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# Economic Report 2023

## United Arab Emirates

15 June 2023

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### **Executive Summary**

Post COVID-19, the UAE economy recovered its vitality in oil and non-oil sector, having overcome the crisis. Different contextual elements such as the EXPO 2020 or the war in Ukraine enabled the country to attain joint expansion in both primary and tertiary sectors, and made it possible to reach the excellent result of 3% GDP growth in 2022. Thanks to the country's "Vision 2030", public investments and regulatory adjustments are expected to further stimulate the UAE's record-seeking economic diversification: new commercial partnerships, expansionist policies, and the environment's attractiveness contribute to GDP growth that is expected to hit 4.2% in 2023.

The last year saw many economic and political reforms: the introduction of a Monday-Friday work week and more flexible visa policies are helping to retain talents in the country. The reforms continue this year, with the 9% corporate income tax introduced in June 2023, as well as the mandatory unemployment insurance for workers.

The UAE remains Switzerland's most important trading partner in the Gulf - largely due to gold and jewellery, which account for 64.7% of Swiss exports and 96.5% of imports from the UAE. The EFTA-GCC free trade agreement continues to give Swiss companies a comparative advantage in their trade relations.

However, on March 16<sup>th</sup> 2023, the UAE was confirmed for the second year on the "Grey List" of the Financial Action Task Force (FATF) creating major image issues for the two financial centres of the country, the Dubai International Financial Centre (DIFC) and Abu Dhabi Global Markets (ADGM).

For Swiss companies, the UAE remain an attractive place to invest or set up a regional hub.

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## 1 ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

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The UAE were able to recover from the COVID-19 crisis faster than many other economies. To achieve this substantial economic recovery, the UAE implemented fiscal and monetary stimulus packages up to mid-2022. The size of the fiscal package amounted to about 2.5% of the national GDP. The *Targeted Economic Stimulus Scheme* – the UAE’s monetary stimulus package – had a size of about 19.5% of the GDP and provided temporary loans to companies and private individuals during the pandemic. These packages showed extraordinarily effective, as the UAE were able to achieve a 3% growth of GDP in 2022 according to the *International Monetary Fund* (IMF)<sup>1</sup>.

Additionally, strong recovery post COVID-19 in the GCC countries was driven by the growth of non-oil sectors and the increase that oil prices have temporarily witnessed, which has accelerated during 2022 in parallel with the progressive cancellation of oil production cutbacks in accordance with *OPEC+* agreements.

The favorable conditions of the oil market have reduced the imbalances that affected the GCC countries’ public finance and external accounts, while their export revenue witnessed a recovery. The medium-term future prospects are still liable to risks arising from oil sector fluctuations.

The UAE announced and implemented a number of economic, societal and political reforms:

- **Visa:** New visa rules were implemented in 2023, which now offer a wide array of different categories. Of special interest are the new “Green Visa”, which is directed at well-educated individuals, as well as the “Gold Visa”, allowing doctors, scientists, creative people of culture and art, inventors, executives, specialists in scientific fields, athletes, doctoral degree holders and specialists in the fields of engineering and science to stay in the country for a five-year period without needing a sponsor.
- **Emiratisation:** With the *Ministerial Decision No. 279* of 2022, the UAE enforce the *Emiratisation* of the private sector. While Emiratisation has been a policy focus of the UAE for years, the UAE *Ministry of Human Resources & Emiratisation* implemented a directive by January 2023, stating that companies will need to have an employment rate of at least 1% filled by Emirati citizens by July 7<sup>th</sup>. This rate is set to increase by 1% every six months, thus creating an Emiratisation percentage of 10% by 2027. Companies with less than 50 employees remain exempt.<sup>2</sup>
- **Unemployment:** In order to retain talents in the country, UAE February 2022 labour law implemented a major change: employees can now stay in the country for 90 days after their work visa cancellation instead of 30 days as before. Also, starting from June 2023, it’s mandatory for employees on long term basis (except domestic workers, retired or entrepreneurs) to have unemployment insurance, which guarantees 3 months of salary in case the employer fires the employee. Workers with a basic salary of AED 16,000 or less will need to pay a monthly insurance premium of AED 5. The compensation for this category must not exceed a monthly amount of AED 10,000. Those with a basic salary exceeding AED 16,000 will need to pay AED 10 per month. The compensation for this category must not exceed AED 20,000 monthly.
- **Corporate Tax:** In June 2023, the UAE is implementing a 9% *federal corporate income tax* (CT). To businesses working on a financial year, UAE CT will apply from June 1<sup>st</sup>, 2023, while for businesses operating on a calendar year, UAE CT will apply from January 1<sup>st</sup>, 2024. Exemptions from the tax will be granted to companies with yearly turnovers of less than 370’000 AED (about 98’300 CHF) as well as to companies in the natural resource sector, which will be taxed on a local Emirate based tax and not a federal tax. This federal corporate income tax comes only a few years after the UAE implemented a *Value-Added Tax* (VAT) of 5% in 2018 and shows the country’s eagerness to diversify its income streams.

