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لإمارة أبوظبي 2012



دائرة التنمية الاقتصادية  
DEPARTMENT OF ECONOMIC DEVELOPMENT

”نحو اقتصاد مثالي“  
“Towards An Ideal Economy”

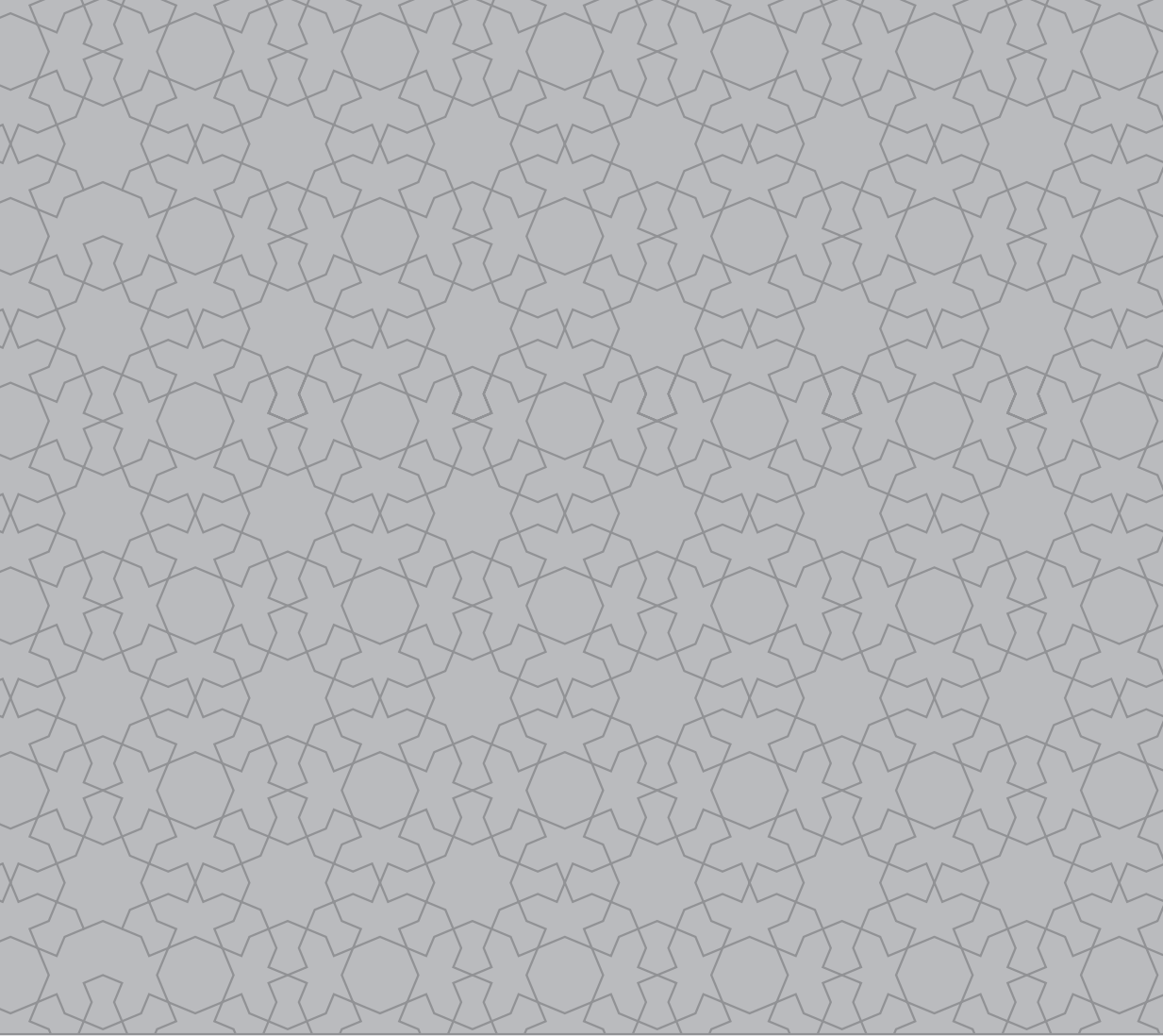


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## Introduction:

The Department of Economic Development regularly releases its annual economic report, which is meant to serve as a reference for further broader information on economic and social development of the emirate. The report makes it clear beyond any doubt, that the economy of Abu Dhabi had already surpassed the global financial crisis, made great strides in areas of economic diversification, and achieved high levels of development and progress in a short span of time, under its prudent leadership, which rationally utilizes available resources for economic and social prosperity and progress.



The optimal use of oil resources under the perceptive vision of His Highness Sheikh Khalifa bin Zayed Al Nahyan, President of UAE and Ruler of Abu Dhabi, "may Allah protect him", and the continued support of His Highness Sheikh Mohammed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi, Deputy Supreme Commander of the Armed Forces and Chairman of the Abu Dhabi Executive Council, have led to the efficient implementation of development plans and programs, which focus on the main goals of diversifying sources of income, expanding the economy, and achieving progress and sustainable development.

Within this vision, major central and strategic projects were implemented, which enormously strengthened the competitiveness of Abu Dhabi's economy, and raised confidence among foreign investors from various countries of the world, in the emirate's ability, as an investment haven, to offer diverse and unique opportunities, support private investments and maintain sustainable growth and balanced development under all circumstances.

Introducing this report makes me feel proud of the magnitude of achievements realized by Dhabi during the past few years, despite adverse global conditions and external factors, which emphasized the soundness and efficiency of policies, set by the government to overcome obtruding difficulties and address challenges.

I have great confidence in our ability to continue forward along the path of excellence and achievements, to realize the ultimate goals and the ambitious vision of Abu Dhabi government; thanks to the dedication and great support of our leadership, and its firm commitment to progress and prosperity, backed by collective will and joint efforts.

**May Allah be with us forever and always in serving our beloved country,**

**Nasser Ahmed Khalifa Alsowaidi**  
**Chairman,**  
**Abu Dhabi Department of Economic Development**



## Foreword:

I am pleased to present the Annual Economic Report of the Emirate of Abu Dhabi 2012. This report provides comprehensive analysis and review of economic developments and indicators, and helps identify strengths and improvement points in the emirate's economy. Contained data and findings are meant to provide methodical perception tools for decision makers, with focus on topics and issues of priority. The report adds a further dimension by providing data and information to the community, businessmen, researchers and users.



The report stresses that Abu Dhabi GDP at current prices has made a quantum leap in 2011, rising by 30% per cent, culminating at AED 806 billion to exceed the levels attained prior to the financial crisis. This strong growth provides clear evidence that Abu Dhabi's economy had completely vanquished the repercussions of the global crisis, due to hikes in oil prices, coupled with the remarkable performance of non-oil activities which grew by 7 % in 2011.

The robust growth of the manufacturing activity was notable, as it scored high growth topping non-oil economic activities and increasing twofold in 2011 to mark 22% growth rate, compared to 11% in 2010. This profoundly reflects the success of the government efforts in developing and nurturing promising industries, which are expected to lead as the most important pillars of economic diversification.

Despite the rise in oil prices during 2011, the contribution of oil to GDP, however; did not exceed 58.5%, substantiating that Abu Dhabi's plans to expand its economy and diversify sources of income, proved to be consonant with the objectives of the Economic Vision 2030.

Report analysis affirms that Abu Dhabi's economy stands among the best performing economies in the world, and that Abu Dhabi confidently advances with policies to invest in human resources, innovation and development, in line with a long-term visions for shifting towards a knowledge-based economy.

**May Allah Guide us all,**

**Mohammed Omar Abdullah,  
Undersecretary,  
Abu Dhabi Department of Economic Development.**





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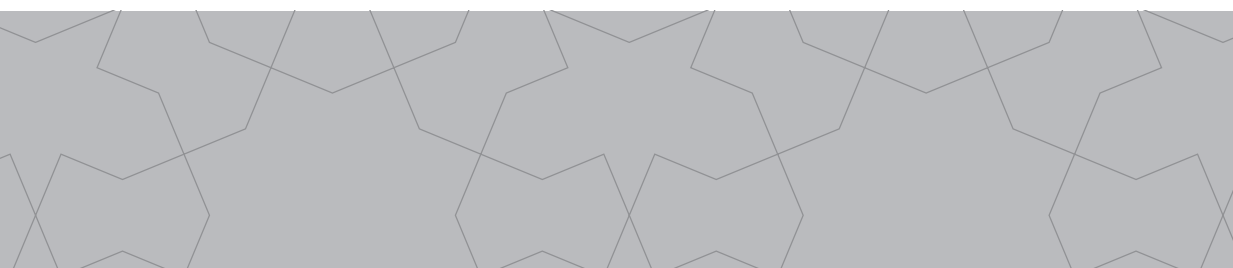
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# Chapter I

## Global and Regional Economic Developments





# Chapter I

## Global and Regional Economic Developments

The global economy experienced one of the difficult stages in its history, in 2011, intermingled with the complexity of economic crises in developed and developing economies alike. The effects of world crises on the global economy varied enormously, as some had temporary consequences, such as the earthquake and tsunami waves that hit Japan in March 2011; whereas others were depicted as having extended upshots, such as the sovereign debt crisis which started in Greece and spread to many countries of the euro zone.

The year 2011 also witnessed the U.S. financial and economic turmoil, coupled with the U.S. government attempts to raise debt ceiling to cover its budget deficit so as to address faltering outstanding debts which had greatly impacted on the U.S. credit rating; in addition to the unrest in the Middle East and North Africa and the Arab Region political developments known as the " Arab Spring."

These crises resulted in two and negative simultaneous ramifications; the first was the weak and extremely slow pace of recovery in the economies of developed countries; and the second was the growing uncertainty about future financial conditions, which both led to the slowdown and the low rate of global economic growth throughout 2011, despite the relatively strong performance that had already been achieved in 2010.

The impact of this crisis was not limited to 2011 only; as the aftermath resulted later in two controversial types of risks to the global economy; the first was the fear that the sovereign debt crisis in the euro zone would go out of control; and the second was that the United States of America, might be exposed to increased risks of adverse economic developments, which would lay more pressure on financial institutions in countries with developed economies as a whole.

## 1.1 Global Economic Developments

### 1.1.1 Global Economic Growth

The performance of the global economy was characterized by weakness and fragility during 2011, due to economic hardship in many developed countries, which was a major factor in the slowdown of global growth, as most developed economies, including the United States of America, the euro zone and Japan had suffered from problems related to the ramifications of the global financial crisis.

In this context, Japan suffered greatly from the effects of recession during first half of the year, while the U.S. economy was jeopardized by the marked slowdown being witnessed during the year, and was on the brink of declaring its inability to pay its debt obligations during August 2011 due to political differences on how to deal with the crisis. Uncertainty about the future increased as well as the fragility of the banking sector, which eventually resulted in the prolongation continuation of the state of weak lending to business and consumer sectors.

On the other hand, concerns about financial conditions in the euro zone resulted in a sharp increase in sovereign bonds yields, and raised doubts about the value of assets in some banks. Out of concern about financing conditions, banks froze their credit activities, which in turn lowered confidence, and reduced economic activity.

Despite the important steps taken by the euro zone governments to find solutions to the problem of sovereign debt through the EU Financial Charter, and the strong policy moves which resulted in a relative change in these situations, in addition to the elections in Spain, the appointing of a new prime minister in Italy and the European Union's commitment to address the deficit and debt problems, which all led to relatively reassure investors, but those steps were accompanied by a state of turmoil in capital markets and growing concerns about the inability to meet debt obligations in some of the largest economies in the euro zone.

The fiscal austerity measures taken to deal with the situation, led to the weakening of domestic demand, reducing investment, and employment, which contributed to creating more difficulties and challenges with respect to fiscal control, and reform and achieving balance in the accounts of the banking sector.

It is worth noting that the United States and the euro zone are the biggest economies at the international level, and they are significantly intertwined, so the problems they face, can adversely affect each other, and lead again to a global recession through trade and financing channels.

Emerging countries were not immune to the negative effects of these developments; as the slowdown of growth in developed economies, resulted in reducing export growth. Uncertainty about financial conditions led to volatility of capital flows, however; growth in developing countries were better, despite the marked slowdown since the second quarter of 2011 in most transition economies of developing countries, and austerity financial policies in these due to high rates of inflation.

Despite the decline in commodity prices during 2011, in response to the weak global demand, but oil prices remained consistent throughout the year due to the increasing geopolitical risks surrounding oil markets and the unrest in the Arab region, which left its footprints on the slowdown of global economic activity.

In general, the world economy experienced a state of reduced growth in 2011 after the recovery observed in 2010, where the real GDP growth for all countries of the world dropped from 5.3% in 2010 to 3.9% in 2011, and growth in developed economies fell from 3.2% to 1.6% during the same period.

The world's largest economy, represented by the United States, grew at no more than 1.7% during 2011 compared to 3% in 2010, while the growth rate of the euro zone economy was 1.5% in 2011. Emerging economies were able to register a growth rate of 6.2% in 2011 compared to 7.5% in 2010.

### **1.1.2 Inflation**

Inflation rates at the global level increased in 2011 due to several factors, in particular the adverse effects of supply-side shocks that drove up prices of food and energy, due to high demand in major developing countries spurred by high incomes. The return of inflationary fiscal policies in developed economies, also contributed to the mounting inflationary pressures.

The general trend of prices hikes of many commodities, which began in June 2010, continued through 2011. Prices then began to decline slightly after reaching its highest during the first half of the year. However, prices high during 2011 remained higher than the standard averages of 2008 for a range of goods, which included: tropical drinks, agricultural raw materials, metals and oil.

Inflation rates increased in developed economies. The United States and Europe, inflation moved from the lower limits of targeted rates, to the upper boundaries of the previous target rates set by central banks in 2011. This rise in inflation was proportionate to the objectives set in those economies to offset the dangers of the expected downturn in the wake of the financial crisis; as central banks continued to

pump liquidity into the economy through several unconventional policy measures.

On the other hand, the inflation exceeded the rates targeted by a number of developing economies, considerably. Monetary authorities responded to these economies by several procedures, which included the adoption of restrictive monetary policies, increasing levels of support for oil and food, and providing many incentives for local production.

The IMF data on world inflation by economic groups showed that the rate of inflation in developed countries rose to 2.7% in 2011 compared to 1.5% in 2010, and also increased in emerging and developing countries from 6.1% to 7.2% during the same period.

**Table (1)**  
**The Rate of Change in Key Global Economic Indicators**

(%)

Items	Year	
	2010	2011
Real GDP for all Countries in the World	5.3	3.9
Developed Economies	3.2	1.6
Emerging and Developing Economies	7.5	6.2
Inflation		
Developed Economies	1.5	2.7
Emerging and Developing Economies	6.1	7.2
Commodity prices		
Oil	27.9	31.6
Non-Oil	26.3	17.8

Source: International Monetary Fund, World Economic Outlook Update, July 2012.

### 3.1.1 International Trade

The rate of recovery in international trade slowed in 2011, as the rate of growth of merchandise trade declined significantly from 12.6% in 2010 to 6.6%. The weak global economic growth for the global economy, particularly in developed economies, remains as the main factor behind the slowdown.

On the other hand, developing countries led the recovery in external demand in 2011 by up to half the growth of imports at the international level, compared to an average of 43% during the three years which preceded the global financial crisis. This shows that developing countries were more flexible in the face of crisis. The importance of these countries to international trade is expected to increase; as the share of these countries in the total in world trade increased from 28.5% in 1995 to 41.2% in 2010.

**Table (2)**  
**The Rate of Change in World Trade Indicators**

(%)

Items	Year	
	2010	2011
<b>Total world Trade</b>	12.8	5.9
<b>Imports</b>		
Developed Economies	11.5	4.4
Emerging and Developing Economies	15.3	8.8
<b>Exports</b>		
Developed Economies	12.2	5.4
Emerging and Developing Economies	14.4	6.6

Source: International Monetary Fund, World Economic Outlook Update, July 2012

The current change in international trade patterns is associated with rapid industrial growth in major developing countries, as the rate of trade between the countries of the South rose at an annual rate of 13.7% during the period (1995-2011), which was far above the average annual growth in World trade, which amounted to about 8.7% on average during the same period.

### 1.1.4 Current Account Balance:

The current account for all countries of the world witnessed a significant increase in 2011 as it reached \$ 461.3 billion, compared to \$ 331.3 billion in 2010, marking a growth rate of more than 39%, boosted by improved current accounts in emerging and developing countries, especially oil-producing countries that experienced improvement in current accounts due to the rise in oil prices; and increased revenues, which enhanced current accounts, as well as balances of payment.

**Table (3)**  
**Current Account by International Blocks**

\$ Billion

Items	Year	
	2010	2011
All Countries of the world	331.3	461.3
Developed Economies	91.0	131.0
European Union	23.4	32.7
Emerging and Developing Economies	422.3	592.3

Source: International Monetary Fund, World Economic Outlook Update, September 2011.

Oil-exporting economies in the Middle East and North Africa, contributes the biggest share to the large surplus of current account during 2011, followed by the economies of the Commonwealth of Independent States (CIS). The economies of Latin America, on the contrary, suffered an increase in deficit.

### 1.1.5 Unemployment:

The ILO preliminary estimates indicate that the number of unemployed people in the world amounted to about 197.2 million in 2011. Unemployment rate was 6.0% during the same year. On the other hand, the United Nations estimated that the number of jobs needed to return to the pre-crisis employment levels, and absorb the new comers to labor market, was 64 million jobs in 2011.

The rates of chronic unemployment remain as the main factor of weakness in economic recovery in most developed countries. The average rate of unemployment stood at 8.5% for developed countries and the European Union in 2011, which was higher than the unemployment rate that prevailed before the crisis, which averaged 5.8% during in 2007.



The real situation is even worse in many developed countries than reflected by official unemployment rates; as participation rates in employment in the United States, for example were declining continuously since the beginning of the crisis, and the number of workers without jobs who gave up the idea of getting a job, for being unemployed for long periods of time, are on the rise. This resulted in not counting them among the existing labor force. About 29% of those unemployed in the United States remained jobless for more than one year, compared to 10% in 2007.

Unemployment which extends for a period of time leads to long-term negative effects, as chronic unemployment impedes wage growth and growth of consumer demand at the international level. It also contributes to the increased rates of inability to meet obligations of real estate mortgages in the United States. Long-term unemployment together with continuation of financial fragility in developed economies leads to reduce demand for investments and lowers the level of confidence in business, which impedes economic recovery.

**Table (4)**  
**World Unemployment Rate by Region**

(%)

Regions	Year	
	2010	2011
World	6.1	6.0
Developed Economies and the European Union	8.8	8.5
Central and South-Eastern Europe Countries non-member of the European Union	9.5	8.6
East Asia	4.1	4.1
South East Asia and the Pacific	4.8	4.7
South Asia	3.9	3.8
Latin America and the Caribbean	7.2	7.2
The Middle East	9.9	10.2
North Africa	9.6	10.9
Sub-Saharan Africa	8.2	8.2

Source: ILO, Global Employment Trends Report 2012.

The process of employment revival in developing countries is more robust than in developed economies. Unemployment rates for example, returned to levels similar to or less than those that prevailed before the crisis in most developing Asian countries. Employment rates have rebounded in most Latin American countries as

well. However, developing countries are still facing major challenges of high rates of unemployed workers, and underpaid labor force which suffering from critical conditions of employment, without enjoying any form of social security.

Unemployment rates among young people (between 15 and 24 years old); tend to be higher compared to rates of labor force in other sectors under normal conditions in most economies. However, the international financial crisis and the resulting economic recession have significantly increased that gap.

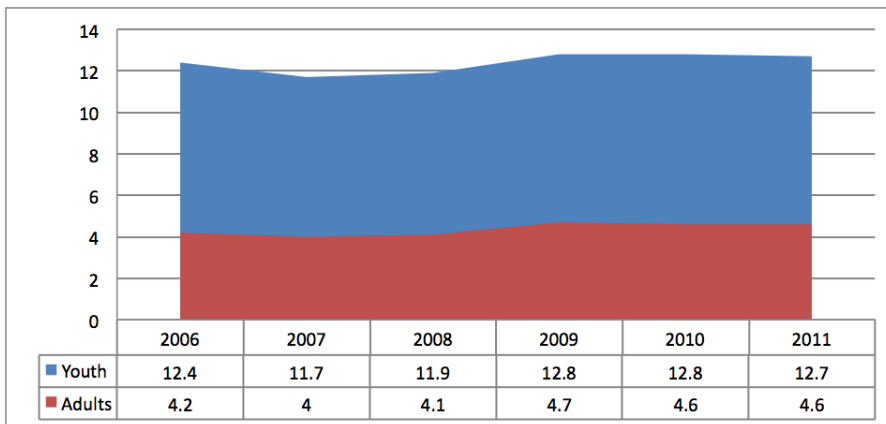
Unemployment rates among young people, according to United Nations data, increased tremendously from 13% in 2007 to almost 18% during the first quarter of 2011, taking into account the limitations of data availability.

The situation remained more severe in some developed economies. Unemployment rate among young people in Spain, reached 40%, and hiked to more than 25% among young people as well in West Asia and North Africa; while unemployment among the same category reached around 20% in transition economies. Latin America and the Caribbean witnessed sharp escalation in unemployment among young people since 2008, but the situation started to improve slightly during the first half of 2011. The likelihood of exposure of young people to volatile working conditions increased dramatically in Africa and parts of South and East Asia.

**Figure (1)**

**Unemployment Rate in the World among Youth and Adults during the Period (2006-2011)**

(%)



Source: ILO, Global Employment Trends Report 2012.

## 1.2 Regional Economic Developments:

### 1.2.1 GDP Performance:

The Middle East and North Africa experienced a slowdown in economic activity during 2011; as the rate of GDP growth for the region fell from 4.9% in 2010 to 3.5% in 2011. The region witnessed considerable variations in the rates of GDP growth among oil producing and oil exporting countries.

