غرفــة أبوظبي
ABU DHABI CHAMBER

www.abudhabichamber.ae

BADER report

December 2019

In association with IHS Markit

Dear reader

Abu Dhabi's economy has made great strides in the past year. The private sector posted solid growth and will become the key driving force for the national economy in 2020 again. This is a major achievement as 2019 was a year with many obstacles in the global arena.

Global conditions have casted shadows over trade relations, but Abu Dhabi has been able to successfully buck that trend, with evidence pointing at price reductions supporting Abu Dhabi's exports – price reductions actually exemplified the supreme competitiveness of Abu Dhabi's exports. Still, a strong stimulus from the domestic side might be the right thing to do now. This will support the efforts to further develop the vibrant and innovative economy that the Vision 2030 envisaged.

The Ghadan 21 initiative is expected to have positive and stronger impacts in 2020 and 2021, especially after the completion of the deadline needed for benefiting from the financial package, completion of regulations for implementation, introducing the initiative and details related to its implementation to the private sector.

The expectation is that the Abu Dhabi government through structural measures and economic investment is able to kick off a virtuous circle that could lead to higher domestic demand, improving bank balance sheets, stabilizing and rising real estate prices, and higher investment in Abu Dhabi's private sector.

Abu Dhabi can bypass the impact of the negative global changes and its influence on exports, by continuing the policy of increasing domestic consumption, through increasing spending on local projects. Moreover, the odds for the year 2020 signal that global conditions are becoming more supportive for Abu Dhabi's private sector exports again.

Contents

Cover image: Shutterstock

About IHS Markit: www.ihsmarkit.com

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

For permission requests, write to the publisher, addressed to:
Key Sector Permissions Coordinator
Main Building of Abu Dhabi Chamber,
Corniche Rd., P.O.Box 662
Tel + 971 2 6214000
Fax + 971 2 6215867
E-mail: contact.us@adcci.gov.ae
8:00 AM - 3:00 PM (Sun - Thu)

Printed in the United Arab Emirates

www.abudhabichamber.ae www.linkedin.com/company/abu-dhabi-chamber

Biannual Abu Dhabi Economic Report

60.2%

Marks the share of the nonoil economy

Outlook for Abu Dhabi

The private sector of Abu Dhabi has been confronted with a difficult 2019. The year was slated to become the beginning of a real recovery after a longer period of subpar growth. The Ghadan 21-initiative had been announced and with that a large-scale fiscal stimulus package was beginning to be implemented.

Conditions for 2019 turned out to be weaker than initially expected. At first the growth estimate for 2018 had been revised down to just 0.9%—a downgrade of nearly one percentage point. This signaled that growth had been rather modest.

Moreover, the global trade war, which Abu Dhabi seemed to escape relatively unscathed in the first half of 2019, was finally relevant as well. Tariffs implemented in bilateral between countries like the United States and China were cascading through the global trade system, crossing borders and affecting all major supply chains beyond the prime targets.

Global trade was losing momentum, and Abu Dhabi was no exception. Sentiment in the industry and goods trade was hurt, and local financial markets reflected that weakness.

All this happened while the government of Abu Dhabi had paved the way for a further expansion of the private sector share in the economy. Fortunately, the course has been set as the share of the nonoil sector in the Abu Dhabi economy increased in the first quarter of 2019. However, it is also true that the share went the other way most of the time in previous quarters.

Headline data for the first quarter look favorable for the Abu Dhabi economy. Policymakers should be aware though that a closer look reveals negative factors that could weaken the economy during 2020. Continued policy focus on stimulating domestic demand is warranted.

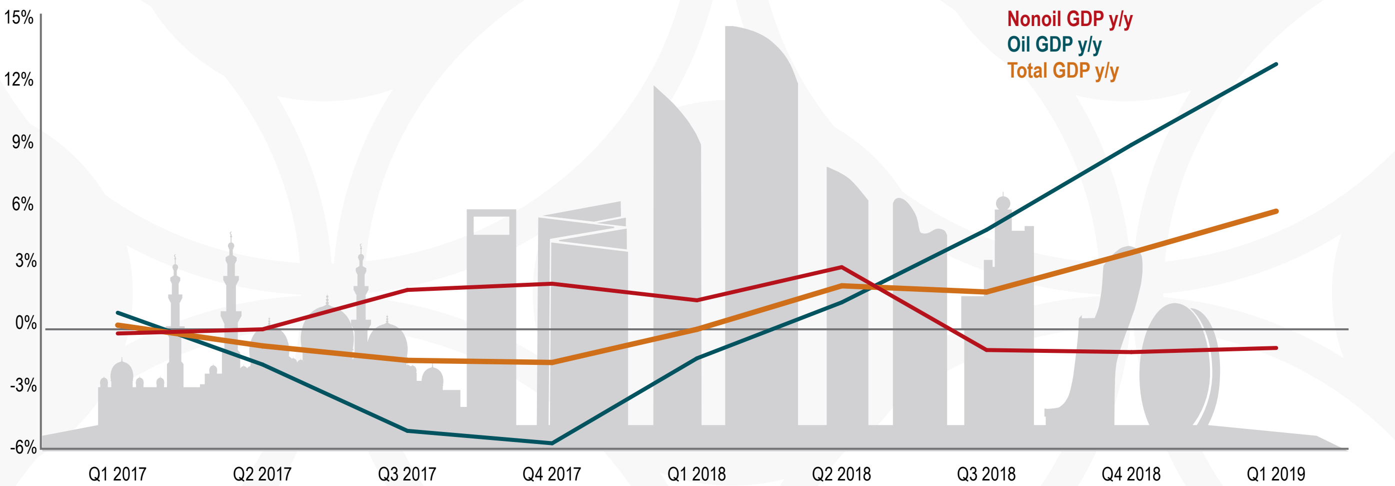
Adjusted for price effects, Abu Dhabi's GDP increased strongly in first quarter 2019, the latest period for which data have been published by Statistics Centre - Abu Dhabi (SCAD). GDP prolonged a streak of accelerating growth that had started after flat growth in first quarter 2018.

