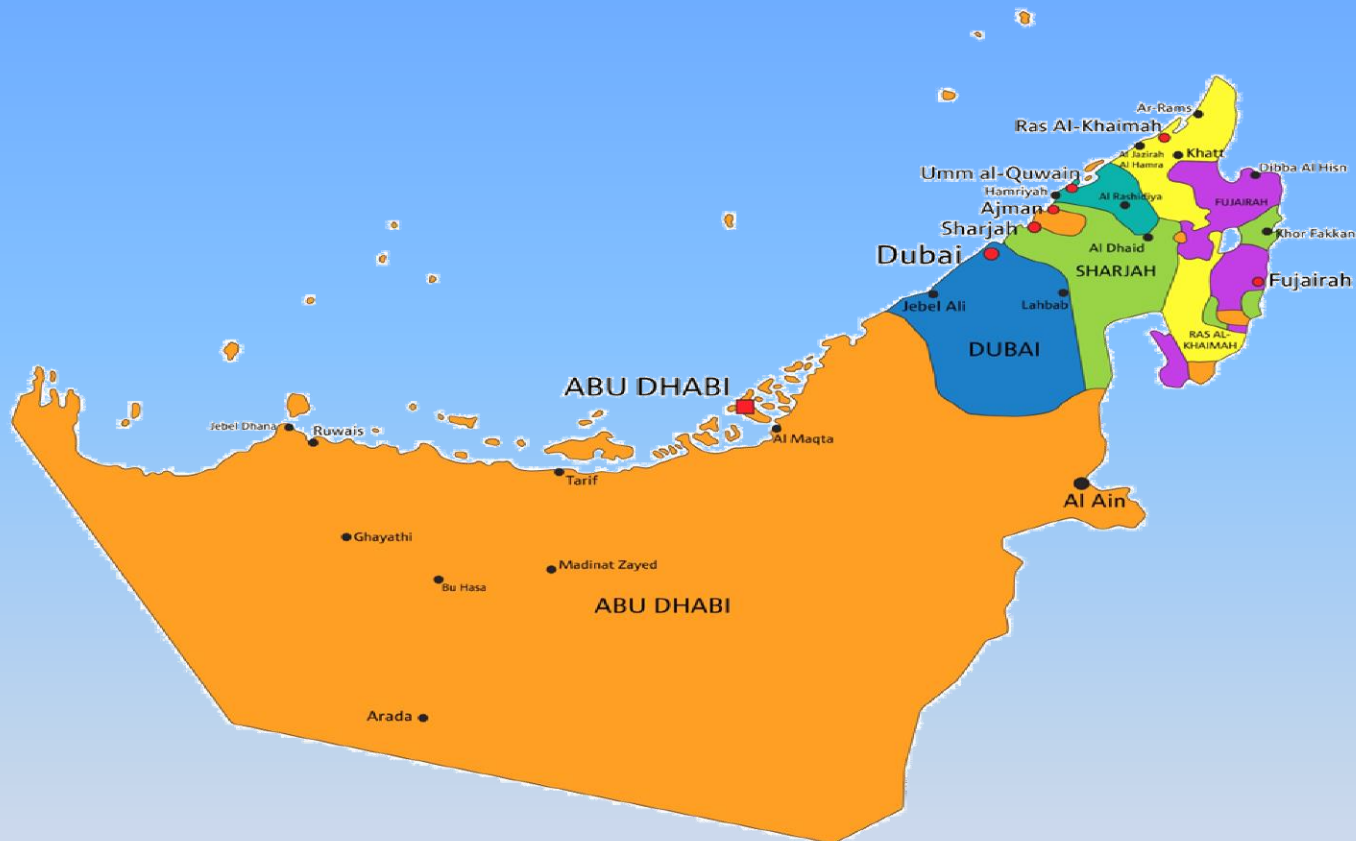




# The United Arab Emirates



Doing Business in the UAE: COVID-19 challenges & opportunities  
31 March 2021

Embassy of Greece to the UAE  
Office for Economic & Commercial Affairs



# A brief historical retrospective

1971: Establishment of the Federal State by 7 Emirates (Abu Dhabi, Dubai, Sharjah, Ajman, Ras Al - Khaimah, Fujairah, Umm Al - Quwain)

