

الصادرات غير النفطية لدولة الإمارات
U.A.E. Non-Oil Exports

While UAE is predominantly an oil export country, efforts to diversify the economy and reduce dependence on oil revenues have borne fruit and one result is the rapid growth in non-oil exports. A remarkable recent achievement of the UAE economy which has gone somewhat unnoticed is the continued spurt in the exports of non-oil products during the years in face of global slowdown and reduced imports and re-exports in 2009. For example, despite the adverse conditions for the non-oil economy in the region in 2009, exports from both Dubai and Abu Dhabi managed to grow. These two Emirates account for the overwhelming majority of UAE exports. Together, their exports grew by around 27% in both 2009 and 2010. In comparison their combined re-exports fell by more than 6% in 2009. In 2010 both exports and re-exports grew as demand in export destinations had recovered after the setback of 2008-09.

Table 1 – Foreign Trade, 2008 – 2010, Dubai & Abu Dhabi, AED Billion

	2008	2009	2010	Growth 2008-09	Growth 2009-10
Exports (non-oil)	48.9	61.9	79.0	+26.6%	+27.6%
Imports	531.8	412.4	450.2	-22.5%	+9.2%
Re-exports	134.8	126.3	155.6	-6.3%	+23.2%

Source: Dubai and Abu Dhabi Trade Statistics

Long term growth – A measure of long term growth of non-oil exports can be obtained from examining the trends in the two key exporting Emirates, Dubai and Abu Dhabi. Dubai's exports registered a more than 20 fold increase between 1992 and 2010 (Table 2). Even after discounting for inflation, the volume of Dubai's non-oil exports grew by almost 9 times in this period. Growth of UAE non-oil exports in the nineties was rather tardy for despite the small base. In the first years of the new millennium, non-oil exports were affected by the decline of the garment exports. However, after 2004 there has been a major acceleration which still continues for both Abu Dhabi and Dubai, with the average annual growth in 2004-10 being 35% and 26% in the two Emirates respectively. Exports have performed much better than re-exports, though on a much smaller base, and the gap is narrowing. Currently non-oil exports are about half of re-exports.

Table 2 – Growth of Exports, Abu Dhabi and Dubai, 1992-2010

Year	Abu Dhabi		Dubai	
	000 tons	AED Billion	000 tons	AED Billion
1992	n.a.	n.a.	808	3.3
1995	n.a.	n.a.	995	4.7
2000	n.a.	n.a.	1347	5.5
2004	837	2.7	3350	9.6
2005	872	3.2	4156	11.2
2006	870	4.6	4569	18.3
2007	1256	5.8	5517	27.1
2008	1377	6.3	5923	42.6
2009	1267	9.5	6181	52.4
2010	1404	11.0	7224	68.0

Source: Abu Dhabi and Dubai Trade Statistics

n.a. = not available

Key Emirates – The larger Emirates of Abu Dhabi and Dubai are the key exporters of non-oil products. Ras Al Khaimah is the other significant exporter because of its exports of its mineral products. Ras Al Khaimah is a major source in the Gulf region for building mineral materials like aggregates, cement (both grey and white), clinker, limestone and even desert sand, with destinations primarily in the AGCC countries and Iran.

Key sectors – Non-oil exports are predominantly of manufactured goods. A major cause for export growth has been the rise in exports of products of precious metals and stones, viz. jewelry, which is now the largest export sector. This may be somewhat exaggerating the non-oil exports as the value added of such products is relatively small compared to their intrinsic raw material value. They currently account for almost one third of Dubai exports (and are not so significant for other Emirates). The key non-oil export sectors are base metals, prepared foodstuffs and plastic products – in that order. Textiles and garments which were once important, have lost their significance and are now ranked 9th.

