

حكومة أبوظبي
THE GOVERNMENT OF ABU DHABI



The Abu Dhabi Economic Vision 2030

This document is developed by:



Summary of Mandate

In 2006, His Highness Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Chairman of the Executive Council, mandated the General Secretariat of the Executive Council, the Abu Dhabi Council for Economic Development and the Department of Planning and Economy to develop a long-term economic vision for the Emirate. This mandate was given in order to deliver upon the vision of His Highness Sheikh Khalifa bin Zayed Al Nahyan, President of the UAE, Ruler of Abu Dhabi, for the ongoing economic success of Abu Dhabi.

The expectation was the creation of a long-term roadmap for economic progress for the Emirate through the establishment of a common framework aligning all policies and plans and fully engaging the private sector in their implementation.

The initiative builds upon the foundations set by the Abu Dhabi Policy Agenda 2007/2008 and was produced by a taskforce joining stakeholders from the public sector and private sector. The taskforce received extensive expert support from internationally renowned institutions. This taskforce was mandated with two key tasks:

1. To conduct an exhaustive assessment of the key enablers for economic growth,
2. To create a comprehensive long-term economic vision, with explicit targets, to guide the evolution of the Abu Dhabi economy through to the year 2030.

The year 2030 represents an important milestone for the Emirate of Abu Dhabi. Baseline growth assumptions reveal that Abu Dhabi could achieve tangible levels of economic diversification by that time.

This document therefore contains the “Abu Dhabi Economic Vision 2030” and associated targets, prepared by the Economic Vision Taskforce and approved by the Abu Dhabi Executive Council.

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Context and Executive Summary

The Abu Dhabi
Economic Vision 2030

Context and Executive Summary

Based on the principles laid out in the Government's Policy Agenda published in August 2007, the Abu Dhabi Economic Vision 2030 is a roadmap for the Emirate's economic progress.

Seeking to ensure the continued success of the Emirate's development, the Government of Abu Dhabi has set guidelines and priorities for the Emirate's socio-economic progress in its Policy Agenda. Taking these guidelines as its parameters, the Abu Dhabi Economic Vision 2030 has been developed by the Government, in consultation with the private sector, as a 22-year strategy to achieve these aims, and to ensure that all stakeholders in the economy are moving in concert, with a clear view of the long-term goals.

The Abu Dhabi Policy Agenda 2007/2008 defines the priorities for public policy in the Emirate. These priorities have been set to achieve what the Government of Abu Dhabi sees as its primary goals: a safe and secure society and a dynamic, open economy.

The Government has identified nine pillars that will form the architecture of the Emirate's social, political and economic future:

- A large empowered private sector
- A sustainable knowledge-based economy
- An optimal, transparent regulatory environment
- A continuation of strong and diverse international relationships
- The optimisation of the Emirate's resources
- Premium education, healthcare and infrastructure assets
- Complete international and domestic security
- Maintaining Abu Dhabi's values, culture and heritage

- A significant and ongoing contribution to the federation of the UAE

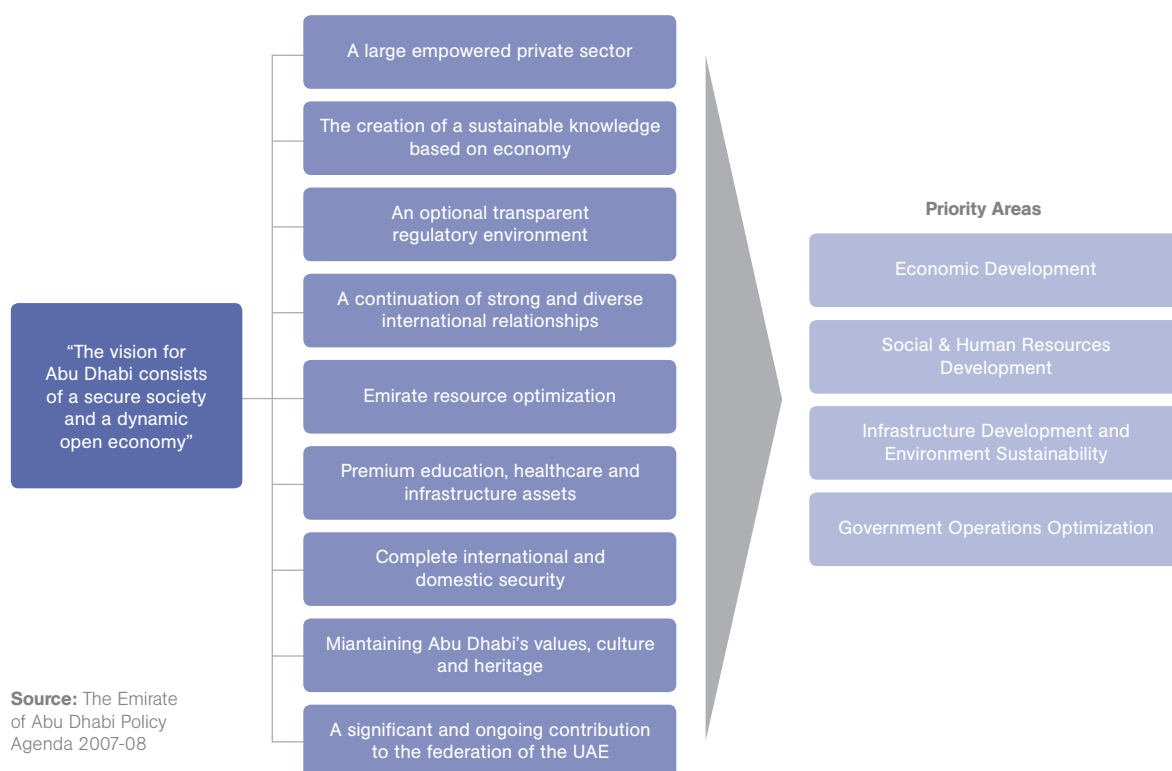
Having established these pillars, the Government has committed itself to direct public policy to strengthen and develop them. This involves focusing on four key priority areas:

- Economic development
- Social and human resources development
- Infrastructure development and environmental sustainability
- Optimisation of Government operations.

Economic Development

Economic diversification is common and fundamental to the Government's other stated priority areas and the policy agenda as a whole. The Government wishes to see the creation of higher-value employment opportunities, especially for Nationals, and maximising participation of women in the workforce. To encourage investment and entrepreneurial activity, the Government plans to contribute to enhancing the business environment through further legislative reform and by ensuring that all economic policy is formulated with reference to rigorous data sources and statistical information. Enhancing the economy and business climate will also help to integrate Abu Dhabi further into the global economy by attracting foreign as well as local investment, and by facilitating export of capital through targeted investments with international partners.

Pillars of the Abu Dhabi Policy Agenda Vision



Abu Dhabi government's Policy Agenda is built around nine pillars that are meant to shape the Emirate's future.

Social and Human Resources Development

According to the Policy Agenda, social and human development represents the pre-eminent objective and driving motivation behind all policies and initiatives. Ensuring that high quality education and health services are available to residents is therefore of the highest priority. When it comes to developing the workforce, the Government aims to ensure the availability of a stable supply of high quality labour to staff the economy, and especially to encourage full employment among Nationals. At the same time, Abu Dhabi wishes to maintain ethical and safe management of its labour resources, through the thorough implementation of Federal labour laws and the meeting of commitments made through the UAE's signature of international labour arrangements.

Infrastructure Development and Environmental Sustainability

Developing appropriate infrastructure, while preserving the environment, forms the third priority area. The Government will ensure the development of a professionally designed and well-managed urban environment in the Emirate's towns and cities, complete with world-class traffic and transport systems. The simultaneous development of the Regions to keep pace with that of the Capital is also an important policy priority in order to achieve an Emirate-wide distribution of economic activity and associated benefits. For its part, the Government will also ensure that Abu Dhabi's security is maintained and that its towns and cities remain a safe place in which to live and work. In order to ensure that the urban infrastructure is able to cope with the envisioned

growth without stresses, the Emirate has already developed and published a comprehensive 2030 urban structure framework plan for the Capital. The initiative will be expanded to cover all the regions of the Emirate.

Optimisation of Government Operations

Finally, the Policy Agenda sets out guidelines for optimising the Government's own role in the future of the Emirate, by improving the efficiency and accountability of government departments. The Government has already embarked on an extensive review of its processes and structures. Many services are being delivered electronically through e-government initiatives, and departments are being streamlined and non-core services outsourced to the private sector. These initiatives will be continued and enhanced. At the same time, the Government will review and enhance the legislative framework and the law-making processes themselves to ensure maximum efficiency.

Economic Vision Imperatives

The Abu Dhabi Policy Agenda has a heavy emphasis on the economy and on ensuring the economic wellbeing of all of Abu Dhabi's citizens and residents. This Agenda came in response to a number of opportunities and challenges facing Abu Dhabi.

The Emirate's drive for a more sustainable and diversified economy is intended to reduce the relatively high dependence on oil and the cyclical swings which accompany it. Moreover, the young National population presents the opportunity, as well as the challenge, to create attractive, high value-added employment opportunities for the emerging generation. The drive for diversification as well as the challenge of a burgeoning population delivers a greater need for Abu Dhabi to upgrade the quality of its education system, and to increase the educational attainment rates of Nationals and the overall workforce to move

the economy up the value chain. Moreover, a better educated workforce will be a key enabler to address the relatively low productivity rates found in much of the Emirate's enterprise base.

Faced with the prospects of a more globalised economy, the Emirate can rely on its established network of international relationships and friendships to respond to the many challenges of increasing globalisation. Moreover Abu Dhabi's geo-political status can help the Emirate to respond to the pace of technological change and harness the capabilities of research and development for future competitiveness. However, in order to unlock the potential of these relationships, Abu Dhabi needs to achieve higher global rankings in terms of global competitiveness and ease of doing business. Moreover, the Emirate's business environment needs to become better equipped to understand and benefit from new business models and to participate in the global growth of trade in services and the servicisation of many manufactured products. This should be coupled with an effective programme to stimulate research and development, and local innovation, and to facilitate the integration with global innovation centres.

The Abu Dhabi Economic Vision 2030 Taskforce

This Abu Dhabi Economic Vision 2030 is the result of a concerted effort between a number of public sector and joint public-private sector entities. In particular, three entities have played an important role in the development of this Vision:

- The Department of Planning and Economy
- The Abu Dhabi Council for Economic Development (ADCED)
- The General Secretariat of the Executive Council

The Department of Planning and Economy:

The Department is charged with providing for a dynamic, open and successful economy. In what is an evolving and new role, the Department is

expected to become more of a policy maker, facilitator and monitor. To that end, it is undergoing a major transformation in order to build the required capabilities. The setup of a world-class statistics bureau is one of the key initiatives being undertaken in order to provide for fact-based decision making and policy formulation.

Abu Dhabi Council for Economic Development (ADCED):

The Government established ADCED as a joint public-private advisory body to support the Department of Planning and Economy in developing a comprehensive economic strategy that will fulfil the Emirate's economic needs and work towards the realisation of the goals laid out in the Government's Policy Agenda. ADCED is uniquely placed to participate in the development of such a strategy. Its Board consists of members of both the Government and the private sector, including representatives from the Department of Planning and Economy, the Abu Dhabi Chamber of Commerce and Industry (ADCCI) and foreign and domestic business councils.

This joint public-private structure for economic policy advice therefore includes representatives of all the major stakeholders in the economy and, as a result ADCED plays an important role in creating an open channel for collaboration on economic matters. ADCED is organised into four Board committees: Economy and Trade Committee, Social Development Committee, Construction and Infrastructure Committee, and Business Environment Committee.

General Secretariat of the Executive Council:

Among its many tasks, the General Secretariat is responsible for coordinating the development of departmental strategic plans across all Government entities and for establishing an effective performance management system. The General Secretariat will play a key role in the coming phases to ensure that the Government-wide and departmental strategic plans are congruent with the targets set in the Abu Dhabi

Economic Vision and the subsequent economic strategies.

Objectives and Framework

The Abu Dhabi Economic Vision 2030 sets out to establish the current economic environment and identify key areas for improvement in order to achieve the goals laid out in the Policy Agenda.

First, the current state of the economy has been ascertained through an analysis of macro-economic data. The Abu Dhabi Economic Vision 2030 examines which sectors and which types of enterprise are contributing most to economic output and growth, and in which regions most growth is taking place. Various opportunities are identified within these areas in order to bring about the desired economic diversification, sustainability and distribution throughout the regions.

Second, the Abu Dhabi Economic Vision 2030 examines the current business environment and identifies key strengths that can be enhanced and areas that might be improved to further the economic and competitive potential of the Emirate against its existing peers and international benchmarks. In particular, the Abu Dhabi Economic Vision 2030 looks at business legislation, labour policy, fiscal policy and monetary policy as key regulatory and policy levers that can be manipulated to improve the overall business environment.

Finally, the Abu Dhabi Economic Vision 2030 takes into account the Emirate's resources and the steps that need to be taken to ensure these can accommodate future economic growth. Infrastructure, including energy, transport and ICT, is a key area that requires continued investment to provide for a growing population and increased economic activity. The development of human capital and the workforce is another key area that is vital to the long-term success of the Emirate's economy. Ensuring that financial capital can be safely and confidently employed is also central to developing and expanding the economy.

Within each of its sections, the Abu Dhabi Economic Vision 2030 sets out long-term targets and goals and the processes by which the Emirate can attain them. The final result is a comprehensive roadmap for the economic direction of the Emirate, a clear set of goals and the path to attainment, and a set of measures by which the Emirate can judge its progress.

Approach

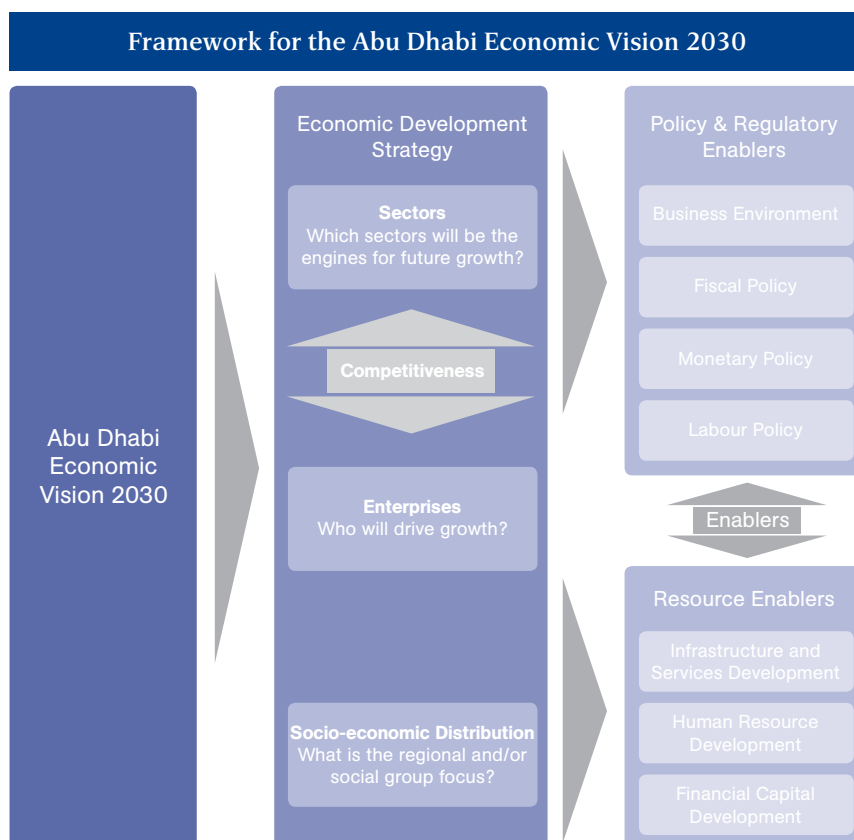
The Abu Dhabi Economic Vision 2030 is the result of an inclusive and cooperative approach, designed to ensure a strategy that is realistic, based on measurable trends and reflective of the aspirations of stakeholders in the Emirate's economy.

Thorough and rigorous analysis of Abu Dhabi's economic performance to date has been carried out to ensure that the strategy is not based on

false assumptions. Interviews with key individuals within both the public and private sectors have been vital to ascertaining the expectations and aspirations of stakeholders.

In parallel to the internal assessment, three benchmark countries were selected for key economic characteristics relevant to Abu Dhabi and for their success in establishing successful economic development models.

- Norway, which has comparable oil outputs to Abu Dhabi, presents a case of interest in channelling oil revenues for local economic development, nurturing a well-diversified economy and maintaining disciplined fiscal policies
- Ireland, the success of which in developing a diversified knowledge-based economy and experience in investment attraction is relevant to Abu Dhabi's drive for diversification.



Source: Abu Dhabi Economic Vision 2030 Team Analysis

The Abu Dhabi Economic Vision 2030 was designed with advice and opinion from development experts in Norway, Ireland and New Zealand.

- New Zealand, the success of which in developing a relatively large export base is also of interest for Abu Dhabi

Advice and opinion have been sought from economic development experts in each of these countries whose exemplary path of economic transformation Abu Dhabi wishes to emulate. They include representatives of Innovation Norway (IN), International Development Ireland (IDI), and New Zealand Trade and Enterprise (NZTE).

Leading International Status

Abu Dhabi is not just seeking to develop its economy. The aim is for the Emirate to take its place among the most successful economies of the world by 2030. The Abu Dhabi Government will judge the success of its economic performance against the performance of the most successful economies globally. In particular, it will look to benchmark against the experiences of flourishing 'transformation economies', such as Norway, Ireland, New Zealand and Singapore.

Long-term Targets and Five-Year Economic Development Strategies

The ultimate achievement of the Abu Dhabi Economic Vision 2030 is the identification of key priority areas for economic development and a realistic set of 22-year macroeconomic targets and socioeconomic goals. The Abu Dhabi Economic Vision 2030 sets targets for the Government as well as outlining the intended strategy for economic development, identifying key resources to be developed and core policy reforms to be implemented.

It also sets out the key measures of success by which the Emirate can be held to account and have its performance judged in relation to its peers.

The next phase will be to translate this long-term strategy into five-year economic plans to provide a more focused framework for economic policy in the medium term, and a more regular assessment period to judge the Emirate's progress and enable the necessary adjustments to be made. The economic strategies will be linked to the overall Government and Departmental strategies coordinated through the Abu Dhabi Executive Council General Secretariat.

The Abu Dhabi Economic Vision 2030 will eventually be split up into five-year programs.

Highlights of the Abu Dhabi Economic Vision 2030

The Abu Dhabi Economic Vision 2030 aims to achieve effective economic transformation of the Emirate's economic base and bring about global integration and enduring benefits to all. Abu Dhabi has a core commitment to build a sustainable and diversified, high value-added economy by 2030.

This will be achieved by broadening the sectors of economic activity, enlarging the enterprise base, and growing external markets. Furthermore, Abu Dhabi will also continuously enhance competitiveness and improve productivity. Delivering on such commitments will be translated, according to base case growth scenarios, into entrenched sustainable development and significant levels of economic diversification by 2030.

Moreover, to ensure that social and regional development equitably reaches the whole of society, Abu Dhabi will equip its youth to enter the workforce and maximise the participation of women, particularly Nationals, from across the Emirate. Abu Dhabi will also continue to attract a skilled workforce from abroad, and to stimulate faster economic growth in regional areas.

To achieve the Emirate's ambitious economic aspirations, the regulatory and legislative

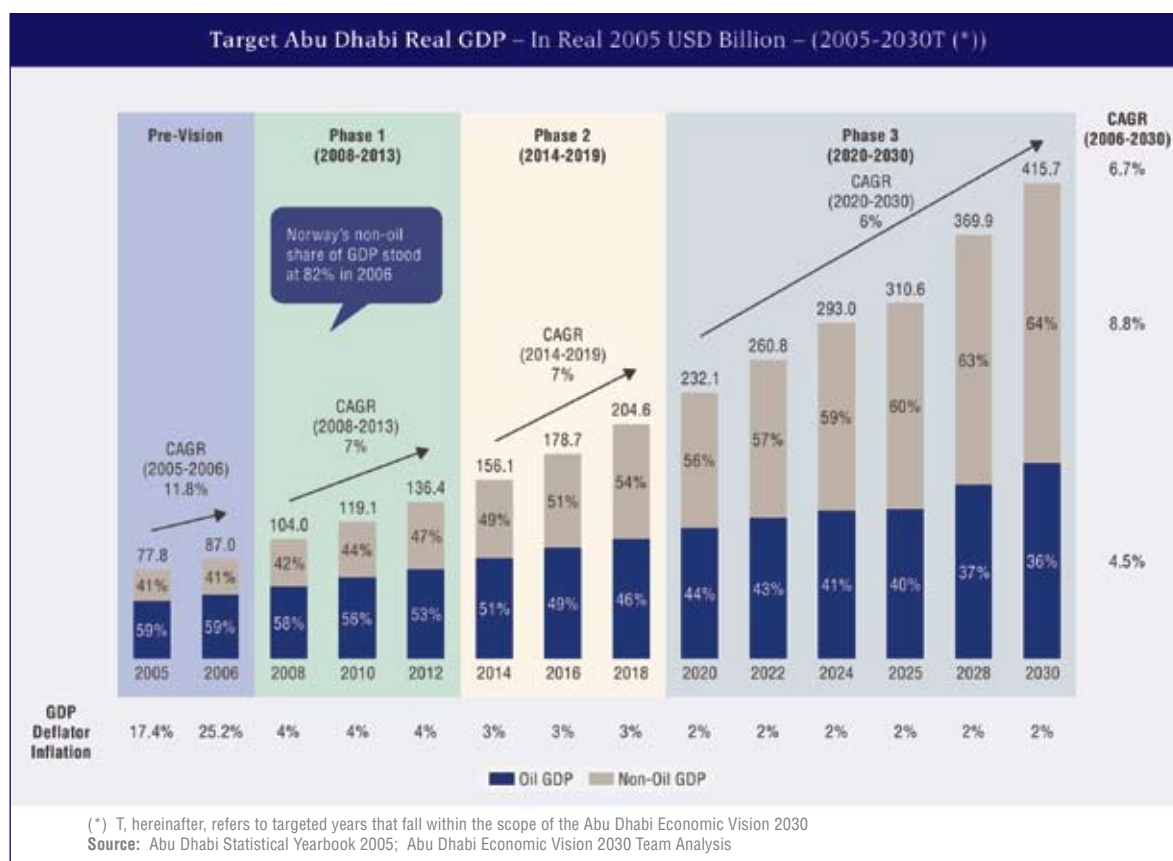
environment must be optimised, importing best practices from around the world and applying them within the local context. Various resources, from infrastructure to human and financial capital, must also be provided as a platform on which the economy can be built. Together, these will constitute the roots of the future economy and the climate in which it can thrive.

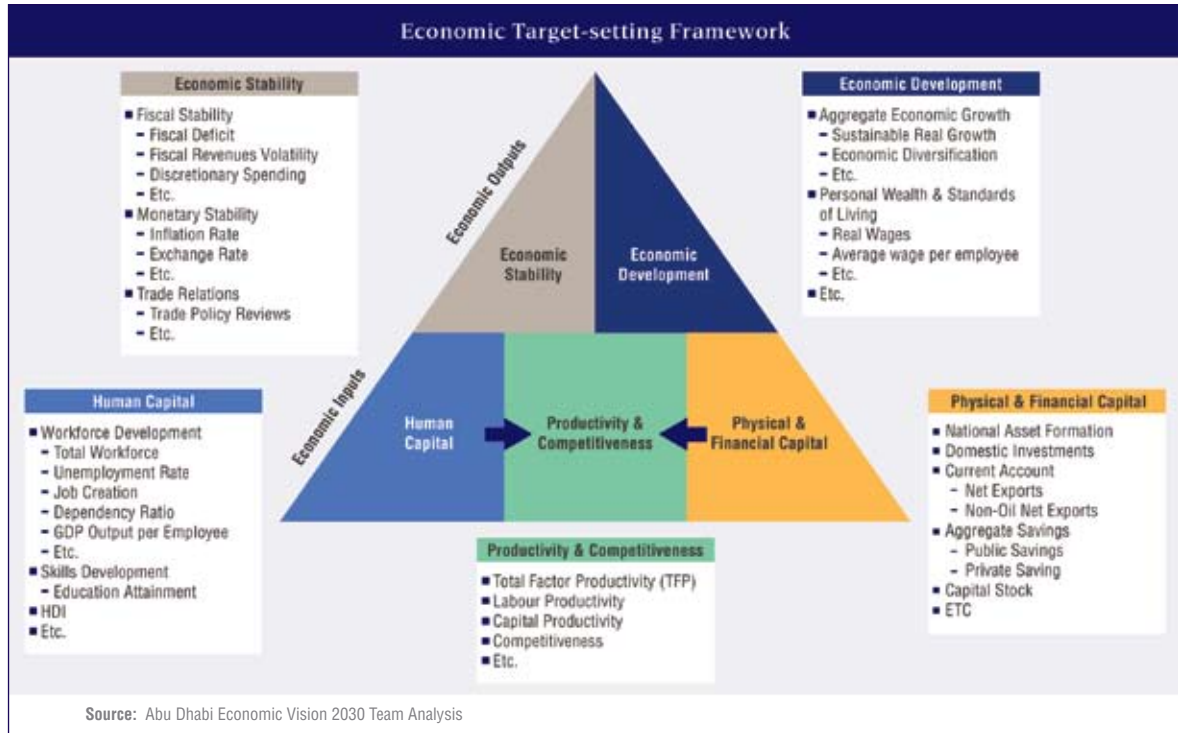
Abu Dhabi will therefore build an open, efficient, effective and globally integrated business environment, streamlining government processes and facilitating business and investment. It will also significantly improve the efficiency of the labour market and adopt both a fiscal policy that is responsive to economic cycles and a safe monetary and financial system with manageable levels of inflation.

When it comes to the Emirate's resources,

infrastructure will be further developed, with a focus on utilities, transport and ICT. Human capital will be enhanced through the improvement of education, training, and other methods to improve both the employability of Nationals and the productivity and competitiveness of the workforce in general. Finally, financial markets will be encouraged and further developed in such a way to become the key financiers of economic sectors, industries, and projects. An enabled economy will lead the way towards sustainable development and growth, which will be achieved, in the context of Abu Dhabi, through the effective expansion of a number of strategic economic sectors. These sectors are expected to form the Emirate's engines of economic growth and diversification:

- Energy – Oil & Gas
- Petrochemicals
- Metals





- Aviation, Aerospace, & Defence
- Pharmaceuticals, Biotechnology, & Life Sciences
- Tourism
- Healthcare Equipment & Services
- Transportation, Trade, & Logistics
- Education
- Media
- Financial Services
- Telecommunication Services

The realisation of Abu Dhabi's economic aspirations will be guided by a holistic set of measurable and ambitious targets. Abu Dhabi wishes to drive development to new highs, while at the same time ensuring economic stability. The need to safeguard the economy is vital to continue growing in a stable and sustainable manner. Through the harnessing of a combination of human, physical, and financial capital, Abu Dhabi will be able to generate the productivity and competitiveness it needs to drive economic growth forward. With these key factors operating in harmony, the twin targets of economic

development and stability will be met.

The targets Abu Dhabi seeks to meet will only be met and potentially exceeded if all stakeholders in Abu Dhabi strive together to achieve them. Economic development will involve the averaging of growth at 7% through to 2015, and thereafter at 6%. These growth rates will mean that Abu Dhabi will grow at a faster, yet still sustainable, rate than its chosen benchmark countries.

Within overall growth and as part of efforts to diversify, Abu Dhabi will seek to foster non-oil GDP growth at a higher rate than that of the oil sector. The aim is to reach equilibrium in non-oil trade by 2028, thus demonstrating the ability to instil extra depth within the structure of the economy. Economic stability will also be a prime consideration, with the non-oil fiscal deficit set to fall significantly over the target period, while at the same time installing policies that will keep inflation in check to ensure it does not negate the benefits of growth.

Summary of Selected Economic Targets for the Abu Dhabi Economic Vision 2030				
Economic Development				
	Current (2005-2007)	2015	2020	2030
Real GDP Y-o-Y Growth Rate (*) – In % –	16.4%	7.0%	6.0%	6.0%
Non-Oil Real GDP Y-o-Y Growth Rate – In % –	11.8%	9.5%	7.5%	7.5%
Total GDP – In Real 2005 USD Billion –	77.8	167.0	232.1	415.7
Non-Oil GDP to Real GDP – In % –	41%	50%	56%	64%
Non-Oil Net Exports to Real GDP – In % –	-23.6%	-10.8%	-6.0%	0.1%
Economic Concentration – In % of Real 2005 GDP –	37%	28%	24%	20%

(*) Real GDP growth targets are based on the embedded assumption that oil GDP would continue growing at its sustained historic rates. Thus, if this assumption holds going forward, achieving non-oil sector targeted real growth rates would ensure an oil/non-oil GDP split of respectively 36% and 64% by 2030
Source: Abu Dhabi Economic Vision 2030 Team Analysis

On the human capital side, Abu Dhabi will reduce unemployment among the national population to 5%, effectively achieving full employment. Through such stable and realistic growth targets, the Government aims to increase GDP by more than five times by the year 2030. Even with the expected rise in population, this will result in a healthy growth in income and wealth for all those residing in the Emirate of Abu Dhabi.

Physical and financial capital would be further expanded. National asset formation, involving both exports and investments, should grow more than five-fold over the target period. This growth will be mirrored by the development of consistently high

national savings levels from both the public and the private sectors.

All in all, reaching these ambitious targets will confirm and further enhance Abu Dhabi's status as a globally relevant destination. With its wealth and natural resources, Abu Dhabi can already claim a stake on such a title, yet this strength can be better asserted through improving business methods and economic competitiveness. Productivity and efficient business standards will further improve the reputation of Abu Dhabi, and in combination with the other targets being set for the Emirate at large, the Emirate should become a shining example on the international business stage.

The Vision

Required Policy Priorities;
Areas of Policy Focus and Associated Objectives

The Abu Dhabi Economic Vision 2030

The Vision

Required Policy Priorities; Areas of Policy Focus and Associated Objectives

By 2030 Abu Dhabi intends to build a sustainable and diversified, high value-added economy that is well integrated into the global economy and that provides more accessible and higher-value opportunities for all its citizens and residents.

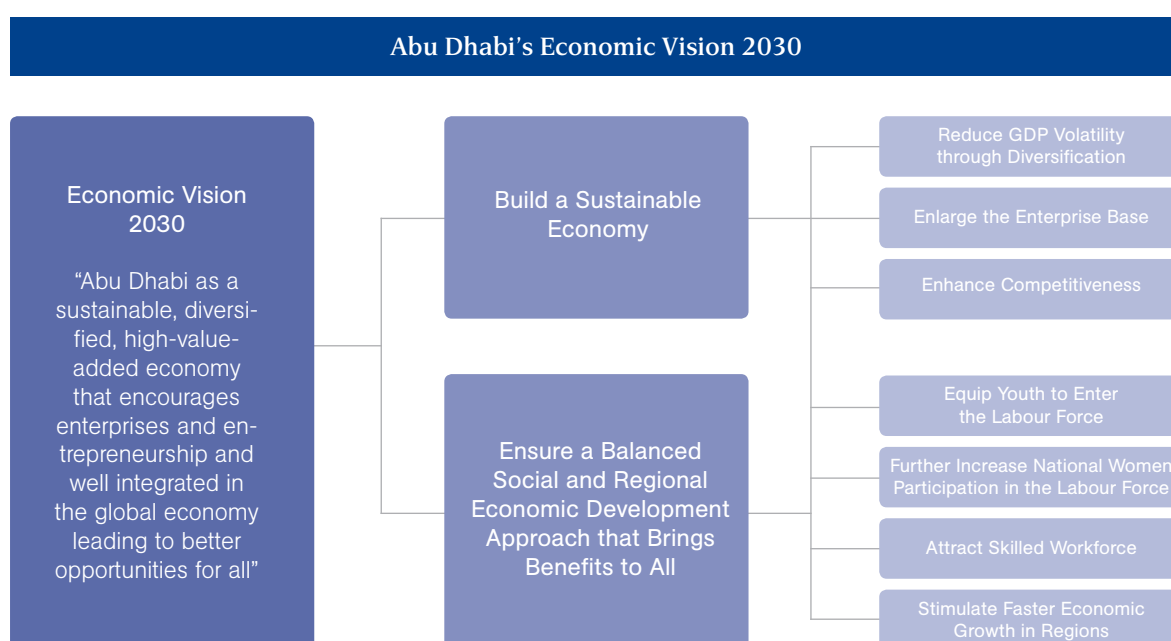
The task force has identified that the realisation of this stated vision for economic success must necessarily be based on two required economic policy priorities:

Policy priority one:

Abu Dhabi will build a sustainable economy

Policy priority two:

Abu Dhabi will ensure that social and regional development is balanced to bring the benefits of economic growth and wellbeing to the entire population of the Emirate.



For both of these economic policy priorities a number of specific core objectives have been identified. A sustainable economy will be built primarily through diversification, which is proven to reduce the volatility of economic growth. Diversification means not only broadening the number of economic sectors taking part in economic activity, but also enlarging the enterprise base, encouraging entrepreneurs, small businesses and Foreign Direct Investment (FDI), as well as developing National Champion enterprises to act as economic anchors. Abu Dhabi will also enhance competitiveness and improve productivity.

To ensure that social and regional development reaches all sections of society, Abu Dhabi will equip its youth to enter the workforce and maximise the participation of women, particularly Nationals, from across the Emirate. Abu Dhabi will also continue to attract a skilled workforce from abroad. Faster economic growth will be stimulated in regional areas.

Whilst these identified objectives will be fundamental to the delivery of the Government's stated economic policy priorities, in order to deliver on each policy priority, a number of areas of ongoing economic policy focus have also been identified. In total there are seven areas for economic policy focus – each one precipitating additional specific objectives that must be achieved in order for the Government's stated economic vision to be realised.

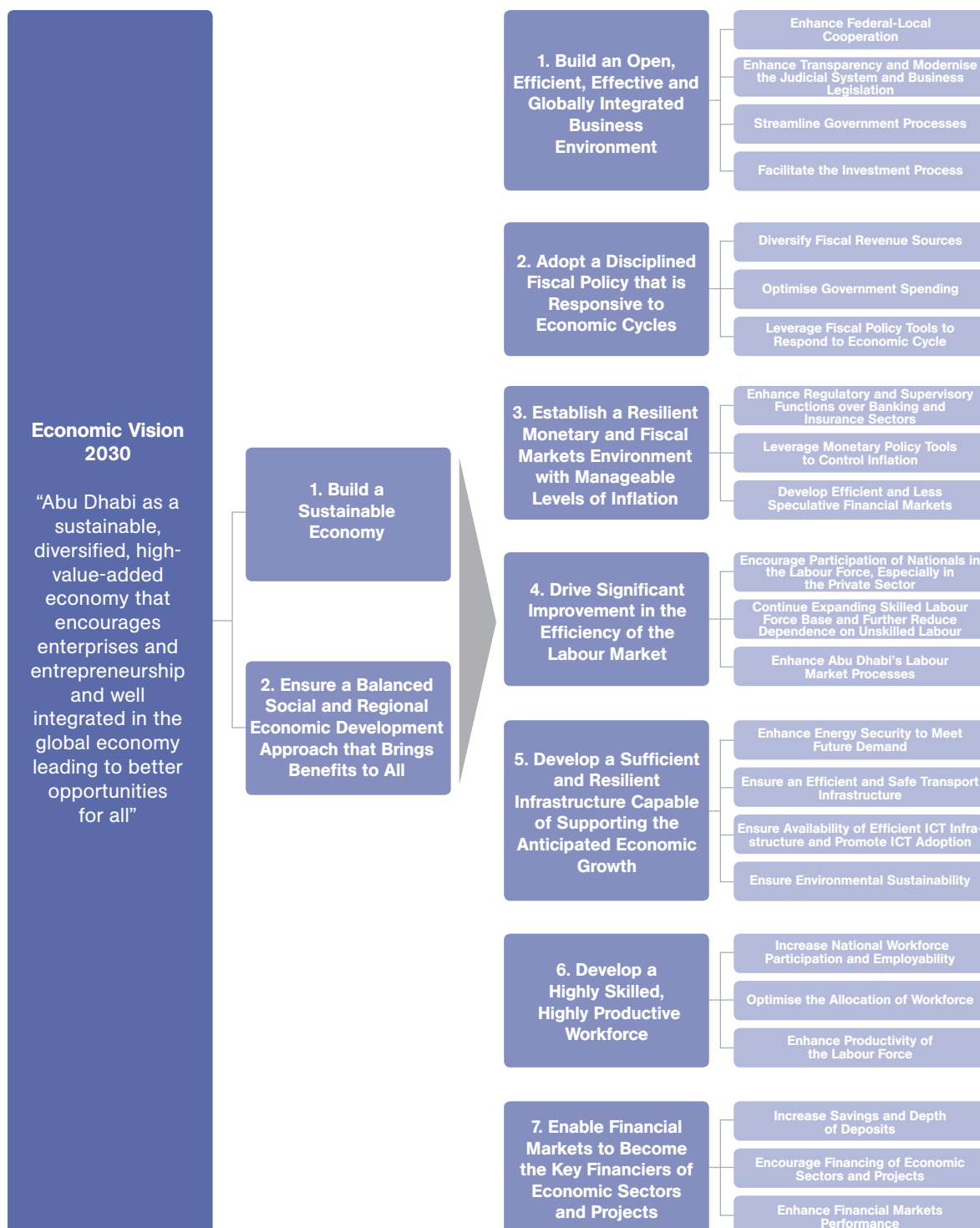
Seven areas of ongoing economic policy focus:

1. Build an open, efficient, effective and globally integrated business environment
2. Adopt a disciplined fiscal policy that is responsive to economic cycles
3. Establish a resilient monetary and financial market environment with manageable levels of inflation
4. Drive significant improvement in the efficiency of the labour market

5. Develop a sufficient and resilient infrastructure capable of supporting the anticipated economic growth
6. Develop a highly skilled, highly productive work force
7. Enable financial markets to become the key financiers of economic sectors and projects

Delivering on these seven areas of policy focus will be fundamental to the success of the Emirate's goals in economic and social development. Achieving them will significantly contribute to the establishment of a sustainable economy that truly makes the benefits of economic and social development available to all. Ultimately, achieving success in each of these areas will ensure that Abu Dhabi's economy is ranked among the most dynamic, open and successful economies of the world within 20 years.

