by Sector at Current Prices for years 2013 and 2014 (billion dirhams)

Description	2013		2014		Growth rate %
	Value	Contribution %	Value	Contribution %	
Total capital formation	321.6	100.0%	347.9	100.0%	8.2%
Government sector	50.5	15.7%	53.6	15.4%	6.1%
Public sector	80.9	25.2%	92.4	26.6%	14.2%
Private sector	190.2	59.1%	201.9	58.0%	6.2%

* Source: National Bureau of Statistics, preliminary estimates, June 2015.

Graph (8) Gross fixed capital formation at current prices by sector for years 2013 and 2014



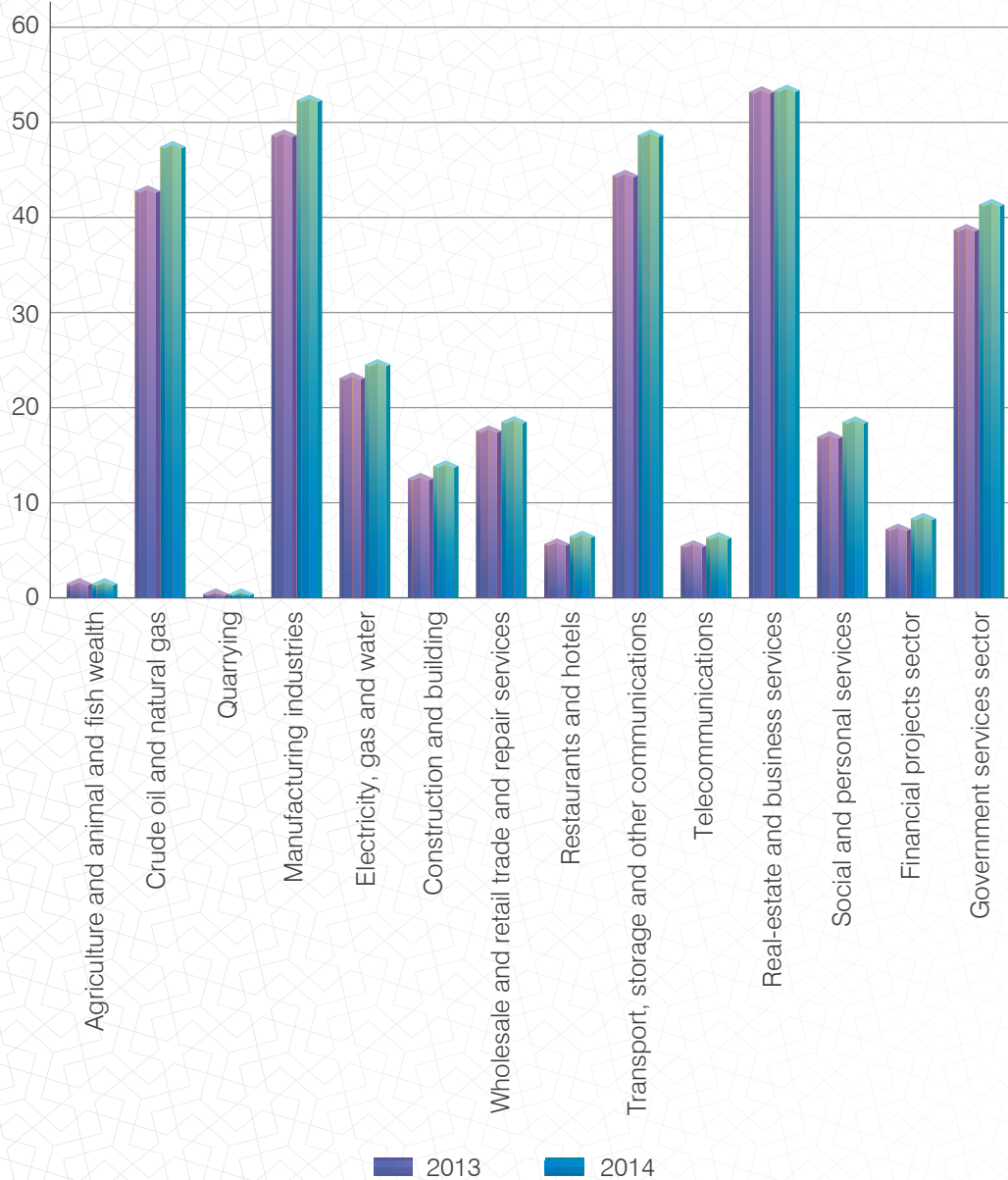
Analysis of the Structure of Investment according to Economic Sectors.

Table No. (7) Gross Fixed Capital Formation by Economic Sector for Years 2013 and 2014

Economic Sectors	2013		2014*	
	Value	Contribution %	Value	Contribution %
Agriculture, Animal and Fisheries	0.9	3.0%	1.0	0.3%
Crude oil and natural gas	43.4	13.5%	47.6	13.7%
Quarrying	0.4	0.1%	0.5	0.1%
Manufacturing	48.5	15.1%	53.2	15.3%
Electricity, gas and water	24.1	7.5%	26.5	7.6%
Construction and building	13.5	4.2%	14.9	4.3%
Wholesale and retail trade and repair services	16.8	5.2%	18.5	5.3%
Restaurants and hotels	6.5	2.0%	7.2	2.1%
Transport, storage and other communications	44.6	13.9%	49.0	14.1%
Communications	5.0	1.6%	5.5	1.6%
Real estate and business services	53.5	16.6%	53.7	15.4%
Social and personal services	17.7	5.5%	19.4	5.6%
Financial projects	7.9	2.4%	8.6	2.5%
Government services sector	38.8	12.1%	42.6	12.2%
Total	321.6	100.0%	347.9	100.0%

* Source: National Bureau of Statistics, preliminary data, June 2014.

Figure No. (9) Gross fixed capital formation by economic activities for years 2013 and 2014



The numbers in the table indicate that the real estate and business services sector has acquired 15.4% of the total investments implemented in all economic sectors, and came first among all sectors during 2014, followed by the manufacturing sector which implemented about 15.3% of them, then transport, storage and other communications sector which carried out 14.1% of the investments, then oil and natural gas sector, which carried about 13.7% of the investment size, followed by the government services sector which carried about 12.2% of investments; all those sectors combined have acquired about 70.7% of the total volume of investments executed in 2014.