<sup>1</sup> <https://www.imf.org/en/countries/ARE>

<sup>2</sup> <https://u.ae/en/information-and-services/jobs/vision-2021-and-emiratisation>

In March 2022, the UAE was put on the so-called “Grey List” of the *Financial Action Task Force* (FATF)<sup>3</sup>. Besides potential economic ramifications, this lower classification has been a major image problem for the two financial centres of the country, the *Dubai International Financial Centre* (DIFC) and *Abu Dhabi Global Markets* (ADGM), which have positioned themselves as the financial hubs of the region.

The UAE Government has made strong political commitments to strengthen the country’s *Anti Money Laundry* (AML) and the *Counter Terrorist financing* (CTF) and agreed with the International Co-operation Review Group on an action plan to address the issues identified by FATF.

However, in March 2023, the UAE was again placed on the *Jurisdictions under Increased Monitoring* list. Indeed, the FATF advised that the UAE should continue to work to implement its FATF action plan by enhancing and maintaining a shared understanding of the ML/TF risks and demonstrating a sustained increase in effective investigations and prosecutions of different types of ML cases.

The war in Ukraine has also left its mark on the UAE as the country, and especially Dubai, has become a hotspot for mostly Russian citizens seeking to safely park and invest their financial assets. Major investments have been made in real estate, with market prices shooting up significantly in Dubai (rents by 26%, property prices by 14.5% according to unconfirmed reports)<sup>4</sup>. There has also been a major inflow of crypto assets in the month of March 2022 when the Emirate of Dubai announced that they are implementing regulations for a crypto market in that same month.

In the context of the Ukraine war, the UAE has been able to profit from the initially high, volatile oil price since March 2022. While prices are down to around \$68/b in June 2023, they have partially reached the \$130/b mark, which is the highest prices for oil since 2008.<sup>5</sup> Several OPEC+ members, including the UAE, announced important oil production cuts in the beginning of April 2023 to stabilize the falling prices. The UAE have also been able to leverage the price cap imposed on Russian oil at \$60/b by importing cheap Russian oil for internal use while maximising export of more expensive Emirati oil.<sup>6</sup>

For Swiss companies, the Emirates remained an attractive place to invest or set up a regional hub in 2022. In its *Doing Business Report 2020*<sup>7</sup>, the *World Bank* places the UAE in 16<sup>th</sup> place, 5 places lower than in 2019, but still 20 places ahead of Switzerland and well ahead of the other GCC member states. Furthermore, the UAE topped the ranking of the *Global Entrepreneurship Monitor’s* (GEM) *Global Entrepreneurship Index* of 2022. The same document reported that the UAE were one of only six economies participating, where more than one in four adults started or ran a new business in 2022.<sup>8</sup>

<sup>3</sup> FATF - Jurisdictions under Increased Monitoring - March 2022

<sup>4</sup> <https://www.arabianbusiness.com/industries/real-estate/dubai-rents-up-26-property-prices-increases-14-5>

<sup>5</sup> <https://markets.businessinsider.com/commodities/oil-price?type=wti>

<sup>6</sup> <https://www.reuters.com/business/energy/russian-crude-oil-heads-uae-sanctions-divert-flows-2023-03-06/>

<sup>7</sup> The World Bank, <https://archive.doingbusiness.org/en/data/exploreconomies/ united-arab-emirates>

<sup>8</sup> <https://gemconsortium.org/file/open?fileId=51147>

## 2 PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES

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The UAE's economy has to be divided into the oil and non-oil economy. Over the last decades, the non-oil sector has massively grown and was contributing 72.3% to the GDP of the UAE in 2021. The biggest sectors of the non-oil economy are the hospitality (21.3% of GDP), retail (14.1%), health and social services (13.8%) and the real estate sectors (12%). While the official figures have not yet been published, the non-oil economy in total is estimated, by *Bloomberg*, to have grown by 6.6% during 2022. Another growth spurt of 3.9% is expected for 2023.