On the one hand the Middle East oil exporting countries were able to ease the impact of the global slowdown, caused by the euro zone crisis; by benefiting from high oil prices, especially the GCC countries which achieved a growth rate of 8% during 2011. However the GDP Growth rate of oil exporting countries which are not members in GCC did not exceed 0.4% during the same year.

Qatar maintained the highest growth in the region for the second year in a row, as it registered 18.8% in 2011 compared to 16.6% in 2010. These high rates were due mainly to the expansion of Qatar in gas production in recent years, in addition to its large spending on infrastructure projects, especially after being selected to host the 2022 FIFA World Cup.

Bahrain was the least in growth rates among GCC countries, as growth fell to 1.8% in 2011, compared to 4.5% in 2010, despite the fact that Bahrain had witnessed social unrest and sporadic events throughout the year.

On the other hand, growth in the group of countries with diversified economies, dropped from 6% in 2010 to 0.3% in 2011, due to the security and political unrest, as the case in Egypt, Syria and Tunisia, where neighboring countries such as Jordan, Lebanon and Iraq were been affected.

**Table (5)**  
**Real GDP Growth Rates in Some Arab Countries**  
**and the Middle East**

(%)

Country/Region	Year	
	2010	2011
Middle East and North Africa*	4.9	3.5
GCC Countries	5.2	8.0
UAE	0.9	4.9
Saudi Arabia	4.6	6.8
Kuwait	3.4	8.2
Qatar	16.6	18.8
Oman	4.0	5.5
Bahrain	4.5	1.8
Egypt	5.1	1.8
Syria	3.4	-
Jordan	2.3	2.5
Lebanon	7.0	1.5
Tunisia	3.1	-0.8
Morocco	3.7	4.3

Source: IMF. The Regional Economic Outlook Update for the Middle East and Central Asia, April 2012.

\* 2011 data does not include South Sudan and Syria.

Social unrest in Egypt, Syria and Tunisia have led to a significant drop in the number of tourists, as well as decreased investment, which in turn resulted in, raising energy prices, slowing global growth, and significant weakening economic activity in these countries. The slow growth in Europe had a negative impact on exports of Morocco and Tunisia in 2011. The return of migrants from Libya led to reduced remittances of hard currency to Tunisia, which exacerbated the decline in economic activity in Tunisia; as GDP shrank by 0.8% during 2011.

## 1.2.2 Inflation:

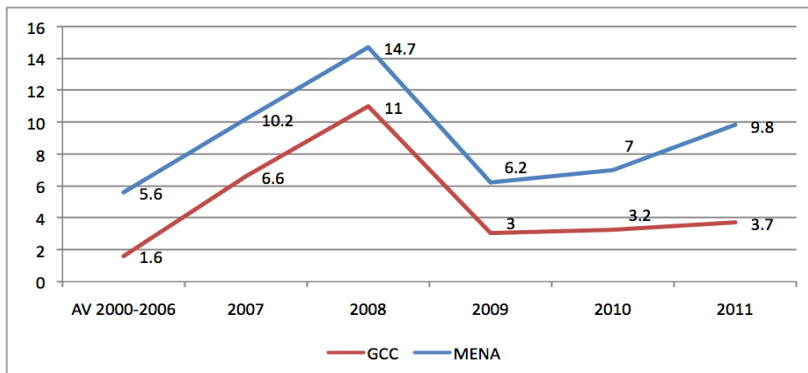
Inflation in the Middle East rose by three percentage points in 2011, while in GCC countries inflation increased from of 3.2% in 2010 to 3.7% in 2011. Despite the rise in wages in the public sector, and the hike in world food and energy prices in most countries, the overall inflation remained subdued due to the decline in aggregate demand and the increase in government subsidies for main primary commodities.

Many oil exporting countries in the region perceived low inflation rate of less than 5% during 2011, while the United Arab Emirates registered the lowest inflation rate which did not exceed 0.9% for the second year in a row. However, Libya, Sudan and Yemen experienced currency devaluation and shortages in primary commodities, as two direct factors in augmenting inflation, which rose to about 20% during the same year. Inflation also increased in Iran to a high level of 21% as a result of temporary price effects of subsidy reform.

Figure (2)

### Rate of Inflation in GCC Countries and the MENA Region (2000-2011)

(%)



Source: IMF, Regional Economic Outlook Update for the Middle East and Central Asia, April 2012

On the other hand, Egypt witnessed the highest inflation rate among the Arab oil-importing countries; which reached 10.3% in 2011, while Morocco achieved the least inflation rate within this group for the second year in a row, where inflation rate was 0.9% in 2011, compared to 0.1% in 2010.

### 1.2.3 Balance of Trade:

The data released by the World Trade Organization (WTO), shows that the Group of Middle East countries, was able to maintain a large surplus in its balance of trade which amounted to \$563 billion in 2011, as a result of the significant growth of exports by 37% to reach \$1228, compared to the growth of imports by 16% which totaled \$665 billion, The significant growth in exports was due mainly to the rise in oil prices.

The large surplus achieved by the Group of Middle East countries was attributed to the large amount of trade surplus realized by GCC countries, supported by strong hikes of oil prices in global market, in addition to the increase of oil production in GCC countries, in order to make up for the shortfall in Libyan production.

Qatar National Bank Group estimates show that trade surplus in GCC countries reached \$520 billion in 2011, compared to \$222.8 billion in 2010, marking a growth rate exceeding 113%. Saudi Arabia accounted for almost half of this surplus, by \$245 billion, followed by the United Arab Emirates with a surplus of \$94 billion, Qatar \$79 billion, Kuwait \$62.3 billion, Oman \$31.6 billion and the Kingdom of Bahrain, which ranked last by \$ 8.1 billion.

**Table (6)**

#### **Key Indicators of World and Middle East Foreign Trade**

(\$Billion)

Items	Year	
	2010	2011
<b>World</b>		
Total Exports	-	17,779
Export Growth Rate%	22	20
Total Imports		18,000
Import Growth Rate%	21	19
<b>The Middle East</b>		
Total Exports	-	1,228
Export Growth Rate%	27	37
Total Imports		665
Import Growth Rate%	13	16

Source: World Trade Organization, the World Trade Report 2012

### 1.2.4 Current Account Balance:

The current account balance as a percentage of GDP in the Middle East and North Africa countries (MENA), rose significantly during 2011 to mark 13.2% compared to 7.8% in 2010. However current accounts varied significantly in oil exporting and importing countries.

The rise in oil prices enabled the combined surplus of current accounts of oil-exporting countries to reach \$400 billion in 2011; nearly equivalent to twice its level in 2010. This increase pushed up official reserves to exceed one trillion dollars and augmented other foreign assets.

**Table (7)**  
**Current Account as a Percentage of (GDP) in Some Arab Countries and MENA Region**

%

Country/Region	Year	
	2010	2011
*Middle East and North Africa	7.8	13.2
GCC Countries	14.1	22.2
UAE	3.1	9.2
Saudi Arabia	14.8	24.4
Kuwait	29.6	41.8
Qatar	26.3	28.4
Oman	8.8	13.2
Bahrain	3.4	4.2
Egypt	-2.0	-2.0
Syria	-3.3	—
Jordan	-5.6	-9.5
Lebanon	-10.8	-14.4
Yemen	-3.7	-3.5

Source: IMF, the Regional Economic Outlook Update for the Middle East and Central Asia, April 2012

\* 2011 data does not include South Sudan and Syria.

The current account balances varied in oil exporting countries in the region. The GCC countries achieved significant increases in its current accounts balances as a

percentage of GDP, which stood at 22.2% in 2011, versus 14.1% in 2010, while Yemen registered a deficit in its current account balance of 3.5% of its GDP in 2011.

On the other hand, all Arab oil importing countries registered deficits in their current account balances in 2011 that ranged from a minimum of 2% in Egypt, to a maximum of 14.4% in Lebanon. These deficits were due mainly to the drop in services, especially tourism, and drop amounts in amount of remittances and transfers from abroad, as well as the decline in commodity exports.

### **1.2.5 Unemployment**

According to the ILO data, high unemployment, which exceeds 10%, up to 26% among young people between the ages of 15 and 24 years, constitutes a main challenge in the Middle East and North Africa. It is higher than the rate of unemployment in middle-income countries, is the outcome of economic, social and political problems, which weakened the ability of countries in the region to achieve long-term balanced economic growth; and led to a lack of job creation for the growing workforce, and the inability to realize economic and social development.

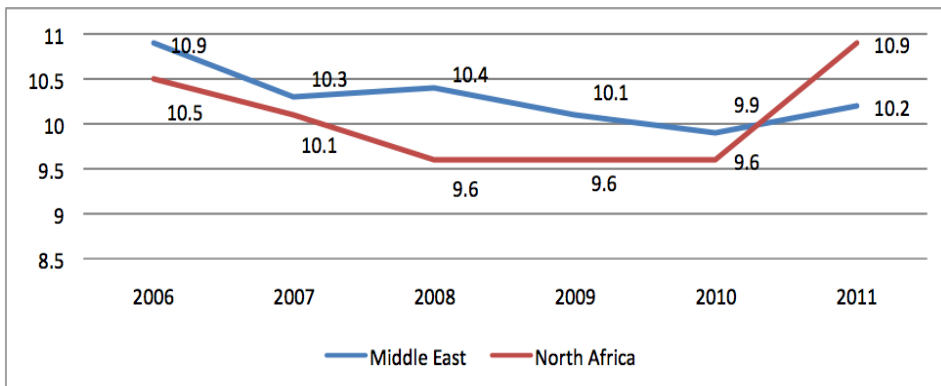
The Arab Labor Organization figures indicate that the number of unemployed people in the Arab world during the year 2011 approached 15 million people, and that the political circumstances witnessed by the Arab world are expected to increase the number of unemployed to more than 5 million people, hence allowing the size of unemployment to exceed 20 million people for the first time during 2012.

The slowdown in economic growth in many countries of the region during 2011 led to high rates of unemployment, especially in a number of countries that have suffered from unrest and, and social pressures. The revolutions of the Arab Spring raised unemployment rates in the Arab region. Egypt recorded a high rate of unemployment in the last quarter of 2011, which reached 12.4% of total labor force compared to 11.9% during the same period in 2010. In Morocco unemployment marked 30% among young people aged between 15 and 29 years. Algeria recorded 22%, due to the return of most of the workers from countries of Tunisia and Libya, Syria, Egypt. Tunisia scored an unemployment rate of 18.9% at the end of 2011.

A World Bank study, stressed the need of Arab countries to 100 million jobs in 2025, in order to only to maintain the current levels of unemployment, and curb it from rising.



**Figure (3)**  
**Rate of Unemployment in the Middle East and North Africa during the Period (2006- 2011)**



Source: ILO, Global Employment Trends Report 2012.

## 1.3 Economic Developments in the United Arab Emirates

### 1.3.1 GDP Performance:

According to National Bureau of Statistics, the UAE economy continued its strong performance during 2011, after the positive three fold growth it achieved in 2010, when it registered 4.2% in 2011 compared to 1.3% in 2010, achieving AED 982 billion at constant prices (AED 1.2 trillion at current prices).

The improved levels of GDP in 2011 contributed to boost the economy accelerate economic recovery, and curb the effects of the global financial crisis, which the world economy witnessed over the past years. Most important, the was the role played by improved oil prices in general, and the progress achieved by the rest of economic activities, and the non-oil sectors during the same year. This indicates that the economy continues to positively adapt with global economic conditions, and achieve progress in terms of recovery from the effects of the global economic crisis.

The growth rates of some economic activities improved during 2011, while others experienced relative stability during the same year. The rise in crude oil prices on world markets left a positive impact on extractive industries in general, as well as related activities at the level of the UAE economy.

Despite the surge in oil prices by 37.7%; as the average price of oil went up from \$79.5 in 2010 to \$109.5 per barrel, the contribution of non-oil economic activities however amounted to about 61.6% of GDP in 2011. This reflects the success of the economic diversification policy pursued by the State.

**Table (8)**

#### **Key Economic Indicators in UAE during the Period (2008-2011)**

Indicator	Year			
	2008	2009*	2010**	2011**
Real GDP Growth Rate%	3.2	-4.8	1.3	4.2
Current GDP Growth Rate GDP %	21.9	-17.4	9.3	19.3
Contribution of Non-oil GDP at current prices%	63	73.6	69.1	61.6

.Source: National Bureau of Statistics

\*Preliminary data

\*\*Estimated adjustable data

### 1.3.2 Inflation:

The average consumer prices index at the UAE level increased to 116.01 in 2011 compared to 115.0 in 2010, bringing the rate of inflation of consumer prices in 2011 to 0.88%, a rate similar to the rate of inflation in 2010.

The rise of inflation was due to the increase in prices of most major groups that make up the consumer basket; coupled with a drop in prices of two key group; the housing group which accounted for 38% of the consumer basket, and which significantly affect the movement of the consumer price index in the country; and the clothing and footwear group.

The hike in consumer prices in 2011 compared to 2010 was attributed to the rise in prices, as of food and non-alcoholic beverages increased by 6.86%, recreation and culture increased by 4.57%, miscellaneous goods and services by 3.90%, transport by 3.74%, education by 3.65%, household furnishings and equipment by 3.60 %, alcoholic beverages and tobacco by 2.15%, hotels and restaurants by 0.75%, health care by 0.46%, and communications went up 0.04%. In contrast, the housing group dropped 2.43%, and clothing and footwear fell by 1.87%.

**Table (9)**  
**Average Consumer Price Index by Main Expenditure Groups**  
**(2010 and 2011)**

Major Commodity Groups	2010	2011	Change%
General Index	115.00	116.01	0.88
Food and non-alcoholic beverages	122.42	129.60	5.87
Beverages and tobacco	116.23	118.73	2.15
Apparels and footwear	108.40	106.38	-1.87
Housing, water, electricity, gas,	113.56	110.80	-2.43
Household furnishings and equipment	118.86	123.14	3.60
Health	105.26	105.75	0.46
Transport	114.54	118.82	3.74
Communication	98.12	98.16	0.04
Culture and recreation	109.33	114.33	4.57
Education	128.89	133.60	3.65
Hotels and restaurants	130.84	131.82	0.75
Miscellaneous commodities	117.31	121.88	3.90

Source: National Bureau of Statistics -2011

### 1.3.3 Non-oil Trade Balance:

The United Arab Emirates non-oil trade of reached AED927.6 billion in 2011 compared to AED 754.4 billion in 2010, registering an increase of 23%, due to the surge of exports and re-exports. The proportion of non-oil trade to GDP stood at 74.6% in 2011, this ratio reflects the level of openness to the rest of the world, and is considered as one of the high rates compared to other countries of similar nature.

The National Bureau of Statistics data indicate that the value of imports amounted to AED 602.8 billion in 2011, compared to AED 485.4 billion in 2010, increasing by 24.2%. On the other hand, the value of non-oil exports reached AED114 billion in 2011, compared to AED 83.1 billion in 2010, rising by 37.2%. The value of re-exports in 2011, stood at AED 210.8 billion compared to AED 185.9 billion in 2010, marking registering an increase of 13.4%.

**Table (10)**  
**Key Indicators of UAE Non-oil Foreign Trade during the Period**  
**(2006-2011)**

AED Million))

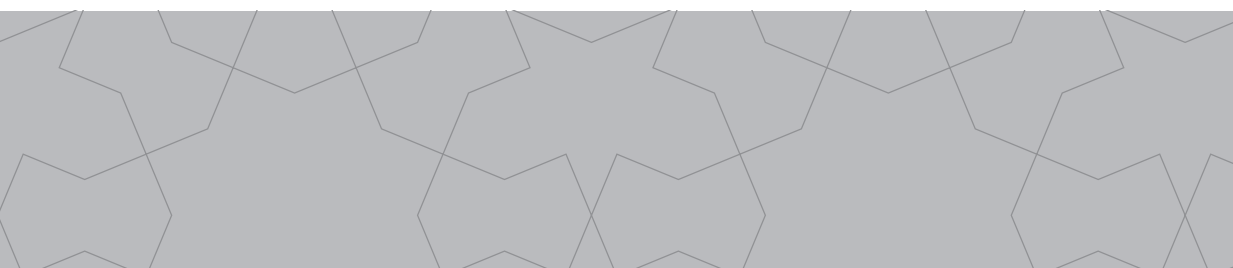
Year	Non-oil Exports	Re-Exports	Imports
2006	29,232	95,580	291,049
2007	36,262	128,338	388,357
2008	60,359	162,845	565,720
2009	65,279	147,693	447,394
2010	83,078	185,863	485,414
2011	114,038	210,843	602,757

Source: National Bureau of Statistics

With regard to key trading partners, the largest percentage of the country's exports of non-oil commodities was acquired by India which accounted for 33.7% of UAE's total exports. Switzerland came in second with 16.2%, and Saudi Arabia ranked third in exports by 4.5% of total exports.

The imports of UAE were concentrated in the East Asia, particularly India, which came in the first place with 17.1% of the country's total imports, followed by China 10.3%, and the United States of America in third place with 8.5%.

At the level of key trading partners in the field of re-export, India occupied the first place with 28.1%, while Iran came in second place with 17% and Iraq ranked third with 8.2%.





# Chapter 2

Economic Developments in the Emirate  
of Abu Dhabi







## Chapter II

# Economic Developments in the Emirate of Abu Dhabi

## 2.1 Population and Workforce:

Population and labor force studies are most important components in economic and social planning, as they provide information on trends and developments of the human factor, which is an element most crucial to development. Hence stems the importance of the demographic changes, which the Emirate of Abu Dhabi underwent in 2011, and the analysis of population structure in terms of age, gender, as well as distribution by nationality, and the latest workforce developments in the emirate.

### 2.1.1 Population:

The emirate's total population amounted to 2.120 million people in mid-2011 compared to 1.967 million in mid-2010, marking an increase by 7.8%. In 2011 the distribution of population by gender revealed that imbalance between males and females continued in favor of males; the percentage of males in total population hiked to 70.7% in mid-2011 compared to 66.7% in mid-2006, while the percentage share of females in the total population of the emirate dropped to 29.3% mid-2011 compared to 33.3% in mid-2006.

**Table (11)**

**The Distribution of Population in the Emirate of Abu Dhabi by Gender during the Period (2006 - 2011)**

Year	Total Population	Females %	Males%
2006	1461478	33.3	66.7
2007	1574280	32.4	67.6
2008	1695788	31.6	68.4
2009	1826673	30.7	69.3
2010	1967659	29.9	70.1
2011	2120700	29.3	70.7

Source: Statistics Centre - Abu Dhabi.

Data also show that gradual imbalance continued to characterize the population distribution by nationality in favor of non-citizens, where citizens formed 20.7% of the total population of the emirate in mid-2011 compared to 22% in mid-2010; and to 24.6% in mid-2006. Population growth rate among citizens amounted to 1.2% in 2011 compared to 4.6% in 2010.

In contrast, non-citizens accounted for 79.3% of the total population of Abu Dhabi in mid-2011 compared to 77.9% in mid-2010, and 75.4% in mid-2006; while population growth rate among non-citizens reached 9.6% in 2011 compared to 8.6% in 2010.

**Table (12)**  
**Abu Dhabi Population Estimates by Gender and Citizenship during the Period (2006 - 2011)**

Year	Non-citizens			Citizens		
	Males	Females	Total	Males	Females	Total
2006	793371	307930	1101301	181793	178385	360178
2007	873504	323131	1196635	190369	187277	377645
2008	961173	338886	1300059	199232	196497	395729
2009	1057029	355203	1412232	208387	206054	414441
2010	1161779	372092	1533871	217839	215949	433788
2011	1273400	408300	1681600	226500	212600	439100

Source: Statistics Centre - Abu Dhabi

As for the distribution of citizens' population by gender, the year 2011 witnessed a relative decline in female representation in the total population of citizens, after the improvement in their percentage representation during 2009 and 2010, as female citizens constituted 48.4% of total population in mid-2011, compared to 49.71% and 49.78% in 2009 and 2010, respectively. However; male citizens accounted for 51.6% of the total national population in mid-2011, as they maintained the highest percentage in the last five years.

In the same context, the distribution of non-citizens population by gender reveals a clear imbalance among males and females, compared to the imbalance among citizens, as non-citizens males accounted for the largest proportion of the total population of non-citizens, constituting 75.72% in mid-2011, while expatriate females accounted for 24.28% of the total no-citizen population during the same period.

On the other hand, the distribution of the population of the emirate by age, shows

that the largest percentage of the population is concentrated in the age group (15-64), constituting 81.7% in mid-2011 compared to 78.1% in mid-2010; whereas the same age group (15 - 64) among citizens and non-citizens, in mid-2011, accounted for 59.5% and 87.5%, respectively. In mid-2011 nearly 38.3% of the citizens concentrated in the age group (0-14), while the percentage of non-citizens among that category amounted to 12%. The age group (65 and above) accounted for less than 1% of the total population of the emirate in mid-2011.

**Table (13)**

**The Distribution of Population in the Emirate of Abu Dhabi by Age Group, Citizenship and Gender in Mid 2011**

Age Group	Citizens			Non-citizens			Total Population		
	Males %	Females %	% of Total	Males %	Females %	% of Total	Males %	Females %	% of Total
0-14	38.4	38.1	38.3	8.2	23.5	11.9	12.8	28.5	17.4
15-64	59.2	59.7	59.5	91.4	75.6	87.5	86.5	70.1	81.7
65	2.4	2.1	2.3	0.4	1.0	0.6	0.7	1.3	0.9
Total for the Emirate	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Statistics Centre - Abu Dhabi

**2.1.2 Labor Force:**

In conjunction with the reform efforts and the resulting gradual exerted recovery witnessed by the emirate's economy over the past two years, the ability of economic activities to absorb and attract more labor national and expatriate alike have increased. According to available data, the total labor force in the emirate rose from 919,298 people in mid-2008 to 1443700 people in mid-2011, marking an increase by 57%, where the labor force constituted 68% of the total population of the emirate. The proportion of employed persons in the total labor force in the emirate amounted to 97.2%, while the Unemployed accounted for the remaining percentage.

