



UAE Economic Overview & Dubai Maritime Sector

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Economic Research Department
Dubai Chamber of Commerce and Industry

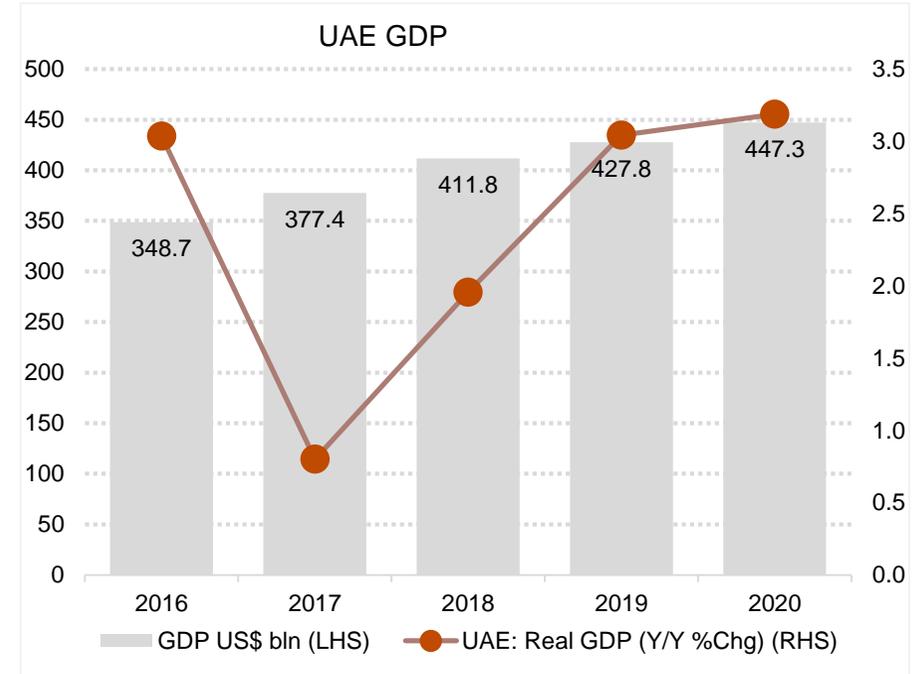
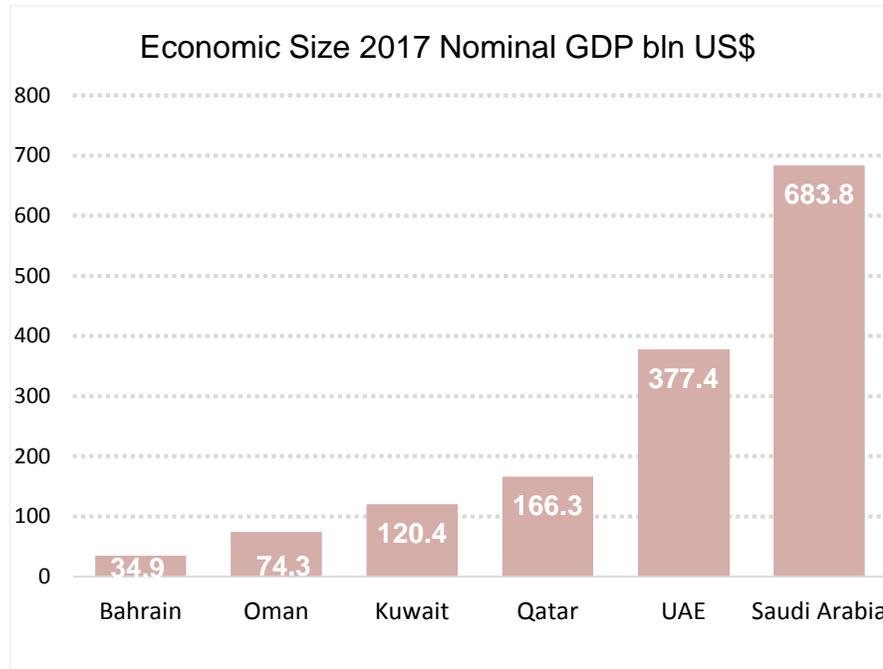


UAE Economic Overview

United Arab Emirates

ECONOMIC SIZE

- UAE is the 2nd largest economy in the MENA region next to Saudi Arabia.
- In 2017, UAE total GDP was about US\$ 377.4 bln in current prices, with registered real GDP growth of about 0.8%.
- UAE is one of the wealthiest countries in the region on a per capita basis.
- The UAE is the 7th largest crude oil producer and the 4th largest producer of petroleum liquids in the Organization of the Petroleum Exporting Countries (OPEC) with 6% of the world's oil reserves. UAE is the world 7th largest country with proven natural gas reserves.