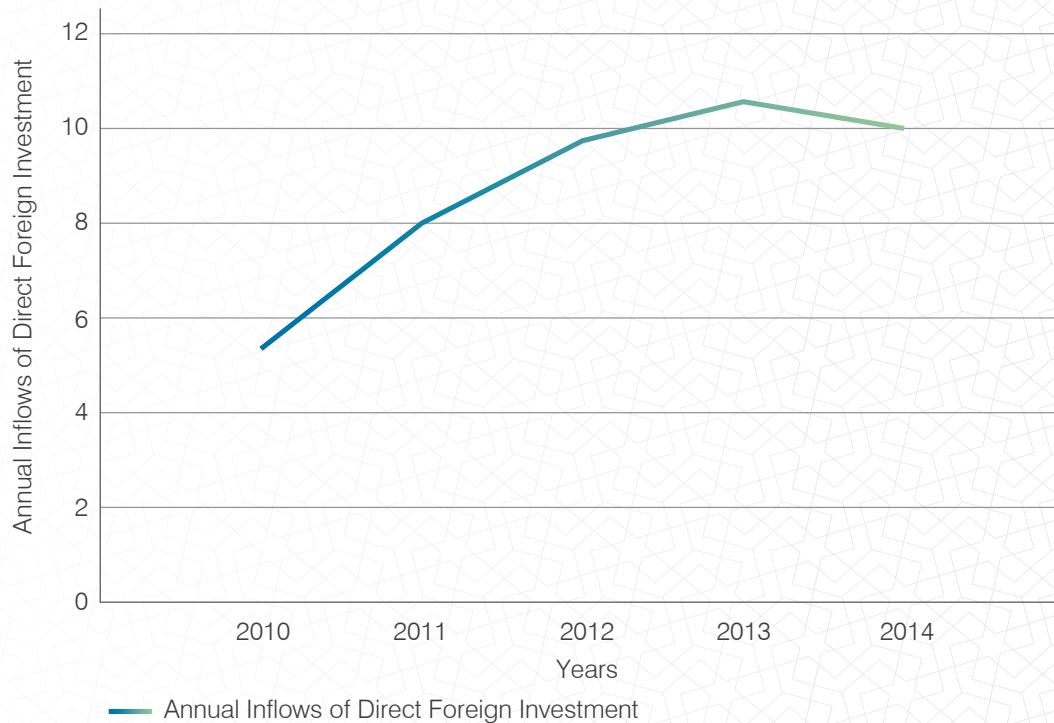
5.2 Foreign Direct Investment

Table No. (8) Foreign Direct Investment Inflows in the United Arab Emirates for the period 2010-2014 (in billion dollars)

Year	Annual Foreign Direct Investment Inflows	Total Cumulative Foreign Direct Investment Inflows
2010	5.5	77.7
2011	7.7	85.4
2012	9.6	95.0
2013	10.5	105.5
2014	10.1	115.6
Growth %	16.4%	10.4%

Source: UNCTAD reports.

Figure No. (10) Annual foreign direct investment flows in the UAE for years 2010 -2014



According to the Foreign Direct Investment Report 2015 issued by UNCTAD (United Nations Conference on Trade and Development), the United Arab Emirates has attracted about 37.07 billion dirhams (\$ 10.1 billion) of foreign direct investment during 2014 with an average growth rate of 16.4% during the period from 2010 to 2014, and therefore the total cumulative foreign direct investments in the Emirates has increased to 424.3 billion dirhams (115.6 billion dollars) with a growth average of 10.4% during the same period, as shown in table (); the Emirates was ranked first in 2014 among the countries most attractive to foreign direct investment in the Middle East and Africa region and came in second place in the West Asia region after Turkey.

The total outward investments from the UAE to overseas rose during 2014 to around 11.3 billion dirhams (3.1 billion dollars) compared with 10.8 billion dirhams (2.9 billion dollars) in 2013 with a growth rate of 3.8%, bringing the cumulative foreign investment balance from the Emirates to about \$ 66.3 billion (243.3 billion dirhams) by the end of 2014 compared to \$ 63.2 billion in 2013, and about \$ 1.9 billion (7.1 billion dirhams) in 2000.

It is prospected that the UAE State remains a major destination for global flows of foreign direct investment in the coming years, particularly in the fields of tourism, industry, recreation and infrastructure, in the logistics sector and new and renewable energy, and the financial and real estate sector. It is supported by a number of factors, the most important of which is the political and security stability that constitutes an incubator and a safe harbor for direct foreign investment in a region rippling with disorders, with the strategic trend towards following a diversification of income sources and policy and shifting towards knowledge economy based on research and innovations, and current developments the most important of which is the Emirates winning the right to host the 2020 World Expo increasing with this the attraction of global companies toward more investment projects of infrastructure and other projects like complementing construction of the railways, and the works of Etihad Airlines spread throughout the Emirates. All these factors beside that the Gulf region, especially the UAE with its distinguished strategic location, is deemed the crossroads of global trade routes which adds to its relative advantages as a favorable place for foreign investment, in addition to the financial freedom and the lack of tax rates, facilitation of procedures and excellent infrastructure and logistics and legislative structure represented in the package of laws that permit the business sector to easily exercise their activities. The most important of these laws is the formulation of the foreign direct investment law, which provides the climate, legal framework and protection necessary for foreign direct investments, and regulates their flow and allows foreign ownership of up to 100% of the companies outside the free zones.

6. Financial and Monetary Sector

Financial and monetary policies and credit conditions in the Emirates remained positive and supportive of the State economic growth with the anticipation of continuation of these trends in the future due to the improved quality of the loan portfolio and the strength of the capital of the banking system and high levels of liquidity and profitability as an outcome of the economic growth, especially in non-oil sectors. The banking sector continued to provide the needs of other economy sectors of liquidity, and the fiscal and monetary sector continued also its positive growth achieved

in 2013 where it attained a significant increase in 2014: the sector of the GDP rose to around 122.1 billion dirhams at current prices compared to 106.1 billion dirhams in 2013, a growth of 15.1% at current prices, representing a real growth amounted to 12.6%. The proportion of the contribution of the financial enterprise sector in GDP increased (at current prices) from 7.5% in 2013 to 8.3% in 2014, beside that the proportion of the contribution of the financial enterprise sector in the GDP of non-oil sectors increased (at current prices) from 11.9% in 2013 to 12.7% in 2014, indicating the progress in achieving the objectives of the policy of diversifying sources of income.

