

# United Arab Emirates

## June 2021

### Executive Summary

This country fact sheet provides key trade and investment related statistics for the United Arab Emirates (UAE). Specifically, it shows the UAE's trade and investment flows including an analysis of top markets and products with both South Africa and the Western Cape, while highlighting the largest and fastest growing products and sub-sectors. It also analyses consumer-related insights for the UAE and tourism trends between the UAE and South Africa. Key findings and trends are provided below:

### Economy

The United Arab Emirates economy contracted by 5.9% in 2020 but is likely to post a 3.0% growth rate in 2021. The economy is expected to see a full economic recovery in 2022, with growth rising to a projected 3.5%.

### Trade

In 2020, the UAE's global export receipts totalled a value of USD146.23bn, a decline of 53.72% from the 2019 value of USD315.94bn. Associated import costs also fell by 40.50% from the value of USD267.94n in 2019 to US159.41bn in 2020.

South Africa's export receipts with the UAE totalled USD1.53bn in 2020, a 3.79% decrease from the 2019 value of USD1.59bn. Associated import costs declined by 45.44% to a value of USD1.20bn in 2020, down from USD2.20bn incurred in 2019. South Africa's leading export product to the UAE in 2020 were diamonds at a value of USD396.64m. South Africa was the UAE's 21<sup>st</sup> largest export destination market in 2020, at a value of USD1.20bn.

Western Cape export receipts from its trade with the UAE stood at USD230.18m in 2020, an increase of 61.22% from the 2019 value of USD142.77m. Import costs stood at USD695.82m in 2020, some 53.09% lower than the 2019 value of USD1, 483.45m. The Western Cape's leading export product to the UAE in 2020 was citrus fruit, at a value of at USD80.54m.

### Investment

A total of 2162 inward foreign direct investment (FDI) projects were recorded into the UAE from global sources over the period 2013 to May 2021. These projects represented a total capital investment of USD58.45bn. In turn, the UAE recorded 841 outward FDI projects into the world over the said period with an associated capex value of USD46.88bn.

Fourteen FDI projects (USD247m capex value) were recorded from the UAE into South Africa during the period 2013 to May 2021; and six FDI projects with a total capex value of USD231.29m were recorded from South Africa into the UAE over the same period.

### Tourism

In 2019, South Africa received 3077 UAE tourist arrivals, of which 897 visited the Western Cape.

## Table of Contents

1.	General Information .....	3
2.	Economic Overview .....	4
<b>2.1</b>	<b>Doing Business in the United Arab Emirates .....</b>	<b>6</b>
<b>2.2</b>	<b>United Arab Emirates Sovereign Credit Ratings .....</b>	<b>6</b>
3.	Trade .....	8
<b>3.1</b>	<b>Trade in Services .....</b>	<b>8</b>
<b>3.2</b>	<b>Trade in Products.....</b>	<b>9</b>
<b>3.3</b>	<b>South African Trade with the UAE.....</b>	<b>12</b>
<b>3.4</b>	<b>Western Cape Trade with the UAE .....</b>	<b>14</b>
<b>3.5</b>	<b>Customs, Regulations and Standards.....</b>	<b>15</b>
<b>3.6</b>	<b>Tariffs .....</b>	<b>17</b>
<b>3.7</b>	<b>Port-to-Port Rates .....</b>	<b>18</b>
4.	Consumer Insights .....	19
<b>4.1</b>	<b>Household Consumption Expenditure .....</b>	<b>19</b>
5.	Investment.....	23
<b>5.1</b>	<b>Global Investment into the UAE.....</b>	<b>23</b>
<b>5.2</b>	<b>Global Investment from the UAE .....</b>	<b>26</b>
<b>5.3</b>	<b>Investment Relations between South Africa and UAE.....</b>	<b>29</b>
<b>5.4</b>	<b>Investment Relations between the Western Cape and UAE.....</b>	<b>33</b>
6.	Tourism.....	34
<b>6.1</b>	<b>UAE Tourist Arrivals into South Africa .....</b>	<b>34</b>

# 1. General Information



The Trucial States of the Persian Gulf coast granted the UK control of their defence and foreign affairs in 19<sup>th</sup> century treaties. In 1971, six of these states - Abu Dhabi, 'Ajman, Al Fujayrah, Ash Shariqah, Dubayy, and Umm al Qaywayn - merged to form the United Arab Emirates (UAE). They were joined in 1972 by Ra's al Khaymah.

The UAE's per capita GDP is on par with those of leading West European nations. For more than three decades, oil and global finance drove the UAE's economy. In 2008-09, the confluence of falling oil prices, collapsing real estate prices, and the international banking crisis hit the UAE especially hard. The UAE did not experience the "Arab Spring" unrest seen elsewhere in the Middle East in 2010-11, partly because of the government's multi-year, \$1.6-billion infrastructure investment plan for the poorer northern emirates, and its aggressive pursuit of advocates of political reform.

The UAE in recent years has played a growing role in regional affairs. In addition to donating billions of dollars in economic aid to help stabilise Egypt, the UAE was one of the first countries to join the Defeat-ISIS coalition, and to participate as a key partner in a Saudi-led military campaign in Yemen. On 15 September 2020, the UAE and Bahrain signed a peace agreement (the Abraham Accords) with Israel – brokered by the US – in Washington DC. The UAE and Bahrain thus became the third and fourth Middle Eastern countries, along with Egypt and Jordan, to recognize Israel (CIA World Factbook, 2021).

GENERAL INFORMATION	
Capital city	Abu Dhabi
Government type	Presidential Republic
Head of government	Prime Minister/VicePresident Muhammad Bin Rashid Al-Maktum
Population	9 856 612 (July 2021 est.)
Life expectancy	65.87 years
Literacy	93.8%
Ethnic groups	Emirati 11.6%, South Asian 59.4% (includes Indian 38.2%, Bangladeshi 9.5%, Pakistani 9.4%, other 2.3%), Egyptian 10.2%, Filipino 6.1%, other 12.8% (2015 est.)
Religions	Muslim (official) 76%, Christian 9%, other (primarily Hindu and Buddhist, less than 5% of the population consists of Parsi, Baha'i, Druze, Sikh, Ahmadi, Ismaili, Dawoodi Bohra Muslim, and Jewish) 15% (2005 est.)
Languages	Arabic (official), English, Hindi, Malayam, Urdu, Pashto, Tagalog, Persian
HDI (2020)	0.890 (Ranked 31 <sup>st</sup> )

Sources: CIA World Factbook, 2021; Human Development Indicators, 2020

## 2. Economic Overview

The UAE has an open economy with a high per capita income and a sizable annual trade surplus. Successful efforts at economic diversification have reduced the portion of GDP from the oil and gas sector to 30%.

Since the discovery of oil in the UAE nearly 60 years ago, the country has undergone a profound transformation from an impoverished region of small desert principalities to a modern state with a high standard of living. The government has increased spending on job creation and infrastructure expansion and is opening up utilities to greater private sector involvement. The country's free trade zones - offering 100% foreign ownership and zero taxes - are helping to attract foreign investors.

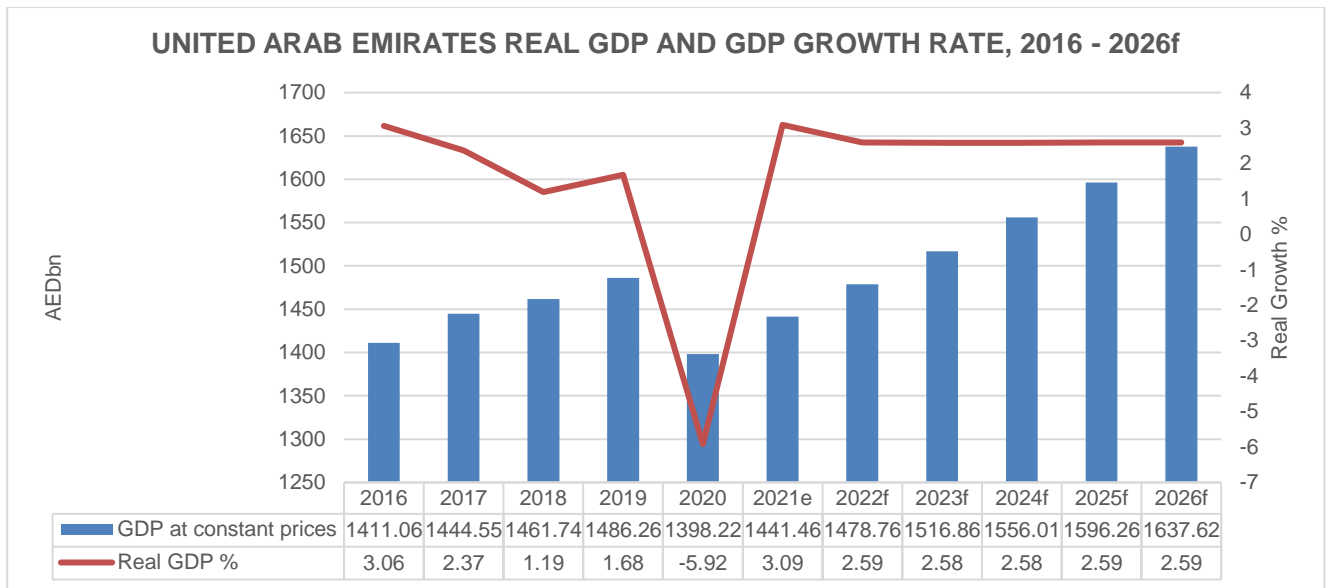
The global financial crisis of 2008-09, tight international credit, and deflated asset prices constricted the economy in 2009. UAE authorities tried to blunt the crisis by increasing spending and boosting liquidity in the banking sector. The crisis hit Dubai hardest, as it was heavily exposed to depressed real estate prices. Dubai lacked sufficient cash to meet its debt obligations, prompting global concern about its solvency and ultimately a USD20 billion bailout from the UAE Central Bank and Abu Dhabi Government that was refinanced in March 2014.

The UAE's dependence on oil is a significant long-term challenge, although the UAE is one of the most diversified countries in the Gulf Cooperation Council. Low oil prices have prompted the UAE to cut expenditures, including on some social programs, but the UAE has sufficient assets in its sovereign investment funds to cover its deficits. The government reduced fuel subsidies in August 2015, and introduced excise taxes (50% on sweetened carbonated beverages and 100% on energy drinks and tobacco) in October 2017. A five-percent value-added tax was introduced in January 2018. The UAE's strategic plan for the next few years focuses on economic diversification, promoting the UAE as a global trade and tourism hub, developing industry, and creating more job opportunities for nationals through improved education and increased private sector employment (CIA World Factbook, 2021).

ECONOMIC INFORMATION	
GDP, constant prices (national currency) (2021 est.)	AED1441.56bn
Real GDP growth (2021 est.)	3.09%
GDP per capita, constant prices (2021 est.)	USD42388
Inflation, consumer average prices (2021 est.)	2.86%
Central Bank's Repo Rate - (June 2021)	0.70
Unemployment rate (2019 est.)	7.2%
Doing Business, 2020 Report (ranking out of 190)	16
Total Exports (2020)	USD146.23bn
Total Imports (2020)	USD159.41bn

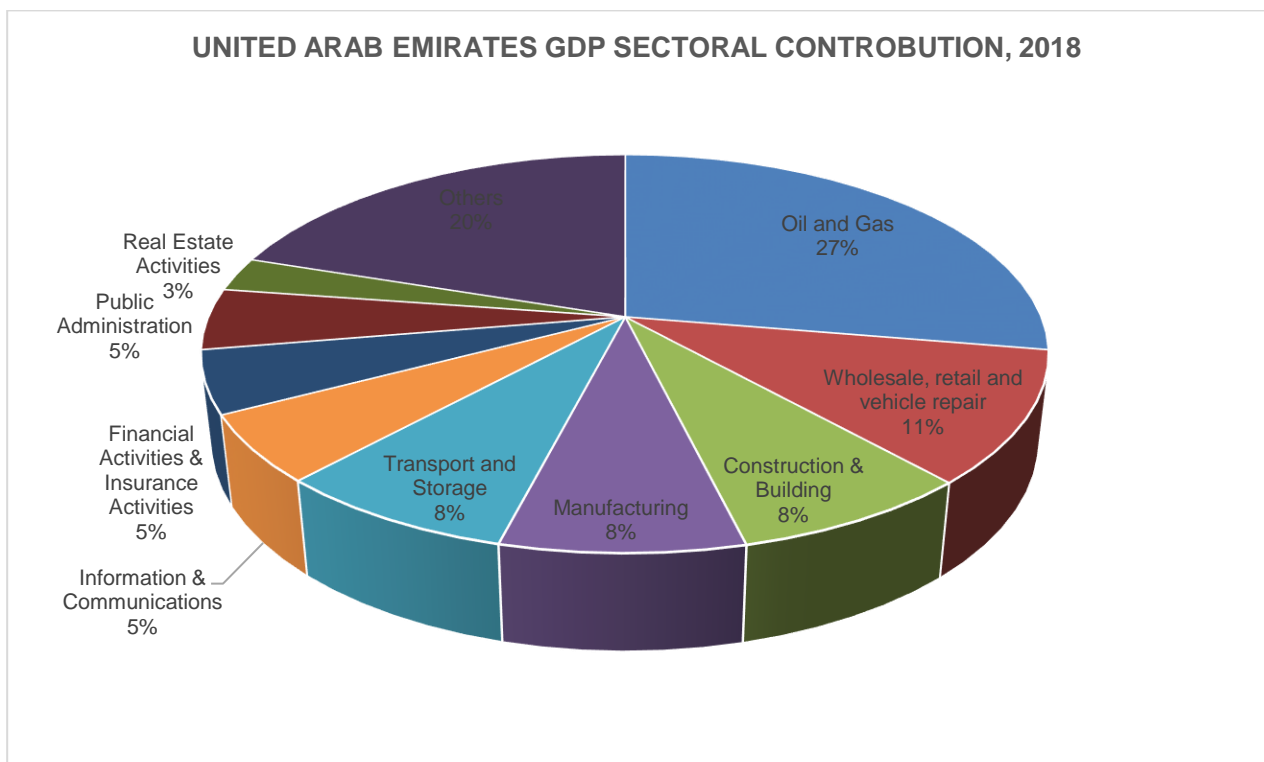
Sources: IMF 2021; S&P Global, 2021; Doing Business 2020; Trade Map 2021.

The local economy contracted by 5.9% in 2020 but is likely to post a 3.0% growth rate in 2021. The economy is expected to see a full economic recovery in 2022, with growth rising to a projected 3.5%. Events such as the Dubai Expo world fair scheduled to run from October this year to March 2022 as well as the soccer World Cup in Qatar next year are also likely to provide some support (Reuters, 2021).



Source: IMF, 2021.

The diagram below depicts the UAE's sectoral contribution to GDP in 2018. The various non-oil sectors accounted for 70% of GDP, while the oil sector accounted for 30% of real GDP. Among the non-oil sectors, "the wholesale, retail and vehicle repair" sector accounted for the largest share at 11.6% of real GDP, followed by the "construction and building", "manufacturing" and "transport and storage" sectors, with roughly 8.5% each.