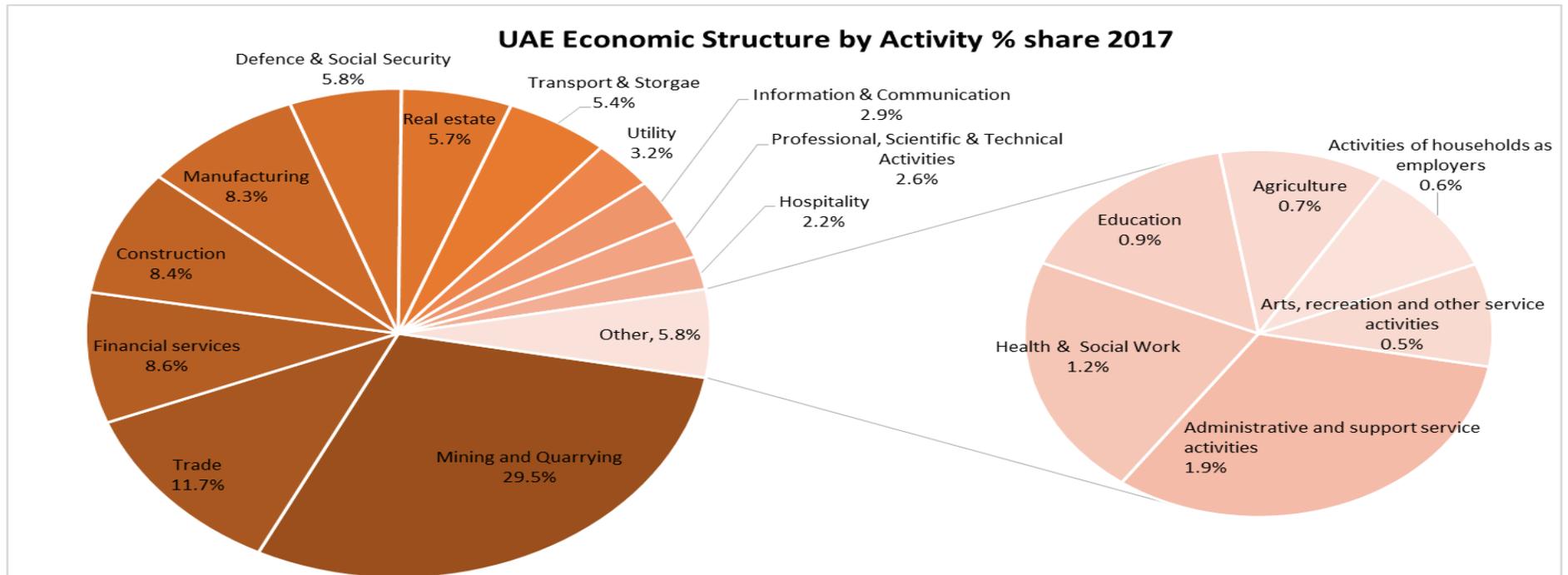


Sources Dubai chamber Research based on Haver Analytics and FCSA

United Arab Emirates

ECONOMIC Structure

- UAE GDP in constant prices reached US\$ 387.5 billion in 2017, with registered annual growth rate of 0.8% compared to 2016.
- UAE economy is relatively diversified, although Mining and Quarrying accounted for about 30% of total value added in 2016.
- The remaining 69% of UAE total GDP is distributed among other non-oil sectors, mainly trade with 11.7%, financial services 8.6%, construction 8.4%, manufacturing (8.3%), defense and social security 5.8%, real estate 5.7%, transport and storage 5.4%, utility 3.2%, information and communication 2.9%, professional, scientific & technical activities 2.6%, hospitality 2.2%, other 5.8%, education 0.9%, agriculture 0.7%, activities of households as employers 0.6%, arts, recreation and other service activities 0.5%, health & social work 1.2%, administrative and support service activities 1.9%.

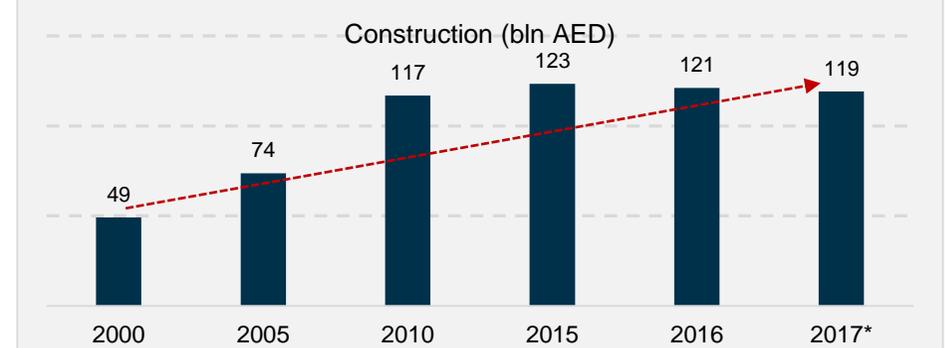
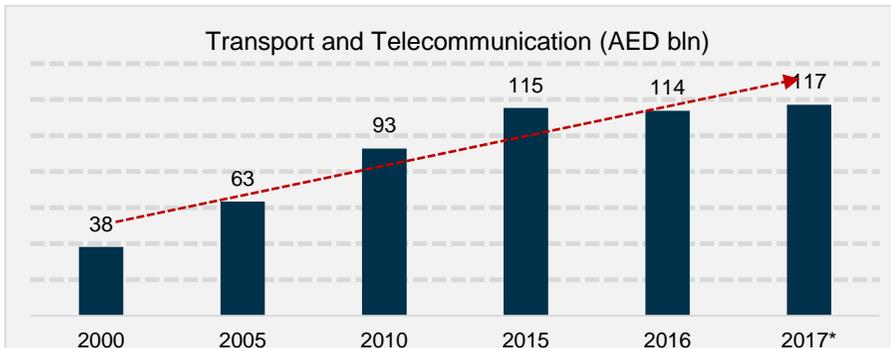
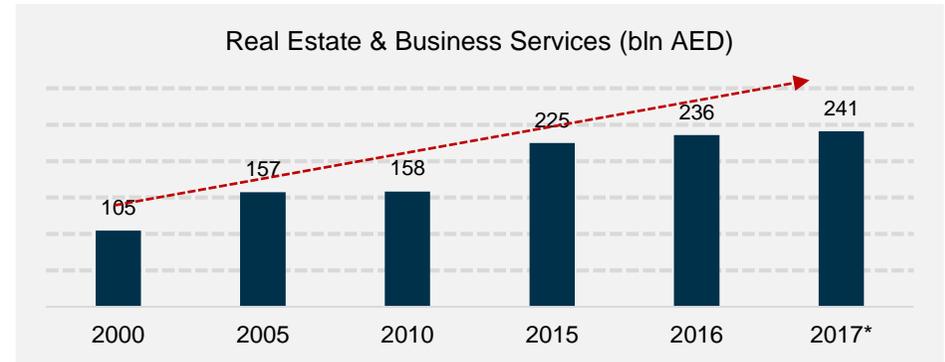
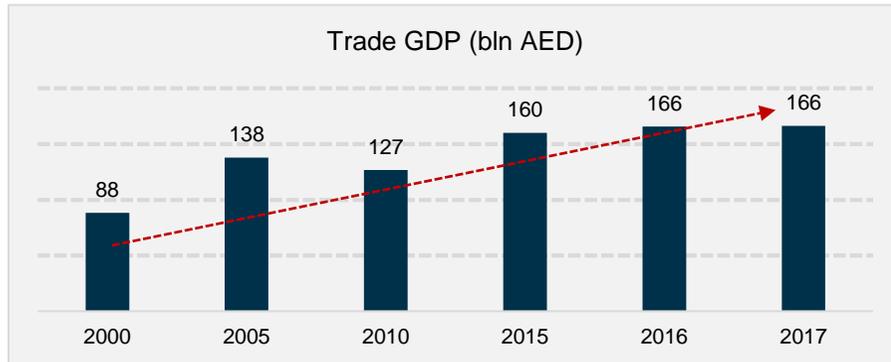