6.1 Developments in the Financial Markets

In the beginning of 2014, the State securities markets boomed before dropping as a result of the repercussions of the sharp decline in oil prices. The national capital markets came within the Gulf's best performing markets during 2014; the general index of Abu Dhabi Securities Exchange rose by about 6% compared to 2013 to end at around 4529 points by the end of December 2014 compared to 4290 points at the end of 2013. Dubai Financial Market index has risen by about 12% in 2014 to close at about 3774 points compared to 3370 points by the end of 2013. The good results achieved by the companies listed in both markets during 2014, especially in the banking and real estate, are expected to support the performance of the local markets in the first quarter of 2015. The number of the companies listed in the financial markets in the State have increased from 120 company in 2013 to 125 company in 2014. Furthermore, the general index of securities prices between the two years has increased from 4313.6 points to 4580.1 points, a growth rate of 6.2%, and the market value of traded shares has also increased from 646.3 billion dirhams in 2013 to 728.4 billion dirhams in 2014 with a growth rate amounted to 12.7% of the shares, as shown in Table no. (9).

Table No. (9) Developments in the UAE Securities Exchange for years (2013 - 2014)

Description	2013	2014	Growth rate %
Number of listed companies	120	125	4.2%
General index of shares prices (point)	4313.6	4580.1	6.2%
The market value of shares (billion dirhams)	646.3	728.4	12.7%

Source: Securities and Commodities Commission.

6.2 Monetary Developments

The money supply (M0), consisting of cash in circulation and cash held by banks (total cash issued by the Central Bank), has increased to 74.5 billion dirhams in 2014 after it was 63.9 billion dirhams in 2013, a growth rate of 16.6%.

Also the money supply (M1), consisting of the issued cash in circulation in addition to the balances of current accounts and demand accounts, has increased to 436.1 billion dirhams in 2014 after it was 379.6 billion dirhams in 2013, a growth rate of 14.9%.

Furthermore, the money supply (M2), consisting of (M 1) in addition to quasi money deposits (saving accounts and time accounts, as well as foreign currency deposits) has increased to 1141.1 billion dirhams in 2014 after it was 1056.8 billion dirhams in 2013, a growth rate of about 8.0%.

The money supply (M3), consisting of the money supply (M2) plus government deposits with banks and the Central Bank, has increased to 1332.0 billion dirhams in 2014 after it was 1219.9 billion dirhams in 2013, a growth rate of 9.2%.

Table (10) Monetary Developments for Years (2013 - 2014)

Billion dirhams			
Description	2013	2014	Growth %
Money supply (M 0)	63.9	74.5	16.6 %
Money supply (M1)	379.6	436.1	14.9 %
Money supply (M2)	1056.8	1141.1	8.0 %
Money supply (M3)	1219.6	1332.0	9.2 %

Source: Central Bank, report on monetary and banking developments and capital markets in the United Arab Emirates, March 2015.

6.3 Banking Developments

Table (11) Banking Developments for Years (2013 - 2014)

Billion dirhams			
Description	2013	2014	2014
Total assets	2100.3	2304.9	9.7 %
Total deposits	1278.9	1421.3	11.1 %
Total bank credit	1275.5	1378.1	8.0 %
Credit / deposit ratio %	99.7 %	96.6 %	-

Source: Central Bank, report on monetary and banking developments and capital markets in the United Arab Emirates, March 2015.

By the end of 2014, the number of national banks remained about 23 banks, which is the same level reached in 2013 (while the number of branches has increased from 841 branches in 2013 to

869 branches in 2014). The number of banks operating in the Gulf Cooperation Council States also remained at the same level in 2014 i.e. 6 banks, while the number of foreign banks in the same year dropped to 20 banks (and the number of branches 82 branches). Total assets of the banks operating in the Emirates rose to 2304.9 billion dirhams at the end of 2014 compared to 2100.3 billion dirhams at the end of 2013, a growth rate of 9.7%. The deposits of customers at banks operating in the State increased from 1278.9 billion dirhams in 2013 to 1421.3 billion dirhams in 2014, a growth rate of 11.1%,

On the other hand, the banks in the Emirates, thanks to the high level of deposits and capital adequacy, managed to continue their private banking credit activities, which amount rose to 1378.1 billion dirhams in 2014 compared to 1275.5 billion dirhams at the end of 2013, a growth rate of 8.0%, while the proportion of credit to deposit retreated from 99.7% in 2013 to 96.9% in 2014.

7. Public finance

The Emirates public expenditures were not affected by the decline of oil revenues with the beginning of second half of 2014, due to the State commitment to maintain the high standard of living and well-being of the citizen and provide a decent social life for the citizens and expatriates alike, but on the contrary, public spending (expenditure) has risen from about 494.0 billion dirhams in 2013 to 506.9 billion dirhams in 2014 with an average growth rate of 2.6%. The expenditure focused on health, education and social welfare, and strategic projects in tourism, industry and infrastructure, which rates increased with the State winning the right to host the 2020 World Expo.

Table (12) Public Revenues and Expenditures of the State for years 2013-2014

Value : Billion dirhams

Description	2013	2014	Change Ratio 2013/2014 %
Total public revenues	465.4	427.7	(8.1 %)
Total public expenditures	494.0	506.9	2.6 %
Deficit / final surplus	(28.6)	(79.2)	176.9 %

Source: State of the United Arab Emirates, the National Bureau of Statistics, preliminary figures, June 2015.

Yet, the general revenues of the State dropped from 465.4 billion dirhams in 2013 to 427.7 billion dirhams in 2014 with a drop rate of 8.1%, due to lower oil revenues from 297.2 billion dirhams in 2013 to 273.1 billion dirhams in 2014 and the other income between the same two years from 168.2 billion dirhams to 154.5 billion dirhams, and then the financial account showed a deficit of the State that increased from 28.6 billion dirhams in 2013 to 79.2 billion dirhams in 2014, as shown in Table (12).