Sources: United Arab Emirates Ministry of Economy, 2019

## 2.1 Doing Business in the United Arab Emirates

The World Bank Group in its annual *Doing Business 2020* report ranked the UAE 16<sup>th</sup> out of 190 countries monitored in terms of the ease of doing business. The UAE's strengths are in terms of getting electricity, with the country ranking number one globally in this category, dealing with construction permits (3<sup>rd</sup>) and enforcing contracts (9<sup>th</sup>). Conversely, according to the report the country fared less favourably in terms of trading across borders with a ranking of (92<sup>nd</sup>), resolving insolvency (80<sup>th</sup>) and getting credit (48<sup>th</sup>). Indicators ranked by the report are tabled below

UNITED ARAB EMIRATE'S RANKINGS - DOING BUSINESS, 2020 REPORT	
INDICATORS	2020 RANKING (OUT OF 190 COUNTRIES)
Starting a Business	17
Dealing with Construction Permits	3
Getting Electricity	1
Registering Property	10
Getting Credit	48
Protecting Investors	13
Paying Taxes	30
Trading Across Borders	92
Enforcing Contracts	9
Resolving Insolvency	80
<b>Doing Business 2019</b>	<b>16</b>

Source: World Bank Group's *Doing Business, 2020 Report*.

## 2.2 United Arab Emirates Sovereign Credit Ratings

*"A sovereign credit rating is the credit rating of a country or sovereign entity. Sovereign credit ratings give investors insight into the level of risk associated with investing in a particular country and include political risks. At the request of the country, a credit rating agency will evaluate the country's economic and political environment to determine a representative credit rating"* (Investopedia, 2020).

While a number of credit agencies exist, the three most recognised credit ratings agencies globally are Fitch Ratings, Moody's Investors Services (Moody's) and Standard & Poor's (S&P). Reasons for a country/sovereign to seek a credit rating from one of these three agencies include not only to access funding in international bond markets via the issuance of bonds in external debt markets, but it is a means to attract foreign direct investment. Obtaining a good sovereign credit rating instils confidence in investors seeking to invest in that country, with the credit rating a means for the country to demonstrate financial transparency and credit standing. Two key rating 'standards' exist, with the highest possible rating category being "AAA" according to S&P, which indicates that the rated country has extremely strong capacity to meet its financial commitments. A wide range of rating categories exists below this, with the categories ranging all the way down to SD (i.e., defaulted), which means the rated country has failed to pay one or more of its financial obligations when it came due.

On the 5<sup>th</sup> of May 2021, Moody's rated the UAE's long term issuer with Aa2 rating and a stable outlook. The country's credit profile is supported by the assumed full backing of the government of Abu Dhabi and its strong balance sheet. The economic strength score of "aa3" takes into account the country's exceptionally high GDP per capita, a very large hydrocarbon endowment, and superior infrastructure; institutions and governance strength scored at "a2" is based on a strong institutional framework and effectiveness, balanced against institutional transparency shortcomings; fiscal strength at "aa1" is derived by Abu Dhabi's very strong government balance sheet which supports the consolidated fiscal accounts of the UAE, and contingent liability risks at emirate level stemming from high government-related entity debt; and "baa" susceptibility to event risk, driven by geopolitics in the form of tensions with Iran that represent a low probability, high impact risk to the UAE economy.

On the other side, Fitch rated the country at AA-, a stable outlook. The rating applies to the federal government of the UAE. It reflects the UAE's moderate consolidated public debt level, strong net external asset position and high GDP per capita. It also reflects the likelihood of support from Abu Dhabi (AA/Stable) in the event of need. These strengths are balanced by weak governance indicators relative to rating peers, the high dependence on hydrocarbon

income of the UAE, the significant indebtedness of some of the Emirates and their government-related entities (GREs), and the absence of an explicit guarantee by Abu Dhabi. Fitch evaluates the creditworthiness of the UAE federal government based on the consolidated fiscal and external position of all the Emirates as is standard practice for federal entities, as well as the federal government's standalone fiscal position and institutional set up. The federal government is currently required by law to balance its budget and has a track record of doing so. It has no debt of its own but plans to start issuing debt soon, mainly for the purpose of building a yield curve and developing domestic financial markets. It is nominally liable for a very small amount of debt, 0.7% of 2020 GDP, on-lent from the central bank to a GRE of an Emirate during the global financial crisis (GFC), but the debt is serviced directly by the GRE.

The COVID-19 pandemic and the oil price shock it triggered resulted in Fitch forecasting a consolidated budget deficit of 3.8% of GDP in 2020 from a surplus of 3.8% in 2019. Financing needs (fiscal balance excluding estimated Abu Dhabi Investment Authority (ADIA) investment income) will reach 6.3% of GDP in 2020, before progressively narrowing to 2.2% by 2022, from a surplus of 1.3% in 2019. Fiscal numbers include in revenue estimated investment income of ADIA, which has estimated foreign assets of USD579 billion (164% of GDP) at end-2019, but treat the estimated cash transfers from ADIA (which the government includes in dividend revenue) as financing items.

UNITED ARAB EMIRATES' SOVEREIGN CREDIT RATINGS, 2021			
CREDIT RATING AGENCY	STANDARD & POORS	MOODY'S INVESTOR SERVICES	FITCH RATINGS
CREDIT RATING	AA	Aa2	AA-
OUTLOOK	Developing	Stable	Stable
DATE OF LAST CHANGE	2019-09	2021-05-04	2020-11-11

Sources: *The Global Economy, 2021*

A number of alternative measures and rating scales exist to assess risks posed to companies and banks, particularly those pertaining to political and commercial risks when undertaking international commercial transactions. One such company that offers these services is Belgium's Delcredere du Croire's, the country's official export credit agency and public credit insurer.

The table below shows Delcredere du Croire's current risk assessment of UAE's in terms of export transactions and direct investments. Ratings are between 1 and 7, and between A and C, with 7 and C being the maximum risk indicators.

- In terms of political risks associated with exports transactions in UAE, these are deemed to be low both in the short-term and medium to long-term.
- Business environment risk in turn is high.
- Regarding direct investments, all the categories are considered to be low risk as indicated by scores awarded below.

UNITED ARAB EMIRATES RISK ASSESSMENT - Delcredere du Croire		
EXPORT TRANSACTIONS (Scale 1 – 7)*		
Political Risks	Short Term	2
	Medium-Long term	3
	Premium Classification OECD	2
Business Environment Risk	E **	
DIRECT INVESTMENTS		
Political Violence Risk	3	
Risk of expropriation and government action	2	
Currency Inconvertibility and Transfer	3	
* Where 1 is associated with the least risk and 7 the most.		
** Where B is associated with mid risk; A is low risk and G is high risk.		

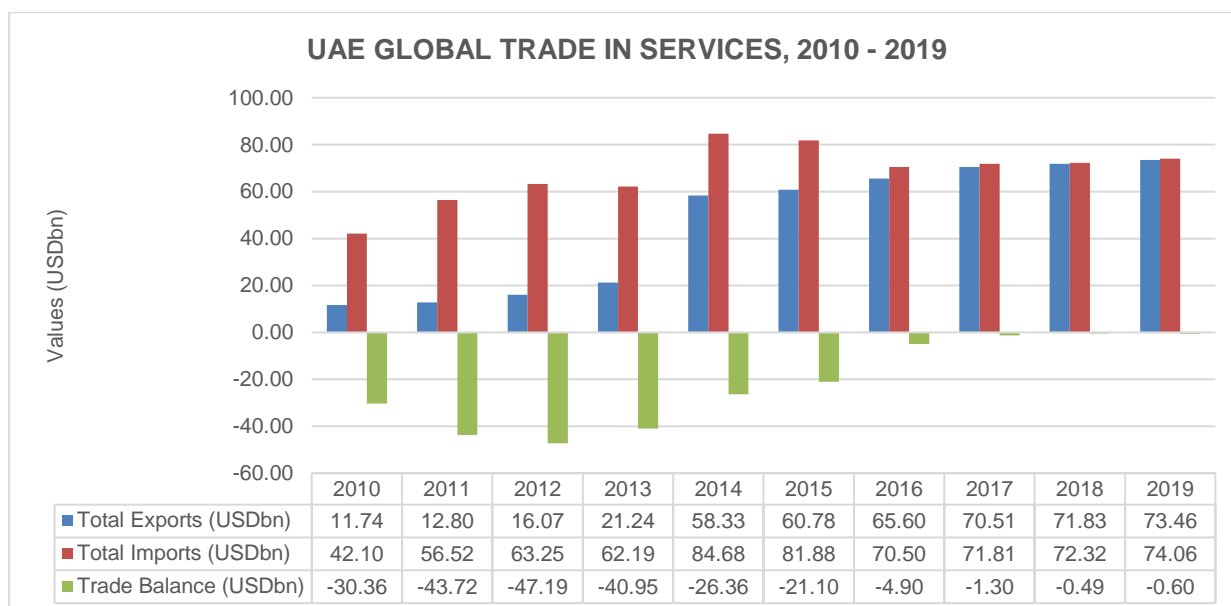
Source: *ONDD, 2021*.

### 3. Trade

#### 3.1 Trade in Services

The UAE's global trade in services for the period 2010 to 2019 is shown below. The country's services import costs consistently outpaced its services export receipts throughout the period under review; establishing the UAE's position as a net importer of services.

In 2019, service export receipts totalled USD73.46bn, a slight increase of 2.27% from the 2018 figure of USD71.83bn. In a similar manner, associated import costs also increased, rising by 2.41% in 2019 (to a value of USD74.06bn) from the 2018 value of USD72.32bn.



Source: TradeMap, 2021

#### Key Trade Services

In terms of key trade **service exports**, the transport dominated service export earnings in 2019, at a value of USD28.89bn, equivalent to 39.33% of total services export receipts earned in 2019. Travel services came second at a value of USD21.81bn, equivalent to 29.69% of total services export receipts earned in 2019. This was followed by telecommunications, computer, and information services in third place at a value of USD6.92bn and equivalent to 9.41% of total services export receipts earned in 2019. Combined, these three categories accounted for 78.43% of total service export receipts earned in 2019.

The UAE's fastest growing **service export categories** over the five-year period leading up to and including 2019 were telecommunications, computer, and information services (5.99%), travel (5.84%), and transport services (4.43%).

Turning to key trade **service imports**, import costs associated with insurance and pension services dominated in 2019 at a value of USD26.79bn, equivalent to 36.18% of total service import costs in the year. Travel services followed in second position with related service import costs totalling USD18.38bn, equivalent to 24.82% of total service import costs in 2019. Transport services came third at a value of USD15.25bn and equivalent to 20.59% of total service import costs in the year. Combined, these three categories accounted for 81.58% of total service import costs incurred in 2019.

The UAE's fastest growing **service import categories** over the five-year period leading up to and including 2019 were charges for the use of intellectual property (6.44%), telecommunications, computer, and information services (3.00%) and construction (2.82%).



TOP 10 SERVICES EXPORTED BY UAE , 2019				TOP 10 SERVICES IMPORTED BY UAE, 2019			
CODE	SERVICES	VALUE 2019	% Growth,	RANK	SERVICES	VALUE 2019	% Growth,
		(USDbn)	2015-2019			(USDbn)	2015-2019
1	Transport	28.89	4.43%	1	Insurance and pension services	26.79	-4.91%
2	Travel	21.81	5.84%	2	Travel	18.38	-2.14%
3	Telecommunications, computer, and information services	6.92	5.99%	3	Transport	15.25	0.97%
4	Charges for the use of intellectual property	3.84	3.84%	4	Telecommunications, computer, and information services	3.59	3.00%
5	Construction	2.75	3.04%	5	Charges for the use of intellectual property	2.89	6.44%
6	Government goods and services	0.98	2.92%	6	Construction	2.70	2.82%
7				7	Government goods and services	1.33	1.77%
<b>TOTAL</b>		<b>73.46</b>	<b>100852.38%</b>	<b>TOTAL</b>		<b>74.06</b>	<b>100848.78%</b>

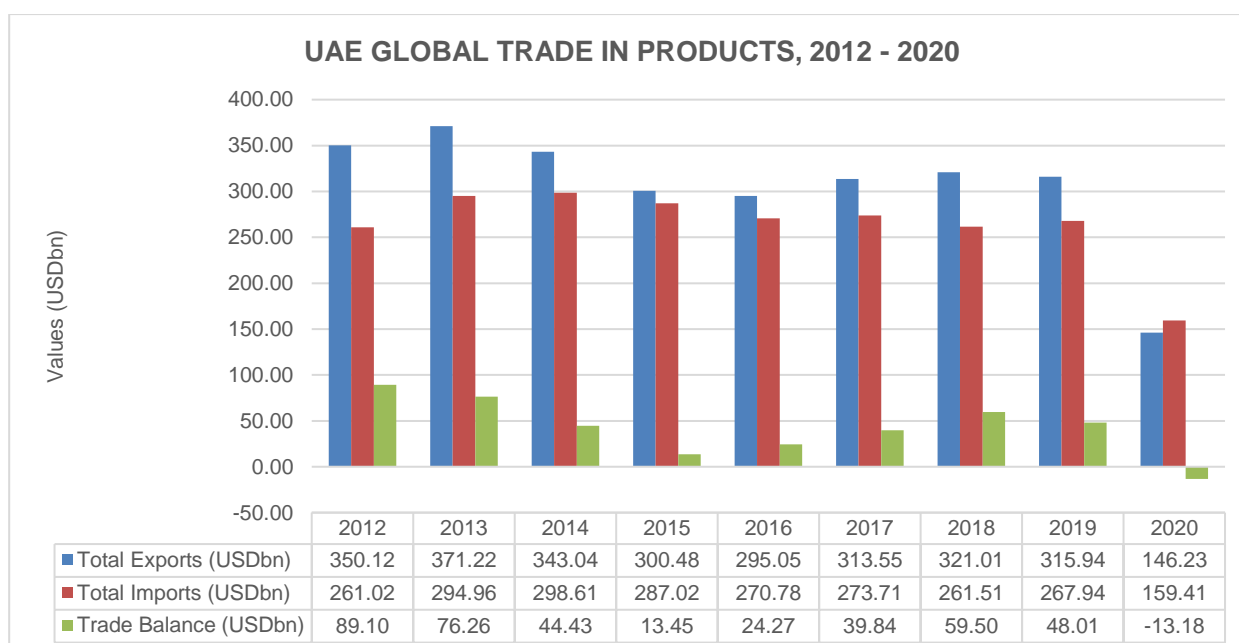
Source: TradeMap, 2021.

### 3.2 Trade in Products

The figure below shows the trend in the UAE's global trade from 2012 to 2020. Export receipts consistently outpaced import costs throughout the period under review, except for 2020.

In 2020, the UAE's export receipts fell by 53.72% to a value of USD146.23bn, down from USD315.94bn recorded in 2019. In a similar manner, associated import costs also fell by 40.50% from the cost of USD267.94bn incurred in 2019 to USD159.41bn in 2020. The decreases in trade are attributed to the effects of the COVID-19 effects on global trade.