Abu Dhabi's Economic Vision 2030





Section One

Abu Dhabi's Economic Policy Priorities

The Abu Dhabi Economic Vision 2030

Section One

Abu Dhabi's Economic Policy Priorities

1. Abu Dhabi will build a sustainable economy
2. Abu Dhabi will ensure that social and regional development is balanced to bring the benefits of economic growth and wellbeing to the entire population of the Emirate

1. Building a Sustainable Economy

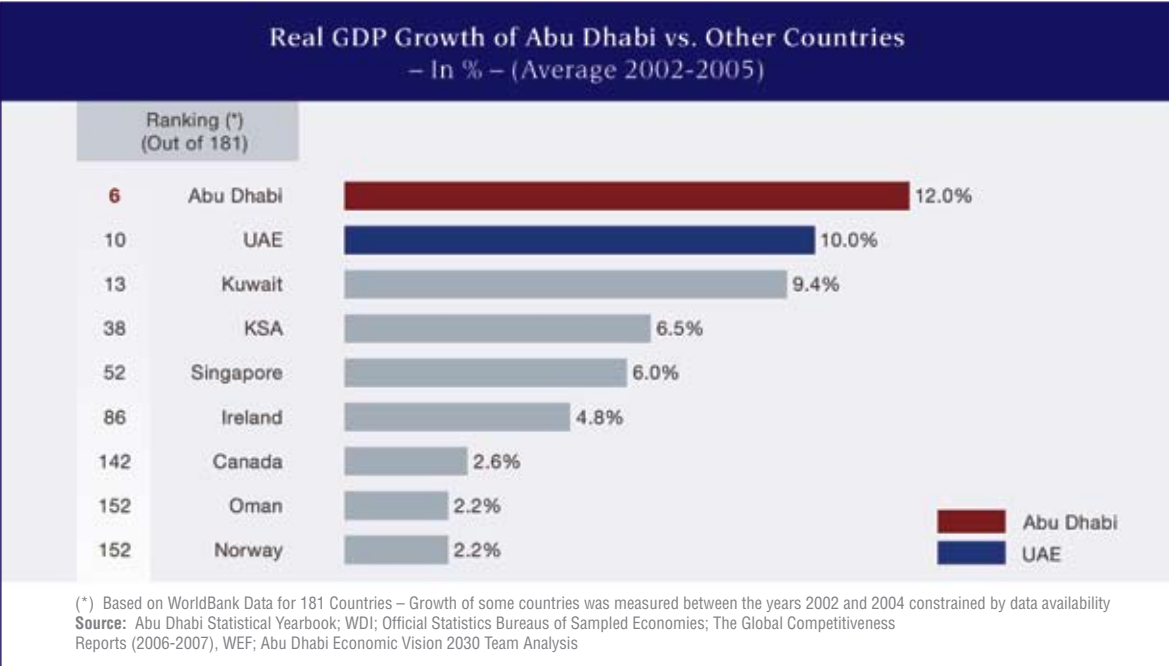
After an unprecedented period of economic growth, Abu Dhabi must build upon the strong legacy of the past in order to develop a sustainable and vibrant economy for the future.

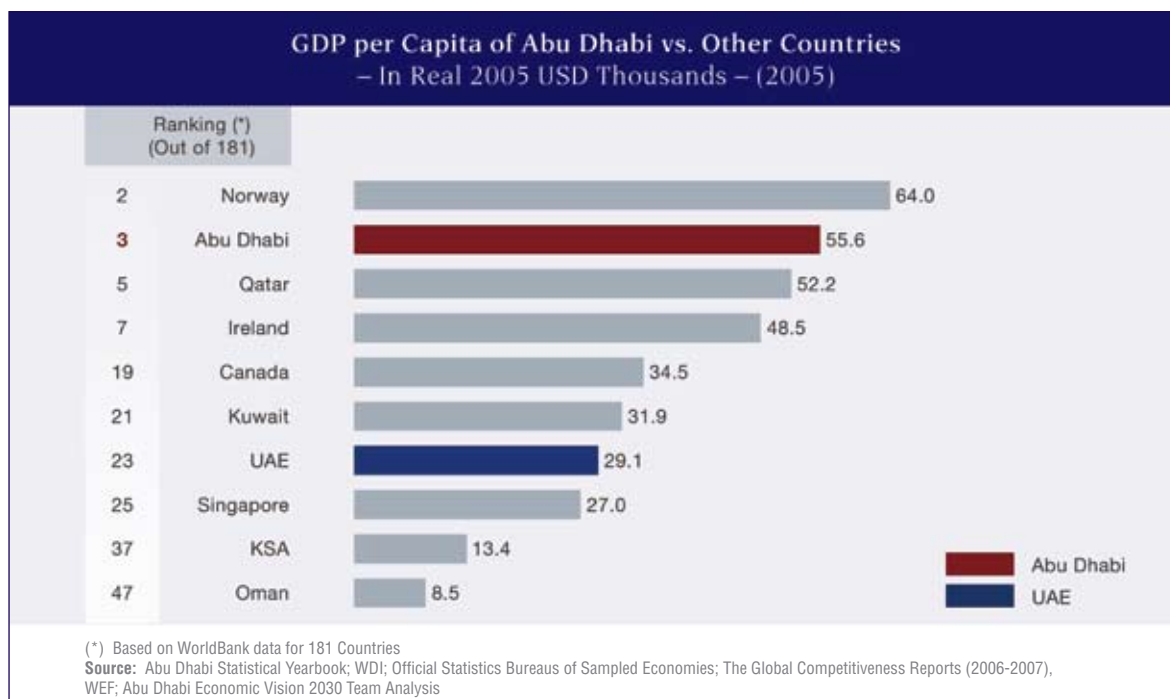
According to major economic indicators, Abu Dhabi currently enjoys an enviable position: economic growth is accelerating; per capita income is one of the highest in the world; and Abu Dhabi's citizens are wealthier and healthier than ever before. Underpinning all this, the Emirate's chief export, crude oil, is enjoying a period of ever-stronger demand, fetching high prices on the international market and providing the Emirate with the means for further development. Such circumstances give Abu Dhabi the opportunity to ensure its long-term prosperity, leveraging the current wealth to build a more sustainable and stable economy. To this end, Abu Dhabi needs to assess the structure

of its economy and identify adjustments and improvements that can be made. Economic growth is currently coupled too closely with oil prices and the key to more sustainable development lies in stimulating non-oil sectors, diversifying the range and depth of economic activity taking place in the Emirate, and increasing productivity through a focused approach on Abu Dhabi's competitive advantages.

The Drive to Diversify

Since the 1960s, the oil industry has been the main engine of Abu Dhabi's development. The Emirate





is home to the world's sixth largest proven oil reserves, of around 98bn barrels, and is the world's tenth largest producer, at around 2.5m barrels per day (bpd), most of which is for export. It is estimated that this provides the Emirate with more than \$90bn a year in revenues at current prices.

Abu Dhabi has invested these revenues to develop key areas of the economy and to provide the services required of a modern society. Crude oil therefore plays a primary role in the development of the local economy, but it also contributes to the vital role the Emirate plays in the wider global economy.

As a result of its oil, Abu Dhabi is a significant global exporter of goods and services, linked to the world's largest economies through trade. The UAE is also a member of OPEC, and plays an important role in safeguarding the stability of oil supply and prices in world markets.

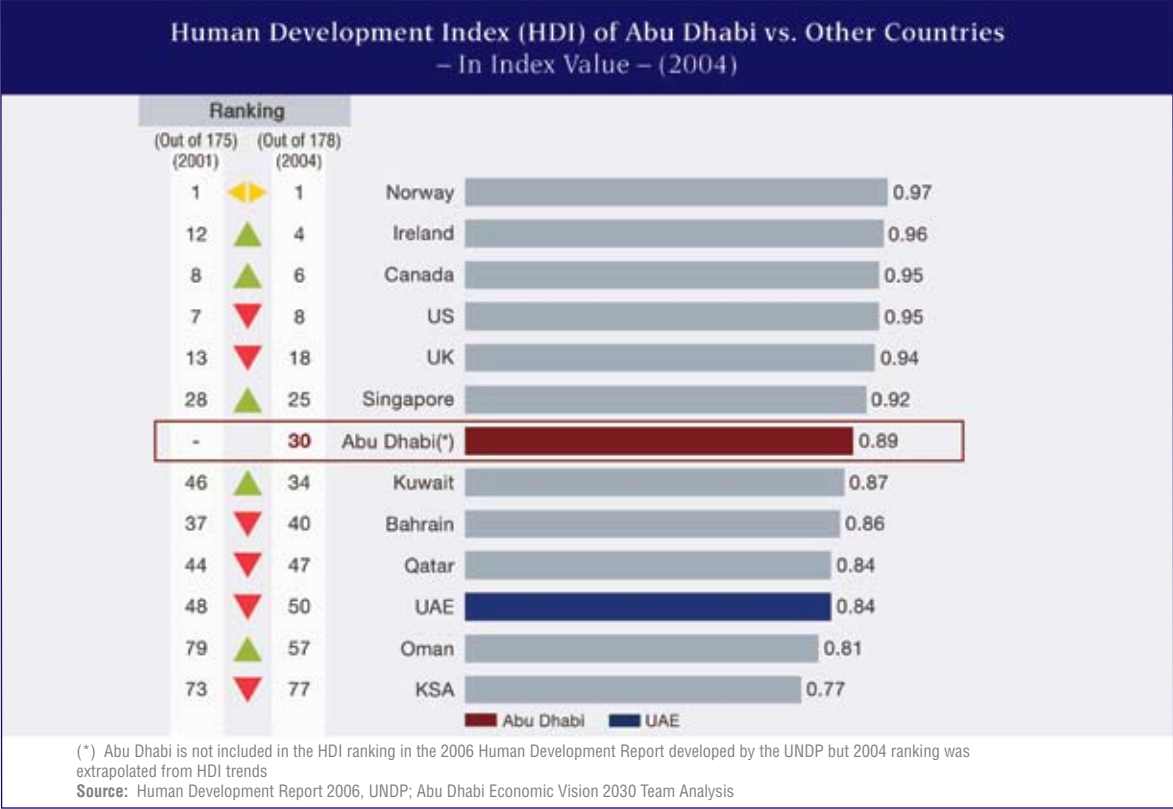
Over the past decade, Abu Dhabi has become one of the world's fastest growing economies. Real GDP growth reached 12% in 2006 and was as high as 19.4% in 2004.

Abu Dhabi needs to use its current oil wealth to move towards a more diversified economic base.

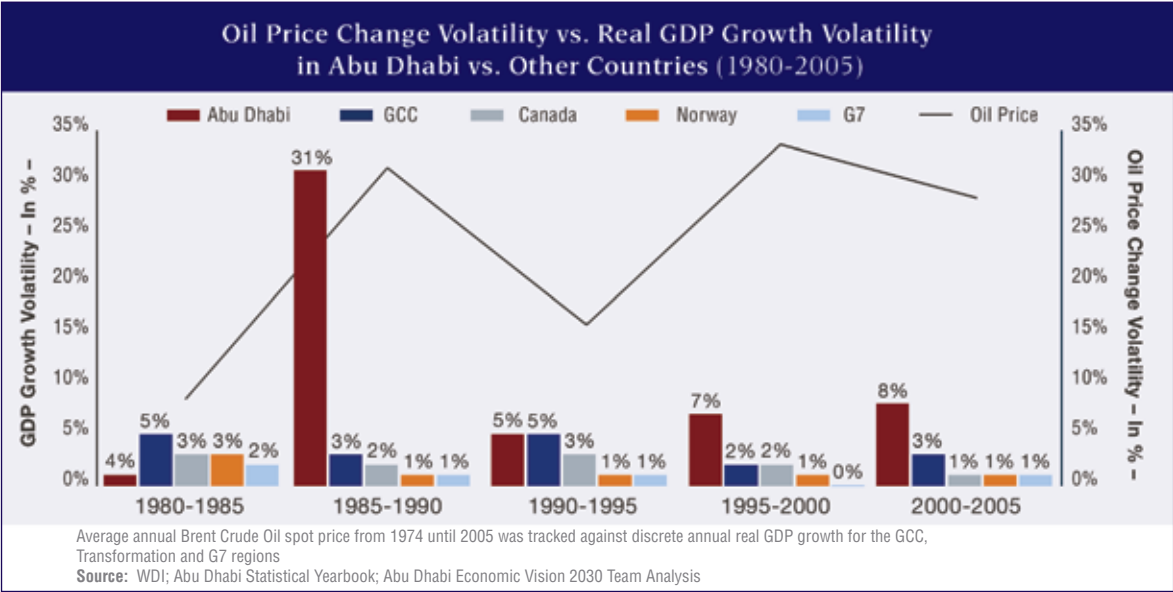
Despite rapid population growth, both through immigration and the national birth rate, the Emirate's GDP per capita has also increased substantially. Real GDP per capita grew an impressive 20% in just four years, reaching \$55,600 in 2005, placing the Emirate among the world's highest income economies.

As a result, Abu Dhabi's citizens and residents enjoy one of the highest standards of living in the region. If it were assessed alone, the Emirate would rank 30th on the UNDP's Human Development Index (HDI), which measures quality of life (according to life expectancy, education and literacy, and purchasing power) in 178 countries.

Despite such promising trends, economic growth shows signs of high volatility. Volatility is particularly high in Abu Dhabi compared with benchmark G7 and transformation economies or even compared



Real GDP per capita has grown by 20% over the past four years, and has given the Emirate one of the highest incomes internationally.



with the GCC as a whole. Not surprisingly, the primary role oil plays in the economy means that GDP growth tends to be overly sensitive to fluctuations in the oil price.

The economy is less vulnerable today than it was twenty years ago, when GDP growth volatility was as high as 31%. Nonetheless, even at 8% volatility over the last decade, there are not enough tools or indicators with which economic planners can shape the optimal policies for the market. Although Abu Dhabi is currently enjoying high growth rates, it is not currently possible to guarantee that one year will be as good as the previous, in other words, that volatility will be reduced. It is essential that Abu Dhabi creates a more sustainable pattern of growth, in which it can guarantee healthy economic development over extended periods of time, capable of softening the impact of external factors such as the oil price and other exogenous shocks.

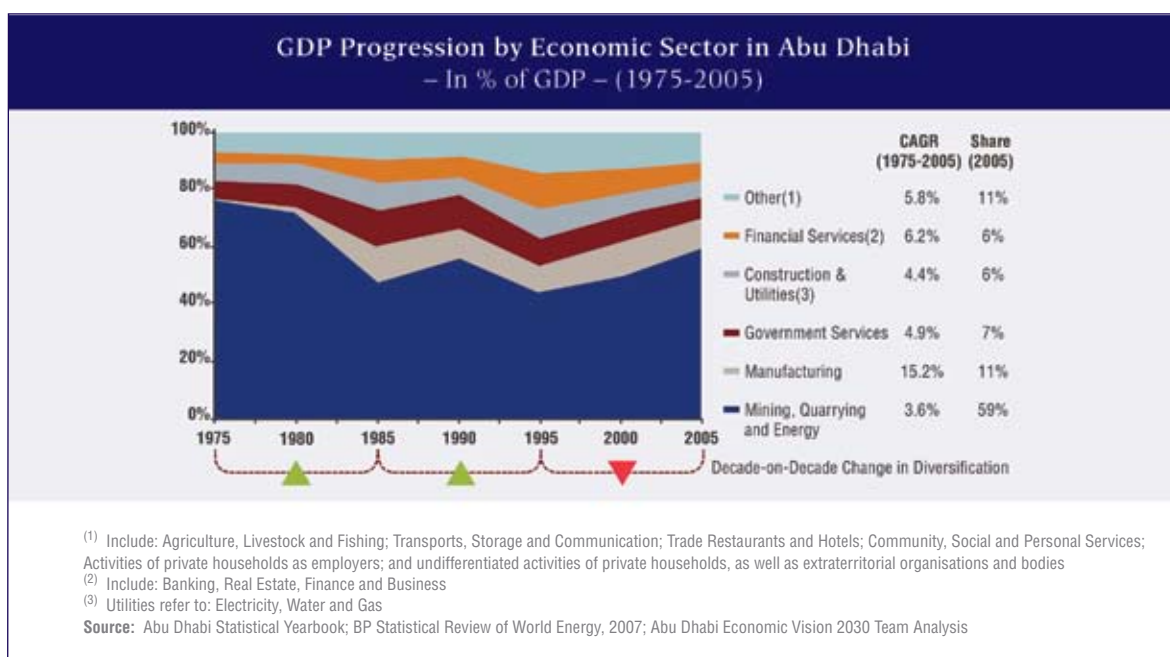
Mining, quarrying and energy – essentially upstream oil and gas in the Abu Dhabi context – have contributed an increasing share of GDP in the past decade, rising steadily from 44% in 1995 (an era of relatively low oil prices) to 59% in 2005.

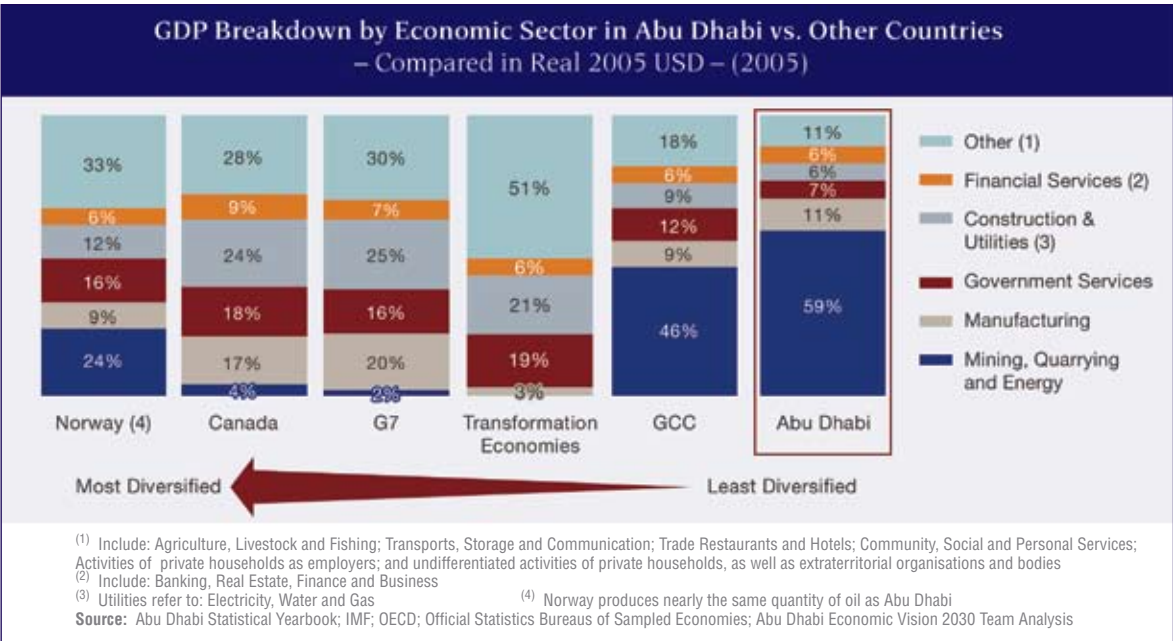
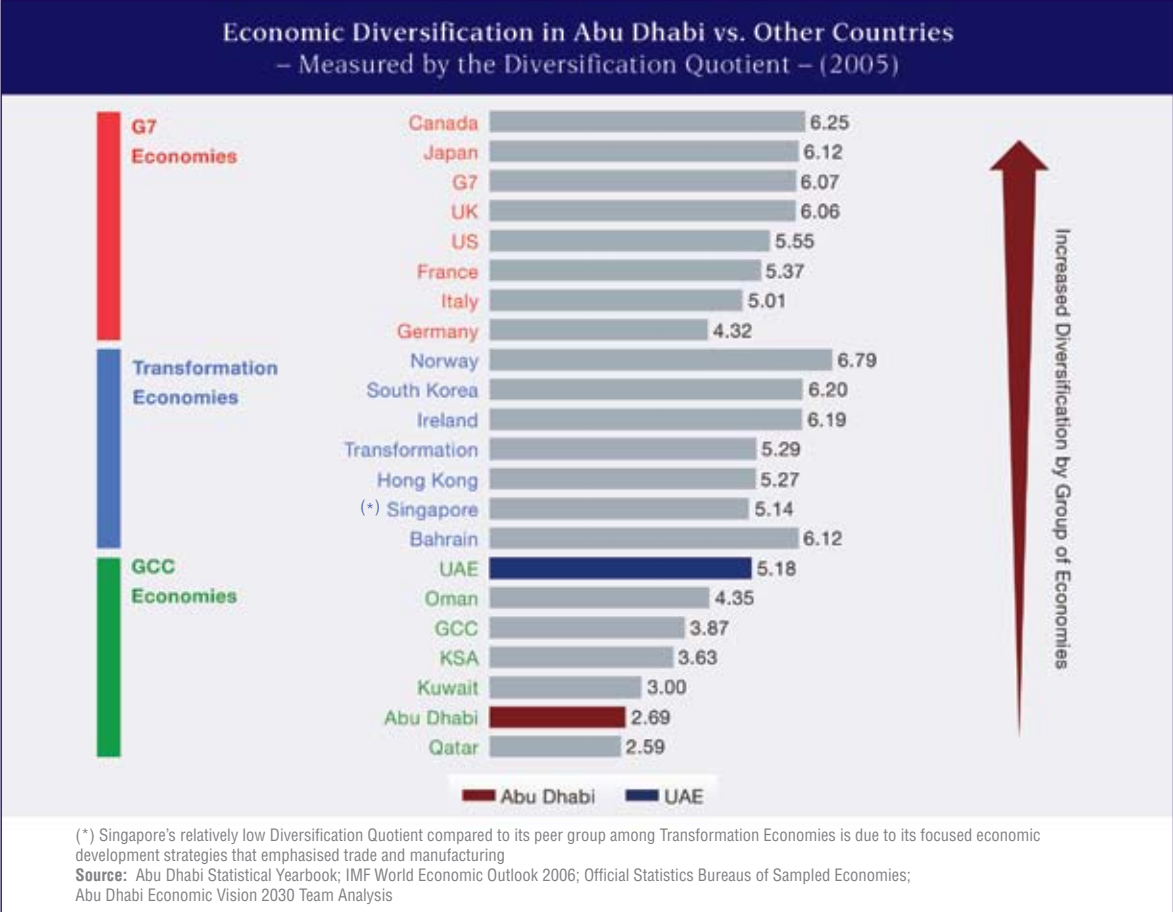
The economy has necessarily become more oil-dependent as the oil price has risen.

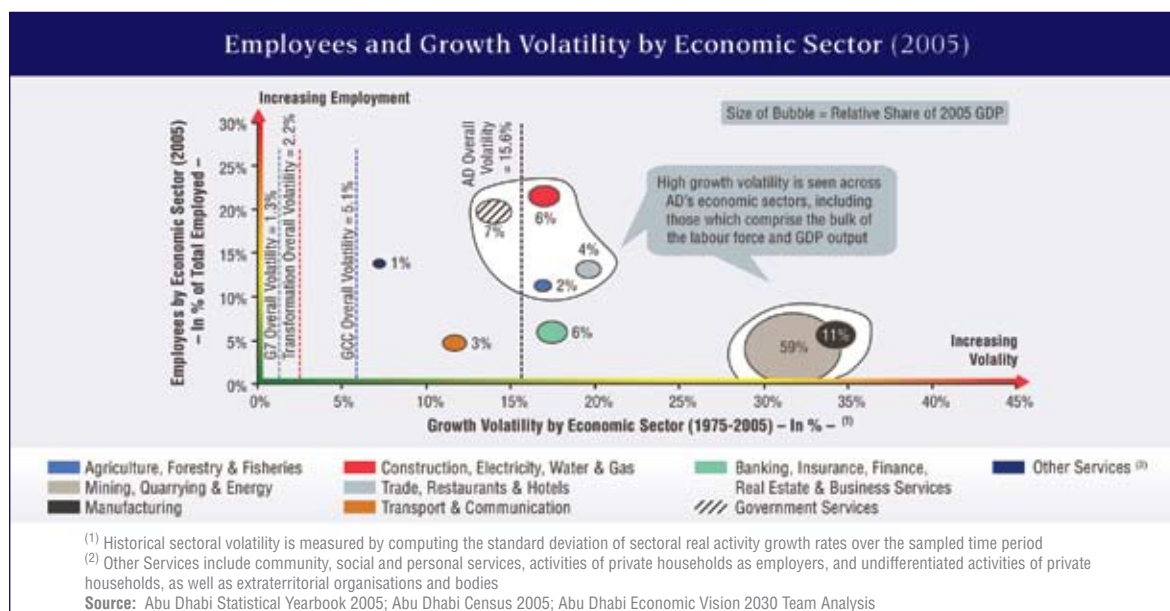
Real GDP per capita has grown by 20% over the past four years, and has given the Emirate one of the highest incomes per capita internationally.

In fact, the high share of the oil sector in economic output means that Abu Dhabi is one of the most concentrated economies in the GCC, with only Qatar appearing less diversified. To provide further context, Norway, which produces similar quantities of oil as Abu Dhabi, the minerals, mining and energy sectors account for just 24% of GDP. Although the oil sector is the single largest contributor to economic activity in both Norway and Abu Dhabi, it is far less dominant in Norway.

Employment in Abu Dhabi is also highly concentrated in certain sectors. Construction and government services account for more than half of all employment. Some 13% of the workforce is employed in trade, restaurants and hotels. These sectors also demonstrate high levels of growth







volatility, and the dual concentration of GDP and employment in certain sectors leaves Abu Dhabi vulnerable to economic fluctuations. In short, this form of employment concentration and economic volatility across Abu Dhabi's economy leaves it vulnerable to shocks that could be amplified due to such concentrations.

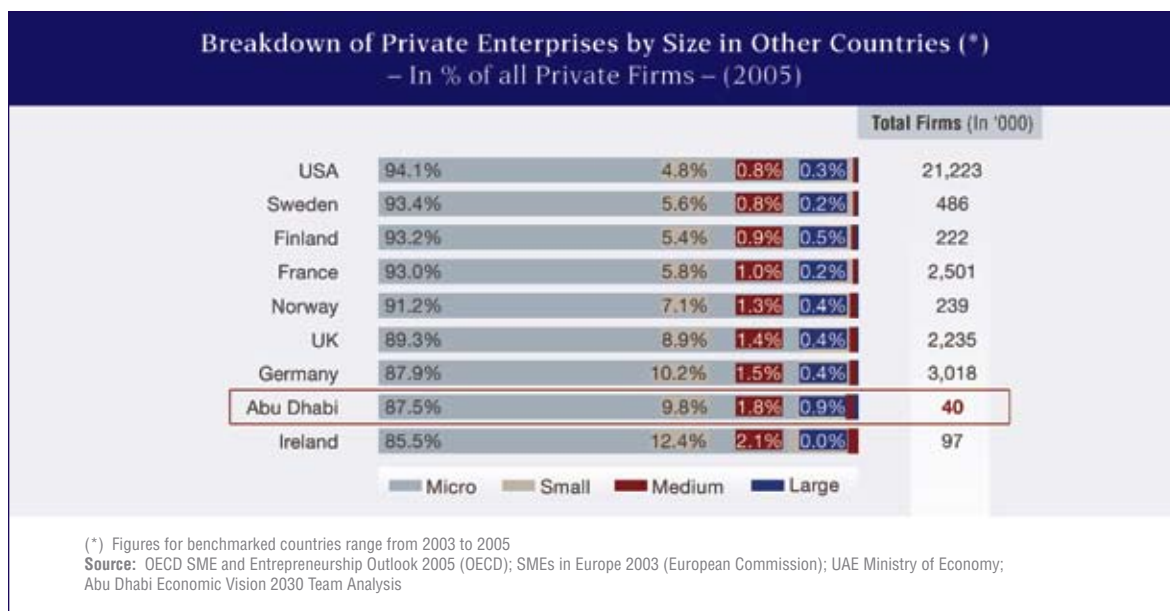
There is a clear and demonstrable link between economic diversification and economic sustainability. The route to sustainability therefore starts with diversification. In fact, as soon as Abu Dhabi furthers its economic diversification by stimulating non-oil sectors, and especially into export-oriented businesses, the volatility in the economy's growth will in turn start to decrease.

Sectoral diversification alone, however, is not necessarily enough. In Abu Dhabi, even the non-oil sectors demonstrate sensitivity to the oil price, because they tend to be inward-looking and oriented to the domestic market, and are therefore reliant on domestic liquidity. When the oil price is high, there is plenty of money to support growth in these sectors; when it is low, and liquidity is squeezed, the non-oil sectors grow at slower rates. This explains Abu Dhabi's high volatility compared with its peers. Diversification must therefore be directed towards export sectors in order to de-couple overall growth from volatile oil receipts.

Abu Dhabi's aim is to stimulate non-oil sectors rather than to reduce activity in the oil sector. As a

SME Development Initiatives

In order to encourage the development of SMEs, the Abu Dhabi Government established the AED1bn Khalifa Fund, which provides financial and professional assistance to local entrepreneurs. UAE Nationals may apply for low-interest loans or venture capital of up to AED3m for new businesses, and up to AED5m for established businesses that wish to expand. In addition, the Khalifa Fund provides a range of other assistance to entrepreneurs, including training programmes, business consultancy and physical facilities to incubate new businesses, shared services – accounting, HR and administrative support – to reduce costs. The private sector is also supporting SME development through various training programmes, development initiatives and products and services designed for entrepreneurs, including special banking products and business assistance. The Abu Dhabi Businesswomen Council's (Mubdiaa) programme also supports home-based businesses for women, providing loans, guarantees or equity investments as well as training, marketing and technical assistance.



major crude oil producer, the Emirate is committed to supporting the international economy by playing its role in ensuring stable oil prices and supplies.

As a result, the oil sector will continue to grow rapidly, and Abu Dhabi will continue to use its oil wealth to drive and underpin domestic economic growth.

Assuming that the hydrocarbon sector continues to grow at historic rates, Abu Dhabi aims to achieve a 64% contribution to GDP by the non-oil sectors, including petrochemicals, by 2030, which will reverse the current pattern of sectoral contribution to GDP.

Abu Dhabi therefore has a clear opportunity to increase GDP growth sustainability and bring greater stability to the economy by pushing for faster growth in export-oriented non-oil sectors. Abu Dhabi wants to attain similar levels of diversification and economic sustainability as other transformation economies such as Norway, Ireland, New Zealand and Singapore, which have successfully made radical transitions in their economic structure and growth cycle over recent decades.

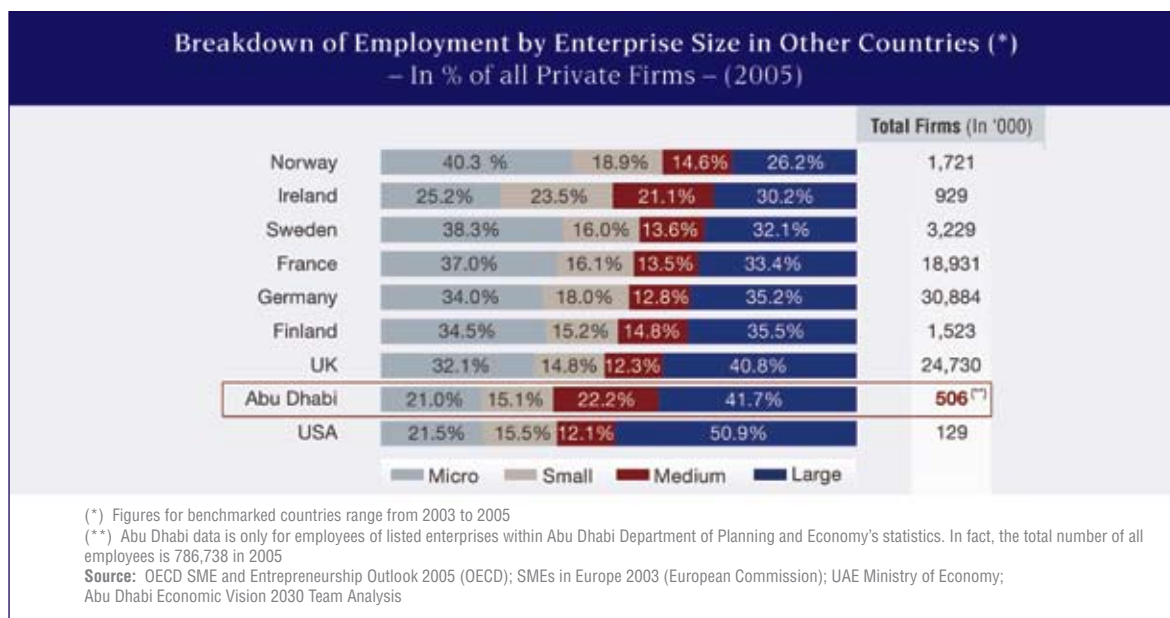
Broadening the Enterprise Base

Analysis of Abu Dhabi's emerging private sector shows a healthy proportion of large and small businesses, and a proportionate employment distribution. The proportion of large to small companies in Abu Dhabi differs little from that seen in international benchmark economies, in particular Ireland and Norway.

Similarly, employment distribution among the various-sized enterprises is comparable to benchmarks, although large companies have gained an increasing share of human capital since 1995.

The Emirate's emerging private sector is growing quickly, and the proportion of large to small business in Abu Dhabi is in line with developed international economies.

There is some imbalance, however, between the economic output of large and small enterprises, largely as a result of the dominance of the oil sector. Contribution to GDP is highly concentrated in large enterprises, suggesting that there is room



for improvement in the productivity of small and medium-sized enterprises (SMEs). In the majority of G7 economies, SMEs account for a greater proportion of GDP than large enterprises.

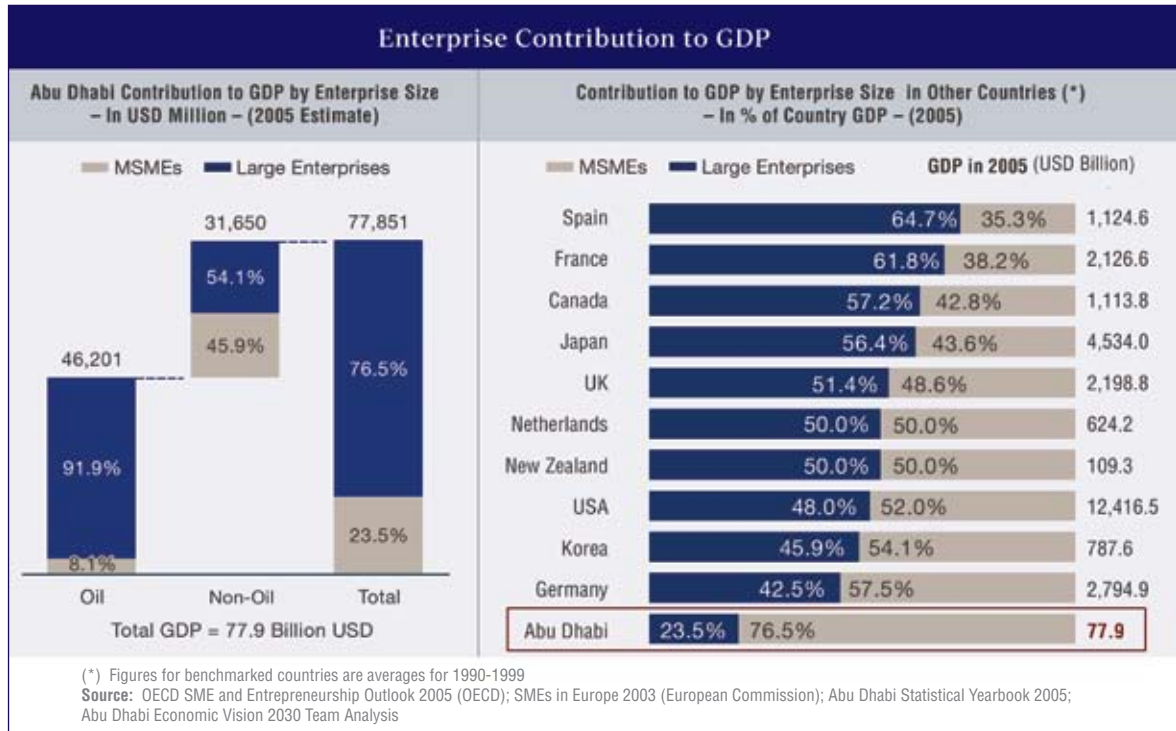
Developing the SME sector will bring Abu Dhabi in line with its benchmarks, and at the same time reduce the economy's exposure to risks, encourage innovation and create jobs.

There is room for improvement in the productivity of SMEs.

Abu Dhabi's immediate priorities of sustainable economic growth and non-oil focused sector diversification can be quickly achieved through the development of "National Champions": large enterprises that underpin the economy and around which industrial and service clusters could develop. The building of "National Champions" has been favoured by countries with a particular competitive advantage, such as leadership in a certain technical field, or an abundance of certain resources, such as a large workforce or availability of a natural resource. With its abundant energy

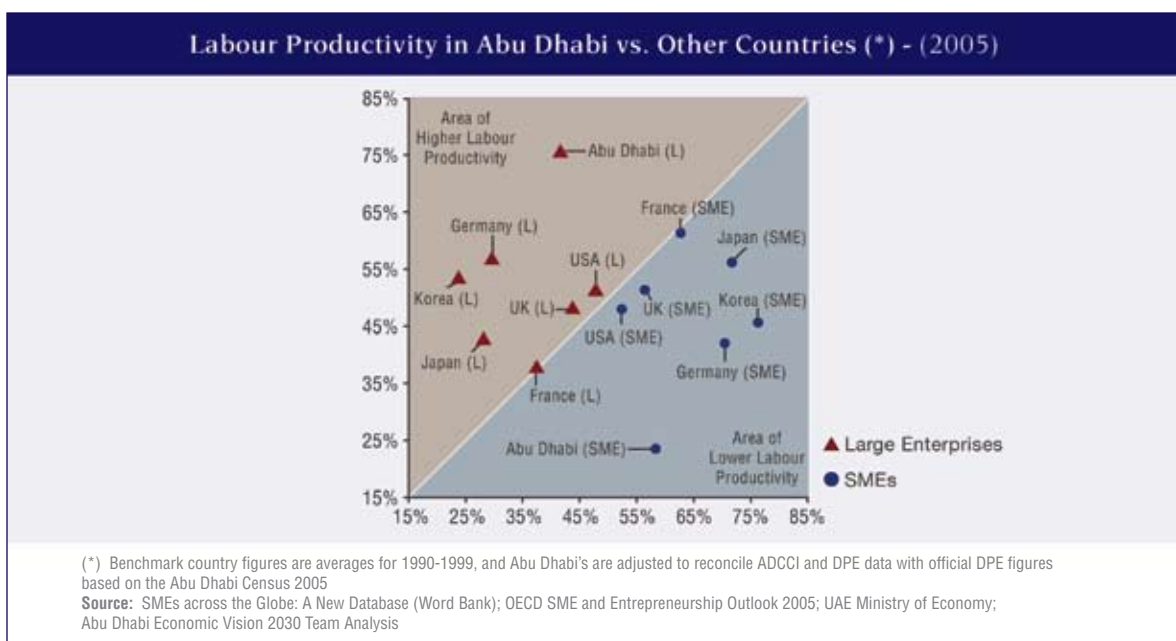
and capital, Abu Dhabi fits this profile. Historically, countries focused on "National Champions" have been vulnerable to financial and economic aggregate shocks such as the collapse of an industry, recession in key export markets, or money and capital market crises.