Today: 6% of the world oil reserves, 3,3% of the world gas reserves

Oil industry exports represent 25% of UAE's GDP in 2019

Target: drastic reduction of dependency on oil, diversification of the economy

Being achieved through:

- (a) development policies, focusing on green energy, high-tech industry
- (b) investment in infrastructures & construction, in tourism, in trade & in agricultural development

Utilization of new technologies: biotech, genetic engineering

Digital economy: digital technologies, Artificial Intelligence, 'smart cities'



# The economy of the UAE at a glance

GDP per capita: \$44,300 (2019)

GDP (current prices): \$421,1 bn. (2019)

Non-oil GDP (2019): 75%

Real GDP (% change): +2,4% (2017), +1,2% (2018), +1,7% (2019)

Inflation rate (average, annual): 3,1% (2018), -1,9% (2019), -2,1% (2020)

Primary budget balance (GDP %): 1,93% (2018), -0,76% (2019)

Gross public debt (GDP %, IMF projections): 20,9% (2018), 20,5% (2019)

External debt (GDP %, IMF projections): 66,9% (2018), 64,2% (2019)

Gross foreign exchange reserves: AED391 bn. ≈ \$106,5 bn. (2019), AED 519 bn. (≈ \$141,4 bn. in January 2021)

Exports & re-exports: \$315,9 bn. (2019), of which ≈ 30% re-exports)

Imports: \$342 bn. (2019)

Top trading partners: China, India, Saudi Arabia, U.S., Iran, Switzerland, Japan, Germany, Oman, UK

Currency: Dirham (AED), pegged to the USD (\$1=AED3,67)



# Growth estimates for 2020-2022

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Negative real GDP growth 2020 (2<sup>nd</sup> quarter): -7,4%, non-oil: -9,9%

In 2020, the Emirati economy experienced a recession of 5,8% (CBUAE), largely due to the total lockdown of the economy for at least two months, the international oil price decrease, as well as the postponement of the World Expo Dubai 2020

According to the latest estimates by the Central Bank of the UAE, the economy is going to grow by 2,5% in 2021 driven by non-oil GDP growth (+3,6%). Full recovery is expected in 2022 (3,5%)



# Impact of COVID-19 pandemic in major sectors

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Oil and gas industry: 1<sup>st</sup> sector contributing 25% of UAE's GDP. Drop in demand, together with the oil price war of OPEC+ countries, resulted in the reduction of UAE's oil production about 9% in 2020, by estimate impacting the UAE GDP by -7,5%

Wholesale and Retail Trade: 2<sup>nd</sup> largest sector of UAE economy (after oil industry), contributing 12,5% in GDP (2019) equal to \$52,5bn. Positive impact on sales of super and hyper markets, pharmacies and online commerce establishments. Negative impact on sales of malls and small businesses, especially in apparel and luxury items.

Construction: 4<sup>th</sup> largest sector (after oil, trade, financial sectors) contributing 8,4% in GDP(2019). Due to the lockdown and slowdown of the economy, as well as postponement of EXPO2020, many projects were cancelled or frozen