**Table (14)**  
**Manpower Estimates (15 years and over) by Citizenship in the**  
**Emirate of Abu Dhabi during the Period (2006 - 2011)**

Year	Citizens			Non-citizens			Total Labor force		
	Employed	Unemployed	Total	Employed	Unemployed	Total	Employed	Unemployed	Total
2006	77841	10253	88094	730915	18584	749499	808756	28837	837593
2007	81965	10145	92110	766089	19187	785276	848054	29332	877386
2008	86272	10047	96319	803145	19834	822979	889417	29881	919298
2009	NA	NA	NA	NA	NA	NA	NA	NA	NA
2010	NA	NA	NA	NA	NA	NA	NA	NA	NA
2011	116,400	15,600	132,000	1,287,000	24,700	1,311,800	1,403,400	40,300	1,443,700

Source: Statistics Centre - Abu Dhabi

NA: unavailable

The distribution of the labor force in the emirate by nationality revealed that national labor force rose from 96,319 people in mid-2008 to 132,000 people in mid-2011, registering an increase by 37%. In mid-2011 employed nationals constituted 88% of the total national labor force, and 8% of the total labor force in the emirate.

In contrast, the percentage increase in the size of the expatriate labor force was 59% during the period (2008-2011), where employed expatriate workers formed 98% of the non-national labor force, while they formed 89% of the total workforce in the emirate.

## 2.2 GDP:

Along the path of reform and recovery, which the economy of Abu Dhabi followed in the wake of the global financial crisis, the year 2011 marked a quality shift in realizing full recovery from the repercussions of the global financial crisis, as the emirate's economy achieved 30% growth at current prices; and the GDP rose from AED 620 billion in 2010 to AED 806 billion in 2011.

The first fruits of the economic recovery package adopted by the government of Abu Dhabi to reduce the impact of the global financial crisis in 2010 were reaped when emirate's economy was able to achieve 15.8% growth at current prices, after the sharp contraction in economic performance during 2009. There is no doubt that the strong economic growth achieved by the various economic activities in the emirate in 2011, came to confirm the efficiency of the measures and economic initiatives launched by the emirate's government to restore the normal path and pace of economic growth.

The economy of the Emirate of Abu Dhabi had achieved an average annual growth rate of 10.4% during the period (2006-2011), as the GDP of the emirate increased from AED492 billion in 2006 to AED 806 billion in 2011. GDP increased by 64% over the last five years, reflecting the economic boom experienced by the emirate during that period, despite the difficult economic conditions undergone by the world in recent years.

In light of data and current economic conditions, and in view of the economic plans and stimulating programs launched by the government of the emirate, the course of economic performance constantly bodes the boom, which entrenches the economic status gained by Abu Dhabi in recent years at the regional and global levels.

**Table (15)**  
**Distribution of Gross Domestic Product by Economic Activity at**  
**Current Prices (2006-2011)**

AED	(Million)					
Economic Activity	2006	2007	2008	2009	2010 <sup>(1)</sup>	2011 <sup>(1)</sup>
Agriculture, forestry and fishing	4,395	4,386	4,539	4,698	4,795	4,837
Mining and quarrying (Includes crude oil and natural gas.	291,464	307,445	412,774	239,006	308,022	471,775
Manufacturing	32,879	35,244	39,118	29,990	33,323	40,499
Electricity, gas and water supply; and waste management	10,421	12,662	14,064	14,678	14,601	16,139
Construction	36,922	47,036	65,655	79,310	80,925	81,067
Wholesale trade and retail; repair of motor vehicles and motorcycles	22,248	25,618	32,282	28,084	29,650	30,893
Transportation and storage	10,679	12,187	16,737	15,401	16,838	20,618
Accommodation and food services	4,265	4,864	6,762	6,283	6,572	6,799
Information and communication	18,739	21,931	23,261	24,022	22,881	22,929
Financial and insurance	21,119	27,294	29,575	30,154	34,498	39,202
Real estate	12,803	16,211	21,350	23,830	25,388	28,188
Professional, scientific and technical	12,668	15,372	18,113	17,385	18,417	18,794
Administrative and support services	6,880	8,869	8,249	9,695	10,371	10,901
Public administration and defense; and compulsory social security	10,675	11,571	18,653	20,559	23,231	25,385

Education	5,512	6,121	7,229	7,499	8,924	9,857
Human health and social work	1,582	1,757	3,717	3,722	4,017	4,403
Arts, recreation and other services	1,731	2,020	1,589	2,068	2,206	2,316
Activities of households as employers	922	1,011	1,309	1,503	1,648	1,861
Imputed bank services	-13,654	-16,233	-19,815	-22,575	-25,990	-30,431
<b>Total</b>	<b>492,249</b>	<b>545,367</b>	<b>705,159</b>	<b>535,311</b>	<b>620,316</b>	<b>806,031</b>
<b>Total ( Non-oil)</b>	<b>200,785</b>	<b>237,923</b>	<b>292,386</b>	<b>296,305</b>	<b>312,294</b>	<b>334,256</b>

Source: Statistics Centre - Abu Dhabi

(1)Preliminary estimates

## 2.2.1 GDP Components:

The significant improvement in oil prices on the global level played an influential role in raising the oil GDP of the Emirate of Abu Dhabi, which in turn enhanced the emirate's level of economic growth in general. The global average price of oil rose from \$79.5 dollars per barrel in 2010 to \$109.5 in 2011, up by 37.7 %.

Oil GDP grew by 53.2% in 2011, compared to 29% in 2010, boosted by the improvement in global oil prices, and the increase in oil production in the emirate of Abu Dhabi. It is worth mentioning that oil GDP experienced its biggest contraction in the past few years, when it declined by 42%, in 2009, being affected by the sharp drop in global oil prices. In the same context, the average annual oil GDP growth rate during the period (2006-2011) was approximately 10%, as oil GDP rose from AED 291.4 billion in 2006 to AED 471.8 billion in 2011.

Non-oil GDP grew by 7% in 2011 compared to 5.4% in 2010 and to 1.3% in 2009, reflecting the continuing upward trend in growth rates of non-oil GDP, especially after the financial crisis. However; growth rates remained generally below pre-crisis levels, as non-oil GDP grew by 18.5% and 22.9% in 2007 and 2008 respectively.

All non-oil economic activities achieved positive growth rates at varying degrees. The year 2011 witnessed continuous recovery in the manufacturing activity, which registered in the same year, a growth rate of 21.5%, the highest in the past five years. That reflects the apparent progress of the economic diversification programs, as well as the efficiency and soundness of government plans and programs adopted for the advancement of the industrial sector.

Last year witnessed the strong return of the transport and storage activity, which registered a growth rate of 22.4%. In 2008 the transport and storage activity

achieved of 37.3% growth, the highest in the past five years. Significant and notable shifts were observed in the electricity, gas and water and waste management activity last year; since the activity achieved a positive growth rate of 10.5%, following a series of gradual setbacks in the performance of activity over the past three years, which culminated in 2010 when the activity shrank by 0.5%. This momentous positive shift in the performance of the activity could be interpreted in light of the positive outcomes, following the enforcement in March last year, of the decision to impose tariffs on waste producers. This encouraged the launching of many new investments in waste management system in the emirate.

Findings indicate that some difficulties and challenges continue to face the construction and building activity, which slowed the quick return to normal and usual momentum of performance; since the activity achieved slight growth rates 2% and 0.2% in 2010 and 2011 respectively, compared to 27.4% and 39.6% in 2007 and 2008 respectively. Real estate activities maintained a good level of performance after having achieved a growth rate of 11% last year compared to 6.5% in 2010.

In general, the improvement in the non-oil GDP was associated with the development achieved in the performance of the extractive industries activities (oil and gas). This reflects the sensitivity and linkage of non-oil activities to fluctuations in oil prices.

**Table (16)**  
**Annual Growth Rates of GDP by Economic Activity at Current Prices (2006-2011)**

%

Activities	2006	2007	2008	2009	2010 <sup>(1)</sup>	2011 <sup>(1)</sup>
Agriculture, forestry and fishing	-4.4%	-0.2%	3.5%	3.5%	2.1%	0.9%
Mining and quarrying (Includes crude oil and natural gas.	35.3%	5.5%	34.3%	-42.1%	28.9%	53.2%
Manufacturing	15.0%	7.2%	11.0%	-23.3%	11.1%	21.5%
Electricity, gas and water supply; and waste management	19.6%	21.5%	11.1%	4.4%	-0.5%	10.5%
Construction	40.3%	27.4%	39.6%	20.8%	2.0%	0.2%
Wholesale trade and retail; repair of motor vehicles and motorcycles	13.4%	15.1%	26.0%	-13.0%	5.6%	4.2%
Transportation & storage	22.8%	14.1%	37.3%	-8.0%	9.3%	22.4%
Accommodation and food services	18.4%	14.0%	39.0%	-7.1%	4.6%	3.5%
Information and communication	22.8%	17.0%	6.1%	3.3%	-4.8%	0.2%
Financial and insurance activities	17.4%	29.2%	8.4%	2.0%	14.4%	13.6%
Real estate activities	23.6%	26.6%	31.7%	11.6%	6.5%	11.0%
Professional, scientific and technical activities	23.6%	21.3%	17.8%	-4.0%	5.9%	2.1%
Administrative and support services	17.4%	28.9%	-7.0%	17.5%	7.0%	5.1%
Public administration and defense; and compulsory social security	3.4%	8.4%	61.2%	10.2%	13.0%	9.3%
Education	5.5%	11.1%	18.1%	3.7%	19.0%	10.5%
Human health and social work	5.5%	11.1%	111.5%	0.1%	7.9%	9.6%
Arts, recreation and other services	8.4%	16.7%	-21.3%	30.1%	6.7%	5.0%
Activities of households as employers	1.0%	9.7%	29.4%	14.8%	9.6%	12.9%
Imputed banking services	19.4%	18.9%	22.1%	13.9%	15.1%	17.1%
<b>Total</b>	28.4%	10.8%	29.3%	-24.1%	15.9%	29.9%
<b>Total (Non-oil)</b>	19.5%	18.5%	22.9%	1.3%	5.4%	7.0%

Source: Statistics Centre - Abu Dhabi

\*Preliminary estimates



## 2.3 The Relative Importance of Economic Activities

The year 2011 witnessed clear diversity in the contribution of goods and services activities to GDP compared to 2010; as commodity activities accounted for 76.2% of GDP in 2011 compared to 71.2% in 2010, while the contribution of service activities fell to 27.5% in 2011.

This evident rise in the contribution of commodity activities during 2011 could be interpreted in light of the significant development in the contribution of the extractive industries activity, which amounted to about 58.5% of GDP in 2011, being boosted by the rise in global oil prices. Other than the extractive industries activity, the rest of commodity activities maintained relative stability in its contribution to GDP, with the exception of the construction activity, the contribution of which dropped from 13% in 2010 to 10% in 2011.

As for the services activities, the decline in their contribution to GDP was common in most services activities in 2011. In general, the contribution of service activities to GDP dropped from 32.98% in 2010 to 27.56% in 2011. This decline was followed by a drop in the contribution of non-oil activities to the GDP of the emirate which fell to 41.5% in 2011.

**Table (17)**  
**Relative Importance of GDP by Economic Activity in the Emirate of Abu Dhabi (2010-2011)**

%

Activities	2010	2011
Total	100	100
Total Commodity Activities	71.20	76.2
Agriculture, forestry and fishing	0.77	0.60
Mining and quarrying (Includes crude oil and natural gas.	49.6	58.5
Manufacturing	5.37	5.02
Electricity, gas and water supply; and waste management	2.35	2.0
Construction	13.04	10.0
Total Service Activities	32.98	27.56
Wholesale trade and retail; repair of motor vehicles and motorcycles	4.77	3.8
Transportation & storage	2.71	2.5
Accommodation and food services	1.05	0.84
Information and communication	3.68	2.8
Financial and insurance activities	5.56	4.86
Real estate activities	4.09	3.5
Professional, scientific and technical activities	2.96	2.3
Administrative and support services	1.67	1.35
Public administration and defense; and compulsory social security	3.74	3.14
Education	1.43	1.22
Human health and social work	0.64	0.54
Arts, recreation and other services	0.35	0.28
Activities of households as employers	0.26	0.23
(Minus) Imputed banking services	4.18	3.7

Source: Calculated based on data released by Statistics Center - Abu Dhabi.

## 2.4 Gross Fixed Capital Formation:

The effect of improvement in world oil prices in 2011, reflected positively on the gross fixed investment in the emirate, as oil revenue is one of the main tributaries of investment spending in the emirate. The gross fixed capital formation rose from AED 177.5 billion in 2010 to AED 199 billion in 2011, growing by 12%.

In the same context, data indicate that commodity activities continued to acquire the largest share of gross fixed investment in the emirate, by 55%, while the share of service activities in investments amounted to 45%. In general, the total share of non-oil activities constituted 75.5% of gross capital formation in 2011.

On the other hand, capital formation in commodity activities showed that the extractive industries activity received the bulk of the investments by accounting for 44.5% of the total share of commodity activities, followed by the manufacturing activity and electricity, gas and water with share of 31.4% and 19% respectively. It should be noted that the manufacturing activity achieved the highest growth rate in capital formation among all commodity activities; where its share increased from AED 28.3 billion in 2010 to AED 34.4 billion in 2011, growing by 21.6%.

The relative distribution of gross capital formation in service activities reveals that the public administration and defense (government services) activity, accounted for the largest part of the total share of service activities in capital formation, by almost 54%, followed by real estate activities, and transport and storage activity. The education achieved the highest growth rate of 37.5% in gross capital formation among all service activities. This confirms the emirate's efforts put to develop education and to boost investment in human resources, as main pillars of sustainable development.

**Table (18)**  
**Gross Fixed Capital Formation by Economic Activity at Current Prices (2006-2011)**

AED (Million)

Year	2006	2007	2008	2009	2010 <sup>(1)</sup>	2011 <sup>(1)</sup>
Activity						
Agriculture, forestry and fishing	476	469	482	501	511	516
Mining and quarrying (Includes crude oil and natural gas.	7,843	8,469	18,562	33,930	43,728	48,793
Manufacturing	9,609	10,292	18,923	25,609	28,282	34,395
Electricity, gas and water supply; and waste management	6,683	7,692	15,968	16,253	18,282	20,937
Construction	2,805	3,973	4,871	4,713	4,809	4,862
<b>Total Commodity Activities</b>	<b>27,417</b>	<b>30,895</b>	<b>58,806</b>	<b>81,006</b>	<b>95,612</b>	<b>109,503</b>
Wholesale trade and retail; repair of motor vehicles and motorcycles	1,210	1,466	1,496	1,591	1,676	1,774
Transportation & storage	5,539	6,072	9,557	10,448	11,301	12,885
Accommodation and food services	4,006	4,501	346	1,456	1,522	1,575
Information and communication	885	1,797	707	1,724	1,902	1,487
Financial and insurance activities	690	803	1,366	3,603	3,725	3,804
Real estate activities	1,074	745	2,774	12,776	13,612	13,035
Professional, scientific and technical activities	614	1,437	576	1,293	1,370	1,428
Administrative and support services	1,477	1,697	2,944	2,009	2,140	2,249
Public administration and defense; and compulsory social security	7,873	10,603	21,366	37,215	42,053	48,284
Education	581	957	1,242	997	1,058	1,455
Human health and social work	960	570	3,154	1,279	1,380	1,401
Arts, recreation and other services	24	45	93	108	115	121
<b>Total Service Activities</b>	<b>24,934</b>	<b>30,692</b>	<b>45,620</b>	<b>74,499</b>	<b>81,855</b>	<b>89,498</b>
<b>Total</b>	<b>52,351</b>	<b>61,587</b>	<b>104,426</b>	<b>155,505</b>	<b>177,466</b>	<b>199,001</b>
<b>Total ( Non-oil)</b>	<b>44,508</b>	<b>53,118</b>	<b>85,864</b>	<b>121,575</b>	<b>133,738</b>	<b>150,208</b>

Source: Statistics Centre - Abu Dhabi

(1)Preliminary estimates

## 2.5. Inflation

Despite economic improvement, and strong growth witnessed by the emirate's economy in 2011, prices remained stable during the year. The consumer price index rose from 119.3 points in 2010 to 121.6 points in 2011; indicating that inflation rate reached 1.9% during 2011.

The emirate experienced great stability in prices during the period (2009-2011), which followed the emergence of the global financial crisis. The average rate of inflation during that period did not exceed 3.1%, while the inflation rate reached its highest level in 2008 rising to 14.9%. Low inflation rates in recent years came as one of the positive outcomes of the global financial crisis, coupled with the effect of actions taken by the Government of Abu Dhabi to achieve stability in prices.

The analytical review of the goods and services group for local consumers in Abu Dhabi revealed that the "housing, water, electricity, gas, and fuel" group acquired the highest relative weight of 37.86% among the goods and services groups which constitute the local consumer's basket; the "housing rentals" and "food and beverages" groups followed by 33.21% and 16.05% respectively.

The "Food and Beverage" group achieved the highest rate of change in prices in the domestic consumer basket, as the prices of the group hiked by 7.5% last year, followed by the groups of "transport" and "education", the prices of which increased by 5.1% and 4.4% respectively. In contrast, the "footwear and clothes" group experienced a wave of successive price declines; and dropped in 2011 by 13.8% compared to an 8.3% drop in 2010.

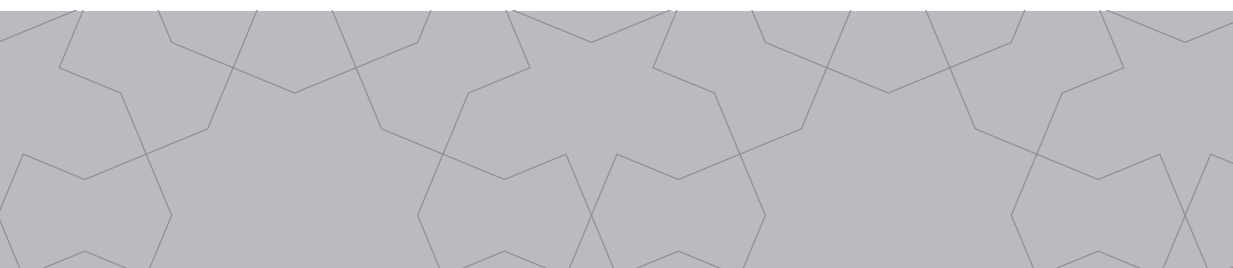
**Table (19)**  
**Rate of Change in Prices of Groups of Commodities and Services in**  
**the Emirate of Abu Dhabi (2008-2011)**

%

Commodity and Services Groups	Group Weight	2008	2009	2010	2011
General index	100.00	14.9	0.8	3.1	1.9
Food & beverages	16.05	20.9	-3.2	6.9	7.5
Alcoholic beverages and tobacco	0.25	1.3	13.5	2.9	2.5
Apparels and footwear	9.76	29.6	-5.5	-8.3	-13.8
Housing, water, electricity, gas, and other fuels.	37.86	12.8	4.7	4.4	1.5
Actual and imputed housing rents	33.21	14.4	5.4	4.9	1.7
Household furnishings and equipment and routine maintenance of houses	4.83	15.5	-2.7	3.8	3.9
Health	0.85	10.4	1.8	0.8	0.0
Transport	9.67	7.4	1.1	6.5	5.1
Communication	7.72	-0.1	0.0	-3.8	3.7
Culture and recreation	2.42	11.9	-5.5	1.3	1.0
Education	2.59	19.0	11.3	14.2	4.5
Hotels and restaurants	3.37	23.9	-0.1	1.3	3.3
Miscellaneous commodities and services	4.62	14.5	-0.1	1.7	2.0

Source: Statistics Centre - Abu Dhabi









# Chapter 3

Investment and Commodity Exchange through  
the outlets of Abu Dhabi





# Chapter III

## Investment and Commodity Exchange through the outlets of Abu Dhabi

### 3.1 Commodity Exchange through the Outlets of the Emirate:

Foreign trade is one of the most important tributaries of economic development in the Emirate of Abu Dhabi, in addition to its role in securing local market needs of different commodities. Exporting process of surplus local goods and commodities to foreign markets, and importing of other commodities for re-export, increases the flow of financial resources needed to finance economic development, modernization and implementation of various economic plans. This process on the other hand, raises GDP, and contributes to the expansion and diversification of production.

The value of foreign trade of the Emirate of Abu Dhabi increased by 37.6% in 2011 to mark AED 532.9 billion, as a result of the hike in exports by 38.5%, and imports by 34.4%. The total trade accounted for 66% of the GDP of the emirate in 2011.

#### 3.1.1 Commodity Exports:

The commodity exports of the Emirate of Abu Dhabi achieved a significant increase in 2011 by 38.5%, as its value exceeded AED 416 billion. That was attributed mainly to the surge in oil exports, which rose by 41.5% to more than AED 393 billion during the same year. In turn, this contributed to the increase in the average annual growth rate of total commodity exports during the last five years which reached 14% during the period (2006-2011).

The value of Abu Dhabi's non-oil commodity exports amounted to AED 11.5 billion in 2011, less by 1% compared to 2010. The value of re-exports reached AED 11.6 billion, increasing by nearly 5.2% compared to 2010.

The "industrial supplies" commodity group (not classified elsewhere)" acquired 47.3% of total non-oil exports, as its exports amounted to AED 5.4 billion in 2011, increasing by 18.8% (AED 0.86 billion), compared to 2010. The "capital goods" group (excluding transport equipments)" came in second place on the list of most important export commodities, as exports of this group amounted to AED 4.8 billion. These two groups accounted for 89% of the total value of non-oil exports in 2011.