9



Source: TradeMap, 2021

## Key Trade Markets

In terms of key **trade export markets**, India was the leading destination market for the UAE's exports at a value of USD23.90bn in 2020. China and Japan were the second and third largest consumers of UAE products in 2020, importing products to the value of USD16.87bn and USD16.39bn, respectively. Of the top 10 export markets, the **fastest growing markets** for the UAE's exports over the five-year period leading up to and including 2020 were Switzerland (60.28%), Turkey (29.21%) and Hong Kong, China (12.55%).

TOP 10 DESTINATION COUNTRIES FOR UAE'S EXPORTS, 2020			
RANK	COUNTRY	VALUE 2020 (USDbn)	% GROWTH (avg.; USD terms) 2016-2020
1	India	23.90	4.58%
2	China	16.87	9.34%
3	Japan	16.39	-3.21%
4	Switzerland	10.12	60.28%
5	Saudi Arabia	8.98	3.67%
6	Hong Kong, China	7.17	12.55%
7	Singapore	6.24	-0.70%
8	Korea, Republic of	5.70	-4.89%
9	Turkey	5.60	29.21%
21	Thailand	5.55	-2.96%
21	South Africa	1.20	7.96%
<b>TOTAL EXPORTS</b>		<b>146.23</b>	<b>-1.54%</b>

Source: TradeMap, 2021

In terms of the **leading source markets** for UAE's imports, China dominated in 2020, with imports from this country valued at USD32.31bn. India and the United States were the second and third largest source markets for the UAE in 2020, with values totalling USD17.95bn and USD14.76bn, respectively. Of the top 10 imports markets, Hong Kong, China was the only the **growing markets** for UAE imports over the five-year period leading up to and including 2020, growing by 1.64%.

TOP 10 SOURCE MARKETS FOR UAE'S IMPORTS, 2020			
RANK	COUNTRY	VALUE 2020 (USDbn)	% GROWTH (avg.; USD terms) 2016-2020
1	China	32.31	-2.20%
2	India	17.95	-8.29%
3	United States of America	14.76	-7.90%
4	Germany	7.91	-12.76%
5	Hong Kong, China	7.15	1.64%
6	United Kingdom	6.29	-8.08%
7	Japan	5.56	-8.00%
8	Saudi Arabia	4.92	-2.78%
9	Italy	4.42	-8.21%
24	Korea, Republic of	3.66	-9.09%
24	South Africa	1.53	7.59%
<b>TOTAL IMPORTS</b>		<b>159.41</b>	<b>-7.14%</b>

Source: TradeMap, 2021

## Interesting Trade Facts



Source: TradeMap, 2021

The UAE is the third **biggest global exporter** of mineral fuels.

### Key Trade Products

In terms of key trade products, petroleum oils was the UAE's **dominant export category** in 2020 at a value of USD47.86bn, equivalent to 32.73% of export receipts earned in the said year. Gold was the second largest export category at a value of USD26.37bn (18.03% of total export earnings), while petroleum oils (excluding crude) was third at a value of USD6.36bn (12.20%). Combined, these three categories accounted for 62.96% of total product export receipts earned in 2020.

The UAE's **fastest growing export products** over the five-year period leading up to and including 2020 were gold (12.74%), unwrought aluminium (12.10%), refined copper (76.85%), and petroleum gas and other gaseous hydrocarbons (7.50%).

In turn, telephone sets were the **leading import category** into the UAE in 2020 at a value of USD113.33bn, equivalent to 8.36% of import costs in 2020. Gold was the second largest import category at a cost of USD10.05bn (6.30% of total import costs), while diamonds were third at a value of USD6.10bn (3.83%). Combined, these three categories accounted for 18.49% of total product import costs incurred in 2020.

Of the top ten products, the UAE's **fastest growing import products** over the five-year period leading up to and including 2020 were automatic data-processing machines (46.69%), petroleum oils (excluding crude) (40.18%), and gold (11.37%).

TOP 10 PRODUCTS EXPORTED BY UAE, 2020				TOP 10 PRODUCTS IMPORTED BY UAE, 2020			
RANK	PRODUCT (HS 4)	VALUE 2020 (USDbn)	% GROWTH (avg.; USD terms) 2016-2020	RANK	PRODUCT (HS 4)	VALUE 2020 (USDbn)	% GROWTH (avg.; USD terms) 2016-2020
1	Petroleum oils	47.86	2.26%	1	Telephone sets	13.33	10.67%
2	Gold	26.37	12.74%	2	Gold	10.05	11.37%
3	Petroleum oils (excluding crude)	17.84	7.07%	3	Diamonds	6.10	-8.57%

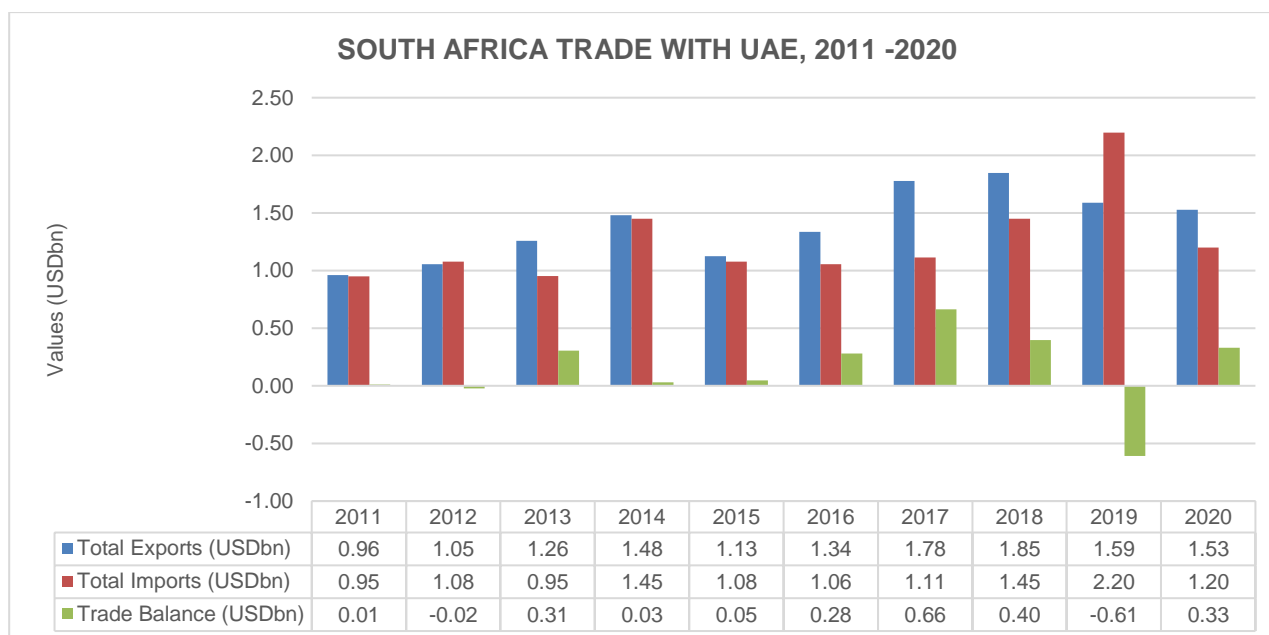
4	Diamonds	6.36	-3.43%	4	Motor cars	5.99	-9.47%
5	Petroleum gas and other gaseous hydrocarbons	5.91	7.50%	5	Articles of jewellery	5.77	0.24%
6	Unwrought aluminium	4.36	12.10%	6	Petroleum oils (excluding crude)	5.21	40.18%
7	Articles of jewellery	3.42	-3.85%	7	Automatic data-processing machines	4.66	49.69%
8	Polymers of ethylene, in primary forms	2.99	4.58%	8	Commodities not elsewhere specified	4.02	-1.60%
9	Commodities not elsewhere specified	2.15	-10.11%	9	Turbojets	2.78	-17.01%
10	Polymers of propylene	1.40	2.93%	10	Powered aircraft	2.14	-6.16%
<b>TOTAL EXPORTS</b>		<b>146.23</b>	<b>100895.15%</b>	<b>TOTAL IMPORTS</b>		<b>159.41</b>	<b>100845.29%</b>

Source: Trade Map 2021.

### 3.3 South African Trade with the UAE

South Africa's trade with the UAE for the period 2011 - 2020 is presented in the figure below.

In 2020, South Africa's export receipts with the UAE totalled USD1.53bn, declining by 3.79% from the 2019 value of USD1.59bn. In a similar manner, South Africa's imports from the UAE declined by 45.44% to a value of USD1.20bn in 2020, down from a cost of USD2.20bn incurred in 2019.



Source: Trade Map 2021

#### Key Trade Products

South Africa's **dominant export category** to the UAE in 2020 were diamonds at a value of USD396.64m, equivalent to 25.95% of all export receipts earned with the said country in 2020. Ferro-alloys placed second at a value of USD362.70m (23.73%), followed by citrus fruit at USD126.70m (8.29%). Combined, these three categories accounted for 57.97% of total product export receipts earned in 2020.

Of the top ten products, South Africa's **fastest growing export product categories** to the UAE over the five-year period leading up to and including 2020 were electrical machines and apparatus (425.54%), ferro-alloys (217.65%), and acyclic hydrocarbons (56.81%).

Petroleum oils (excluding crude) **dominated South African imports** from the UAE in 2020 at a cost of USD750.34m. This was equivalent to 62.60% of all import costs incurred with UAE in 2020 Petroleum oils placed second at a cost of USD207.31m (17.30%), while copper wire came third at a value of USD36.89m (3.08%). Combined, these three categories accounted for 82.98% of total product import costs incurred in 2020.

Of the top ten products, South Africa's **fastest growing import product categories** from the UAE over the five-year period leading up to and including 2020 were copper wires (89.35%), petroleum oils (87.12%) and waters (27.18%).

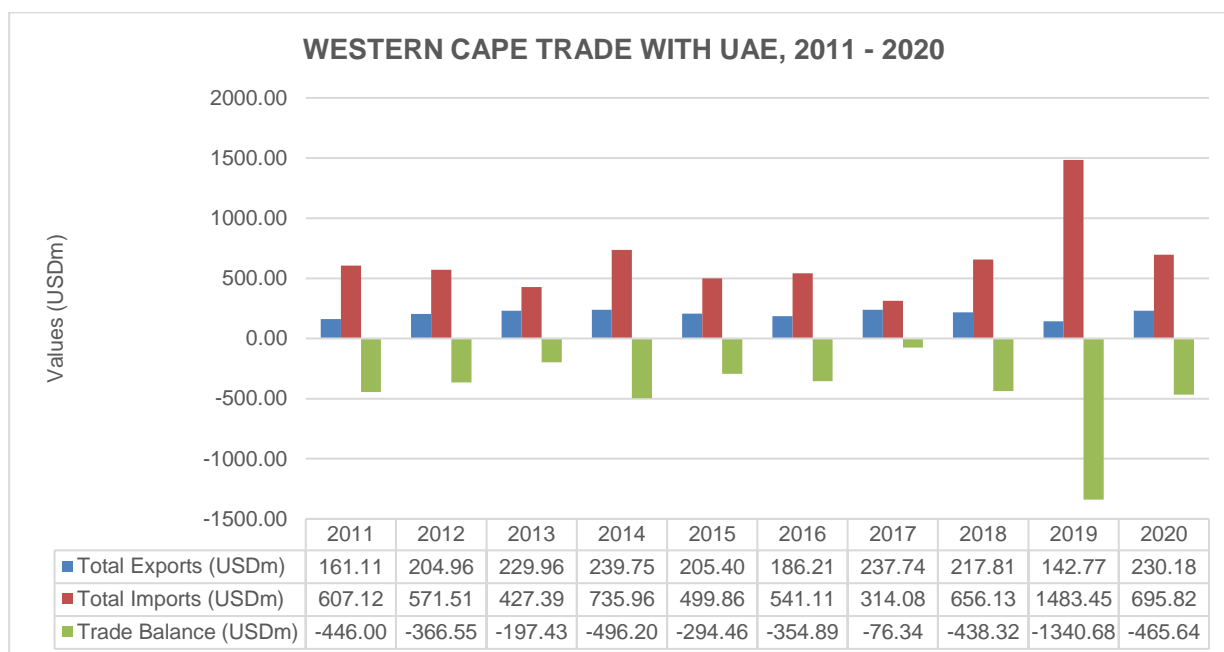
TOP 10 SOUTH AFRICA PRODUCTS EXPORTED BY UAE, 2020				TOP 10 SOUTH AFRICA PRODUCTS IMPORTED BY UAE, 2020			
RANK	PRODUCT	VALUE 2020 (USDm)	% GROWTH 2016-2020	RANK	PRODUCT	VALUE 2020 (USDm)	% GROWTH 2016-2020
1	Diamonds	396.64	17.64%	1	Petroleum oils (excluding crude)	750.34	19.49%
2	Ferro-alloys	362.70	217.65%	2	Petroleum oils	207.31	87.12%
3	Citrus fruit	126.70	4.56%	3	Copper wire	36.89	89.35%
4	Coal	79.28	-2.23%	4	Waters	17.61	27.18%
5	Apples, pears and quinces	38.49	5.45%	5	Sulphur of all kinds	14.84	-
6	Electrical machines and apparatus	21.88	425.54%	6	Unwrought aluminium	11.97	-
7	Motor cars	20.42	6.23%	7	Aluminium wire	9.15	-
8	Undenatured ethyl alcohol	19.11	6.57%	8	Polymers of ethylene, in primary forms	7.90	-
9	Acyclic hydrocarbons	17.77	56.81%	9	Plates, sheets	7.71	-1.57%
10	Copper tubes and pipes	17.25	1.42%	10	Mineral or chemical nitrogenous fertilisers	6.74	-16.97%
<b>TOTAL EXPORTS</b>		<b>1528.57</b>	<b>7.59%</b>	<b>TOTAL IMPORTS</b>		<b>1198.55</b>	<b>100903.98%</b>

Source; Trade Map 2021

### 3.4 Western Cape Trade with the UAE

Turning to the Western Cape's trade with the UAE for the period 2011 – 2020.

In 2020, the Western Cape's export receipts from trade with the UAE stood at USD230.18m; an increase of 61.22% from the 2019 value of USD142.77m. In contrast, associated import costs fell by 53.09%, from a value of USD695.82m in 2019 to a value of USD1483.45m in 2020. The decreases in trade are attributed to the effects of the COVID-19 effects on global trade.



Source: Quantec, 2021

#### Key Trade Products

The Western Cape's **dominant export product** to the UAE in 2020 was citrus fruit valued at USD80.54m equivalent to 34.99% of all export receipts earned with the UAE in 2020. Apples, pears and quinces placed second at a value of USD36.60m (15.90%), followed by oil and other products at USD27.45m (11.93%). Combined, these three categories accounted for 62.82% of total product export receipts earned in 2020.

Of the top ten products, the Western Cape's fastest **growing export product category** to the UAE over the five-year period leading up to and including 2020 were citrus fruit (5910.14%), apples (3092.31%) and wine (1167.1%).

Petroleum oils **dominated products imported** from the UAE by the Western Cape in 2020 at a cost of USD470.36m, equivalent to 67.60% of all import costs incurred with the UAE in 2020. Petroleum oils (crude) came second at a cost of USD204.09m (29.33%), while carboys, bottles, flasks placed third at USD2.21m (0.32%). Combined, these three categories accounted for 97.25% of total product import costs incurred in 2020.