Diversifying the enterprise base to include a larger number of economically active SMEs spreads and fragments this risk and reduces the adverse effects of shocks on the economy as a whole. At the same time, competition among a larger number of SMEs, or cooperation within an SME cluster, enables the kind of economic and technological innovation that will maximise growth in high value-added economic sectors and could potentially spawn the next generation of "National Champions". Finally, the SME sector has been shown elsewhere to create more and better quality jobs, which will become a more pressing concern as the Emirati population of Abu Dhabi increases. The development of SMEs will also open new opportunities by offering entrepreneurs, business owners and venture capitalists a thriving environment to grow.



In order to broaden its enterprise base, Abu Dhabi needs to develop a hybrid strategy balancing the development of large “National Champions” and the encouragement of SMEs.

This will be achieved by increasing the overall economic importance of the non-oil sector, in which SMEs play a more proportionate role, and by further stimulating SMEs in both the non-oil and oil



sectors. SMEs tend to thrive when they are given access to capital and when favourable business conditions are created through institutional and legislative reform. Some countries have used SMEs to develop leadership, human capital, and technical know-how in fast-growing sectors.

Maximising Competitiveness

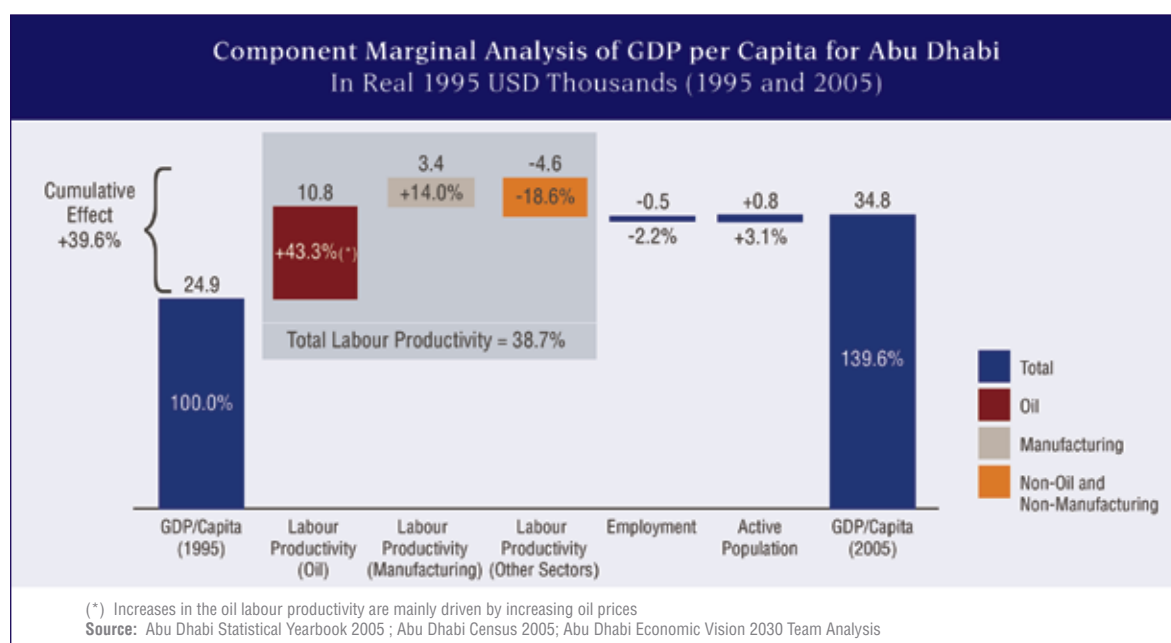
Although there has been a substantial increase (around 40%) in overall GDP per capita over the past decade, this statistic does not reveal the full story. Labour productivity, when calculated as income generated per employee, grew substantially in the oil sector, driven largely by price hikes, and the manufacturing sector. But these gains masked a decline in productivity in other sectors. In fact, the decline in the productivity of other non-oil sectors negated some of the gains made by the oil and manufacturing sectors, where their combined productivity increased by an approximate 60% over the past decade.

Moreover, there is a wide productivity gap between SMEs and large enterprises. Again, this is primarily due to the contribution of the oil sector, which is

dominated by large enterprises, ensuring that labour productivity in this segment is considerably higher than that in large enterprises in most other countries. At the same time, however, labour productivity appears to be surprisingly low in the SME sector, suggesting that smaller companies are not as competitive in Abu Dhabi as they are elsewhere.

By shifting employment from low productivity sectors, such as government and construction, and directing the workforce to more productive sectors, such as higher value-added industry, overall productivity will improve. Labour productivity can also be improved through investment in training, technology and improved production methods. Improving productivity in other sectors of the economy would therefore have noticeable benefits for the overall competitiveness of the economy, enhance economic well-being and reduce exposure to oil price fluctuations.

Labour productivity has grown in the oil industry over the past decade, but has simultaneously declined in non-oil sectors.



Abu Dhabi Economic Vision 2030 Objectives

Abu Dhabi will build a sustainable and stable economy through the diversification and broadening of its enterprise base across a range of different sectors, and by taking steps to improve the competitiveness of the local private sector. To achieve this, the Emirate will pursue three primary objectives:

Objective 1

Reduce GDP volatility through diversification

Abu Dhabi will aim to reduce the volatility of overall economic and GDP growth through diversification. Diversifying away from oil into other economic sectors will minimise the impact of oil price fluctuations and other shocks, ensuring more stable and predictable economic growth. In order to do this, Abu Dhabi will focus on capital-intensive, export-oriented sectors where the Emirate can have or build a competitive advantage.

Objective 2

Enlarge the enterprise base

It is important to enlarge the enterprise base, both through the continued growth and expansion of large National Champions, attraction of FDI in leading-edge technology sectors, and through the stimulation of a more vibrant SME sector. This will provide more meaningful opportunities for UAE Nationals, encourage innovation in higher value-added sectors, and mitigate the risk to the economy of shocks to larger enterprises.

Coupled with the traditional support mechanisms – financial or technical that could be offered to SMEs, it is expected that the revision of anti-trust laws, the removal of entry barriers into some economic sectors, and encouraging market-based competition mechanisms will encourage entrepreneurship and foster the SMEs sector growth.

Objective 3

Enhance competitiveness

Abu Dhabi will enhance competitiveness and productivity. Not only will steps in this regard bolster the entrepreneurial SME sector, but it will also generate significant economic growth in an underperforming segment of the economy. By focusing on capital-intensive industries and internationally traded services and optimising the workforce in low-productivity areas, companies will be able to make capital and labour work more efficiently, greatly increasing the overall competitiveness of the economy.

2. Ensuring a Balanced Social and Regional Economic Development Approach that Brings Benefits to All

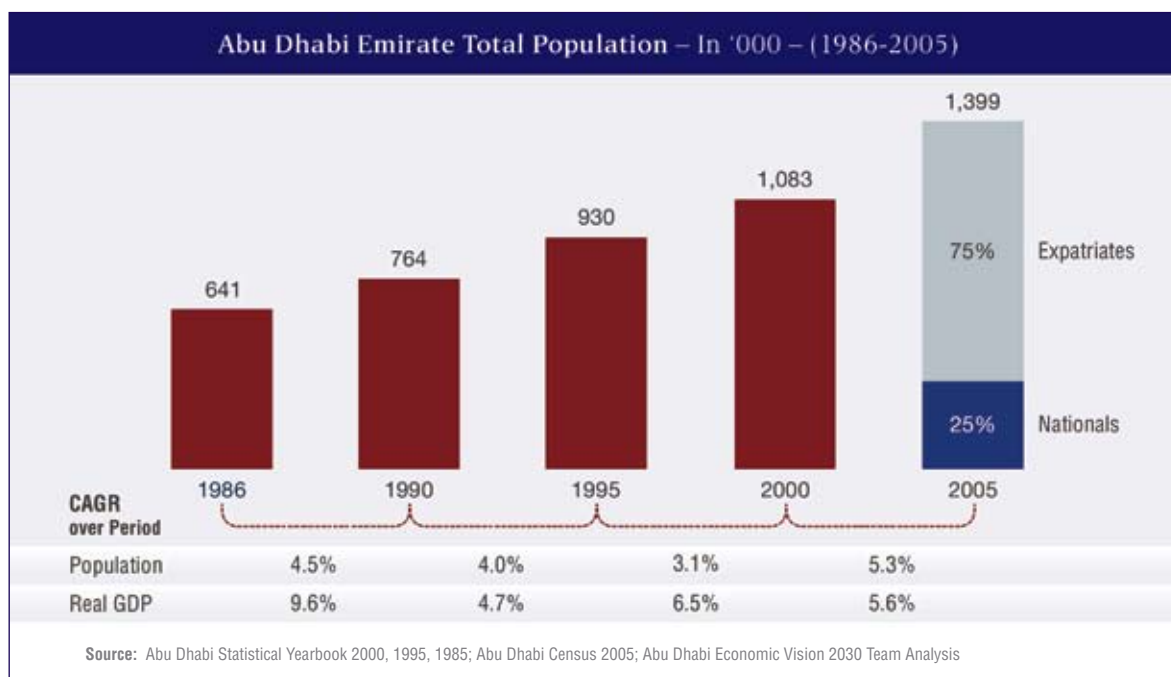
Rapid population growth has followed economic success, and Abu Dhabi must ensure that the benefits of social and economic development are shared among all the Emirate's residents.

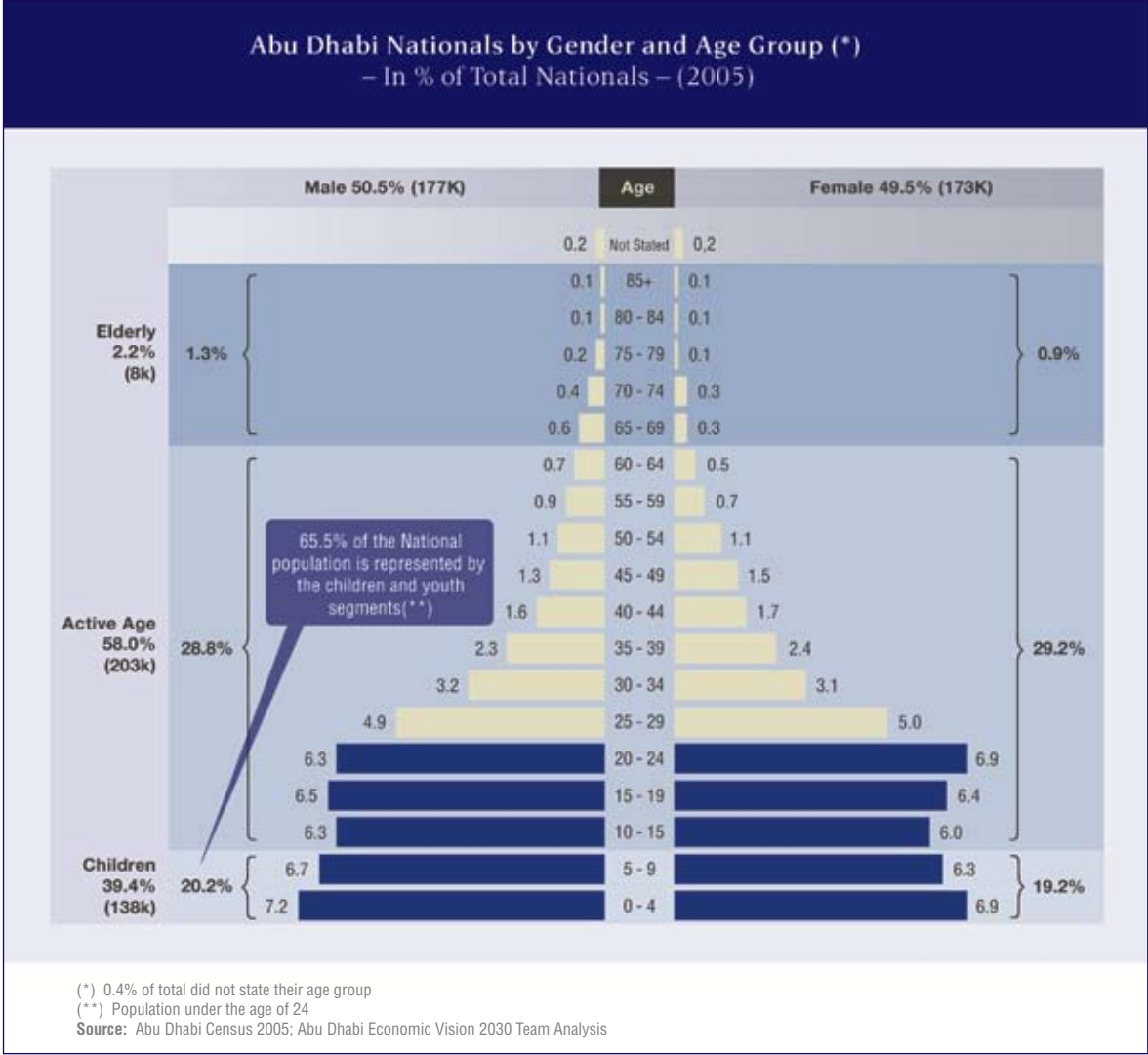
Rapid economic growth has resulted in an unprecedented population boom in Abu Dhabi. In fact, the population of the Emirate has doubled in just two decades, both as a result of high birth rates and improved health among UAE Nationals, and as a consequence of the immigration of expatriates seeking work in its expanding economy. The larger population presents Abu Dhabi with a great opportunity, providing the manpower to staff a twenty-first century economy. It is Abu Dhabi's intention to ensure that its citizens

are well equipped with the skills and knowledge to tackle the challenges of the future.

At the same time, it is important that the Government monitor closely the social implications of development. Abu Dhabi must ensure that the sections of society currently under-represented in

The government is working to ensure that Abu Dhabi's substantial youth population is eventually able to compete in the international economy.





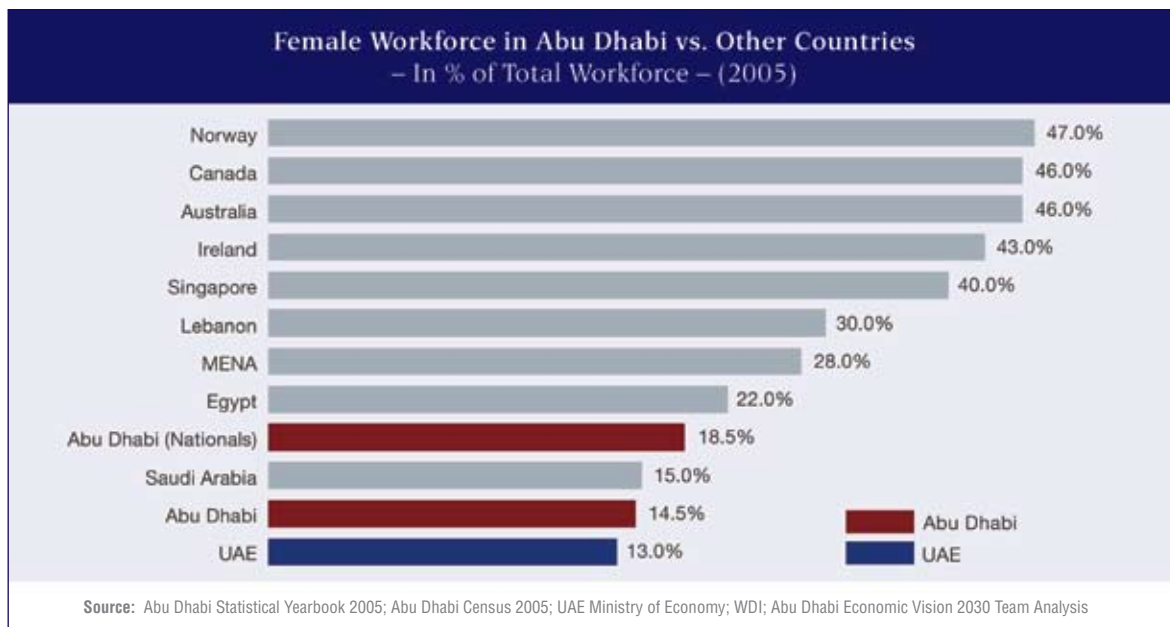
the economy, such as women, are encouraged to participate in economic and social progress. This will be achieved through the provision of better education and employment opportunities and as a result of various development initiatives designed to bring a more equitable development to all facets of the Emirate.

Developing Abu Dhabi's Greatest National Resource

The Emirate's young National population is one of its greatest advantages, ensuring a wealth of

human capital to meet the challenges of the future. Almost two-thirds of Nationals are aged 24 and younger, while two-fifths are beneath the age of 15. This is a significantly higher proportion of youth than that seen in other transformation economies.

These young Nationals will shape the Emirate's future and will be the major economic contributors of tomorrow. Abu Dhabi aims to ensure that, as they enter the workforce over the next two decades, these young Nationals and their successors are equipped for the increasingly competitive global knowledge economy in order



that they can fully take part in and help drive Abu Dhabi's economic and social development.

Empowering Women in the Economy

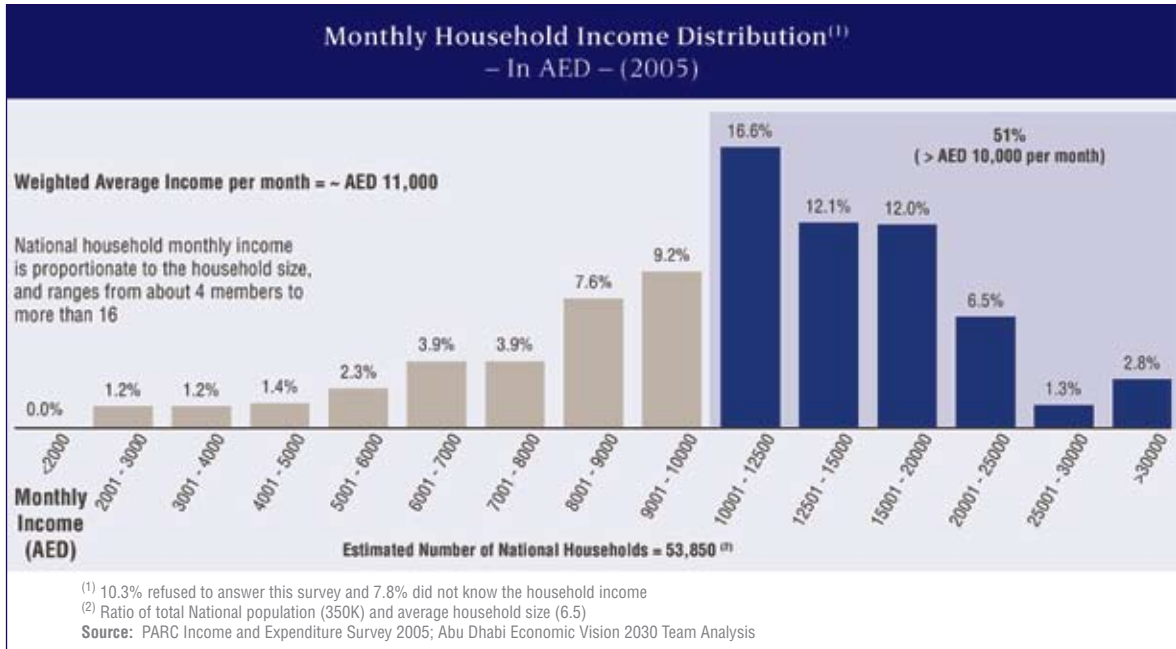
A great deal of progress has been made over the past two decades to bring women into the workforce. The level of employment of female Nationals in Abu Dhabi is higher than in other GCC states. The Emirate outperforms the UAE average and other countries in the region in terms of female economic participation, with 14.5% of the overall workforce and 18.5% of the National workforce being female.

This is a great achievement on which Abu Dhabi will build, both as a result and as a requirement of further economic growth. Abu Dhabi's benchmark economies have very strong records when it comes to getting their women into the workforce and the Government would like to achieve comparable figures. Ireland and Singapore boast a workforce which has more than 40% female participation, while almost half of Norway's workforce is composed of women.

The Western Region Development Council will work to attract investment and encourage growth in one of the Emirate's less developed areas.

Encouraging more National women into the workforce will give a boost to the economy, making better use of the Emirate's human resources and reducing reliance on expatriate labour as well as giving women the opportunity to shape the direction of Abu Dhabi's economic development. Encouraging female employment will also have the desirable effect of increasing and diversifying household incomes.

Currently, the income of National households in Abu Dhabi tends to be in proportion to the size of the household. While household incomes are relatively high among Nationals, with more than half of households earning more than AED10,000 a month, there is also a high level of dependency on just one breadwinner. The average household size among Nationals is 6.5 people, considerably higher than in benchmark countries, and due to the high proportion of children and women in the home,



Bringing Opportunities to the Regions

The Western Region will also benefit from other Government initiatives in land use, tourism, transport and social services. The newly-established Urban Planning Council has developed a land-use planning programme for Abu Dhabi that will be extended to the other regions. The Western Region's plan should be completed by 2009. The Abu Dhabi Education Council launched a project in 2006 in partnership with private operators to upgrade the curriculum, infrastructure and quality of personnel in selected public schools, six in the Western Region. To improve transport links, the Tourism Development and Investment Company (TDIC) is to expand the runway at Sir Bani Yas Island, increasing the airport's capacity to 300,000 passengers a year and making it the major entry point to the Western Region. The road network will also be improved. The Abu Dhabi Municipality has identified investments worth an estimated \$950m to improve motorways in the area. Major tourism projects have also been announced, including a luxury desert resort in Liwa and a \$3bn eight-island resort at Jebel Dhanna. There are also residential and entertainment developments in Madinet Zayed in the centre of the Region. The Region already has a well-qualified teaching base, but the availability of private education is considerably more limited compared to Al-Ain and Abu Dhabi. Action is being taken to boost the number of private school places in the Western Region to help diversify and enhance educational services. The Government is similarly enhancing the Region's healthcare systems.

the average ratio of breadwinners to dependents is 1:4, whereas in other affluent countries the proportion is often less than 1:2. Abu Dhabi will improve on this ratio as more women and young Nationals enter work.

Attracting a Skilled Foreign Workforce

One of the Emirate's key economic advantages is its ability to attract skilled and unskilled labour from abroad to meet its evolving economic growth needs. This policy has ensured that Abu Dhabi

has a highly flexible workforce, which can respond swiftly to meet fresh challenges or demands, and the needs of an economy that is responsive to new developments.

As a result of the strong level of economic growth and the high standards of living in the Emirate, Abu Dhabi has attracted a large number of expatriate workers, who make up the majority of the resident population. Expatriates have brought additional diversity and dynamism to the economy and to society. As the economy continues to grow and

diversify, Abu Dhabi will continue to require flexible expatriate labour, but the Emirate must take steps to attract and retain more highly skilled expatriate workers in order to move up the value chain in terms of human capital and to benefit from their expertise.

In addition, a focus on more highly skilled, high-income expatriate workers will have both economic and demographic benefits. Currently, average monthly income among expatriate households is low, at around AED6,000 per month, reflecting the high number of low-income foreign workers in Abu Dhabi. With such a low income, a large proportion of workers are not legally capable of bringing their families to Abu Dhabi, and as a result the expatriate population is strongly slanted towards working-age males, which has caused an overall age and gender imbalance in the Emirate's population. As Abu Dhabi's economy evolves towards higher value-added industries and as steps are taken to attract more high-skilled, high-income workers, an increasing number will bring their families to settle in the Emirate balancing the demographic profile and increasing the overall purchasing power and consumption patterns of the population.

Accelerating Regional Development

Abu Dhabi's development has been rapid, but it is essential that development and opportunity reach every region of the Emirate so that all the people of Abu Dhabi can fulfil their economic potential. The Emirate is divided into three municipal regions – Abu Dhabi, Al-Ain and the Western Region (Al Gharbia) - which are diverse in terms of geographical size, population, income distribution and economic activity.

The Abu Dhabi Region houses the Emirate's largest urban centre, and is also the Federal and Emirate capital. It accounts for most of the Emirate's economic diversification and is the richest and most developed of the regions. The Al-Ain Region includes the second-largest city of the Emirate and is a tourism centre as a result of its cultural heritage.

The Western Region accounts for 40% of GDP, largely due to the concentration of oil and gas resources, but houses just 8% of the Emirate's population and is the least developed in terms of economy and infrastructure. In the Western Region, average household incomes are around half those in Abu Dhabi's capital, a wide disparity by international standards.

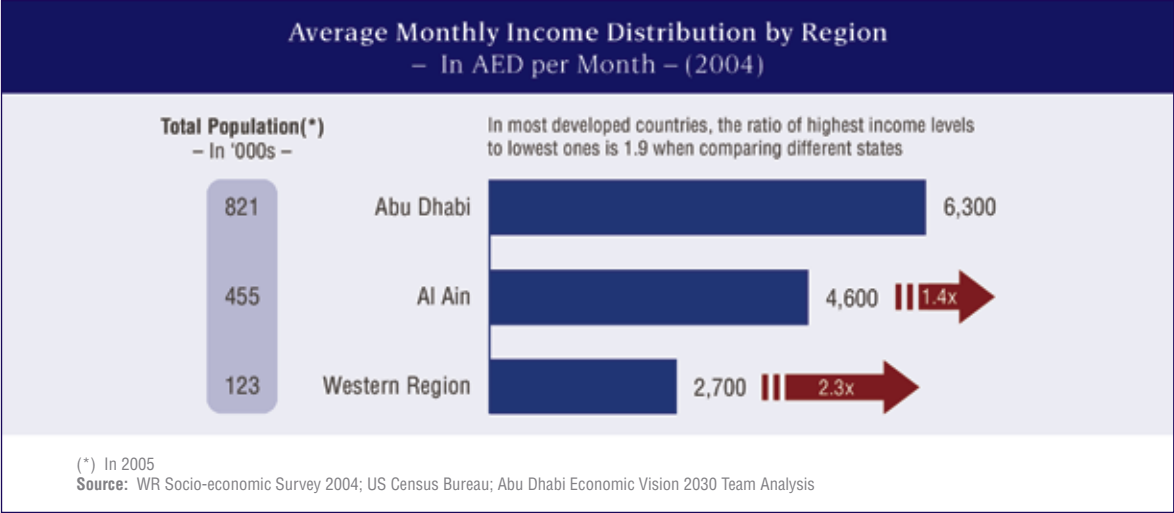
Abu Dhabi has already begun a series of initiatives to address the development of remote regions in the Emirate with a focus on education, healthcare, infrastructure and employment opportunities. The aim is to ensure that development takes place in a balanced fashion, creating equal opportunities for all.

Education is key to providing opportunities to those in less developed parts of the Emirate. While teachers' qualifications are fairly equal across the regions, there are fewer private schools and lower private school attendance in the Western Region. The Region also achieves lower than average school exit examination results and higher than average illiteracy and school drop outs. Correcting such imbalances and bringing benefits to all Nationals remains a key priority for the Government.

Access to world-class healthcare must also be enhanced across the Emirate. Currently, the number of doctors and hospital beds per head are not in-line with international benchmarks and there is a degree of regional disparity which the Government is actively working to address.

Infrastructure development will also lead to a higher standard of living in the regions, and greater employment opportunities. Abu Dhabi will channel investment to rural areas to provide better roads and access to airports, as well as improve recreational facilities, such as cinemas, sports facilities, museums and shopping malls.

Finally, and perhaps more importantly, job opportunities need to be created to ensure the long-term prosperity and sustainability of regional communities. This will stem the trend of rural depopulation as young people move to the main



Focusing on the Western Region

The Government established the Western Region Development Council (WRDC) to stimulate development in parts of the region that have not kept pace with the rest of the Emirate. The WRDC focuses on people, entrepreneurship and infrastructure. It is working to tackle barriers to employment, enhance the skills and training of the local workforce, and create incentives to attract and retain high-skilled employees from outside the region. At the same time, it is encouraging entrepreneurship and diversification through the support of SMEs and new industries, and it is delivering an improved and more efficient infrastructure to facilitate the region's growth. The WRDC has already developed a strategic agenda, and has identified several important projects. These include setting up a campus in Ruwais for the Higher College of Technology (HCT), the expansion of TAMM (the Government "one stop shop" service) to all cities of the region, the creation of a major industrial zone in Shuwaihat, and the instigation of investment promotion campaigns.

cities in search of better jobs. It will also provide greater incomes to households, mainly through maximised female participation in the workforce in these regions, which will fuel greater economic activity.

Abu Dhabi and Al-Ain offer an exceptional quality and range of infrastructure services and amenities. There is no reason why the Western Region should not also have comparable world-class leisure, tourism and retail facilities. These are not only the fruits of growth, but can be prerequisites for development.

With top-class facilities, the region is more likely to attract and retain high-skilled professionals, leading to a positive multiplier effect as the more

significant incomes of this group feed into greater spending in the local economy. It also increases the attractiveness for skilled professionals in other sectors. For example, more senior medics and teachers in the region will increase the perception of professionalism in the social services. If the social services in the region are excellent, and perceived as such, the Western Region will become a more obvious destination for other professionals and, more importantly, their families.

In short, the Western Region's economy will be advanced by increased investments in education, healthcare and infrastructure. With continued economic growth, these will create an attractive social environment for the high-skilled professionals that the region will attract to drive its progress.

Abu Dhabi Economic Vision 2030 Objectives

Abu Dhabi will ensure a balanced social and regional economic development approach that will bring benefits to all. To this end, four main objectives will be implemented:

Objective 4

Equip the Emirate's youth to enter the workforce

The Emirate's young must be equipped to enter the workforce. This can be achieved through the revision of curricula, increasing participation and completion rates at all levels of education (particularly tertiary education), the encouragement of part-time and summer jobs for youth in the education system to introduce them to the working world, and through the enhancement of vocational education.

Objective 5

Maximise the participation of national women in the workforce

Female participation in the workforce will be increased further, especially in rural areas. Financial support will be provided for at-home business projects and work-from-home will be encouraged. Overall, an ethos of female workforce participation will be advanced.

Objective 6

Attract and retain skilled workers

The Emirate should become a prime destination for skilled labour from across the globe. To facilitate this, highly attractive employment opportunities that rival those that workers would find elsewhere must be created. Moreover, lifestyle and best-in-class education, healthcare, cultural and leisure services will be provided and actively promoted. Additionally, the convenient entry and settlement of skilled expatriate workers and their families must be facilitated.

Objective 7

Stimulate faster economic growth in the regions

Economic growth in the regions will be boosted. Integrated regional development plans will be implemented. Incentives will be offered to businesses to set up in the more remote areas of the Emirate, and economic clusters in certain locations in the Emirate developed.



Section Two

Abu Dhabi's Seven Areas of Ongoing
Economic Policy Focus

The Abu Dhabi Economic Vision 2030

Section Two

Abu Dhabi's Seven Areas of Ongoing Economic Policy Focus

1. Build an Open, Efficient, Effective and Globally Integrated Business Environment
2. Adopting Disciplined Fiscal Policies that are Responsive to Economic Cycles
3. Establish a Resilient Monetary and Financial Market Environment with Manageable Levels of Inflation
4. Drive Significant Improvement in the Efficiency of the Labour Market
5. Develop a Sufficient and Resilient Infrastructure Capable of Supporting Anticipated Economic Growth
6. Develop a Highly Skilled, Highly Productive Workforce
7. Enable Financial Markets to Become the Key Financiers of Economic Sectors and Projects

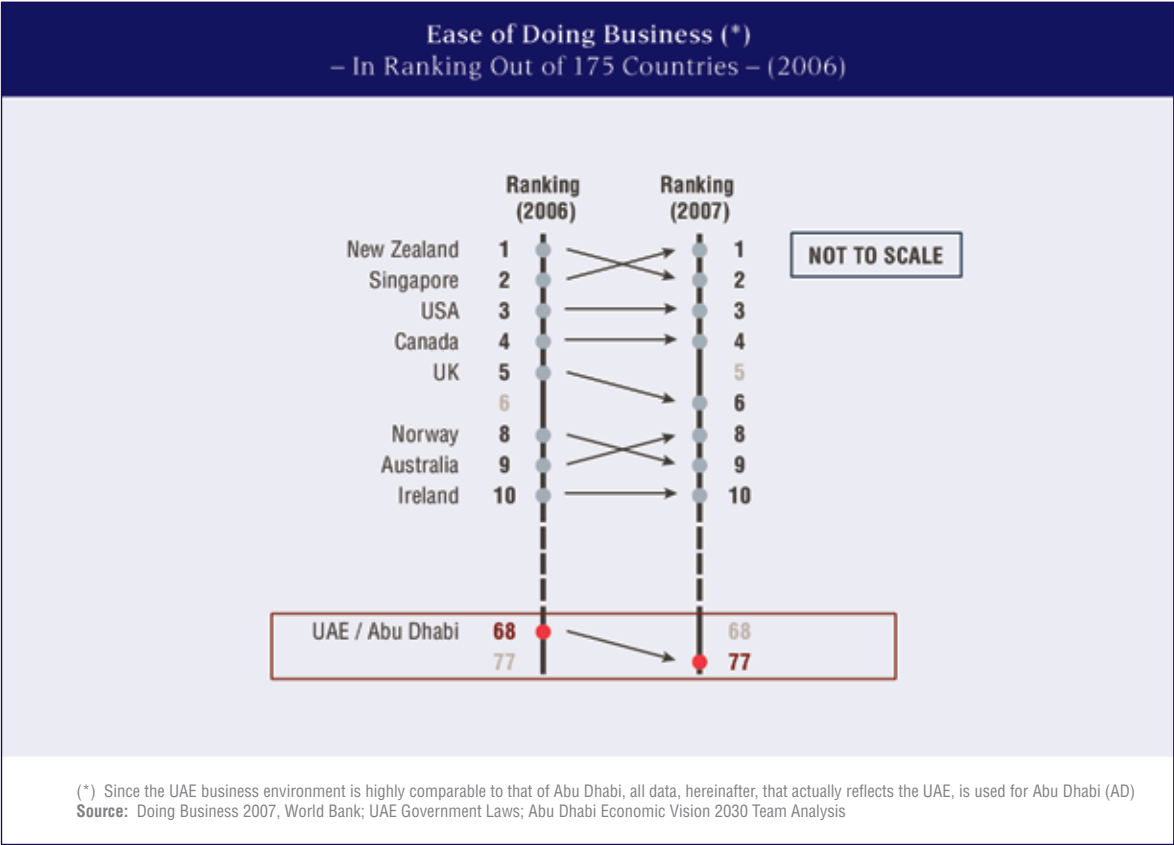
1. Build an Open, Efficient, Effective and Globally Integrated Business Environment

Abu Dhabi will ensure its business climate is open, efficient and effective to enhance its position as a global economic hub.

Even on a standalone basis, Abu Dhabi already has the second-largest economy in the region, but has the potential to further enhance its international position. In order to reach this goal, it must be equipped with a legislative environment that is both efficient and business-friendly. The Government is committed to the ongoing evaluation of its legislation, legal systems and government processes to ensure the Emirate is an attractive investment destination.

Abu Dhabi’s economic environment is interlinked with those of its Federal partners, and the performance of the Emirate as a business destination will influence the overall economic performance of the entire UAE, and vice versa.

Abu Dhabi aspires to rival rankings enjoyed by benchmark economies such as Ireland, Norway, New Zealand and Singapore on the global indices scale for economic freedom and ease of doing



business. With the help of a recently established statistics bureau project in cooperation with Statistics Sweden, the Emirate is seeking an individual ranking on such indices in order to assess more effectively Abu Dhabi's business environment in relation to the rest of the world; and to promote itself as an international business hub.

The Emirate is also engaged with the World Bank and IMD to provide additional support in its drive to improve transparency in the business operating environment.

Meanwhile, various measures are being adopted which will have the effect of strengthening co-operation at both the Federal and local levels, to enhance specifically local business-related legislation and to upgrade judicial processes. The Abu Dhabi Government is also committed to streamlining its own processes ultimately developing a swift and transparent process for investors to set up businesses and invest in the Emirate.

Abu Dhabi Economic Vision 2030 Objectives

Abu Dhabi will take the necessary steps to operate as an open, efficient, effective and globally integrated business environment. The Emirate is setting itself the highest standards and intends to be ranked alongside other transformation economies on indices relating to economic competitiveness. To achieve this, four objectives will be pursued:

A simple and transparent tax structure is one of the Emirate's major advantages when it comes to attracting foreign investment.

Efficient and Effective Federal-Local Coordination

At present in the UAE, legislative and judicial responsibilities are shared between the Federal Government and the individual Emirates.

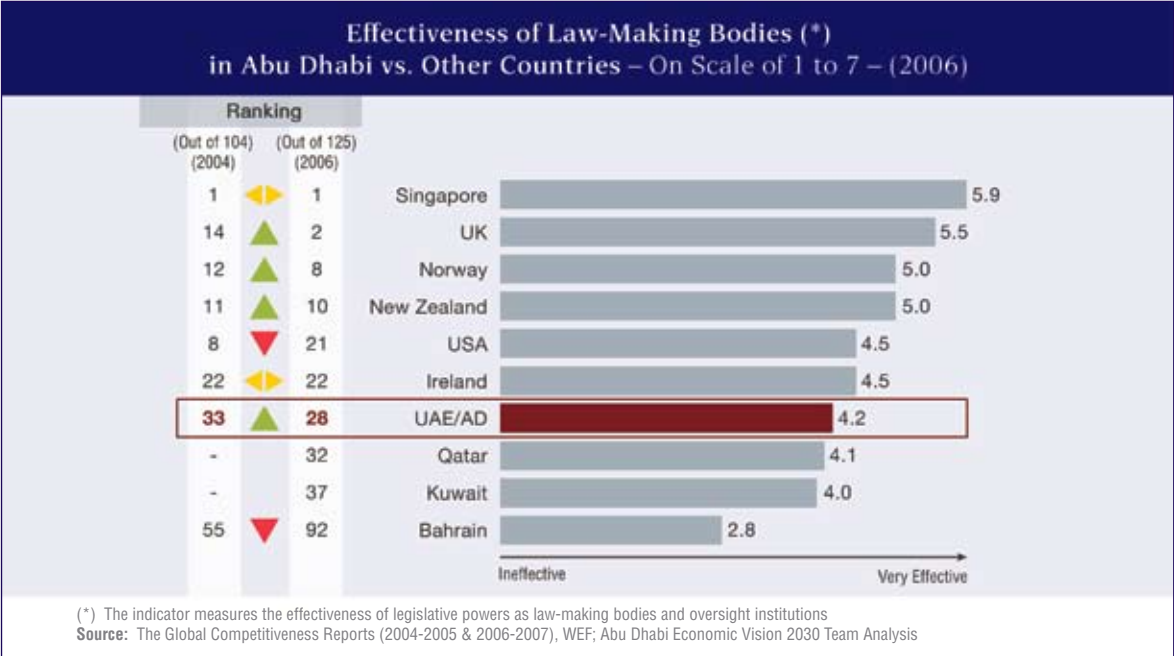
Responsibilities outside the Federal domain come under the authority of individual Emirates, and so Abu Dhabi enjoys relative autonomy in its judicial affairs.