However, much of that growth acceleration was due to the oil sector of the economy, since the sector reported a robust 12.8% increase on the year in the first quarter. Comparing quarter on quarter (q/q), the economy produced a strong 2.2% leap that was driven by the oil sector, which grew by 5.1% (see chart 1).

Oil and nonoil growth

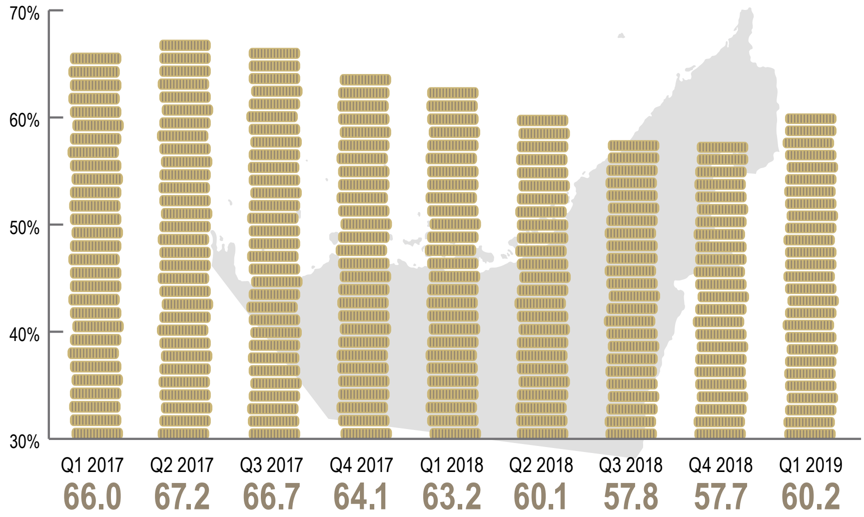
Nonoil activities actually declined compared

Chart 1: Nonoil GDP growth takes a temporary break



Source: Statistics Centre Abu Dhabi (SCAD)

Chart 2: Nonoil GDP share went up in Q1 2019



Source: Statistics Centre Abu Dhabi (SCAD)

2.5–3.5%

Growth is forecast for nonoil GDP in 2020

with the first quarter a year earlier and to the previous quarter. The share of the nonoil sector in the economy increased in the first quarter only because oil prices fell stronger than the prices for the nonoil economy. The nonoil sector had been zig-zagging between growth and decline on a quarterly basis for 2018.

Based on our projections, the nonoil sector will grow between 1.5% and 2.0% in 2019 and between 2.5% and 3.5% in 2020 thanks in large part to domestic demand, the effect of the measures to cut red tape in the economy, and the government's stimulus package.

The global economic situation is unlikely to slip back into a full-blown recession, yet it will hardly provide a boost to growth in Abu Dhabi's private sector either. Even if trade tensions between the large global trading blocs ease, it is unlikely that the global economy moves back on the path of strong, trade-induced growth any time soon.

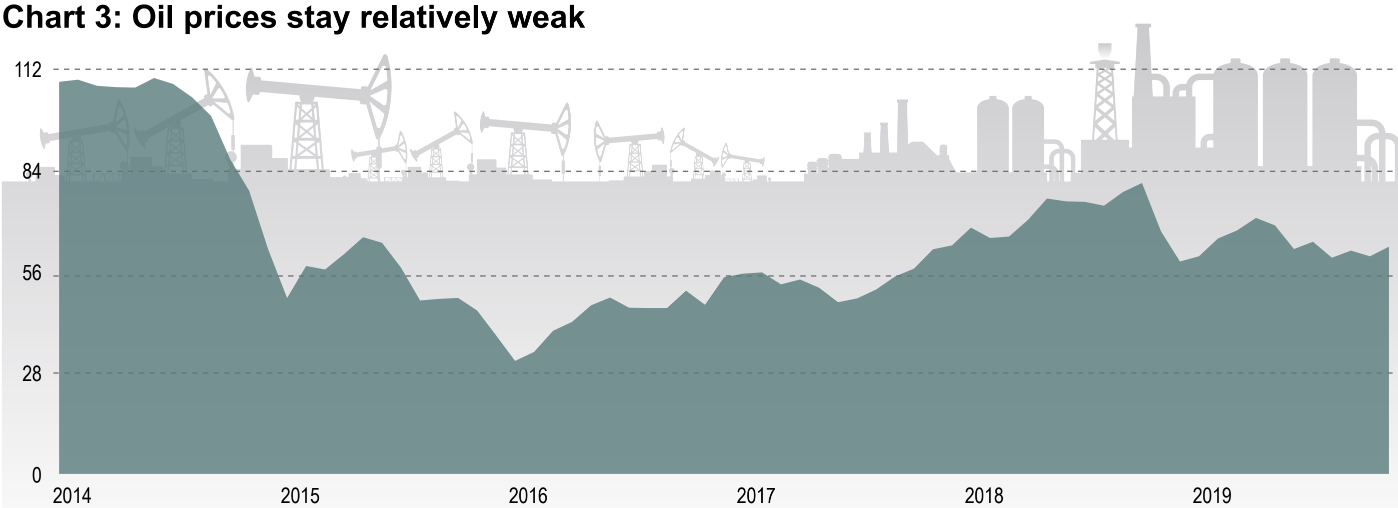
The share of the nonoil value added to total GDP increased to 60.2% in first quarter 2019 as nonoil takes on a stronger role in the economy. Looking at the longer term, the trend is clear: nonoil GDP accounted for 45–50% at the beginning of the current decade, while the share now is around 60%, confirming the trend toward lower dependency on oil markets (see table 2).