Sources Dubai chamber Research based on Haver Analytics and FCSEA

United Arab Emirates

ECONOMIC Diversification

- Over the last few decades, the main focus sectors of the UAE diversification strategy were trade, real estate, construction, financial sector and transport and logistics.
- In recent years and in alignment with the UAE 2030 vision, UAE diversification strategy aims to transitioning from an investment driven economy to a knowledge based driven economy by developing new industrial and commercial sectors, including aviation and aerospace, healthcare, education, and tourism.

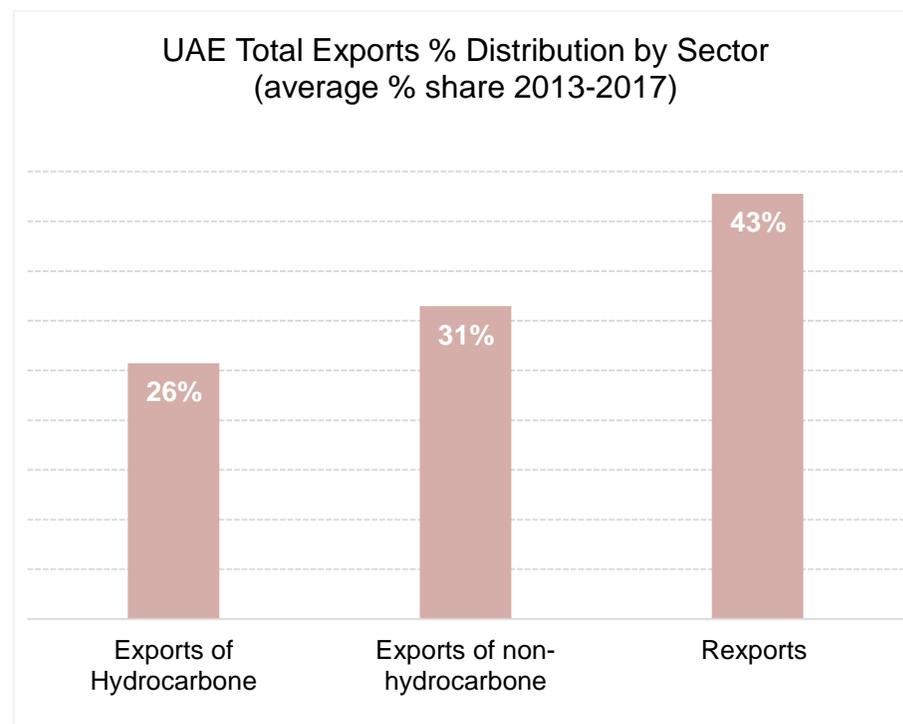
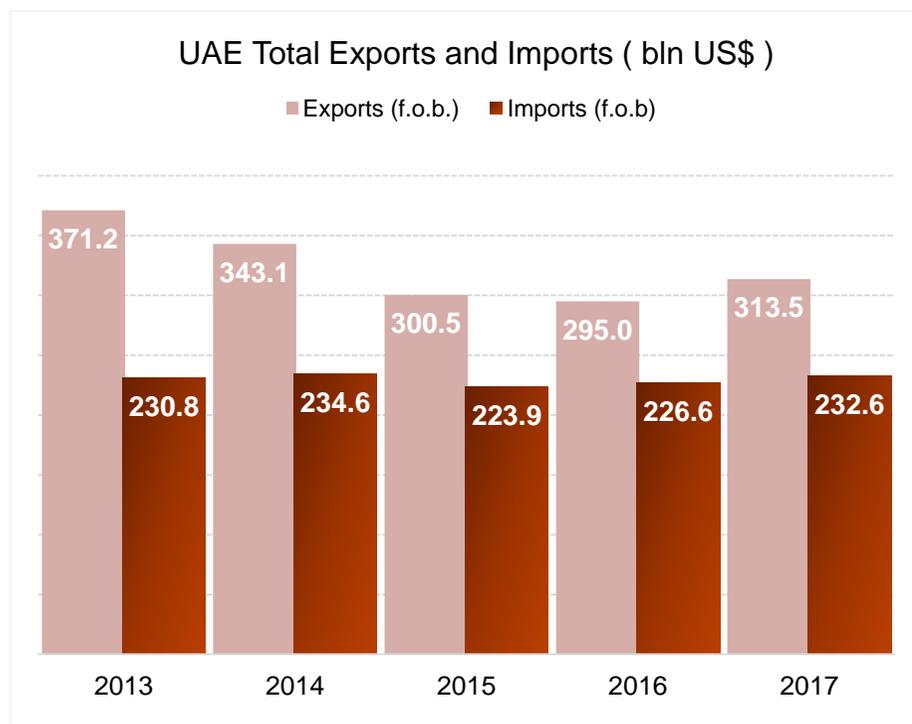


Sources Dubai chamber Research based on Haver Analytics and FCSA

United Arab Emirates

International Trade

- In 2017, the UAE total trade reached about US\$ 546.2 billion compared to US\$ 521.6 billion in 2016 registering an annual growth rate of about 4.7%.
- Total exports accounted for about 57% of UAE total trade while imports accounted for 43% of total trade.
- The percentage distribution of the UAE total exports shows that oil and gas exports accounted on average for about 26% of UAE total exports, non-oil exports for 31% and re-exports for about 43%.