Abu Dhabi will pursue effective coordination mechanisms at the Federal level to ensure the harmony of economic policy-making between Federal and local jurisdictions. Cooperation between the two will allow for faster response times to emerging trends within the broader economy, which will aid in the creation or amendment of legislation to improve business efficiency and confidence in the law. While the business environment in the Emirate operates within the framework of Federal UAE legislation, aspects of Abu Dhabi's legal system will also be enhanced and strengthened to optimise business opportunities.

A Transparent Judicial System and Modern Business Legislation

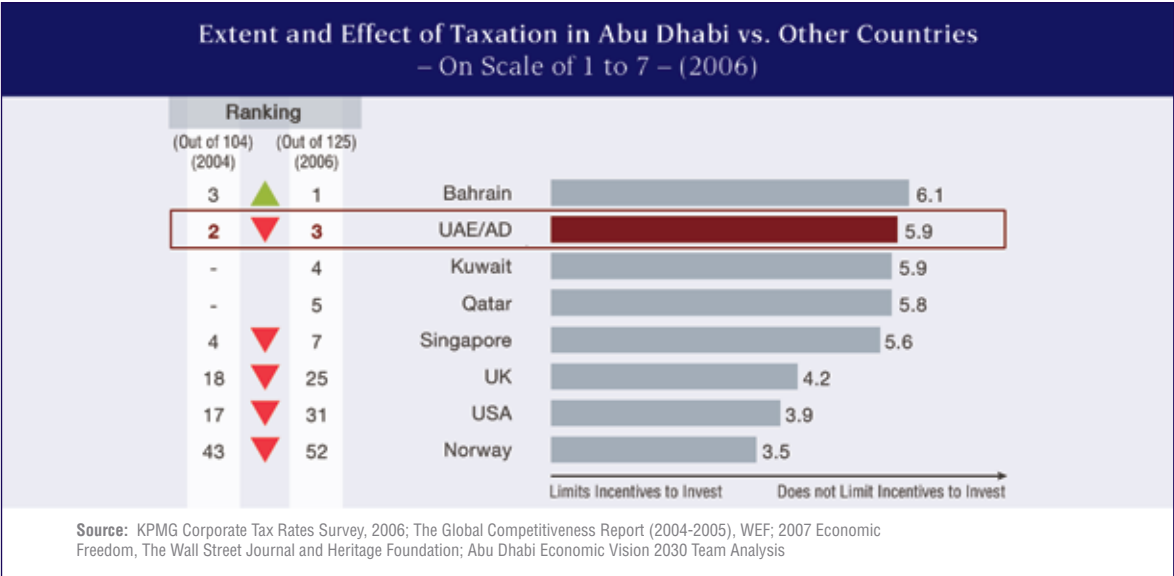
Abu Dhabi will become more competitive in attracting both local and foreign investment by updating business-related legislation to create the optimum environment for business to flourish. Current legislation regarding tax, ownership, property rights, anti-trust, corporate governance and competition will be assessed and revised to encourage new investors and to bring the business climate in line with Abu Dhabi's aspirations. The judicial system will also be brought up to speed with these legislative changes to instil greater investor confidence.

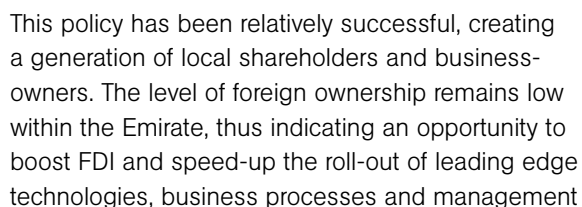
Favourable tax laws are among Abu Dhabi's key competitive advantages when it comes to attracting business. The UAE Government levies no corporate or income tax and, at 1.7% of GDP, tax payment rates are among the lowest in the world. Overall, the UAE's tax system is considered to be straightforward and transparent. For many foreign investors, low taxation policies are a major incentive in deciding where to establish a business, and the Government of Abu Dhabi



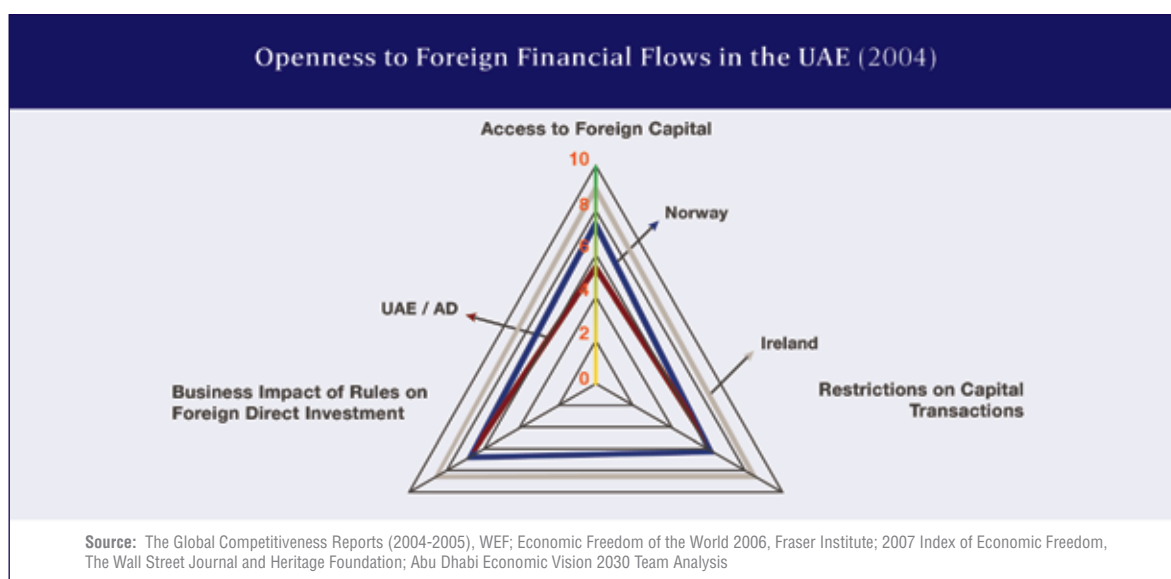
recognises the importance of maintaining a favourable tax regime to retain its competitive edge in attracting inward investment. Regulations limiting foreign investment can act as a disincentive to foreign ownership. Caps on the foreign ownership of businesses in the UAE relate

largely to the Government's efforts to transform the National population into key stakeholders in the economy. Outside of free zones, limits in Abu Dhabi are similar to those of its GCC partners. Foreign ownership of companies in the UAE is capped at 49%, with few exceptions.





practices to the rest of the economy. Abu Dhabi ranks alongside Norway in terms of the impact on business of FDI rules and restrictions on capital transactions, demonstrating that in this respect it has managed to match key benchmarks already.



New legislation would lower costs and encourage start-ups in Abu Dhabi.

The UAE Government has expressed its intention to review limits on foreign ownership. For now, however, free zones, which enjoy some exemptions and flexibility related to foreign ownership rights, are the primary tools to encourage foreign investment in Abu Dhabi. Such zones help to bring in foreign expertise and technology, and stimulate trade and investment. Abu Dhabi has begun creating free zones, such as the Khalifa Port and Industrial Zone (KPIZ), and is looking for new and innovative ways to spark the interest of foreign investors and companies.

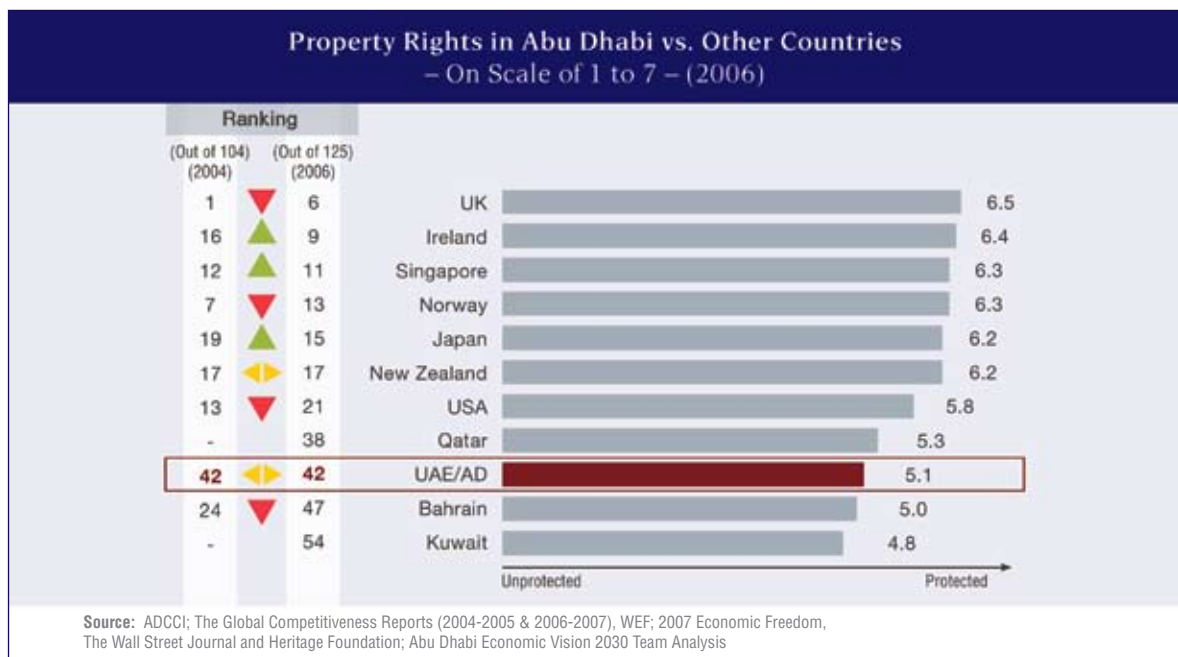
When it comes to property rights, the passing of recent legislation formalising the right of foreigners to own real estate has shown that Abu Dhabi is actively seeking to protect the property rights of all in the Emirate. Foreign nationals are now permitted to own real estate in the Emirate within specially designated zones. The Government intends to expand property rights further for foreign investors

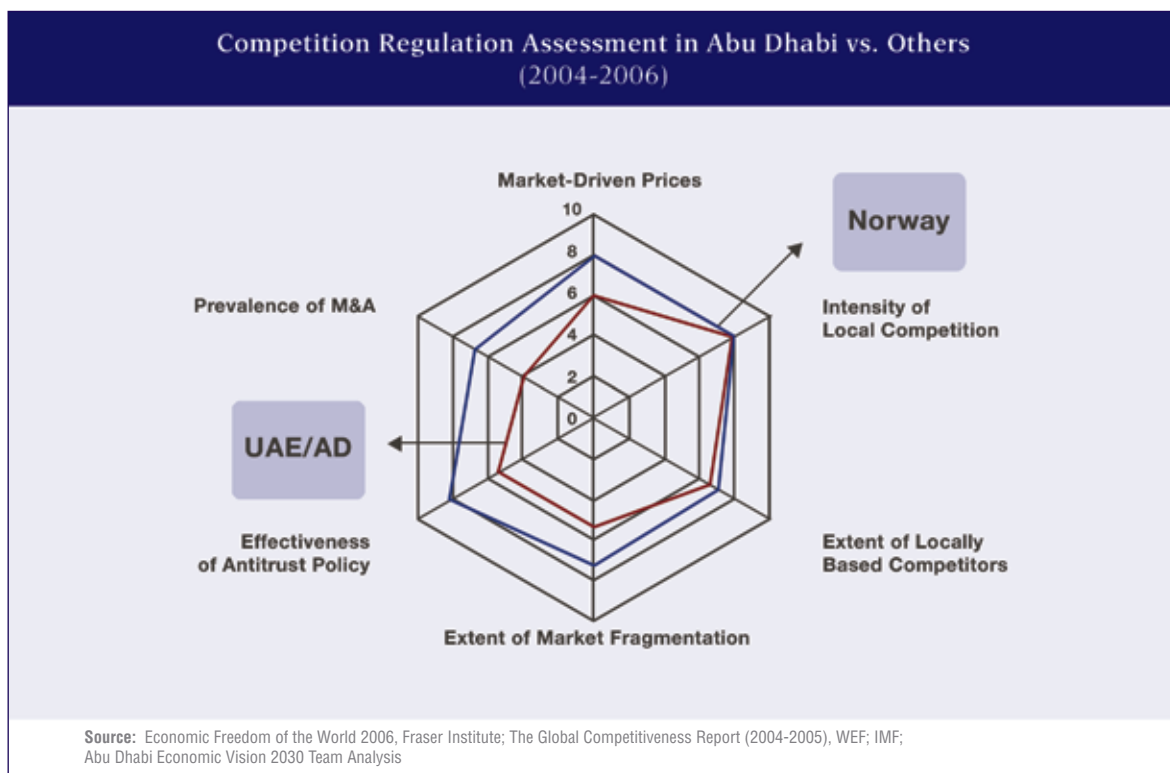
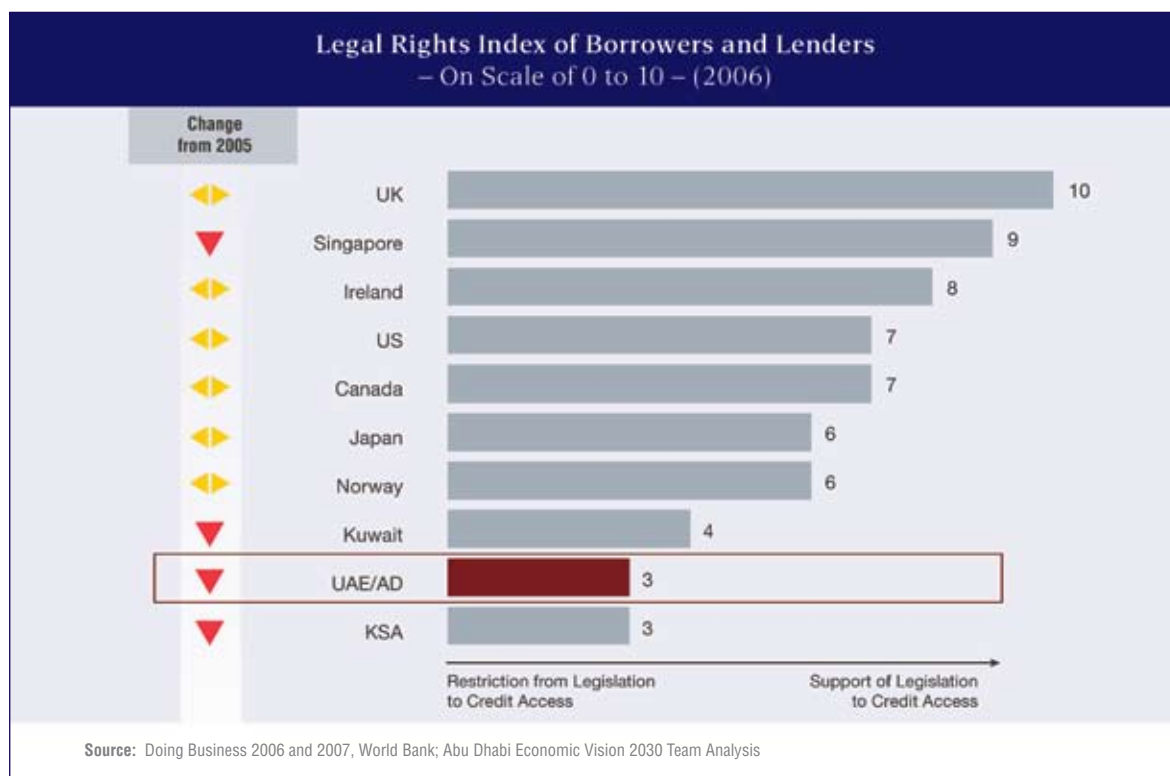
to improve the attractiveness of the Emirate as an investment destination.

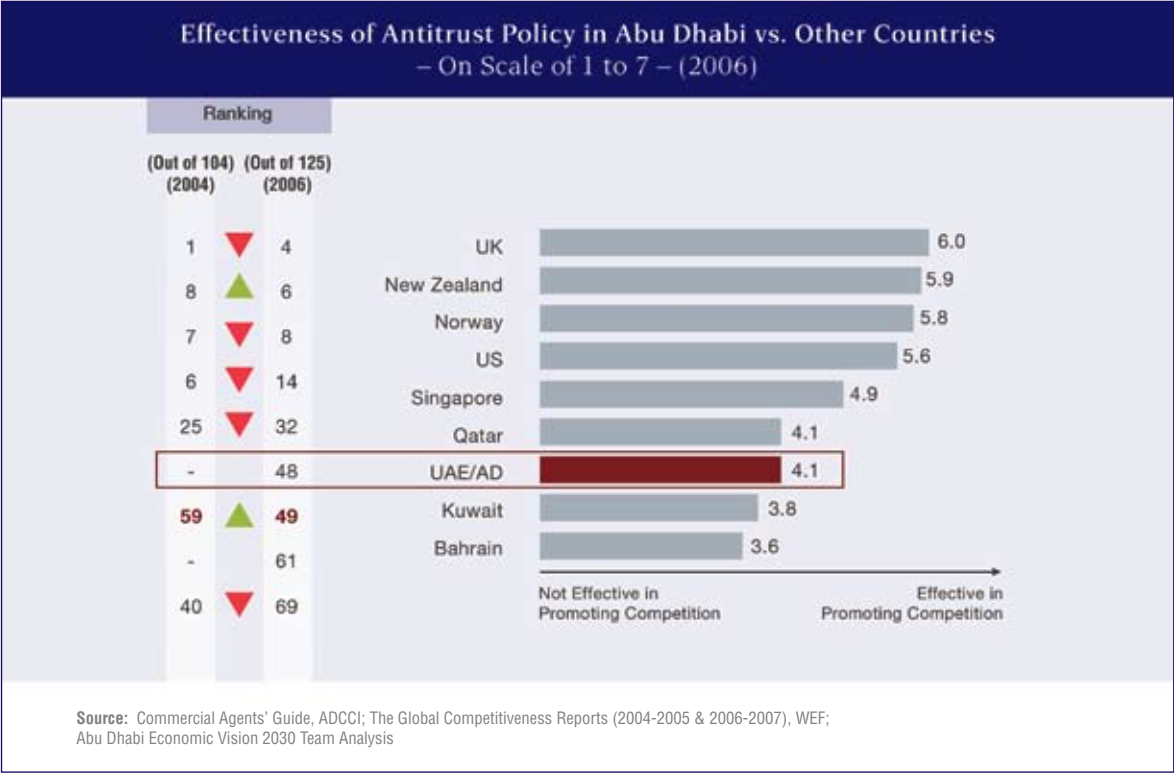
The enforcement of Intellectual Property (IP) rights is also an important consideration for the Government, especially as it seeks to play a role in a more globally linked economy. Abu Dhabi ranks in the top quarter of countries internationally, and is considered to be well ahead of other countries in the region in ensuring the protection of patents and intellectual information.

A more contemporary corporate governance framework will also be considered in order to boost investor confidence in Abu Dhabi. The Federal Commercial Companies Law provides some guidelines for corporate governance provisions and minority shareholder rights. Legal reforms in this area will help to bolster higher standards and investor confidence within the business community.

Various legislative improvements can also be made to encourage start-ups in the Emirate, which are sensitive to relatively high start up costs and capital requirements. A more developed regulatory







framework will be put in place to enhance the rights of both lenders and borrowers. This will ease the provision of capital for business and assist in the creation of start-ups.

Legislation in this regard should reduce bottlenecks in the provision of loans, while maintaining the robustness of the financial system. Streamlining bankruptcy resolution processes will also help to support healthier members of the business community and improve the life cycle of the economy as a whole.

The Government will ensure that the judiciary is up to speed with the changing business environment.

Anti-trust provisions will also be taken into account and modernised. Reforming the laws that cover anti-trust provisions will improve competition, increase confidence in the business community

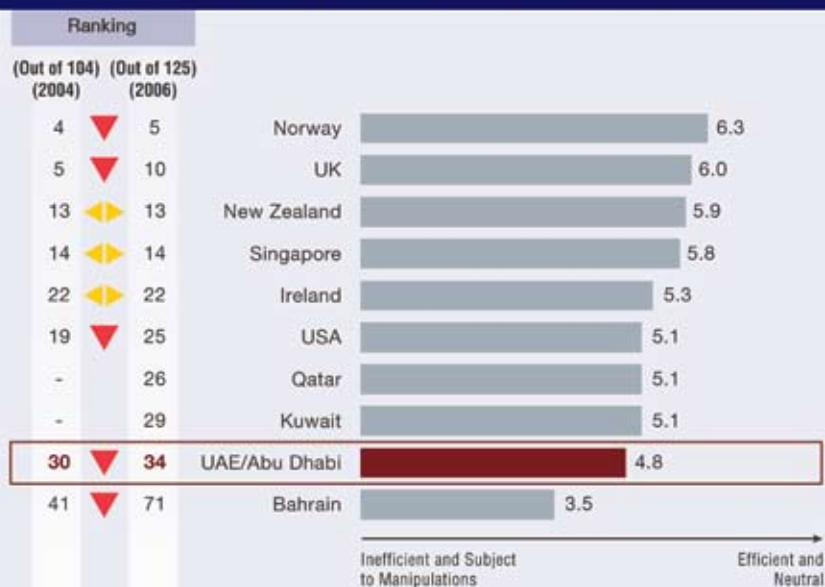
and reduce price instability. Abu Dhabi compares favourably with Norway when it comes to the intensity of local competition and the extent of locally based competitors.

Hand-in-hand with legislative reforms, Abu Dhabi will revise judicial processes and ensure the judicial system keeps pace with the evolving business environment. A well-trained and functioning judiciary helps to attract business and increase investor confidence as it enables effective contract enforcement and impartial dispute resolution mechanisms.

The Government has led initiatives to enhance the international investor perception about the local business environment.

When it comes to the effectiveness of the legal system, recent surveys show that the UAE is holding its place in international rankings.

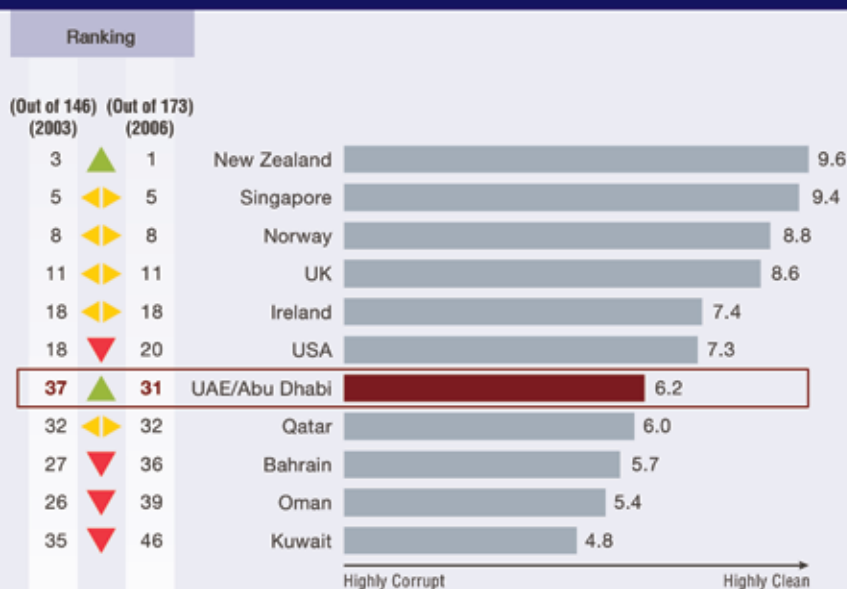
Efficiency of Legal Framework - Private Business Dispute Resolution in the UAE vs. Other Countries – On Scale of 1 to 7 – (2006)



Note: The indicator measures the effectiveness of legislative powers as law-making bodies and oversight institutions

Source: The Global Competitiveness Reports (2004-2005 & 2006-2007), WEF; Abu Dhabi Economic Vision 2030 Team Analysis

Corruption Perceptions Index in Abu Dhabi vs. Other Countries – On Scale of 0 to 10 – (2006)



Source: The Global Competitiveness Reports (2004-2005 & 2006-2007), WEF; Corruption Perceptions Index 2006, Transparency International; Abu Dhabi Economic Vision 2030 Team Analysis

Nonetheless, the UAE, and Abu Dhabi itself, although ranked in the top third of states worldwide, is taking steps to improve the efficiency of the legal system, speeding up resolution mechanisms to further increase public confidence.

To this end, Abu Dhabi's judicial system is currently undergoing a major modernisation programme, necessitated by the rapid development of judicial processes and the increasing quantity of cases seeking adjudication. In May 2007, Abu Dhabi launched a judicial modernisation effort and sowed the seeds of a more autonomous judiciary system by reforming the structure of the Abu Dhabi Department of Justice and by establishing a Supreme Judicial Council. Other reforms will target administrative aspects of the system to improve the speed and enforceability of judicial decisions.

Streamlined Government Processes

Government efficiency and joined-up Government are crucial to improving the overall business environment.

The Abu Dhabi Government has taken important steps in recent years to speed up and streamline its activities through a comprehensive and fast-paced restructuring programme. Perceived levels of corruption have also come down considerably in recent years, pushing Abu Dhabi within reach of its benchmarks.

The Government restructuring programme will continue streamlining the Government processes, through modernisation of the administration and the refocusing of its activities to eliminate unnecessary bureaucracy. Business start up conditions will be optimised and geared towards encouraging the growth of new enterprises.

The Emirate will establish a comprehensive business facilitation programme in order to ease the process of setting-up new businesses in Abu Dhabi.

An Efficient and Effective Investment Facilitation Process

FDI can be beneficial for the economy as a whole, as it brings with it know-how and expertise that can trigger further economic growth. Additional work will be done to improve the investment facilitation process, by developing one-stop shops and other facilities to enhance the experience for business.

Abu Dhabi is looking to attract more strategic FDI, to encourage export-oriented industries and improve the know-how and competitiveness of the Emirate. Equally, foreign investors can transfer the contacts and experience they have had in other overseas markets to the local business community, increasing Abu Dhabi's export capabilities and integration into the world economy. FDI in targeted industries will help encourage further economic diversification in Abu Dhabi by improving capital allocation and performance, strengthening institutions and utilising foreign technical expertise.

The process is intended to expand the opportunities for Abu Dhabi businesses to identify and work closely with international partners, and compete more effectively on the global stage.

Abu Dhabi Economic Vision 2030 Objectives

Abu Dhabi will ensure a balanced social and regional economic development approach that will bring benefits to all. To this end, four main objectives will be implemented:

Objective 8

Efficient and Effective Federal-Local Coordination

At present in the UAE, legislative and judicial responsibilities are shared between the Federal Government and the individual Emirates. Responsibilities outside the Federal domain come under the authority of individual Emirates, and so Abu Dhabi enjoys relative autonomy in its judicial affairs.

Abu Dhabi will pursue effective coordination mechanisms at the Federal level to ensure the harmony of economic policy-making between Federal and local jurisdictions. Cooperation between the two will allow for faster response times to emerging trends within the broader economy, which will aid in the creation or amendment of legislation to improve business efficiency and confidence in the law.

Objective 9

A Transparent Judicial System and Modern Business Legislation

Abu Dhabi will become more competitive in attracting both local and foreign investment by updating business-related legislation to create the optimum environment for business to flourish. Current legislation regarding tax, ownership, property rights, anti-trust, corporate governance and competition will be assessed and revised to encourage new investors and to bring the business climate in line with Abu Dhabi's aspirations. The judicial system will also be brought up to speed with these legislative changes to instil greater investor confidence.

Objective 10

Streamlined Government Processes

Government efficiency and joined-up Government are crucial to improving the overall business environment. The Abu Dhabi Government has taken important steps in recent years to speed up and streamline its activities through a comprehensive and fast-paced restructuring programme. Perceived levels of corruption have also come down considerably in recent years, pushing Abu Dhabi within reach of its benchmarks.

Objective 11

An Efficient and Effective Investment Facilitation Process

FDI can be beneficial for the economy as a whole, as it brings with it know-how and expertise that can trigger further economic growth. Additional work will be done to improve the investment facilitation process, by developing one-stop shops and other facilities to enhance the experience for business. Abu Dhabi is looking to attract more strategic FDI, to encourage export-oriented industries and improve the know-how and competitiveness of the Emirate. Equally, foreign investors can transfer contacts and experience from overseas markets to the local business community, increasing Abu Dhabi's export capabilities and integration into the world economy. FDI in targeted industries will help encourage further economic diversification in Abu Dhabi.

2. Adopting Disciplined Fiscal Policies that are Responsive to Economic Cycles

After years of fiscal prudence Abu Dhabi is in a strong financial position; adopting a more proactive fiscal policy will enable the Emirate to more effectively respond to and influence economic cycles.

Abu Dhabi has had great success in balancing its budget over the past three decades. Revenues from oil rents, investments and other sources of income have ensured the Emirate has rarely run a fiscal deficit, even in times of regional economic instability. Nonetheless, the time has come to upgrade fiscal policy in order to leverage the Emirate's strong financial position, decouple economic growth from the international oil price and make better use of fiscal tools to stimulate and stabilise the economy as the prevailing economic conditions require.

Abu Dhabi Economic Vision 2030 Objectives

Abu Dhabi intends to adopt a disciplined fiscal policy that is responsive to and even pre-emptive of economic cycles by achieving three objectives.

Diversified Fiscal Revenue Sources

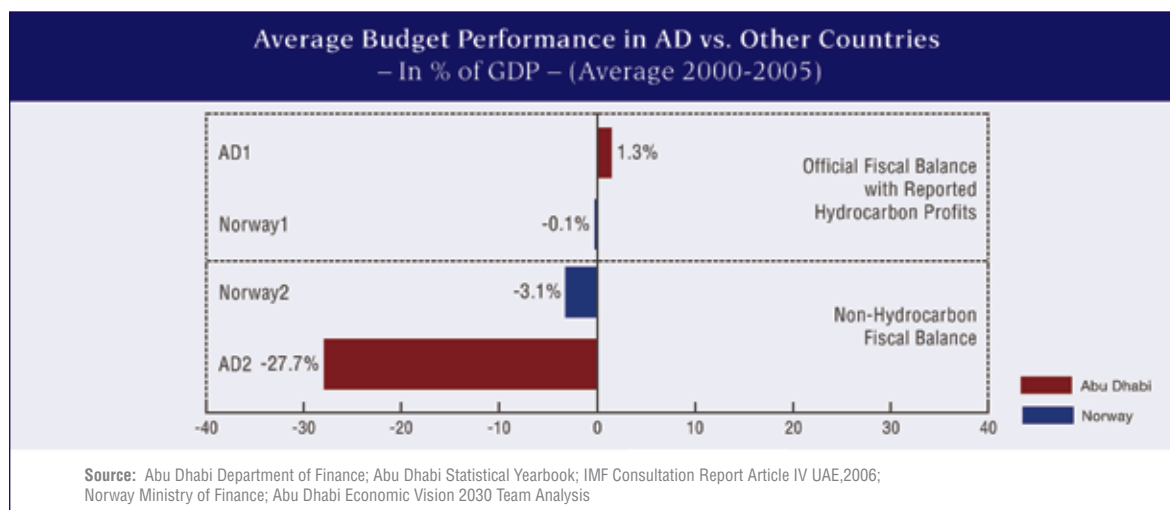
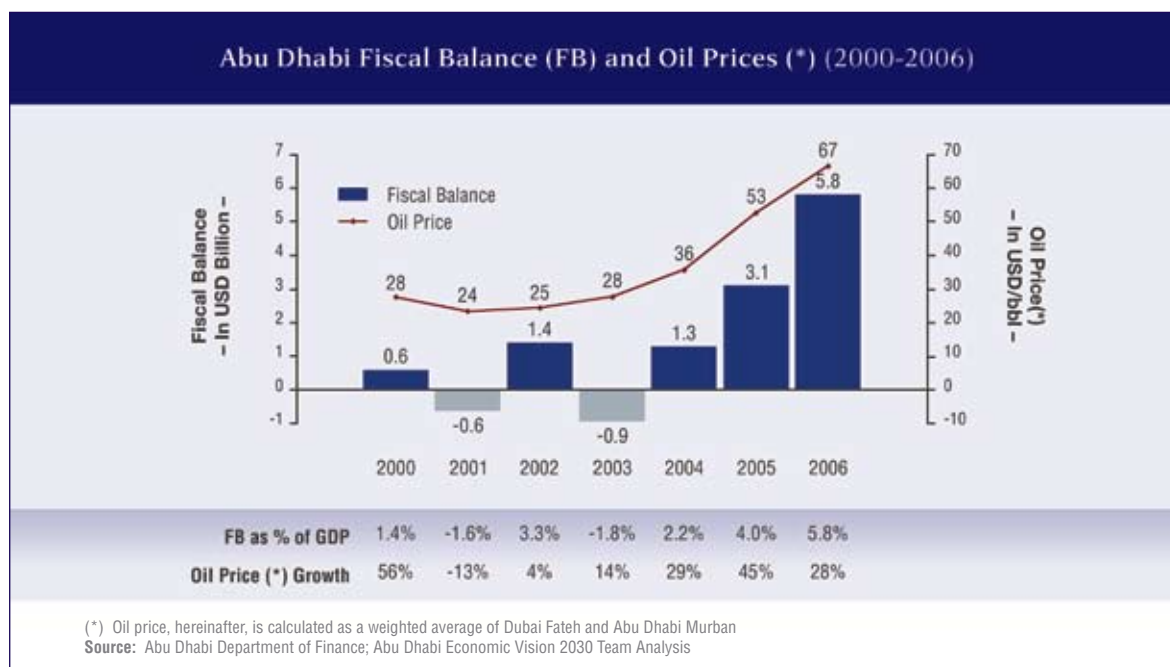
The Government of Abu Dhabi will consider other fiscal sources in order to reduce its reliance on unstable oil revenues, while not affecting the Emirate's strategic positioning as a favourable tax environment and attractive investment destination. New fiscal revenue sources will be identified and stable sources such as government bonds will be used to finance the budget. The aim is to decouple Government finances from oil revenues and to maximise the Government's future spending power.

For the past 30 years, Abu Dhabi has maintained a prudent fiscal policy in which oil revenues are used to balance the Emirate's budget and finance development. Surpluses have been invested through the Abu Dhabi Investment Authority (ADIA) to be drawn upon in times of deficit. As a result, the Emirate began the 21st century in a strong financial position, with no external debts, a large savings account and increasing fiscal surpluses.

Oil revenues have remained the Emirate's primary source of fiscal revenue, accounting for 74% of income between 2000 and 2005. As the international oil price has risen, this proportion has increased to as much as 84%, contributing to a reported surplus of \$5.8bn in 2006. As a result, the fiscal balance is connected to fluctuations in the oil price. While oil prices are high, fiscal revenues remain buoyant, but when the oil price dips, the fiscal balance falls into deficit, requiring injections from ADIA to maintain the zero-deficit policy followed since 1993.

It is worth noting that official Government financials do not include ADIA's portfolio. Only transfers from ADIA to the public budget, on an as-needed basis, are included in the public account as maintained by the Department of Finance.

This policy has served Abu Dhabi well in the past, but as budgetary commitments increase to serve a larger population and a more developed economy,

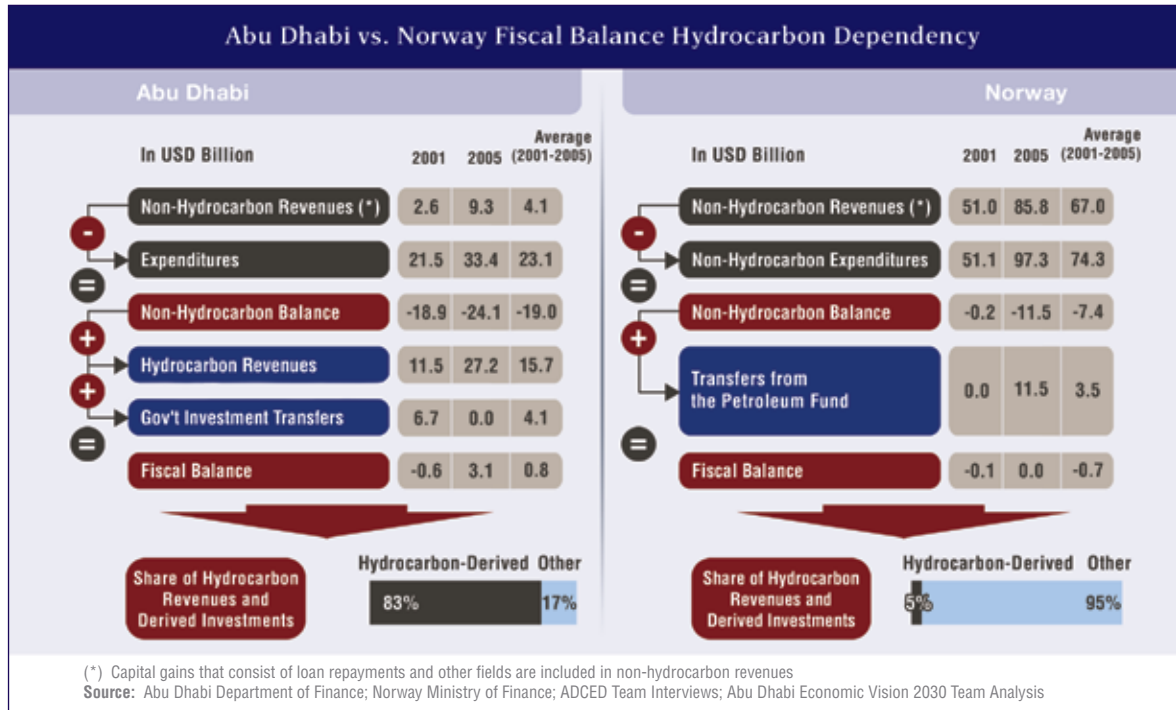


over-reliance on revenues from oil and gas exports will constrain the Government's ability to meet its spending plans. When oil revenues are removed from the fiscal balance, Abu Dhabi's comfortable budget surplus becomes a fairly large and possibly unsustainable deficit.

Reducing reliance on oil revenues would bring Abu Dhabi into line with international benchmarks and best practices. Norway also uses its substantial

revenues from hydrocarbons to balance its budget, recording an average deficit relative to GDP of just 0.1% between 2000 and 2005.