Of the top ten products, the Western Cape's **fastest growing import product categories** with the UAE over the five-year period leading up to and including 2020 were petroleum oil (crude) (175.49%), leather (1,038.72%), polymers of ethylene (151.86%) and petroleum oils (77.42%).

THE TOP 10 WESTERN CAPE EXPORTS TO UAE, 2020				THE TOP 10 WESTERN CAPE IMPORTS FROM UAE, 2020			
RANK	PRODUCT (HS4)	VALUE 2020 (USDm)	% GROWTH 2016 - 2020	RANK	PRODUCT (HS4)	VALUE 2020 (USDm)	% GROWTH 2016 - 2020
1	Citrus fruit	80.54	5910.14%	1	Petroleum oils	470.36	77.42%
2	Apples, pears and quinces	36.60	3092.31%	2	Petroleum oils (crude)	204.09	175.49%

3	Oils and other products	27.45	-	3	Carboys, bottles, flasks, jars, pots	2.21	6.41%
4	Apricots, cherries, peaches	13.18	1099.90%	4	Sulphur of all kinds	1.88	-
5	Wine	12.06	1167.91%	5	Bread, pastry, cakes, biscuits and other bakers' wares	1.72	5.26%
6	Other fruit	10.16	340.72%	6	Unclassified	1.71	-
7	Grapes	9.25	1028.78%	7	Hydrogen, rare gases and other non-metals	1.60	-
8	Petroleum oils	6.14	-	8	Polymers of ethylene	1.14	151.86%
9	Light-vessels, fire-floats	4.86	-	9	Chocolate	1.12	18.40%
10	Swedes, mangolds, fodder roots	4.31	-	10	Other colouring matter	0.99	-
<b>TOTAL EXPORTS</b>		<b>230.18</b>	<b>20194.19%</b>	<b>TOTAL IMPORTS</b>		<b>695.82</b>	<b>29.64%</b>

Source: Quantec, 2021

### 3.5 Customs, Regulations and Standards

#### Import Tariffs

The UAE levies import duties on commercial goods depending on:

- Whether the business is registered on the mainland or in a free zone.
- Nature of goods being moved.
- Source and destination of the goods being moved.
- Trade agreements between the UAE and exporting country.
- Any other applicable laws.

#### Import tariffs and rates

In general, the UAE has adopted a GCC common tariff, and customs duties are fixed at 5% of the CIF value of most products. However, alcoholic, carbonated, and sweetened beverages products have a 50% duty, and e-smoking devices (tools and liquids used in them) and tobacco products are assessed a 100% customs duty. Certain goods are exempt from customs duties, such as pharmaceuticals and agricultural products. For detailed tariffs, please visit the Unified Customs Tariff webpage.

#### Preferential tariffs

The UAE has set up a number of 'free zones', where customs duties are not payable. Any company registered in one of the free zones can import goods into that free zone without having to pay customs duties. Goods produced in countries that are party to the Greater Arab Free Trade Agreement 1998 are exempt from customs duty. For further information, visit the UAE Ministry of Economy and Dubai Customs.

#### Tariff-related Trade Barriers

The custom duty on imported goods is 5% (except a few categories including agricultural products and pharmaceuticals). The rate is 50% on alcohol and 100% on tobacco products.

#### Non- Tariff Barriers

##### Import restrictions

Only companies in the UAE that have the appropriate trade license can import products into the country. Import controls exist for a number of products including alcoholic beverages, pork and pork products, medicinal substances, printed matter such as magazines and videos, photographic material, firearms, and fireworks.

The entry of many kinds of products has been banned in accordance with the local values, religious beliefs, and morals. The following items are prohibited:

- Goods manufactured in Israel.
- Pornographic literature and materials.
- Special permission is required for the import of:
- Alcoholic beverages.

- Drugs.
- Firearms.
- Ammunition and explosives.
- Agricultural pesticides.
- Industrial alcohol - denatured.
- Methyl alcohol.
- Methylated and medicated spirits.

## **Import Requirements and Documentation**

### Importing Goods

To import goods into the UAE, companies must have the correct trade license from the Department of Economic Development (DED) from the Emirate. Foreign companies can either set up office in the UAE or appoint a UAE national as sponsor, agent, or distributor to do business in the UAE “mainland” (that is, not in the free zones).

Companies that set up in a free zone can also use their free zone trade license to import goods into that free zone the UAE.

To import goods, the UAE-based company (consignee/agent) should get a delivery order from the Shipping Agent and submit the following original standard trade documentation:

- Commercial invoice from the exporting company addressed to the importer with details about quantity, goods description, and total value of each imported item.
- Certificate of origin, stating the country of origin and approved by the Chamber of Commerce in the country of origin.
- Detailed packing list including weight, method of packing, and HS code for each item.
- Import permit from the competent agencies in case of importing restricted goods or duty exempted goods.
- Bill of entry or airway bill.
- Food products, also require the following certificates:
- Original health certificate issued by the appropriate government agency in the exporting country, attesting to the product’s fitness for human consumption.
- Original Halal slaughter certificate for meat and poultry products.

### **Prohibited/Restricted Imports**

Below is a list of some prohibited items:

- All kinds of narcotic drugs (taking into account the control of prohibited items in general and narcotic substances in particular, where certain prohibited goods may be imported or exported subject to producing approvals of the competent authorities).
- Goods of Israeli origin or bearing Israeli flags and emblems.
- Gambling tools, machineries and devices of all kinds.
- Nylon fishing nets.
- Live swine.
- Used, reconditioned and inlaid tires.
- Radiation and nuclear fallout contaminated substances.
- Items that contradict Islamic faith and public morals.
- E-cigarettes and electronic hookah.
- Paan and betel leaves.

### **Trade Agreements**

- The UAE is party to several multilateral and bilateral trade agreements, including with partner countries in the GCC. As part of the GCC, the UAE has strong economic ties with Saudi Arabia, Kuwait, Bahrain and Oman, meaning the UAE shares a common market and a customs union with these nations. Under the Greater Arab Free Trade Area Agreement (GAFTA), the UAE has free trade access to Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, Jordan, Egypt, Iraq, Lebanon, Morocco, Tunisia, Palestine, Syria, Libya, and Yemen
- According to the UAE Federal Customs Authority (FCA), the UAE has also signed agreements with the following countries: Islamic Republic of Pakistan (2006), Republic of Algeria (2007), Republic of Azerbaijan (2011), Republic of India (2012), Republic of Kazakhstan (2012), Republic of Argentina (2013), Republic of Armenia (2013), Republic of Maldives (2014), Republic of South Korea (2015), and the Kingdom of the



Netherlands (2015). In June 2009 the GCC signed an FTA with the European Free Trade Area (ETFA) (Iceland, Liechtenstein, Norway, and Switzerland), which was implemented in July of 2015.

- In addition, the UAE has signed free trade agreements with Singapore (through the GCCs agreement with the nation) and New Zealand, and has engaged in talks about the establishment of similar arrangements with the European Union, Japan, Australia, South Korea, India, Brazil, China, Argentina, Pakistan, Paraguay, Turkey, and Uruguay. It has also entered into several agreements on the protection and promotion of investment and the prevention of double taxation.
- The UAE is also signatory to the Information Technology Agreement (ITA) of the World Trade Organization (WTO), a treaty binding 78 countries (representing 97% of world trade in IT products) that seeks to eliminate tariffs on IT products. The numerous goods covered by the treaty are valued at over \$1.3 trillion per year. The Abu Dhabi government formed the Advisory Committee on Free Trade Agreements, whose goal is to lift trade restrictions between the Abu Dhabi Emirate and countries the UAE is negotiating a Free Trade Agreement with.
- The UAE became a contracting party to the General Agreement on Tariffs and Trade in 1994, and subsequently became a member of the World Trade Organization in April of 1996.

Source: International Trade Administration, 2021.

### 3.6 Tariffs

The table below shows tariffs imposed by thUAE on South Africa's exports in 2021.

TARIFFS IMPOSED ON SOUTH AFRICAN EXPORTS BY UAE, 2021					
HS CODE AND PRODUCT DESCRIPTION	TARIF F, %	HS CODE AND PRODUCT DESCRIPTION	TARIF F, %	HS CODE AND PRODUCT DESCRIPTION	TARIF F, %
H01: Live animals	0	H33: Essential oils, perfumes, cosmetics, toiletries	5	H65: Headgear and parts thereof	5
H02: Meat and edible meat offal	4	H34: Soaps, lubricants, waxes, candles, modelling pastes	5	H66: Umbrellas, walking-sticks, seat-sticks, whips	5
H03: Fish, crustaceans, molluscs, aquatic invertebrates	3	H35: Albs.uminoids, modified starches, glues, enzymes	5	H67: Bird skin, feathers, artificial flowers, human hair	5
H04: Dairy products, eggs, honey, edible animal product	5	H36: Explosives, pyrotechnics, matches, pyrophorics	5	H68: Stone, plaster, cement, asbestos, mica, articles	5
H05: Products of animal origin	5	H37: Photographic or cinematographic goods	5	H69: Ceramic products	5
H06: Live trees, plants, bulbs, roots, cut flowers	4	H38: Miscellaneous chemical products	5	H70: Glass and glassware	5
H07: Edible vegetables and certain roots and tubers	2	H39: Plastics and articles thereof	5	H71: Pearls, precious stones, metals, coin	4
H08: Edible fruit, nuts, peel of citrus fruit, melons	1	H40: Rubber and articles thereof	5	H72: Iron and steel	6
H09: Coffee, tea, mate and spices	1	H41: Raw hides and skins (other than fur skins) and leather	5	H73: Articles of iron or steel	5
H10: Cereals	0	H42: Articles of leather, animal gut, harness, travel goods	5	H74: Copper and articles thereof	5
H11: Milling products, malt, starches, inulin, wheat gluten	2	H43: Fur skins and artificial fur, manufactures thereof	5	H75: Nickel and articles thereof	5
H12: Oil seed, oleagic fruits, grain, seed, fruit,	2	H44: Wood and articles of wood, wood charcoal	5	H76: Aluminium and articles thereof	5
H13: Lac, gums, resins, vegetable saps and extracts	5	H45: Cork and articles of cork	5	H78: Lead and articles thereof	5
H14: Vegetable plaiting materials, vegetable products	5	H46: Manufactures of plaiting material, basketwork, etc.	5	H79: Zinc and articles thereof	5
H15: Animal, vegetable fats and oils, cleavage products,	5	H47: Pulp of wood, fibrous cellulosic material, waste	5	H80: Tin and articles thereof	5

H16: Meat, fish and seafood food preparations	5	H48: Paper & paperboard, articles of pulp, paper and board	5	H81: Other base metals, cermet's, articles thereof	5
H17: Sugars and sugar confectionery	0	H49: Printed books, newspapers, pictures	2	H82: Tools, implements, cutlery, of base metal	5
H18: Cocoa and cocoa preparations	4	H50: Silk	5	H83: Miscellaneous articles of base metal	5
H19: Cereal, flour, starch, milk preparations and products	3	H51: Wool, animal hair, horsehair yarn and fabric thereof	5	H84: Nuclear reactors, boilers, machinery	4
H20: Vegetable, fruit, nut food preparations	5	H52: Cotton	5	H85: Electrical, electronic equipment	3
H21: Miscellaneous edible preparations	5	H53: Vegetable textile fibres paper yarn, woven fabric	5	H86: Railway, tramway locomotives, rolling stock, equipment	5
H22: Beverages, spirits and vinegar	3	H54: Manmade filaments	5	H87: Vehicles other than railway, tramway	5
H23: Residues, wastes of food industry, animal fodder	2	H55: Manmade staple fibres	5	H88: Aircraft, spacecraft, and parts thereof	2
H24: Tobacco and manufactured tobacco substitutes	222	H56: Wadding, felt, nonwovens, yarns, twine, cordage	5	H89: Ships, boats and other floating structures	0
H25: Salt, sulphur, earth, stone, plaster, lime and cement	5	H57: Carpets and other textile floor coverings	5	H90: Optical, photo, technical, medical apparatus	4
H26: Ores, slag and ash	5	H58: Special woven or tufted fabric, lace, tapestry	5	H91: Clocks and watches and parts thereof	5
H27: Mineral fuels, oils, distillation products,	5	H59: Impregnated, coated or laminated textile fabric	5	H92: Musical instruments, parts and accessories	5
HS28: Inorganic chemicals	5		5	H94: Furniture, lighting, signs, prefabricated buildings	5
H29: Organic chemicals	3	H61: Articles of apparel, accessories, knit or crochet	5	H95: Toys, games, sports requisites	5
H30: Pharmaceutical products	0	H62: Articles of apparel, accessories, not knit or crochet	5	H96: Miscellaneous manufactured articles	5
H31: Fertilizers	5	H63: Other made textile articles, sets, worn clothing	5	H97: Works of art, collectors pieces and antiques	5
H32: Tanning, dyeing extracts, tannins, derivatives, pigments	5	H64: Footwear, gaiters and the like, parts thereof	5	H99: Commodities not elsewhere specified	0

Source: TradeMap, 2021.

NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are average tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are determined according to the importing country's national tariff line from the HS6 level and upwards. Exporters are advised to visit [www.macmap.org](http://www.macmap.org) to determine the exact tariff applicable to the product at HS6.

### 3.7 Port-to-Port Rates

The UAE has made major investments in its infrastructure, resulting in modern ports and airports that serve as some of the most active gateways into the Gulf region for business, commerce and tourism.

The major ports in the UAE include, Jebel Ali in Dubai, Mina Rashid also in Dubai, Mina Zayed in Abu Dhabi, Mina Khalid in Sharjah and Khor Fakkan also in Sharjah.

Port Zayed is an important deep-water seaport of Abu Dhabi that has been operational since 1972. It services a large portion of vessels plying on the Gulf Coast and lies on an area of 25 square kilometres. The old container terminals occupy nearly 10% of the total area and are built to store up to 15,000 TEUs. Mina Zayed also allows companies to store and distribute goods from directly within the port premises, reducing transit times. A chilled storage zone caters to over 15,000 tons of frozen imports and exports. The port has 21 berths for ro-ro, project cargo, reefer units, general cargo, and petroleum products. The initial 17 berths were expanded to service a larger number of vessels and process more cargo tonnage ((Marine Insight, 2021).

Currently, Jebel Ali is the 9<sup>th</sup> busiest port in the world, the busiest in the Middle East, and handles a significant portion of container traffic through the region. It has won numerous awards for its infrastructure and facilities. Jebel Ali Free Port is a hub for companies, both global and domestic. It includes a freight station (CFS) dealing with LCL container units. The port is also well connected to the city, the Dubai International Airport, and the Airport Air Cargo Village. Mina Jebel Ali is the flagship port in Dubai Ports World’s global presence. It deals with shipments to Asia, the Middle East, Northern Africa, and Europe. The cargo handling capacity currently stands at 22.4 million TEUs. The port has nearly 5 kilometres of quays, servicing ships from over 150 origin ports. The container terminals are divided into the T1, T2, and T3 zones, with a planned T4 zone on the way. T1 is the busiest terminal with 15 berths, 51 cranes, and a 9 million TEU capacity. It was the original terminal that the port operated from. T2 can hold 6.5 million TEUs with 32 cranes and 8 berths. It is reputed for cutting on carbon emissions by a staggering 30%. T3 has 5 berths and can hold 3.8 million TEUs. It is highly advanced, with semi-automatic cranes that can process Ultra Large Container Vessels (ULCVs) that store over 18,000 TEUs. The proposed terminal T4 will add 3.1 million TEUs to the existing facilities (Marine Insight, 2021).