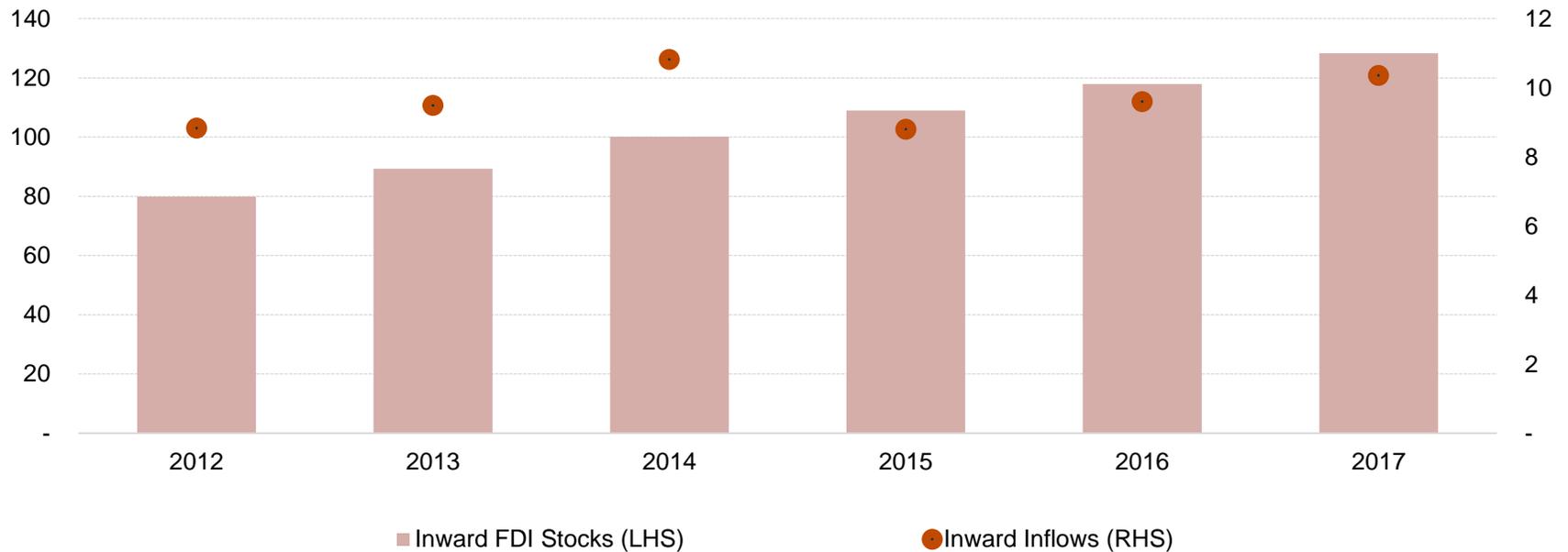
Sources Dubai chamber Research based on Haver Analytics and FCSA

United Arab Emirates

Investment

- UAE is the main destination for attracting foreign direct investment (FDI) in the MENA region. In 2017, UAE attracted about US\$ 11 billion in FDI accounting for 22 % of FDI flowing to MENA.
- The factors that underpin UAE robust inward FDI flows include among others its friendly business environment, excellent infrastructure, relatively diversified economy and political stability.
- The sectors identified as the focus of FDI are : Aviation, biotechnology, manufacturing, tourism, transport and logistics, green technology, information technology, pharmaceuticals, health and education.

UAE Foreign Direct Investment Inward Flows and Stocks (US\$ bln)



Sources Dubai chamber Research based on UNCTAD



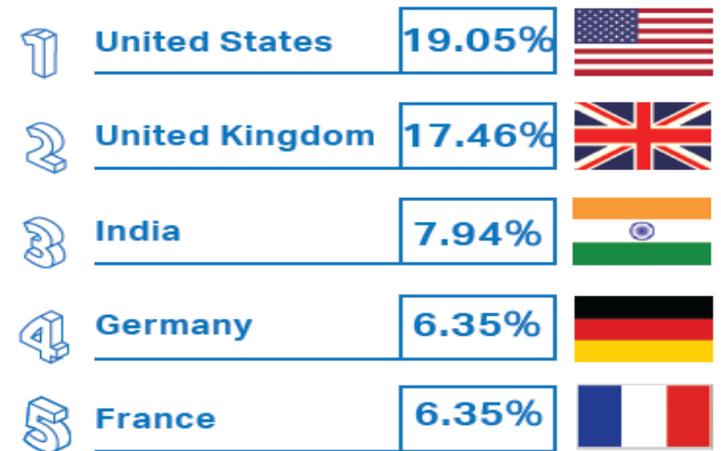
United Arab Emirates Investment

- Dubai host about 73% of the UAE total FDI. This can be attributed to the fact that Dubai is the region business and financial hub, besides Dubai account for the majority of UAE non-oil output.

