

# Market Insights & Strategy

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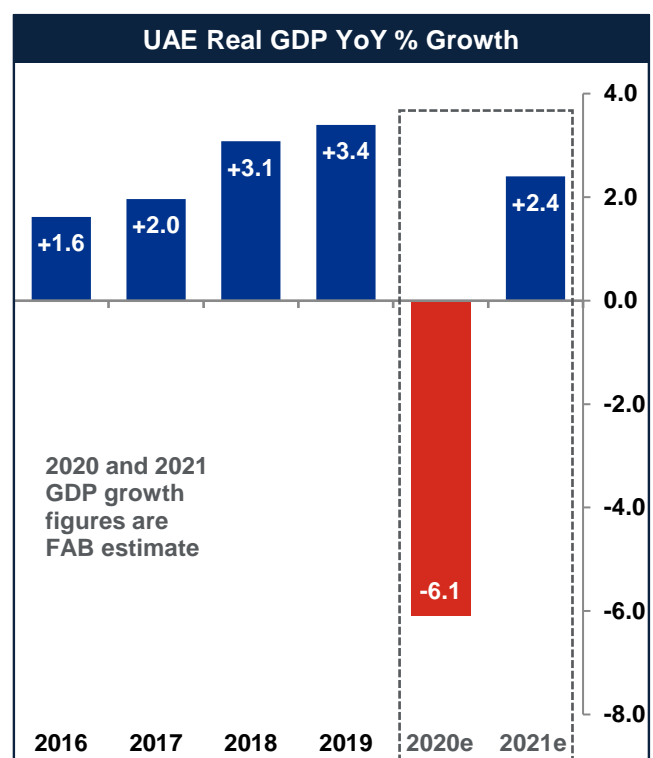
## Enhancing the UAE diversification story: 'Projects of the 50'

- Expansionary initiatives shine against protectionist strategies elsewhere
- Aims to solidify UAE status as a global hub for business and finance
- 13 projects announced so far.. more to follow in time
- Another building block for strengthening FDI and generic sentiment

The positive macroeconomic diversification story of the United Arab Emirates moved to a new chapter this week as the government announced on September 5 its latest strategy to stimulate the domestic economy. Entitled 'Projects of the 50' to commemorate the 50th anniversary of the country in December this year, the government will embark on a series of stimulatory investments and also aim to ease residency rules for expats, all of which is designed to build the country's status as a global hub for business and finance.

As the global economy claws its way back from the nadir of the Covid-19-driven recession, and as other regional economies take a more protectionist approach to securing their economic future, we believe that this latest initiative – just weeks ahead of the opening of Expo 2020 that will also turn the global spotlight on the country – is refreshing, expansionary and should prove to be a fillip for generic sentiment toward the region over the coming decade.

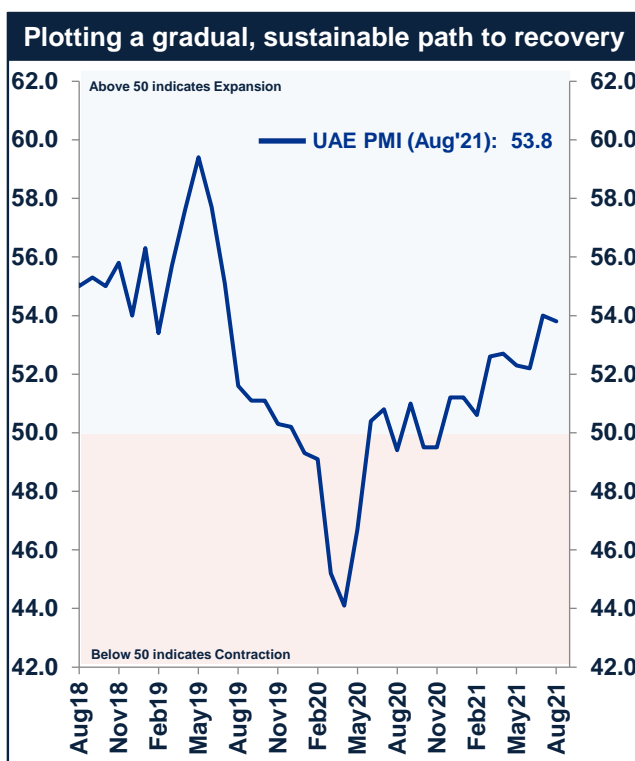
From recessionary conditions in 2020, when the UAE economy is estimated to have contracted by 6.1% as global travel and tourism was effectively shut down by Covid-19 restrictions, the latest stimulus plans will help to bolster recovery expectations. We expect the UAE economy to continue to rebound and to grow 2.4% this year in



Source: UAE Central Bank; FAB

terms of real GDP. Meanwhile though, the government's latest estimates are more optimistic, hoping that the economy could in fact now expand by over 4% this year. Indeed, we are cognisant that with this new stimulus package, designed to mark this country's 50th anniversary on December 2, the balance of economic growth risks over the remainder of this year and into 2022 probably lies to the upside.