The two main pillars of the UAE's economy – oil production with prices and quotas as well as the tourism-cluster (services, aviation, retail) – which turned out to be the Achilles heel for the country during the COVID-19 crisis, are now the sectors which are seeing the largest growth. Firstly, oil prices have skyrocketed, which gives the government the means to expand their investments again. Secondly, international demand is back and trade is recovering to pre-pandemic levels. The *EXPO2020* was a major tourist and business magnet for the country which significantly revived the hospitality and retail sectors, and enhanced activities in the frame of *COP28* are driving them further. Finally, the Russian investments following the war in Ukraine as well as the late opening of China after the pandemic have led to a sizeable boom in the real estate sector, boosting construction projects as well as land value and rent prizes.

As an additional part of the country's ambition to further diversify their economy, many investments have been made in high-tech industries. Especially the markets of *FINTECH* and *CLEANTECH* are very popular and have been growing in the last few years. These diversification policies beyond the oil offer many opportunities for Swiss companies, particularly in those high-tech industries where Switzerland excels.

The field of renewable energies is also promising, and Swiss companies can provide interesting solutions for projects in the Emirates. As the UAE will host *COP28* in November 2023, it can be expected that the government will seek to strengthen these sectors even further.

The newly adopted types of visa (as seen in Ch. 1), could help to keep more skilled individuals in the local job market. This has the potential to make the UAE even more attractive – also for Swiss companies – since the skilled employees can now be locally sourced.

### 3 FOREIGN ECONOMIC POLICY

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#### 3.1 Host country's policy and priorities

The UAE is an internationally trade-oriented country. The foreign economy policy is part of the UAE's strategy and is often guided by security and political aims. Over the last decades, the UAE have developed one of the most powerful and dynamic economies in the world. The beneficial geographical placement at the nexus of Africa, Asia and the Middle East – as well as the bottleneck of the Strait of Hormuz – has led to the development of an economic model focused on international trade. Using their geographic strengths lies at the core of the UAE's economic development strategy, particularly its efforts to diversify its economy beyond the oil sector, regarding sectors as well as partners. More than half of Chinese exports to Europe, the Middle East and Africa pass through Emirati ports. Maritime security and control of ports along the major sea lines of communications is therefore an essential objective of the UAE strategy and foreign economic policy. Attracting a substantial part of the Chinese trade seems to be an important aim of the foreign economic policy of the UAE.

In recent years, the UAE have been successfully diversifying their economy. The UAE are far less dependent on revenues from natural resources than other GCC countries. The Emirates have successfully attracted various international companies through different measures including free trade agreements / CEPAs, low taxation, geographic location, regulatory frameworks, living conditions and social changes. Such economic and social measures are part of UAE's positioning in the region. The UAE is using direct and joint investments in various countries to influence stability and politics in the region. Recent and prominent examples include Israel in the framework of the Abraham Accords, Turkey, Egypt. The UAE wealth and government funds' investments are often linked to strategic objectives, such as the development of Green Hydrogen or food security in 2023. Additionally, continued increase in local production in almost all sectors has been observed over the last years to increase autonomy and reduce dependence of other countries.

The UAE is a founding member of the *Gulf Cooperation Council (GCC)*, which plays a somewhat ambiguous role in trade policy. The level of intra-GCC trade is low and there is an increased competition among the GCC states. In February 2021, Saudi Arabia announced that it will be no longer possible to sign contracts with foreign companies that do not have a regional headquarters in the kingdom after 2023. Since many foreign firms have for years used the neighbouring UAE as a springboard for their regional operations, Saudi Arabia's ultimatum is perceived as a challenging move against the Emirates.

#### 3.2 Outlook for Switzerland (potential for discrimination or comparative advantage)

The EFTA – GCC free trade agreement is one of the few GCC-wide FTAs<sup>9</sup> and gives Switzerland a clear comparative advantage. The University of St. Gallen, together with SECO, conducted studies on the use of FTAs in 2019 and 2021. They showed that in 2019, the usage rate of FTAs on the import side was 12.5%. This is a significant increase compared to 0.4% in 2017. However, only 0.8% of all imports were duty-free. The experience of Swiss companies based in the UAE has been generally positive. Many of the initial difficulties associated with the implementation of the agreement in the UAE could have been resolved. Some cases have been reported where customs authorities have demanded payment of duties on goods that were supposed to be exempt. These cases are decreasing and the Embassy's interventions with the authorities seem to have been successful in most of the cases.