Dubai Top 5 Sectors by FDI Projects 2017



Dubai Top 5 Source Countries by FDI Projects 2017



Source: Dubai FDI Monitor, 2017



Dubai Maritime Sector

United Arab Emirates

Maritime Sector Profile

- Over centuries, the UAE maritime sector has played pivotal role in the UAE economy.
- Fisheries and other extractive maritime industries have also long played a key role in the economy in the past. The pearl fishing was the largest industry, that required a large fleet of ships to operate out of Dubai Creek.
- In recent decades, the UAE maritime industry became strategic since the UAE's first exports of oil in the early 1960s.
- Given the reliance of the energy sector's on shipping for transport, UAE maritime infrastructure benefitted from considerable investments by the state and the private sector alike throughout the years.

MARITIME PROFILE: UNITED ARAB EMIRATES

GENERAL INFORMATION FOR 2016

 **Population**
9.270 Millions

 **GDP**
348 744 Millions current US\$

 **Merchandise trade**
(e) 570 000 Millions current US\$

 **Ship building**
4 015 GT

UNITED ARAB EMIRATES

NATIONAL FLEET

Carrying capacity by type of ship

(Thousands DWT)	2005	2010	2015	2016
Total fleet	986.0	1 412.3	958.2	941.5
Oil tankers	485.0	650.2	363.5	248.8
Bulk carriers	16.0	119.8
General cargo	100.0	82.3	93.8	113.3
Container ships	227.0	377.8	171.1	221.1
Other types of ships	158.0	182.2	329.8	358.3

-1.7 %

Fleet growth rate in 2016

Source: UNCTAD

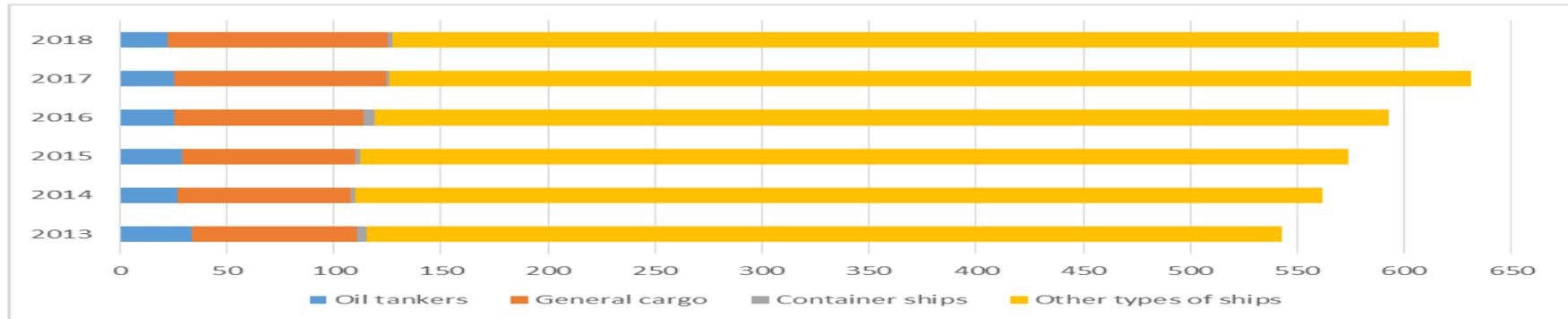
United Arab Emirates

Maritime Profile

- The UAE fleet of ships has increased over years reaching about 616 ships in 2018, with majority are containers and merchants ships.
- UAE major trading partners are Asian and European countries, as explained by high score of bilateral connectivity index.

Fleet by type of ship

(Number of ships)



LINER SHIPPING CONNECTIVITY INDEX

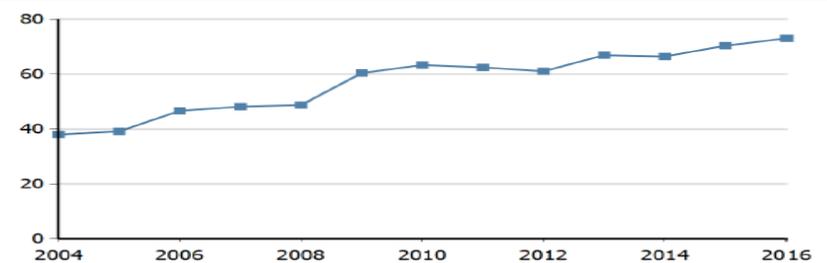
Bilateral connectivity index - Top 10 partners in 2016 ⁸

Can only take values between 0 (minimum) and 1 (maximum)



National connectivity index ⁸

Maximum 2004=100 for China



Source: UNCTAD

Dubai Maritime Sector

Introduction

- Beside the various shipping activities, Dubai maritime market is composed of both privately owned pleasure crafts and the cruise segment, which has grown dramatically over years. Another important segment of Dubai maritime sector is boat building industry which has expanded significantly in the recent years.
- Over the last two decades, Dubai has positioned itself as one of the most renowned maritime hubs globally and has become a serious player in the global maritime industry.
- Maritime sector has long been a key component of the Emirate's economy – and of its very identity. Enabled by its strategic geographical position, Dubai has become one of the world key trans-shipment hubs in the cross roads between Asia, Africa and Europe.
- Dubai maritime sector is basically developed a long two major plans, the Dubai Maritime Vision 2030 and the Dubai Maritime Sector Strategy (MSS). The first of these was launched in 2014 and aim to establish Dubai as the leading global maritime economy, and creating “smart” maritime facilities.
- It is also hoped that Dubai can serve as an international center for maritime education, training and green shipping.
- In addition, the strategy envisages the Emirate continue to capitalize on its current global trade and logistics hub status, and to link this increasingly into a major multi-modal transport and logistics network via air, sea and land.

