

# UNITED ARAB EMIRATES

**Table 1** **2023**

Population, million	9.5
GDP, current US\$ billion	477.1
GDP per capita, current US\$	50128.3
School enrollment, primary (% gross) <sup>a</sup>	115.8
Life expectancy at birth, years <sup>a</sup>	78.7
Total GHG emissions (mtCO <sub>2</sub> e)	292.3

Source: WDI, Macro Poverty Outlook, and official data.  
a/ WDI for School enrollment (2020); Life expectancy (2021).

*The UAE maintains its status as a key regional hub for trade, finance, and tourism, bolstered by substantial progresses in economic diversification and a reduced dependence on hydrocarbon income. Economic growth is estimated to have significantly decelerated in 2023, primarily due to OPEC+ production reductions, but is expected to pick up in 2024. Major risks to the outlook include an escalation of geopolitical conflicts, large fluctuations in oil prices, and continued global financing tightening.*

## Key conditions and challenges

Hydrocarbon activity remains the primary source of government revenue, but efforts are underway to accelerate the diversification of the economy and of government revenues. These include the introduction of Corporate Income Tax (CIT) in mid-2023, coupled with a phased withdrawal from the business fee structure. The outlook for the non-oil sector is robust, with an anticipated increase in oil sector activity expected to maintain strong external and fiscal positions. Key risks to growth include OPEC+ decisions on quotas, as well as the continuation/expansion of the conflict in the Middle East and its potential impact on oil prices volatility and on the movement of goods and people (tourism). In particular, the disruption of trade routes in the Red Sea have triggered an increase in shipping costs and rerouting, including for Asia-Europe trade. This could negatively impact the transport and logistics sectors, posing potential downside risks to economic growth in 2024.

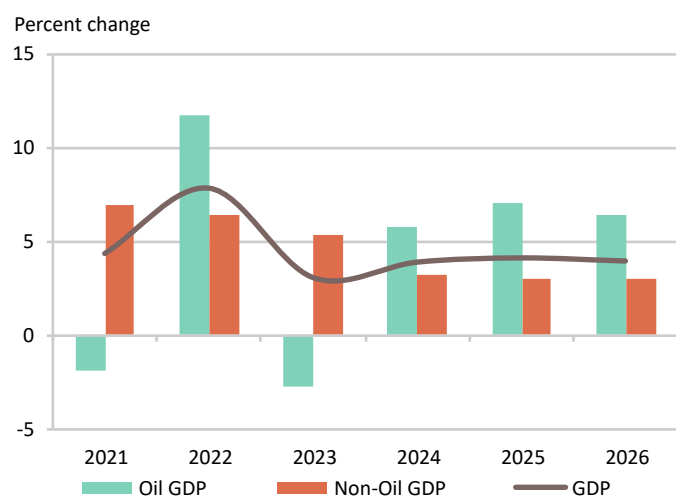
## Recent developments

The UAE economy experienced a significant slowdown to 3.1 percent in GDP growth in 2023, down from 7.9 percent in 2022. The deceleration was attributed

to weaker economic global activities and a decline in oil production to comply with OPEC+ decisions. As a result, the oil sector has witnessed a contraction of an estimated 2.7 percent. The non-oil sector, however, remains robust and resilient as growth accelerates to 5.4 percent, driven by the financial and insurance services, construction, real estate, and wholesale and retail trade sectors. Relatedly, the Purchasing Managers' Index (PMI) rose to 57.5 in February 2024, indicating a stimulation in non-oil private sector growth, driven by increases in output, new orders, and employment. Inflation pressures eased in 2023 due to lower food prices, offsetting higher housing costs, with public wage growth remaining moderate throughout the year. Following the US Federal Reserve's stance, the Central Bank of UAE held key policy rates steady at 5.4 percent since July 2023. The banking system remains well capitalized and liquid, with the non-performing loans ratio dropping to 5.3 percent in Q42023 (down from 6.5 percent in Q42022) and private sector credit continuing to grow.