Oil prices have recently declined as output gains lead to supply surplus putting downward pressure on prices. October 2018 marked the high point in Murban oil prices in the last several years. However, prices have once again been on the decline. A downturn in the demand outlook and continued strong supply pulled prices lower in 2019. Oil prices continue to demonstrate a high level of volatility owing to many shifting risks, including an oversupplied market and slowing global demand.

A modest reduction in supply is expected as 10 OPEC countries have agreed to a combined reduction in their output targets. The downward pressure in quotas puts the exporter group in a better position to deal with the possibility of having to negotiate a further reduction in supply toward the end of the first quarter to keep a floor under prices (see table 3).

The primary motor for recovery is the government, with a call for more deficit spending. As the oil price falls, there is not as much leeway to dip into oil funds.

Chart 3: Oil prices stay relatively weak



Source: IHS Markit

Abu Dhabi's private sector

Abu Dhabi has strengthened its commitment to develop the private sector. In June 2019, nine new initiatives were launched for businesses, investors, entrepreneurs, and small and medium enterprises (SMEs). This announcement is in line with the vision to be a top global location to do business. One step is to increase cooperation between the public and private sectors.

The government is committed to developing and supporting new partnership projects opportunities, such as educational projects in the form of schools run by private companies yet funded by the government, or large infrastructure projects. This commitment will go a long way in further growing the economy.

The private sector will also benefit from the initiatives that enhance the ease of doing business. One recent example is the Abu Dhabi instant license, which has simplified the process of applying to conduct commercial activity in the emirate. This innovative licensing framework moves the process online, allowing businesses to conduct activities immediately. More improvements like this are encouraged.

Purchasing managers' index (PMI) for Abu Dhabi

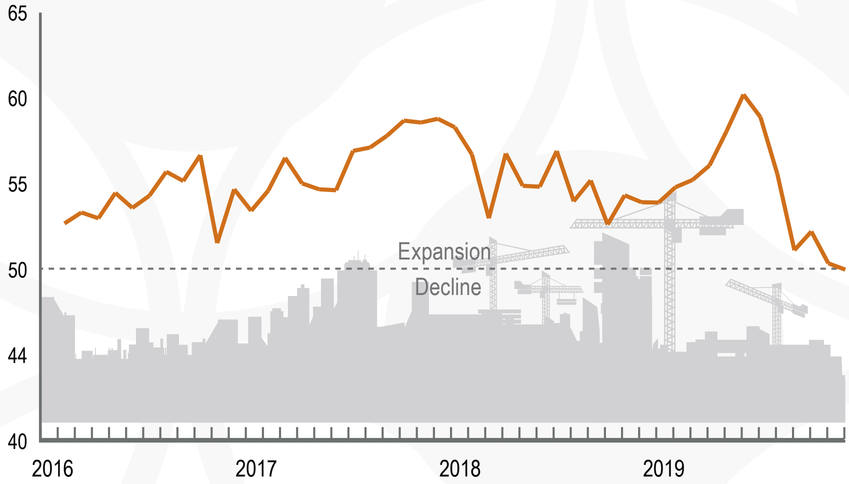
The private sector and manufacturing in particular have come under pressure in the second half of 2019 as the IHS Markit Purchasing Managers' Index (PMI®) dropped from the highs seen in the first half. Reaching the line between expansion and decline in November, manufacturing in Abu Dhabi is at risk of extending the period of weak growth into 2020.

These results contrast with still-prevailing expectations for a stronger recovery of the nonoil sector in 2020. Despite growth slowing, firms were more optimistic for the year ahead and expect output to rise during the coming 12 months, with radiating effects from the Expo 2020 in Dubai usually quoted as a positive factor for demand and Ghadan 21 being a boost to Abu Dhabi activity in particular.

It should be noted that the impact of a large-scale fiscal stimulus program, such as Ghadan 21, usually takes effect with a considerable lag, especially when structural measures such as easing the administrative burden of the economy is involved.

Growth in the nonoil private sector business conditions softened to the weakest in more than 10 years in November. The composite PMI for Abu Dhabi, a cut by IHS Markit from the results for the United Arab Emirates (UAE) as a whole, provides an early indication of operating conditions in Abu Dhabi. The overall index dropped to 49.9 points in November—a decline from 50.2 points in the previous month. The survey indicates that strong competitive pressure was again a key factor in recent results (see chart 4).

Chart 4: PMI: Abu Dhabi private sector takes breath after strong bounce H12019



Source: IHS Markit

During the last several years, the PMI stood within a 51–58-point range, remaining comfortably above the 50-point threshold that separates expansion from decline. May 2019 saw the index at its highest level, signaling an overall improvement in nonoil business conditions.

A closer look at the PMI results reveals that output in November expanded at a fairly low pace. This was partly due to a softer rise in new orders as firms continued to battle intense competition in the market. Selling charges were again reduced in response to lackluster demand.

Output results indicate the private sector of the economy is weakening and will continue to do so in the foreseeable future. This occurred as nonoil companies in Abu Dhabi continued to lower selling prices amid competitive pressures.

The drop in new business despite a sharp cut in charges, along with a marginal decline in overall sales offered a first hint that the nonoil private sector might endure a period of contraction. Whether or not this occurs, businesses remain positive about the near-term outlook.