Dubai Maritime Sector

Introduction

- The end-goal is the creation of a Dubai maritime cluster, which would provide not only ports, brokers, marine equipment, supplies and yards but also the industry's necessary software component. Currently, the sector has been 'hardware'-focused.
- The software components of the Dubai maritime sector as outlined by MSS is aiming to sustain the sector lead through creative thinking.
- To sustain its position as global center for maritime activity and investment, Dubai has focused on boosting its logistical capacities; improved the uptake and use of technology throughout the sector; reducing negative environmental effects of the industry; and developing international quality maritime training and education programs and facilities. Between 1988 and 2017 the maritime business has changed dramatically
- The key shifts include the internationalization of shipping fleets and staffing, and the growth of global trade. In 2016, another milestone in the development of Dubai maritime sector has been marked by the establishment of the Emirates Maritime Arbitration Centre (EMAC), a new legal entity with a mandate to resolve shipping disputes efficiently and at a lower cost than the traditional courts system.
- In March 2017, Dubai Maritime City Authority announced the launch of Innovation Quay, a research facility and tech incubator to support innovation in maritime technologies.
- In early 2018, Dubai Maritime City Authority (DMCA) highlighted its Dubai Maritime Virtual Cluster (DMVC) initiative which is a knowledge- and research-driven smart platform designed to improve the local maritime cluster's global competitiveness.

Dubai Maritime sector

Dubai Maritime Cluster Components

- Dubai Maritime sector strategy (MSS) was launched in 2012 with the aim of creating Dubai maritime cluster, which would provide not only ports, brokers, marine equipment, supplies and yards but also the industry's necessary software component. i.e. providing a home for maritime experts of all kinds, including the brokers, financiers, equipment suppliers.
- In addition, the MSS foresees a leisure role for Dubai by providing state-of-the-art maritime sports and cruise facilities.
- The MSS lists education, law, and maritime societies amongst its main components, alongside yards, ports and marinas.



Source: Dubai Maritime Authority

Dubai Maritime Sector

Contribution to GDP & Employment

- Dubai maritime sector is deep but also wide, composed of more than 5500 companies engaged in some 13,000 activities, from shipbuilding, container logistics and dry bulk cargo handling to port services and maritime engineering services and dredging.
- Currently, the maritime industry contributes some 7% of GDP, at around US\$ 7.3 bln almost doubled compared to 2015 with GDP of US\$ 3.9 bln. The sector is also responsible for around 3.3% of the emirate's jobs, with some 76,200 people working in maritime-related industries. Shipping contributed the largest share to maritime GDP, followed by port operations, maritime engineering and support services.

Dubai Overall Economy

106.1
(US billion)



2,649
(thousands)



Dubai Maritime Sector

7%
Share of
Dubai GDP

7.3
(US billion)



3.1%
Share of
Dubai Employment

76
(thousands)

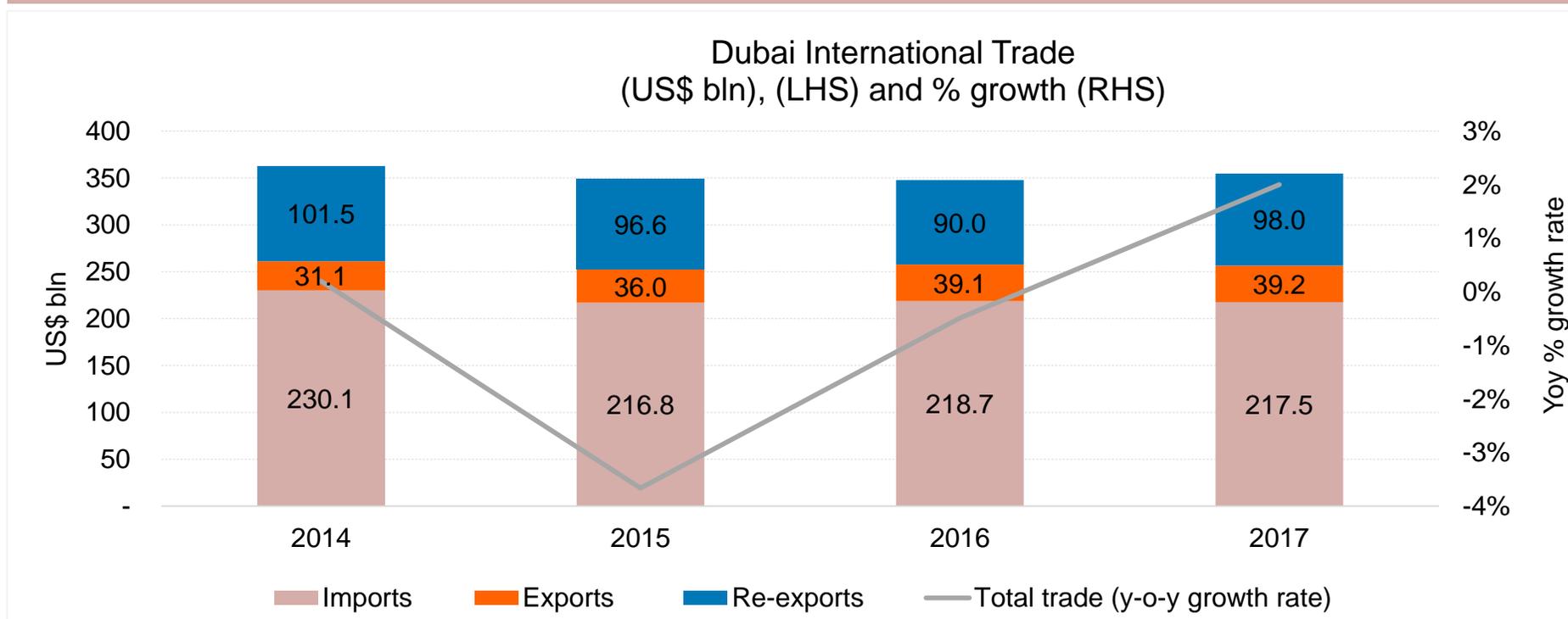


Source: Dubai Maritime City Authority

Dubai Maritime Sector

Dubai International Trade

- DP World is the main player of Dubai maritime sector. It operates Jebel Ali and Rashid Ports and many other activities in the sector. In addition the sector includes most of the world's major shipping companies, including Danish giant Maersk, French firm CMA CGM, the Swiss-owned Mediterranean Shipping Company and many others.
- These firms handled a considerable share of Dubai total non-oil trade of about US\$ 354.7 bln in 2017 based on Dubai Customs data. Imports accounted for US\$ 217.5 bln, exports US\$ 39.2bln and re-exports for US\$ 98 bln. Dubai major trading partners are China, India, EU, US Saudi Arabia.