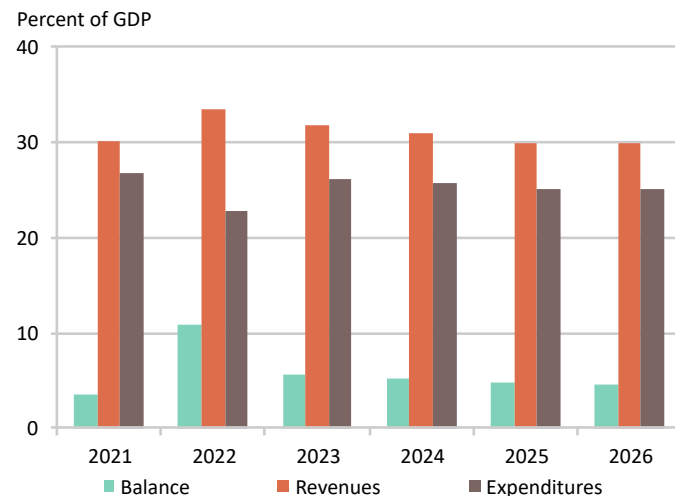
The fiscal surplus more than halved in 2023, declining to 5.6 percent (down from 10.8 percent in the previous year), reflecting the impact of cuts in oil production on oil proceeds. The decrease in government revenue was due to diminished tax and non-tax receipts, although this was partly offset by increased social security contributions. Meanwhile, expenditures grew across all subcategories, except for spending on goods, services grants, and capital spending, which has seen a minor decline.

**FIGURE 1 United Arab Emirates / Annual real GDP growth**



Sources: UAE authorities, IMF WEO, and World Bank staff estimates.

**FIGURE 2 United Arab Emirates / Public finances**



Sources: UAE authorities, IMF WEO, and World Bank staff estimates.

This strategic allocation supports key initiatives such as the UAE Energy Strategy 2050, the UAE Tourism Strategy 2031, the UAE Digital Government Strategy 2025, and the Dubai Autonomous Transportation Strategy, underlining a focus on sustainable and digital growth.

The current account surplus reached an estimated 9.1 percent of GDP, driven by oil receipts and rising non-oil exports. Free trade agreements with key Asian and African markets are anticipated to continue to further facilitate and boost non-oil exports and sustain the external balance surplus.

The limited availability of UAE household and labor market data prevents a detailed measurement and understanding of poverty, inequality, and livelihoods. According to the most recent available ILO estimates, the labor force participation rate was expected to reach 82.7 percent in 2023, slightly above its 2019 level. Employment rebounded in 2022 to pre-pandemic levels and was expected to continue to increase in 2023. The unemployment rate was projected to be 2.7 percent for 2023, a decrease from the height of the pandemic but remaining below the 2019 rates. Unemployment rates remain substantially higher among young adults ages 15-24 than among adults ages 25 and over. The gap is especially wide among women,

with projected rates of 18.6 percent and 5.5 percent respectively for 2023.

## Outlook

Real GDP growth is projected to accelerate to 3.9 percent in 2024, fueled by OPEC+'s announced significant oil production hike in the second half of 2024 and a recovery in global economic activity. Oil output growth is projected to reach 5.8 percent in 2024, as OPEC+ announces extension of additional voluntary cuts (163 tb/d), to the Q22024, with an expectation that global oil prices will remain strong. Non-oil output will remain robust and continue to support economic growth in 2024, expanding at 3.2 percent, driven by strong performance in the tourism, real estate, construction, transportation, and manufacturing sectors. However, growth prospects are tempered by substantial risks, notably, from potential additional decisions by OPEC+ to delay increases in production, and other members decisions on production, in addition to the adverse impact of the conflict in the Middle East on UAE's economy.

In 2024, inflation is expected to moderate to 2.3 percent - helped by earlier interest rate hikes and reflecting base effects - and

to remain contained at around 2.1 percent during 2025-26. Yet, the positive impact from falling commodity prices and lower import costs (from expanded trade agreements) may be offset by spikes in food prices.

The fiscal surplus is expected to be sustained by strong oil revenues, together with a robust growth of the non-oil economy, and is projected to further decline to 5.1 percent of GDP in 2024. The introduction of a 9 percent federal corporate tax in June 2023 is expected to expand the share of non-oil revenues and broaden the tax base. The ongoing implementation of fiscal revenue reforms, along with the maintenance of prudent and well-coordinated fiscal policies tailored to individual emirates, will enhance fiscal buffers and bolster overall fiscal sustainability.

A strong performance in the external sector, bolstered by diversification initiatives, is anticipated to maintain a current account surplus, projected at 8.4 percent of GDP in 2024. Export performance is expected to continue to be affected by volatility in the oil sector and the reestablishment of secure trade corridors. Nonetheless, diversifying into non-oil sectors and focusing on emerging markets in South Asia and East Africa are projected to improve export proceeds.