It might well be that, just as the positive surprises of the first half have likely overstated the true condition of the Abu Dhabi private sector, the more recent relatively weak

49.9

Marks the November value of Abu Dhabi's PMI

97.5%

Was the Abu Dhabi's Economic Performance Index value in 2018

38.5%

of the UAE's GDP in 2018 was from household final consumption expenditure

results understated the actual performance. In any case, the government needs to stay vigilant and focused on the stimulus of domestic demand to ensure that a recovery can take hold.

Economic Performance Indicator (EPI)

In the first issue of the Biannual Abu Dhabi Economic Report (BADER), the concept of the Economic Performance Index (EPI) was introduced. The EPI is a synthesized indicator measuring the performance of the economy, with factors including economic growth, price inflation, fiscal balance, and unemployment (see chart 5).

Abu Dhabi's economic performance ranked in the top of the region surveyed back when this index was created. The country fell because of the impact of the oil price on growth and the budget position. However, we again see improvements as Abu Dhabi has made significant progress and climbed back up the ladder.

EPI performance in 2018 is driven by stable government debt levels, an uptick in unemployment, and a recovery in real GDP. Improvements in the inflation rate from 4.3% in 2015 to 2.0% in 2016 and 1.6% in 2017 helped Abu Dhabi's economic performance. The introduction of the value-added tax (VAT) in 2018 caused a short-term blip for inflation in 2018, which will not have any significant ramifications for price inflation beyond 2018. The higher tax intake, on the other hand, will have a lasting effect on the improved fiscal position.

In the last 10 years, Abu Dhabi has outperformed the UAE as a whole every year except two. Increased fiscal and external pressures in the oil-rich economies of the Middle East, such as Abu Dhabi, the UAE in general, Saudi Arabia, and Oman have remained since late 2015. Abu Dhabi is once again performing ahead of the UAE and even ahead of the United States, likely owing to the impact of the fiscal deficit.

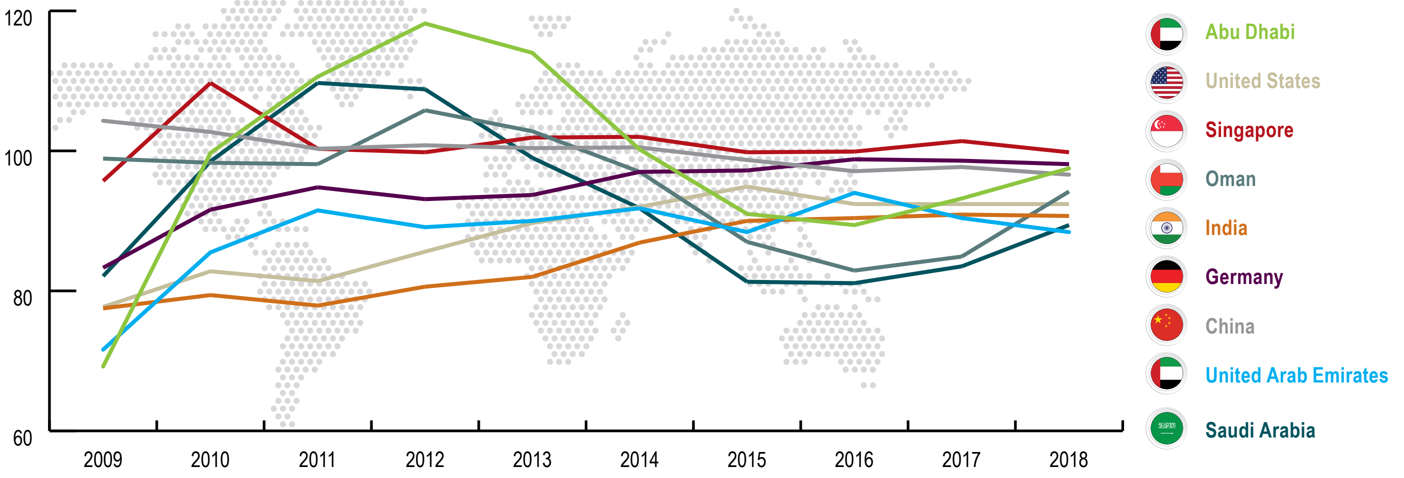
General government debt levels are expected to remain stable for the next few years. Further fiscal expansion will lead to narrow deficits in 2019–20 with import needs associated with the ongoing spending uptick working to trim the current-account surplus through the end of the decade. Going forward, the fiscal position and the effect of the Ghadan 21 fiscal package will help improve the overall economic performance of Abu Dhabi.

Consumer spending

The household final consumption expenditure in the UAE was 38.5% of GDP in 2018—up from 34.9% in 2017, according to the World Bank national accounts data. Household final consumption expenditure (formerly private consumption) as tracked by the World Bank includes the market value of all goods and services, including durable products (such as cars, washing machines, and home computers), purchased by households. It excludes purchases of dwellings but includes imputed rent for owner-occupied dwellings. It also includes payments and fees to governments to obtain permits and licenses and the expenditures of nonprofit institutions serving households (NPISH) such as charities, cultural clubs, and public libraries.

In 2019, private consumption has weakened as consumers in the UAE have experienced a slowdown in the consumer market.

Chart 5: Economic Performance Index: Abu Dhabi climbs ranks among high performers



Source: IHS Markit

Weakness in private consumption has taken the form of softer household spending. This is in part due to slower private sector job and wage growth along with an increase in consumption taxes as part of broader UAE budget reforms during the last two years.

Consumer confidence is fueled by positive trends, which in turn strengthens consumer demand. According to the Conference Board Global Consumer Confidence Survey (TCB Global CCS), which is produced in collaboration with Nielsen, UAE consumer confidence declined in the third quarter of 2019. The third quarter had been projected to decline to 107 index points. In the second quarter of 2019, the index level remained unchanged from the prior quarter at 113 index points. Although softening, the index remained firmly in positive territory.