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Third: Population and Workforce



1. Population

The United Arab Emirates population, according to the National Bureau of Statistics estimates in 2010, reached to 8264 thousand people. While according to estimates by international organizations (the World Bank and the Department of Census and Statistics of the United Nations) the development of the State population reached 9086.1 thousand people in 2014 after it was 9039.9 thousand people in 2013, a growth rate of 0.5%. The Abu Dhabi Centre of Statistics estimates indicated that the number of residents of the Emirate of Abu Dhabi was about 2650 thousand people in 2014, and Dubai Statistics Center estimated that the population of the emirate of Dubai was about 2326 thousand people in year 2014.

2. Workforce

According to the estimates of the International Labor Organization (ILO), the rate of participation in labor force in 2013 reached about 80.0% of the total population aged 15 years and above. The average of those who worked was about 77.0% of the total population aged 15 years and above, and the unemployment rate declined to about 3.8% in 2013 from the size of the workforce level of 4.0% in 2012, and according to the same estimates the male unemployment rate was 2.8% and the female unemployment rate was 8.8% in 2013.

2.1 The Distribution of Employment by Economic Sectors

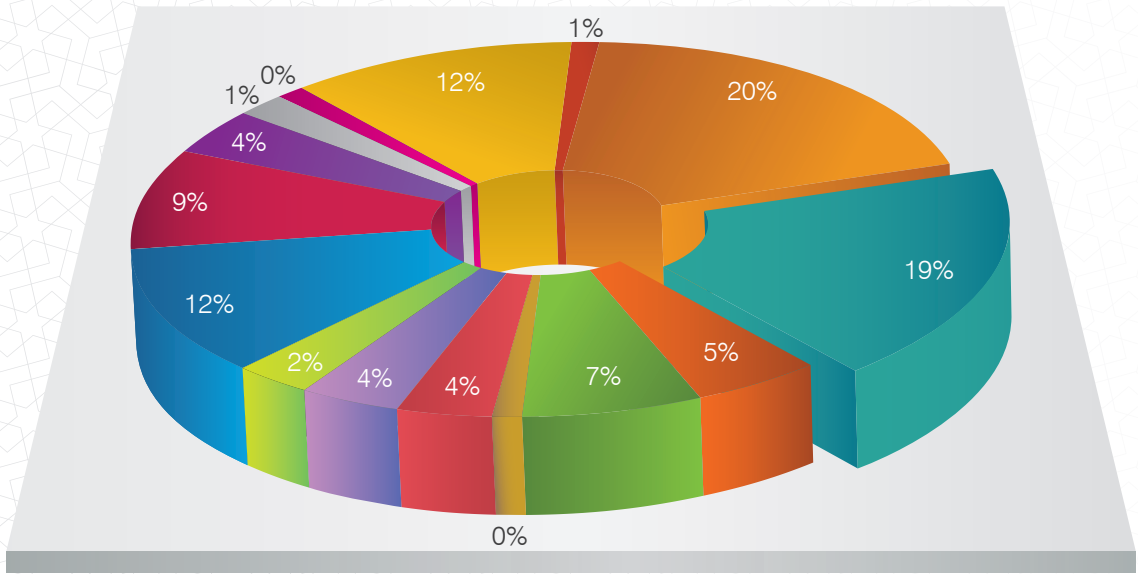
Table No. (13) Employment Estimates and the Size of Wages by Economic Sector for year 2013

Sector	* Employed		** Size of Wages	
	Number (Thousand)	%	Amount Million Dirham	%
Agriculture, animal resources and fisheries	251.8	4.3 %	3902	1.0 %
Crude oil and natural gas	66.9	1.1 %	12185	3.3 %
Quarrying	13.3	0.2 %	366	0.1 %
Manufacturing	679.6	11.6 %	36880	9.9 %
Electricity, gas and water	66.3	1.1 %	5087	1.4 %
Construction and Building	1145.9	19.5 %	44195	11.8 %
Wholesale and retail trade and repair services	1121.2	19.1 %	49865	13.4 %
Restaurants and hotels	293.3	5.0 %	13040	3.5 %
Transport, storage and other communications	427.3	7.3 %	34205	9.2 %
Communications	12.6	0.2 %	4027	1.1 %
Real estate and business services	225.9	3.9 %	40860	11.0 %
Social and personal services	233.6	4.0 %	26603	7.1 %
Financial sector projects	94.7	1.6 %	22612	6.1 %
Government services sector	674.8	11.5 %	72288	19.4 %
Home services	554.6	9.5 %	6660	1.8 %
Total	5861.8	100 %	372773	100 %

** Source: National Bureau of Statistics.

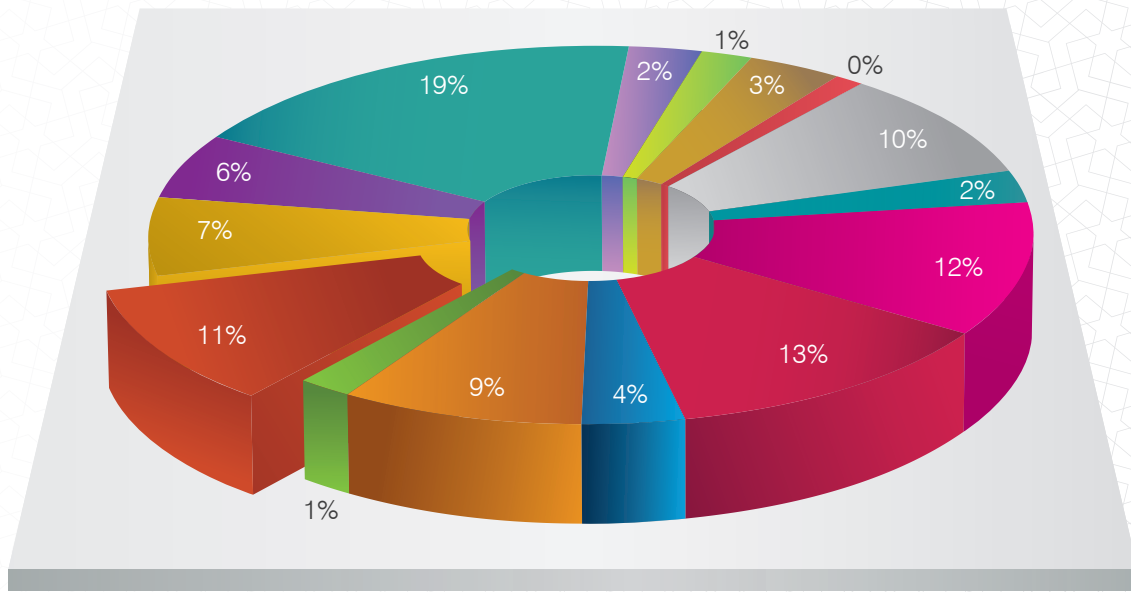
* Estimates. Queries.