However, if oil revenues were removed from the balance, its average deficit would be a manageable 3.1%, compared with Abu Dhabi's average non-hydrocarbon deficit in the same period of -27.7%.



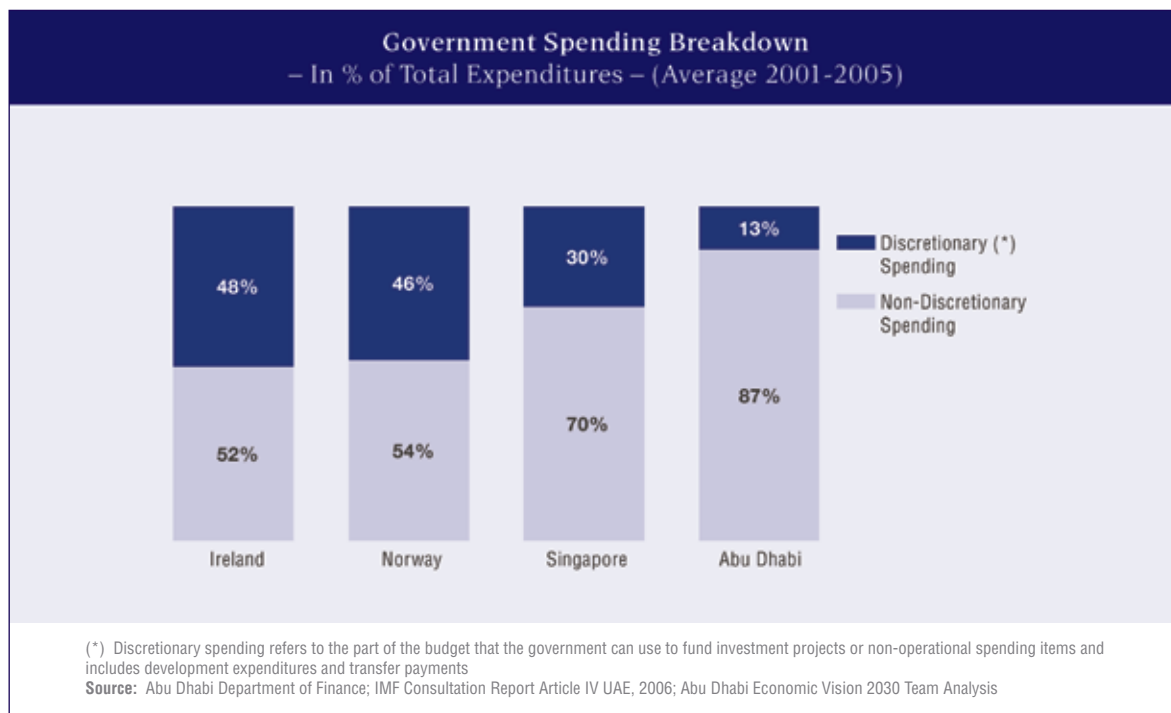
It is necessary for Abu Dhabi to attain greater fiscal discipline through the diversification of its revenue sources. A more stable and predictable revenue stream would allow more confident economic planning. Currently just 5% of Abu Dhabi's revenues are derived from traditionally stable sources. Reducing the reliance on oil revenues to maintain the annual budget without affecting Abu Dhabi's position as a favourable tax environment and attractive investment destination would also leave more to be invested by ADIA, further contributing to the long-term prosperity of the Emirate. Hydrocarbon revenues and related investments are currently used to balance the budget in Abu Dhabi to a far greater degree than in other oil-dependent countries.

By diversifying its revenue base, Norway minimised transfers from its petroleum fund to just 5% of fiscal revenues between 2001 and 2005. In Abu Dhabi, by contrast, hydrocarbon revenues and derived investments accounted for 83% of total fiscal revenues in the same period.

Optimal Government Spending

Abu Dhabi will optimise Government spending by reducing the relative share of Operational Expenditure (OPEX) and institutionalising long-term Capital Expenditure (CAPEX) planning in Government departments. Discretionary development will also be increased to meet the levels seen in international benchmarks such as Ireland and Norway, where almost half of all Government spending is directed at development projects.

Abu Dhabi has been steadily increasing investments to develop the infrastructure and utility sectors. In 2005, such development spending amounted to \$2.7bn, representing just 8% of the overall budget of \$33.4bn. Average development spending between 2001 and 2005 was just 13% of overall spending, significantly less than that seen in benchmark economies, where almost half of government spending is invested in strategic development projects.



With some \$160bn of development projects on the table over the next five years, including a major airport expansion, large new port and several mega real estate projects, current spending patterns will change. Abu Dhabi will continue to honour its large contribution to the Federal budget, but other areas of non-discretionary spending, such as Government operational expenditure, will have their relative share reduced – as the restructuring programme yields further reductions in public sector employment and overhead – thus allowing the Government more discretion to fund development initiatives that promote diversification and sustainable growth.

Optimise Responsiveness to, and Influence of, Economic Cycles

The Government will leverage fiscal policy tools to respond to and influence economic cycles. This will allow it to have a more proactive role in ensuring a more stable and sustainable economic growth pattern. In recognition of the important role the

Emirate plays in the Federal system, Abu Dhabi will also enhance coordination with the Federal Ministry of Finance and Industry to ensure harmony between local and Federal policy-making.

Abu Dhabi's zero-deficit fiscal policy has placed the Emirate in a strong financial position. Looking forward, a more proactive fiscal policy that seeks to stimulate or stabilise the economy in response to the prevailing climate has now become appropriate.

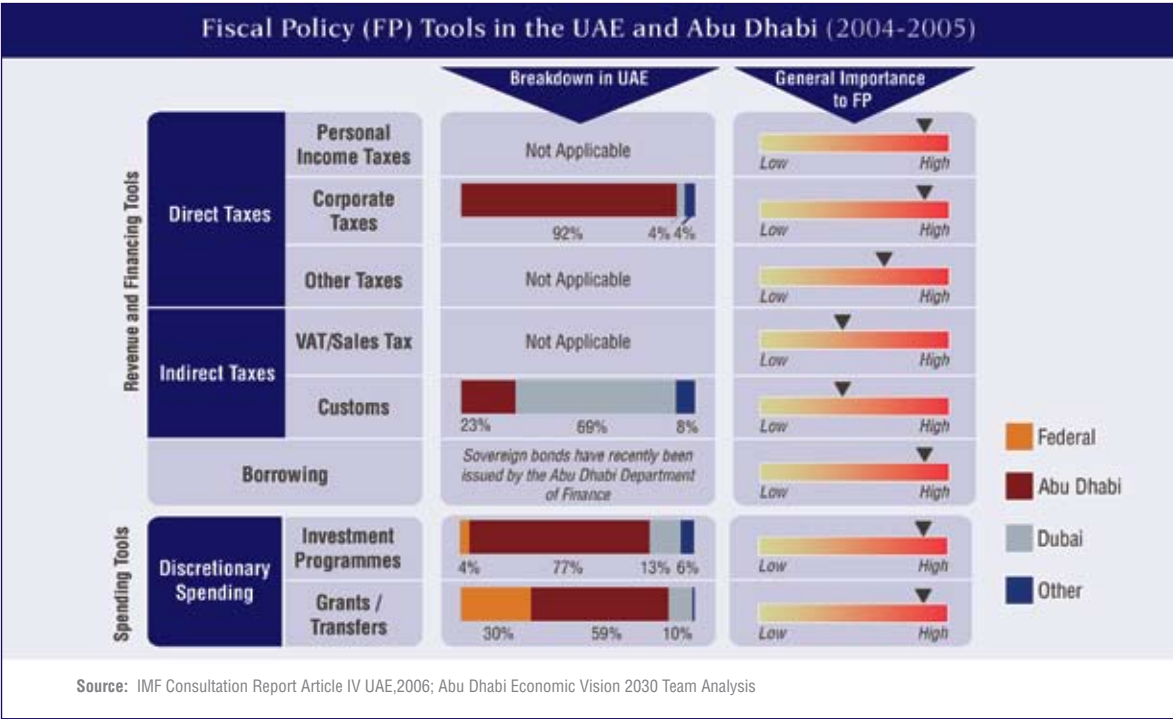
At present, spending is increased when the oil price and Government revenues are high. Applying counter-cyclical measures will bring Abu Dhabi's fiscal policy in line with recognised best practices and will lead to a more stable and sustainable growth pattern that is less sensitive to fluctuations in the oil price. Additionally, fiscal policy can be utilised to contribute to overall price stability. Having fiscal revenue, spending and financing tools react to and even anticipate price pressures will ensure a more coordinated and

effective framework in terms of macroeconomic policy execution. As such, Abu Dhabi's fiscal policymakers will be aiming to push forward mechanisms of synchronisation with the other Emirates and the Federation as a whole, as well as seeking to complement the endeavours of monetary policymakers.

In reality, since Abu Dhabi is the major contributor to Federal consolidated revenues and to the Federal budget, Abu Dhabi's fiscal policy needs to take into account UAE-wide implications. The Emirate will ensure that changes to its fiscal policy benefit the UAE as a whole and do not cause unwanted effects elsewhere.

Developing a Bond Market

International authorities such as the IMF, World Bank and UNDP highly recommend the issuance of government bonds as an instrument of fiscal policy. GCC countries, however, are typically less reliant on government debt due to their substantial hydrocarbon revenues. In the UAE, government bond markets are underdeveloped as neither Federal nor local authorities borrow on capital or money markets for fiscal financing purposes. Abu Dhabi has realised the potential to establish a vibrant government bond market however, and has recently issued its first sovereign bonds in dollars. It has recently obtained AA credit ratings from Fitch and Standard & Poor's. These ratings are not surprising considering Abu Dhabi's perceived net asset position of 200% of its 2006 GDP. The Government bond market will be an important fiscal policy tool, diversifying revenues toward more stable sources. It will also increase investor confidence in the local financial markets, and provide a risk-free benchmark and yield curve. Moreover, the experience of Ireland, Singapore and Norway demonstrates that governments need not turn to debt only in times of crisis. Yields paid out on bonds will be less than the capital gains made by investing hydrocarbon revenues through ADIA, and so it makes more sense to finance the budget with bonds than to finance it with oil receipts.



Abu Dhabi Economic Vision 2030 Objectives

Abu Dhabi intends to adopt a disciplined fiscal policy that is responsive to and even pre-emptive of economic cycles by achieving three objectives.

Objective 12

Diversified Fiscal Revenue Sources

The Government of Abu Dhabi will consider other fiscal sources in order to reduce its reliance on unstable oil revenues, while not affecting the Emirate's strategic positioning as a favourable tax environment and attractive investment destination. New fiscal revenue sources will be identified and stable sources such as government bonds will be used to finance the budget. The aim is to decouple Government finances from oil revenues and to maximise the Government's future spending power.

Objective 13

Optimal Government Spending

Abu Dhabi will optimise Government spending by reducing the relative share of Operational Expenditure (OPEX) and institutionalising long-term Capital Expenditure (CAPEX) planning in Government departments. Discretionary development will also be increased to meet the levels seen in international benchmarks such as Ireland and Norway, where almost half of all Government spending is directed at development projects.

Objective 14

Optimise Responsiveness to, and Influence of, Economic Cycles

The Government will leverage fiscal policy tools to respond to and influence economic cycles. This will allow it to have a more proactive role in ensuring a more stable and sustainable economic growth pattern. In recognition of the important role the Emirate plays in the Federal system, Abu Dhabi will also enhance coordination with the Federal Ministry of Finance and Industry to ensure harmony between local and Federal policy-making.

3. Establish a Resilient Monetary and Financial Market Environment with Manageable Levels of Inflation

As the economy increases in complexity, more sophisticated tools are required to safeguard Abu Dhabi's money and financial markets and to help contain inflation and maintain price stability.

As Abu Dhabi's economy grows and becomes more sophisticated, policy-makers in the Emirate will ensure that financial and monetary markets operate in a manner that minimises the risk of surges, which inspire inflation or market overheating. While the banking sector across the UAE has been growing at one of the fastest rates in the world and has made substantial advances in providing a more sophisticated financial market to channel money flows, further action will be taken to ensure the continued sound functioning of the system. Monetary policy tools similar to those in comparative countries (e.g. Norway) will help control the flow of money in the economy and move it away from areas that are more commonly inflationary or speculative. Enhanced regulation and supervision over the banking and insurance sectors in Abu Dhabi will assist in improving their effectiveness and sophistication as the local economy grows to meet global challenges. The effective application of monetary tools to influence money supply in the economy will also help control liquidity, credit, and consequently inflation, while retaining the benefits of growth in the local economy. Abu Dhabi's financial markets will flourish in an environment of confidence and stability.

Abu Dhabi will first concentrate on ensuring monetary discipline by controlling the different elements that may affect institutions and investors,

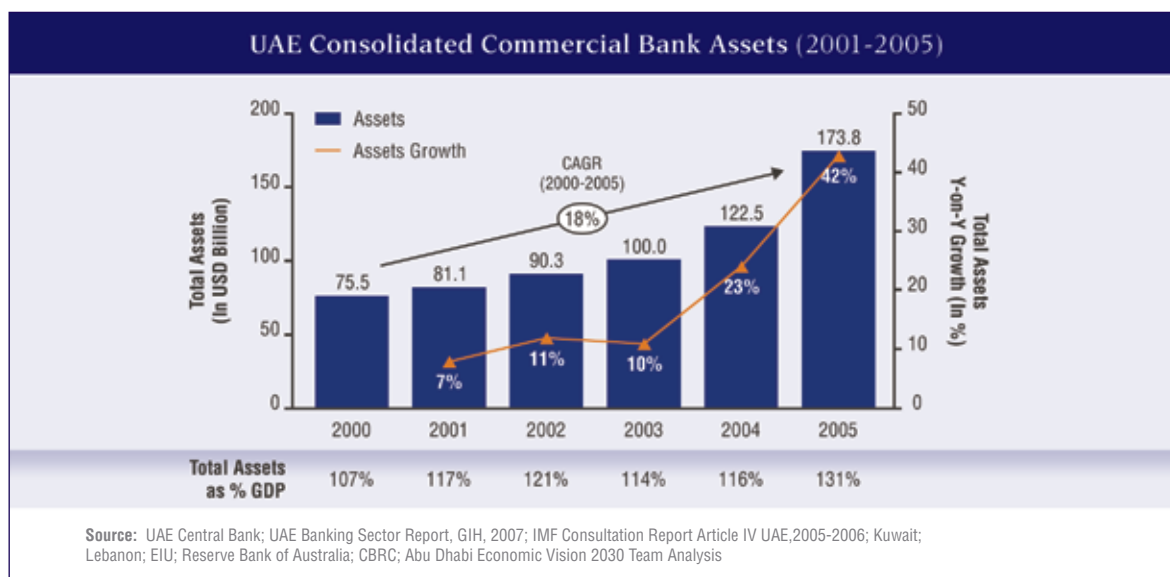
targeting issues such as financial system liquidity, solvency and capital adequacy. The Government can then develop further tools that will affect the quantity, flow, depth and cost of money, and use such means to influence prices and fine-tune economic activity. Through implementing monetary policies, the Government can help create a more stable environment for investment, and encourage sound long-term growth.

Abu Dhabi Economic Vision 2030 Objectives

Abu Dhabi will work to improve the depth and stability of the money and capital markets and make them less prone to external shocks, while at the same time take active measures to keep inflation in check. To this end, the following objectives will be achieved:

Efficient and Effective Regulatory and Supervisory Functions for the Banking and Insurance Sectors

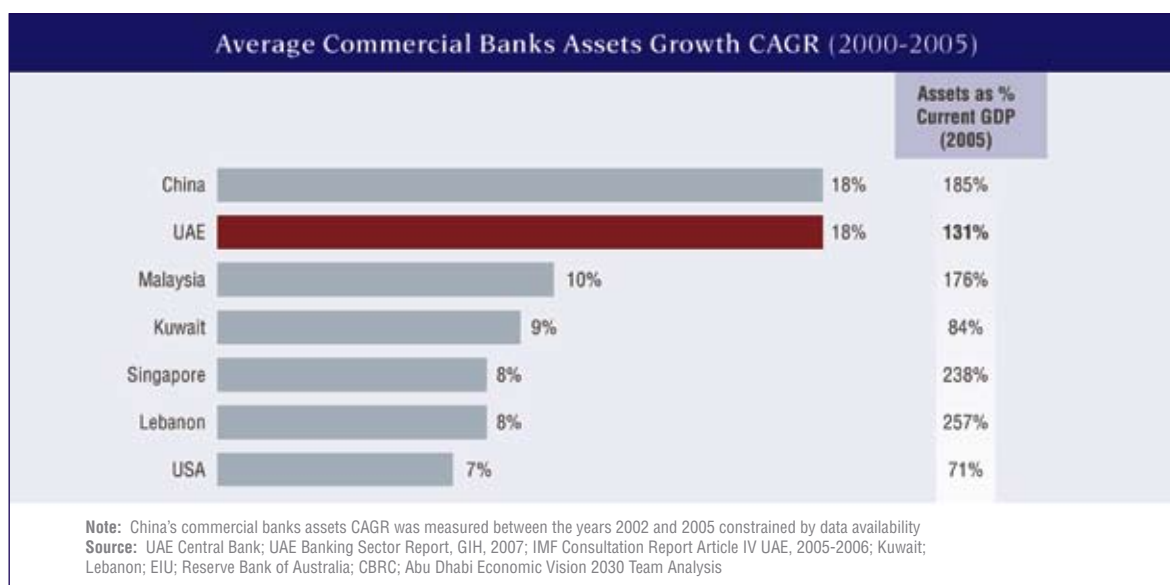
Through cooperation with Federal stakeholders, Abu Dhabi will seek to ensure an efficient and independent regulatory framework. A more sophisticated regulatory and supervisory framework for the insurance industry needs to be introduced to foster its growth and positive influence on the economy. Equally, the Government will help create



more opportunities for banks to finance capital projects and optimise the personal loan market.

Since 2000, commercial banking assets in the UAE have grown at an impressive rate. The rate of growth has outclassed that of many other transformation economies, and at present is on par with the rate recorded by China.

Even with this rapid growth in assets, a good balance between assets and liabilities has been maintained throughout the financial system. The system has been cautious in its outlook, with capital adequacy ratios well above those required by Basel II. By 2005, the UAE's banking system had a 5 percentage point margin above the Basel II 8% minimum, while the risk adjusted capital



adequacy ratio was even higher. This strong position has been a long-term aspect of the financial system in the UAE, and forms a solid foundation for the launching of new developments in the banking system.

However, despite strong growth and exceeding international requirements, there remains a perception in the markets that the banking sector is not completely fulfilling its potential. The rapid growth of the banking sector and improved access to financing presents new opportunities to develop the sophistication of the system. Looking forward, adjustments will be made to the banking system to address potential weaknesses. At present, Abu Dhabi operates with relatively low reserve requirements for banks, although it needs to enhance the supervision of the banking industry to better reflect these levels.

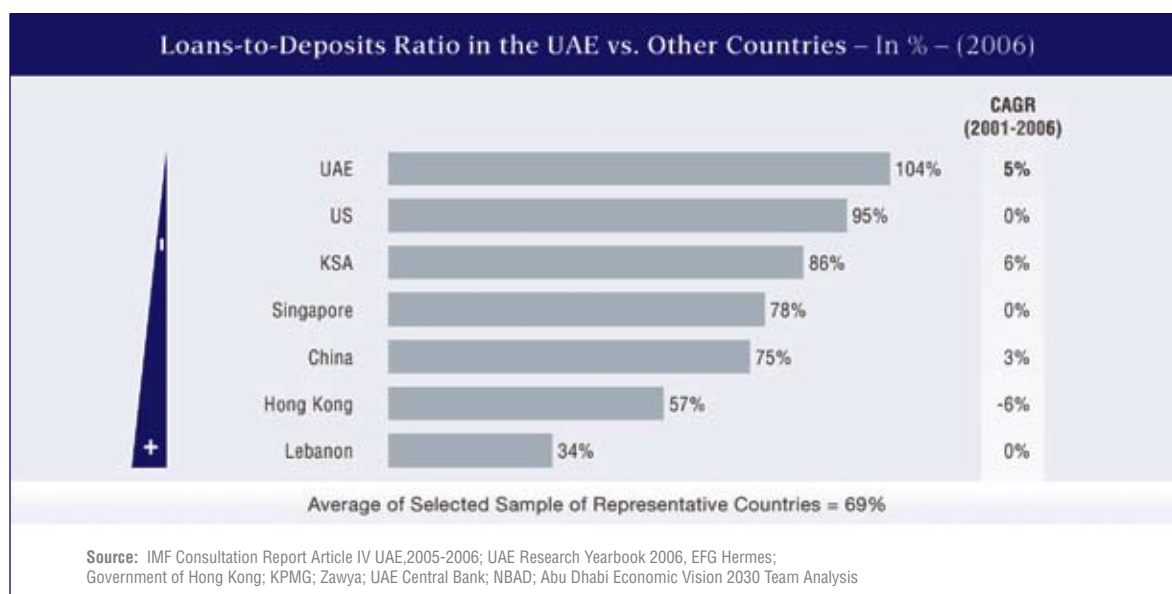
More sophisticated levels of supervision will make it easier to anticipate potential challenges to the banking sector and ensure its adequate liquidity at all times. Deposit insurance could also be a possible lever to improve the stability of the system and provide a further level of guarantee to investors.

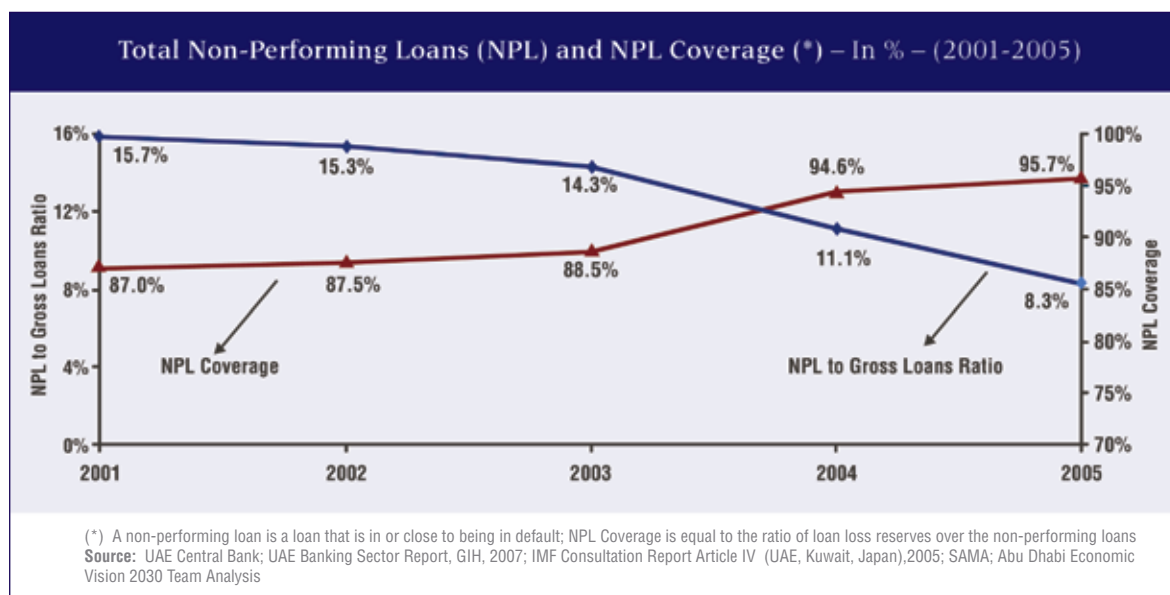
While supply-demand dynamics are the main driver of inflation in Abu Dhabi, monetary and imported inflation can be addressed in order to improve the inflation outlook.

Within the loan mix, there is a high proportion of personal loans, which may also be helping to fuel consumption patterns. Such loans have begun to fall as a proportion as more monies are devoted to investment and capital expenditure.

The coverage of non-performing loans (NPLs) in the banking system remains very healthy, and the proportion of NPLs to gross loans has been on a declining trend, further indicating soundness of the system. Banks need to consider limiting the type of loans they have offered in the past, by increasing the proportion in more secure long-term lending arrangements, and by moving them away from short-term and riskier sectors.

Further expansion into the provision of credit to productive sectors such as utilities, infrastructure, and manufacturing as well as to financial institutions could improve the loan mix. Another area that the banking sector should continue to be concerned with is the mitigation of loan





concentration risk. This could be achieved by ensuring an adequate allocation of banking assets across diversified geographies, customers and sectors. Banks should utilise the present high liquidity levels to finance SME development rather than fund consumption patterns.

Long-term investment tools are needed to divert excess liquidity towards financing development projects in Abu Dhabi.

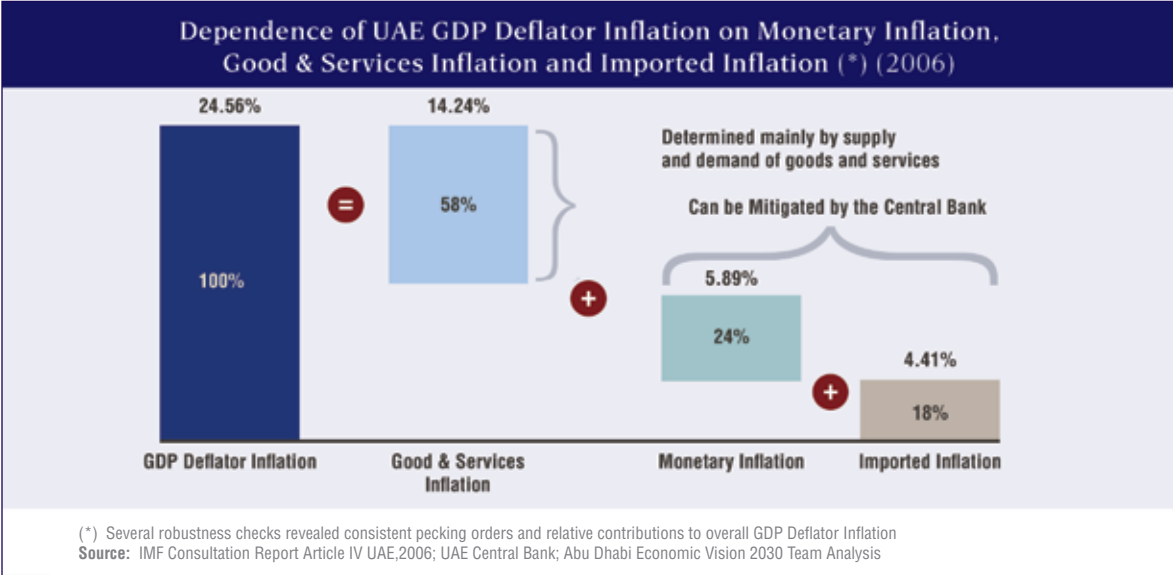
As economic diversification begins to become embedded, new opportunities will arise for the banking industry. At the same time, the banking sector should look to creating more sophisticated investment banking arms to assist with wealth creation and provide new methods of saving for the future for the people of Abu Dhabi. Equally, banks need to look beyond Abu Dhabi and the UAE and begin to move into regional and global markets. As Abu Dhabi and the UAE upgrade the capacities of supervision and regulation, and encourage the banking sector to improve its reach, opportunities will arise in foreign markets, and the Emirate's banks should be in a position to take them.

Controlled Inflation Through Effective Monetary Policy

Additional and more effective monetary policy tools will need to be created to influence money supply and prices and rein in imported inflation. New savings instruments will be introduced and a local mechanism organised that will help to absorb excess liquidity in the economy and put it to more productive use in generating growth engines. Banks will be encouraged to invest their capital through foreign channels to negate the effects of excess liquidity in the local system and further reduce domestic inflationary pressures.

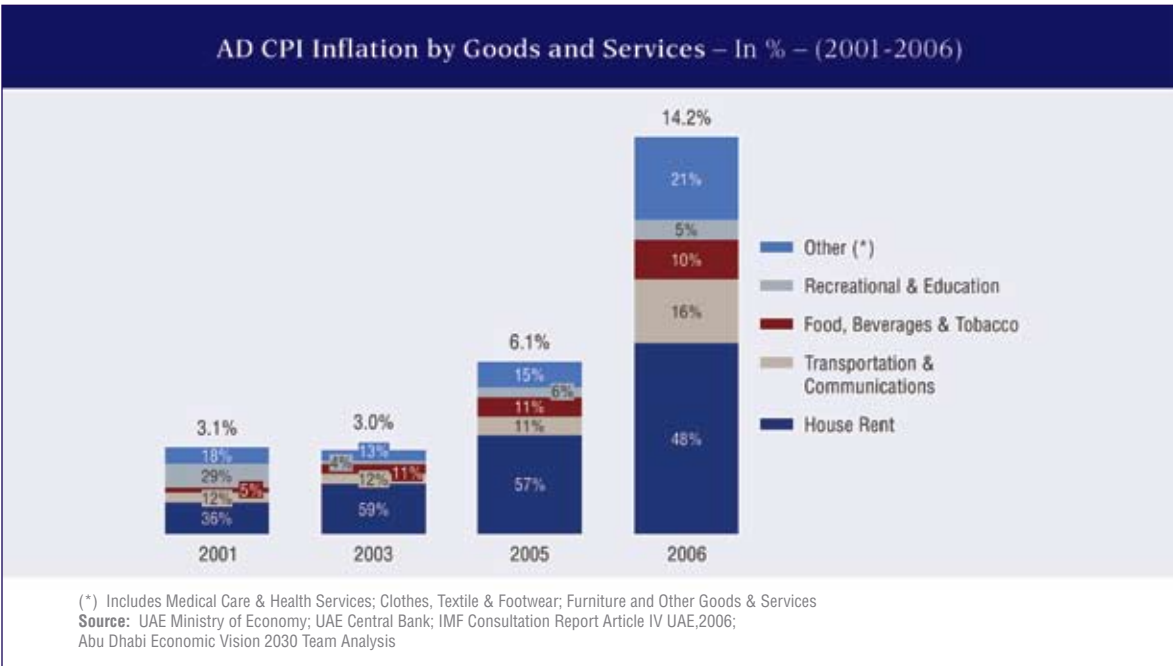
Equally, the Government will ensure that up-to-date inflation-related data will be provided to the market. In addition to the adoption of a more proactive monetary policy, close attention will be given to the supply and demand of goods and services (mainly housing stock) with high impact on CPI.

Although growth within the economy has been strong, inflation is beginning to emerge as a result of the exponential development Abu Dhabi is witnessing. The presence of inflation in a fast growing economy is not a trend unique to



Three Sources of Inflation

1. Supply and Demand Inflation: The increase in prices of producer and consumer goods and services due to supply and/or demand pressures.
2. Monetary Inflation: Pressure on prices that can be traced to the quantity, depth, cost and flow of the monetary base.
3. Imported Inflation: Inflationary pressures that the domestic economy is exposed to in the event of currency devaluation relative to the currencies of its main import providers.



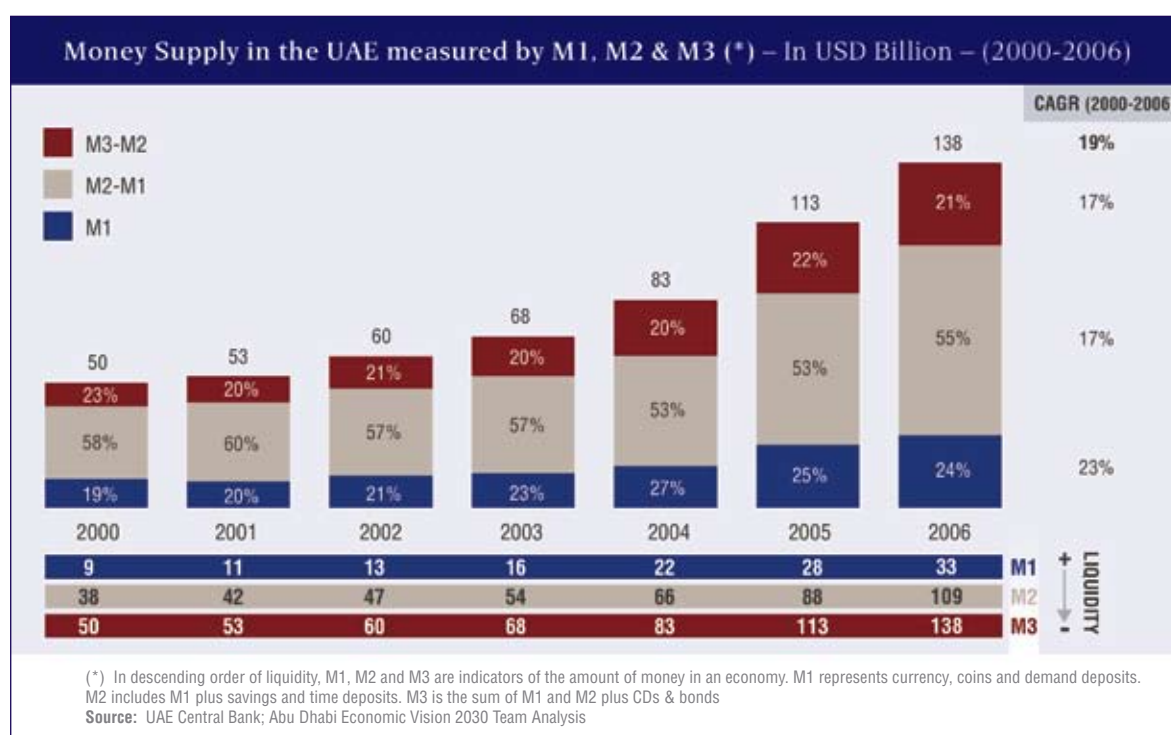
the UAE or Abu Dhabi, and there are ways and means by which the Emirate can address it. The Abu Dhabi Government, in coordination with Federal authorities, is looking to implement further monetary policy instruments to help dampen inflation levels.

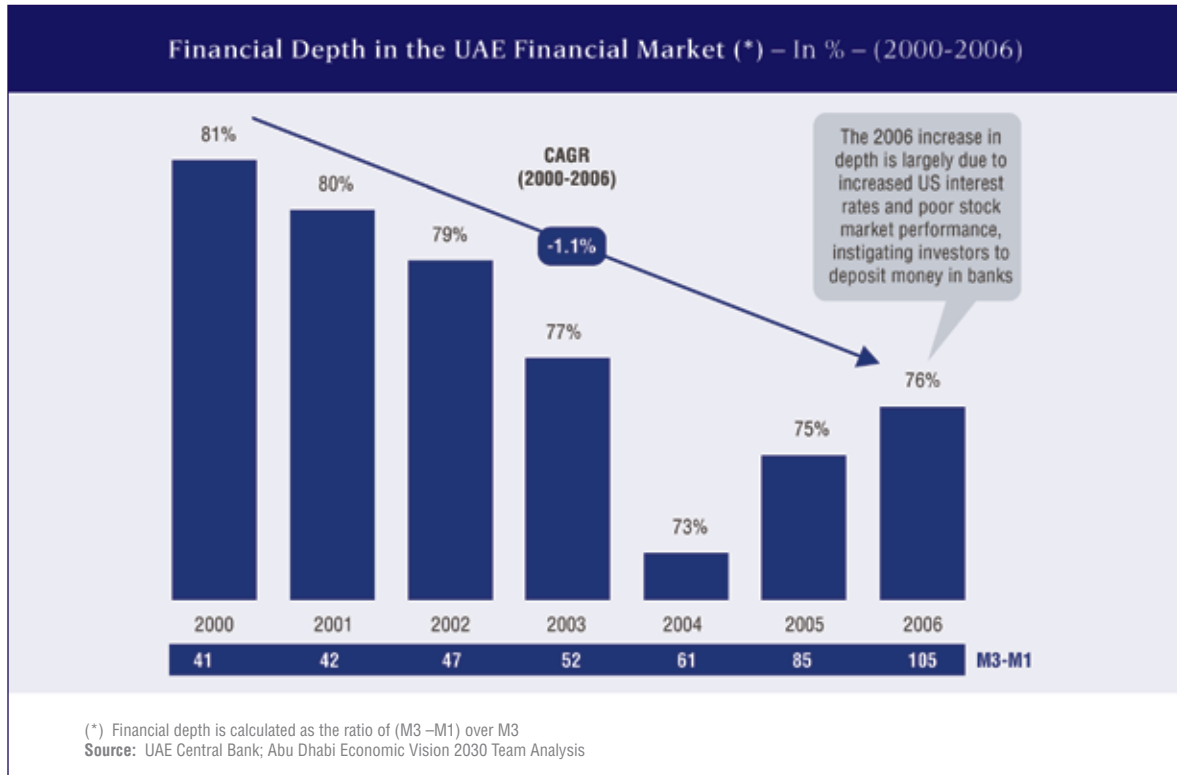
Inflationary factors in Abu Dhabi can be categorised into three broad types, each of them requiring action from the Government in order to improve the overall outlook: goods & services inflation, monetary inflation and imported inflation. Although it is important, imported inflation seems to have the least effect on total inflation compared to the other two factors. Supply and demand in the markets for goods and services are the main drivers of inflation within the local economy. Within this category, the prices that are paid for accommodation have been the main driving factor.

The money supply has also been growing at a fast rate in the UAE, on the back of strong oil prices. The rate of money supply growth in terms

of currency and demand deposits, represented by the M1 segment in the below graph, has been growing at an average annual rate of 23% since 2000. M2 money supply growth, representing M1 plus savings and time deposits, has also been growing strongly since 2000 at 17% per annum. This growth in the money supply has occurred as a result of the relatively light monetary policy regime presently in place at the Federal level, and has been influenced by the spectacular growth in oil revenues and ensuing liquidity.

Moreover, the strict currency pegging to the US dollar has left the Government with few monetary policy tools to manoeuvre with. In particular, the ability to utilise interest rates as an effective monetary tool is restricted. Recently, the low interest rate environment in the US has influenced local savings patterns in the UAE in general and Abu Dhabi in particular. Savings have tended to be kept in the most liquid form of accounts, such as demand deposits, rather than being deployed to serve more long-term investment purposes. It is in





this area that Abu Dhabi can act to help relieve the extent of the money supply's influence over inflation.

The Emirate will aim to increase the savings rate.