Difficulties also remain in cases of subsequent exports to other GCC countries, with Swiss companies using the Emirates as a regional hub. Several GCC states are demanding customs duties for goods that have transited through the UAE, even in cases where the FTA explicitly provides for a mechanism to do so. The problem is particularly important for goods transiting through free zones. The Embassy has raised this situation with the UAE authorities who are of the opinion that the levying of customs duties in these cases is contrary to the FTA and have indicated that GCC working groups are working on a solution.

<sup>9</sup> UAE Ministry of Economy, <https://www.moec.gov.ae/en/-free-trade-agreements>

## 4 FOREIGN TRADE

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### 4.1 Developments and general outlook

#### 4.1.1 Trade in goods

Trade is of crucial importance to the UAE: The total trade in goods and services accounted for nearly 131% of GDP in 2021. As the world's 7<sup>th</sup> largest oil producer, the UAE have long enjoyed a trade surplus. With falling oil prices, the UAE still have a positive trade balance, but reduced from \$140 billion in 2013 to \$62 billion in 2020. In 2021, the hydrocarbons export recovered significantly to the level of 2018. The share of oil products in exports has been reduced from 35% in 2013 to 14% in 2020 (the figures are 55% in 2013 and 26% in 2018 if re-exports are excluded).

Overall, the UAE have been successful in gradually reducing their dependence on oil, with non-oil exports (including re-exports) rising from 2% to 30% of GDP between 1990 and 2020. Non-oil exports are mainly composed of precious stones and metals, aluminium, plastics, and electrical machinery. The UAE's non-oil foreign trade reached a record AED 2.23 trillion (\$607.1 billion) in 2022, increasing more than 17% in comparison to 2021.

Given the Emirates' function as a regional hub, the share of re-exports in total exports is significant (48% in 2020): the Emirates is the largest re-export centre in the region and the third largest in the world after Hong Kong and Singapore. From a trade perspective, the UAE is firmly oriented towards Asia and the major Western economies. Thus, in 2020, eight of the top nine export markets were located on the Asian continent (see Annex 3)<sup>10</sup>. UAE crude oil exports are particularly dependent on Asian markets, the destination of 99% of UAE crude exports in 2019<sup>11</sup>. Imports to the Emirates came in 2020 mainly from China, India, the United States and Japan, as well as unspecified countries – possibly Russia (see Annex 3).

The national agenda for re-export development 2030 includes 24 initiatives and programs, thorough benefiting from the 50 integrated commercial representative offices for the UAE in five continents across the world. The agenda's objectives include doubling the re-exports by 2023.

Furthermore, the UAE keeps on expanding its trade partnerships. In 2022, the UAE has signed *Comprehensive Economic Partnership Agreements* (CEPA) with India, Israel, and Turkey, while respective talks have been launched with Malaysia in 2023. Future agreements might encompass Thailand, Viet Nam, and Ukraine.

The results with India were concrete and immediate as the bilateral trade between the two countries grew to \$57.8 billion (AED 212.5 billion) between April and November 2022, up from \$45.3 billion in the same period in 2021. Bilateral trade between the UAE and Israel reached \$2.6 billion in 2022, up from \$1.2 billion in 2021, and is projected to reach \$4 billion by 2023 and \$5 billion by 2025.<sup>12</sup>

#### 4.1.2 Trade in services

The surplus in merchandise trade is partially offset by the large deficit in services trade. The latter is steadily increasing however.

Tourism has been identified as a key sector for the Emirates' economic diversification strategy and its contribution was \$48 billion in 2019, or 12% of GDP<sup>13</sup>. International visitors spent more than \$29 billion in Dubai in 2022, more than anywhere else in the world, according to data from the World Travel and Tourism Council. Transport and logistics is also a central part of the UAE's development strategy and maritime and air transport services continued to develop and expand.