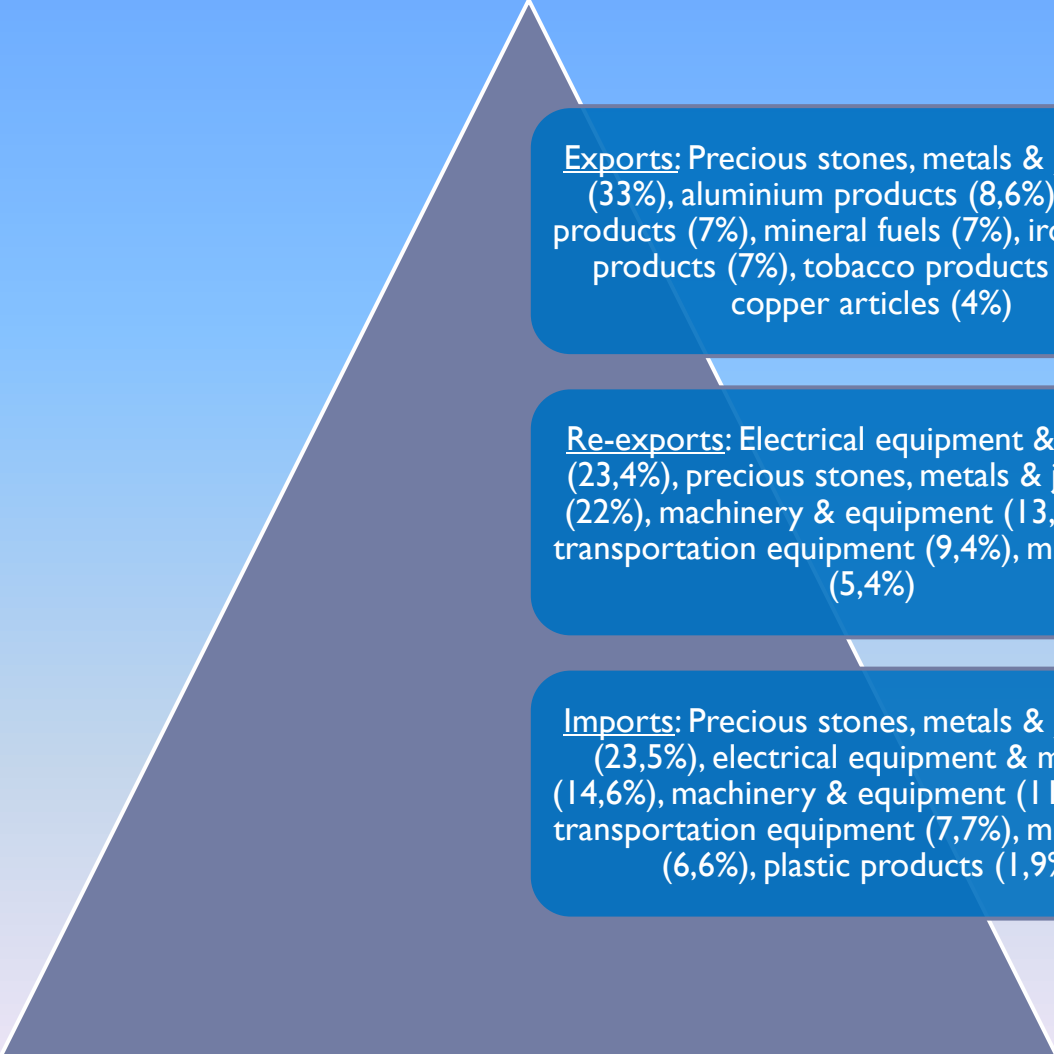
Tourism and hospitality industry: impact on Emirates the biggest airline worldwide on long-haul flights due to travel restrictions. Emirates is expected to operate fully not earlier than 2022/2023 or 2023/2024. Hospitality industry has recovered after the initial shock, thanks to the re-launching of flights, the boost of domestic tourism, as well as UAE's vaccination program

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# Main UAE exports, re-exports & imports (2019, as % of the total)



Exports: Precious stones, metals & jewellery (33%), aluminium products (8,6%), plastic products (7%), mineral fuels (7%), iron & steel products (7%), tobacco products (5,8%), copper articles (4%)

Re-exports: Electrical equipment & material (23,4%), precious stones, metals & jewellery (22%), machinery & equipment (13,4%), land transportation equipment (9,4%), mineral fuel (5,4%)

Imports: Precious stones, metals & jewellery (23,5%), electrical equipment & material (14,6%), machinery & equipment (11,3%), land transportation equipment (7,7%), mineral fuel (6,6%), plastic products (1,9%)