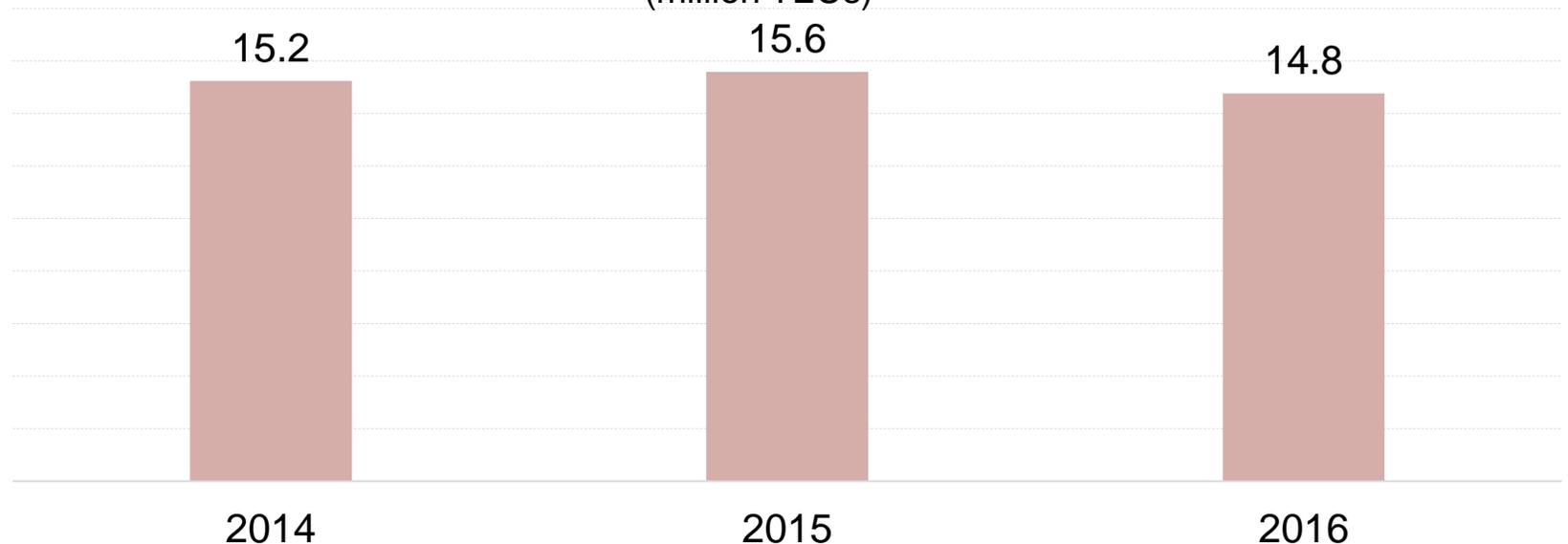
Source: Dubai Chamber Research based on Dubai customs

Dubai Maritime Sector

Jebel Ali Port

- Jebel Ali is Dubai main flagship port and the most important port in the MENA and GCC region.
- The port is operated by DP World a global giant, handling around 9% of the world's total container traffic. DP world has a portfolio of 78 operating marine and inland terminals supported by over 50 related businesses in over 40 countries across six continents .
- Jebel Ali has also been a leading port in terms of technological innovation and adoption. Terminal 3 is semi-automated, but its cranes are operated remotely, with many of the container movements made from a distant control room.
- In 2016, Jebel Ali port is ranked as the world 9th in container handling with a total of 14.8 mln TEUs down from 15.6 mln in 2015 and 15.2 mln in 2014, on the back of slowing global demand for trade over the period 2014-2016.

Containers Handled at Jebel Ali Port
(million TEUs)



Source: Dubai Statistics Centre

Dubai Maritime Sector

Recent Developments in Dubai Maritime

- **Globally Competitive Maritime Cluster:** In 2017, Dubai was named as the 5th most competitive maritime cluster in the world and the 10th maritime capital. By 2022, it is expected that that Dubai will become the 6th most important maritime cluster globally.
- **Strong Presence of International Shipping Companies:** Capitalizing on its positive reputation as a major regional maritime hub, Dubai managed to attract major international shipping companies.
- **Accommodation of larger ships :** to maintain its position as a major maritime hub, Dubai ports considered a move towards larger vessels, such as the Capesize at around 400,000 dead weight tons (dwt).
- **New technologies:** possessing the necessary technology and infrastructure for “ Smart ships” to handle high capacity ships is vital for future competitiveness.

World Leading Maritime Capital Cities*

RANK	SHIPPING	FINANCE AND LAW	MARITIME TECHNOLOGY	PORTS AND LOGISTICS	ATTRACTIVENESS AND COMPETITIVENESS
1	SINGAPORE	LONDON	OSLO	SINGAPORE	SINGAPORE
2	HAMBURG	OSLO	SINGAPORE	SHANGHAI	OSLO
3	ATHENS	NEW YORK	TOKYO	ROTTERDAM	COPENHAGEN
4	LONDON	SINGAPORE	SHANGHAI	HONG KONG	HAMBURG
5	HONG KONG	SHANGHAI	BUSAN	HAMBURG	DUBAI

* The survey measures various maritime cities on attractiveness and competitiveness, technology, finance and law, ports and logistics, and shipping.