<sup>10</sup> IMF Direction of Trade Statistics (DOTS)

<sup>11</sup> OPEC, Annual Statistical Bulletin 2020

<sup>12</sup> <https://www.jpost.com/business-and-innovation/all-news/article-724627>

<sup>13</sup> WTTC, United Arab Emirates 2020 Annual Research: Kex Highlights

The UAE have made commitments under the *General Agreement on Trade in Services (GATS)*, but has a number of restrictions. For example, according to the latest WTO trade policy review, cross-border provision of insurance services is not allowed for foreign-based companies and there are restrictions on licensing (e.g., limits on the number of branches, permission to open only a representative office, not a subsidiary). The telecommunications sector is also subject to significant restrictions: no license can be issued to a company that is not majority-owned by national interests and no service can be provided without a license. Several *Voice over Internet Protocol (VoIP)* services such as *WhatsApp Call* and *FaceTime* are also blocked.

## 4.2 Bilateral trade

### 4.2.1 Trade in goods

Switzerland ranked 11<sup>th</sup> in 2022 as a destination for UAE exports, with a slight increase in exports to Switzerland by 7% of total exports. However, official numbers show that if oil is excluded, Switzerland is the UAE's most important destination of its exports, with a share of 11.5%, followed by Saudi Arabia with 10%, and India with 7.8%. The export of gold from the UAE to Swiss refineries is a major component of our bilateral trade volume. From the perspective of imports to the UAE, Switzerland is on the 14<sup>th</sup> place in 2022, an increase from 17<sup>th</sup> place in 2021 with a spike in volumes of 71%. The official report by the *CBUAE*, set to be published in May 2023, has not yet been published at the time of issuance of this report.

Gold and jewellery together account for 64.7% of Swiss exports and 96.5% of imports from the UAE. The Emirates remain an attractive market for Swiss watches, which account for about a fifth of Swiss exports, as well as for machinery (3%), pharmaceuticals (4.6%) and perfumery (1.6%). According to the *FOCBS*, Swiss imports from the Emirates decreased by \$0.5 billion between 2021 and 2022, following a general trend of reduced imports visible on all continents. An important part of these imports (45%) is attributed to reimports from the Emirates. This percentage has been growing by an average of 5% between 2012 and 2021.<sup>14</sup>

Swiss companies have a lot to offer in the Emirates. Firstly, luxury products are at the forefront and very popular with Emirati buyers: watches and jewellery are present in all the country's shopping centres. Secondly, Swiss quality is still highly valued and Swiss industry has so far been able to profile its high-quality products in an impressive number of projects (machinery, electrical networks, sanitation, elevators, construction, IT, logistics, food, renewable energies, waste management, etc.). Doing business in the Gulf region generally requires a large investment of time, and generally only Swiss companies that have been present in the Emirates for years have been able to convince with the quality of their products.

### 4.2.2 Trade in services

The UAE does not publish statistics on bilateral trade in services. The Swiss investments discussed in chapter 4.2 are mostly held by Swiss companies active in financial services, hotels, tourism, logistics and other business services. Swiss financial services are highly sought after by the wealthy local population, particularly in the area of asset management. It will remain to be seen if the March 2023 collapse of *Credit Suisse* will tamper with Emirati trust in Switzerland's financial sector, however it is to be expected.

<sup>14</sup> Federal Office for Customs and Border Security – Annual Report 2021.



## 5 DIRECT INVESTMENTS

### 5.1 Developments and general outlook

According to the *World Investment Report 2021*, issued by the *United Nations Conference on Trade and Development* (UNCTAD), the value of foreign direct investment in the UAE increased to \$2.01 billion (AED 7.38 billion) in 2020, with a growth rate of 11.24%. Regarding partners, the UAE were able to diversify beyond the traditional main source UK to countries like India, Japan, China, and other Western industrial countries<sup>15</sup>.

UAE policy is ambiguous with regard to foreign investment. On the one hand, the UAE imposes strong restrictions regarding keeping a national control on the companies. The so-called "51/49" rule requires that at least 51% of the capital of any company domiciled in the UAE be in the hands of UAE citizens. On the other hand, the UAE puts great effort into attracting foreign investment and holds a major conference and trade fair for this purpose every year - the *Annual Investment Meeting*. They have also established a model of free zones in which there is no limit to the proportion of foreign capital in the companies established there. Two such zones have been established specifically for the financial sector: the *Dubai International Financial Centre* (DIFC), and *Abu Dhabi Global Market* (ADGM). In order not to hinder the otherwise protectionist investment policy, free zone companies cannot directly access the UAE market and have to establish an onshore subsidiary or join forces with a local partner.