Graph (11) Relative Distribution of Employed by Economic Sectors in 2013



- Agriculture and animal and fish wealth
- Quarrying
- Electricity, gas and water
- Wholesale and retail trade and repair services
- Transport, storage and other communications
- Real-estate and business services
- Financial projects sector
- Home services
- Crude oil and natural gas
- Manufacturing industries
- Construction and building
- Restaurants and hotels
- Telecommunications
- Social and personal services
- Government services sector

Graph (12) Relative Distribution of Employees' Compensations by Economic Sectors in 2013



- Agriculture and animal and fish wealth
- Crude oil and natural gas
- Quarrying
- Manufacturing industries
- Electricity, Gas and Water
- Construction and building
- Wholesale and retail trade and repair services
- Restaurants and Hotels
- Transport, storage and other communications
- Telecommunications
- Real-estate and business services
- Social and personal services
- Financial projects sector
- Government services sector
- Home services

Given the relative distribution of those employed by the economic sectors in 2013, the construction and building sector came in the forefront of the economic sectors in terms of the proportion of those absorbed in the State which amounted to 19.5%, followed by wholesale and retail trade and repairing services sector with a rate of 19.1%, then the manufacturing sector by 11.6%, the government services sector by 11.5% , last came the home services sector with 9.5%. The total percentage absorbed in the five sectors was about 71.2% of the total estimated number of those employed in the State during 2013. As with respect to wages and compensations of the employees, the government services sector came in the forefront of economic sectors that receive wages from the government with a rate of 19.4 % of the total compensations of employees, followed by the wholesale and retail trade and repair services sector and then the construction and building sector by 13.4% and 11.8%, respectively, then real estate and business services sector which accounted for 11.0%. After that came the manufacturing sector by 9.9%. The total compensations of employees of the five sectors reached a ratio of 65.5% (or about 244.2 billion dirhams) of the total compensations of those employed estimated in the State during year 2013.

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Fourth: Contemporary Economic Issues



1. United Arab Emirates Turning towards Knowledge Economy

According to the definition of the World Bank, “knowledge economy” is the economy that uses knowledge extensively to achieve the economic and social development, where knowledge is the essential component of production and the main engine of economic growth. Such growth increases with the development of this component that relies on information and communication technology. The human resources of the higher skills are the most valuable assets, unlike the traditional economy where knowledge plays less role and development relies on traditional production factors as land, labor and capital. There are many synonyms assigned to the term “knowledge-based economy”, including: the information economy, or the digital economy, the new economy, the symbolic economy or the post-industrial economy.

In the context of the targets of the United Arab Emirates vision to 2021, the State turned to shifting to the knowledge economy with efforts and positive steps guided by the fundamental pillars set by the World Bank to the knowledge economy, which are: economic incentive, institutional structure, education system, innovation, and information and communications technology. These efforts and steps include:

1.1 Support the legal and regulatory structures in the field of information and communication technology.

The following federal laws were issued:

- Law on the Protection of Intellectual Property Rights (copyright and intellectual works).
- Law Pertaining to Industrial Regulation and Protection of Patents, Industrial Drawings and Designs.
- Electronic Identity Law (Electronic Commerce and Transactions Law)
- Laws pertaining to privacy and confidentiality of the data and freedom of information and sharing information across the government.
- Law of Electronic Crime (Combating Cybercrimes).
- Law of the Establishment of the Telecommunications Regulatory Authority; a competition was conducted between the two service providers: “Itisalat and Du», then the decision organizing the electronic government sector was issued.
- The State also joined the membership in treaties, conventions and charters on Intellectual Property.
- On the local level, Dubai government approved a number of laws for the establishment of Dubai Technology and Media Free Zone, and for organizing electronic transactions in all aspects of economic and social life in the Emirate.

1.2 Education and Innovation

The State has carried out following:

- Developed education and the introduction of computers to schools.

- Expanded the creation of higher e-education institutions (e-commerce – electronic engineering – telecommunications and software engineering and computer – information security – leadership and management of e-education – management of innovation – computer science – information systems – information technology management – science and internet technologies – biotechnology science – design and automation of intelligent buildings).
- Established a number of complexes and research institutions and technical institutes to promote research creativity and innovation. The most important are: Masdar City – Mohammed bin Rashid Technology Complex – Dubai Biotechnology and Research Park – Dubai Silicon Oasis to which follows the Innovation Microelectronics Center and Microelectronics Training Academy, the University of Information Technology and Dubai Silicon Center to embrace technical expertise – technical complexes and the media zone in Dubai to which follows Dubai Internet and Dubai Media City and Dubai Knowledge Village – Arab Institution for Science and Technology in Sharjah – Technology and Innovation Center in Ras Al Khaimah – Center of Excellence for Applied Research and Training for higher technical colleges – Institutes and Centers for environmental research and water treatment by biotechnology
- In the field of awareness of, spreading and providing information and communications technology to the public, the Emirates Internet Society was established in 2000.
- Encourage the culture of e-learning in the government and non-governmental sectors where staff were trained on the electronic services, some programs were launched (ICDL computer – certificate of electronic citizen – and certificate of electronic employee), with the application of e-learning in oil institutions and companies, the Emirates Institute for Banking Studies, banks, military parties, Itisalat Authority and Emirates Airlines, and the Electronic College of Total Quality Management (TQM) was established also.
- Announcement of the national strategy for innovation with a time scheme that runs for seven years, to make the UAE at the forefront of the most innovative countries in the world, and to stimulate creativity and innovation in the sectors which rely mainly on innovation, namely: renewable energy, transportation, education, health, technology, water, and space which is the axis of building the country future that depends on high-tech sector and plays an important role in the rest of the other six sectors. The State has begun its ambitious project to send a mission to Mars coinciding with the national celebration of the fiftieth anniversary of the founding of the Federation.
- Formation of the Supreme Committee of UAE Innovation from a number of federal agencies for the implementation of the national strategy for innovation announced by the State in 2014, responsible for the coordination between the government and the private parties to manage the steer of the national innovation, promote cooperation, coordination and exchange of experiences between the federal and local authorities, and follow up the progress in the field of innovation and its indicators on the State level, with activating the role of the private sector in the field of its social and economic contribution to support innovation.