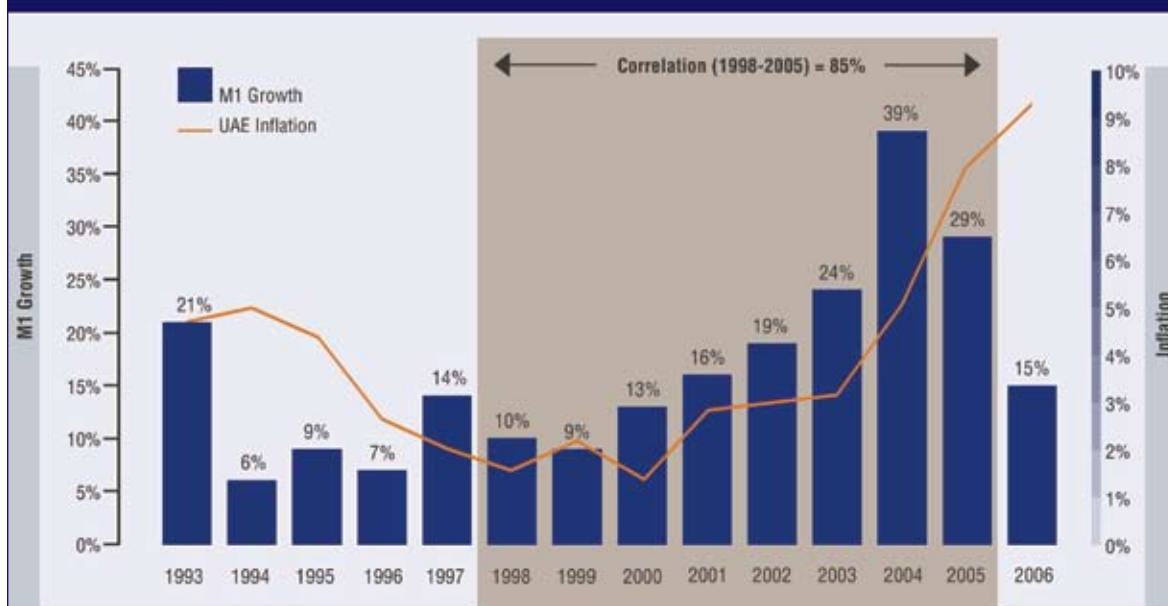
Abu Dhabi needs to encourage greater rates of saving and to develop new methods with which to lock wealth into the economy and employ it in long-term productive methods. A well-developed and deep financial system will help to channel excessive liquidity away from non-productive consumption and into capital formation.

Drawing excessive money away from consumption patterns in the economy will help to dampen inflation. Abu Dhabi will seek to provide more savings instruments for depositors and investors, while also looking into the provision of savings mechanisms at an Emirate level for the workforce, for both Nationals and non-Nationals.

A larger bond market would also help in this regard, locking away excess money supply and using it for more productive purposes while moving people away from short-term gains and high consumption patterns. The creation of more long-term savings products will feed directly into the financial markets and provide them with more long-term stability and allow policy-makers to focus on further economic development.

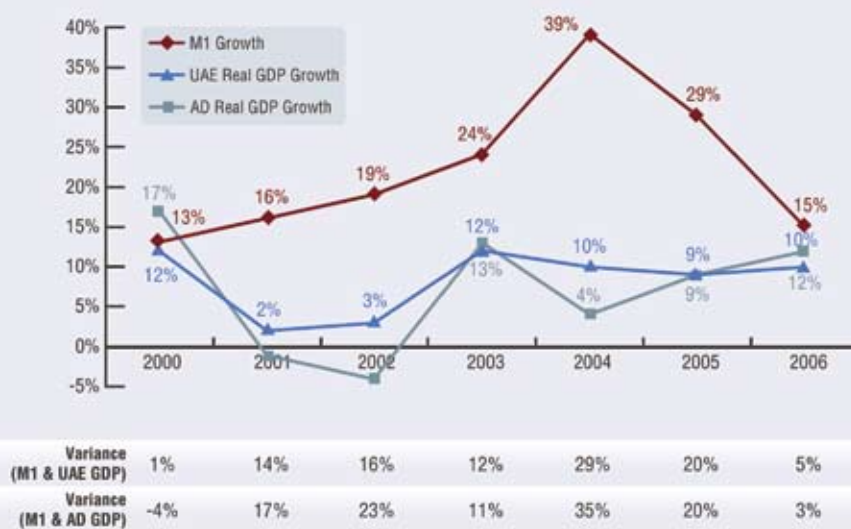
There is a strong connection between inflation and money supply. Excess liquidity and credit growth both feed into the economy, causing inflationary trends to become embedded. This tandem growth can be tamed through appropriate monetary policy measures. Excess liquidity does not necessarily lead to inflation; however, an increase in the money supply that is not matched by productive economic activity can provide fertile earth for the roots of inflation to take hold.

UAE Money Growth and Inflation (*) – In % – (1993-2006)



(*) Inflation rate for 2005 is based on IMF and Central Bank data that reported a rate of 8% versus that of 6.2% reported ex-post by the Ministry of Economy
 Source: UAE Central Bank; Abu Dhabi Department of Planning and Economy; Abu Dhabi Statistical Yearbook; DCCI; Abu Dhabi Economic Vision 2030 Team Analysis

Monetary Inflation and Real GDP Growth for AD and UAE – In % – (2000-2006)



Source: UAE Central Bank; Abu Dhabi Department of Planning and Economy; Abu Dhabi Statistical Yearbook; DCCI; Abu Dhabi Economic Vision 2030 Team Analysis

More of the money supply needs to be guided into areas that will help generate economic activity and away from non-productive uses. The increasing sophistication of the banking sector, and its drive to enter foreign markets, will also help in sterilising large amounts of excess liquidity, especially offshore so that credit growth within the Emirate can be kept at manageable levels. In the UAE, the growth in the money supply has outpaced that of GDP in recent years, even after adjusting for changes in money velocity.

The institution of more long-term savings instruments and a government bond market will assist in taking the excess away from short-term uses and lock it into the economy for the long term. GDP growth needs to somewhat match money supply growth otherwise the excess money available may lead to inflationary pressure.

The devaluation of the dirham in relation to many of its trading partners' currencies has also led to a proportion of imported inflation entering the economy. The dirham's peg to the US dollar is the primary cause for this event. Approximately 60% of imports by origin are sourced from countries that contribute to the imported inflation component. As goods become more expensive to bring into the country, traders are forced to increase prices in dirham terms, increases which are then passed on to consumers and can influence inflation.

Another aspect of the inflation picture is that consumers are beginning to expect its presence in the economy. When consumers begin to accept rising rents and prices as a matter of course, inflationary expectations can become self-fulfilling.

Such opinions can be corrected through the provision of improved statistics and information regarding the actual performance of the Abu Dhabi economy. The new statistics agency being formed in Abu Dhabi will be able to help educate the marketplace as to the true picture of the economy, and ideally conquer the psychological drivers of inflation.

More Efficient and Less Speculative Financial Markets

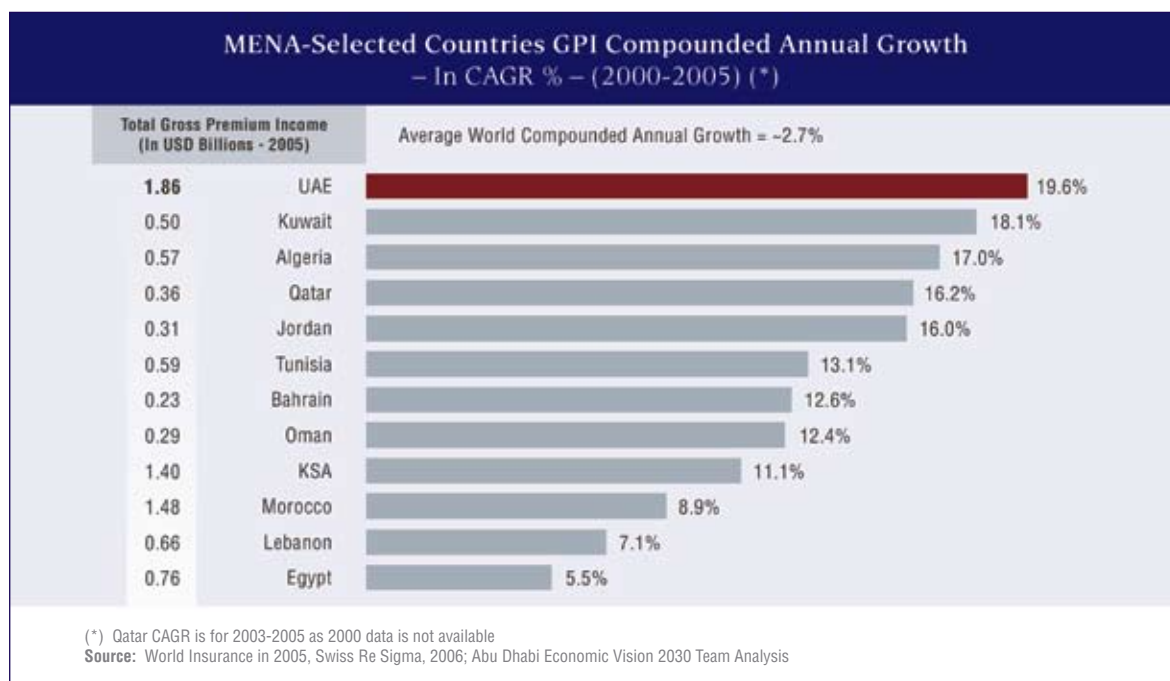
Abu Dhabi will also seek to ensure the development of domestic debt and asset securitisation markets. Institutional investors will be encouraged, and mechanisms such as funds and the insurance sector will begin to exert a more long-term, mature influence over the market.

In line with this, regulatory efficiency will be enhanced and restrictions on portfolio investment ownership regulations will be reviewed to ensure they can produce the long-term stability that will be of great value to the financial markets and Abu Dhabi as a whole. Moreover, the establishment of more sophisticated and transparent reporting mechanisms is expected to further enhance the Abu Dhabi financial market's ability to attract institutional and other long-term investors.

By ensuring financial system stability and upgrading monetary policy, Abu Dhabi will stimulate long-term growth and diversification. The reward will be a more stable financial and market outlook, and one that is less affected by adverse market reactions. The creation of more vehicles for investing money, especially government bonds, will help to ameliorate such conditions, as will the encouragement of more institutional investors. At present, most investors on the stock market tend to be individual investors rather than institutions, and as individuals they are more prone to speculation.

A greater level of stability will be brought to the capital formation markets through the creation and attraction of institutions, which will take a more long-term view of companies and make investment decisions based on potential longer-term gains.

The creation of local funds, and the encouragement of those from overseas, will enable a more mature group of investors to emerge, which will help in the formation of corporations and improve the sophistication and depth of the financial markets. Economic growth is enhanced when investors take a longer-term view of



success and are prepared to make extended commitments. Institutional investors and funds will help to encourage more competition in the financial markets for investments, and can assist in improving transparency in the marketplace.

At present there is a limited number of pension funds and hedge funds in the market, and Abu Dhabi will look at their development locally as well as encouraging the presence of foreign funds. Mutual funds and the insurance sector are also very effective long-term investors. As these two

areas grow they will have a positive influence and encourage stable and solid returns from the financial markets.

The insurance sector has shown strong growth in Abu Dhabi over the past few years. This growth has not only helped the Emirate to plan for a more secure future, but is also reflected positively in the financial markets. The Government will oversee the regulation of the insurance sector in a way that helps to lock in long-term growth and preserve the gains made elsewhere in the economy.

Abu Dhabi Economic Vision 2030 Objectives

Abu Dhabi will work to improve the depth and stability of the money and capital markets and make them less prone to external shocks, while at the same time take active measures to keep inflation in check. To this end, the following objectives will be achieved:

Objective 15**Efficient and Effective
Regulatory and
Supervisory
Functions for the
Banking and
Insurance Sectors**

Through cooperation with Federal stakeholders, Abu Dhabi will seek to ensure an efficient and independent regulatory framework. A more sophisticated regulatory and supervisory framework for the insurance industry needs to be introduced to foster its growth and positive influence on the economy. Equally, the Government will help create more opportunities for banks to finance capital projects and optimise the personal loan market.

Objective 16**Controlled Inflation
Through Effective
Monetary Policy**

Additional and more effective monetary policy tools will need to be created to influence money supply and prices and rein in imported inflation. New savings instruments will be introduced and a local mechanism organised that will help to absorb excess liquidity in the economy and put it to more productive use in generating growth engines. Banks will be encouraged to invest their capital through foreign channels to negate the effects of excess liquidity in the local system and further reduce domestic inflationary pressures. Equally, the Government will ensure that up-to-date inflation-related data will be provided to the market. In addition to the adoption of a more proactive monetary policy, close attention will be given to the supply and demand of goods and services (mainly housing stock) with high impact on CPI.

Objective 17**More Efficient and
Less Speculative
Financial Markets**

Abu Dhabi will also seek to ensure the development of domestic debt and asset securitisation markets. Institutional investors will be encouraged, and mechanisms such as funds and the insurance sector will begin to exert a more long-term, mature influence over the market. In line with this, regulatory efficiency will be enhanced and restrictions on portfolio investment ownership regulations will be reviewed to ensure they can produce the long-term stability that will be of great value to the financial markets and Abu Dhabi as a whole. Moreover, the establishment of more sophisticated and transparent reporting mechanisms is expected to further enhance the Abu Dhabi financial market's ability to attract institutional and other long-term investors.

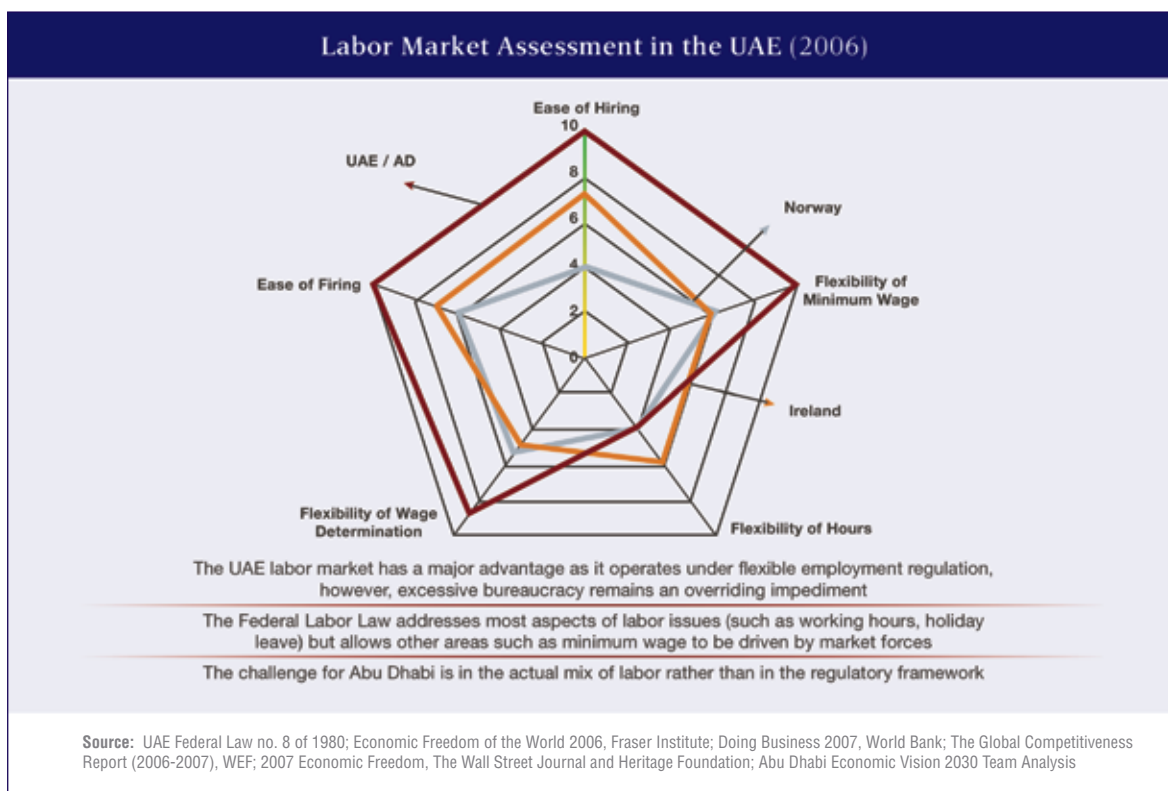
4. Drive Significant Improvement in the Efficiency of the Labour Market

Abu Dhabi has a highly open and flexible labour market, designed to attract, develop and retain a skilled and effective workforce, in which Nationals are active participants.

When it comes to operating a business, the UAE's and Abu Dhabi's open and flexible labour markets are one of the country's key competitive advantages.

Abu Dhabi's current labour policies are designed to increase participation by Nationals in the workforce, attract skilled labour and stem the inflow of unskilled workers. Looking forward, the thrust

of these policies will not change, but Abu Dhabi will ensure that in seeking to achieve these goals it does not lose sight of the vital labour market flexibility that drives productivity in successful economies. With the right regulations, Abu Dhabi will maintain high employment levels and labour market efficiency whilst ensuring ethical and safe management of its labour resources.



Abu Dhabi Economic Vision 2030 Objectives

Abu Dhabi will significantly improve the efficiency of the labour market to provide the best tools for a thriving private sector and to increase productivity in the economy. In order to achieve this, labour policy will be directed toward three primary objectives.

The Emirate's labour policies are meant to attract increasing numbers of skilled workers, and encourage Nationals to join the private sector.

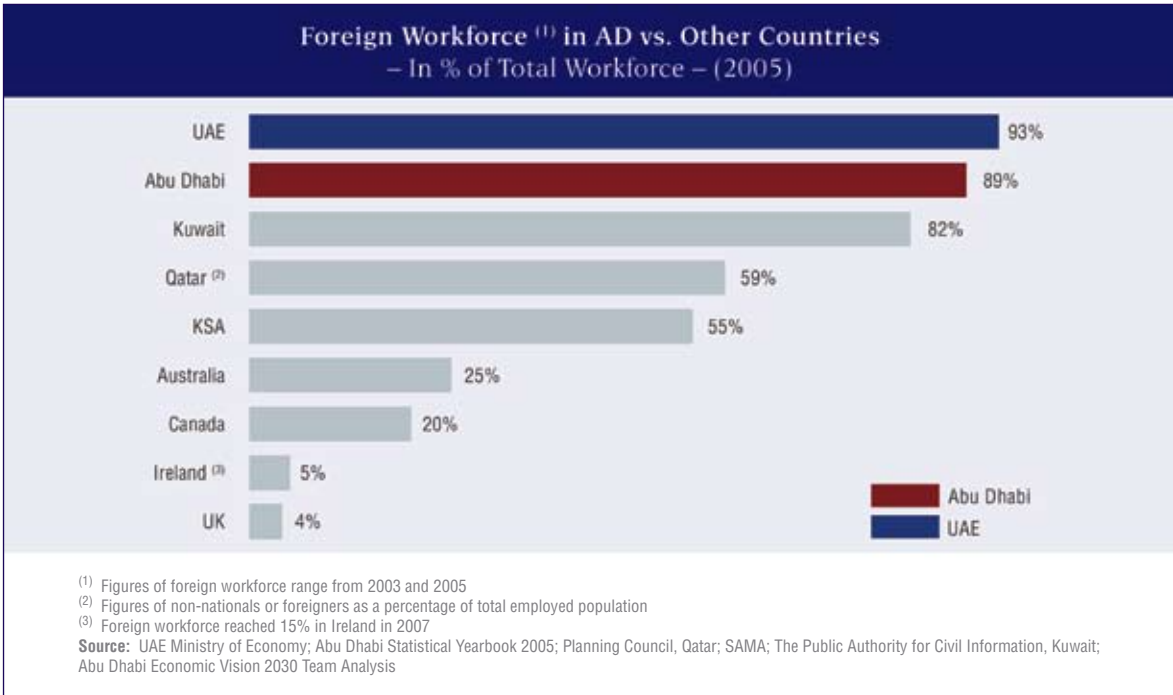
Increased Participation of Nationals in the Workforce, Especially in the Private Sector

Abu Dhabi is currently heavily reliant on foreign labour, both skilled and unskilled. Expatriates make up 89% of the workforce, one of the highest proportions of foreign labour in the world. Given the small size of the national population, the situation is unlikely to change in the foreseeable future.

Whilst Abu Dhabi welcomes expatriate employees to its shores to help build the economy and share in its success, the Emirate recognises the need to ensure that Nationals are well equipped to fill available positions, especially in the private sector. This pressure will become increasingly acute due to the rapid growth of the National population that has accompanied economic prosperity.

Government has traditionally been the employer of choice among Nationals. However, in its drive towards a more efficient public sector the Government cannot continue in this role for the growing number of job-seekers.

It is therefore essential that Nationals are equipped with the right skills, qualifications and work ethic to make them competitive in the private sector job market. In order to achieve this, the Federal and local governments have developed a two-pronged policy approach that combines training programmes with market-based incentives and workforce nationalisation minimums. The labour nationalisation strategy in Abu Dhabi is the responsibility of the Emiratization Council, which



was established in 2005 to build Emirati intellectual potential and capabilities to become the first choice for employment. It coordinates with Tanmia, the Federal Human Resources Development Authority, which was established to match available jobs with Nationals looking for work.

Quotas have also been set for certain economic sectors, requiring companies within those sectors to reach certain levels of 'Emiratisation' in their workforce. The banking sector is required to achieve 4%; the insurance sector 5%; and companies engaged in trade 2%. The Government has set these low and very achievable targets to ensure people are not forced into jobs they are not qualified for or suited to.

However, despite these efforts some sectors of private enterprise remain reluctant to hire Nationals based on cost and skills set concerns. Therefore, the key is to ensure Nationals are equipped with the right qualifications through training and education.

To this end, numerous training programmes and initiatives have been and will continue to be established in both the public and private sector. Universities and colleges are working closer with the private sector to design appropriate courses to match Nationals' skills sets with the needs of business and enterprise.

In short, Abu Dhabi will ensure there are qualified Nationals to fill job vacancies through investment in education and relevant training across all economic sectors. Additionally, Emiratisation policies will continually be assessed and revised in order to ensure they are working effectively.

Expanded Skilled Workforce and Reduced Dependence on Unskilled Labour

Skilled foreign labour is essential to the continued success of Abu Dhabi's economy. The relatively large proportion of foreign labour in the economy allows the Emirate to maintain a highly flexible workforce that can be hired as required.

For expatriates, the Emirate is an attractive place to live and work. Immigration processes are designed to make it easy for skilled workers and those with higher education qualifications to obtain work permits. Many expatriates are also drawn by competitive remuneration packages, which are further enhanced by the lack of income tax, property taxes or VAT. As a result, real wages in Abu Dhabi are far higher than in many countries.

Additionally, expatriates are often provided with housing as well as tickets home and education allowances for their children. It has recently become mandatory for employers to provide health insurance, whilst they also pay all visa and certification costs.

The economy will be reliant on foreign labour for the foreseeable future, and so efforts will be made to attract and retain foreign talent and skilled labour, including an assessment of immigration procedures.

Enhanced Labour Market Processes

A drive to increase productivity and develop a more high-tech, knowledge-based economy, will eventually lead to a decrease in the ratio of unskilled foreign labour in the Emirate. Visa controls for unskilled workers have become tighter, and there are much stricter controls on tourist and transit visas to discourage illegal immigration. Amnesty periods for "illegals" have also been an effective tool, encouraging the departure of those wishing to avoid judicial censure.

During one such amnesty in 2003, for example, 100,000 people took up the opportunity to return to their home countries legally.

The Government, which has been the employer of choice among Nationals for a number of years, is working to build the Emirate's private-sector workforce through training programmes, incentives and quotas.

In an effort to curb avoidance of set caps and controls, changes have been made to sponsorship laws. However, Abu Dhabi intends to instigate greater co-ordination of immigration and labour policy between the Federal and local levels of government. Although immigration and nationalisation policies are made at the Federal level, there is room for improved coordination at the Emirate level so that restrictions on visa issuance cannot be circumvented.

Meanwhile, the UAE has been investigating with international organisations such as the WTO and ILO methods to improve the living and working conditions of its unskilled expatriate population.

Historically, the UAE has scored well when it comes to relations between employers and the workforce. Recently, however, there has been some friction, and the UAE has been perceived

as needing to pay more attention to this area. The goal is therefore to maintain the flexibility of the labour market, whilst also offering all necessary protection to employees.

In order to increase its attractiveness for skilled workers, Abu Dhabi is strengthening and enhancing its local capabilities to handle labour issues through the recently created Department for Labour and Social Services and by encouraging greater cooperation between local and Federal agencies in implementing labour and immigration regulations.

Most importantly perhaps, labour and immigration policies will be linked to a regular assessment of business requirements in close consultation with the private sector. In particular, as Abu Dhabi eyes becoming an international services centre, the labour market will be restructured.

Abu Dhabi Economic Vision 2030 Objectives

Abu Dhabi will significantly improve the efficiency of the labour market to provide the best tools for a thriving private sector and to increase productivity in the economy. In order to achieve this, labour policy will be directed toward three primary objectives.

Objective 18

Increased Participation of Nationals in the Workforce, Especially in the Private Sector

Abu Dhabi will ensure there are qualified Nationals to fill job vacancies through investment in education and relevant training across all economic sectors. Additionally, Emiratisation policies will continually be assessed and revised in order to ensure they are working effectively.

Objective 19

Expanded Skilled Workforce and Reduced Dependence on Unskilled Labour

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Objective 20

Enhanced Labour Market Processes

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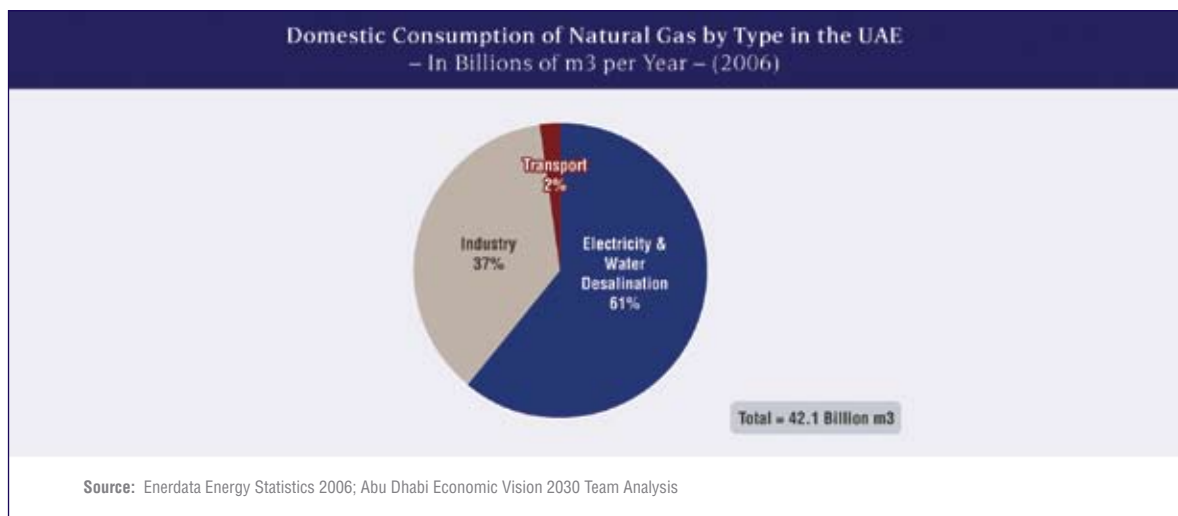
5. Develop a Sufficient and Resilient Infrastructure Capable of Supporting Anticipated Economic Growth

A world-class economy needs an infrastructure and associated services to match. Abu Dhabi will ensure the security and resilience of its economic growth by building on its current energy, transport, telecommunications and technology assets.

Abu Dhabi has invested heavily in developing infrastructure that has underpinned the Emirate's growth over the past 30 years. Power and water utilities that were first developed in the 1960s for a population in the tens of thousands have grown to serve 1.7m people with increasing sophistication. Modern transport and communications links have facilitated trade and business with regional and global partners.

Current infrastructure capacity, however, will not be sufficient to cope with the levels of economic and the consequent population growth envisaged

over the next two decades. Abu Dhabi has already embarked on a massive investment and upgrade programme across its utilities and transport sectors to ensure that economic growth is not constrained by lack of capacity. The Emirate is focused on building one of the most modern, efficient and effective infrastructure networks in the world, while taking the necessary steps to protect its environment. There is also a focus on information and communications technology (ICT) to keep Abu Dhabi at the forefront of technological advancement and ensure its population is fully wired into the global economy.



Abu Dhabi Economic Vision 2030 Objectives

Abu Dhabi will develop world-class infrastructure that is not only capable of supporting and sustaining the anticipated levels of economic growth, but acts as a catalyst for that growth, encouraging investors to take advantage of the Emirate's excellent access to utilities, transport networks and ICT. The four key objectives for infrastructure development in the Emirate are:

Enhanced Energy Security to Meet Future Demand

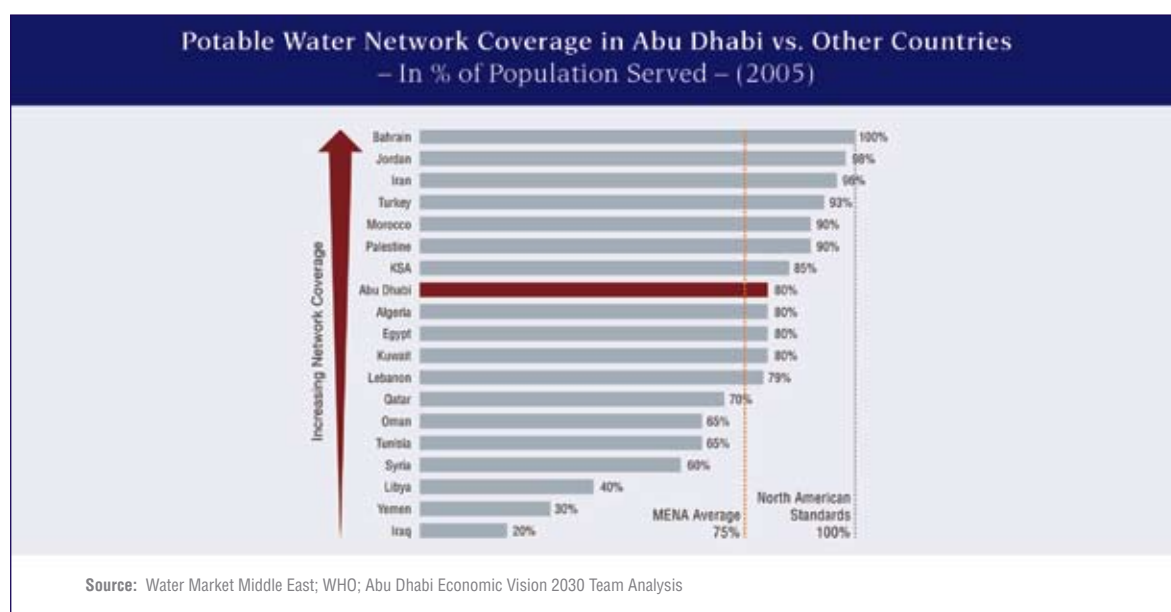
An energy master plan has been developed to ensure that Abu Dhabi has a strong and diverse energy supply. The Emirate's enviable domestic energy resources comprise not only oil, but also substantial reserves of natural gas, most of which is "associated gas". Although a small portion of gas production is exported (LNG), the majority is consumed locally in power generation, water desalination and industry. In particular, the utilities sector in the Emirate is heavily dependent on natural gas as an energy source. For example, nearly 100% of the electricity is generated by gas-

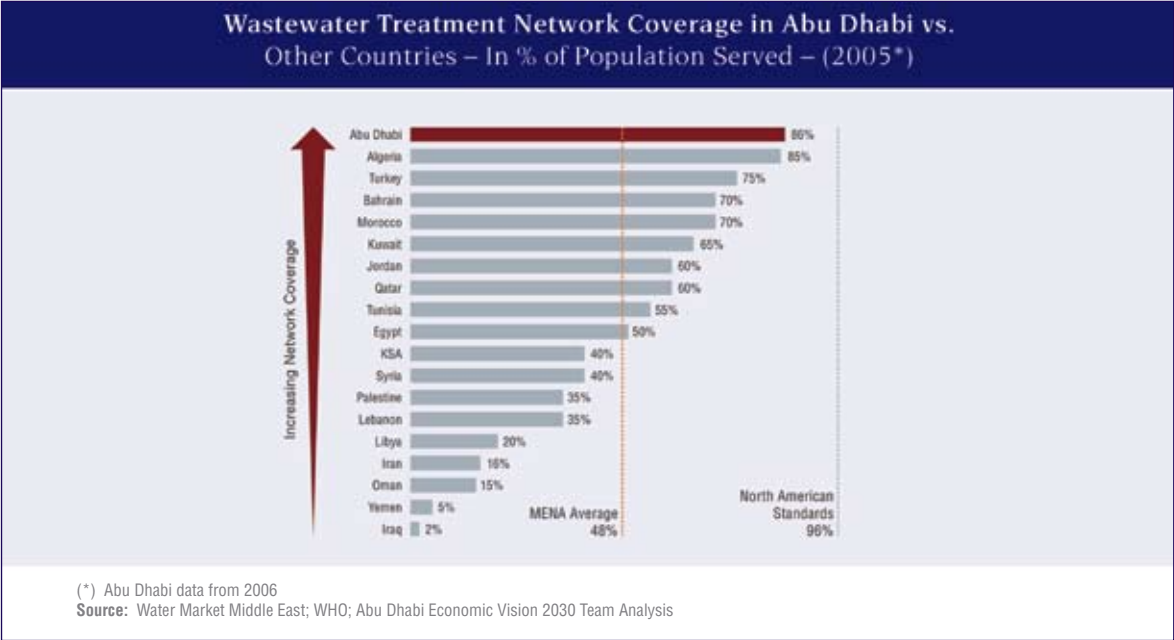
fired plants. Similarly, a large proportion of potable water is produced by gas-powered desalination plants.

The Emirate already boasts one of the most developed utilities infrastructures in the region. Electricity is distributed to almost the entire population. The majority of the population also has access to potable water and a greater proportion is served by sewerage networks. On both of these measures, Abu Dhabi performs above average for the Middle East and North Africa (MENA) region, and will attain the same levels of coverage seen in the most advanced parts of the world.

Demand for power in Abu Dhabi is already among the highest in the region. Electricity cost is also relatively low in comparison to neighbouring countries and, given the generally high level of personal income in the Emirate, it is extremely affordable. Water consumption is also fairly high in the Emirate.

Rapid population growth and urbanisation and the expansion of thirsty industries have led to increased demand from both residential and commercial customers. Water demand has





therefore been driven by the economy's meteoric success. Low tariffs have also made water extremely affordable, while attempts to promote conservation are increasingly becoming more prevalent.

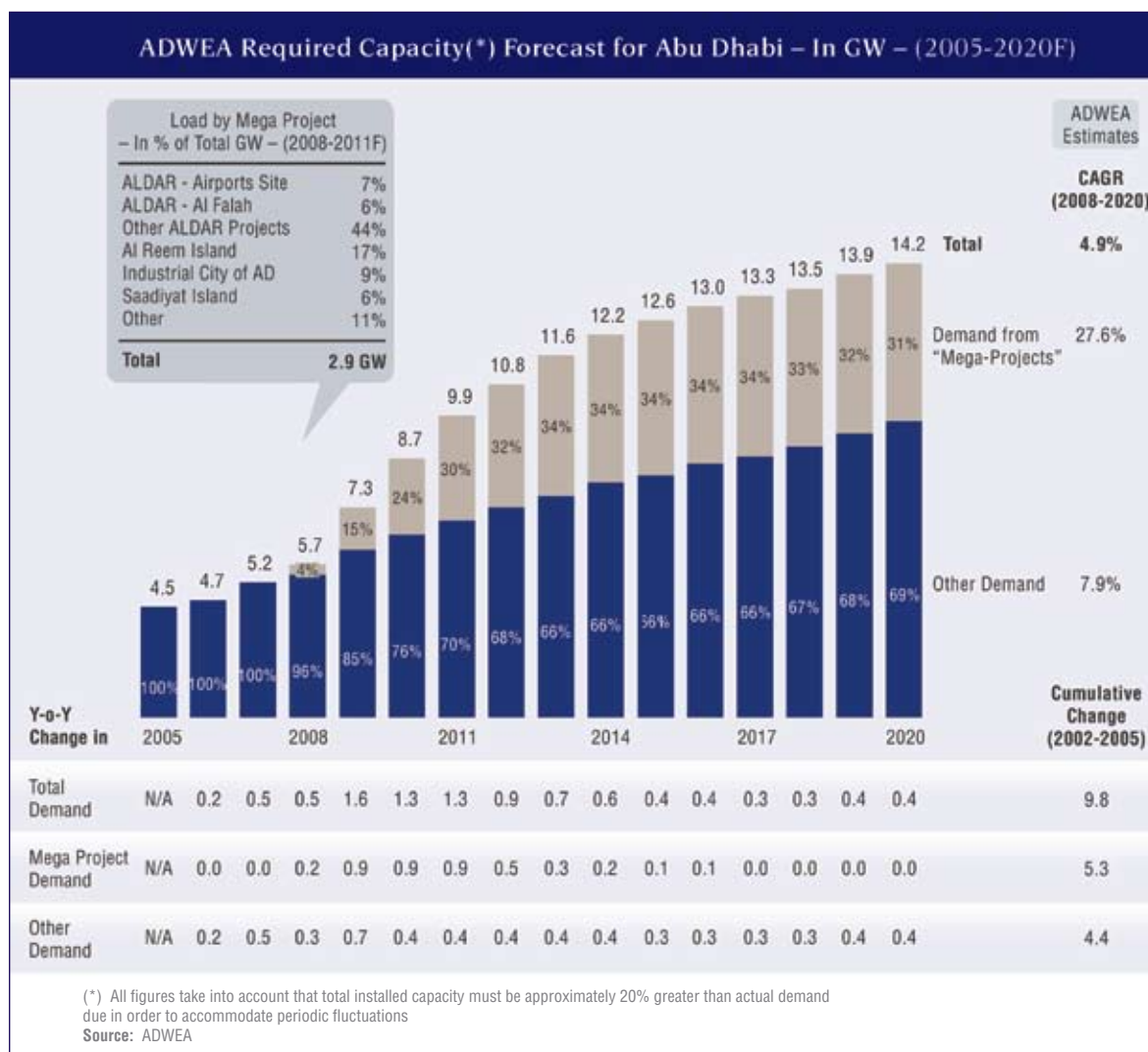
Abu Dhabi currently has some excess capacity in power generation and in water desalination, but the supply of both will have to be increased over coming years to meet the demands of a growing population. Demand for power is expected to more than treble by 2020, according to forecasts by the Abu Dhabi Water and Electricity Authority (ADWEA). A major driver of this growth in demand will be real estate projects, such as those on Al-Reem Island, Saadiyat and Al-Raha Beach as well as industrial cities.

Diversifying energy sources is a key strategy to ensure future energy security.

Several new power and water projects, adding large amounts of new capacity, are already planned or under construction in the Emirate. However, according to ADWEA projections, there will be a small but increasing shortfall of capacity

by the end of the decade, requiring significant investment in further plants. Looking forward, ADWEA is examining ways to increase baseline capacity and diversify power sources away from gas, which is a finite resource. ADWEA is already tendering to international companies to build new plants that will come online from 2011.