# Main destinations for UAE exports & re-exports (2019) – Non-oil

## Exports:

Saudi Arabia: 13,3%

India: 10,4%

Switzerland: 9%

Oman: 7%

Kuwait: 4,3%

Iraq: 4%

Turkey: 3,8%

China: 3,6%

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Greece: 0,09%

## Re-exports:

Saudi Arabia: 12,5%

Iraq: 9%

India: 6,5%

Switzerland: 6,4%

China: 5,7%

Iran: 5,3%

Oman: 5,2%

Kuwait: 4,7%

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Greece: 0,15%



# Main sources of UAE imports (2019)

China: 16,4%

India: 10,7%

USA: 8%

Japan: 5,1%

Germany: 4%

UK: 2,9%

Vietnam: 2,9%

Saudi Arabia: 2,7%

France: 2,7%

Italy: 2,6%

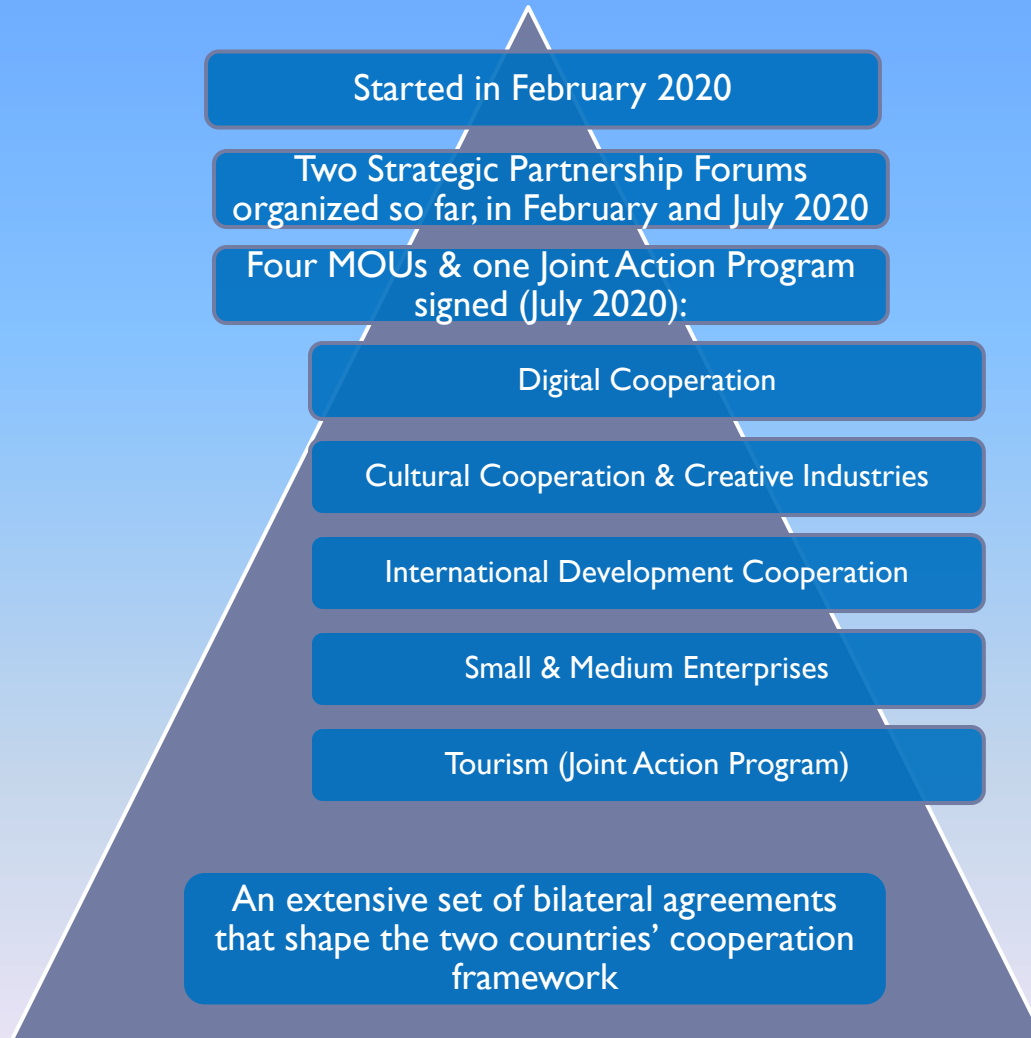
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Greece: 0,08%