The "51/49" rule began to be relaxed in 2019, with the approval of a list of 122 activities in three sectors for which majority foreign investment is allowed: 19 activities in agriculture, 51 activities in industry and 52 in services. In addition, 100% foreign ownership of onshore companies in the UAE was allowed from June 2021. This means that the "51/49" law will effectively be abolished (in certain sectors). However, foreign ownership of local companies will only be allowed as long as the company's commercial activities are not considered to have a "strategic impact" on the UAE economy.

The UAE's main foreign investor is Abu Dhabi's sovereign wealth fund *Abu Dhabi Investment Authority*, financed by oil revenues. With assets of \$993 billion, it is the third largest sovereign wealth fund in the world after the *China Investment Corporation* and the *Norges Bank Investment Management*<sup>16</sup>. Other important sovereign wealth funds in the Emirates are the *Investment Corporation of Dubai*, *Mubadala Investment Company*, and *Emirates Investment Authority*. These funds have invested in financial assets, bonds or international real estate. Mubadala is the Abu Dhabi government's tool for investing in the emirate's economic diversification and is thus of strategic importance to Abu Dhabi.

### 5.2 Bilateral investment

Switzerland is a major investor in the UAE and ranks 9th in the most recent published data from 2016. Official UAE figures show a stagnation in the amount of Swiss investments in the Emirates since 2012, around \$3 billion. However, the *Swiss National Bank* data gives a completely different picture: the SNB shows a repatriation of CHF 523 million of Swiss direct investments between 2016 and 2017, then 3.1 billion between 2017 and 2018 for a cumulative stock of roughly CHF 14.6 billion in 2018. After a period of decrease, with the FDI stock reaching CHF 4.7 billion at the end of 2020, we saw a turn-around in 2021, with the stock reaching pre-2019 numbers of CHF 12.4 billion.<sup>17</sup> Note: Even though the FDI stock has been quite volatile over the past decade, the number of jobs generated by Swiss companies in the UAE has remained roughly constant at around 10'000 jobs.

The Emirati FDI stock in Switzerland is at around CHF 1.3 billion in 2021 making the UAE the 34<sup>th</sup> most important foreign investor in Switzerland. In March 2022, the Embassy was assured by the Federal Securities and Commodities Agency that Switzerland is still amongst the ten most important investing countries in the UAE. However, no official data has been released.

<sup>15</sup> Federal Competitiveness and Statistics Authority

<sup>16</sup> <https://www.statista.com/statistics/276617/sovereign-wealth-funds-worldwide-based-on-assets-under-management/>

<sup>17</sup> [https://data.snb.ch/en/topics/aube/cube/fdiausbla?fromDate=2015&toDate=2021&dimSel=d0\(AE\)](https://data.snb.ch/en/topics/aube/cube/fdiausbla?fromDate=2015&toDate=2021&dimSel=d0(AE))

## 6 ECONOMIC AND TOURISM PROMOTION

### 6.1 Swiss foreign economic promotion instruments

The *Swiss Business Hub Middle East* (SBH ME) is the representative of the official trade and investment promotion agency *Switzerland Global Enterprise* (S-GE), integrated in the Consulate General in Dubai with antennas in Riyadh (Saudi Arabia) and Doha (Qatar). The SBH ME is the central point of contact for Swiss and Liechtenstein small and medium-sized enterprises (SMEs). Business partner search, legal clarification and general support in business development are the main activities of the hub.<sup>18</sup>

The UAE leads the world in the presence of Swiss pavilions at trade shows with an average of eight participations per year (i.e. *GITEX*, *Arab Health*, or *Abu Dhabi Sustainability Week*). These pavilions are organized by S-GE with the support of SBH ME. The Swiss pavilion during Expo 2020 in Dubai was organised by PRS and had a huge success. In total, 987 official delegations visited the Swiss Pavilion, including 810 members of royal families, 335 UAE government representatives, 90 prime ministers, ministers and governors from various countries, and 80 CEOs of major Swiss and European companies.

Tourism, hospitality and transport, as well as digitalization, sustainability and food security are receiving special attention from SBH ME and are expected to grow faster than others, both in the UAE and the wider GCC. The SBH ME hired in 2022 an Infrastructure Project Officer to cover the region, to identify relevant infrastructures projects matching the competences of the Swiss industry and facilitate access to them, directly with international EPCs or its subsidiaries.