In April 2008, the Ministry of Foreign Affairs published the 'Policy of the United Arab Emirates on the Evaluation and Potential Development of Peaceful Nuclear Energy', which outlined the principles on which the Federal Government would explore the potential value and feasibility of nuclear power in the future. The policy was developed in consultation with a number of foreign governments and the International Atomic Energy Agency, and seeks to establish a best practice model via which non-nuclear states may explore and potentially deploy nuclear energy. The outcome of this evaluation, and any future decision to develop peaceful nuclear energy, would potentially diversify the UAE's energy sources and have an impact on Abu Dhabi's energy projections.



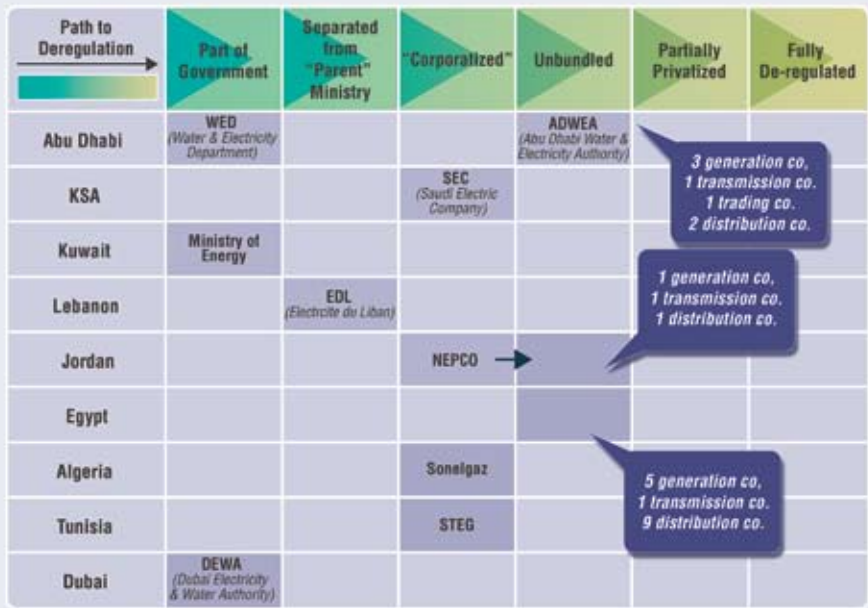
In meeting future demand, Abu Dhabi will benefit from the liberalisation and deregulation of some elements of its utilities sector (mainly power generation), which is key to ensuring robust, demand-sensitive power and water provision.

It is also the most effective way to attract private capital and international expertise. The government affiliated regulatory body ADWEA was established in 1998, and has overseen the unbundling of the Government's power and water assets over the past decade to create the most liberalised utilities sector in the region.

The water sector is more liberalised than any other state in the region, with all aspects of sourcing, distribution and wastewater collection open to the private sector. Power generation is also open to private sector participation with several plants in the Emirate being operated by privately owned entities.

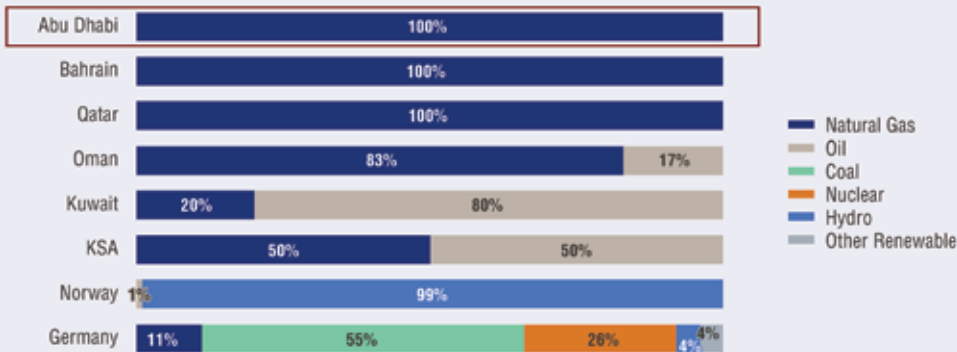
While ensuring effective supply, Abu Dhabi will also implement demand-side management in order to improve energy efficiency and water conservation. This will be especially important in the water sector, where rationalisation policies and improved waste

Status of State-Owned Electricity Assets in Selected Arab Countries (2006)



Source: Abu Dhabi Statistical Yearbook 2000, 1995, 1985; Abu Dhabi Economic Vision 2030 Team Analysis

Electricity Generation by Fuel Type in Abu Dhabi vs. Other Countries (*) – In % – (2004)



(*) Norway is currently diversifying its power sector namely through commissioning nuclear power plant projects; natural gas also being considered as an alternative to hydro

Source: ADWEA; EIA; Abu Dhabi Economic Vision 2030 Team Analysis

management can have a significant effect on overall per capita consumption.

Abu Dhabi will also be planning ahead to ensure that power and water supply are sustainable in the long term. Diversifying energy sources is a key strategy to ensure future energy security and Abu Dhabi will lay the foundations for this diversification by exploring alternative energy sources to reduce dependence on natural gas. Moreover, the Emirate is already investigating opportunities to utilise its existing reserves of sour gas.

Efficient and Safe Transport Infrastructure

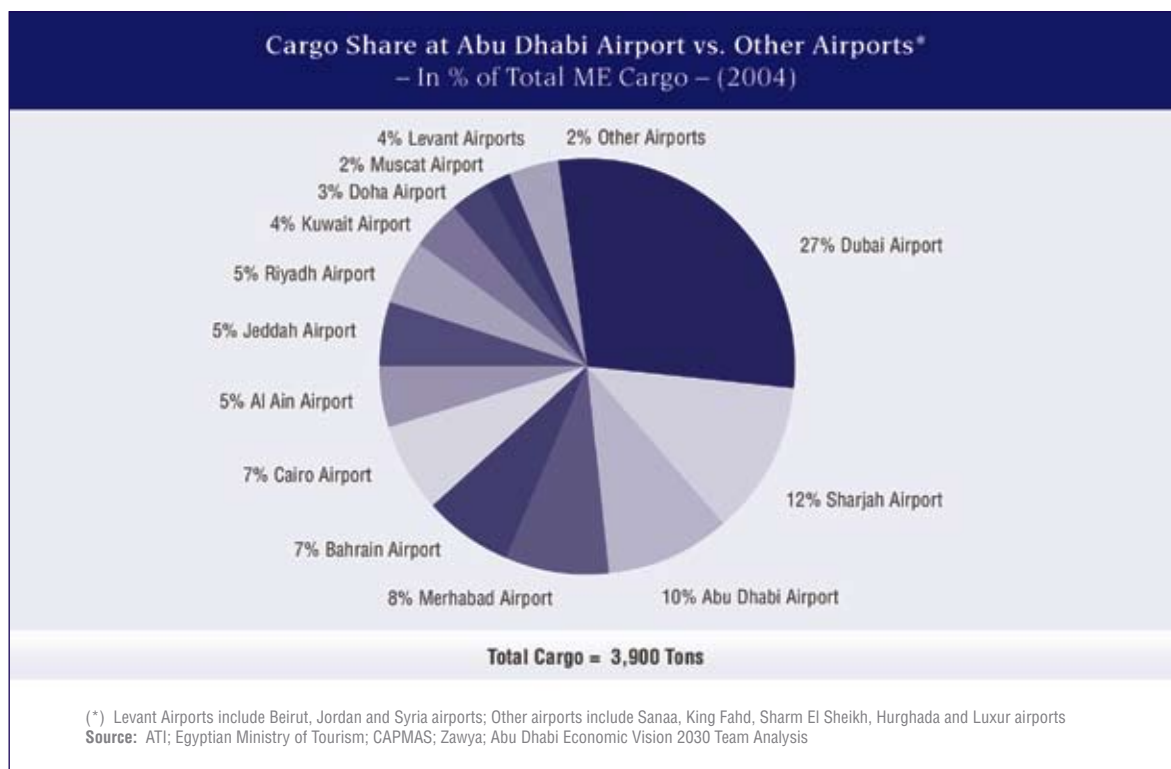
Well connected to the region and the rest of the world by land, air and sea, Abu Dhabi has taken its place among global trading nations. To ensure there is enough capacity at its air and sea ports for the Emirate to strengthen its position as a centre

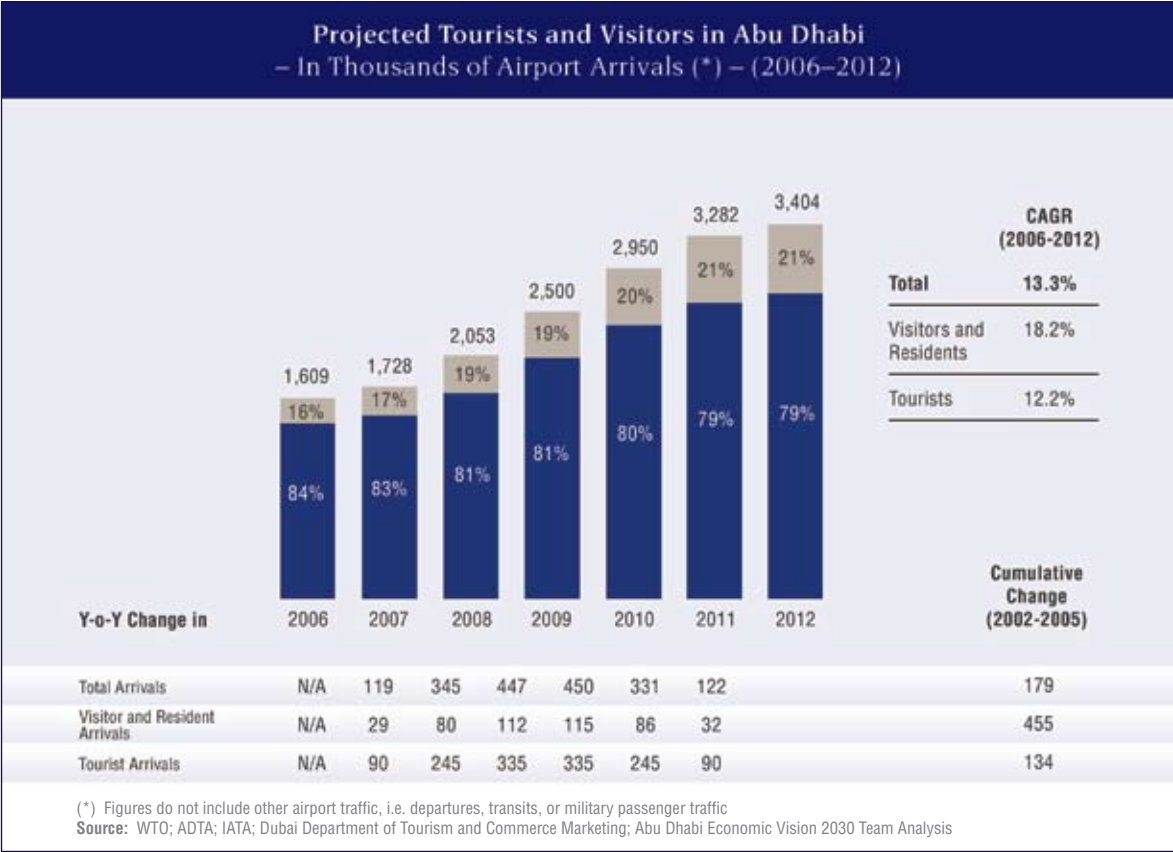
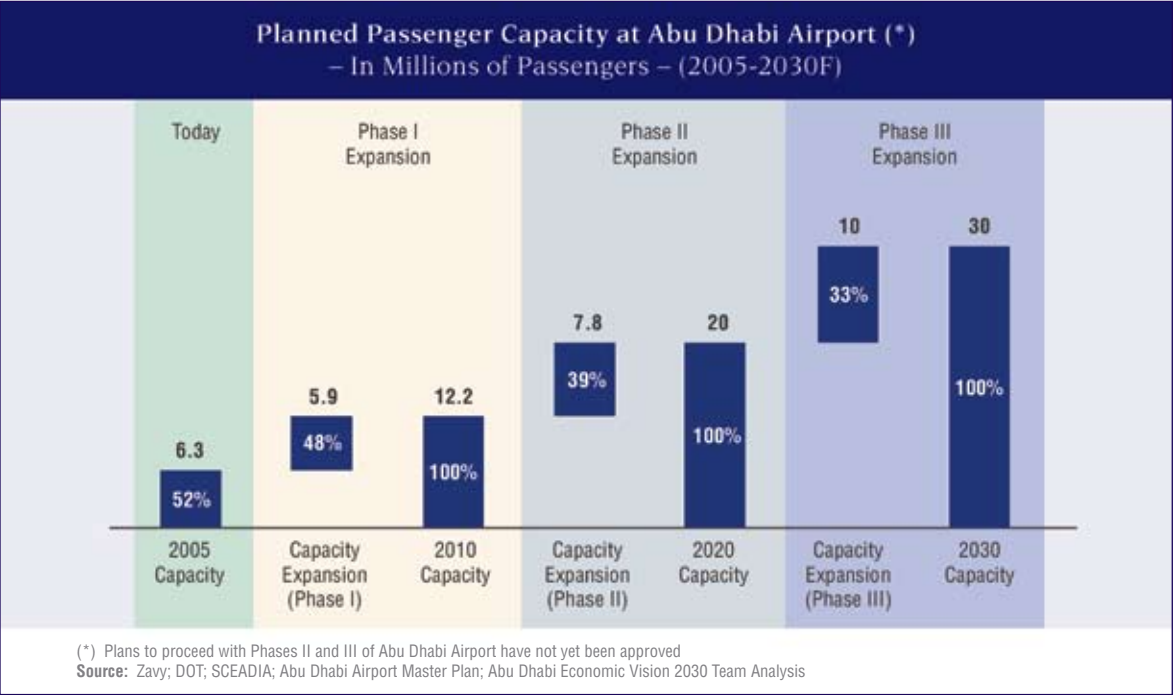
of international trade, a comprehensive transport master plan for the Emirate is being developed and increased investments will be made. Efficient public transport systems and upgraded internal road infrastructure will also be designed to ensure the Emirate and its major cities have a smooth flow of goods and commuters.

There is a national drive to increase tourist numbers to around 2.7m in the next five years.

Abu Dhabi International Airport is already a major hub for cargo and passenger traffic. Both passenger numbers and cargo volumes are on a strong upward trajectory. Given local economic growth and Abu Dhabi's easy accessibility from other growing urban centres, the airport is currently undergoing significant expansion to meet future demand.

Tourism is also expected to add significantly to the number of passengers using the airport. In 2006,





around 1.34 million tourists visited the Emirate and the goal is to increase this to around 2.7 million in the next five years, in conjunction with the timely delivery of new hotels into the market.

Abu Dhabi-based airline Etihad – the national carrier of the UAE – also expects its passenger traffic to grow at an average 4.7% a year for the next 25 years.

The Abu Dhabi Airport expansion plans have been designed to increase capacity in three phases to around 30m passengers a year by 2030. The first phase, which will see capacity increase to 12m, will be complete by 2010.

Although there is likely to be some overcapacity among airports in the region in the medium term, Abu Dhabi will be well equipped to deal with the resulting increase in competition.

Significant expansion is planned at a number of airports in the UAE and other neighbouring countries, but Abu Dhabi Airport's advantages in terms of geographical location, rising local demand, and world-class leisure and commercial facilities will ensure that it remains a destination of choice for passengers and carriers. Abu Dhabi is also committed to bringing more carriers to its

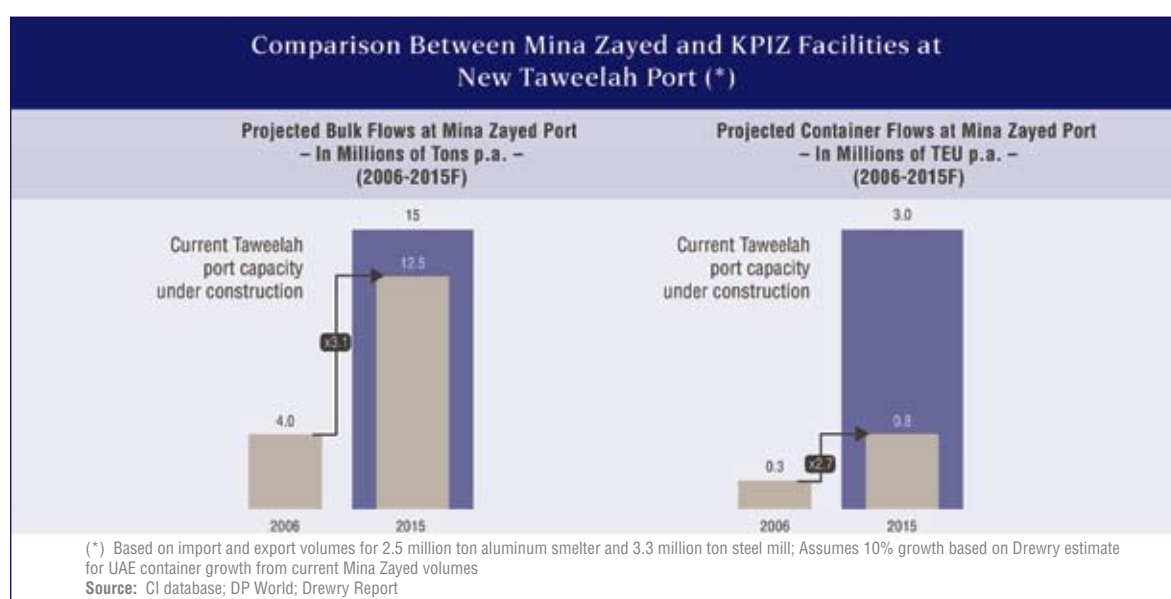
airport in order to further improve the international connections between the Emirate and the rest of the world.

With greater economic growth, and diversification into export-oriented industries and manufacturing, cargo volumes both into and out of Abu Dhabi's major port, Mina Zayed, are expected to increase dramatically.

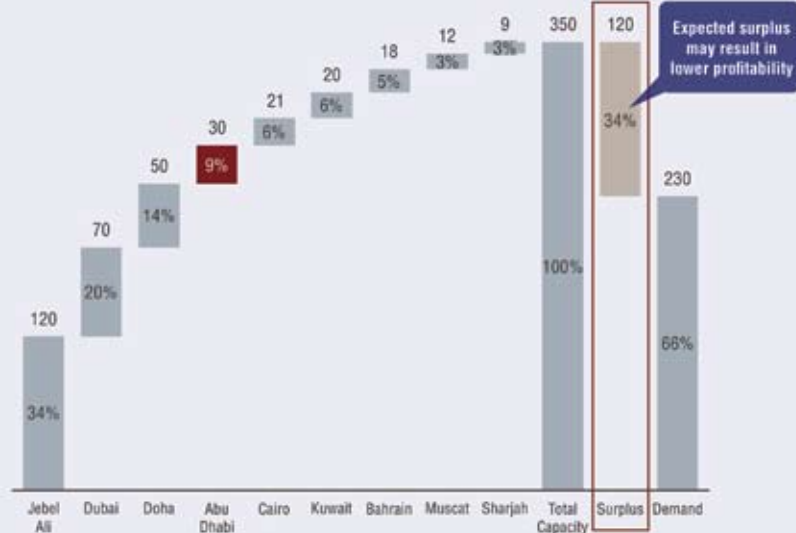
The decision to move the port from its current location on the edge of Abu Dhabi city to the new Khalifa Port and Industrial Zone (KPIZ) at Al-Taweelah ensures excellent infrastructure and enough port capacity to manage the anticipated growth in imports and exports. Businesses in Abu Dhabi can also easily access the seaport and airport in nearby Jebel Ali.

In addition, the new port will have a number of distinct competitive advantages. It will be fully integrated with the KPIZ, facilitating the import and export of materials and goods to and from the free zone.

It will also be linked to major regional cities and other industrial zones in the Emirate via efficient land and rail networks. Most of Abu Dhabi's



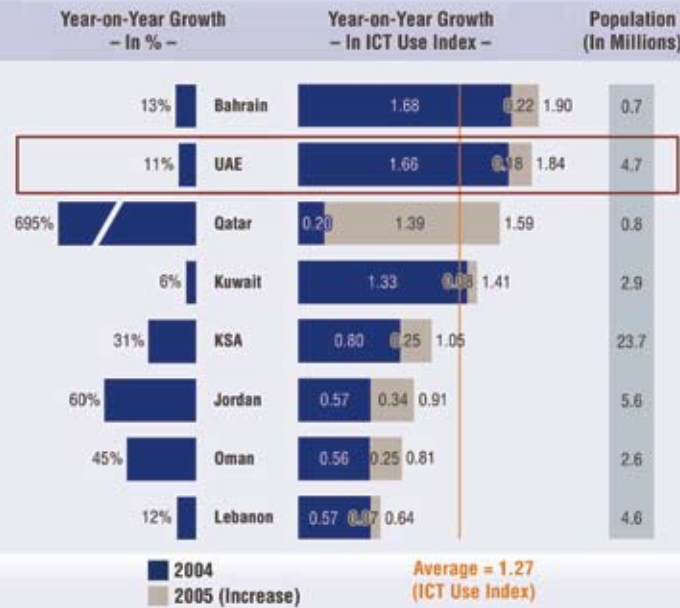
Passenger Capacity and Forecast Passenger Traffic at Abu Dhabi Airport vs. Regional Airports (*) – In Millions of Passengers – (2012F)



(*) Abu Dhabi's capacity is set to reach 30 million by 2012, however, such capacity would most likely be reached by 2030 according to announced expansion phases

Source: Zawya; Abu Dhabi Economic Vision 2030 Team Analysis

Technology Adoption in the UAE vs. Other Countries (2004-2005)



Source: Madar Research; Abu Dhabi Economic Vision 2030 Team Analysis

population is well served by the Emirate's road network, which is being continually extended and upgraded to ensure that nowhere is without access to paved roads.

Cities, ports, airports and industrial areas are conveniently accessible by direct roads, making transportation times and costs within the Emirate far lower than average.

Abu Dhabi will continue to improve its road network, ensuring that congestion is kept to a minimum and that expanding urban and industrial centres such as KIPZ are easily accessible.

Improvements to roads linking the Western Region and southern Al-Ain with the rest of the Emirate are also taking place to help boost regional development and integration. Looking ahead, Abu Dhabi will build a world-class public transport system to ensure that residents have choices when it comes to getting around the main cities (e.g. Al-Ain, Abu Dhabi) and between the main tourism, business and residential centres in Abu Dhabi.

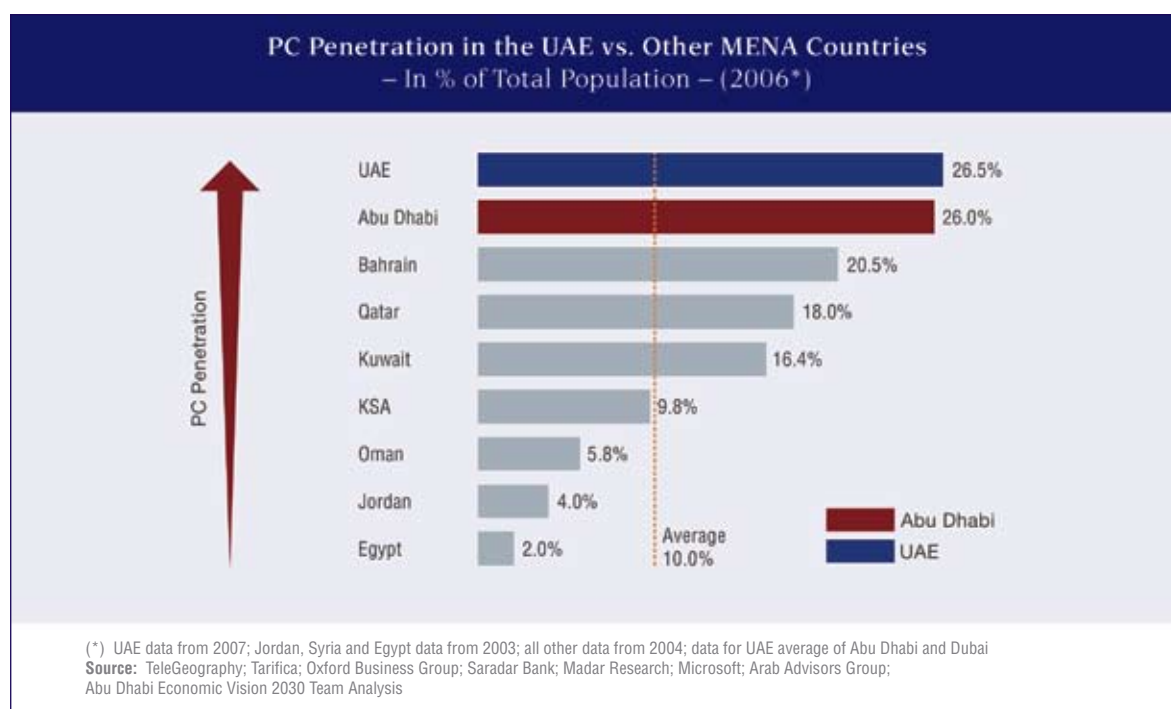
Work is also underway to improve and promote public transport across the Emirate.

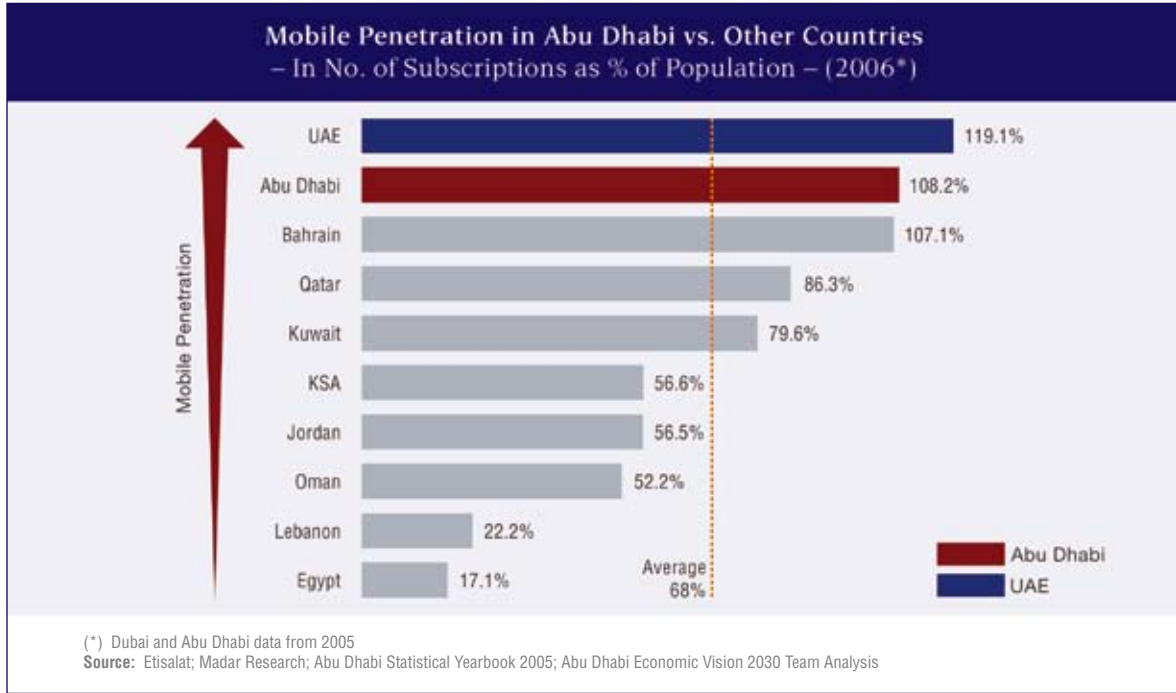
Plans are being discussed for a city metro-system in Abu Dhabi as well as an Emirate-wide rail network and transport links to islands that are being developed as tourist resorts.

Efficient ICT Infrastructure and Increased Adoption

The modern global economy relies on efficient information and communication technology and Abu Dhabi is developing its ICT capabilities in order to move its economy up the value chain. Usage of telephones, PCs and the Internet in the UAE, and in Abu Dhabi specifically, is high in comparison to the rest of the region. In particular, Abu Dhabi has the highest penetration of mobile

Abu Dhabi aims to encourage further spending on ICT to reach similar levels as best-in-class economies

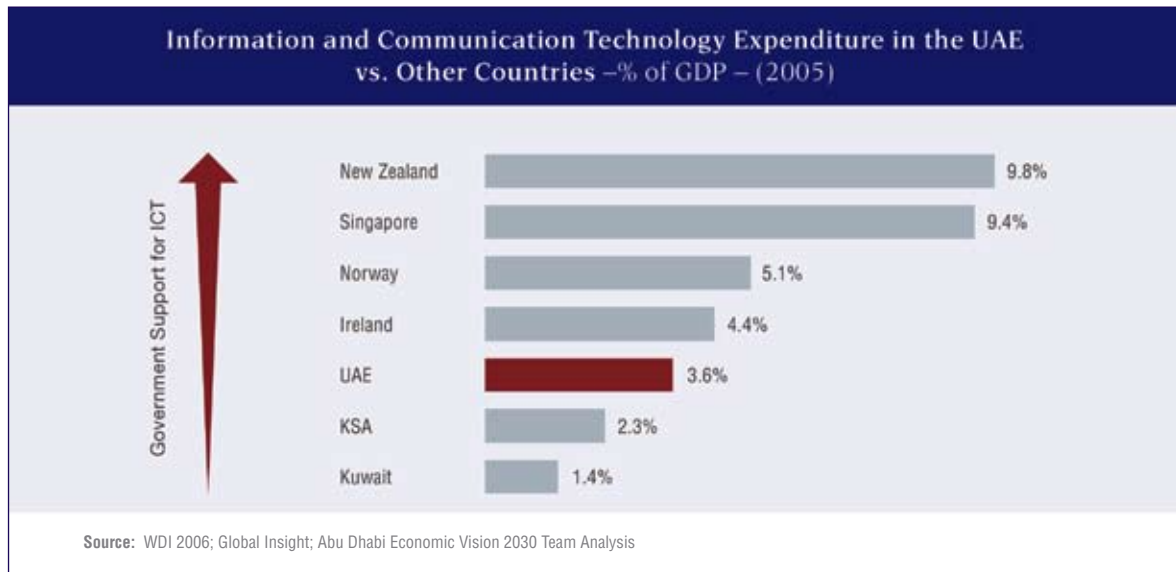


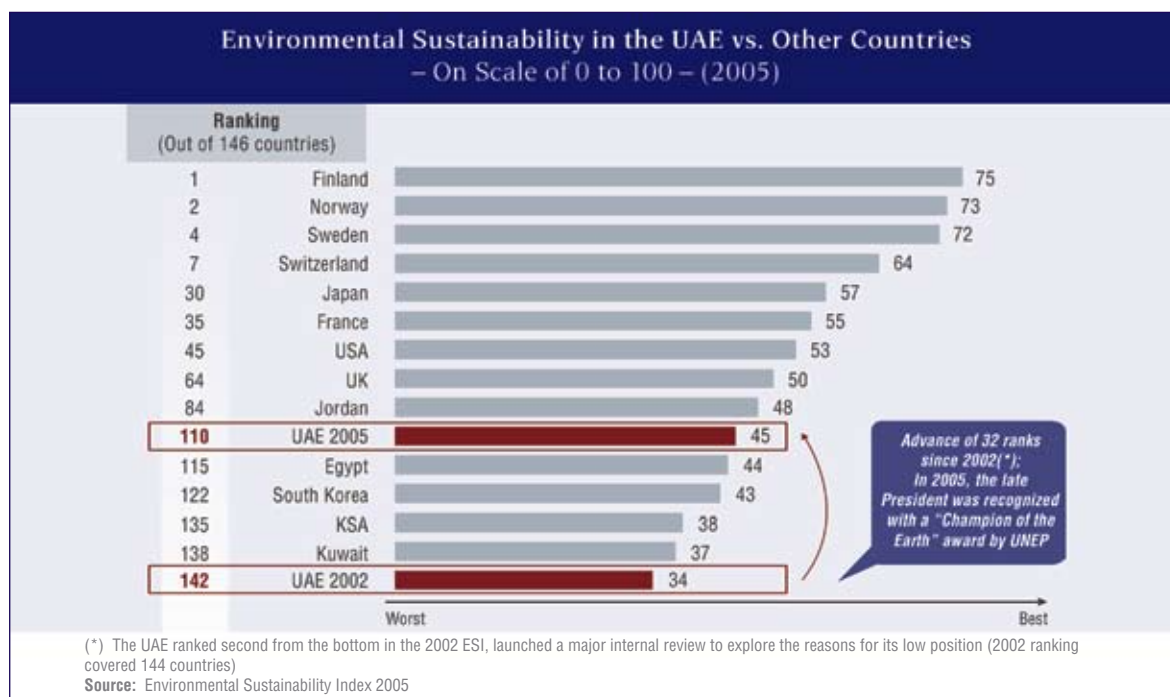


telephony, which reflects residents' openness to technology, their dynamic and mobile lives and the quality of the network.

The percentage of the population using PCs is also strong at 26%. In part this is a reflection not only of the population's interest in technology but

also of its high purchasing power. A computer costs just 2.3% of the Emirate's income per capita, by far the lowest figure among the GCC states. As a result, take up of technology in Abu Dhabi is able to increase much further. The number of people connected to the Internet is also high for the region, but the Emirate aims to increase





penetration rates in line with desired benchmarks, from 11% to around 60%. In particular, Abu Dhabi aims to focus on increasing the penetration and speed of broadband connections.

Further spending on ICT will be encouraged to reach levels similar to that of New Zealand or Singapore, ensuring residents and businesses are plugged into the global network and are able to communicate and do business freely and efficiently with partners around the world.

Telecommunications developments are facilitating the growing role played by the international trade in services in the share of the global economy. It is vital for Abu Dhabi's involvement in this knowledge economy of the future that it has a world class telecommunications infrastructure and a population skilled in ICT techniques.

Environmental Sustainability

Abu Dhabi recognises the need to balance economic growth with environmental sustainability in order to ensure long-term sustainability and

preserve the quality of life of its citizens.

The Emirate is therefore enforcing compliance with environmental legislation and creating incentives for people and businesses to respect the environment.

The UAE has advanced 32 places on the global Environmental Sustainability Index (ESI) in the three years to 2005 after a concerted effort to improve environmental protection. The ESI is measured by factors including natural resources, levels of pollution, and efforts and capacity to protect the environment.

Through effective zoning and master planning, Abu Dhabi will continue to ensure that its industrial and economic expansion takes place without adversely impacting the environment in which its Nationals and residents live.

The protection of the environment is being given the utmost importance alongside economic growth. To this end, the Environment Agency (EAD) was established in 1996 as an independent, publicly-financed entity with a mandate to help the Government formulate and implement environmental legislation.

Abu Dhabi Economic Vision 2030 Objectives

Abu Dhabi will develop world-class infrastructure that is not only capable of supporting and sustaining the anticipated levels of economic growth, but acts as a catalyst for that growth.

Objective 21

Enhanced Energy Security to Meet Future Demand

In meeting future demand, Abu Dhabi will benefit from the liberalisation and deregulation of some elements of its utilities sector (mainly power generation), which is key to ensuring robust, demand-sensitive power and water provision. It is also the most effective way to attract private capital and international expertise. The government-affiliated regulatory body ADWEA was established in 1998, and has overseen the unbundling of the Government's power and water assets over the past decade to create the most liberalised utilities sector in the region.

Objective 22

Efficient and Safe Transport Infrastructure

Abu Dhabi will build a world-class public transport system to ensure that residents have choices when it comes to getting around the main cities (e.g. Al-Ain, Abu Dhabi) and between the main tourism, business and residential centres in Abu Dhabi. Work is also underway to improve and promote public transport across the Emirate. Plans are being discussed for a city metro-system in Abu Dhabi as well as an Emirate-wide rail network and transport links to islands that are being developed as tourist resorts.

Objective 23

Efficient ICT Infrastructure and Increased Adoption

Further spending on ICT will be encouraged to reach levels similar to that of New Zealand or Singapore, ensuring residents and businesses are plugged into the global network and are able to communicate and do business freely and efficiently with partners around the world.

Objective 24

Environmental Sustainability

Abu Dhabi recognises the need to balance economic growth with environmental sustainability in order to ensure long-term sustainability and preserve the quality of life of its citizens. The Emirate is therefore enforcing compliance with environmental legislation and creating incentives for people and businesses to respect the environment.

6. Developing a Highly Skilled, Highly Productive Workforce

One of the most important resources in any economy is the people that drive it. Through education, training and skills development, Abu Dhabi will develop and continue to attract a highly skilled and productive workforce to increase its economic might.

Although unemployment has always remained low, Abu Dhabi can take advantage of a number of opportunities to increase the efficiency and productivity of its workforce in the years ahead. As an increasing number of Nationals enter the workforce, there is room for far greater female and student employment.

Additionally, better links between employers and educational establishments will guarantee that Nationals have the skills required to match the needs of a growing economy.

Employers will also be encouraged to invest in employee training and will benefit from industry-focused studies addressing productivity issues in a range of economic sectors.

Abu Dhabi Economic Vision 2030 Objectives

Abu Dhabi will create a highly skilled, highly productive workforce by transforming the characteristics of the current labour market. In order to achieve this, Abu Dhabi will pursue the following objectives:

Increased National Workforce Participation and Employability

With a small National population, Abu Dhabi has welcomed foreign labour to staff its rapidly growing economy. Although in some sectors, such as government services, Nationals play a significant role, they currently make up just 11% of the overall workforce. Abu Dhabi therefore recognises the

opportunity to increase the effectiveness of its workforce by bringing more Nationals into the job market - a process that is crucial to the future economic security of the Emirate.

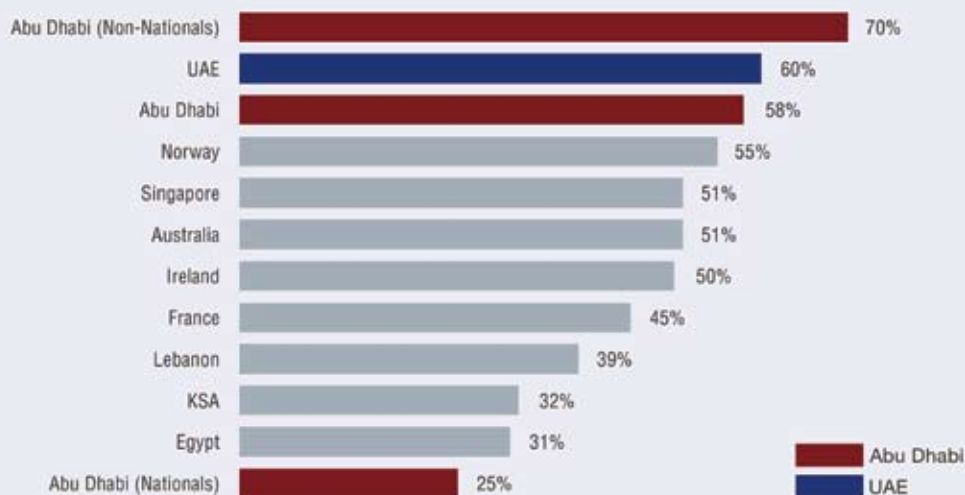
Key sectors such as energy, finance, trade and manufacturing have been identified for their strategic importance and as the new generation of young Nationals reaches maturity, the goal is for them to become more prevalent in such sectors in coming years.