# The Bilateral Strategic Partnership Greece-UAE





# The Bilateral Strategic Partnership Greece-UAE

Numerous exchanges of official visits

Sector working groups & workstreams following up on the implementation of the MOUs

Cooperation between big Emirati investment funds ➡ ADIA, Mubadala, Khalifa Fund, with Greek development funds ➡ HDB, HDBI

Cooperation between the tourism authorities of the two countries (Greek Ministry of Tourism, GNTO, Emirates Ministry of Economy, Abu Dhabi Tourism Authority)

Cooperation in the field of renewables: PPC Renewables (Greece), Masdar (UAE)

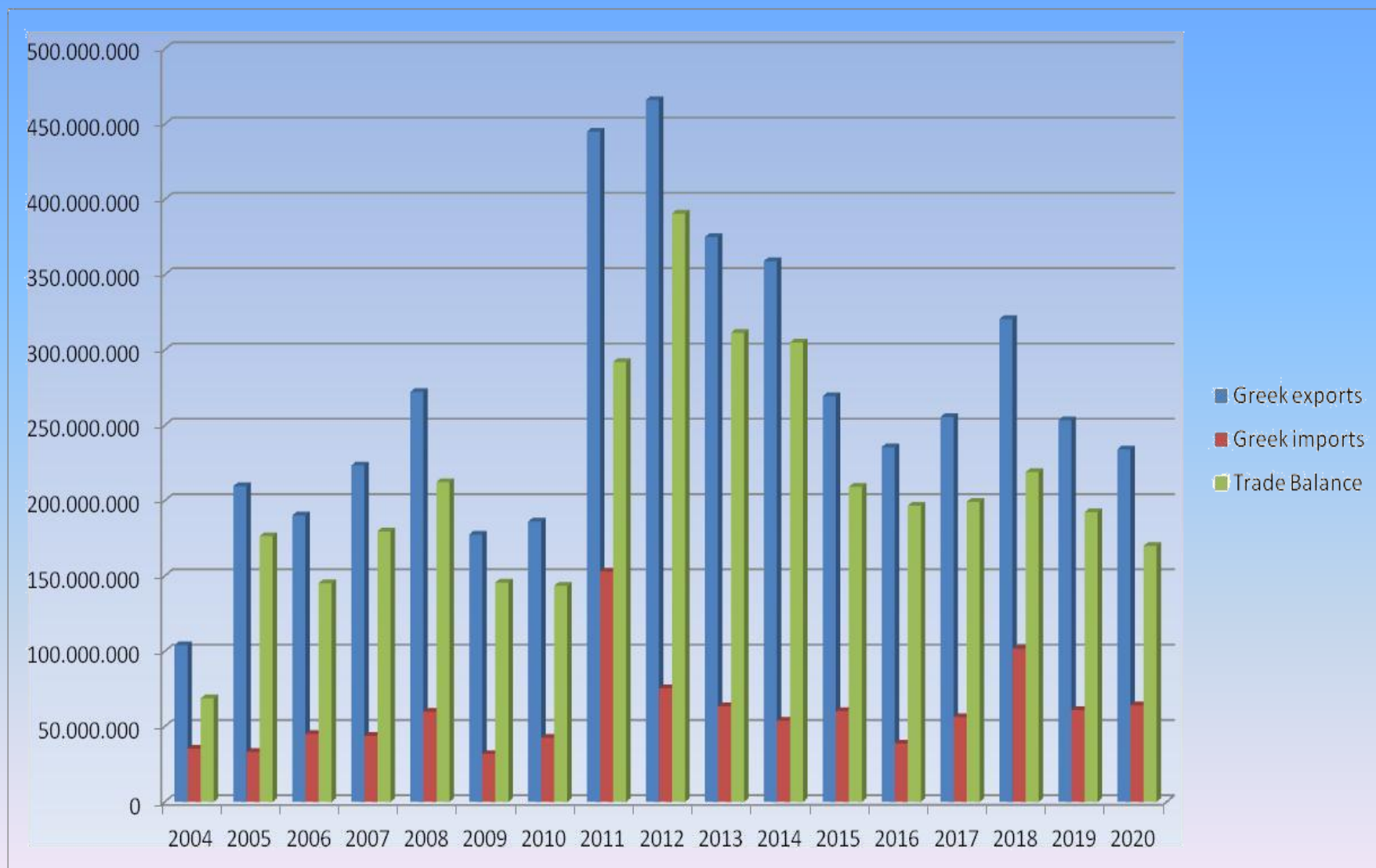
Cooperation in the field of agriculture (standards, agricultural research)