- Execute a Collaborative Care Agreement between the Ministry of Presidential Affairs and the Telecommunications Regulatory Authority within the Ba'atha program to study in the best international universities in the specializations that serve the communication and information sector, such as telecommunications engineering and information technology, to secure the national cadres capable of developing the information and communications technology ICT sector.

1.3 Support Infrastructure for Information and Communications Technology

This infrastructure is deemed the pillar of the knowledge economy and the basis for all the population to use and have access to information and communication technology. The country has one of the most advanced infrastructure of the information society in the world, and it varies in terms of the number and level of services provided; the rate of increase in the spread of land and mobile telephone lines and internet services grew largely, beside the spread of use of personal computers among all individuals and companies, as shown in table no. (14).

Table No. (14) The Communications Sector in the United Arab Emirates For years 2012 – 2014

Year	Internet Lines Broadband	Subscriptions Mobile Phone	Land Lines
2012	954988	13775252	1967486
2013	1041934	16063547	2086015
2014	1104996	16819024	2103036

Source: United Arab Emirates, the Telecommunications Regulatory Authority, in June 2015.

1.4 Economic Incentives System

It is one of the core beams of the knowledge economy and includes the necessary incentives that are imperative to be provided by the State in order to stimulate creativity and innovation and to avail the requirements of access to knowledge and its effective use, which includes: the rule of law – provision of competitive environment – achieving efficiency and flexibility in the financial system, including the capital invested in new projects – the efficiency of labor markets – the presence of social security networks – availability of transparency and accountability in governance.

The Emirates is considered a State for institutions, the rule of law and activation of the systems, and it enjoys a statutory and legal potentials regulating all aspects of economic and social life; recently new laws were issued for the civil service and labor, consumer protection, social security, health insurance, the new companies and small and medium enterprises, and there is another package of laws under approval to boost growth and promote the State attractiveness to business and to deepen

competition. These laws under approval include: competition, preventing monopoly, foreign investment, industry regulation and rules of origin and national certificates of origin, organization and protection of industrial property patents and industrial designs, business transactions, combating the commercial cover-up, arbitration, fight against fraud in commercial transactions, auditors, control trafficking in valuable stones and precious metals and their hallmarking.

Besides, the Emirates has a strong banking system with competitive institutions that offer all credit facilities and services, a developed financial market that has transparency and governance, as well as the State adopting free trade laws, which made it a leader in the field of cross-border trade with the reduced custom tariff on goods and products to the lowest level.

The State has also established the Institute of Corporate Governance and application of the principles of governance on joint-stock companies, and it established the concept and system of strategic governance in the federal ministries and parties. The Securities and Commodities Commission has issued a list for the corporate governance and standard institutional discipline of public shareholding companies.

1.5 Information and Communication Technology Applications

In the context of information and communication technology applications, the State has launched the «Federal e-government Project» in 2002, it was circulated to all the emirates, which allowed the production and application of the federal government electronic services for business owners, the public and government institutions and bodies.

- Support and encourage electronic commerce movement and give it legal and legitimate nature.
- Introduction of e-learning to schools and universities.
- Dissemination of information and communication technologies in banks and business sector, spread of ATM network and smart cards, support the immediate sale of payment card account through messaging network outlets that cover the State operations.
- The use of information and communication technology in the health sector.
- Announce activating the smart government with specific timing and time ceilings.

*** The Emirates' Evaluation in the Reports of International Institutions in the Field of Knowledge Economy Based on Research and Innovation.**

- The Emirates came in the 1st place regionally and the 36th place globally in the indicator of global innovation for 2014 and advanced two places from year 2013 outranking the INSEAD Institute, the World Intellectual Property Organization and the University of Johnson Cornell. The report classified 143 countries according to the capabilities of innovation and the output achieved by them using indicators up to 81 indices.
- The Emirates ranking, in the Global Competitiveness Report issued by the World Economic Forum for the year 2014 / 2015, advanced to the 12th place globally of a total of 144 countries,

achieving a leap of 7 places from the 2013 report (19 worldwide). With regard to sub-indices related to information and communication technology, the Emirates obtained the 6th place in the higher education and training index, the 3rd worldwide in the field of infrastructure, the 24th worldwide in the field of technical readiness and the 24th worldwide in the field of innovation.

- In the report of information technology for 2015, issued by the World Economic Forum and the INSEAD, the Emirates advanced from the 24th place among 144 countries in 2014 to the 23rd among 143 countries in 2015 in the index of network readiness. At the level of sub-indices, the Emirates came in the 2nd place in the business environment and innovation.
- In the report on the knowledge economy of the World Bank in 2012, the Emirates advanced to the 42nd place globally among 139 countries covered in the report. At the level of sub-indices, the Emirates advanced to the 50th place worldwide in the economic incentives system, the 46th in the innovation, the 55th in education and the 12th place in infrastructure for information and communication technology.
- According to the report of the Arab Knowledge-based Economy in 2014, the number of patents issued by the State of the UAE and approved by the Patent Office in the United States during the time period pre-2003 until year 2013, was 120 patents of the total Arab patents granted during the same period which numbered 1818 patents (by 6.6%) and came fourth in the Arab ranking.

*** Support Knowledge-Based Economy that Relies on Research and Innovation in the United Arab Emirates.**

The international institutions reports in general and the report of the knowledge economy of the World Bank, in particular, showed positivity and progress in the evaluation of the Emirates' knowledge-based economy that relies on research and innovation at the level of the overall ranking or sub-indices, especially the infrastructure for information and communication technology. However, there was a need to improve the indicators in the areas of indices of research, innovation, education and spending on education and human resources, and its percentage to the gross domestic product. Therefore, in order to attain further improvement of the State ranking, and to achieve its strategic targets and competitiveness globally in the transition to the knowledge-based economy that relies on research and innovation, there must be a focus on supporting sub-indices falling within these areas and give them more attention through considering the following recommendations:

- Support the role of technical, vocational and technical education and link its output to the needs of the labor market.
- Establishment of research centers and technology incubators to provide an appropriate environment for the success of ideas and innovations, the expansion of master's and doctoral degrees especially in the scientific and technical aspects, and the expansion of scope of issuing scientific, industrial and academic research in order to promote innovation and help in the formation of the technical capabilities and human qualifications.