**TABLE 2 United Arab Emirates / Macro poverty outlook indicators**

(annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
<b>Real GDP growth, at constant market prices</b>	4.4	7.9	3.1	3.9	4.1	4.0
Private consumption	5.0	9.0	5.2	4.1	4.0	4.0
Government consumption	1.4	3.5	3.0	2.7	2.6	2.4
Gross fixed capital investment	9.6	6.0	5.7	3.6	3.5	3.3
Exports, goods and services	6.8	8.4	3.5	4.8	4.6	4.5
Imports, goods and services	8.8	7.4	5.3	4.8	4.1	4.1
<b>Real GDP growth, at constant factor prices</b>	4.4	7.9	3.1	3.9	4.1	4.0
Agriculture	3.8	3.4	3.5	3.5	3.0	3.0
Industry	1.3	8.8	1.2	3.8	4.5	4.2
Services	7.4	7.1	4.9	4.0	3.8	3.8
<b>Inflation (consumer price index)</b>	-0.1	4.8	3.2	2.3	2.1	2.1
<b>Current account balance (% of GDP)</b>	11.5	11.7	9.1	8.4	8.3	8.3
<b>Fiscal balance (% of GDP)<sup>a</sup></b>	3.5	10.8	5.6	5.1	4.8	4.7
<b>Revenues (% of GDP)</b>	30.2	33.6	31.7	30.9	30.0	29.9
<b>Debt (% of GDP)</b>	35.1	31.4	29.2	27.1	25.3	23.6
<b>Primary balance (% of GDP)</b>	3.7	11.1	5.8	5.3	5.0	4.9
<b>GHG emissions growth (mtCO<sub>2</sub>e)</b>	11.4	7.0	-1.9	1.5	1.4	1.6
<b>Energy related GHG emissions (% of total)</b>	75.1	76.4	75.8	75.6	75.3	75.1

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast.

a/ Consolidated fiscal balance.

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SELECTED INDICATORS*	Avg. '10-19	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 E
<b>INCOME AND ECONOMIC GROWTH</b>											
GDP growth (annual %)	3.8	5.1	3.0	2.4	1.3	3.5	-6.1	4.4	7.9	3.2	3.3
GDP per capita growth (annual %, real)	2.3	4.1	2.1	1.6	0.5	2.7	-6.9	3.5	7.0	2.4	2.5
GDP per capita (US\$, nominal)	42213.5	40146.7	39627.7	42443.7	46155.2	45274.4	38641.1	50171.4	55076.6	50185.0	53179.6
Private consumption growth (annual %)	2.2	-19.1	1.6	9.4	6.1	9.9	-12.5	5.0	9.0	5.1	5.5
Gross investment ( % of nominal GDP)	20.7	23.4	24.5	19.0	17.3	18.4	19.7	19.9	18.2	20.1	18.8
Gross investment - Public ( % of nominal GDP) <sup>2</sup>	..	..	..	..	..	..	..	..	..	..	..
<b>MONEY AND PRICES</b>											
Inflation, consumer prices (annual %, EOP or MRV) <sup>1</sup>	1.4	3.6	1.3	2.7	0.3	-1.4	-2.1	1.8	4.8	1.4	2.4
Inflation, consumer prices (annual %, period average)	1.5	4.1	1.6	2.0	3.1	-1.9	-2.1	-0.1	4.8	1.6	2.2
Base money (% of GDP)	80.2	90.3	93.6	90.3	84.5	92.3	112.2	90.6	89.2	104.4	104.2
Domestic credit to the private sector (% of GDP) <sup>2</sup>	76.8	..	81.1	77.2	73.4	75.5	87.9	75.1	64.1	..	..
10-year interest rate (annual average) <sup>1</sup>	..	..	..	..	..	..	..	..	..	..	..
Nominal exchange rate (local currency per USD)	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Real exchange rate index (2015=100)	93.6	100.0	98.5	98.5	108.9	101.6	104.4	117.3	119.8	112.6	117.8
<b>FISCAL</b>											
Revenue (% of GDP)	33.6	29.0	28.9	28.5	31.2	30.7	28.0	30.2	33.6	30.8	30.8
Expenditure (% of GDP)	31.6	32.4	30.9	30.2	30.1	30.4	33.3	26.8	22.8	25.7	26.0
Interest payments (% of GDP)	0.4	0.4	0.6	0.5	0.6	0.3	0.3	0.3	0.3	0.2	0.2
Non-interest expenditure (% of GDP)	31.2	32.0	30.3	29.7	29.5	30.1	33.0	26.5	22.5	25.5	25.8
Overall fiscal balance (% of GDP)	1.9	-3.4	-2.0	-1.6	1.1	0.3	-5.2	3.5	10.8	5.1	4.9
Primary fiscal balance (% of GDP)	2.4	-3.0	-1.4	-1.2	1.7	0.6	-4.9	3.7	11.1	5.3	5.1
General government debt (% of GDP)	20.0	16.7	20.0	22.2	21.6	26.9	40.0	35.1	31.4	29.6	27.9
External public debt (% of GDP) <sup>2</sup>	..	..	..	..	..	..	..	..	..	..	..
<b>EXTERNAL ACCOUNTS</b>											
Export growth, G&S (nominal US\$, annual %)	7.8	-10.0	-0.2	6.5	6.4	-1.1	-13.3	21.4	22.2	-4.5	2.5
Import growth, G&S (nominal US\$, annual %)	5.8	-4.2	1.5	2.5	1.4	-0.3	-14.9	17.1	22.7	-0.4	1.7
Merchandise exports (% of GDP)	83.7	83.9	82.8	81.5	76.1	75.2	75.8	68.8	76.6	79.7	80.0
Merchandise imports (% of GDP)	61.2	66.2	67.3	64.0	55.8	55.9	59.0	52.0	58.5	63.8	63.4
Services, net (% of GDP)	-3.7	-2.2	-1.4	-0.3	0.1	0.5	4.5	5.5	6.2	6.0	5.1
Current account balance (current US\$ millions)	39279.7	17455.7	12737.2	27089.1	39072.2	37314.2	21429.1	54202.4	60652.4	43960.1	38074.7
Current account balance (% of GDP)	10.3	4.9	3.6	7.0	9.3	8.9	6.0	11.5	11.7	9.2	7.5
Foreign direct investment, net inflows (% of GDP)	2.7	2.3	2.6	2.7	2.4	4.3	5.7	5.0	4.5	..	..
Multilateral debt (% of total external debt) <sup>2</sup>	..	..	..	..	..	..	..	..	..	..	..