Furthermore, we acknowledge that this latest strategic vision for the UAE's economic evolution and development comes on top of the already significant policies enacted both by the government and the UAE Central Bank over the course of the past 18 months or so, in effort to shore up the economy from the impact of the pandemic. While the government through its earlier Ghadan 2021 AED50bn economic accelerator plan, announced back in 2019, had already established solid foundations for future economic prosperity, in this current post-pandemic environment economic prospects have also been buoyed more recently by the government's aspiration of now doubling the economic contribution from the industrial sector to Dhs 300bn from the previous Dhs 133bn. We believe that this, coupled with the significant liquidity and investment made by the UAE Central Bank to offset the contractionary effects of the pandemic, now gives the latest 'Projects of the 50' a solid platform build on.



Indeed, we would suggest that this solid foundation for future reflationary growth is clearly reflected in the latest Purchasing Managers' Index (PMI) data for the UAE. The index has been consistently above 50, in expansionary territory since December 2020, thus plotting a gradual sustainable path of recovery.

In its 'Projects of the 50' announcement, the UAE government has stated that it aims to double the size of the UAE economy over the coming decade through major trade agreements with countries including Turkey, the U.K. (post Brexit) and India. Such developments of course would follow the recent historic accord struck with Israel in an effort to normalize Emirati-Israeli relations.

The numbers offered by the government are significant, committing to invest \$13.6bn into the economy in the next year and aiming to attract \$150bn of foreign direct investment (FDI) by 2030. The market now awaits more precise detail as to where this fiscal stimulus spending will be targeted, both regionally and sectorally, but for now the first 13 declared initiatives out of the planned 50 projects are as follows:

- Project 5Bn: Dh5 billion (\$1.36bn) allocated through Emirates Development Bank to support initiatives in priority sectors, stimulate industry and contribute towards economic diversification.
- The green visa: To enable highly skilled professionals, investors, entrepreneurs, top students and graduates to sponsor themselves.
- Freelancers visa: First federal visa for self-employed workers
- Tech Drive: Dh5bn to be allocated to facilitate technology adoption in industry over five years
- The 10 x 10 programme: Will aim to achieve a 10% annual increase in UAE exports to 10 global markets: China, the UK, the Netherlands, Italy, Russia, Poland, Luxembourg, Australia, New Zealand and Indonesia

- *Invest.ae*: A portal that unites investment-related local entities and 14 economic entities, presenting investment opportunities throughout the UAE
- *In-country Value*: 42% of federal government and major UAE industrial procurement to be redirected in favour of 'local products and services'. Will also aim to increase total the number of local suppliers from 5,000 to 7,300 and boost procurement value from Dh33bn to Dh55bn over 4 years
- *Emirates Investment Summit*: New event to be held next spring, designed to connect investment funds with the public and private sectors that it is then hoped will create investment opportunities for Dh550bn of inward foreign direct investment to the UAE over the next 9 years
- *Fourth Industrial Revolution Network*: initiative tasked with nurturing and growing 500 national companies through the application of advanced technology over next 5 years
- *Global Economic Partnerships*: UAE to undertake comprehensive economic agreements with eight strategic global markets to achieve a Dh40bn annual increase in the current Dh257bn trade volume with these markets. A Higher Committee for Economic Agreements has also been established.
- *100 Coders Every Day*: initiative to increase the number of coders from 64,000 to 100,000 over next 12 months and support establishment of programming companies through incentives and benefits
- *UAE Data Law*: will be first federal law to be drafted in partnership with major technology companies with the aim of protecting data privacy and empowering people to control how their personal data is used, stored and shared.
- *PyCon MEA Programming Summit*: Aspiration to hold the biggest programming summit in the Middle East next summer. Will aim is to connect coders with the public and private sectors, and to develop digital talent and creative programming projects

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