**Table (20)**  
**Abu Dhabi Exports during the Period (2006-2011)**

AED (Million)

Items	2006	2007	2008	2009	2010*	2011*
Oil Exports*	208,127	252,085.7	337,982.8	188,892.6	278,105.40	*393,439.0
Rate of growth%	10.71	21.12	34.07	-44.11	47.22	41.47
Non-oil commodity exports	4,587	5,805	6,255	9,501	11,610.90	11,478
Rate of growth%	43.94	26.57	7.75	51.88	22.2	(1.15)
Re-exports	4,102	5,615	6,240	8,695	10,991.70	11,567
Rate of growth%	-48.22	36.90	11.13	39.34	26.4	5.24
Value of commodity exports excluding re-export	212,713	257,891.0	344,234.8	198,393.4	289,716.20	404,917
Rate of growth%	11.27	21.24	33.48	-42.36	46.03	39.76
Total value of commodity exports	216,815	263,509.3	350,476.8	207,087.6	300,707.90	416,484
Rate of growth%	8.90	21.53	33	-40.91	45.20	38.5

Source: Statistics Centre - Abu Dhabi.

\* Preliminary estimates

### 3.1.2 Commodity Imports:

Abu Dhabi commodity imports totaled AED 116.4 billion in 2011, compared to AED 86.6 billion in 2010, registering a growth rate of 34.4%, while the annual growth rate of total commodity imports stood at 19.7% on average during the period (2006-2011).

### 3.1.3 Coverage Ratios of Exports to Imports:

Abu Dhabi's exports continued to cover commodity imports at very high ratios during the period (2006-2011), where coverage ratio reached 358% in 2011, confirming the ability of Abu Dhabi's exports to secure the needs of economic development, and meet the needs and requirements of the population. The ability of exports to cover imports was mainly due to the enormous high ability of oil exports to cover imports, as the coverage ratio exceeded 388% in 2011. The non-oil exports (excluding re-exports) coverage to imports did not exceed 10%, while the percentage coverage of total non-oil exports (including re-exports) to imports reached 19.8% in 2011.

**Table (21)**  
**Coverage Ratios of Exports to Imports in the Emirate of Abu Dhabi during the Period (2006-2011)**

%

Year	Coverage of non-oil exports to imports (excluding re-export)	Coverage of oil exports to imports	Coverage of exports to imports
2006	11.45	519.64	541.33
2007	9.16	397.94	415.98
2008	6.93	374.38	388.22
2009	10.12	201.22	220.61
2010	13.41	321.23	347.34
2011	9.86	388.08	357.88

Source: Statistics Centre - Abu Dhabi

### 3.1.4 Balance of Trade:

Abu Dhabi trade surplus increased significantly in 2011 to AED 300 billion, compared to AED 214 billion in 2010, marking a growth rate of 40%. This was a natural outcome of the big boom in oil exports, as a result of the increase in oil prices in world markets.

**Table (22)**  
**Commodity Trade Balance for the Emirate of Abu Dhabi during the Period (2006-2011)**

AED Million

Items	2006	2007	2008	2009*	2010*	2011
Commodity trade balance (exports minus imports)	176,762	200,162	260,200	113,215	214,134	300,110
Value of foreign trade (exports + imports) (1)	256,867	326,856	440,753	300,959	387,282	532,858
GDP (2)	341,286	400,047	705,159	596,434	620,316	806,031
The relative importance of foreign trade (2/1)%	75.3	81.7	62.5	50.5	62.4	66.1

Source: Statistics Centre - Abu Dhabi

\* Preliminary estimates

### 3.1.5 Abu Dhabi Key Trading Partners:

Saudi Arabia came first on the list of trading partners of the Emirate of Abu Dhabi for non-oil commodities trade during 2011, as it accounted for 11% of the total non-oil trade of the Emirate, with trade exchange valued at AED 15.9 billion during the same year.

The United States came in the second place, with approximately AED 13.6 billion, and a relative importance of 9.7%, while South Korea acquired the third place, as it accounted for 8.4% of the total non-oil trade of the Emirate, and trade exchange of AED 11.8 billion. Japan ranked fourth in with a share of AED 9.9 billion of the total emirate's non-oil trade during 2011, marking a relative importance of 7%. Three countries from the European Union, Germany, Italy and France, assumed the fifth, sixth, and seventh ranks respectively.

**Table (23)**  
**Abu Dhabi Key Trading Partners during 2011**

(AED)

No.	Country	Exports	Imports	Re-Exports	Total
1	Saudi Arabia	2,057,950,607	12,267,333,732	1,598,727,228	15,924,011,567
2	USA	92,964,627	13,435,353,662	42,568,205	13,570,886,494
3	South Korea	985,955	11,797,051,622	2,893,204	11,800,930,781
4	Japan	504,455	9,902,965,595	8,198,383	9,911,668,433
5	Germany	24,181,372	9,566,152,446	143,263,965	9,733,597,783
6	Italy	4,870,176	7,395,568,468	32,515,897	7,432,954,541
7	France	3,529,426	5,759,210,634	127,248,317	5,889,988,377
8	Bahrain	161,286,329	1,712,009,628	3,428,147,352	5,301,443,309
9	UK	28,960,536	4,600,807,630	135,331,637	4,765,099,803
10	China	545,281,075	3,961,620,195	27,520,320	4,534,421,590

Source: Derived from the Statistics Centre-Abu Dhabi data

It is worth noting that the map of Abu Dhabi trading partners in exports by country was constantly changing in recent years. Canada won the first place among importing countries from Abu Dhabi in 2011, with imports from Abu Dhabi valued at AED 2.7 billion, accounting for 23% of Abu Dhabi's total non-oil exports to various countries around the world.

Saudi Arabia ranked second, with imports from Abu Dhabi, valued at AED 2 billion, constituting 17.9% of Abu Dhabi's non-oil exports. Brazil fell to third place with AED 1.7 billion imports from Abu Dhabi, equivalent to 14.5% of the total non-oil exports,

noting that it ranked first in 2010.

The exports of (Floating and submersible drilling and production platforms), have always been a factor in changing the map of the emirate's trading partners from one year to another.

**Table (24)**  
**Abu Dhabi Key Trading Partners in Non-oil Commodity Exports during 2011**

No.	Country	Exports Value(AED)	%
1	Canada	2,647,413,024	23.07
2	Saudi Arabia	2,057,950,607	17.93
3	Brazil	1,667,708,928	14.53
4	Oman	775,994,157	6.76
5	Qatar	632,021,385	5.51
6	India	629,279,601	5.48
7	China	545,281,075	4.75
8	Egypt	352,659,775	3.07
9	Kuwait	277,287,183	2.42
10	Iran	227,383,388	1.98

Source: Derived from the Statistics Centre-Abu Dhabi data

Despite the change that occurred in the second and third places on the list of key re-exports trading partners during 2011, however; the GCC countries occupied the first fourth ranks, same as in 2010. Bahrain acquired 29.6% of Abu Dhabi's total re-exports, to maintain the first place, with re-exports valued at AED3.4 billion. Saudi Arabia came second by 13.8%, Qatar retreated to the third place by 13.4%, while Kuwait maintained the fourth place by 9.5%. Away from GCC countries, India won the fifth place by 5.8% of Abu Dhabi's total re-exports in 2011.

**Table (25)**  
**Abu Dhabi Key Trading Partners in Re-exports during 2011**

No.	Country	Value(AED)	%
1	Bahrain	3,428,147,352	29.64
2	Saudi Arabia	1,598,727,228	13.82
3	Qatar	1,551,646,949	13.41
4	Kuwait	1,103,319,507	9.54
5	India	674,479,226	5.83
6	Jordan	377,974,481	3.27
7	Iraq	320,521,823	2.77
8	Oman	305,196,797	2.64
9	Turkmenistan	245,967,840	2.13
10	Lebanon	187,092,052	1.62

Source: Derived from the Statistics Centre-Abu Dhabi data

With regard to key trading partners in imports, the United States of America ranked first for the third year in a row, as its exports to Abu Dhabi amounted to AED 13.4 billion, representing 11.5% of the total imports of the Emirate of Abu Dhabi in 2011.

Saudi Arabia maintained the second place with 10.5%, while South Korea advanced from the eighth to the third place by 10.1%, and Japan fell to fourth place with 8.5%.The decline in imports from Germany continued, to place it in fifth place by 8.2% in 2011, after ranking fourth in 2010, and second in 2009.

**Table (26)**  
**Abu Dhabi Key Trading Partners in Imports during 2011**

No.	Country of Origin	Price CIF(AED)	%
1	USA	13,435,353,662	11.54
2	Saudi Arabia	12,267,333,732	10.54
3	South Korea	11,797,051,622	10.14
4	Japan	9,902,965,595	8.51
5	Germany	9,566,152,446	8.22
6	Italy	7,395,568,468	6.36
7	France	5,759,210,634	4.95
8	UK	4,600,807,630	3.95
9	China	3,961,620,195	3.40
10	Australia	2,820,329,603	2.42

Source: Statistics Centre - Abu Dhabi.



## 3.2 Foreign Direct Investment (FDI):

According to the official figures of 2009 available on the size of FDI in Abu Dhabi, foreign direct investment rose to AED 43.2 billion increasing by more than 11%, compared to 2008. This reflected the attractiveness of the emirate to foreign investment, and the development of its investment environment.

However, the volume of foreign investments in the emirate still remains low in view of the potential enjoyed by the emirate, and economic development experienced in recent years, in light of the efforts undertaken by various government agencies to develop and enhance the investment environment in the emirate; especially the Department of Economic Development, which made great strides and significant efforts in this area in accordance with the set goals of the Economic Vision 2030. These efforts encompassed comprehensive review of all laws, the establishment of the Business Center to facilitate procedures for starting business in Abu Dhabi, the advancement of business services, and formulation of plans to overcome obstacles facing investment, within specific time frames.

### 3.2.1 Sources of Foreign Direct Investment:

No significant change in the sources of foreign investment in the Emirate of Abu Dhabi took place during 2009 compared to 2008. The first three places on the list of countries investing in the Emirate of Abu Dhabi did not change. UK came first in terms of investments of AED 4.3 billion in 2009, accounting for 9.9% of total FDI in Abu Dhabi. France maintained the second place with AED 3.2 billion, constituting 7.4% of total FDI, while Australia ranked third with AED 3.2 billion investment. Kuwait advanced to the fourth place with AED 2.9 billion, while Japan fell to fifth place with investments of AED 2.8 billion.

**Table (27)**  
**Total Foreign Direct Investment (FDI) by Country in the Emirate of Abu Dhabi (2008-2009)**

(AED Million)

No.	Country	End of 2008	% of Total (2008)	End of 2009	% of Total 2009
1	UK	5,500	14.2	4,279	9.9
2	France	2,357	6.1	3,199	7.4
3	Australia	3,284	8.5	3,147	7.3
4	Kuwait	3,530	9.1	2,848	6.6
5	Japan	720	1.9	2,832	6.6
6	USA	1,451	3.7	1,946	4.5
7	China-including Hong Kong and Macao	36	0.1	1,551	3.6
8	Libya	1,428	3.7	1,319	3.1
9	Holland	841	2.2	1,111	2.6
10	Lebanon	363	0.9	642	1.5
Other countries		15,272	39.3	14,616	33.9
total		38,855	100	43,171	100

Source: Statistics Centre - Abu Dhabi

### 3.2.2 FDI by Economic Activity:

The real estate and business services sector captured the largest share of foreign direct investment by economic activity, in Abu Dhabi in 2009, with investments amounting to AED 17 billion, constituting 39.3% of total FDI in the emirate during the same year.

The financial mediation and insurance sector maintained the second place with investments of AED 6.2 billion, representing 14.9% of total FDI. However, this figure was significantly low compared to 2008, as the share of the financial mediation and insurance sector then amounted to 25% of FDI.

The water and electricity sector came in third place with 13.6% of total FDI in the emirate in 2009.

**Table (28)**  
**Total Foreign Direct Investment (FDI) by Economic Activity in the Emirate of Abu Dhabi (2008-2009)**

AED (Million)

Activity	End of 2008	% of Total	End of 2009	% of Total
Extractive industries	3,296	8.5	3,436	8.0
Manufacturing	3,533	9.1	4,692	10.9
Electricity, gas and water	5,182	13.3	5,886	13.6
Construction	1,087	2.8	1,886	4.4
Wholesale and retail trade, and repair services	282	0.7	392	0.9
Hotels and restaurants	4	0.0	4	0.0
Transport, storage and communications	3,218	8.3	3,419	7.9
Financial institutions and insurance	9,568	24.6	6,422	14.9
Real estate and business services (real estate activities)	12,620	32.5	16,965	39.3
Education	7	0.0	22	0.1
Health	26	0.1	29	0.1
Social and personal services	32	0.1	19	0.0
<b>Total</b>	<b>38,855</b>	<b>100</b>	<b>43,171</b>	<b>100</b>

Source: Statistics Centre - Abu Dhabi





# Chapter 4

## Productive Activities





# Chapter IV

## Productive Activities

### 4.1 Agriculture, Forestry and Fishing:

The agriculture, forestry and fishing activity receives particular attention and great support from the government of Abu Dhabi, which seeks to raise levels of self-sufficiency, and achieve food security in the emirate. This concern is reflected by launched development and marketing plans, guidance and awareness programs, introduction of modern agricultural techniques for conservation of water resources, in addition to guiding farmers to adopt high productivity, non-water depleting species and varieties of agricultural crops, which suit the emirate's prevailing climatic conditions.

Abu Dhabi government had developed and initiated programs to improve and raise farmers' incomes, introduce high quality marketable agricultural products and enhance competitiveness of local products, by hosting international events and encouraging participation in such activities. These would help establish comprehensive infrastructure, and maintain sustainable development in the agriculture sector.

On the other hand, many efforts are being made to realize Abu Dhabi government vision to develop a sustainable livestock sector. Important programs in this regard include supporting feed through the establishment of stores in the feed distribution centers, and the provision of feed at nominal prices This would enable contributing to maintaining the vitality of the livestock sector, in addition to the mentoring programs aimed at raising awareness and culture among livestock owners through introducing modern methods and means in management of farms, and disease fighting. Many programs were initiated for the development of the sector, including genetic improvement of animals and artificial insemination, with the aim of breeding high yielding local strains to help achieve good and rewarding economic returns.

Abu Dhabi Government seeks protection and conservation of fisheries, by achieving balance between fishing practices and ensuring sustainability and health of fish stocks, in order to promote economic development. Support is rendered to fishermen by providing their needs, addressing difficulties and obstacles facing them, providing the necessary funding to buy and renovate boat, and facilitating the granting of interest-free loans. The protection of the fisheries is carried out through several controls to fisheries management in the emirate, including identifying specific seasons to catch some kinds of fish, and

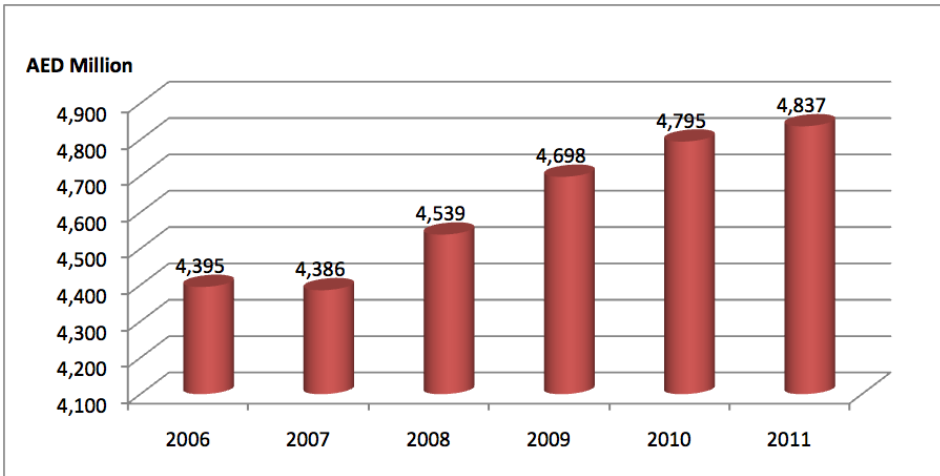
setting a ban on fishing during fish reproduction periods, in addition to raising consumer awareness of extinction threatened fish species, to reduce demand for them, and protect them from overfishing. The Contribution of agriculture, forestry and fishing reached 0.6% of GDP in 2011

The value added of agriculture, forestry and fishing has increased slightly during the period (2006-2011), rising from AED 4.4 billion to AED 4.8 billion, up by 1.9% on average during that period. Despite fluctuations in the rate of growth of value-added activity from year to year during the period referred to, but the total value added, remained relatively stable during the period, since the activity did not achieve significant positive growth rates, and not experience significant slow down during the same period.

The growth rate of value added of agriculture, forestry and fishing, reached 0.9% in 2011, which was less than the average annual growth rate during the period (2006-2011).

**Figure (4)**

**Value Added of Agriculture, Forestry and Fishing Activity during the Period (2006-2011)**



Source: Statistics Centre - Abu Dhabi.

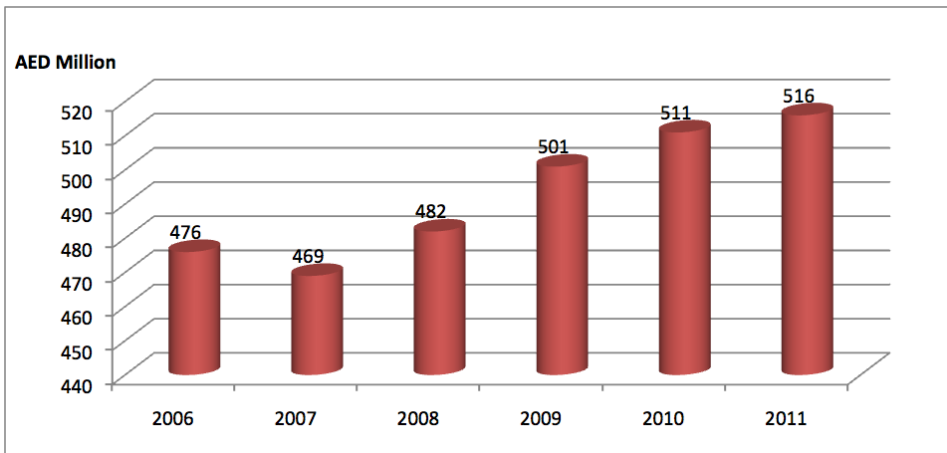


## Gross Fixed Capital formation:

The gross fixed capital formation in the activity of agriculture, forestry and fishing experienced successive hikes from during the period (2006-2011). The average annual growth rate of activity during the period amounted to 1.6%, while the annual growth rate of gross fixed capital formation in the activity remained around 1% in 2011.

Figure (5)

### Gross Fixed Capital Formation in the Activity of Agriculture, Forestry and Fishing during the Period (2006-2011)



Source: Statistics Centre - Abu Dhabi.

## 4.2 Extractive Industries:

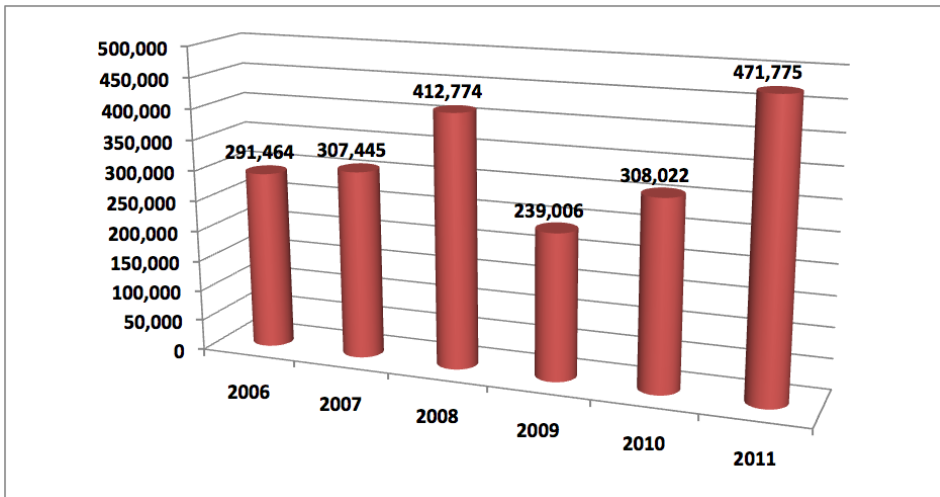
The extractive industry is the backbone of the economy of the Emirate of Abu Dhabi, and one of the most important components of the national income of the emirate, where oil revenues are used in construction of infrastructure projects, as well as other giant national industries. The contribution of extractive industry to the GDP of the Emirate of Abu Dhabi reached 58.5% in 2011, as a result of high oil prices in world markets, and the increase in the production of oil in Abu Dhabi. OPEC average oil price rose from \$77.45 per barrel in 2010 to \$107.46 per barrel in 2011.

### Value Added:

The Value added of extractive industry has achieved a remarkable increase, from AED 291.5 billion in 2006 to AED 471.8 billion in 2011 at an annual growth rate of 10.1% on average during the period 2006-2011, while the growth rate of the value added of the activity reached 53% in 2011. This dramatic rise was attributed mainly to the rise in oil prices, and the increase in oil production, as mentioned above.

**Figure (6)**  
**Value Added of the Extractive Industry Activity (2006-2011)**

AED Million



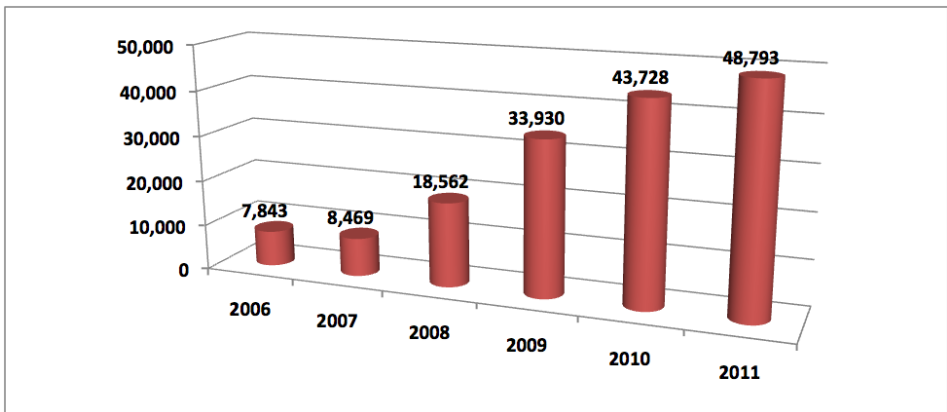
Source: Statistics Centre - Abu Dhabi.