Cooperation in the field of culture & creative industries: webinars, liaison of the Abu Dhabi Louvre Museum with the Greek Ministry of Culture to organize exhibition of Greek antiquities

Development Cooperation: joint projects in developing countries, focusing on Africa



# Bilateral trade Greece-UAE, 2004-2020 (in €)



Source: Hellenic Statistical Authority



# Bilateral trade in 2019/2020 -Resilience of non-oil trade amidst pandemic crisis

Greek exports to the UAE 2020: €234,1 million (-7,6%), mainly due to the decrease in the value of oil exports). Non-oil exports contracted only by 1,3%

Greek imports from the UAE 2020: €64,1 million (+5,2%)

Total Bilateral Trade volume 2020: €298,2 million (-5,1%).  
Non-oil bilateral trade remained at same level

Bilateral trade largely affected by fluctuations in international oil prices and demand

Greece: non-oil trade surplus of €152 million in 2020. In the last 5 years, non-oil trade surplus grew by 6,3%



# Main Greek exports to the UAE (2020, by tariff section, % of the total)

| Description by tariff section and ranking 2020  | Share of total % | Ranking in 2019  |
|---|------------------|------------------|
| 1.Machinery&equipment (84): engine parts, solar water heaters, water filtering/purifying machinery, parts of lifts, etc.) | 13%              | 2 <sup>nd</sup>  |
| 2.Tobacco products & substitutes (24): cigarettes   | 11,5%            | 10 <sup>th</sup> |
| 3.Fisheries (03): frozen fish   | 8,15%            | 35 <sup>th</sup> |
| 4. Mineral fuel (27)  | 8%               | 1 <sup>st</sup>  |
| 5.Articles from building stone & cement (68): marble blocks   | 6,85%            | 5 <sup>th</sup>  |
| 6.Aluminium products (76)   | 6%               | 3 <sup>rd</sup>  |
| 7. Scientific & measurement instruments (90): telescopes  | 5,4%             | 7 <sup>th</sup>  |
| 8. Electrical equipment & material (85): telephones, microphones, headphones  | 5,1%             | 8 <sup>th</sup>  |
| 9. Pharmaceuticals (30)   | 3,5%             | 12 <sup>th</sup> |
| 10. Paper Articles (48)   | 2,4%             | 13 <sup>th</sup> |
| 11. Furs (43)   | 2,2%             | 4 <sup>th</sup>  |
| <b>Source: Hellenic Statistical Authority</b>   |                  |                  |