- Establishment of the Scientific Research Commission and raise spending on education and scientific research rate by the government and the private sector as a percentage of gross domestic product to reach the global average.
- Provide the necessary legal and financial framework to support innovators and turn their ideas into products and care for and embrace the talented and the competencies and encourage innovation and excellence in the field of innovation.
- Linking education with development and turn it into a source of research and innovation through spreading universities and technological institutes, the expansion of partnerships with international universities and scientific research institutions, and stimulate people to study in the scientific and technological specializations in order to support creativity and innovation.
- Increase financing and support rates for research and development institutions and universities, provide incentives for the development of the capacities of production of information and communication technology, support communication between research and production enterprises, and focus investments on the establishment of production incubators for industrial and service-specific sectors (such as new materials, electronics, industries providing and complementing present industries).
- Support the establishment of service research institutions that play the role of a mediator between knowledge generation and the private sector to turn scientific research into commercial commodities and services, and to encourage industries and companies to resort to universities and research institutions for providing their needs, and the development, localization and generation of technology.
- Establishment of new economic cities and smart villages to become knowledge cities and therefore a core to attract knowledge industries and innovation centers.

2. Emirates – Title of Innovation

Innovation is the transformation of the ‘idea’ from a theoretic project into a product or service that performs a social or material benefit, and this process involves the conversion of the seed of the idea to a useful idea and then to a project. This project is not necessarily a commercial business.

Based on this principle, His Highness Sheikh Mohammed bin Rashid Aal Maktoum, UAE Vice President and Prime Minister, has inaugurated the Arab Emirates National Strategy for Innovation with a time scheme that runs for seven years, and which objective is to make the UAE State at the forefront of the most innovative countries in the world.

The National Strategy for Innovation aims to stimulate creativity and innovation in the seven sectors, and it relies primarily on innovation for achieving its strategic objectives, namely:

1. Renewable Energy
2. Transport
3. Education
4. Health
5. Technology
6. Water
7. Space

This strategy refers to the importance of the space sector as the axis nail in building the future of the State of the UAE which relies on the high technology sector.

It is important to note that the activities of space exploration play a very important role in the other six sectors. Therefore, it is not surprising to see that the UAE has advanced quickly in the field of innovations in the space world, and through its ambitious project to send uninhabited mission to Mars at the time when celebrating the Emirates’ National Day in the fiftieth anniversary of the establishment of the Federation of the United Arab Emirates.

The strategy, which operates within four parallel tracks, contains 30 national initiatives for implementation over the next three years. As a first stage, it includes a range of new legislations, supporting incubators of innovation, and building specialized national capacities, along with a set of incentives for the private sector, and building global partnerships and research, changing the government work system towards more innovation, and stimulating innovation in seven national sectors.

The National Strategy for Innovation is a national priority for progress and a key tool for achieving the 2021 vision, beside being an umbrella gathering the outstanding and active energies and cadres in the UAE; as we must be creative in all fields and provide factual products and services that promote life and drive the economy to new horizons.

The strategy operates within four tracks: the first track focuses on the establishment of an environment stimulating for innovation through the provision of the institutional environment and legislations stimulating and supportive of innovation, with the expansion of supporting incubators of innovation, focusing on research and development in the areas of innovation, and providing technological infrastructure to support and stimulate innovation in all sectors.

The second track focuses on the development of the governmental innovation through the conversion of the governmental innovation to institutional work, and the development of an integrated system of modern tools to help the government parties to innovate, and directing all government parties to cut from their expenses 1% to be allocated for supporting innovation projects, and the launch of training and educational programs in the field of innovation at the country level.

The third track of the National Strategy for Innovation focuses on promoting the private sector towards more innovation, by stimulating the companies to create innovation and scientific research centers, the adoption of new technologies, and to encourage and support the national companies for the development of innovative products and services, attract leading international innovation companies in all sectors of national priority, in addition to enhancing the status of the country as an international center for testing new innovations, the creation of communities and zones dedicated for innovation in some sectors, and encourage research institutions to focus on applied research in the sectors of national priority.

The fourth track of the National Strategy for Innovation focuses on building the individuals who possess high skills in innovation by building the national talent and capacities in the field of innovation, with a focus on science, technology, engineering and mathematics, and the development of educational materials in schools and universities specific for innovation, and implant a national culture that encourages innovation and entrepreneurship and respects and rewards risk-taking through cooperation between the government, the private sector and media organizations.

The country investments in the area of innovation is estimated at 14 billion dirham annually, seven billion of which is in research and development, and the target is to increase it over the coming years.

The National Strategy for Innovation, announced by His Highness Sheikh Mohammed bin Rashid Aal Maktoum contains 16 national indicators for measuring progress in implementing the innovation strategy, such as the ratio of innovative ideas in every government party and the ratio of the government parties that have succeeded in allocation of 1% of their budget to support innovation. The strategy contains also indices for the private sector, such as corporate spending on research and development indicator, and the percentage of « knowledge employees » to the total employees in the country, and others.

The indicators that measure the progress in the implementation of the National Strategy for Innovation contain also the global innovation indicator, which measures the innovative capabilities of the countries, the indicator of intellectual property protection, number of patents submitted per million inhabitants, and the indicator of the availability of scientists and engineers in the country, as well as other strategic indicators.

The National Strategy for Innovation shall focus on seven national sectors to stimulate innovation through them. In the field of renewable energy, the National Strategy for Innovation shall focus on encouraging innovation in the industries related to renewable and clean energy as well as promoting applied research in the field of clean technology, and establishing a new system based on decentralization of power generation.

In the field of transport, the strategy will focus on stimulating innovation in the fields of both air and maritime transport and services and urban logistics, in order to provide new products and innovative services, and increase the effectiveness of procedures, and shorten the times of linking the eastern world with its west and the northern world with its south. The strategy shall further focus on innovation in the field of vehicles and drones.