## Gross Fixed Capital Formation:

The gross fixed capital formation in the extractive industry activity of rose from AED 7.8 billion in 2006 to AED 48.8 billion in 2011 at an annual growth rate of 44% on average during the period 2006-2011, while the growth rate of fixed capital formation in the activity amounted to 11.6% in 2011.

**Figure (7)**  
**Gross Fixed Capital Formation in Extractive Industry Activity during the Period (2006-2011)**

AED Million



Source: Statistics Centre - Abu Dhabi.

### 4.3 Manufacturing Industries:

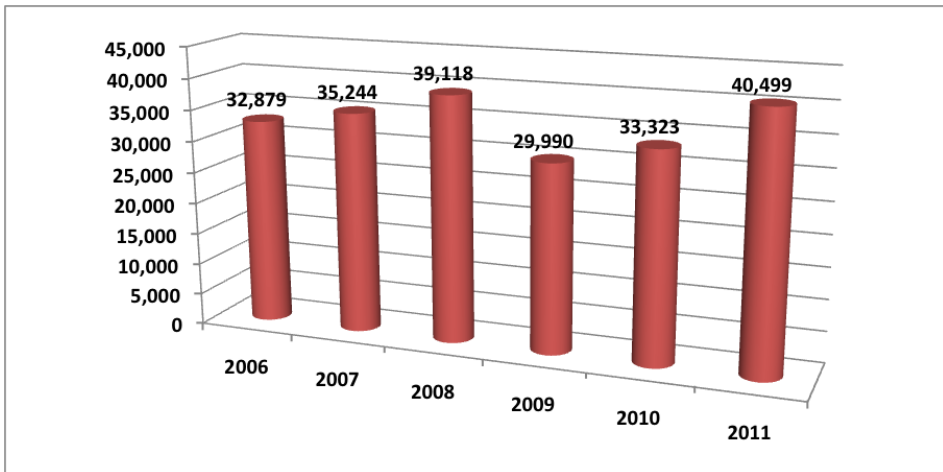
The manufacturing industries activity is one of the vital economic sectors in the Emirate of Abu Dhabi, which was focused on by Abu Dhabi Vision 2030 as an engine for diversifying the economic structure of the emirate, through investing in industries in which Abu Dhabi has more competitive advantage. This embodies the development of innovation and technology-based industries, to be supportive of a shift towards a knowledge-based economy. The contribution of the manufacturing industries to Abu Dhabi's GDP amounted to 5% in 2011.

#### Value added:

The value added of manufacturing industry during the last five years increased significantly to reach AED 32.9 billion in 2006, and continued to rise to around AED 40.5 billion in 2011, increasing at an annual growth rate of 4.2% on average during the period 2006-2011. The growth rate of the value added of the activity hiked to 22% in 2011, due to the great attention given by the Government of Abu Dhabi to this activity, and the efforts exerted to develop the activity according to the best international practices.

**Figure (8)**  
**Value Added of the Manufacturing Industry Activity during the Period (2006-2011)**

AED Million

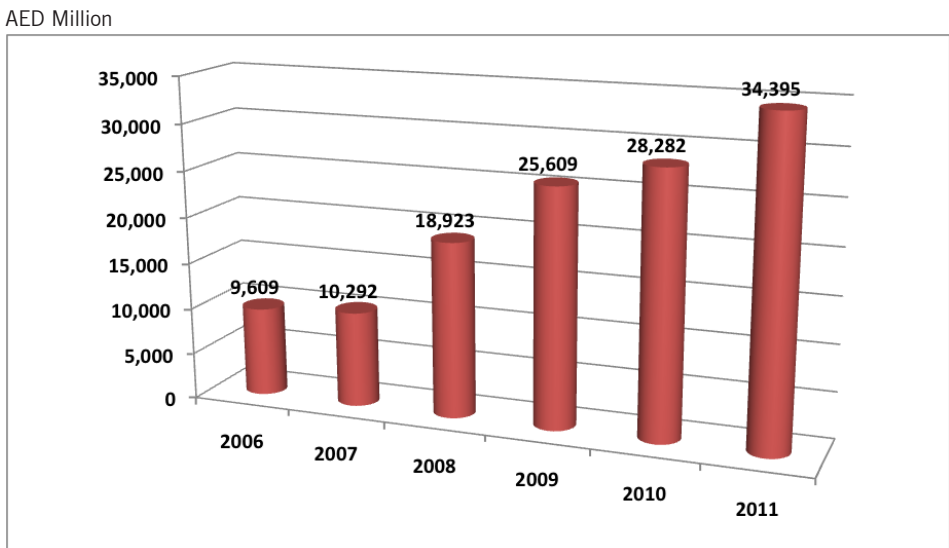


Source: Statistics Centre - Abu Dhabi.

## Gross Fixed Capital Formation:

The gross fixed capital formation in the manufacturing activity rose from AED 9.6 billion in 2006 to AED 34.4 billion in 2011, an annual growth rate of 29% on average during the period 2006-2011, as a result of the investment boom witnessed by the activity during the period, when many giant industries were created, most importantly the "EMAL", aluminum smelter complex and "Strata" aero structures manufacturing plant.

**Figure (9)**  
**Gross Fixed Capital Formation in Manufacturing Activity during the Period (2006-2011)**



Source: Statistics Centre - Abu Dhabi.

## 4.4 Electricity, Gas, Water and Waste Management Activity:

Abu Dhabi Government attaches special attention to the activity of electricity, water, gas and waste management, as a supporting activity for all other economic activities. This activity has witnessed a remarkable development following the issuance of the law No. 2 in March 1998, by which Abu Dhabi Water & Electricity Authority was founded to replace the former Abu Dhabi Water & Electricity Department; all this in addition to the opening of free investment for the national private sector and foreign investors alike, which contributed to raising the level of competitiveness among companies to provide the best offers and services in the field of electricity and water.

The government established the “Center of Waste Management -Abu Dhabi”, in December 2008 under the umbrella of the “Environment Agency – Abu Dhabi (EAD)”, to act as the competent authority to monitor and coordinate the activities of waste management across the emirate, and oversee the implementation of the government's ambitious strategy in this regard.

The production of electricity in the Emirate of Abu Dhabi rose at an annual rate of 10.4% on average over the last three years, reaching 46.4 thousand (GW / h) in 2011. The rate of production of desalinated water increased to 219.8 billion gallons in 2011, rising at an average annual rate of 17.3% during the period (2008-2011).

The continuing rise in the rates of production of electricity and water is compatible with the needs of increasing consumption, due to urbanization and industrial expansion, where electricity consumption rose to 43.3 thousand (GW / h) in 2011, and the consumption of desalinated water reached 211.5 billion gallons in 2011. The contribution of the electricity, gas, water and waste management activity to the total GDP of the Emirate of Abu Dhabi, amounted to about 2% in 2011.

**Table (29)**  
**Key Indicators of Electricity and Water Activity during the Period (2008-2011)**

Year Indicator	2008	2009	2010	2011
Electricity production (GW/h)	34,452.1	39,219.1	41,858.8	46,366.9
Annual consumption of electricity (GW/h)	26,790.6	29,355.4	39,173.1	43,250.9
Desalinated water production (million gallons)	172,565	185,955	211,793	219,788
Annual consumption of desalinated water (million gallons)	170,202	173,781	192,028	211,510

Source: Statistics Centre - Abu Dhabi.

## Value added:

The value added of electricity, gas, water and waste management activities, recorded a remarkable increase during the period (2006 - 2011), from AED10.42 billion in 2006 to AED16.13 billion in 2011, at an annual rate of 9.14% on average during the period, while the growth rate of the value added of the activity stood at 10.5% in 2011, compared to 2010.

**Table (30)**  
**Key Economic Indicators of Electricity, Gas, Water and Waste Management Activities during the Period (2006-2011)**

AED Million

Year	2006	2007	2008	2009	2010*	**2011
Value added of the activity	10,421	12,662	14,064	14,678	14,601	16,139
Growth rate of value added %	19.6	21.5	11.1	4.4	-0.5	10.5
Gross fixed capital formation in the activity	6,683	7,692	15,968	16,253	18,282	20,937

Source: Statistics Centre - Abu Dhabi

\*Preliminary

## Gross Fixed Capital Formation:

The gross fixed capital formation in electricity, gas, and water and waste management activity increased from AED 6.6 billion in 2006 to AED 20.9 billion in 2011, at an annual rate of 25.6% on average during the period (2006-2011), while the growth rate of capital formation in the activity reached 14.5% in 2011, compared to 2010.

No doubt that the steady growth demonstrates and justifies the interest paid to the activity of electricity, gas and water, and waste management activities on the part of investors in various government, public and private sectors; taking into consideration the feasibility of investing in this activity, which witnesses rapid development over time.

## 4.5 Construction and building:

The construction and building activity is of particular importance, as one of the activities most linked to the national economy, as it implements projects required by other activities, in addition to carrying out the maintenance work for these projects. The activity includes a number of sub-activities, according to the International Standard Industrial Classification of economic activities, such as site preparation, construction of complete facilities or parts thereof; and installation and finishing of buildings.

**Table (31)**  
**Building Permits Issued by Use of Building and Region for the Year 2011**

Use of Building	Abu Dhabi	Al Ain	Western Region
Total	9645	2992	922
Residential	6,267	2,386	622
Commercial	2,272	342	95
Industrial	1,095	166	107
Public utilities	11	98	98

Source: Statistics Centre - Abu Dhabi

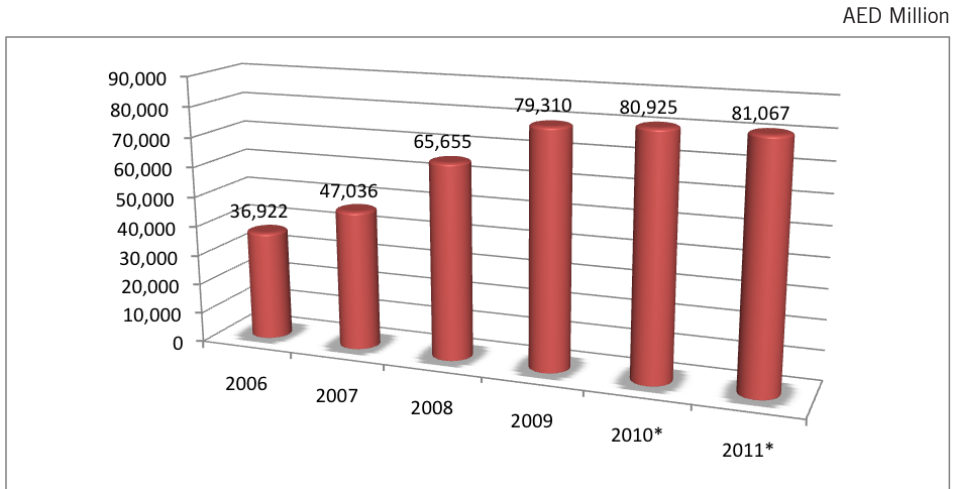
The construction and building activity is mainly influenced by the demand resulting from population growth and direct investment. The activity contribution to GDP rose from 6.8% in 2006 to more than 10% in 2011, as a result of the construction boom witnessed by the emirate during the last five years, as several construction projects were completed, to meet the needs of population increase, and the growth of various economic activities. In 2011, the number of building permits for all purposes rose to 13559 licenses, increasing by 17.5% compared to 2010.

### Value added:

The value added of construction and building activity witnessed remarkable development during the last five years, as a result of the economic development and prosperity experienced by the Emirate of Abu Dhabi during that period, as the value added of the activity increased significantly from AED 36.9 billion in 2006 to AED 81 billion in 2011, at a rate annual growth rate of 17% on average during the period (2006-2011).



**Figure (10)**  
**Value Added of Construction and Building Activity during the Period (2006-2011)**



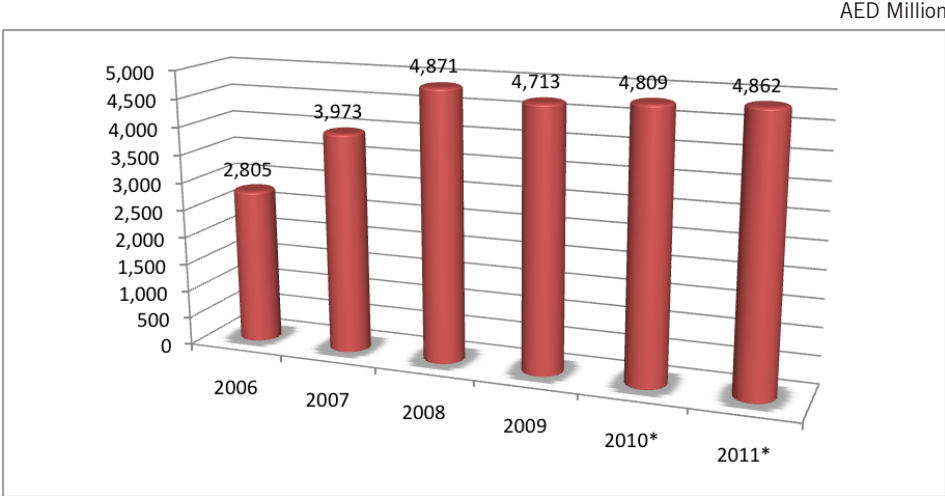
Source: Statistics Centre - Abu Dhabi

\*Preliminary estimates

### **Gross fixed capital formation:**

Many investment projects were carried out during the past five years, resulting in the increase of the fixed capital formation in the activity of the construction of AED 2805 million in 2006 to AED 4862 million years 2011, recording an increase of AED 2057 million, and a growth rate of 11.6% on average during that period.

**Figure (11)**  
**Gross Fixed Capital Formation in the Activity Construction and Building Activity during the Period (2006-2011)**



Source: Statistics Centre - Abu Dhabi

\*Preliminary estimates



# Chapter 5

## SERVICE ACTIVITIES





# Chapter IV

## SERVICE ACTIVITIES

### 5.1 Wholesale and Retail Trade

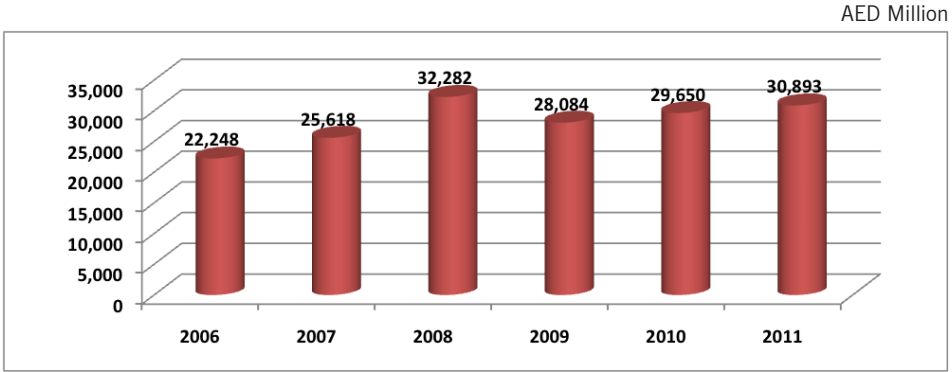
The contribution of wholesale and retail trade, repair of motor vehicles and motorcycles activity to GDP, witnessed fluctuation during the period (2006-2011), where the contribution of the activity to GDP amounted to 4.5% in 2006, and continued to rise to 5.2% in 2009, but dropped to 3.8% in 2011.

#### **Value Added:**

The value added of wholesale and retail trade and repair of motor vehicles and motorcycles activity peaked in 2008 with nearly AED 32.2 billion, but this rise was short-lived as it fell to AED 28 billion in 2009, while the value added of the activity rose to AED 30.8 billion in 2011, as a result of the economic revival witnessed by the emirate during the year.

Overall, the annual growth rate of the value added of the activity stayed around 6.8% on average during the period (2006-2011); while the rate of the value added of the activity in 2011 was 4.2%.

**Figure (12)**  
**Value Added of Wholesale and Retail Trade and Repair of Motor Vehicles and Motorcycles Activity during the Period (2006-2011)**

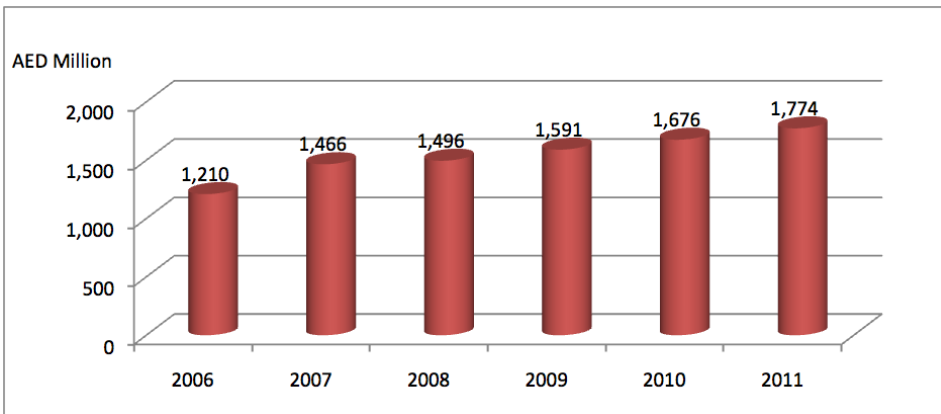


Source: Statistics Centre - Abu Dhabi

**Gross fixed capital formation:**

The gross fixed capital formation in wholesale and retail trade, repair of motor vehicles and motorcycles activity rose from AED 1.2 billion in 2006 to AED 1.8 billion in 2011, increasing at an average annual growth rate of 8% during the period (2006-2011), while the growth rate of fixed capital formation in the activity amounted to 5.8% in 2011.

**Figure (13)**  
**Gross Fixed Capital Formation in Wholesale and Retail Trade and Repair of Motor Vehicles and Motorcycles Activity during the Period (2006-2011)**



Source: Statistics Centre - Abu Dhabi

## 5.2 Hotels and Restaurants:

The Emirate of Abu Dhabi witnesses significant growth and expansion in its tourism sector. This growth reflected positively on the hotels and restaurants activity, since many were completed projects to contribute to the diversification of tourism products and activity in Abu Dhabi, including iconic hotel facilities and residential and commercial complexes which attract tourists as sites and destinations supportive of Abu Dhabi's position as a global tourist destination. Among the most important of these projects are "Park Hyatt Hotels" and "St. Regis" resort on Saadiyat Island.

On the other hand, the considerable expansion of international airlines; and tourism promotion programs in the emirate helped drive tourism growth effectively. Accordingly, the various indicators of the hotels and restaurants activity witnessed significant increase in terms of occupancy, number of guests, and overnight stays, which confirms that the sector is heading in the right path towards recovering from the effects of the global financial crisis. The contribution of the hotels and restaurants activity to Abu Dhabi's GDP amounted to 0.8% in 2011.

The number of hotel facilities in the emirate rose from 56 in 2006 to 129 hotel facilities in 2011, reflecting an increase of 18.2% on average during that period. The number of hotel rooms increased by 2410 rooms at the rate of 12.8%. This growth in tourist facilities was accompanied by an increase in the number of visitors from 1.3 million people in 2006 to 2.1 million in 2011, registering at an annual growth rate of 9.4% on average during that period.

**Table (32)**

### **Key Indicators for Hotel Facilities in the Emirate of Abu Dhabi during the Period (2006-2011)**

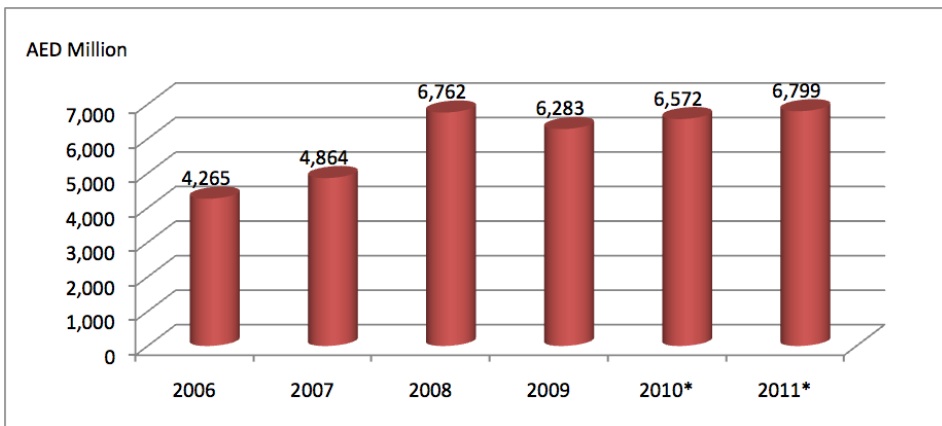
Item	2006	2007	2008	2009	2010	2011
Number of hotel facilities	56	77	97	110	116	129
Number of hotel rooms	7758	10192	12727	17104	18844	21254
Number of guests (Thousand)	1346	1450	1503	1540	1812	2112
Number of nights of stays (Night)	3903	4275	4673	4319	5132	6270
Average rate of stay per visitor (day)	2.9	2.95	3.11	2.8	2.83	2.97
Annual occupancy rate%	85.8	81.4	83.6	72.2	64.68	68.9

Source: Statistics Centre - Abu Dhabi

## Value Added:

The continuous efforts exerted to develop the tourism sector in the emirate of Abu Dhabi have led to significant growth in the activity of hotels and restaurants. The value added of the activity rose from AED 4.3 billion in 2006 to AED 6.8 billion in 2011, increasing at an annual rate of 9.8% on average during the period. Despite the drop in the value added of the activity during 2009-2010, due to the global financial crisis; however, it increased by 3.5% in 2011, exceeding the levels that were reached prior to the crisis.