The decline in confidence shows consumers are somewhat less optimistic about their personal finances. The index levels above 100 indicate optimism and below 100 indicate pessimism. The index reached an all-time high of 118 index points in the fourth quarter of 2017, with a low of 97 index points back in the fourth quarter of 2010. Consumer confidence is expected to trend around 109 index points in 2020.

Another source of consumer spending is personal loans. The demand for personal loans in Abu Dhabi remained unchanged in the third quarter of 2019, according to the Credit Sentiment Survey published by the Central Bank of the UAE. However, demand for personal loans in Abu Dhabi is expected to increase in the fourth quarter. Consumers cited income, the outlook for housing markets, and seasonal factors as being the most significant factors influencing the recent demand for loans.

The PMI data for wages and employment—both drivers of consumer spending—show no big changes for these indicators in 2019. Wages are stagnant, remaining close to the 50-point threshold during the past year. Employment is shrinking slightly. This could indicate the sector does not need as much manpower as productivity increases. With sales dropping, some panelists sought to reduce payroll in order to streamline costs, which offset the hiring of extra workers at other firms.

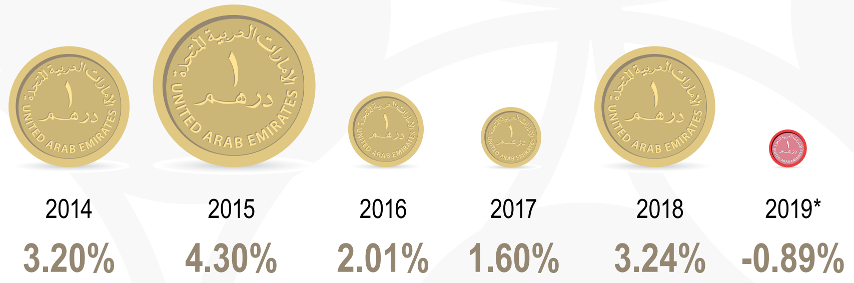
Consumer prices

UAE consumer prices will post deflation for the year overall in 2019 given the fading impact of the Gulf Cooperation Council (GCC)'s 5% VAT; housing-price weakness; and as a stronger US dollar, to which the UAE's dirham has a fixed parity, dampens import costs. The situation on the price front is unlikely to change significantly in the next several months.

Now that the one-off effect of the VAT introduction has been accounted for, it appears that price levels in Abu Dhabi are stable. Price deflation, however, even at the modest levels that Abu Dhabi currently encounters, should be regarded with some concern. It reflects weak demand and is yet another call for a continued focus on government spending (see chart 6).

The breakdown of the headline consumer price index reveals some interesting trends. Recreation and culture—a group with less than 5% weighting—soared 35% in October 2019 compared with October 2018, making it the biggest increase and the main inflation driver. Meanwhile, housing prices and transport prices are expected to post deflation for the full year overall. The transport price decline will moderate and remain in single digits in 2019; it will come in lower than headline inflation as oil prices continue to edge downward, yet still remaining at high price levels.

Chart 6: Consumer Price Inflation



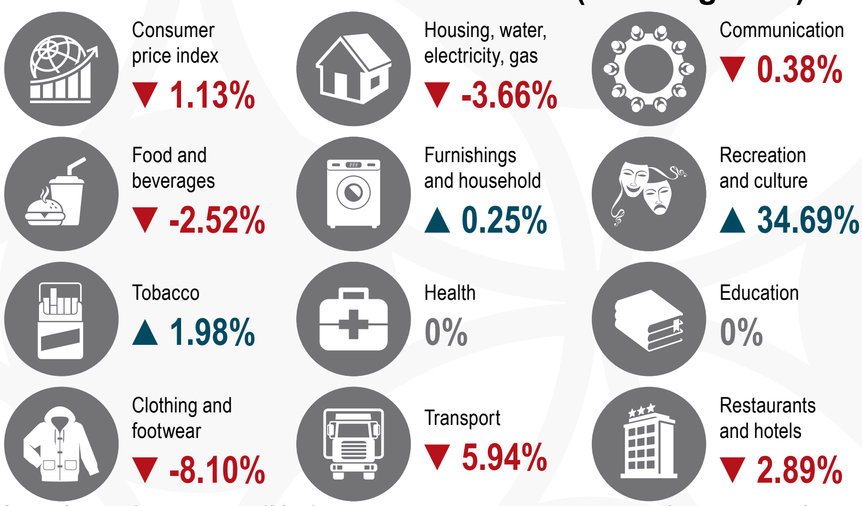
*January to October

Source: Statistics Centre Abu Dhabi (SCAD)

109

Index points is the expected trend for UAE consumer confidence in 2020

Chart 7: Price trends in October 2019 (% change Y/Y)



Source: Statistics Centre Abu Dhabi (SCAD)

In 2019, most expenditure groups experienced a decrease in CPI. The biggest price increase was seen in the recreation and culture category, followed by tobacco. Despite growing, tobacco's share of overall CPI is low at less than 1%. Meanwhile, all the other categories declined headed by clothing and footwear and transport. Prices in the housing, water, electricity, and gas sector decreased 3.7% in October compared with 2017, representing a 31% share of CPI—the largest contributor to Abu Dhabi's CPI (see chart 7).

The impact of price inflation varies for welfare levels of the population. CPI prices rose fastest at the top welfare level—by 3.5% in 2018. Those in the middle saw an increase of 3.1%, while those in the bottom welfare group experienced a 2.7% increase in prices compared with the same period in 2017. Prices thus rose fastest in the higher income groups.

Private investment

Abu Dhabi continues to attract investment thanks to its appeal as a commercial and business center. Private-sector investment is key to growth and development. The government prioritizes attracting foreign investment to diversify the economy away from oil to help reduce their reliance on oil-dependent industries.