In the field of education, the strategy will work to encourage innovation in education by providing students with the skills of the 21st century, such as cash-like thinking, problem solving, creativity, innovation, perseverance, and the ability to adapt, and others, in addition to the establishment of innovation laboratories in schools and universities to encourage inventions.

As regards the health field, the strategy will work to encourage innovation in the fields of providing health and therapeutic services using advanced technology, and promote the development of the pharmaceutical and biotechnological industries, in addition to working with strategic partners on the development of the medical research sector for the treatment of prevalent diseases.

The National Strategy for Innovation shall also focus on encouraging innovation in addressing the challenge of water scarcity, as well as innovation in research and technology in the field of space exploration, and technology development in the field of telecommunications and satellites, as well as research studies for the transfer of space technology for uses on earth. This shall be accomplished through the competent institutions in the government, with the aim to develop the space sector as one of the new sectors in the national economy.

The World Economic Forum ranks the United Arab Emirates at the 24th place among 144 countries in the world in the “Global Competitiveness Report 2012-2013”, being elevated three places from last year.

The Forum also classifies the UAE economy as «an innovation-driven», making the UAE the only Arab country that wins this accolade and puts it alongside with the United States, the United Kingdom, Japan, Singapore and Germany.

As stated in the report, “Improvement reflects a better institutional framework as well as greater macroeconomic stability. Higher oil prices buoyed the budget surplus and allowed the country to reduce public debt and raise the savings rate”.

The rating also indicates that the UAE countries have succeeded in the application of their strategy to diversify their economies through the creation of free zones in specific sectors, allowing them to evolve and shift from a trading economy to a knowledge based economy. ”

The report further highlights the strength of the UAE as a global center of business and financial

services through its world class infrastructure. For example, the Dubai International Financial Centre that comprises about 900 member companies active from all over the world and most of them are located at five minute walk of each other, which provides ease of interaction and exchange of knowledge and experience.

The UAE has also ambitious investment and development projects moving it forward towards building a knowledge-based economy, with the implementation of important projects in renewable energy, clean technologies, aerospace, semiconductor industry, and life sciences.

The Emirates is ranked among the top ten in a number of categories; it came the seventh in the effectiveness of the labor market, as well as in the environment available for macro-economics, and attained the fifth place in the efficiency of the goods market, and is ranked the eighth in infrastructure. It is further stated in the report of the World Economic Forum “ in overall, the country’s competitiveness reflects the high quality of its infrastructure.”

The report further stated that Switzerland tops the overall ranking as the world’s most competitive and innovative economy, due to its strong continued performance in various indicators, and the development of the business sector in it. Furthermore, the Switzerland’s scientific research institutions are among «the best in the world». Singapore maintains its second place, while Finland came in third after bumping Sweden to the fourth place. The US slipped further down the ranking, “Falling two more positions to take the 7th place. Although and albeit its economy is still extremely productive because it entertains many structural features, however, a number of escalating and unaddressed weaknesses have lowered the US ranking in recent years.”, the report adds.

The report of the World Economic Forum which comes at the time when the outlook for the world economy is fragile says: “Global growth remains historically low for the second consecutive year, and it is expected that major centers of economic activity – particularly large emerging economies and key advanced economies – are expected to slow in 2012 – 2013, which confirms the belief that the global economy is troubled by a slow and weak recovery.” The report adds that the distribution of growth is still uneven, as in the previous years: “ Emerging and developing countries are growing faster than the advanced economies, thereby reducing steadily the income gap. ”

The Annual Economic Report 2015



Fifth: The Economic Outlook for 2015



* UAE - Related Economic Outlook for 2015

Despite the decline in the oil prices which began in June 2014, where oil lost about 60% of its previous levels to settle at less than \$ 55 a barrel during the first quarter of 2015, and in spite of the expectations of the International Monetary Fund of constantly falling oil prices which will amount to 50 dollars per barrel in 2015 and about \$ 60 in 2016, however, it is expected that the strong economic performance achieved by the State in 2014 shall continue during 2015 due to the trend of the State towards the adoption of reversal financial policies for the economic cycle so as to stimulate growth. What helped the State is the strength of its economy and the availability of its accumulated financial surpluses and reserves that availed, despite the drop in oil resources, increased spending or expenditure by about 4.5-6% from its level before the drop in the oil prices, according to international reports. Such matter was reflected in the growth of all non-oil sectors during the first quarter of 2015 as a continuation of its remarkable growth that reached to 8.1 % in 2014. Furthermore, the developments in the economic activity globally with the acceleration of the pace of economic growth in some Asian and African markets, which are deemed the main important markets for the State re-exports activity, which constitutes about 40% of the country's total exports, with the continuation of the pace of work in important strategic projects such as infrastructure projects, projects relating to UAE hosting the activities of the 2020 World Expo, such as expansion of the national network of airports and the Etihad Rail network, air and maritime transport means, in addition to roads, transportation, tourism facilities, e-infrastructure and e-logistics, real estate, financial services, industry and support existing activities built on the knowledge-based economy relying on research and innovation, beside creating new sectors such as Islamic economy; all these are factors that promoted the International Monetary Fund to estimate that the GDP growth of the country shall rise up to about 3.6% and up to \$ 1.33 trillion dirhams, and that the growth of non-oil sectors shall be up to 5%, while the oil sector growth is likely to grow up to 0.4% in 2015.

With regard to the level of inflation in the UAE, it is expected to stabilize in 2015 at a level of 2.3%, the same level recorded in 2014, before tending to rise up to 2.5% in 2016.

The International Monetary Fund further expected that the State current account surplus is likely to decline in 2015 to \$ 19.5 billion (or the equivalent of 5.4% of GDP), but would rise again to reach \$ 28.8 billion (or the equivalent of 7.3% of GDP) in 2016. The Fund also expected that the State general budget is likely to record a deficit which rate shall be up to 3.7% of GDP in 2015.

It is also prospected that the UAE, during 2015 and 2016, shall benefit from its position of being attractive for foreign direct investments, with the approach of the adoption of foreign direct investment law, which allows full foreign ownership of projects in the strategic areas which priority shall be defined by the government, together with the ongoing preparations to host the activities of the 2020 World Expo in Dubai, the continued high government spending and the private consumer spending, and that the international standing of the country shall be enhanced in attracting foreign direct investment in many economic sectors, especially tourism, construction and building, real estate, the financial sector and supporting the levels of productivity and competitiveness.