The table below shows the most important ports in UAE. It also shows the **distance** and **time** it takes goods to travel from Cape Town Port terminal to these ports.

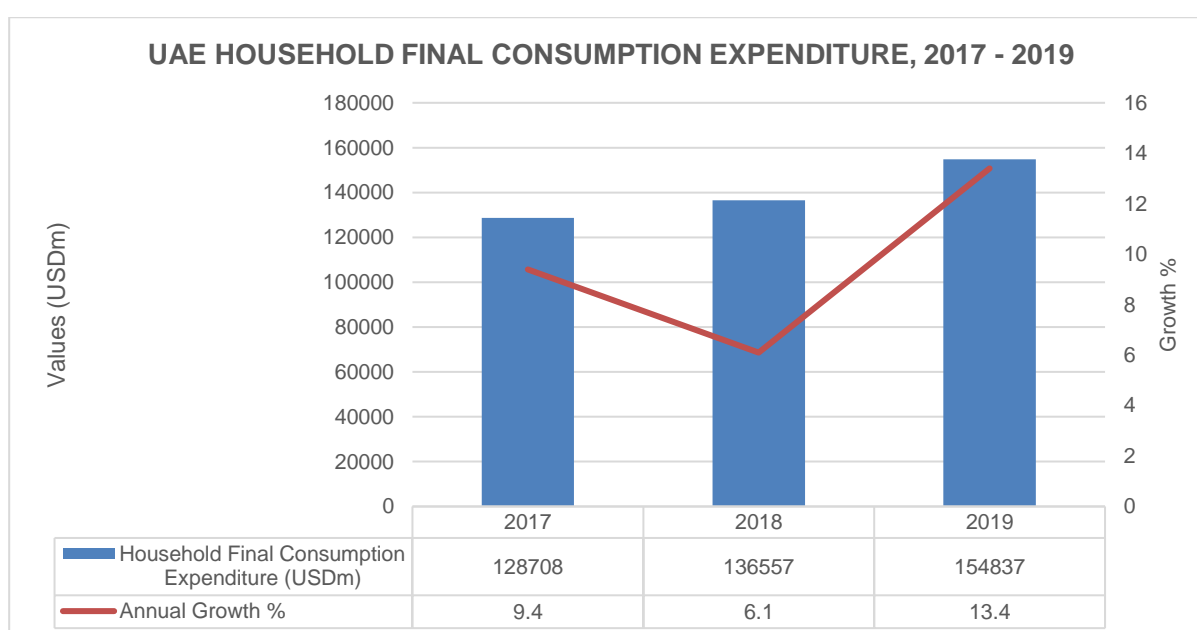
TRANSIT TIME FROM CAPE TOWN TERMINAL TO VARIOUS PORTS IN NAMIBIA, 2021		
TERMINAL	DISTANCE	TRANSIT TIME
Ras Al Khaimah	8649.22 km	14 days 23 hours
Sharjah	8721.92 km	15 days 2 hours
Port Rashid	8740.41 km	15 days 3 hours
Jebel Ali, Dubai	8772.73 km	15 days 4 hours
Abu Dhabi	8864.11 km	15 days 8 hours

Source: Sea-Rates, 2021.

## 4. Consumer Insights

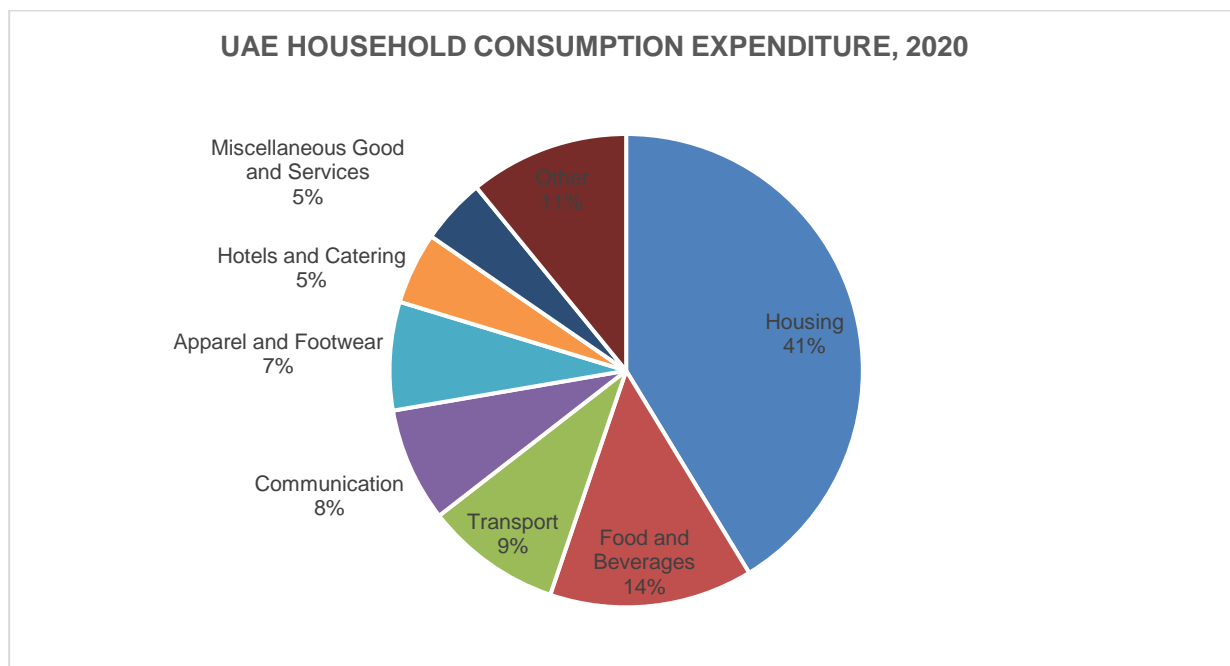
### 4.1 Household Consumption Expenditure

The figure below presents the UAE household consumption expenditure and growth for the period 2017 – 2019. In 2019, expenditure stood at USD154, 837m and grew by 13.4%.



Source: Santander, 2021

Household consumption expenditure per category is presented in the figure below. Housing was the largest household expenditure in 2020 accounting for 41% of total household consumption expenditure. Followed by food and beverages (14) and transport (9%).



Source: Santander, 2021

### Consumer Profile

- The increase in the UAE population can be attributed mostly to the high demand of labour in the two main cities of Abu Dhabi and Dubai. Ongoing construction has attracted workers from around the world.
- The UAEs population will continue to grow exponentially as the country continues to develop its infrastructure. The total population has doubled from 3.7 million in 2005 to 8.4 million in 2010, out of which an estimated 88% were foreign citizens.
- In 2020, the total population is 9.9 million people - of which only 30.7% are women.
- The median age in the UAE is 32.6 years. As the population of the UAE continues to grow, demand for services such as healthcare and education will increase. The majority of Emiratis fall under the 15-64 age range (84.1%), with men aged 30 to 49 being the most prominent, making them the largest group to contribute to the workforce.
- Despite the significant increase in the UAE population, household structure remains the same. Couples with children are by far the largest group, accounting for half of all households. They are followed by temporary workers (25% of households) and couples without children (13%). The last category is expected to grow significantly in the years to come, which should be reflected with increasing purchase money, presenting opportunities for higher quality products.
- Over the past few years, education has become the top priority in the UAE. The Government allocates a significant share of the federal budget each year to the development of the education system in order to provide quality education services and improve a knowledge-based economy. In 2020 this reached 15% of the federal budget. Nearly 83% of the UAE population aged over 25 years old completed at least completed lower secondary education in 2018 (latest data available by the World Bank); while as for upper secondary education, almost 70% managed to complete it.
- Despite the government's commitment to the education sector, the gap between men and women in secondary education stands at 5-6% in favour of men. Ambitiously, the government also seeks to improve the UAE's ranking in the Organisation for Economic Co-operation and Development (OECD) Programme for International Student Assessment (PISA) study, to score among the top 20 countries.
- A large number of foreign residents work in construction - which pays lower wages - while a big part of Emirati citizens work in the public sector. The sector with the highest number of employees in the country is the extractive industry, which employs 31% of the workforce in the UAE.

Source: Santander, 2021

## Purchasing Power

- GDP per capita has been fluctuating for decades in the UAE. According to the latest available data by the World Bank, GDP per capita reached USD 69,900.878 PPP in 2019.
- Salaries differ among the seven federal emirates. The average monthly household income of UAE residents is AED18, 248.60, according to a new survey by the UAE Ministry of Economy. A person working in Dubai typically earns around 21,500 AED per month, whereas in Al Ain the average salary is 19,800 AED per month.
- The wealth gap between rich and poor in the UAE is one of the worst in the world, largely due to the amount of welfare and protection afforded to native Emiratis and the amount of neglect of migrant workers. Even though the UAE ranks second in the Middle East for wage equality for similar work, the Emirates ranked 120th out of 144 countries overall in the 2020 World Economic Forum's Global Gender Gap Report.
- The country has been working towards gender wage equality, and in 2018 a law ensuring women are paid an equal wage to their male colleagues was approved.
- Immigrants from South Asia, Egypt and Morocco mostly populate the UAE, with expatriates making up 88.5% of the population. However, this group also makes up the majority of the population living below the poverty line, which is defined by those who earn less than USD 20 a day.
- Emiratis have the highest standards of living in the country, while immigrants have the lowest.

Source: Santander, 2021

## Consumer Behaviour

- Consumers in the UAE are some of the most diverse across the Gulf countries, as only 11.5% of the population is Emirati and the majority of the population consists of immigrants - mainly from South Asia, Iran, East Asia and the West - with significantly different levels of income.
- Retailing in the UAE is closely tied to social habits. Shopping malls dominate the retail landscape because they provide a source of entertainment, a social experience, and - just as important - air conditioning. For that reason, e-commerce only accounts for 4.2% of the retail sector, despite the UAE being one of the most digitally connected nations in the world. Although, it is an upward trend, e-commerce is estimated to grow by an average of 23% by 2022.
- Offline shopping remains relevant in the UAE for cultural and geographic reasons, however, as the online and offline channels converge more and more, the market is increasingly competitive, challenging the e-commerce operators already present in the region and bringing more benefits to consumers. Almost certainly the COVID-19 crisis and the implications of the lockdowns have accelerated the levels of adoption of e-commerce transactions by UAE residents, although these were already increasing.
- UAE consumers have high expectations and are hard to impress. They expect excellent customer experience and personalised service, and when it comes to online shopping, they prefer single-brand websites because buyers believe they provide the best customer service.
- The UAE is an attractive market for luxury brands, with Dubai accounting for 30% of the Middle East's luxury market, and Emiratis spending around 30% of their monthly salaries on luxury goods.
- Additionally, even though around 30% of the population is female, women influence 80% of all purchases in Dubai alone. Female Emirati citizens spend 43% of their income on fashion shopping – triple that of the expat population. And a third of these Emirati women spend over 60% of their monthly income on shopping.
- When it comes to food, even though Emiratis still prefer traditional Gulf dishes, the combination of so many foreigners within the UAE and the affluence of a number of Emirati residents has created a country with an international palate, demanding a wide range of international foods.
- Consumers in the UAE tended to be big spenders and loyal to their favourite brands. Unfortunately, the covid-19 crisis has led consumers to rethink their habits. They now tend to plan their shopping, to test new brands, and shop online. Consumers still expect to decrease spending across categories with the exception of groceries, home and entertainment; the keywords are value and convenience.
- The Emirate has a relatively young population with the increased demand for affordable hotels, and Airbnb is getting good acceptance and the demand is expected to grow.

Source: Santander, 2021

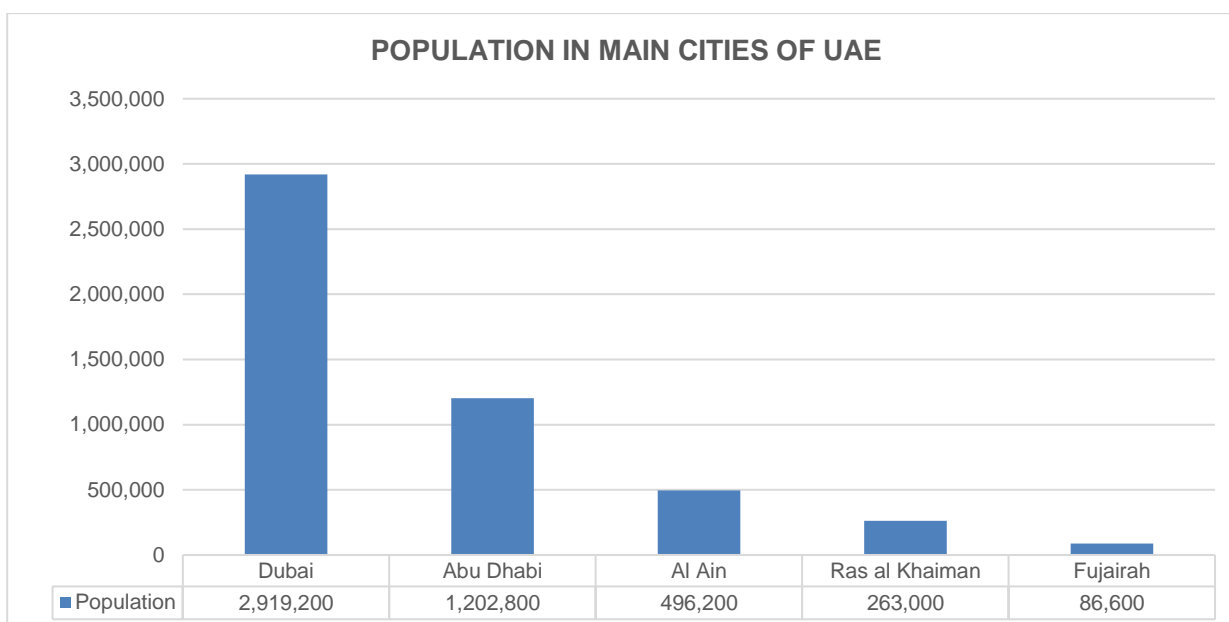
## Population

The figure below presents the population characteristics of UAE.

UAE POPULATION STATISTICS, 2020	
Total Population	9 770 529
Urban Population	86.8%
Rural Population	13.2%
Density of Population	136 Inhab./km <sup>2</sup>
Men (in %)	68.0%
Women (in %)	30.7%
Natural increase	1.44%
Medium Age	30.0
Ethnic Origins	Only 11.5% Emirati compared to 88.5% of non-Emirati, mostly Asians (Bangladeshis, Pakistanis, Sri Lankans, Indians, Filipinos and Iranians) and Western expatriates.

Source: Santander, 2021

Population in the main cities of the UAE is presented below. Dubai had the largest population in the UAE in 2017, standing at 2 919 200. This was followed by Abu Dhabi (1 202 800) and Al Ain (496 200).