Chinese investments remain strong as the UAE is China's primary economic partner in the region. While the relationship between Abu Dhabi and China are primarily based on crude oil, natural gas, refined petroleum, and other petrochemical products, relations are also becoming more diversified. China's companies are highly attracted to investing in Abu Dhabi's Industrial Free Zones.

Non-performing loans (NPLs) of UAE banks have edged up in third quarter 2019 compared with a year ago, reflecting the weak state of the housing sector and related sectors such as construction. The weaker balance sheet of the UAE banks is hardly conducive to finance a recovery. That being said, once the economic situation improves and housing prices recover, so will the loan situation. A vicious circle could ensue that would lead to a stronger role for Abu Dhabi's private sector. To get there, a helping hand from the government is needed.

Most recently, the UAE central bank has been working to propose new regulatory measures to loosen the cap on bank lending that is available to the real-estate industry. Currently, UAE banks can lend up to 20% of customer deposits to the real-estate industry. However, raising this limit would provide a boost to the struggling industry. The central bank recognizes the need to be flexible and is responding by loosening limits.

First Abu Dhabi Bank is the largest Abu Dhabi-based bank and the largest bank in the UAE by total assets and market capitalization. According to its November 2019 investor presentation, 48% of the group's loans are to private-sector corporations and 18% to households, while lending to the government and public-sector corporations accounts for 26% of lending. By economic sector, real estate and construction loans were the largest category, accounting for 21% of loans, followed by personal/retail loans at 14%. The bank's NPL ratio stood at 3.1% in the third quarter—the same as a year ago.

The Credit Sentiment Survey shows that demand for business loans increased modestly in Abu Dhabi in the first three quarters of 2019 and in fact have been on the rise for the last six quarters in a row. Demand for business loans is expected to further increase in the fourth quarter of 2019 after it increased across all economic activities, with the largest effect impacting all local, large firms, and conventional loans (see chart 8).

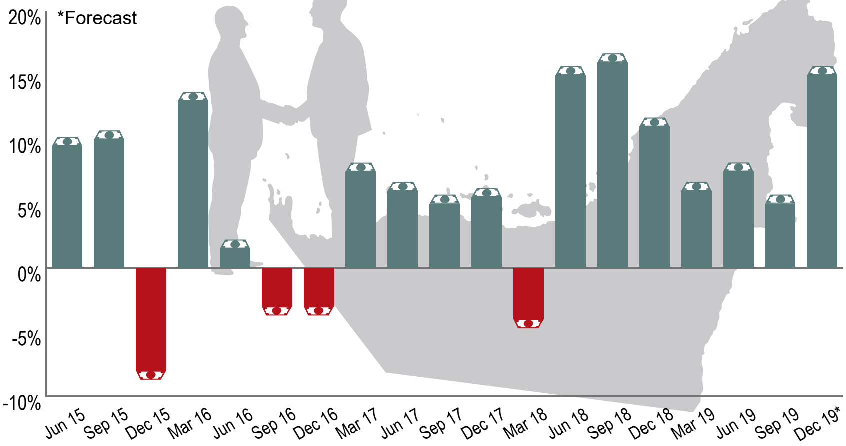
The increase in loan demand comes mainly from electricity, gas, and water and the "all others" category. Weaker demand for business loans was reported for property development, transport, storage and communications, retail and wholesale trade, mining and quarrying, construction, financial institutions (excluding banks), and manufacturing.

The outlook for the rest 2019 is optimistic with demand for loans expected to increase across all industries except for mining and quarrying. The highest increases

21%

of loans in Abu Dhabi are for real estate and construction - a historical peak

Chart 8: Change in demand for business loans signals increased will to invest in Abu Dhabi



Source: Central Bank of the UAE

are anticipated in retail and wholesale trade; construction; manufacturing; and electricity, gas, and water. The main drivers cited as most important for the increase in loan demand are customers' fixed asset investment, customers' sales, and property market outlook, followed by interest rates.

Exports

Abu Dhabi launched a new Abu Dhabi Exports Office (ADEX) in September 2019 to boost exports. The office will support the vision to achieve economic diversification by supporting the export sector. The office endeavors to improve national exports by providing financing and guarantees from overseas buyers, as well as facilitate entry into new markets. The ADEX also seeks to expand the variety of products and services exported from Abu Dhabi and the UAE.

Abu Dhabi's exports developed well in late 2018 but recently declined during 2019. Through August 2019, nonoil exports were down by 12.8% against the year-earlier period. The only nonoil commodity to experience growth from January to August 2019 compared with the same period in 2018 was transport equipment and parts—up 24.2%. However, transport equipment only represents 1% of the emirate's total nonoil exports. Industrial supplies—representing 77% of the total—declined 11.7% during this same period. The next largest share is food and beverages—11 % of the total—which declined 21.0%.

The decrease is likely largely due to aggressive price setting on behalf of Abu Dhabi companies as suggested by the PMI results. In price-adjusted terms, exports have likely not declined by as much, and there is still ground for optimism that Abu Dhabi's exporters have been able to maintain their position in foreign markets with a strategy of aggressive price reductions (see chart 9).