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SELECTED INDICATORS*	Avg. '10-19	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 E
<b>POPULATION, EMPLOYMENT AND POVERTY</b>											
Population, total (millions)	8.9	8.9	9.0	9.1	9.1	9.2	9.3	9.4	9.4	9.5	9.6
Population growth (annual %)	1.4	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Unemployment Rate	2.2	1.9	1.6	2.5	2.2	2.3	4.4	3.1	2.8	2.4	2.4
<b>OTHER</b>											
GDP (current LCU, millions)	1375900.2	1314696.2	1308959.5	1413517.4	1549302.7	1531624.6	1317955.3	1725570.4	1909646.2	1754003.1	1873307.3
GDP (current US\$, millions)	374649.5	357984.0	356421.9	384892.4	421866.0	417052.3	358871.4	469862.6	519985.4	477604.6	510090.5
GDP per capita LCU (real)	147883.2	153491.4	156670.6	159099.8	159872.9	164144.5	152856.0	158207.7	169271.1	173320.7	177600.4
Human Development Index Ranking <sup>3</sup>	33.2	36	36	26	21	16	15	17	17	..	..
CPIA (overall rating) <sup>2</sup>	..	..	..	..	..	..	..	..	..	..	..
Economic management <sup>2</sup>	..	..	..	..	..	..	..	..	..	..	..
Structural policies <sup>2</sup>	..	..	..	..	..	..	..	..	..	..	..
Policies for social inclusion and equity <sup>2</sup>	..	..	..	..	..	..	..	..	..	..	..
Public sector management and institutions <sup>2</sup>	..	..	..	..	..	..	..	..	..	..	..

Notes: ".." indicates not available. E = estimate, F = forecast. Data from MFMOD unless otherwise noted.

1/ Haver Analytics database; MRV = Most recent value.

2/ World Development Indicators Database and World Bank Staff Estimates.

3/ The HDI ranking in 2001 is in relation to 175 countries and in 2010 in relation to 169 countries. Methodological enhancements in HDI calculations have resulted in notable improvements in the countries' rankings.

Sources: MFMOD Database, World Bank WDI and Haver Analytics databases, IMF.