The *Swiss Business Council* gathers 344 members, representing around 200 Swiss companies and organising monthly networks for the Swiss companies and trainings. They as well organise common networks with other chambers of commerce.

### 6.2 The host country's interest in Switzerland

The Swiss financial centre enjoys an excellent reputation in the UAE and benefits from its image of quality, trust and discretion. 25 Swiss banks are present in the UAE, from where they access the local and regional market; with few exceptions, Swiss banks do generally not open accounts in the UAE but serve as intermediaries for opening accounts in Switzerland.

In tourism, Switzerland is a popular destination for Emiratis and UAE residents. *Switzerland Tourism* has an office in Dubai since 2002, promoting our country as a tourism and business destination within the region.

The *Swiss International Scientific School* in Dubai opened in 2015 and offers a bilingual curriculum leading to the Federal Maturité and the International Baccalaureate, largely appreciated by the local population. The school is however the most expensive private school in Dubai and is therefore not as accessible as other schools from our neighbouring countries. Meanwhile, Swiss universities are less popular with Emiratis than Anglo-Saxon programs. That said, a lot of hospitality programs and summer schools in Switzerland recruit an increased number of Gulf students.

In 2009, the *Ecole Polytechnique Fédérale Lausanne* opened a branch within the University of Ras Al Khaimah (RAK), but had to close it in June 2022.

In 2022, the *Leading House Switzerland* received 54 research applications for 14 grants available to the MENA region. 10 applications were Swiss-UAE submission, and 3 of them won a grant, which is a huge increase, compared to the previous years.

Another positive sign is that until this call, the vast majority of collaborations involved NYUAD and the University of Sharjah for a few projects, but always with the same ZHAW professor. Now, contacts have been extended to other universities and the projects selected involve two new institutions.

<sup>18</sup> Switzerland Global Enterprise, <https://www.s-ge.com/en/United-Arab-Emirates>

## ANNEX 1 – Economic structure

**Economic structure of the host country**

	Year 2020	Year 2021
<b>Distribution of GDP</b>		
Primary sector	0.9%	0.9%
Manufacturing sector	40.9%	47.5%
Services	58.2%	51.6%
- of which public services	n/a	n/a

<b>Distribution of employment</b>		
Primary sector	1.8%	1.5%*
Manufacturing sector	27.8%	29.6%*
Services	70.4%	68.9%*
- of which public services	n/a	n/a

**Source(s):**

World Bank Data Bank

\*) International Labour Organisation, ILOSTAT data base

## ANNEX 2 – Main economic data

## Host country's main economic data

	2021	2022	2023p
<b>GDP (USD bn)*</b>	<b>410.16</b>	<b>427.93</b>	<b>503.9</b>
<b>GDP per capita (USD)*</b>	<b>43'537.69</b>	<b>44'752.86</b>	<b>47'792</b>
<b>Growth rate (% of GDP)*</b>	<b>2.2</b>	<b>3</b>	<b>4.2</b>
<b>Inflation rate (%)**</b>	<b>2</b>	<b>4.8</b>	<b>3.6</b>
<b>Unemployment rate (%)*</b>	<b>3.2</b>	<b>3.3</b>	<b>3.4</b>
<b>Fiscal balance (% of GDP)*</b>	<b>2.1</b>	<b>7.7</b>	<b>4.9</b>
<b>Total external debt (% of GDP)***</b>	<b>99.9</b>	<b>98.1</b>	<b>97.3</b>
<b>Debt-service ratio (% of exports)***</b>	<b>12.1</b>	<b>n/a</b>	<b>n/a</b>
<b>Reserves (months of imports)***</b>	<b>7.9</b>	<b>8.3</b>	<b>n/a</b>

**Source(s):**

\*) IMF, *World Economic Outlook, July 2022*

[www.imf.org/external/pubs/ft/weo](http://www.imf.org/external/pubs/ft/weo)

\*\*) CBUAE, *Annual Report 2022, May 2023*

<https://www.centralbank.ae/media/lo1hqgbj/cbuae-annual-report-2022-a4-e.pdf>

\*\*\*) IMF, *Article IV Consultation, February 2022 (or host country statistics)*

[www.imf.org/external/country/index.htm](http://www.imf.org/external/country/index.htm)