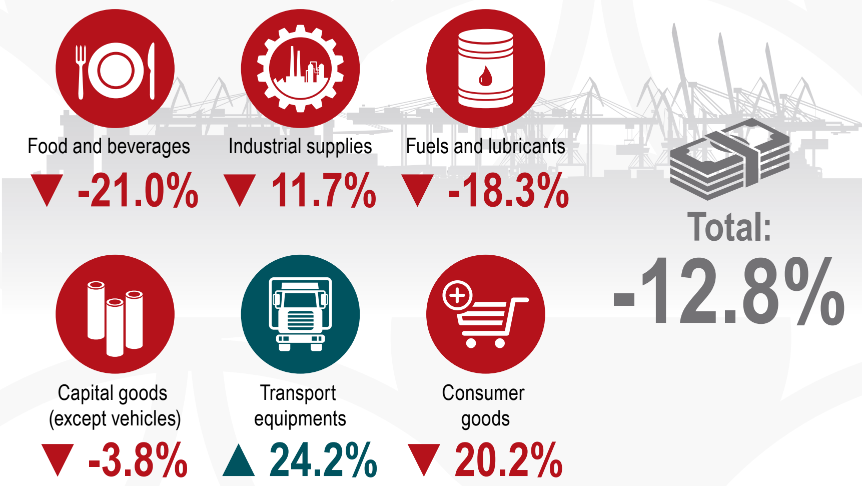
After making spectacular progress in 2018, deliveries to Saudi Arabia declined 11.5% in January to August 2019 compared with a year ago. This progress is significant since Saudi Arabia is Abu Dhabi's top export destination, representing almost half (46%) of all nonoil exports.

China on the other hand, which imports from Abu Dhabi declined in 2018, has leveled out and remains at the same level. Meanwhile, shipments to India continued to rapidly grow, keeping the large south Asian economy in third place in Abu Dhabi's export ranking, followed by China, then the United States (see chart 10).

The Asia-Pacific region will still lead global growth, yet the US-China trade conflict has affected an increasing number of industries from agriculture to telecommunications as tariffs have been placed on Chinese goods by the United States. Most of the region, including Abu Dhabi, has significant trade ties with China. There seems to be an uneasy cessation of trade hostilities between China and the United States. The trade hostilities could flare up again, threatening growth anew.

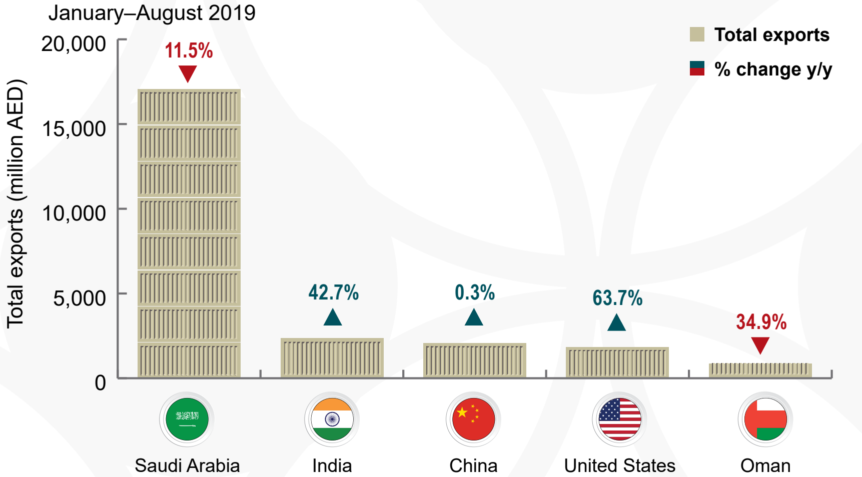
There will be more easing in 2020. Key central banks have cut interest rates in the past month and more cuts are expected soon. The US Federal Reserve (Fed) lowered its policy rate by 25 basis points again in October. More important, the Fed is growing

Chart 9: Abu Dhabi's nonoil exports reflect softer global trade (% change Jan–Aug 2019)



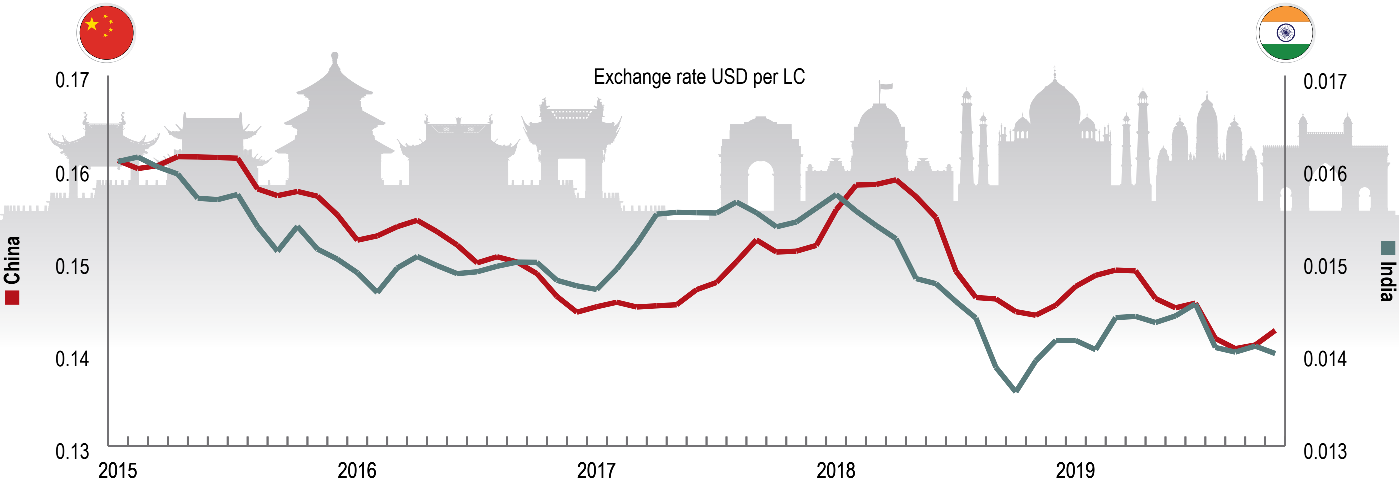
Source: Statistics Centre Abu Dhabi (SCAD) © 2019 Abu Dhabi Chamber

Chart 10: Nonoil exports broken down by country

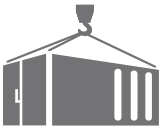


Source: Statistics Centre Abu Dhabi (SCAD) © 2019 Abu Dhabi Chamber

Chart 11: Abu Dhabi companies compete against weaker Chinese yuan and Indian rupee



Source: IHS Markit



12.8%

decline in growth of nonoil exports from January-August 2019

its balance sheet sooner than previously expected.