### Marketing opportunities

#### Media in Which to Advertise

- Television remains an important source of entertainment and news, but is losing ground to the Internet. Nonetheless, daily viewing has increased between 2014 and 2016 as 70% of Emiratis say they watch TV every day (65% in 2014 - Mideast Media Survey). The UAE is headquarters to more than 72 TV channels, third highest in the Arab region, including the pan-Arab channels MBC, Al-Arabiya and Sky News Arabiya. TV advertising expenditure has traditionally lagged behind outdoor, print and radio, and accounted for a mere 7% of total advertising spending in 2017 with AED 488 million, down by 23% compared to 2016 (AED 631 million).
- Press - self-censorship is prevalent and publications must be licensed and follow official guidelines on reporting, as in most other countries in the region. United Arab Emirates has the largest advertising market and newspaper advertising expenditure among GCC countries, however, the market has been shrinking due to declining readership figures (Only 25% of Emiratis read newspapers every day - Mideast Media Survey) and the regional economic recession. The UAE advertising market reached AED 6.7 billion in 2017, accounting for 48% of total advertising expenditure across the Gulf region. Within the Emirati market, newspaper advertising expenditure accounted for 33% of the total advertising spending (AED 2.2 billion, second highest after outdoor marketing). English-language dailies are just as popular as are Arabic-language dailies. In fact, Gulf News, an English-language daily, is the top newspaper in the country.

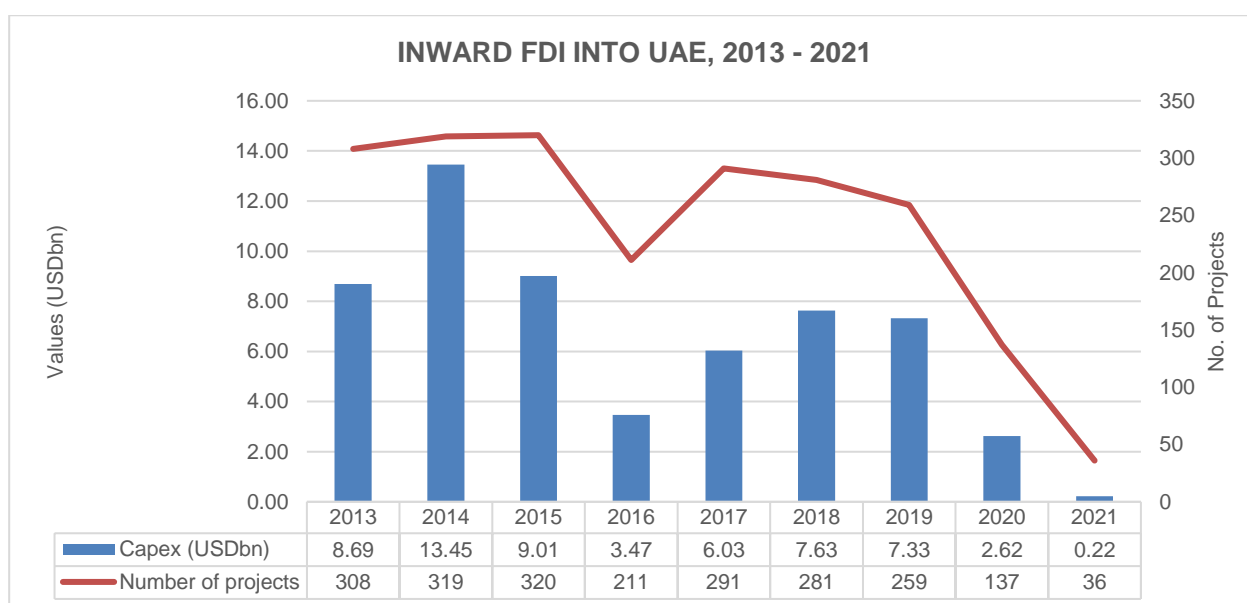
- In Transportation Venues - out-of-home (OOH) advertising has been one of the backbones of the Emirati advertising industry, however high expenditure does not necessarily translate into revenue for advertisers. In fact, outdoor advertising expenditure accounted for the lion's share in 2017 with AED 2.5 billion (USD 680 million), overtaking newspaper advertising expenditure and representing 33% of the total advertising market. Nonetheless, the net advertising revenues of OOH companies stood at a mere USD 15 million largely behind companies in Kuwait (USD 160 million) (Outdoor Advertising Association of America).
- Web - digital advertising fails to take off despite Emiratis being one of the most digitally connected in the region. Internet penetration is over 90% while smartphone penetration is at 99%. Nonetheless, digital advertising spending is not fully regulated and not included in the total advertising expenditure. This form of advertising is expected to grow in 2018 as advertisers now move towards more sophisticated categories such as programmatic advertising, mobile, native and content.

## 5. Investment

### 5.1 Global Investment into the UAE

The figure below shows the number of inward FDI projects into the UAE and their associated capex values for the period of 2013 to May 2021.

The total number of FDI projects into UAE for the period was 2162. These projects represented a total capital investment of USD58.45bn, which equated to an average investment of USD28.0m per project. During the period, 117 537 were jobs created.



Source: BvD, 2021

For the period 2013 to May 2021 the United States was the largest source market for inward FDI into the UAE with 457 investment projects and accounting for 30.69% of total projects. The United Kingdom and India ranked second and third respectively, with the United Kingdom the source market for 313 FDI projects (equivalent to 21.02% of all projects) and India with 129 FDI projects (8.66%), as tabled below.

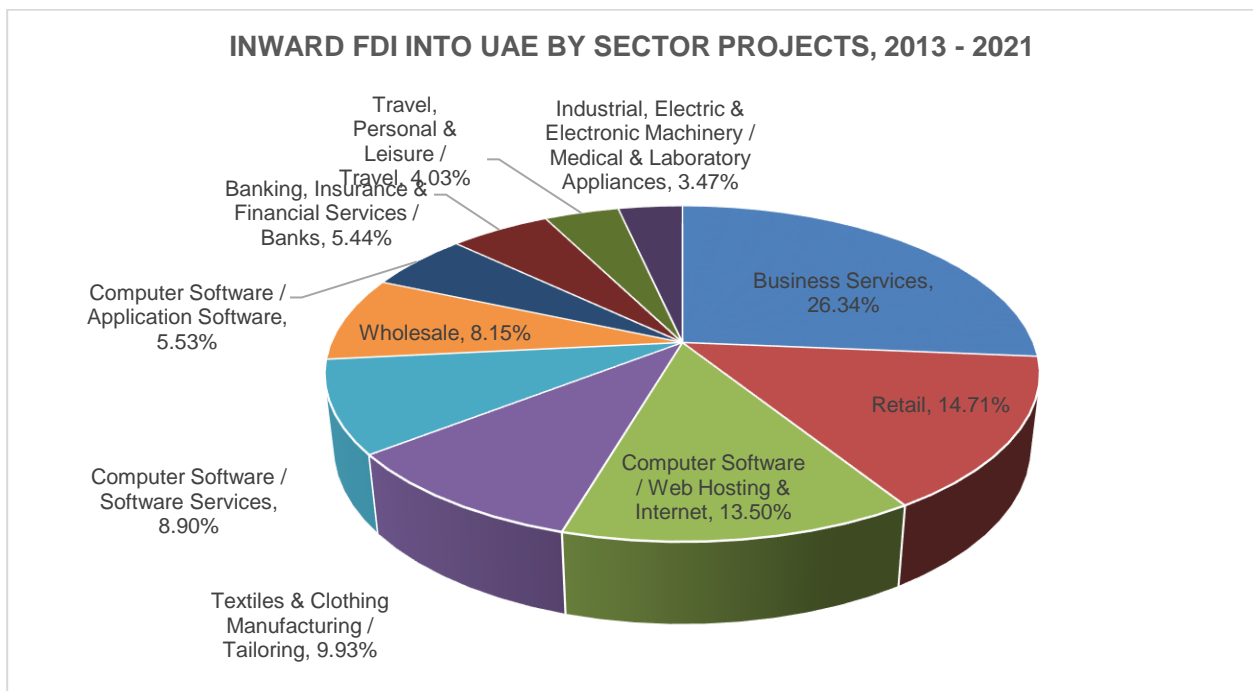
TOP 10 SOURCE MARKETS FOR FDI INTO UAE, 2013 - 2020					
RANK	COUNTRY	PROJECTS	%PROJECTS	CAPEX (USDm)	% CAPEX
1	United States of America	457	30.69%	11 703	28.05%
2	United Kingdom	313	21.02%	7 136	17.11%
3	India	129	8.66%	6 160	14.77%
4	France	126	8.46%	3 076	7.37%

5	Germany	107	7.19%	6 009	14.40%
6	Italy	86	5.78%	640	1.53%
7	Switzerland	85	5.71%	2 481	5.95%
8	Japan	63	4.23%	2 000	4.79%
9	China	62	4.16%	1 675	4.01%
10	Spain	61	4.10%	839.30	2.01%
<b>Total</b>		<b>1 489</b>	<b>100.00%</b>	<b>41 721.12</b>	<b>100.00%</b>

Source: BvD, 2021

### Classification of FDI

The figure below presents global FDI into the UAE's economic sectors by number of projects. The business services sector was the largest recipient of FDI in terms of number of projects, equivalent to 26.34% of the total number of inward projects received over the review period. This was followed by the retail sector (14.71%) and computer software/web hosting and internet (13.50%).

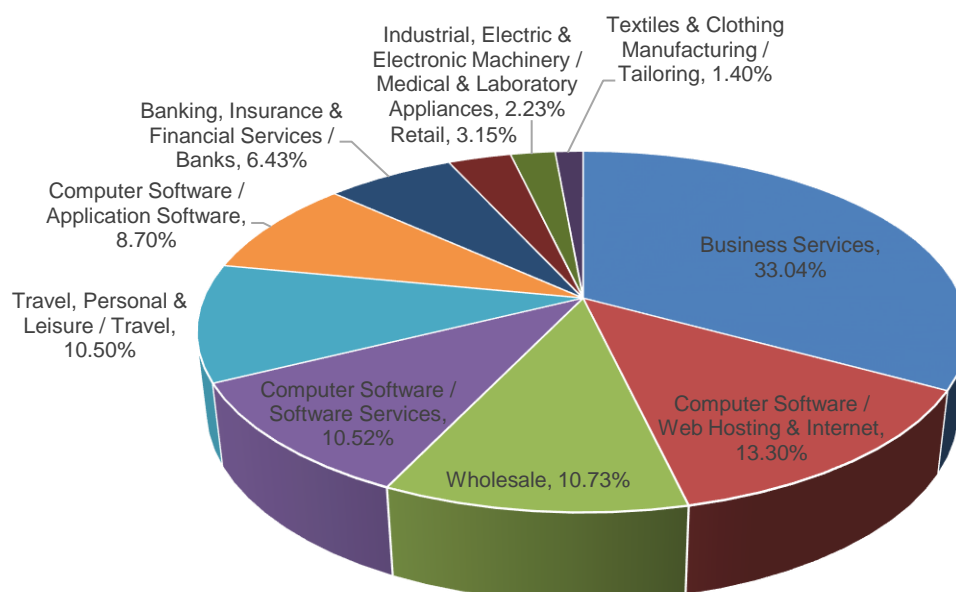


Source: BvD, 2021

In terms of sector classification of FDI by capex over the 2013 to May 2021 period, these are the key sector recipients of inward FDI. The business services sector was the largest recipient of FDI in terms of capex, equivalent to 33.04% of total capex related investment received. The computer software/web hosting & internet sector placed a joint second at 13.30%, followed by the wholesale sector at 10.73%.



### INWARD FDI INTO UAE BY SECTOR CAPEX, 2013 - 2021



Source: BvD, 2021

The top 10 global companies investing into the UAE by projects from 2013 to May 2021 are tabled below.

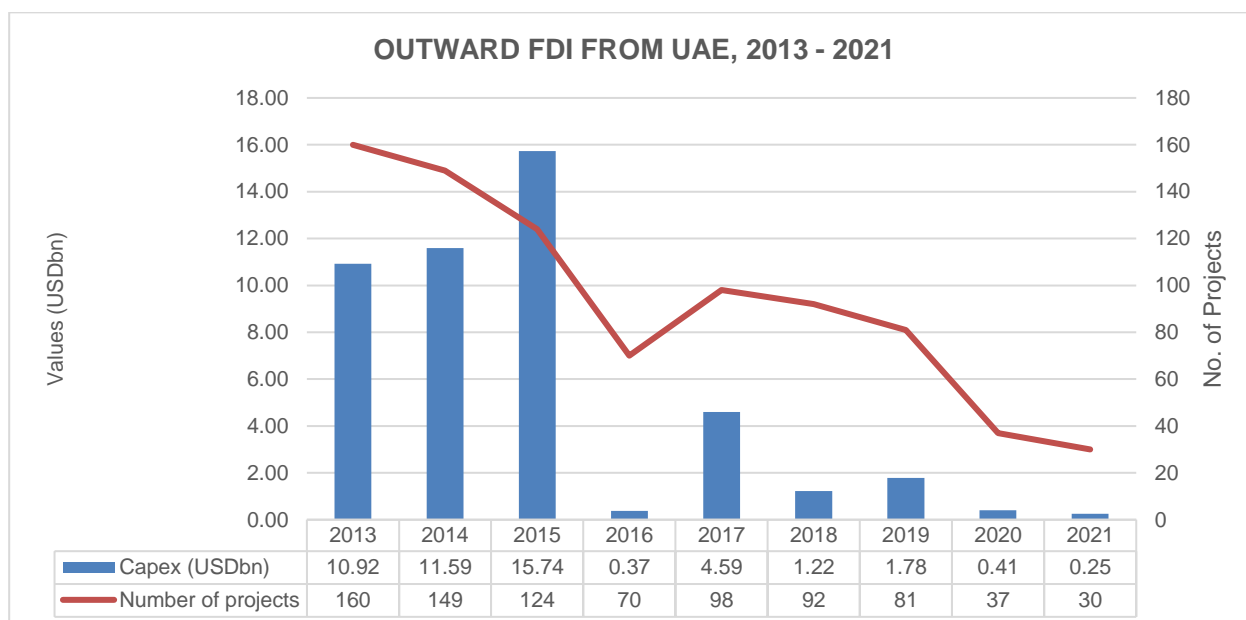
TOP 10 COMPANIES INVESTING INTO UAE, 2013 - 2021					
RANK	INVESTING COMPANY	SOURCE COUNTRY	SECTOR	PROJECTS	CAPEX (USDm)
1	Glander International Bunkering DMCC	United Arab Emirates	Wholesale of solid, liquid and gaseous fuels and related products	17	39
2	Industria de Diseno Textil SA	Spain	Manufacture of other outerwear	8	10.7
3	Azadea Group SAL	Lebanon	Activities of holding companies	7	19.4
4	Malabar Gold Pvt Ltd	India	Other retail sale of new goods in specialised stores	7	9
5	Carlson Rezidor Hotel Group	United States of America	Hotels and similar accommodation	6	116.5
6	Sika AG	Switzerland	Manufacture of other chemical products	6	1 170.8
7	BinSina Ltd	United Kingdom	Other human health activities	5	4
8	Daikin Middle East and Africa FZE	United Arab Emirates	Plumbing, heat and air conditioning installation	5	131.8
9	I.T Ltd	Bermuda	Retail sale of clothing in specialised stores	5	6
10	Squire Patton Boggs LLP	United States of America	Legal activities	5	44.2
<b>TOTAL</b>				<b>71</b>	<b>1 553</b>

Source: BvD, 2021

## 5.2 Global Investment from the UAE

The outward investment by UAE into the global economy over the 2013 to May 2021 period is presented in the figure below.

