

FEATURES OF THE DEVELOPMENT OF THE UAE ECONOMY

Тенденции развития экономики Объединенных Арабских Эмиратов

The United Arab Emirates (UAE) is a federation of seven Emirates with an absolute monarchy in each of them (Abu Dhabi, Ajman, Fujairah, Sharjah, Dubai, Umm al-Qaiwain, Ras al-Khaimah), located along the eastern side of the Arabian peninsulas. The state is headed by the President of the United Arab Emirates. Let us examine the trends in the development of the economy of this country.

The UAE has been a member of the World Trade Organization since 1996, the Gulf Cooperation Council (GCC), the League of Arab States, the UN, the Arab Free Trade Area (GAFTA). They have been participating in the General Agreement on Tariffs and Trade (GATT) since 1994. Free trade agreements have been concluded with Singapore and the European Free Trade Association (EFTA).

The main sectors of the economy of the Emirates are the extraction and processing of oil and gas; tourism; transport and logistic; metalworking, chemical, textile and construction industries.

The country's economy is characterized by a high level of openness, the active development of the industrial sector, and the growth of foreign trade. Dependence on the oil sector remains, but its share in GDP is steadily declining. The volume of GDP is estimated at 354 billion US dollars (35th place in the world), GDP per capita is about 32 thousand US dollars (26th place in the world). The UAE ranks 31st in the Human Development Index (UN), 42nd in the Prosperity Index (The Legatum Institute), 29th in the Rule of Law Index (World Justice Project), 21st in the Corruption Perceptions Index (Transparency International), 16th in Doing Business (The World Bank Group), 25th in the Global Competitiveness Index (World Economic Forum).

The economy of the United Arab Emirates has a number of features. The population of the UAE practically does not pay taxes, both direct and indirect. Only owners of oil concessions (55 %) and commercial banks (20 %) pay corporate tax. There is also no VAT or value added tax. UAE citizens and enterprises created by them do not pay taxes, with the exception of import customs duties (usually 5–10 % of the value of imported goods). UAE citizens receive interest from the sold oil on their personal bank accounts. Saudi Arabia's economy is based on the oil industry, which accounts for 45 % of the country's gross domestic product. 75 % of budget revenues and 90 % of exports are exports of petroleum products. The proven oil reserves are 260 billion barrels (24 % of the proven oil reserves on Earth). Moreover, in Saudi Arabia, this figure is constantly increasing, thanks to the discovery of new deposits.

According to the report of the management of the Central Bank of the UAE, according to the results of 2020, the total volume of foreign direct investment in the Emirates amounted to over 11 billion US dollars. According to the conclusions of the Central Bank experts, the UAE managed to attract such a significant amount of foreign investment mainly due to the attractive investment climate created in the country, political and economic stability, the absence of taxation, a developed business infrastructure and the absence of restrictions on the repatriation of capital.

A significant contribution to attracting foreign direct investment was made thanks to the functioning of 15 free economic zones in the UAE (only investments in the SEZ Dubai Internet City and Dubai Healthcare City amounted to more than 1.5 billion US dollars, according to the estimates of the government of the emirate of Dubai). The predominant part of investments is directed to the tourism, trade, oil and gas sectors, and the real estate sector has been rapidly developing recently.

Summing up, we can say that the UAE is an extremely important market in the region. The volume of own and attracted funds of 47 banks operating in the UAE (19 national and 28 foreign) amounted to \$129 billion at the end of 2020, loans issued — \$30 billion, deposits — \$29 billion, total profit — \$650 million. Currently, the UAE is one of the world's centers for attracting capital, which is facilitated by high oil prices, profits from the stock markets.

References

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COMPARATIVE CHARACTERISTICS OF SMALL BUSINESS IN CHINA AND JAPAN

Сравнительная характеристика малого бизнеса в Китае и Японии

In the modern world, we observe the development of the economy of any state without much effort, and turning to the history of the formation of the economy, we can note that