Base metals and aluminium – Export of base metals is the highlight of non-oil exports from UAE, not only from Dubai but Abu Dhabi as well. Aluminium is the star non-oil export. UAE produces aluminium in three forms, viz. foundry alloy for automotive applications, extrusion billets for construction, forging and transportation, and high purity aluminium for electronics and aerospace industries. The Dubai smelting plant is the key exporter but Abu Dhabi's Emirates Aluminium (EMAL) is expected to produce full capacity this year 2011. Unlike other sectors, UAE's aluminium exports are not confined to the immediate region, but its destinations are the entire world, viz. Far East, Europe, ASEAN countries, North America as well as the Middle East. Exports of base metals declined marginally by 5% in 2009 in face of global slowdown, but staged a recovery in 2010, growing by 42% in Dubai alone.

Prepared foodstuffs – This has now emerged as a major export sector and has shown impressive growth. It grew in face of slowdown conditions in 2009 by an impressive 16%, but in 2010 its exports grew by a huge 45%. Though Dubai dominates, it is now also a significant export sector in Abu Dhabi, whose export strategy is more focused on resourced based large scale industries.

Table 3 – Exports, Dubai and Abu Dhabi, 2010

*	Sector	Export (Value in AED)	
		Abu Dhabi	Dubai
1	Live Animal	112,270,416	800,731,088
2	Vegetable Product	60,009,157	199,072,691
3	Animal/Vegetable/Oils	154,475,179	335,336,064
4	Prepared Foodstuffs	181,108,196	5,076,042,646
5	Mineral Products	35,912,781	1,719,247,562
6	Chemical or Allied Industries	508,945,345	1,629,038,588
7	Plastics and Rubber Products	2,147,805,777	3,709,025,979
8	Raw Hides, Skins, Furs, Leather	1,389,219	17,557,049
9	Wood, Cork, Straw & Basket ware	11,483,362	19,491,365
10	Wood, Pulp, Cork, Cellulose Materials	188,508,380	1,305,160,416
11	Textiles	65,554,346	916,607,851
12	Footwear, Headgear, Umbrellas, Flowers	9,079,605	25,303,768
13	Stone, Cement, Ceramic & Glass	398,986,665	1,806,630,820
14	Semi-precious/Precious Stones & Metals	12,266,532	43,018,548,740
15	Base metals & Products thereof	1,414,274,024	5,950,671,974
16	Machinery, Electrical, Electronics Equipment.	553,421,469	623,455,381
17	Vehicles, Aircraft & Transport Equipment	5,699,388,204	311,498,882
18	Optical, Medical, Measuring, Musical Inst.	8,335,205	27,971,988
19	Arms and Munitions	36,075,573	10,426,055
20	Furniture, Toys, Sports Requisites	10,001,275	455,201,541
21	Works of Art	1,594,088	4,611,215
	Total	11,610,884,798	67,961,631,664

Source: Trade Statistics of Abu Dhabi and Dubai

Destinations – India and Switzerland rank as the key export destinations. This may have something to do with the exports for precious metal products, especially with respect to Switzerland. (Exports to Switzerland are of high value but low weight.) Generally exports destinations for most light manufactured goods (prepared foodstuffs, plastics etc.) are in the immediate region viz. AGCC countries, Iran and Iraq, followed by the Indian subcontinent. Aluminium is an exception with destinations spread all over the world.

Services exports – The figures in the tables above do not account for some other significant exports from UAE, namely of services. Civil aviation, tourism, hotels, free zones can all be treated as “exports” as are significant revenue earners from foreign countries. For example, the several airlines of UAE cater to a foreign passenger profile rather than domestic passengers (whether national or expatriate). Services have grown almost as rapidly as merchandize goods. Unfortunately, exact data of such “exports” is not available, but they are estimated to be quite substantial and in value added could match merchandize export in their significance.

Outlook – Exports of merchandize goods from UAE will increase with expected growth in the surrounding oil rich region, viz. AGCC, Iraq and Iran. However, their significance in the economy for the purpose of diversification is likely to remain small in the near future. Export of services is likely to contribute more to the diversification effort. These are exports of non-tangible products, like tourism/hotels, airlines, international financial services, IT and media centers, as well as real estate projects which can be sold, leased or rented. UAE is a small country in terms of geographic size and population, therefore, diversification will have to rely more on international markets (viz. exports) than the domestic market.