In total, 841 outward investment projects were undertaken by UAE, with a total capital expenditure value of USD46.88bn. This equated to an average investment of USD57.0m per project. During the period, 96 973 jobs were created.



Source: BvD, 2021

26

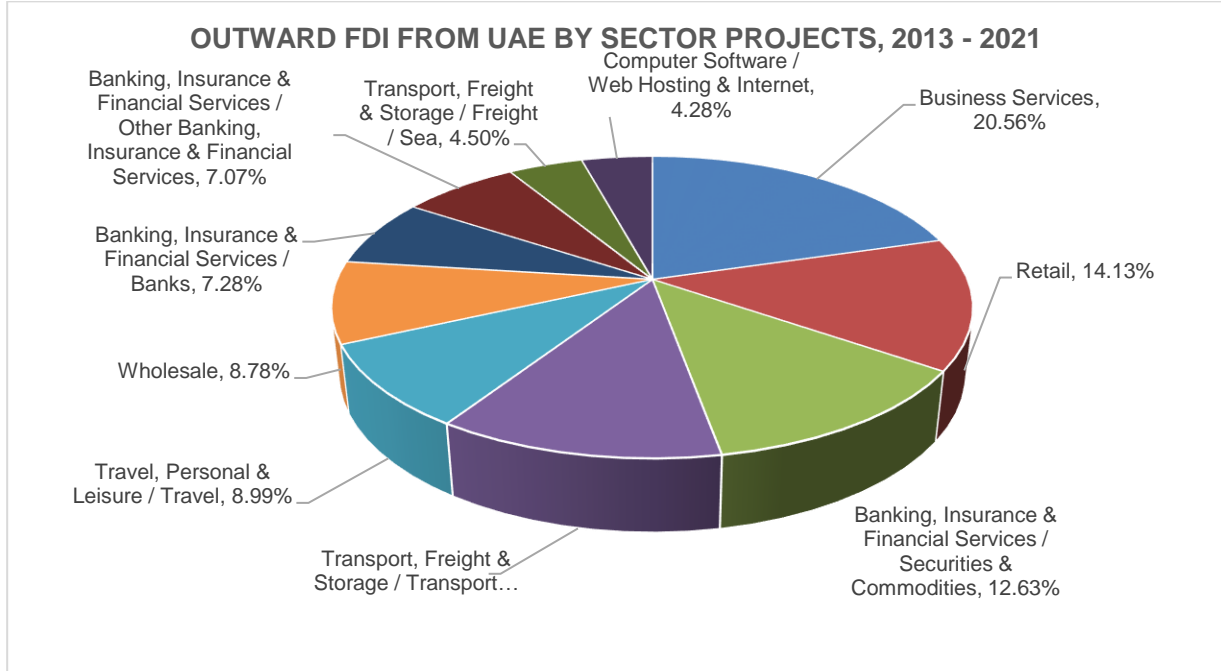
India and Saudi Arabia were the largest destination markets for outward FDI from the UAE over the period under review, with 71 investment projects each, which accounted for 16% of all projects. The United States and Egypt ranked second and third respectively, with the United States the destination market for 55 FDI projects (equivalent to 13% of all projects), Egypt with 46 FDI projects each (11%), as tabled below.

TOP 10 DESTINATION MARKETS FOR FDI OUT OF UAE, 2013 - 2021						
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES
1	India	71	16%	1028.06	4%	28
2	Saudi Arabia	71	16%	1051.14	5%	33
3	United States of America	55	13%	2654.47	11%	28
4	Egypt	46	11%	9524.25	41%	26
5	United Kingdom	43	10%	659.55	3%	21
6	United Arab Emirates	36	8%	1889.14	8%	31
7	Germany	31	7%	3776.95	16%	20
8	Oman	30	7%	1264.23	5%	17
9	Morocco	27	6%	1273.20	5%	13
10	Bahrain	26	6%	206.06	1%	15
<b>TOTAL</b>		<b>436</b>	<b>100%</b>	<b>23327.05</b>	<b>100%</b>	<b>179</b>

Source: BvD, 2021

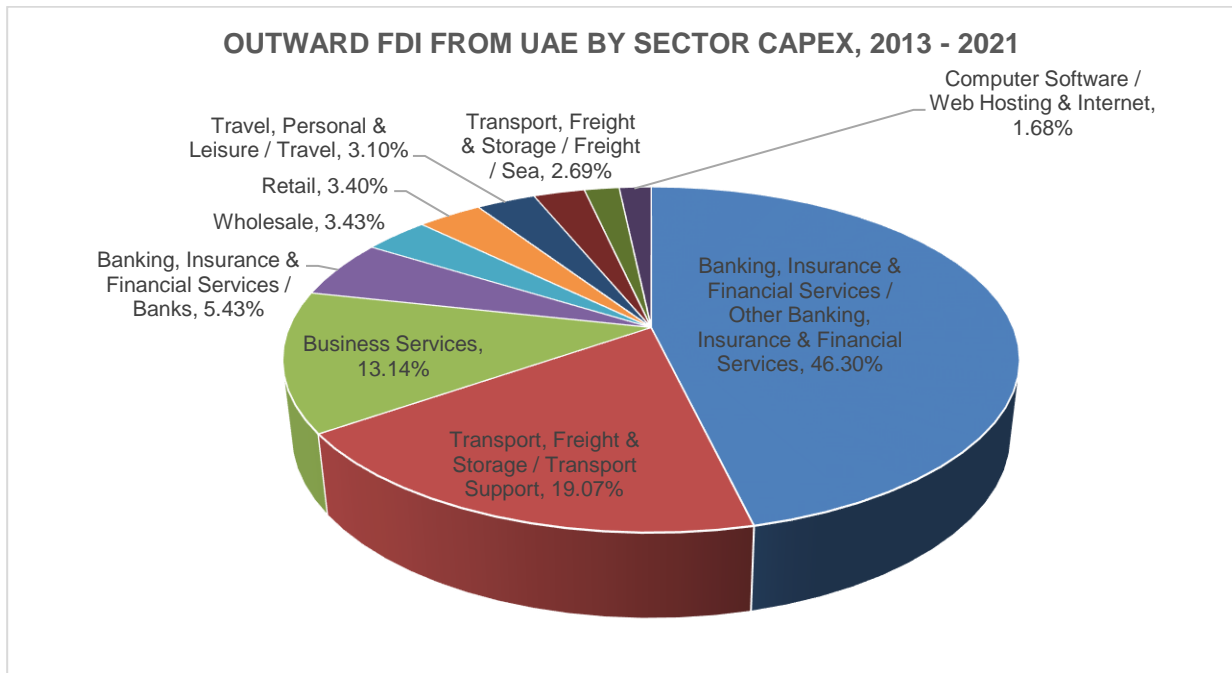
### Classification of FDI

The figure below presents the sectors that the UAE invested in from a projects perspective. The business services sector received the largest share of outward FDI, equivalent to 20.56% of the total number of outward FDI projects. This was followed by the retail sector (14.13%) and banking, insurance and financial services/securities and commodities (12.63%).



Source: BvD, 2021

In terms of outward FDI as measured by capex, the banking, insurance and financial services/other banking, insurance and financial services sector dominated at 46.30%, followed by transport, freight and storage/ transport support (19.07%), and business services sector at 13.14%.

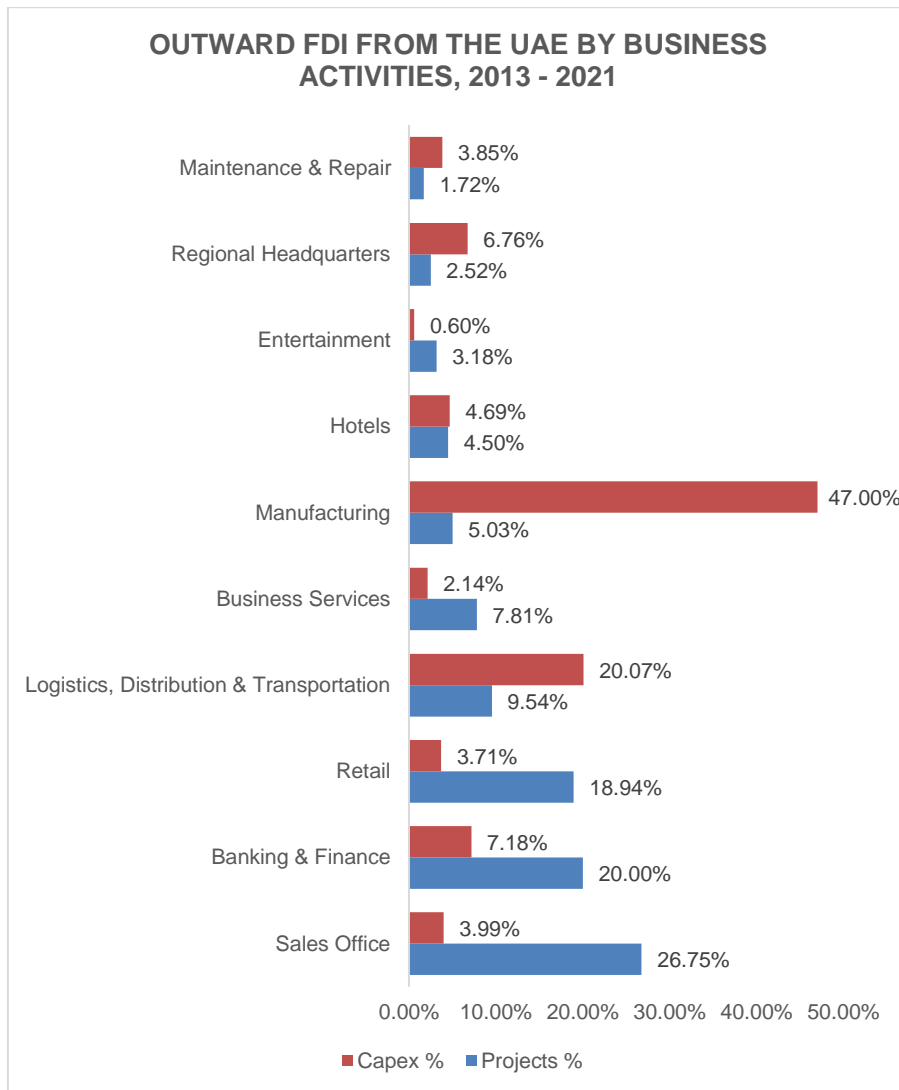


Source: BvD, 202

### Sub-sector Classification of Outward FDI by Projects and CAPEX

In terms of the sub-sector classification of outward FDI by the UAE as measured primarily by the number of projects (with the CAPEX value as the secondary value), the following sub-sectors were the key recipients of outward FDI by Malaysia over the period 2013 – May 2021:

- Sales office with 202 projects, accounted for 26.75% of total outward FDI projects undertaken by the UAE. The relative capex percentage stood at 3.99%;
- Banking and finance with 151 projects, accounted for 20.00% of total projects undertaken. The relative capex percentage value stood at 7.18%; and
- Retail banking had 143 projects, accounting for 18.94% of total projects and with capex percentage values at 3.71%.



Source: BvD, 2021

The top 10 companies from the UAE are ranked below by the number of outward FDI projects undertaken globally over the period 2013 to May 2021:

COMPANIES INVESTING FROM UAE, 2013 - 2021						
RANK	COMPANY	DESTINATION COUNTRY	SECTORS	PROJECTS	CAPEX (USDm)	JOB S
1	UAE Exchange Centre LLC	United Arab Emirates	Corporate	59	219	708
2	Lulu Group International LLC	United Arab Emirates	Retail sale in non-specialised stores with food, beverages or tobacco predominating	29	262	1 758
3	Dnata	United Arab Emirates	Travel agency activities	22	507	2 673
4	Rotana Hotel Management Corporation Ltd	United Arab Emirates	Hotels and similar accommodation	20	153	1 336
5	Joy Alukkas Jewellery LLC	United Arab Emirates	Wholesale of watches and jewellery	18	212	192
6	DP World Ltd	United Arab Emirates	Sea and coastal freight water transport	11	1 175	1 575
7	Gulf Agency Company Ltd	United Arab Emirates	Corporate	11	73	300
8	DEVERE & PARTNERS SWITZERLAND SA	Switzerland	Other activities auxiliary to insurance and pension funding	10	36	126
9	Roberto Cavalli SpA	Italy	Manufacture of wearing apparel, except fur apparel	10	14	80
10	Majid Al Futtain Cinemas LLC	United Arab Emirates	Restaurants and mobile food service activities	9	47	430
<b>TOTAL</b>				<b>199</b>	<b>2 697</b>	<b>9 178</b>