# Greek food & beverage exported to the UAE (2020)

Share of total exports of F&B over doubled, from 7% in 2019 to 15,7% in 2020

|  | Export value in € | Change 2019-2020 % |
|--|-------------------|--------------------|
| Fish, frozen, excluding fish fillets (0303)                                      | €13,6mn           | -                  |
| Fish fillets and other fish meat, fresh, chilled or frozen (0304)                | €3,7mn            | -                  |
| Other oil seeds and oleaginous fruits (1207)                                     | €2,67mn           | +73%               |
| Bakery products, bread, pastry, cakes, biscuits (1905)                           | €1,83mn           | +13,7%             |
| Natural gums (1301)  | €1,8mn            | -13%               |
| Canned & preserved fruit (2008)  | €1,6mn            | +126%              |
| Fish, fresh or chilled, excluding fish fillets (0302)                            | €1,5mn            | +26%               |
| Preserved vegetables otherwise than by vinegar or acetic acid, not frozen (2005) | €1,4mn            | -14%               |
| Olive oil (1509)   | €1,3mn            | -32%               |
| Cheese (0406)  | €1,1mn            | +9,9%              |
| Buttermilk, curdled milk and cream, yogurt (0403)                                | €1mn              | +12%               |
| Strawberries fresh (0810)  | €763 thousand     | -53%               |
| <b>Source: Hellenic Statistical Authority</b>                                    |                   |                    |





# Greek products with a strong potential in the UAE market

- Fisheries
- Tobacco products & substitutes
- Scientific & measurement instruments
- Electrical equipment & material
- Pharmaceuticals
- Paper articles
- Colouring matters, paints and varnishes
- Vegetable/fruit preparations
- Oleaginous seeds (cotton seed)
- Plastic products
- Bakery products
- Dairy products
- Marble blocks
- Wines

## Greek products facing challenges in the UAE market

- Furs
- Furniture, lamps and lighting fittings
- Fresh fruit (mainly due to disruptions in the supply chain during COVID-19 pick)
- Cosmetics
- Aluminium products
- Lifts & lifting equipment
- Metal articles (locks, fittings, hinges for doors & windows)
- Copper tubes and pipes
- Marble tiles and articles
- Olive oil



# GREEK BUSINESS PRESENCE IN THE UAE

300 Greek-interest companies active in the UAE, mainly in construction, shipping, trade & fur trade

Solid Greek presence in Trade Fairs: in 2019, 153 companies exhibited their products in F&B, construction/building materials, energy, beauty, health, tourism, technology exhibitions. Among them, strongest Greek participation with national pavilion in The Big5 Show, Gulfood, Arabian Travel Market, Hotelshow, IDEX)

45 promotional actions planned in 2020 (only 21 took actually place due to COVID-19) and 37 took place in 2019 by combined partnerships of the MFA/Embassy of Greece/Office for ECA, Enterprise Greece, Ministry of Agriculture, Ministry of Tourism/GNTO, Greek Regions, private entities





# Main features of the UAE market

Population: 9,3 million, 13% Emirati nationals

The UAE are member of the Gulf Cooperation Council (GCC), which forms a customs union with a common external tariff of 5%. Other members are Saudi Arabia, Oman, Kuwait, Qatar, Bahrain

Political stability, the most open economy in the GCC

UAE and particularly Dubai are a major international hub for importing and re-exporting products and services to the markets of the Middle East, South Asia, North and East Africa, hosting world-class trade exhibitions

Domestic production still covers small part of consumption

The Federation has made significant progress towards harmonization of standards and regulatory measures but still differences exist in strategies and legislation among different Emirates

Arabic culture: focus in establishing trust-based and friendly relations with business partners. Respect and compliance to Islamic customs and local rules (products labeling, halal certification)

Critical step for success in entering the market is finding the right local agent or distributor.

Very competitive market, strong focus on pricing-quality- consistency-credibility-professionalism-persistence for successful positioning



# For inquiries, please contact:



## **Embassy of Greece in Abu Dhabi**

Al Fayd Street, Villa #49, Al Muroor Area, P.O. Box 5483, Abu Dhabi, UAE

Tel.: +971-2-4492550, e-mail: [gremb.abd@mfa.gr](mailto:gremb.abd@mfa.gr)

## **Greek Economic & Commercial Office in Dubai**

Al Habtoor Business Tower, Office 902, Dubai Marina, Dubai

Tel.: +971-4-2272106, e-mail: [ecocom-dubai@mfa.gr](mailto:ecocom-dubai@mfa.gr)