**Figure (14)**  
**Value Added of Hotels and Restaurants Activity during the Period (2006-2011)**



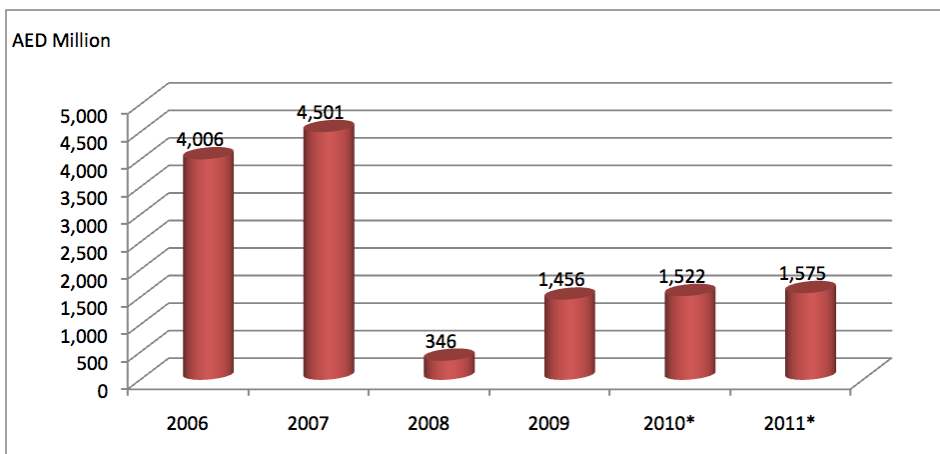
Source: Statistics Centre - Abu Dhabi

## Gross Fixed Capital Formation:

The hotels and restaurants activity gross fixed capital formation data revealed that the global financial crisis had left a significant negative impact, which led to the sharp drop in the activity's capital formation during 2008. The gross fixed capital formation during the period (2006-2011) fell from AED 4 billion in 2006 to AED 1.6 billion in 2011, declining at an average annual rate of 17% during the period; while fixed capital formation in the activity achieved a growth rate 3.5% in 2011.



**Figure (15)**  
**Gross Fixed Capital Formation in Hotels and Restaurants Activity**  
**during the Period (2006-2011)**



Source: Statistics Centre - Abu Dhabi

## 5.3 Transport and Storage:

The transport and storage activity plays an important role in attracting investments to the Emirate of Abu Dhabi, as it is one of the activities most supportive to growth in other economic activities, especially to domestic and foreign trade.

This activity includes passenger and goods services, which use land, sea and air facilities, as well as other activities associated with transportation and storage like ports, harbors, cargo handling, storage, transport equipment rental, and ordinary and courier mail services. The contribution of transport and storage activities to Abu Dhabi's GDP amounted to 2.6 in 2011.

**Table (33)**  
**Economic Indicators for Transport and Storage Activity during the Period (2006-2011)**

AED Million

Item	2006	2007	2008	2009	2010	2011
Value added	10,679	12,187	16,737	15,401	16,838	20,618
Value added growth rate%	22.8	14.1	37.3	-8.0	9.3	22.4
Contribution to GDP%	2.2	2.2	2.4	2.9	2.7	2.6
Gross fixed capital formation	5,539	6,072	9,557	10,448	11,301	12,885

Source: Statistics Centre - Abu Dhabi

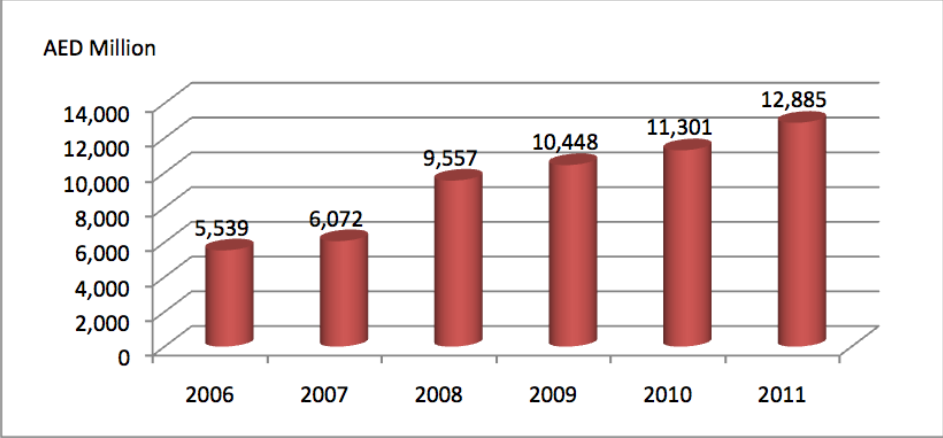
### Value Added:

Data indicate that the value added of transport and storage activity during the period (2006-2011) rose from AED 10.7 billion in 2006 to AED 20.6 billion in 2011, growing by 14% on average during that period. The growth rate of value added of the activity fluctuated between a maximum of 37.3% in 2008, and a minimum of 8% in 2009, while in 2011 the growth rate of value added exceeded 22%.

### Total Fixed Capital Formation:

The gross fixed capital formation in storage and transport activity increased significantly during the period (2006-2011), as investment spending in the activity increased from AED 5.5 billion in 2006 to AED 12.9 billion in 2011, growing at 18.4% on average during that period. The growth rate of gross fixed capital formation in the activity stood at 14% in 2011.

**Figure (16)**  
**Total Fixed Capital Formation in Transport and Storage Activity**  
**during the Period (2006-2011)**



Source: Statistics Centre - Abu Dhabi

## 5.4 Real Estate Activities:

The real estate activity is one of the most dynamic activities which contributes to the growth of Abu Dhabi's economy, and drives growth in many industries and other related activities. Such activities are associated with pre-construction stages, like activities of studies offices and real estate consultancy services; in addition to activities associated with construction phases, such as the contracting, building materials trade and manufacturing, and other complementing industries. Post-construction activities related to real estate include operation and maintenance.

Real estate activities include related activities of real estate lessors, agents and brokers; who deal in real estate selling and purchasing, evaluation, estimation and pricing, in addition to other services such as contracting agents for purchasing of leased or owned property. Such services may be rendered against fees, or through contracting; in addition to contracts for construction under retaining ownership or rental of property.

The real estate activity grew significantly over the period (2006-2011), as a result of the completion of many development and infrastructure projects, and provision of public services and utilities. The contribution of the activity to Abu Dhabi's GDP ranged from 3% to 4% during the same period.

### Value Added:

The added value to the real estate activity achieved sustained growth during the period (2006-2011), as it went up from AED 12.8 billion in 2006 to AED 28.2 billion in 2011, growing by 17% on average during the period, while value added rose by AED 2.8 billion in 2011, marking an increase of 11% compared to 2010.

**Table (34)**  
**Key Economic Indicators for Real Estate Activities during the Period**  
**(2006-2011)**

AED Million

Item	2006	2007	2008	2009	2010*	2011*
Value added	12,803	16,211	21,350	23,830	25,388	28,188
Value added growth rate%	23.6	26.6	31.7	11.6	6.5	11.0
Contribution to GDP%	3	3	3	4	4	3
Gross fixed capital formation	1,074	745	2,774	12,776	13,612	13,035

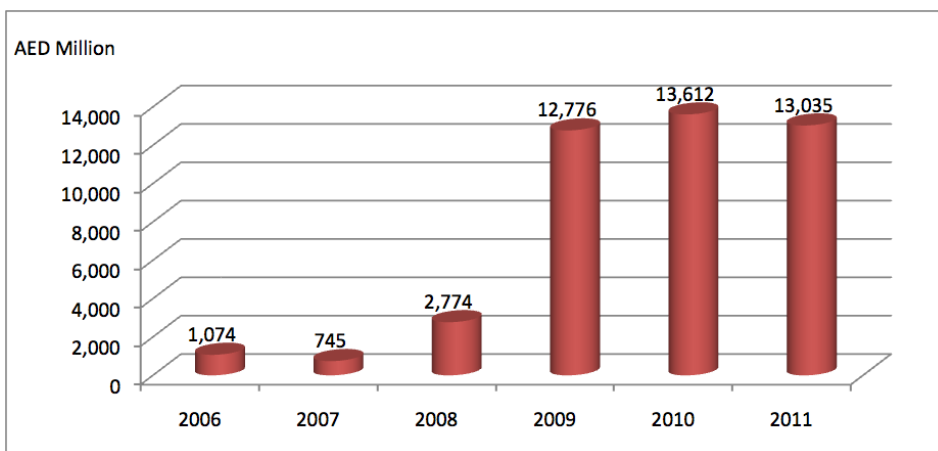
Source: Statistics Centre - Abu Dhabi

\* Preliminary estimates

### Gross Fixed Capital Formation:

The gross fixed capital formation in real estate activity rose significantly during the period (2006-2011) from AED 1.07 billion in 2006 to AED13.04 billion in 2011, growing at 65% on average during that period. However, the level of investment spending in the activity declined in 2011 by 4% compared to 2010.

**Figure (17)**  
**Gross Fixed Capital Formation in Real Estate Activities during the**  
**Period (2006-2011)**



Source: Statistics Centre - Abu Dhabi

## 5.5 Financial Institutions and Insurance:

The financial institutions and insurance sector, is the main financier of economic activities in the Emirate of Abu Dhabi. The sector activities include financial services, insurance, reinsurance, pensions financing, financial services supporting activities, asset management activities, credit activities, funds and financial institutions, financial intermediation and central banks activities. The contribution of the financial institutions and insurance sector to Abu Dhabi's GDP amounted to 4.9% in 2011.

**Table (35)**

### **Key Indicators for Financial Projects Sector in the Emirate of Abu Dhabi during the Period (2006 – 2011)**

AED Million

Item	2006	2007	2008	2009	2010	2011
Value added	21,119	27,294	29,575	30,154	34,498	39,202
Value added growth rate%	17.4	29.2	8.4	2.0	14.4	13.6
Contribution to GDP%	4.3	5	4.2	5.6	5.6	4.9
Gross fixed capital formation	690	803	1,366	3,603	3,725	3,804

Source: Statistics Centre - Abu Dhabi

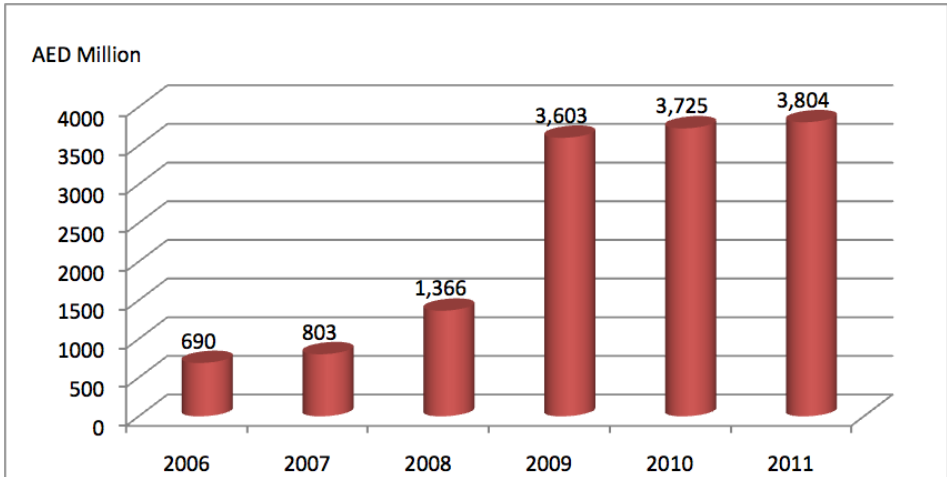
#### **Value Added:**

The value added of financial institutions and insurance sector rose significantly during the period (2006-2011), as it went up from AED 21.1 billion in 2006 to AED39.2 billion in 2011, growing at 13.2% on average during that period. Data show that the growth rate of value added of the sector ranged from a maximum of 29.2% in 2007, and a minimum of 2% in 2009. The growth rate of the value added of the sector stood at 13.6% in 2011.

#### **Gross Fixed Capital Formation:**

The financial institutions and insurance sector achieved significant development in terms of fixed capital formation, as investment spending in the sector rose from AED 690 million in 2006 to AED 3.8 billion in 2011, growing at 41% on average during that period. The growth rate of gross fixed capital formation in the sector amounted to 2.1% in 2011.

**Figure (18)**  
**Gross Fixed Capital Formation in Financial Projects Sector during the Period (2006 – 2011)**



Source: Statistics Centre - Abu Dhabi

## 5.6 Health:

The development of the health sector and its activities is one of the key indicators for measuring the level of development in countries around the world. Abu Dhabi government is in relentless pursuit to constantly improve the level of health services provided to the residents of the emirate. Hospitals are equipped with latest technology, and techniques in patients care and other health areas, to continuously advance the health sector commensurate with the development plans of the emirate.

The demand for health services in the emirate in recent years, increased significantly as a result of population growth, and the introduction of compulsory health insurance for expatriates in 2007. The number of outpatient in government hospitals increased from 1.33 million patients in 2009 to 1.39 million patients in 2010.

**Table (36)****Number of Hospitals, Health Centers and Clinics in the Emirate of Abu Dhabi during the Period (2008-2010)**

Item	2008	2009	2010
Number of hospitals	39	39	33
Number of beds in health facilities	3546	3621	3579
Number of health centers	386	365	435
Number of clinics	196	207	239
Number of outpatients in government hospitals	1379800	1331900	1386700
Number of Inpatients in government hospitals	106200	105100	105200
Number of pharmacies	369	405	408

Source: Statistics Centre - Abu Dhabi

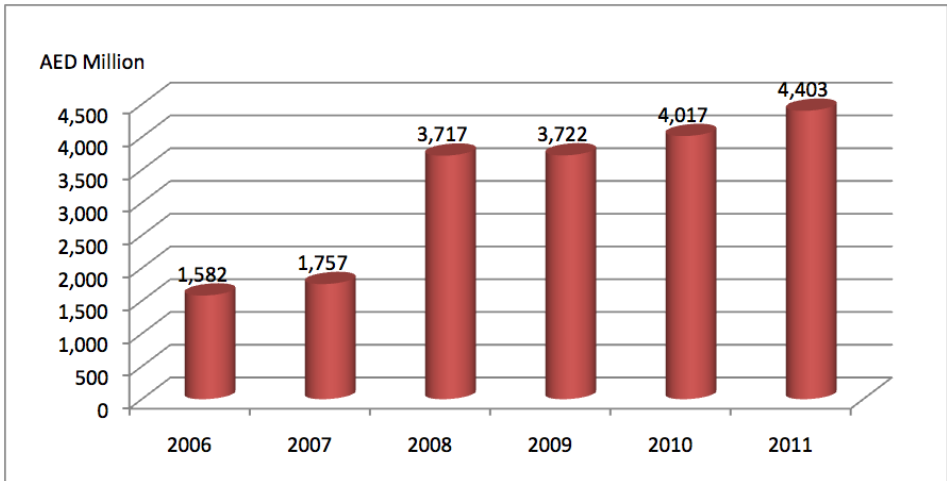
The number of hospitals increased to 39 in 2009, however; that number dropped to 33 hospitals in 2010, due to the updating of the classification of health facilities. The number of health centers hiked from 386 in 2008 to 465 centers in 2010, up by 6%. The number of clinics went up from 196 to 239 clinics, growing by 10% during the same period; while the number of beds available in health facilities increased from 3546 in 2008 to 3579 beds in 2010. Pharmacies as well went up from 369 in 2008 to 408 pharmacies in 2010, growing by 5%.

**Value Added:**

The value added of health services developed remarkably during the period (2006-2011), as a result of the efforts exerted for advancement and modernization. The value added of the activity increased from AED 1.6 billion in 2008 to AED 4.4 billion in 2011, growing at an annual rate of 22.7% on average during that period, while the growth rate of the activity marked 9.6% in 2011.



**Figure (19)**  
**Value Added of Health Services Activity in the Emirate of Abu Dhabi during the Period (2006-2011)**

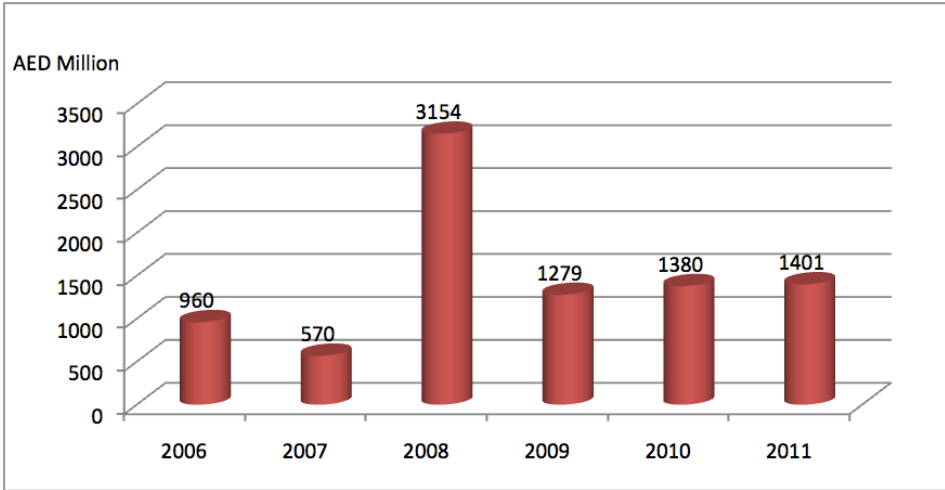


Source: Statistics Centre - Abu Dhabi

### **Gross Fixed Capital Formation:**

Health services developed significantly during the past five years, as many new hospitals and medical centers were established, in addition to the modernization of medical equipments in hospitals and medical centers. Consequently, the gross fixed capital formation in the activity rose from AED 960 million in 2006 to AED 1.4 billion in 2011, growing at a rate of 7.9% on average during that period.

**Figure (20)**  
**Gross Fixed Capital Formation in Health Services Activity in the Emirate of Abu Dhabi during the Period (2006-2011)**



Source: Statistics Centre - Abu Dhabi

## 5.7 Education:

Abu Dhabi government actively and continuously seeks to transform the emirate into a society based on innovation and knowledge, thus accelerating the shift towards a knowledge-based economy. The Government vision is focused on building an edifice of knowledge closely linked to the society and to the global economy; and at the same time stands firmly on the deeply rooted culture and heritage of the emirate.

The "Abu Dhabi Economic Vision 2030" identified a set of guidelines and priorities for the emirate's social and economic progress, included in nine pillars. Most importantly: to provision of a high-level educational system, and rehabilitation of national cadres, by encouraging youth to join the labor force, reviewing educational curricula, and increasing education enrollment rates.

Government spending on public education in the emirate rose from AED 6.7 billion in 2009-2010, to AED 7.3 billion in 2010-2011. The cost of student per year in Abu Dhabi reached more than AED 56 thousand (more than 15 thousand dollars), which is higher than the rate countries of the Organization for Economic Cooperation and Development, which stood approximately at \$10 thousand in 2008 figures.

**Table (37)**  
**Government Spending on Education in Abu Dhabi for the Years**  
**(2009/2010-2010/2011)**

School Year	Budget AED Million	Number of Students	Cost per Student (AED)
2009-2010	6,718	126,294	53,193
2010-2011	7,320	129,549	56,503

Source: Statistics Centre - Abu Dhabi

## 5.7.1 The Development of the Education Sector Indicators in the Emirate of Abu Dhabi:

**Table (38)**  
**Number of Students, Schools and Teachers in Public and Private Education in Abu Dhabi (2005/2006-2009/2010)**

Year	No, of Students			No, of Schools			No, of Teachers		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
2005/2006	127136	123773	250909	322	173	495	10436	8276	18712
2006/2007	125729	131743	257472	315	181	496	10269	8738	19007
2007/2008	120086	138040	258126	305	174	479	10108	9163	19271
2008/2009	121565	157199	278764	301	180	481	10367	9908	20257
2009/2010	126294	165020	291314	305	184	489	10854	9518	20372

Source: Statistics Centre - Abu Dhabi

The table above shows the following

### First; Students:

- The total number of students in both public and private education in the Emirate of Abu Dhabi increased by 16.1% during the period (2005/2006-2009/2010). This quantitative development in education is commensurate with population growth in the emirate.
- The number of students in public education fell by 0.6% from 127,136 students in 2005/2006 to 126,294 students in 2009-2010, while the number of students in private education increased by 33.3% from 123,773 students in 2005/2006 to 165,020 students in 2009/2010. This confirms the efforts exerted for developing education in the Emirate of Abu Dhabi, and reflects the role of private and public education in preparing qualified and well educated student; in line with goals of Abu Dhabi Economic Vision 2030, which lays emphasis on the private sector to lead the development process.
- The percentage of students in private education amounted to 56.6%, compared to 43.4% in public education in 2010.

## **Second: schools**

- The number of schools in the Emirate of Abu Dhabi (public and private) dropped from 495 in 2005/2006 to 489 schools in 2009/2010, down by 1.2%.
- Public schools in 2009/2010 accounted for 62.4% of the total schools in the emirate, compared to 37.6% for private schools.
- The number of private schools increased from 173 schools in 2005/2006 to 184 schools in 2009/2010, up by 6.4%.

## **Third: Teachers:**

- The total number of teachers in the Emirate of Abu Dhabi (in public and private education) rose from 18,712 teachers in 2005/2006 to 20,372 teachers in 2009/2010, up by 8.9%. The number of teachers in public schools rose by 4% during the same period, compared to 15% increase in the number of teachers in private schools.
- Teachers in the public education formed 53.3% of the total number of teachers in the Emirate of Abu Dhabi, compared to 46.7% for private education teachers in 2009/2010.