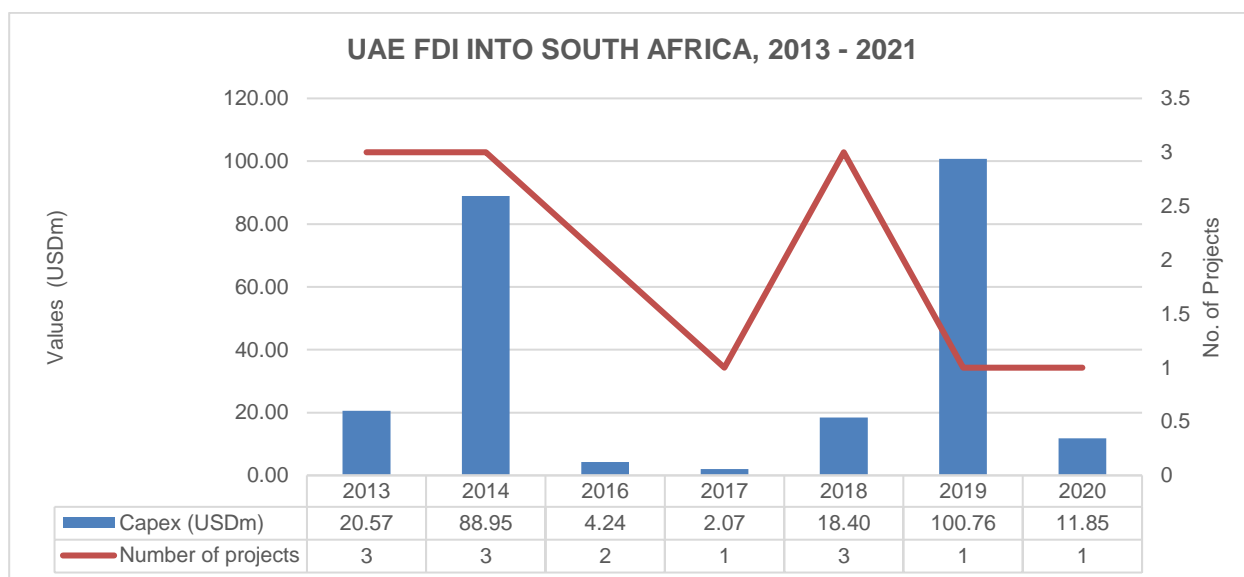
Source: BvD, 2021

### 5.3 Investment Relations between South Africa and UAE

#### 5.3.1 UAE FDI into South Africa

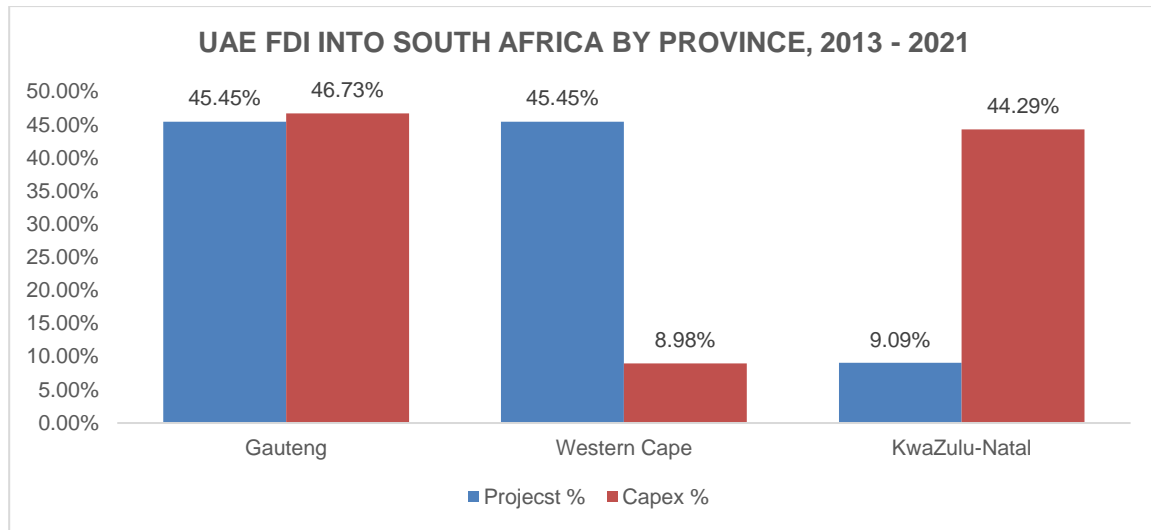
Investments made by the UAE into South Africa over the period 2013 to May 2021 are shown in the figure below.

A total of 14 FDI projects were recorded from the UAE into South Africa over the review period. These projects represented a total capital investment of USD247m, which equated to an average investment of USD18.0m per project. During the period 599 jobs were created.



Source: BvD, 2021

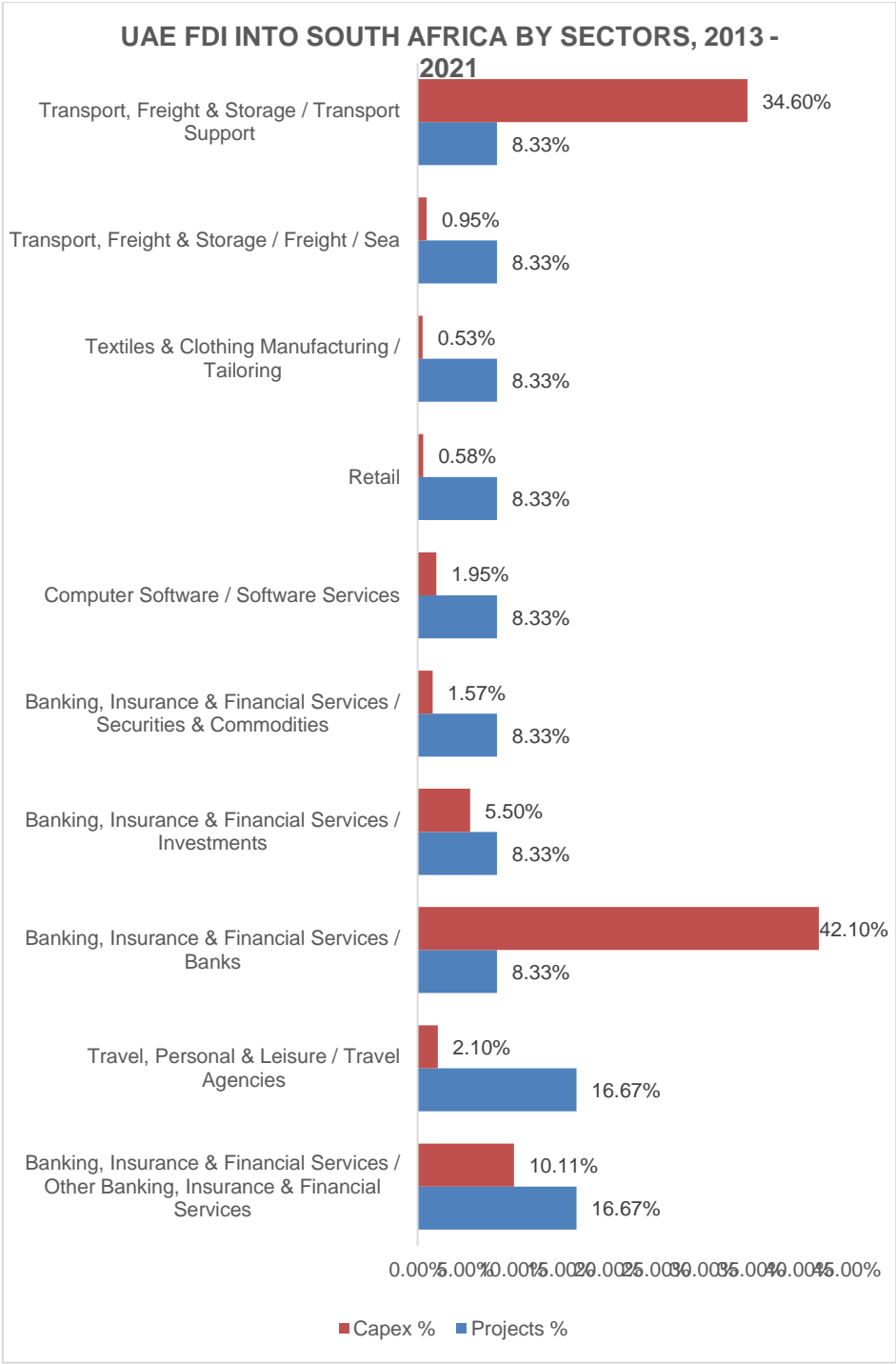
From a province perspective, both Gauteng and Western Cape were the largest destination markets of UAE FDI into South Africa over the review period, in terms of the number of projects at 45.45% each. With Gauteng accounting for 46.73% of capital expenditure and the Western Cape with 8.98%.



Source: BvD, 2021

In terms of the sector classification of outward FDI by the UAE into South Africa as measured primarily by the number of projects (with the CAPEX value as the secondary value), the following South African sectors were the key recipients of UAE FDI over the period 2013 – May 2021:

- Banking, insurance & financial services / other banking, insurance & financial services with 2 projects accounted for 16.67% of total outward FDI projects by UAE to South Africa. The relative capex % value stood at 10.11%;
- Travel, personal & leisure / travel agencies sector also with 2 projects (13.79%) and 3.59% capex for business services and 42.10% capex for financial services, respectively.



Source: BvD, 2021

The following investments were made by companies from the UAE into South Africa during the period of 2013 to May 2021.

TOP 10 UAE COMPANIES INVESTING IN SOUTH AFRICA, 2013 - 2021					
RANK	COMPANY	SECTORS	PROJECTS	CAPEX (USDm)	JOBS
1	Emirates Group, The	Corporate	1	3	30
2	Giordano Fashions LLC	Wholesale of clothing and footwear	1	1	8
3	Gulf Agency Company Ltd	Corporate	1	2	12
4	Holborn Assets Ltd	Other activities auxiliary to insurance and pension funding	1	12	8
5	Mara Group Holdings Ltd	Corporate	1	101	200
6	Rayna Tourism LLC	Tour operator activities	1	2	12
7	Roberto Cavalli SpA	Manufacture of wearing apparel, except fur apparel	1	1	8
8	UAE Exchange Centre LLC	Corporate	1	4	12
9	UNITED AVIATION SERVICES FZCO	Service activities incidental to air transportation	1	83	200
10	Workz Media FZ LLC	Manufacture of electronic components	1	5	25
<b>TOTAL</b>			<b>10</b>	<b>214</b>	<b>515</b>

Source: BvD, 2021

### 5.3.2 South African FDI to the UAE

The following investments were made by South Africa to the UAE during the 2013 to May 2021 period.

SOUTH AFRICA FDI TO UAE, 2013 - 2021					
DATE	INVESTING COMPANY	INDUSTRY SECTOR	BUSINESS ACTIVITY	CAPEX (USDm)	JOBS
11/03/2021	Ukheshe Payment Solutions (Pty) Ltd	Computer Software / Web Hosting & Internet	Business Services	3.58	1
20/05/2019	African Medallion Group (Pty) Ltd	Miscellaneous Manufacturing	Regional Headquarters	27.91	80
02/02/2017	Jasco Electronics Holdings LTD	Communications / Communications Equipment	Sales Office	1.88	20
01/11/2015	The Valuator Group	Property Services	Business Services	3.30	12
01/04/2015	Mediclinic Middle East Investment Holdings LTD	Banking, Insurance & Financial Services / Insurance	Health	190.57	800
01/02/2014	Electio Alternative Investments	Banking, Insurance & Financial Services / Management	Banking & Finance	4.05	12
<b>TOTAL</b>				<b>231.29</b>	<b>925</b>

Source: BvD, 2021



## 5.4 Investment Relations between the Western Cape and UAE

### 5.4.1 Investments from UAE into the Western Cape

The following investments were made by the UAE into the Western Cape during the 2013 to May 2021 period.

UAE FDI INTO THE WESTERN CAPE, 2013 - 2021					
DATE	INVESTING COMPANY	INDUSTRY SECTOR	BUSINESS ACTIVITY	CAPEX (USDm)	JOBS
16/09/2020	Holborn Assets LTD	Banking, Insurance & Financial Services / Other Banking, Insurance & Financial Services	Banking & Finance	11.85	30
11/10/2017	Rayna Tourism LLC	Travel, Personal & Leisure / Travel Agencies	Sales Office	2.07	12
10/12/2016	Roberto Cavalli Spa	Textiles & Clothing Manufacturing / Tailoring	Retail	1.27	8
23/05/2016	The Emirates Group	Travel, Personal & Leisure / Travel Agencies	Entertainment	2.97	30
01/07/2013	Gulf Agency Company LTD	Transport, Freight & Storage / Freight / Sea	Sales Office	2.28	12
<b>TOTAL</b>				<b>20.43</b>	<b>92</b>

Source: BvD, 2021

### 5.4.2 Investments from the Western Cape to the UAE

The following investments were made by from Western Cape Province to the UAE during the 2003 to July 2020 period.

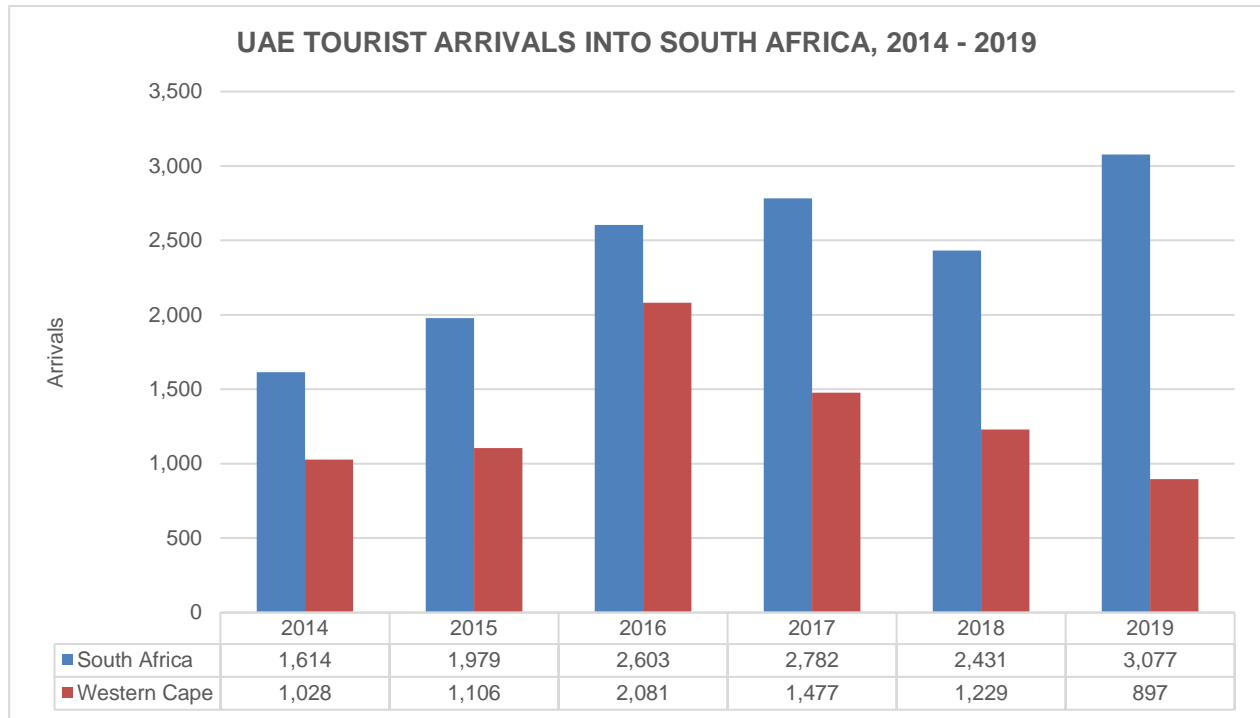
WESTERN CAPE FDI INTO UAE, 2013 - 2021					
DATE	INVESTING COMPANY	INDUSTRY SECTOR	BUSINESS ACTIVITY	CAPEX (USDm)	JOBS
01/11/2015	The Valuator Group (PTY) LTD	Financial Services	Investment Management	3.30	12
01/04/2015	Mediclinic Middle East Investment Holdings LTD	Business Machines & Equipment	Computer & peripheral equipment	190.57	800
<b>TOTAL</b>				<b>12.3</b>	<b>812</b>

Source: BvD, 2021

## 6. Tourism

### 6.1 UAE Tourist Arrivals into South Africa

In 2019, South Africa received 3077 UAE tourist arrivals, of which 897 visited the Western Cape. At a national level this was an increase of 26.57%, up from 2431 arrivals recorded for 2018. In contrast, the UAE tourist arrivals into the Western Cape declined by 27.01% in 2019 from 1229 visitors in 2018 to 897 in 2019.



Source: SA Tourism, 2020

**Disclaimer:** Wesgro has taken every effort to ensure that the information in this publication is accurate. We provide said information without representation or warranty whatsoever, whether expressed or implied. It is the responsibility of users of this publication to satisfy themselves of the accuracy of information contained herein. Wesgro cannot be held responsible for the contents of the publication in any way.

© Wesgro, 2021.