In early November, China's central bank also joined this trend by trimming the interest rate on the one-year medium-term lending facility by five basis points to 3.25%—the first cut since the interbank market instrument was introduced in 2016. Another rate cut is expected before year's end to counteract slowing economic growth.

In Asia-Pacific, inflation remains well-contained aside from heightened food price pressures arising from unfavorable weather—an uneven monsoon in South Asia, drought conditions, and prolonged dry seasons in Australia and Indonesia—as well as African Swine flu outbreaks in the region. For 2020, we expect an uptick to the region stemming from lingering food production issues, modest currency depreciation, looser monetary policy, and subsidy rationalization programs in countries such as Indonesia and Malaysia.

Across the Asia-Pacific region, the first half of 2020 will bring only modest further monetary easing before interest rates remain on hold at a low level for a prolonged period. Countries such as India and Indonesia will have to balance monetary easing against currency stability and other external vulnerabilities, limiting their room for policy maneuvering.

Falling oil prices and a slowing of US import price inflation as the dollar rose sharply during 2019 helped to hold inflation

in check. Continued dollar strength, oil price weakness, and other temporary factors restrained inflation early in 2019.

The Fed policy rate reductions during 2019 have helped the UAE economy as the US dollar—and the dirham—would be even stronger without those cuts. A rising dollar in the next few years is expected to continue to restrain US import prices and core inflation. Appreciation of the US dollar—and the Dirham—will dampen the margins and competitiveness of Abu Dhabi's products in those fast-growing markets. The Chinese yuan and Indian rupee are floating currencies that Abu Dhabi competes with, but they are currently under pressure as well (see chart 11).

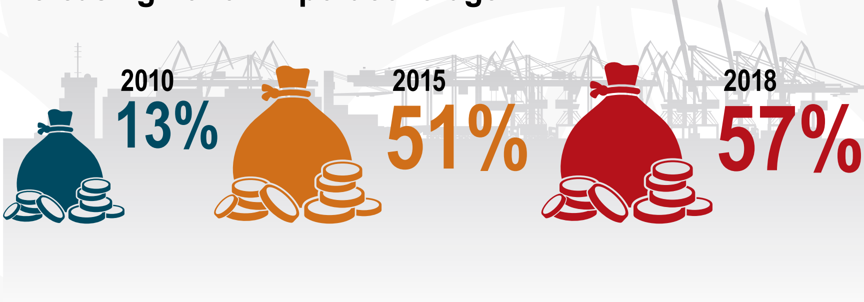
Plastics, aluminum, copper, and steel products still make up the bulk share of Abu Dhabi's nonoil exports; those four product groups alone account for nearly half of total exports. Abu Dhabi has established itself as a producer of such commodities.

The launch of the ADEX will help to broaden the appeal of exports to a larger range of products and there has been progress on that front. Looking at the ratio of total exports (including oil) to total imports, this ratio increased—among mostly price-related swings—between 2010 and 2018 (see chart 12).

Conclusions

Abu Dhabi should continue the path toward further diversification and innovation of the economy. This will ensure sustainable growth of the import/export ratio as Abu Dhabi strives to expand its presence in nonoil industries and foreign markets.

Chart 12: Ratio of nonoil exports to imports signals increasing nonoil import coverage



Source: Statistics Centre Abu Dhabi (SCAD)

The year 2020 will not be easy for Abu Dhabi and the private sector as the emirate copes with forces largely beyond its control. These forces relate to the ongoing trade tensions between the large trading blocs of the world. It also relates to the weak overall condition of the world market.

Abu Dhabi is a country that is fully integrated into world markets by now and trades with many countries. While this brings many benefits, it also means that Abu Dhabi cannot simply disconnect once the situation turns less benign.

The best cure against a headache from foreign markets is a stimulus package at home. Fortunately, the Abu Dhabi government already has Ghadan 21 in place. Now the package needs to be constantly reviewed and adjustments need to be made in response to the requirements of Abu Dhabi's dynamic economy.

13–57%

was the increase in the share of nonoil exports in total imports experienced in 2010–18

Contacts

IHS Global GmbH
Friedrich-Ebert-Anlage 35-37, 60327 Frankfurt, Germany

Dr. Ralf Wiegert
Associate Director Consulting – IHS Economics & Country Risk
Ralf.Wiegert@ihsmarkit.com
+49 (0)69 20973 320
+49 (0)151 42628 143

IHS Markit
300 Brickstone Square, Suite 500, Andover, MA 01810, US

Janice Branco
Principal Consulting – IHS Economics & Country Risk
Janice.Branco@ihsmarkit.com
+1 781 301 9018

Abu Dhabi Chamber
P.O. Box 662, Abu Dhabi, U.A.E

Mohamed A. Rahim Sid Ahmed
Economic Consultant – Abu Dhabi Chamber
m.sidahmed2@adcci.gov.ae
www.abudhabichamber.ae
+971 2 6177532
+971 508101754

غرفة أبوظبي
ABU DHABI CHAMBER

Address: Main Building of Abu Dhabi Chamber, Corniche Road, P.O.Box: 662
Phone: 00971-2-6214000, **Email:** contact.us@adcci.gov.ae