Source: Menon Business Economics Group - International Maritime Industry Report 2017



Dubai – Hamburg Synergies

Dubai –Hamburg Synergies

Facts and Figures -2016

	Dubai	Hamburg
GDP (mln US\$)	107,856	152,981
Population	2.3 mln	3.3 mln
Port Area (sq.km)	134.68	73.9
Exports (US\$ bln)	129.1	80.3
Container Turnover (mln TEUs)	15.6	8.9
Employment at port	76,000	156,000
Global Ranking (container)	9 th	17 th
Vessels Arrivals	21,000	18,000

Source: Dubai Chamber Research based on UNCTAD, Euromonitor, Dubai Statistic Centre and Hamburg HandlesKammer

Dubai –Hamburg Synergies

Potential opportunities

- Increased global competitive forces have put ports around the globe under constant pressure and required adaptation to changes in the economic, institutional, regulatory and operating landscape.
- Increased competition necessitates improvements at the performance level such as operations optimization, cost reduction, time efficiency and trade promotion.
- Another level of improvement beyond the performance level is deemed necessary for ports sustainability and competitiveness are related to improvement in areas such as security, safety, resource conservation, environmental protection and social inclusion.
- Better port sustainability and competitiveness can be achieved through the adoption of relevant technologies and solutions in ports, including for customs automation, improved supply chain management, hinterland connectivity and port community systems.
- Against this back drop of competitive global maritime environment, there are many areas for cooperation and collaboration between Dubai and Hamburg in maritime industry, due to the importance of the industry to Dubai and Hamburg economies in terms of employment, value added, global and regional supply chain connections.

Dubai –Hamburg Synergies

Synergies Related to Strategic location and Strong Maritime Capabilities

- According to the UNCTAD Maritime Report 2017, Asia accounted for about 64% of the world container port volumes, Europe accounted for 16%, North America 8%, Developing America 6% and Africa for 4%.
- The concentration of container activity within the Asian region gives Dubai ports competitive advantage due to its strategic location in their cross roads.
- In addition to the Emirate's capability in providing complete solutions to shipping and trade coupled with logistics, warehousing and land transport options as well as its world-class ports and container handling and ship repairing facilities to the global marine community.
- Dubai has many ports including Rashid port, Al Hamriya and Jebel Ali the world's largest artificial harbor, which has been expanded extensively over years. The emirate's flagship port is operated by DP World.
- Jebel Ali has also been a leading port in terms of technological innovation and adoption. Jebel Ali port Terminal 3 is semi-automated, with cranes that are operated remotely, with many of the container movements made from a distant control room.
- On the other hand, the Port of Hamburg's success is rooted in the excellent services and facilities it provides for its customers of shipping companies, as well as its proximity to many of Europe's key markets and industrial centers. The port's reliable services and excellent transport links to the hinterland of continental Europe gives it a decisive advantage over its northern European rivals.
- Hamburg is one of the most modern and efficient ports in the world. Investment in infrastructure and digital business models are the key to success. Hamburg's innovative potential plays a major role.

Dubai –Hamburg Synergies

Synergies Related to Similar Scope of Maritime Activities

- Both Dubai and Hamburg are key maritime hubs in their respective regions. Maritime activities within the two cities is mainly shipping predominated by container trafficking and other shipping related activities such as dry bulk, liquid bulk, roll-on roll-off (RoRo) vessels and others.
- In addition, maritime sector in both cities include cruise shipping, dredging and dry-docking. However, Dubai Dry-dock activities include beside ship repair and maintenance, shipbuilding.
- Capitalizing on its positive reputation, Dubai has managed to attract many international shipping companies. Most of the world's largest shipping companies have branches in Dubai including among others Maersk, CMA CGM and Mediterranean Shipping Company. Dubai has been identified among the world's top 15 shipping centers in 2017.
- Dubai's ports have also accommodated changes in the types of ships. A move towards larger vessels, such as the Capesize, at around 400,000 dead weight tons (dwt), the Mini Capes (around 100,000 dwt) and Panamax (65,000-100,000 dwt), has meant deeper draughts are now necessary if a port wishes to remain a hub, rather than become a feeder. Jebel Ali regularly receives Capesize vessels, carrying aluminum raw materials for the emirate's aluminum smelters.
- The wide and deep maritime activities within both port cities provide huge opportunities for cooperation and collaboration between the two port cities.

Dubai –Hamburg Synergies

Synergies related to Future Plans

- Dubai maritime sector medium –term development plan was outlined by Dubai Maritime Sector Strategy (MSS), which was initiated in 2012 and ran to the end of 2017.
- The MSS is made up of a number of basic strategic objectives including expanding Dubai’s maritime GDP, supporting the UAE’s federal-level logistics, trade and tourism sectors, and improving the maritime regulatory framework in alignment with the international best practices.
- This has been translated into significant number of initiatives and investments. which present potential for synergies between Dubai and Hamburg maritime sectors. Priorities include reconfiguring Port Rashid for cruise operations; improving interport, multi-modal connectivity throughout the Emirate and ensuring that the regulatory framework is on a par with international maritime standards.
- In addition, the initiative aims to implement regular sector surveys and other data-collection practices.
- The main focus of MSS is technology which has unveiled a series of initiatives aiming to digitalize the domestic maritime industry.
- In March 2017 DMCA announced the launch of Innovation Quay, a research facility and tech incubator to support innovation in maritime technologies.
- Potential areas of investment at the facility are expected to include the development of 3D-mapping technology for navigation and related purposes; the study of logistical algorithms; and research into self-piloting “drone” ships.