## ANNEX 3 – Trade partners

## Trade partners of the host country Year: 2022

Rank	Country	Exports* from the host country (USD million)	Evolution 2021	Rank	Country	Imports* to the host country (USD million)	Evolution 2021
1	India	51'830	27%	1	Unspec. Countries & Areas	99'725	n/a%
2	Japan	42'765	68%	2	China	59'705	25%
3	China	42'598	60%	3	India	26'500	33%
4	Unspec. Countries & Areas	39'193	-76%	4	United States	20'596	3%
5	Thailand	16'439	82%	5	Japan	13'304	14%
6	Singapore	14'823	26%	6	Türkiye	12'051	34%
7	Korea, Rep.	14'616	83%	7	Germany	10'018	-8%
8	Saudi Arabia	11'048	-6%	8	Italy	9'316	15%
9	Oman	10'790	4%	9	Mali	9'225	23%
11	Switzerland	8'805	7%	14	Switzerland	6'278	71%
	<b>Total**</b>	<b>475'805</b>	<b>94%</b>		<b>Total**</b>	<b>428'530</b>	<b>71%</b>

**Source(s):**

\*) IMF direction of Trade Statistics (DOTS)

<https://data.imf.org/?sk=9D6028D4-F14A-464C-A2F2-59B2CD424B85&slid=1514498277103>

\*\*) Exports 2021: USD 244'527 million; Imports 2021: USD 264'886 million

## ANNEX 4 – Bilateral trade

## Bilateral trade between Switzerland and the host country

	<b>Export</b> (CHF million)	<i>Change (%)</i> *	<b>Import</b> (CHF million)	<i>Change (%)</i>	<b>Balance</b> (in million)	<b>Volume</b> (in million)
2017	4'046	-5.7	9'883	-38.6	-5'837	13'929
2018	4'840	19.6	10'169	2.9	-5'330	15'009
2019	3'740	-22.7	14'948	47	-11'208	18'688
2020	2'780	-25.7	9'488	-36.5	-6'708	12'268
<b>2021</b>	<b>3'882</b>	<b>39.6</b>	<b>7'592</b>	<b>-20</b>	<b>-3'710</b>	<b>11'474</b>
<b>2022 (I-IX)</b>	<b>5'314</b>	<b>36.9</b>	<b>7'016</b>	<b>-7.6</b>	<b>-1'702</b>	<b>12'330</b>

\*) Change (%) from the previous year

<b>Exports</b>	<b>2021</b> (% of total)	<b>2022</b> (% of total)
1. Precious stones, precious metals, jewellery	57.5	64.7
2. Watches (91)	23.6	18.9
3. Pharmaceutical products (30)	6.6	4.6
4. Non-electric machines (84)	2.5	1.7
5. Perfumery, aromas, cosmetics (33)	1.6	1.6
6. Medical and measuring (90)	1.2	1.0
7. Electric machines	n/a	1.3

<b>Imports</b>	<b>2021</b> (% of total)	<b>2022</b> (% of total)
1. Precious stones, precious metals, jewellery	96.4	96.5
2. Watches (91)	2	1.6
3. Non-precious stones, non-precious metals	n/a	1.2

**Source:**

Federal Office for Customs and Border Security

## ANNEX 5 – Main investing countries

**Main investing countries in the host country**                      **Year: 2016****FDI stock by country in millions USD**

UK	India	US	France	Iran	KSA	Austria	Japan	British Virgin Islands	Switzerland
19753.2	6590.6	5176.4	4852.8	4781.8	4405.1	4174.9	3939	3712.4	3579.9

**Top countries by growth rate**

Marshall Islands	Vietnam	Antigua and Barbuda	Isle of Man	Chile	Estonia	Moldova	Azerbaijan	Brazil	Mauritius
13 790%	708.5%	272.6%	180.5%	144.4%	144.3%	134.%	121.5%	120.7%	114.5%

According to Investment Monitor, in 2021, Dubai ranked first globally in terms of number of FDI projects, recording 441 projects.

Exchange rate for 2022: 1 USD = 3.671 AED (pegged)

\* FDI inward stock in millions USD in 2021: 174'000.

FDI inflow in millions USD 2022: 20'667

FDI outflow in millions USD 2022: 22'546

**Source(s):**

*Federal Competitiveness and Statistics Authority*

*UNCTAD World Investment Report 2021*

*Ministry of Economy Annual Economic Report 2018*