### **5.7.2 Illiteracy and Literacy Rates in the Emirate:**

As in Table (39) below, illiteracy rate in the Emirate of Abu Dhabi during the period (2005-2010), it dropped by 12.6% in 2005 and declined to 7.9% of total population of the emirate in 2010. On the other hand, readability and reading rate rose from 87.4 in 2005 to 92.1% of the total population of the emirate in 2010, which reflects the keenness of the Government of Abu Dhabi to educate citizens and permanently eliminate illiteracy.

**Table (39)**  
**Illiteracy and Literacy Rates in the Emirate during the Period**  
**(2005-2010)**

%

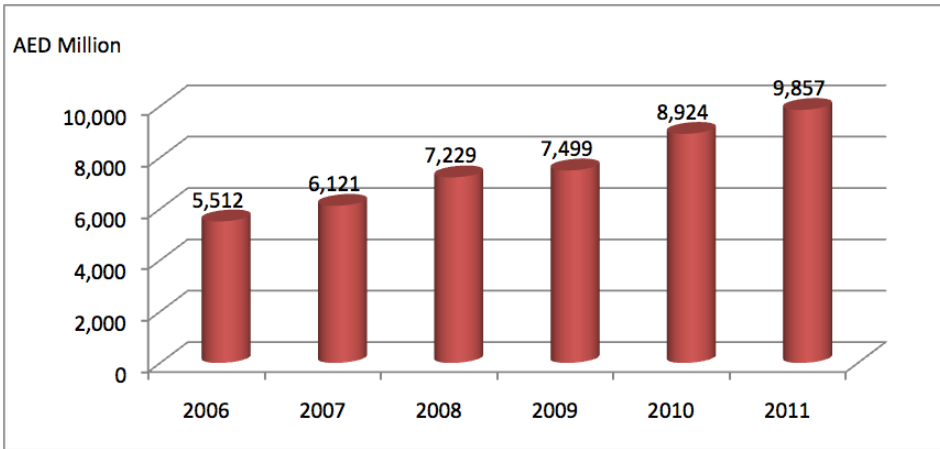
Item	2005	2008	2009	2010
Illiteracy Rate	12.6	9.5	8.3	7.9
literacy Rate	87.4	90.5	91.7	92.1

Source: Statistics Centre - Abu Dhabi

**Value Added:**

The efforts of the government to develop education and upgrade human resources in the emirate, contributed to raise the value added of education from AED5.5 billion in 2006 to AED 9.9 billion in 2011, which registered an average annual growth rate of 12.3% during the period, while the value added growth rate reached 10.5% in 2011.

**Figure (21)**  
**Value Added of Education in the Emirate of Abu Dhabi during the**  
**Period (2006-2011)**



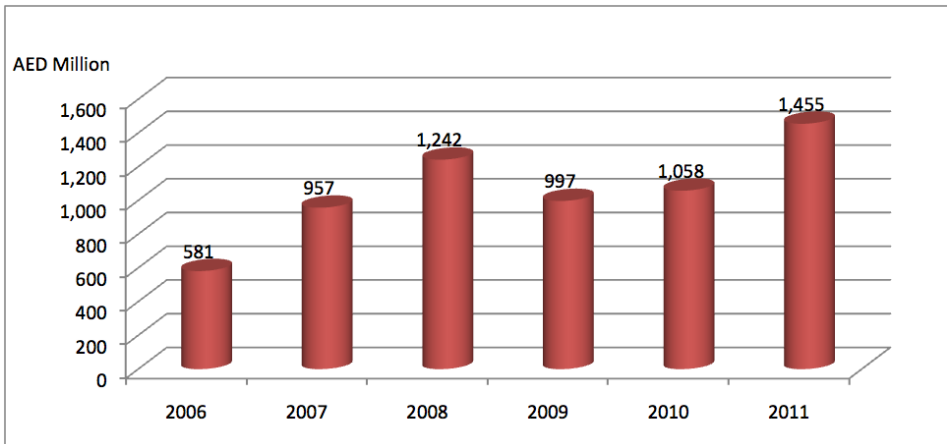
Source: Statistics Centre - Abu Dhabi

## Gross fixed capital formation:

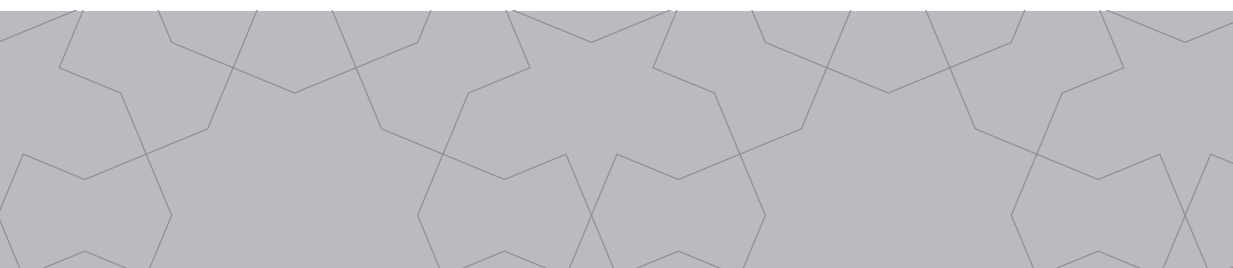
The total fixed capital formation in the activity of education experienced consecutive hikes during the period (2006-2011), though this trend was affected in 2009 by the impact of the global financial crisis. The average annual growth rate of fixed capital formation in the activity reached 20% during the period, while the growth rate of gross fixed capital formation in the activity marked 37.5% in 2011, as a result of the recent investment boom in education in the emirate.

Figure (22)

### Gross Fixed Capital Formation in the Activity of Education in the Emirate of Abu Dhabi during the Period (2006-2011)



Source: Statistics Centre - Abu Dhabi







# Chapter 6

Public Finance





# Chapter VI

## Public Finance

### 6.1 Public Finance

In view of the strategic ambitious visions of the government of Abu Dhabi, which aims at attaining the highest levels of excellence in various fields of economic and social life, creating a sophisticated attractive investment environment and laying the foundations of sustainable development in an open and competitive global economy, periodic follow-up to track public finance trends in the emirate, is inevitably important; as public finance stands as a cornerstone in implementation of government visions and aspirations.

in order to provide financial resources and requirements for best yielding projects, in line with the standard criteria for excellence in government performance, the Department of Finance in Abu Dhabi took the initiative to formulate the Strategic Plan (2011-2015) for setting a sophisticated financial framework based on international standards and practices, and formulating sound fiscal policies to facilitate the realization of the initiatives of all government departments and entities in Abu Dhabi.

#### 6.1.1 Public Revenue:

Available data reveal that total public revenue in the Emirate of Abu Dhabi during the past year increased by almost 41%, in addition to the marked change in the contribution of oil revenues within the structure of public revenue in the emirate, as oil contribution amounted to 90.6%, closer to the levels that prevailed prior to the global financial crisis. This was attributed to the continuous improvement in global oil prices over the past two years, as world oil price per barrel increased from \$79.5 in 2010 to \$ 109.5 in 2011, hiking by approximately 37.7%.

**Table (40)**  
**Relative Distribution of Public Revenue of the Government of Abu Dhabi by Type during the Period (2006-2011)**

%

Year	Oil Revenue	Current Revenue of Government Departments	Capital Revenue	Total Revenue	
				%	Annual Change %
2006	92.3	5.8	1.9	100	41.1
2007	91.6	6.5	1.9	100	8.3
2008	92.0	6.4	1.6	100	58.8
2009	89.2	8.1	2.7	100	-53.5
2010	82.6	7.3	10.1	100	49.9
* 2011	90.6	6.5	2.9	100	41.3

Source: Statistics Centre - Abu Dhabi

\*Preliminary estimates.

The rise in the contribution of oil revenues during 2011, was accompanied by a decline in the contribution of other revenues, especially the marked decline in the contribution of capital revenue, which fell from its record contribution of 10% among government revenues in 2010, to 2.9% in 2011; while the contribution of the current revenue of Government Departments dropped from 7.3% in 2010 to 6.5% 2011.

### **6.1.2 Public Expenditure:**

The total public expenditure of the government, as data indicate, increased by 14.2% during 2011. Data also reveal that the structure of expenditure items last year, was closely similar to that of previous years. Contribution to federal expenditure, remained the largest item as it constituted 32.2% of total public expenditure during 2012, compared to 30.9% in 2011.

**Table (41)**  
**Relative Distribution of Public Expenditures of the Government of Abu Dhabi by Type (2006-2011)**

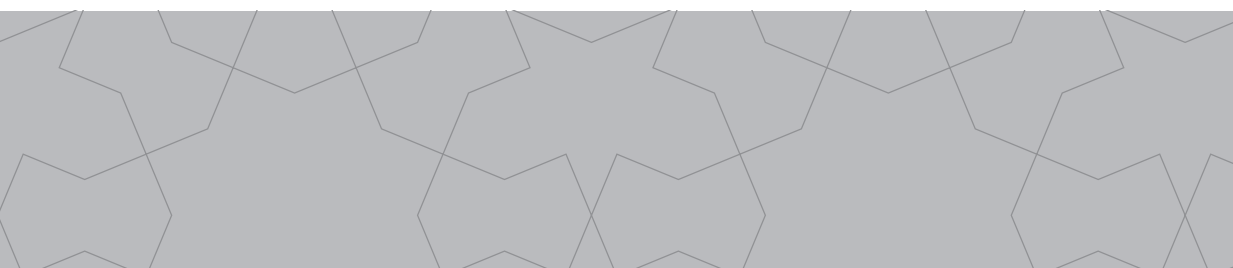
%

Year	Recurring Expenditure of Departments	Development Expenditure	Contribution to Federal Government	Aid and Loans	Capital Payments	Total expenditures	
						%	Annual Change (%)
2006	25.0	7.7	40.1	20.9	6.3	100	15.3
2007	31.9	4.0	35.8	21.2	7.1	100	31.1
2008	26.3	6.9	31.8	28.0	7.0	100	53.3
2009	27.6	10.8	27.5	24.7	9.3	100	33
2010	25.4	9.1	32.2	23.0	10.3	100	2.5
*2011	26.8	9.7	30.9	25.7	6.9	100	14.2

Source: Statistics Centre - Abu Dhabi

\*Preliminary estimates.

Recurrent expenses of government departments acquired the second place in 2011 as it accounted for 26.8% of total public expenditure; while expenditure on aid and loans came in third position among items of spending by 25.7% compared to 23% in 2010. It should be noted that expenditure on capital payments registered the highest drop among public spending items last year; as it fell to 6.9% in 2011 compared to 10.3% in 2010.





# Chapter 7

Important Issues







# Chapter VII

## Public Finance

### 7.1 Abu Dhabi Economic Outlook Report 2012–2016

- This Economic Outlook Report is the second edition to be released by Abu Dhabi Department of Economic Development. It covers the period 2012-2016, with a forecast for future trends, economic developments and number of important indicators of the economy of Abu Dhabi, based on best scientific methodologies, and a consistent set of assumptions about the economy and the local, regional and international dimensions.
- The report substantiates that Abu Dhabi's economy has managed to strengthen its position on the world map, supported by a strong performance over the past few years, and its ability to overcome economic challenges, and uncertainty experienced at the same time by a number of international economies, over which some challenges still linger; thanks to prompt and sound decisions always taken by leaders, to deal with economic turbulence whenever it needs.
- Expectations for the performance of Abu Dhabi economy during the period 2012-2016 predict that growth trend will continue, supported by the Industrial Development Plan, implementation of tourism and financial services strategies, export promotion policies and FDI attraction and constant stimulation. The large number of projects announced by Abu Dhabi government for implementation in 2012 is expected to strengthen the private sector, stimulate aggregate demand in the emirate and reflect positively on growth rates during the forecast period. Oil production in general is not predicted to decrease in 2012 in light of the volatility of global conditions, and is expected to increase gradually thereafter in the coming period with global economic recovery.

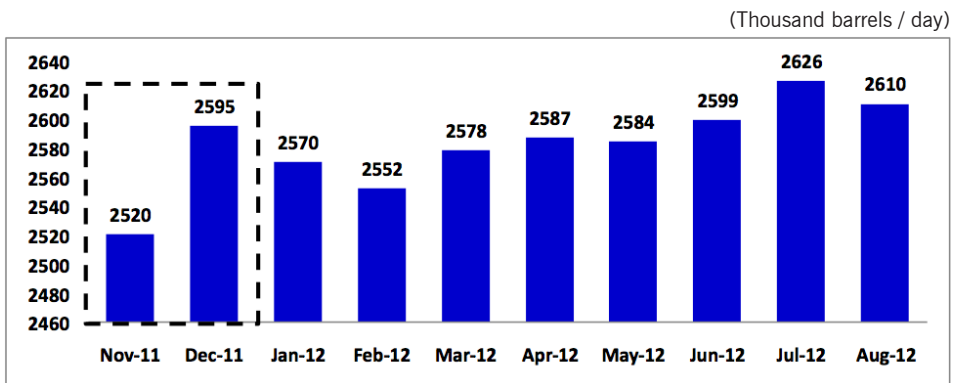
### 7.1.1 Key Assumptions of the Report:

- Population growth: population growth among citizen is expected to continue along historical rates to grow by 4% annually during the period 2011-2016, while non-citizens population growth is assumed to follow the overall performance of the emirate's economy.
- Government Finance: The government is expected in the coming period to introduce fiscal policies supportive of economic stability and growth to keep pace with development programs set by the Economic Vision 2030.
- The government is expected to continue in supporting domestic demand, with adopted new package of projects, most of which were meant to augment social services in the emirate. These included raising salaries in federal government departments, promoting health and education services, recruiting citizens in the public and private sectors; which reflect the keenness of the government to sustain welfare and prosperity of citizens and residents. The Human Development Report 2011 placed the United Arab Emirates first among Arab countries, for the second year in a row, and 30 globally out of 187 countries.
- The shift towards the knowledge-based economy and diversification will be accelerated and spurred, by supporting and facilitating investments with emphasis on manufacturing activities, in which Abu Dhabi enjoys relative advantages, in addition areas of advanced technologies as well. It is worth mentioning that Abu Dhabi Executive Council had approved the establishment of two new industrial cities in Al Ruwais and Madinat Zayed, to attract and host foreign and local investments in fields of petrochemicals, renewable energy and industrial assisting industrial and economic services. These projects come within the efforts of maintain balanced development in all regions of the emirate, including the Western Region to accommodate new industries beside oil.
- FDI and domestic investment in 2012 are expected to rise high, with continued confidence of investors in the economic performance of the emirate, coupled with completion of infrastructure projects in many industrial and commercial areas. The secure and stable environment enjoyed by Abu Dhabi, and the increased confidence of businessmen in the ability of the economy to absorb economic shocks, and the quick remedial actions taken by the government and leadership in the early stages of the global financial crisis; and later in face of repercussions, have strengthened Abu Dhabi stance and helped in turning the emirate into a hub for investments. More efforts will be exerted to enhance the business climate to further the creation of an open, attractive environment well integrated into the global economy, as sought by Abu Dhabi Economic Vision 2030. The Khalifa Fund for Enterprise Development, efforts aim at supporting small and medium-sized enterprises of citizens, and their investment activities.

- Oil production: The emirate increased its oil production during 2011, in order to meet part of the shortfall caused by the low production of Libya, due to the political instability. It is expected that oil production in the emirate will be affected to a limited extent in 2012, as a result of the global economic conditions, as the production witnessed limited reduction in some months this year. However; the ultimate impact will be subject to the development of global economic conditions in the last quarter of the current year, which in turn will determine the size of the global demand for oil, especially after OPEC October 2012 report reduced forecasted global demand for oil by 100,000 barrels / day so that demand would reach 800,000 barrels / day. The report predicted that these levels will continue throughout 2013, due to the uncertainty that lingered over the global economy, and the slowdown in a number of major developed economies such as the United States and China. The same was predicted by the Energy Information Administration EIA.

- Oil production in the emirate is expected to begin increasing during the period 2016-2013 by an average of 2.9 million barrels / day, in conjunction with anticipated growth in world oil demand and the improvement in global economy, in addition to the expansion in oil production capacity in the emirate, and the opening of oil sector for more partners.

**Figure (23)**  
**United Arab Emirates Crude oil Production during the Period**  
**(November 2011- August 2012)**



Source: The OPEC Monthly Oil Market Report 2012

- Oil prices: Oil prices are expected to drop during 2012 and 2013 compared to 2011 price levels, with reference to the New York Mercantile Exchange crude oil futures prices, as it will be affected by the unstable global economic conditions. It is also expected that oil prices will increase during the period 2013-2016, supported by improved economic environment the consequential increase in international demand for oil.

- Non-oil commodity exports: Non-oil commodity exports are expected to grow at a steady rate with the implementation of the industrial strategy, with focuses on export industries, and the development of petrochemical industries which had already started. In addition, the efforts of the Department of Economic Development continue, for promoting national exports overseas, opening more foreign markets, offering incentive to exporters and supporting them to overcome challenges and obstacles.

### **7.1.2 Forecast Results Using the Macro-economic Model for the Emirate of Abu Dhabi:**

- Estimates indicate that real GDP will grow by about 3.9% during 2012, driven by development projects announced by the government. Taking global and regional economic developments in mind, economic growth will gradually begin to escalate in subsequent years when the results of these projects would be seen. This will be accompanied by growing of private investment at high rates, and the growth of non-oil commodity exports by around 15%, spurred by high prices and the increase in quantities of oil and gas exports, to drive an expected economic growth of 5.4% on average during the period 2013-2016.

- Non-oil GDP in real terms in 2012 is expected to experience growth of 5.5%, and to steadily grow at 6.5% on average during the period 2013-2016, with anticipated increase in public investment spending, and particularly private investments, most of which will mainly concentrate in non-oil activities during 2012 and 2013.

- Forecasts indicate that the leading sectors will continue to stimulate economic growth in the emirate during the period 2012-2016. The manufacturing sector is projected to grow at a faster pace due to private investments, and the semi-government companies planned by the industrial strategy of the Emirate of Abu Dhabi, and also due to the construction of many factories in free zones, and the beginning of actual production in some of them. This will further increase the contribution of the manufacturing sector to GDP, and strengthen its position among the leading sectors in Abu Dhabi. The construction sector will continue to drive economic growth in the coming period.

**Table (42)**  
**Key Economic Forecasts for the Emirate of Abu Dhabi for the Period (2012-2016)**

Item	2012	2013 - 2016 **
Average world oil prices/barrel (\$)	104	110
Growth rate of the total population (%)	3.2	3.2
Growth rate of GDP at constant prices (%)	3.9	5.7
Growth rate of real GDP excluding oil (%)	5.5	6.5
Rate of inflation (%)	1.3*	2.8

\*Average inflation rate during the first nine months of 2012 according to Statistics Center-Abu Dhabi data

\*\* Average period 2013-2016

Source: Department of Economic Development

- Oil prices in 2012 are expected to reach \$104 / barrel as a result turbulence of in some production areas such as southern Sudan and Nigeria, as well as effects of the embargo on oil exports of Iran.

- Prices are expected to drop in 2013, affected by the slow economic growth in a number of major global economies, such as China. Expectedly oil price will reach \$103 / barrel. However; with the anticipated recovery of the global economy, prices are expected to rise gradually during the period 2014-2016, to stay around \$ 110 / barrel.

- The inflation rate during the first nine months of 2012 reached 1.3% compared to the same period in 2011. That was attributed mainly to the hike in prices of food and non-alcoholic beverages. Projections indicate that inflation during 2012, will register a slight rise, compared to its level of (1.9%) in 2011; as it will be affected global uncertainty. The general price level is expected to rise gradually over the period 2016-2013, and inflation to be around 2.8% on average during that period, coupled with rising per capita incomes and growing economic activity.

### **7.1.3 Sector Analysis of Key Engines of Economic Growth during the Period (2012-2016):**

Abu Dhabi succeeded in achieving a quantum leap in the structure of the economy, within a short period, thanks to the wise leadership pursuit of economic diversification and sustainable development the emirate, and its efforts to ensure the welfare of citizens and residents in the Emirate of Abu Dhabi.

Economic diversification is vitally important to growth and economic development in the emirate; and tops the government list of priorities, and the policy agenda of the emirate.

#### **First: Manufacturing Industries:**

This is one of the leading strategic economic sectors, which the government attaches great importance to, for future economic growth in the Emirate of Abu Dhabi. It is a major empowerment sector for achieving economic diversification and transformation into a knowledge-based economy, as stated by Abu Dhabi Economic Vision of 2030, which identified a number of strategic sectors and major engines of economic growth and diversification in the emirate. These sectors including:

- Petrochemical industries.
- Aerospace and defense industry.
- Pharmaceuticals and biotechnology.

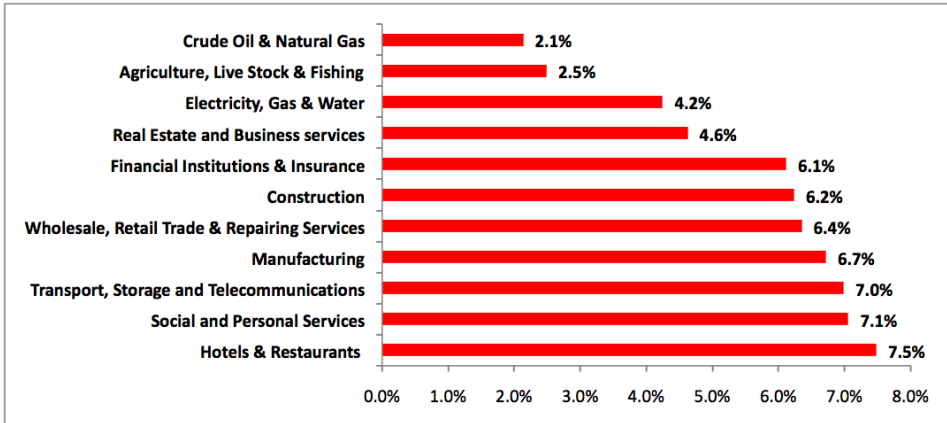
It is expected that the manufacturing sector will experience significant growth during the forecast period of 2012-2016, with the completion of the implementation of the first industrial strategy for the Emirate of Abu Dhabi, which took into account different strategies for the advancement of the sector, and how to overcome the challenges it faces. The Executive Council recently gave instructions to approve the implementation of development projects in industrial areas. This includes the establishment of the "Car City" one of the main development projects in the Western Region. The Council directives also came to support Khalifa Fund for Enterprise Development in its endeavor to develop SMEs projects for citizens.

The Executive Council approved the construction of two new industrialized cities. One will be in Al Ruwais for chemical and petrochemical industries, plastic industries, oil and gas services, and cement and building materials manufacturing. The second city, in Madinat Zayed is mainly for oil and gas services, and food industries and logistics. It is expected that the construction of the two cities will start in 2012.

In the light of government support for the sector, and policies tailored to attract more investors, the manufacturing sector is projected to grow by 5.2% during 2012, and continue to reach 7.1% during the period 2013-2016

**Figure (24)**

**Average Real Growth Rates Projected for Economic Activities during the Period (2012-2016)**



Source: Department of Economic Development

## **Second: The Construction Sector:**

The construction sector is one of the key enabling sectors of economic growth in the Emirate of Abu Dhabi, as it achieved high real growth rates of 20.4% on average during the period 2005-2010. The sector will continue to support economic development in the emirate, and is expected grow at 6.2% on average during the period 2012-2016.

Anticipated growth during that period, will be driven by the package of huge development projects already approved by the Executive Council; which includes, housing projects, community facilities, infrastructure construction and rehabilitation projects in a number of residential areas, in addition to a number of projects that support development in the emirate; comprising infrastructure, roads, sewerage, sea and air transport, health and education. The Executive Council also approved the budget for financing infrastructure works in Khalifa Port and Industrial Zone "KIZAD"

## **Third: Tourism and Hotels**

The tourism sector in Abu Dhabi achieved record annual results in 2011, stressing the importance of this sector as one of the key enablers of growth and economic diversification in the emirate, as stated by Abu Dhabi Vision 2030. According to the Abu Dhabi Tourism Authority, hotels and hotel apartments in the emirate hosted 2,111,611 visitors, realizing 17% increase, and exceeding the set target of two million visitors by 6.5% (100,000 visitors).

The sector achieved significant growth reflected by many key indicators, as the number of hotel nights increased by 22% to 6.3 million nights, occupancy rate reached 69%, while revenue increased by 3% to AED 4.375 billion (\$1.2 billion), average nights stay rose by 5% to 2.97 nights and total revenue of hotel rooms grew by 2% to AED 2.3 billion (\$631 million). Despite the drop in average cost per room by 14% to AED 490 (\$133), the food and beverages activity revenue increased by 6% to AED 1.605 billion (\$ 434.721 million). It is anticipated that the activity will grow by 7.5% on average during the period 2012-2016.



#### **Fourth: Personal and Social Services**

The government attaches great importance to personal and social services in the emirate; and works to enhance the level of services provided to citizens and residents, as the health care sector is listed by Abu Dhabi Economic Vision 2030, among the most important leading sectors for economic growth. The Executive Council also approved a set of new health projects, including 14 new health facilities, in order to upgrade the level of health care services, and ensure the provision of advanced health services in the different areas of the emirate.

The development of the education sector in the emirate enjoys special attention in the Economic Vision 2030, as an essential element for achieving human development, and facilitating the t shift to a knowledge-based economy. The Executive Council Okayed all projects submitted by the Abu Dhabi Education Council, to advance this strategic sector. Estimates indicate that the sector will achieve real growth of 7.1% on average during the period from 2012-2016.

## 7.2 The First Human Development Report of the Emirate of Abu Dhabi 2011/2012:

The HDR of the Emirate of Abu Dhabi 2011-2012 was the first human development report, prepared by Abu Dhabi Department of Economic Development in collaboration with the UNDP, and other local government units and departments, which are:

- The Emirate of Abu Dhabi Executive Council General Secretariat.
  - Abu Dhabi Education Council.
  - Statistics Center - Abu Dhabi.
  - Abu Dhabi Council for Economic Development.
  - Health Authority - Abu Dhabi.
  - Environment Agency - Abu Dhabi.
  - Western Region Development Council.
  - Abu Dhabi Tawteen Council ADTC.
- The report took into account the varying characteristics of population; as human development indicators were calculated for citizens, non-citizens, and total population, taking into consideration the characteristics of each category.
  - This HDR reflects the advanced level of human developmental status, which the emirate was able to maintain during the last forty years in the major human development related area, such as education, health, and standards of living. The report indicates that this status could not have been achieved in such a manner and magnitude, without the perception of the political leadership in the emirate, and the great attention it attaches to human development, as a top priority for the betterment of people. No effort was spared in the optimal use of resources to achieve the goals of development. The report also reflects some of the challenges facing human development in the emirate, where the level of growth achieved, was accompanied by some challenges that the emirate was able to address, in such a way that did not affect the path and pace of development.

### 7.2.1 Abu Dhabi Rank in HDI

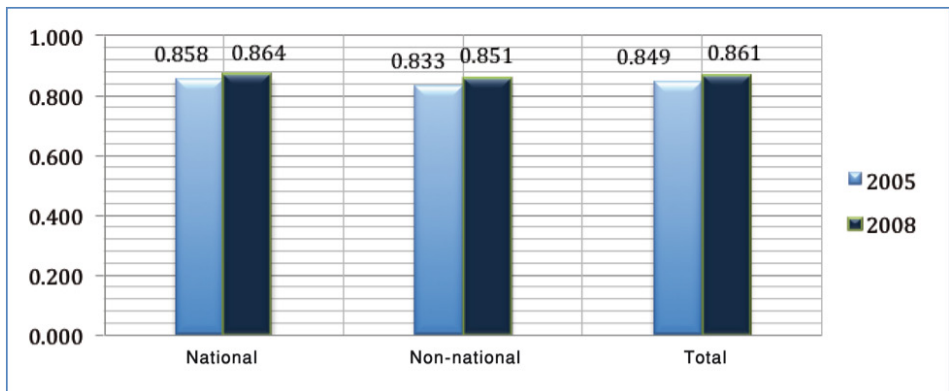
- The Human Development Report shows that the Emirate of Abu Dhabi has managed to achieve significant gains in key human development indicators. The Health indicator reflects noteworthy development and growth in health level in the Emirate of Abu Dhabi during 2008 compared to 2005. Although the disparity between citizens and non-citizens in the level of healthy life seem very small, but the index shows that health status are better among citizens, compared to non-citizens.

This seems natural given the great efforts made by emirate to provide integrated medical services, which support health care services for citizens since birth.

**Table (43)**  
**Life Expectancy at Birth**

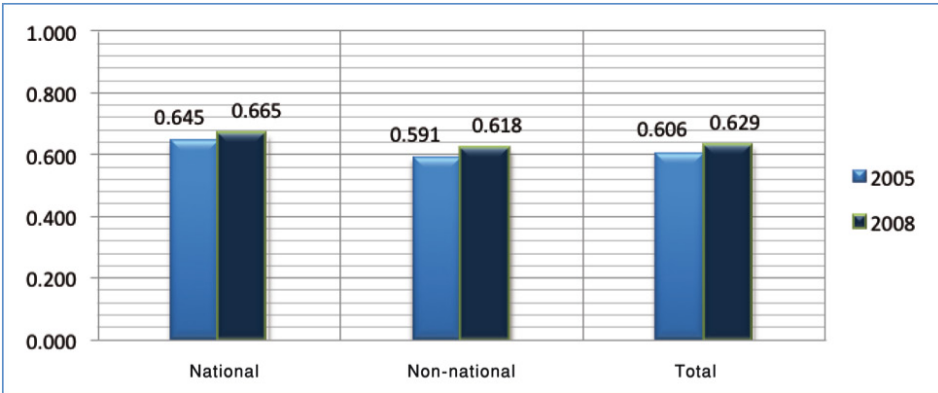
	2005	2008
Citizens	74.2	74.6
Non-citizens	72.7	73.8
Total Population	73.6	74.4

**Figure (25)**  
**The Value of the Indicator of Dimension of Health for the Population of the Emirate of Abu Dhabi**



With regard to the education index, the average years of schooling for groups of citizens, non-citizens and the emirate's total population fall within the averages of the first 42 countries classified by the Human Development Report 2010, among countries with very high rates of human development, which reflects the progress in the emirate's world rank for this dimension. However, the indicator of the dimension of education is low, compared to other human development indicators, due to the large numbers of non-citizens with low educational levels, as well as the high rate of school dropout among citizens - especially males - who prefer to leave school in the early stages, and join the labor market.

**Figure (26)**  
**The Value of the Indicator of Dimension of Education for the Population of the Emirate of Abu Dhabi**



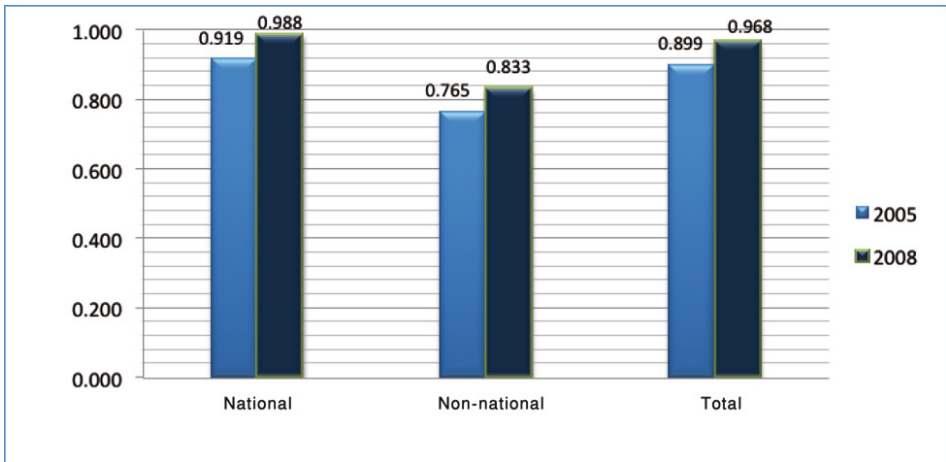
- As for the income index it is noticed that the level of citizens' income in the emirate, is relatively high compared to non-citizens, almost by more than double. The report indicates the strong contribution of the Income Index and the standard of living as well, to the human development index in the emirate, and shows that the average total income of citizens in the emirate in 2008, increased considerably compared to 2005, with citizens maintaining higher income levels compared to non-citizens. This high citizen's income was due to the fact that citizens enjoy direct financial support, such as improved wages and salaries, and the opening up of investment opportunities in small projects funded by the government.

**Table (44)**  
**Gross National Income (GNI) Per Capita at (PPP)**

(US \$ thousands)

	2005	2008
Citizens	64.0	100.3
Non-citizens	23.5	36.7
Total Population	56.3	88.1

**Figure (27)**  
**The Value of the Indicator of Dimension of Income for the Population of the Emirate of Abu Dhabi**



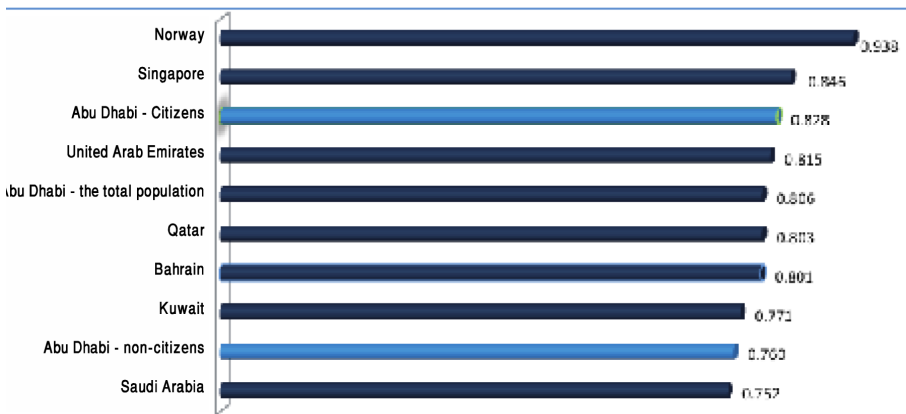
- The report reveals that the value of the Human Development Index for the emirate's total population reached 0.806 in 2008, compared to 0.773 in 2005, which could enable Abu Dhabi be classified among countries with very high human development. This increase is reflected in the value of the index by an annual growth rate of 1.4%. With the continuation of the stability of the economic, health and education status during the period 2005 -2008, and the same rate of growth with change, the value of the Human Development Index reached 0.829 in 2010, enabling Abu Dhabi alone to exceed the value of the Human Development Index of UAE as a whole which stood in 2010 at 0.815. The value of citizens population alone indicator, increased dramatically since it reached 0.828 in 2008.

**Table (45)**  
**HDI Value for the Emirate of Abu Dhabi**

	2005 HDI	2008HDI
Citizens	0.798	0.828
Non-citizens	0.722	0.760
Total Population	0.773	0.806

- The comparison of the values of the two human development indicators of the total population of the Emirate of Abu Dhabi (0.806), and citizens population (0.828), to the value of the Human Development Index for all other GCC countries listed in the HDR 2010 classification reveals that the Emirate of Abu Dhabi excelled all those countries with the exception the United Arab Emirates index. The UAE scored higher in terms of the total population indicator (0.815) compared to Abu Dhabi's total population indicator. Based on the values of these two indicators, (total population, and citizens Population), the Emirate of Abu Dhabi global classification, stayed among countries with very high rate of human development according to the UNDP classification. With this, Abu Dhabi ranked 29 globally, along with the Republic of Slovenia, according to the HDI for citizens' population. Abu Dhabi ranked superior to the UAE in terms of the overall ranking (32 globally), while globally it came in the 36 place in the HDI for total population, standing four ranks below the United Arab Emirates. As for the value of the index for non-citizens population alone, Abu Dhabi scored 0.760, to be classified among countries with high human development, ranking 53 globally.

**Figure (28)**  
**Abu Dhabi HDI by Nationality (2008 Data) Compared to UAE, GCC and Other Countries According to HDR 2010**



- The inequality-adjusted human development index (IHDI) refers to a slight inequality in the dimension of health of not more than 8.0 % for citizens and 7.0% for non-citizens in 2005 and 2008. This enabled the indicator to contribute more to the value of the main human development Index by 0.8 (approaching maximum index of contribution which 1.00). These results illustrate the stability and development of the health status in the emirate. According to the report, inequality in education registered 17.9 % for citizens and 22.2 % for non-citizens. This was due to the disparity in the levels of education, and years of schooling among the population, which negatively affected the value of the Human Development Index, as the contribution of education for non-citizens and total population, separately did not exceed 0.5%, while the contribution of citizens was slightly higher. Despite that, the report notes an increase in the contribution of education to human development efforts in the emirate when comparing 2008 to 2005 data. With respect to income, the difference loss in the value of the human development index in the emirate due to the disparity in income among citizens and non-citizens which reached 14%, compared to a greater loss in development resulting from income inequality among the non-citizen (25.1 %). The report clearly indicates that the largest loss in human development in the Emirate of Abu Dhabi resulted from the disparity in income among non-citizens (25.1%), followed by the differences in levels of education among non-citizens (22.2 %). This clearly shows the role played by the non-citizens in reducing the value of the human development Index of the Emirate.

- According to the inequality-adjusted human development index (IHDI) for citizens population score of (0.717), the Human Development Report for 2010 Abu Dhabi was ranked 35 globally, down from its 29th position in HDI amongst the countries with high human development. As for the value of the adjusted index for total population only, the report ranked Abu Dhabi globally 53, significantly down from its 36 place in the human development Index.

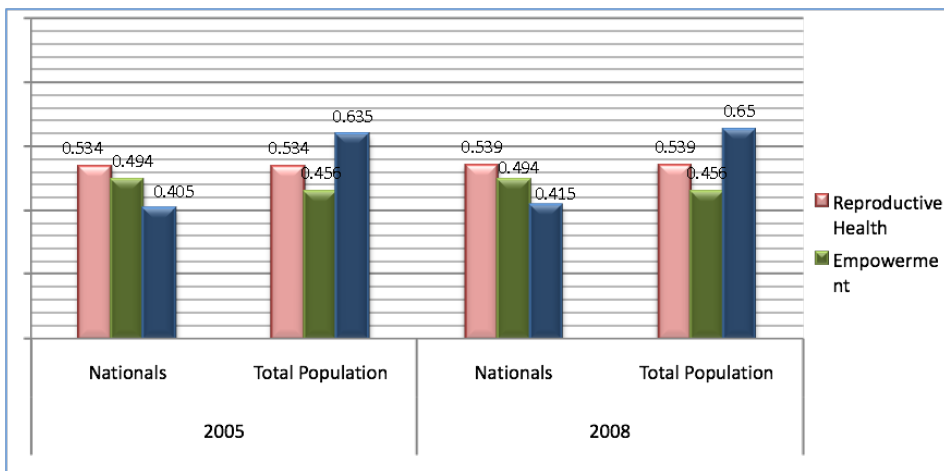
- Regarding the Gender Inequality Index (GII) in the emirate, the report cited an improvement in index score in 2008 compared to 2005, as it registered 0.426 and 0.459 among citizens respectively. The report pointed out that the situation looks better when non-citizen women are included in the equation to calculate the index for all women in the emirate, as the score of the index dropped, due to the low of gender inequality, noting slight progress in reducing disparities, as time goes on, when comparing the index scores in 2005 and 2008.

**Table (46)**  
**Gender Inequality Index (GII)**

	2005	2008
Citizens	0.459	0.426
Total Population	0.284	0.264

The report refers to the stability of the reproductive health indicator during the period 2005 and 2008; and also in women's participation in activities and political empowerment. The most important observation, however, was the slight increase in the participation of citizens in the labor market in 2008, compared to 2005, by an annual growth rate on average of no more than 1.0 %.

**Figure (29)**  
**Dimensions of Gender Inequality Index (GII)**





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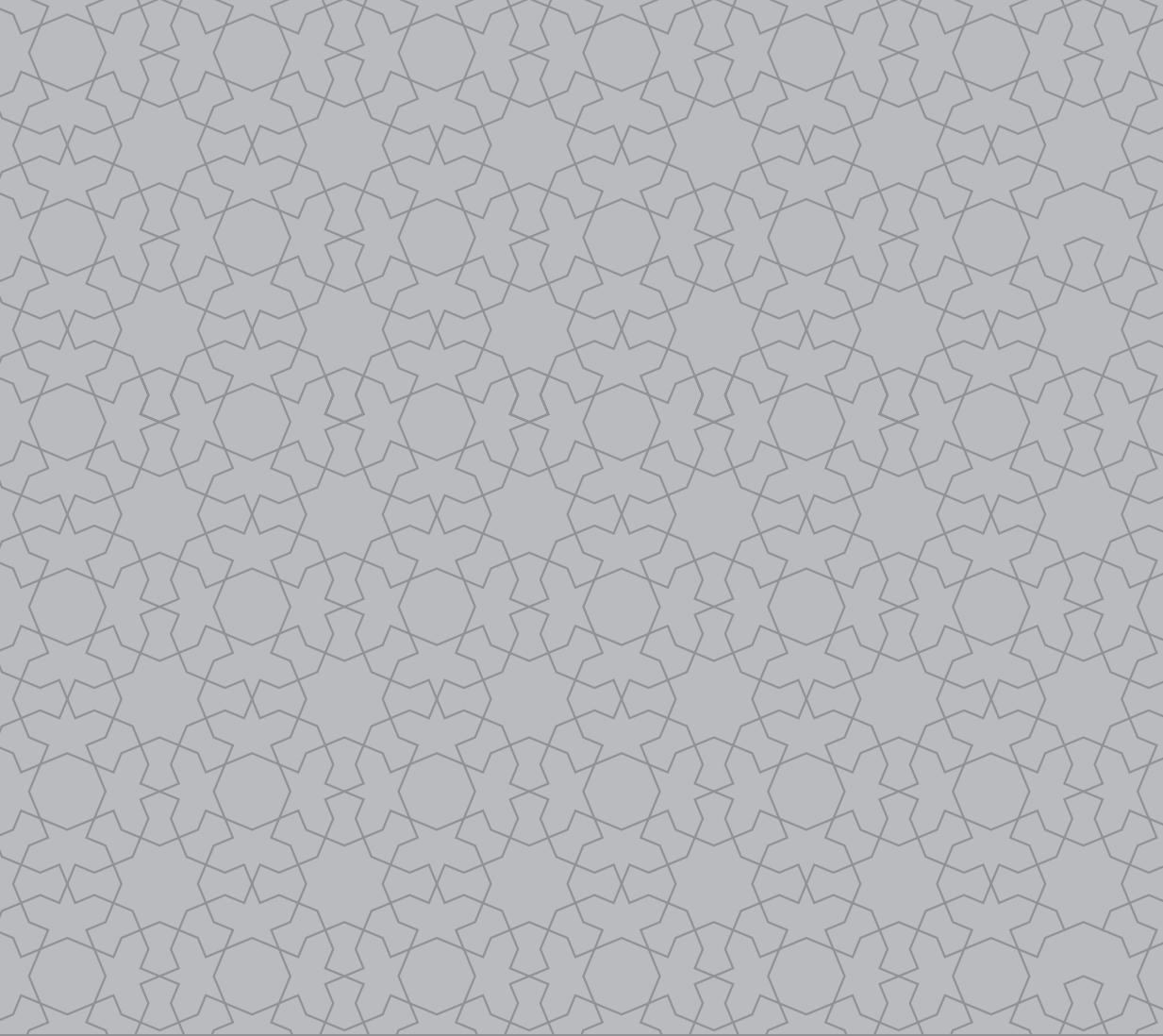
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