Already key indicators are showing signs of improvement. The number of dependents relying on the income of a single National employee has fallen from 4.4 in 1985 to 3.6 in 2006, suggesting that more Nationals are taking up employment to provide income for themselves and their families.

A number of government initiatives targeting students, the unemployed and women are being implemented to ensure this trend continues.

Women currently make up just 14% of the total workforce, representing a significant and underused human resource. However National women are highly educated and at present there are more women in higher education than men – encouraging them into the workforce will therefore offer major dividends. Efforts to boost overall National participation in the workforce will receive a significant boost from efforts to encourage women to take on a heightened economic role. Additionally, expanding regional development will bring about increasing opportunities for women in rural areas.

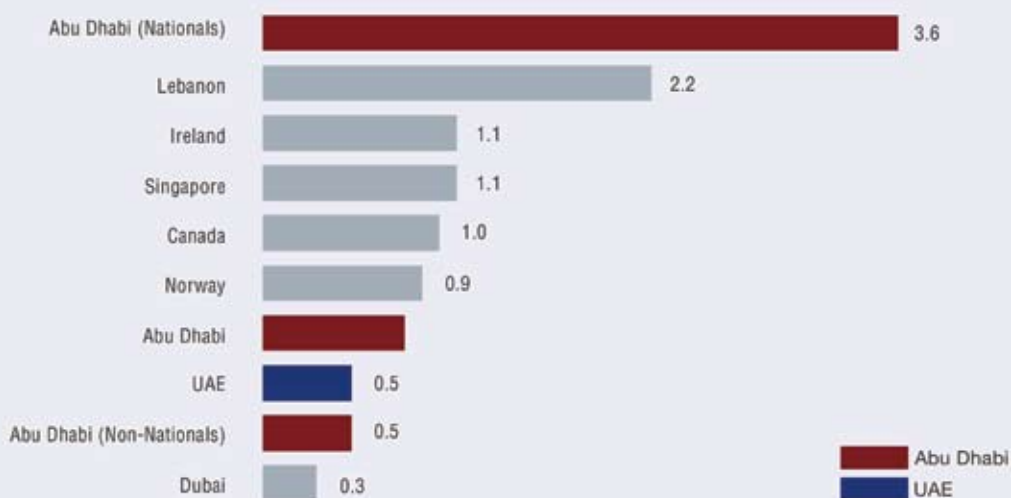
Active Population Ratio (*) in Abu Dhabi vs. Other Countries – In % of Total Population – (2005)



(*) Active Population Ratio = Workforce / Total Corresponding Population

Source: Abu Dhabi Statistical Yearbook 2005; WDI; Abu Dhabi Economic Vision 2030 Team Analysis

Dependency Ratios (*) in AD vs. Other Countries – In Number of Dependents per Employee – (2005)



(*) Figures of dependency ratios vary from 2003 and 2005 and are calculated by taking the ratio of total non-employed over total employed

Source: Dubai Statistical Yearbook 2005; UAE Ministry of Economy; Abu Dhabi Statistical Yearbook 2005; Abu Dhabi Census 1995 & 2005; WDI; Abu Dhabi Economic Vision 2030 Team Analysis

Abu Dhabi will work to guarantee that Nationals have the skills required for competing in a growing and open economy.

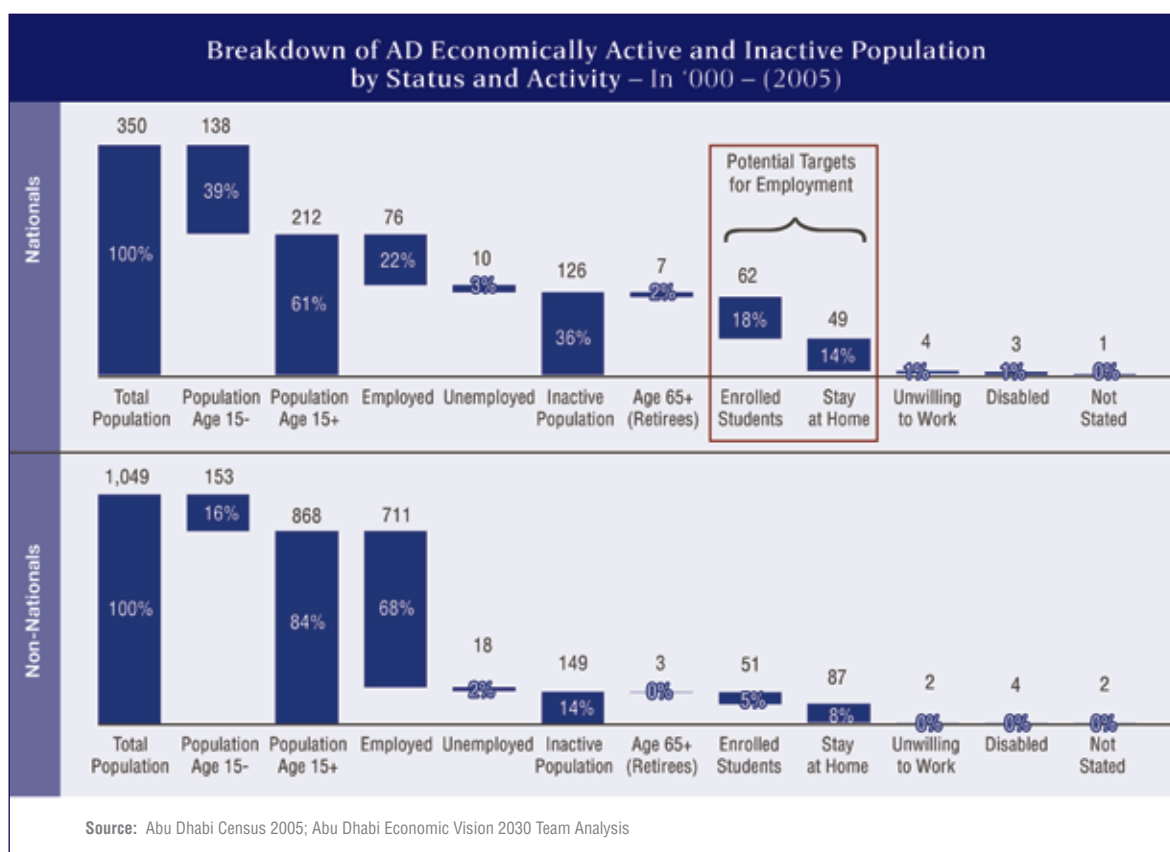
At 3.5%, overall unemployment levels in the Emirate remain low. However, unemployment among Nationals is relatively high and Abu Dhabi aims to reduce this figure to ensure they are benefiting from the Emirate's development.

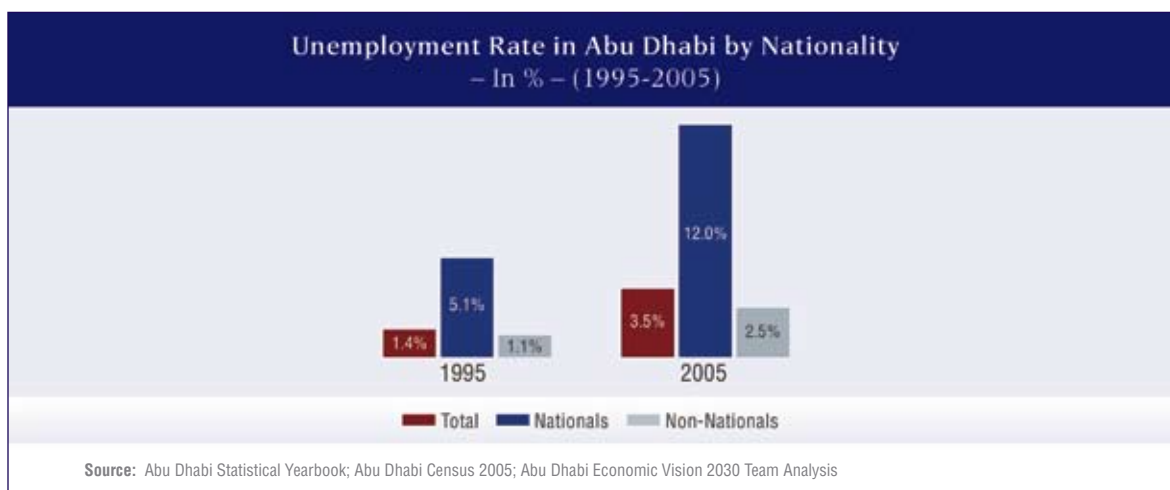
For the most part, unemployment amongst Nationals can be ascribed to a mismatch between education and labour market demand. The resolution of this issue is central to the future success of the economy. A series of education reforms and training initiatives have been set in motion to address the skills gap and to ensure the supply of suitably qualified employees to meet the shifting requirements of the private sector.

At the higher level, a number of renowned foreign universities and academic institutions are establishing a presence in the Emirate. Partnerships with these institutions, coupled with a strong local commitment to invest in education, will result in a stronger education sector that will not only cater for local needs but will also attract students from across the region.

It will also eventually lead to a more vibrant research and development community, which will ultimately drive the knowledge economy that the Emirate seeks to establish.

Paralleling the effort to build a stronger higher education base through world-class universities, the Emirate is also developing its vocational and technical training base. The Abu Dhabi Education Council (ADEC) has approved funding for a new campus for the highly successful Higher Colleges of



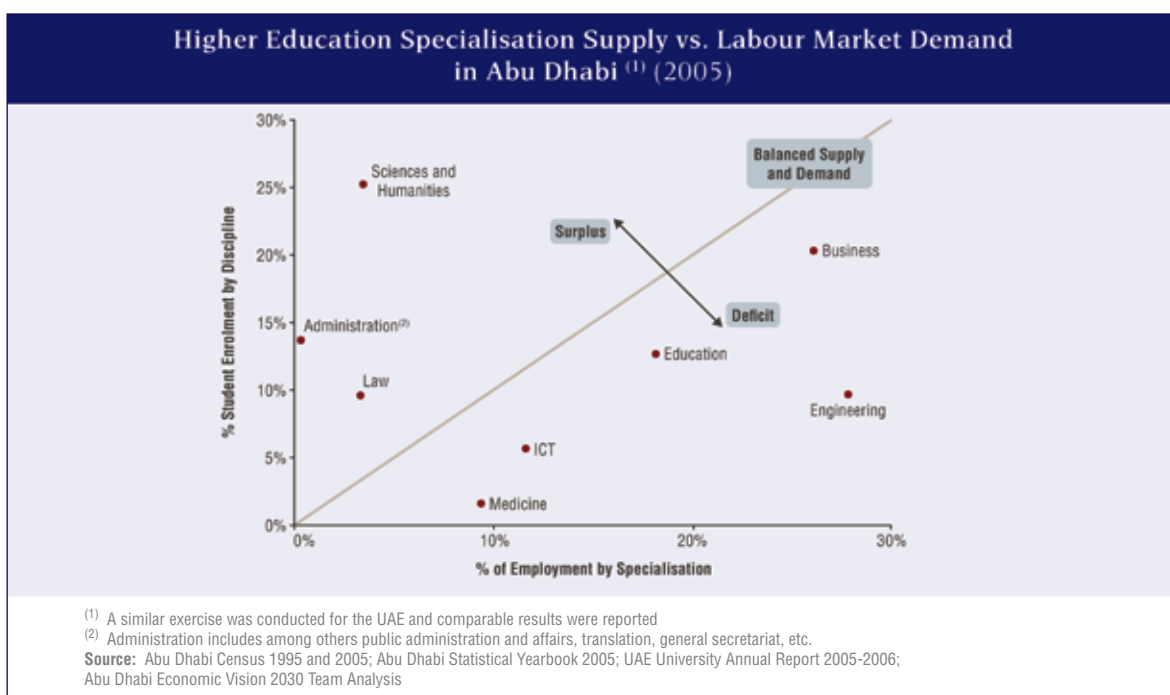


Technology (HCT). ADEC has also overseen public-private partnerships at the primary and secondary level in order to improve public education.

The aim of the education sector reform is to ensure that graduates have the skills and qualifications to drive economic growth. To this end, specialised education will be guided to meet the forecast

demand of the future growth sectors mainly in the fields of engineering, aerospace, IT, medicine, applied sciences, tourism and business.

Government initiatives have already met with considerable success in attracting female students to higher education; with a 53% enrolment rate, young National women are increasingly



pursuing higher degrees. In comparison, a smaller percentage of males go on to tertiary education in Abu Dhabi and the UAE in general. The Government realises the need to incentivise National males to enrol in higher education, providing a further boost to the Emirate's wealth of human capital.

Optimised Use of the Workforce

Abu Dhabi will work to deploy its human capital in the most productive sectors of the economy. The public sector currently absorbs a larger proportion of overall employment in Abu Dhabi than in benchmark economies, suggesting a need to increase the private sector's share of human capital to achieve overall economic goals.

Public sector employment will therefore be reduced and the private sector encouraged, expanding

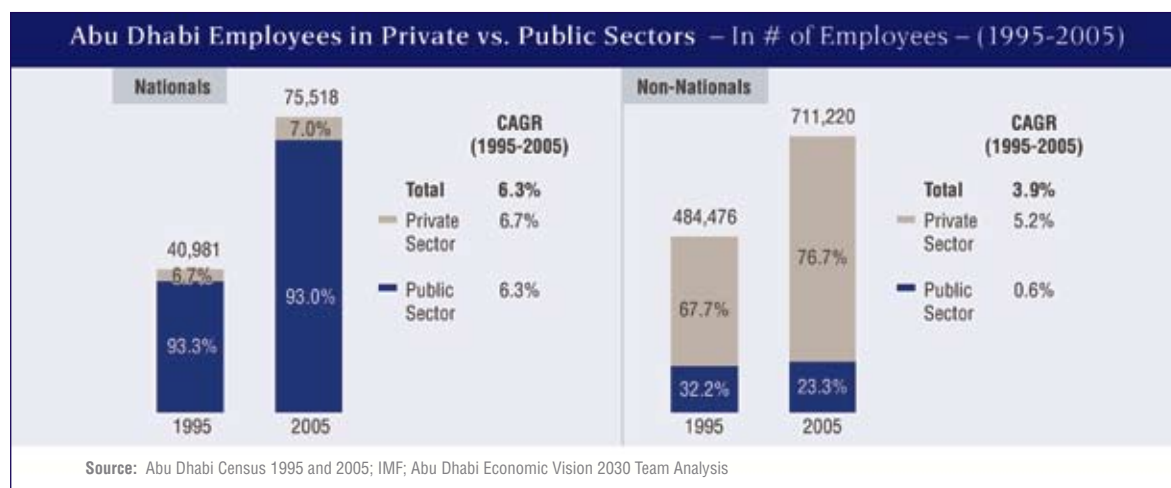
the private sector workforce and attracting more skilled workers. Action has already been taken to streamline public sector employment as part of the government-wide restructuring programme. The Government is in the process of privatising and outsourcing many non-core services that have previously been conducted by the public sector in order to focus on its regulatory and administrative functions.

Public sector employment has experienced significant reductions in 2006 and 2007 and currently stands at around 16,000 (down from more than 60,000 in 2005).

Similarly, Abu Dhabi has an opportunity to re-direct employment away from less productive sectors into more productive fields, such as industry and manufacturing, thereby creating a more efficient workforce and an increase in overall GDP per capita.

Developing the Education Sector

Recent educational initiatives laid the groundwork for a comprehensive reform of the education system in Abu Dhabi. A number of prestigious tertiary institutions have established – or are planning to establish – campuses in the Emirate, such as the Paris-Sorbonne University. Additionally, the establishment of the INSEAD Centre for Executive Education and Research through an agreement with ADEC was announced, and the Fletcher School of Law and Diplomacy at Tufts University is planning to offer programmes in the Emirate. Munich Technical University and the University of Bonn will jointly establish a college of medicine and sciences on the Abu Dhabi University campus. Furthermore, the Emirate has signed an agreement with New York University (NYU) to develop a comprehensive liberal arts campus in Abu Dhabi, planned to start enrolling students in 2010. At the secondary level, a number of model schools have been established in which teaching projects will be directly managed by Zayed University and the Institute of Applied Technology. ADEC established a pilot programme with 30 government kindergarten and primary schools to be managed by international education contractors working alongside school personnel. ADEC is conducting a demographic analysis and developing a strategic plan to provide a basis for developing school infrastructure over the next 12 years. The Emirates College of Advanced Education was established to provide professional development for teachers and principals.



Enhanced Workforce Productivity

Overall workforce productivity in Abu Dhabi has increased dramatically in the last ten years. However, these gains have been made largely in the oil and manufacturing sectors. Gains in the oil sector are in large part the result of rising prices, which has substantially increased the amount of income generated per employee.

It is important that other economic sectors, where productivity has actually declined, are encouraged to use their workforce more efficiently, maximising their productivity without the need for government support.

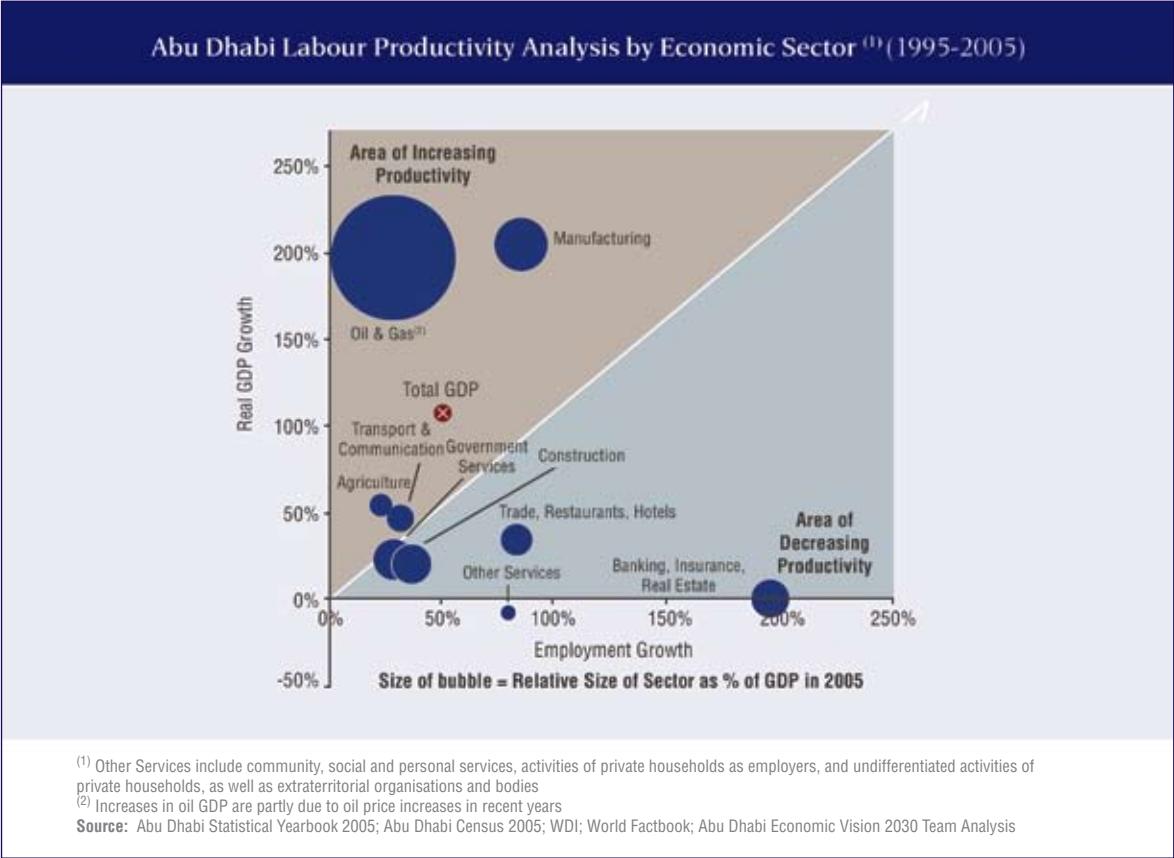
Abu Dhabi intends to enhance its labour productivity to bring it in line with international benchmarks. This will allow the Emirate to expand its economic output without resorting to a new wave of immigration. The

strategy will focus on stimulating economic activity and those sectors where human input tends to produce greater added value.

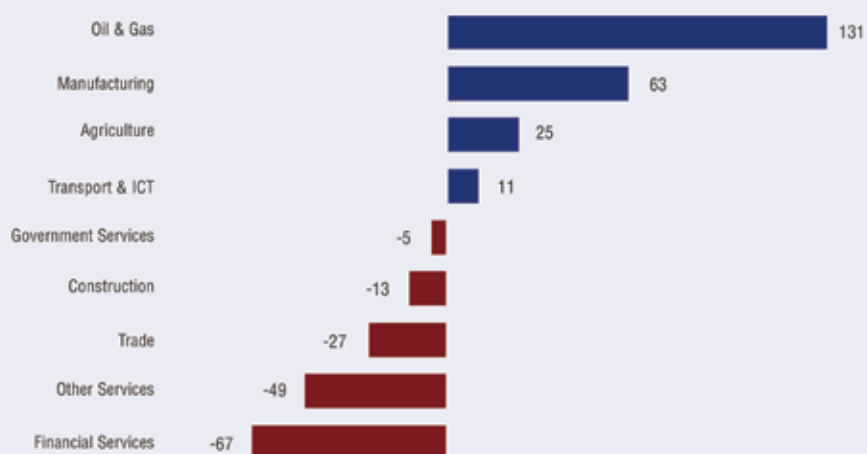
Improved education and more effective training will also be an important tool in increasing overall productivity levels. In order to replicate the success of benchmark transformation economies in increasing overall labour productivity, Abu Dhabi will instigate a new paradigm in employment-focused education.

The Emirate correlates labour productivity with employment-focused education in its reform plans.

The Emirate is already within reach of these benchmarks. Its population benefits from the growing number of educational opportunities which



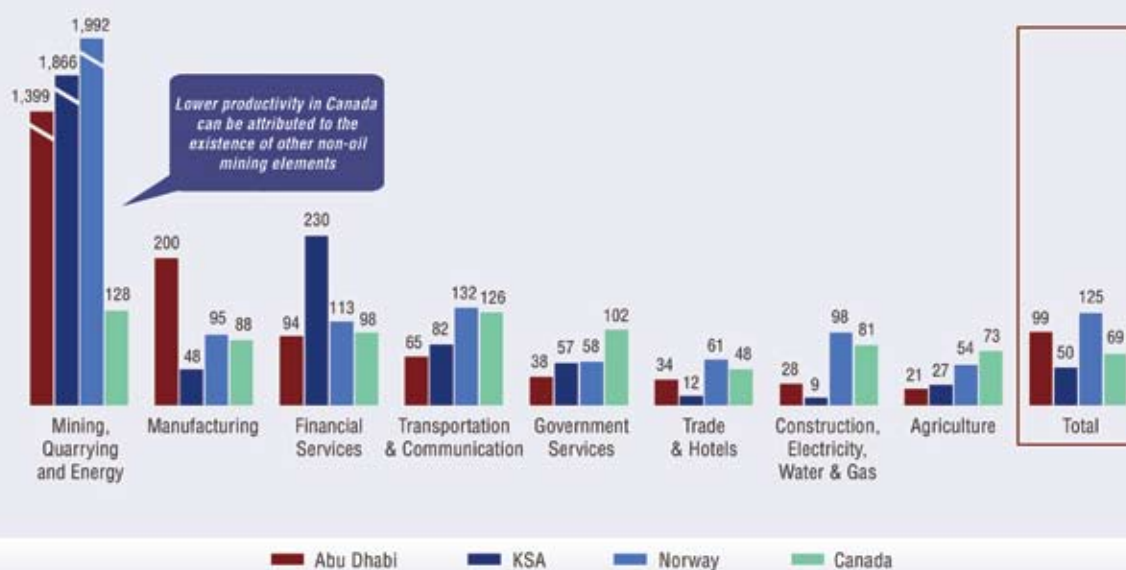
Abu Dhabi Labour Productivity Variance by Economic Sector – In % Change – (1995-2005)



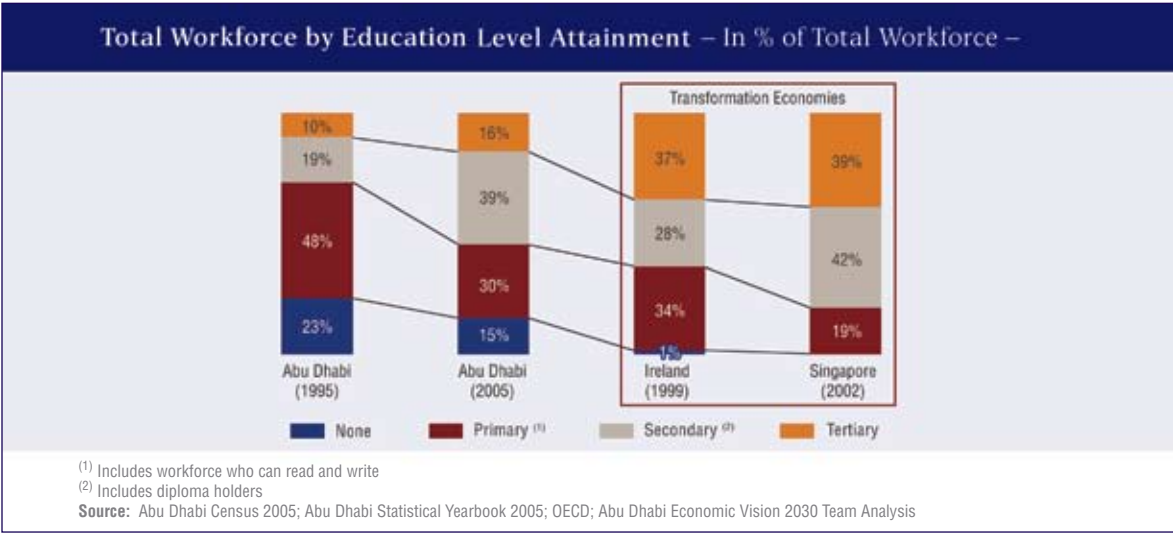
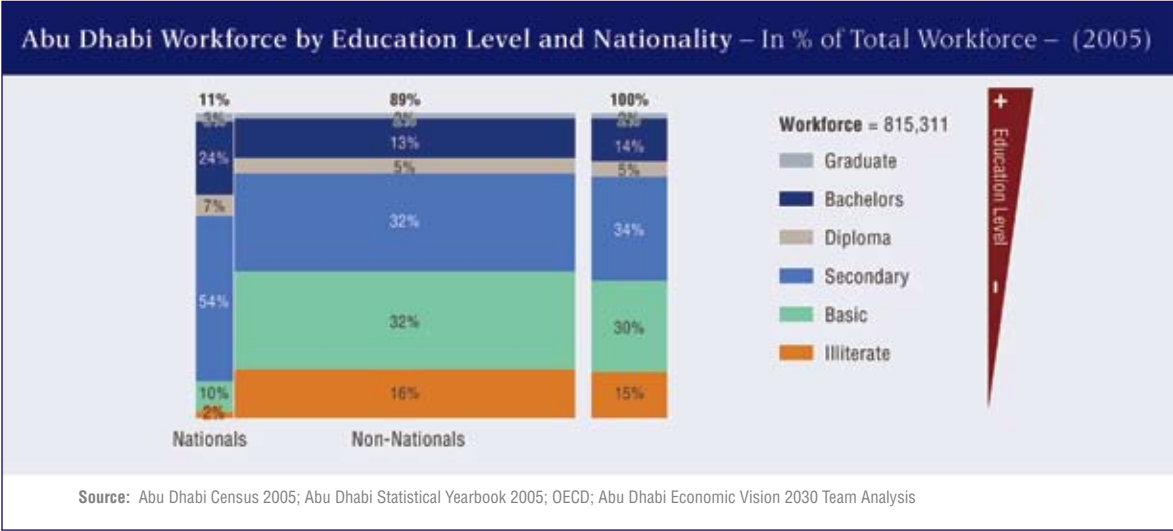
Agriculture productivity is artificially high due to the high government support for the sector

Source: Abu Dhabi Statistical Yearbook 2005; Abu Dhabi Census 2005; WDI; World Factbook; Abu Dhabi Economic Vision 2030 Team Analysis

GDP Labour Productivity in Abu Dhabi vs. Other Countries – In USD Thousands/Employee – (2005)



Source: Abu Dhabi Statistical Yearbook; Abu Dhabi Census; SAMA; Statistics Canada; Statistics Norway; Abu Dhabi Economic Vision 2030 Team Analysis



are laying the groundwork for a more effective labour market. Over the past decade, the workforce has attained higher levels of skills and education, and the ratio of educated to uneducated members of the workforce has improved dramatically.

Moving forward, employers will be encouraged to invest in employee training to further boost

the productivity of their workforce. Additionally, employers will be provided with incentives to hire skilled employees, and industry-focused studies will be undertaken to address productivity issues in some sectors. Vocational training in particular will play an important role in the short and medium term as an effective instrument to upgrade the skills of the workforce and enhance productivity.

Abu Dhabi Economic Vision 2030 Objectives

Abu Dhabi will create a highly skilled, highly productive workforce by transforming the characteristics of the current labour market.

Objective 25

Increased National Workforce Participation and Employability

The aim of the education sector reform is to ensure that graduates have the skills and qualifications to drive economic growth. To this end, specialised education will be guided to meet the forecasted demand of the future growth sectors mainly in the fields of engineering, aerospace, IT, medicine, applied sciences, tourism and business.

Objective 26

Optimised Use of the Workforce

Abu Dhabi will work to deploy its human capital in the most productive sectors of the economy. The public sector currently absorbs a larger proportion of overall employment in Abu Dhabi than in benchmark economies, suggesting a need to increase the private sector's share of human capital to achieve overall economic goals. Public sector employment will therefore be reduced and the private sector encouraged, expanding the private sector workforce and attracting more skilled workers.

Objective 27

Enhanced Workforce Productivity

Abu Dhabi intends to enhance its labour productivity to bring it in line with international benchmarks. This will allow the Emirate to expand its economic output without resorting to a new wave of immigration. The strategy will focus on stimulating economic activity and sectors where human input tends to produce greater added value.

7. Enable Financial Markets to Become the Key Financiers of Economic Sectors and Projects

Abu Dhabi has enviable financial resources. The effective management of this financial capital will be crucial in the next phase of its economic expansion.

The regulatory and stability aspects of the financial and monetary markets in the Emirate have already been discussed. This section therefore analyses the strengths and opportunities of the financial capital accumulated.

For the most part, Abu Dhabi's financial activity is governed under a wider Federal framework. As a result, reforms designed to increase the effectiveness of the Emirate's financial capital will largely be achieved through consultation and coordination between Federal and local authorities. However, this will take place alongside local initiatives to further develop Abu Dhabi's debt and equity markets, which together will drive economic growth.

There is enormous potential to develop and expand the debt securities market, which includes bonds and sukuk, and is currently in its infancy. Loans and deposits have been growing fast, but most savings are generated by the public sector and are used to finance private sector credit. Much of this credit is extended to non-productive sectors or as personal loans, a trend that Abu Dhabi will seek to address.

When it comes to the equity market, Abu Dhabi already attracts a large proportion of private equity investment in the MENA region, but there is further room for development in IPO processes and performance, as well as in stock market regulation and sophistication.

The years ahead will therefore see a significant transformation in how financial capital is used in Abu Dhabi, with new efficiencies and an increasingly sophisticated financial framework allowing it to act as a primary engine of growth in the Emirate.

Abu Dhabi Economic Vision 2030 Objectives

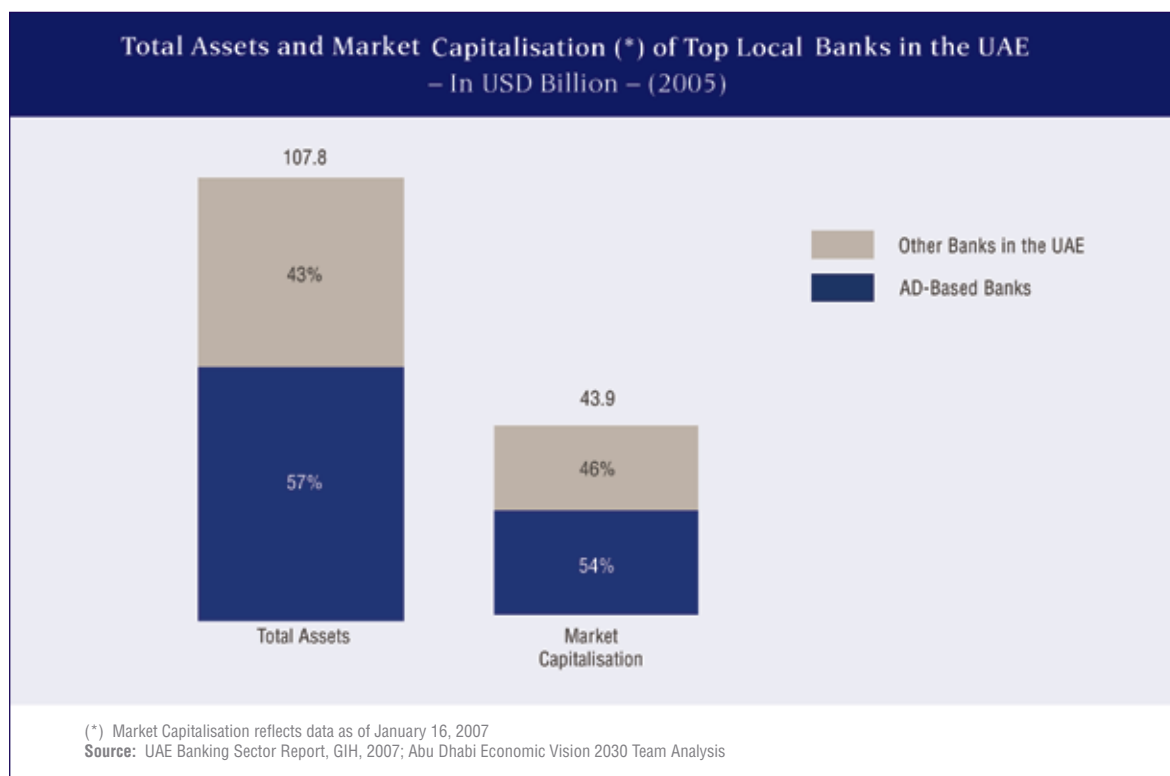
The development of Abu Dhabi's financial markets is essential to the future funding of expansionary projects and the economic growth of the Emirate. To facilitate this development, the Government will pursue the following objectives:

Increased Savings and Depth of Deposits

Long-term savings are important in that they provide financial institutions with the confidence and means to invest in future projects. Creating a culture that encourages long-term savings in the private sector is central to Abu Dhabi's strategy.

The framework for such a culture is largely in place. Abu Dhabi operates from a position of strength within the UAE banking sector, with its top three banks accounting for 50.7% of overall UAE bank assets.

However, despite outpacing rivals from other Emirates in terms of total assets and capitalisation, Abu Dhabi's banks must continue to develop in



order to remain competitive in the face of mergers and consolidation among regional players.

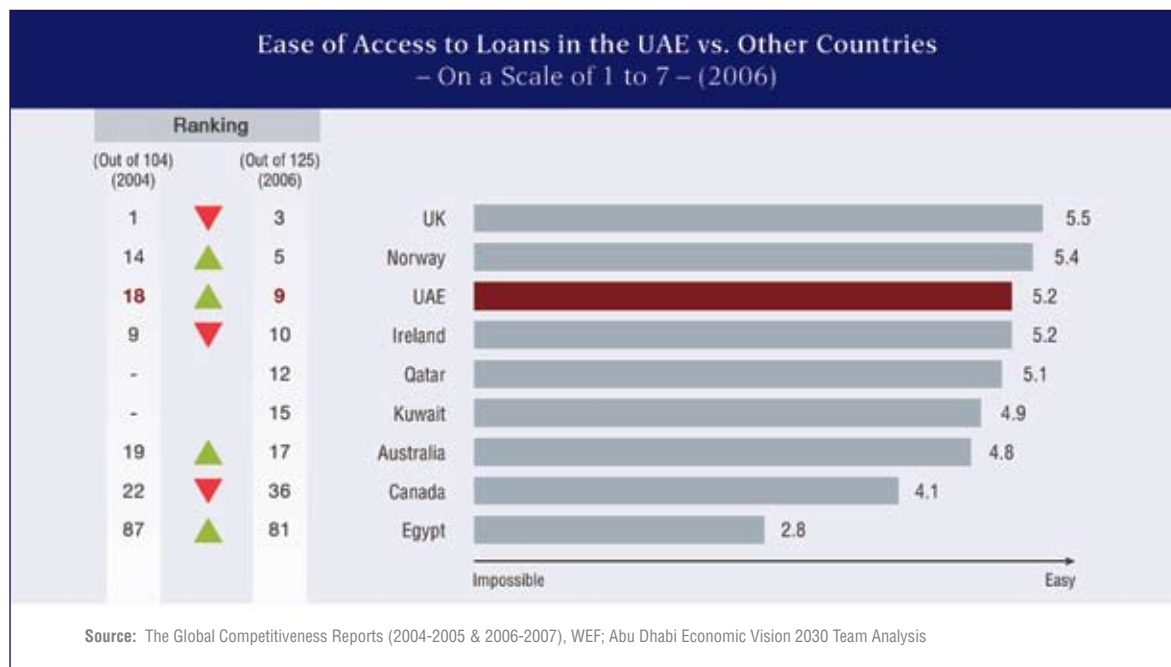
Islamic banks have been growing at spectacular rates in the UAE, outpacing the growth of conventional banks and reflecting the continued regional trend towards Islamic finance. Further capitalisation and development of the Islamic banking sector in Abu Dhabi will provide another source of funding to future developments.

Deposits in commercial banks have also grown remarkably, at more than 20% annually for the past five years. However, from a national accounts perspective, most savings come from the public sector (which has regularly registered record fiscal surpluses), and are used to finance private sector credit. A key part of Abu Dhabi's drive to strengthen its financial system will be to encourage the private sector to increase the amount it saves. This will be achieved by improving the availability of savings

instruments and mechanisms, thus encouraging longer-term deposits that financial institutions will consider deep enough to invest with.

Increased Financing of Economic Sectors and Projects

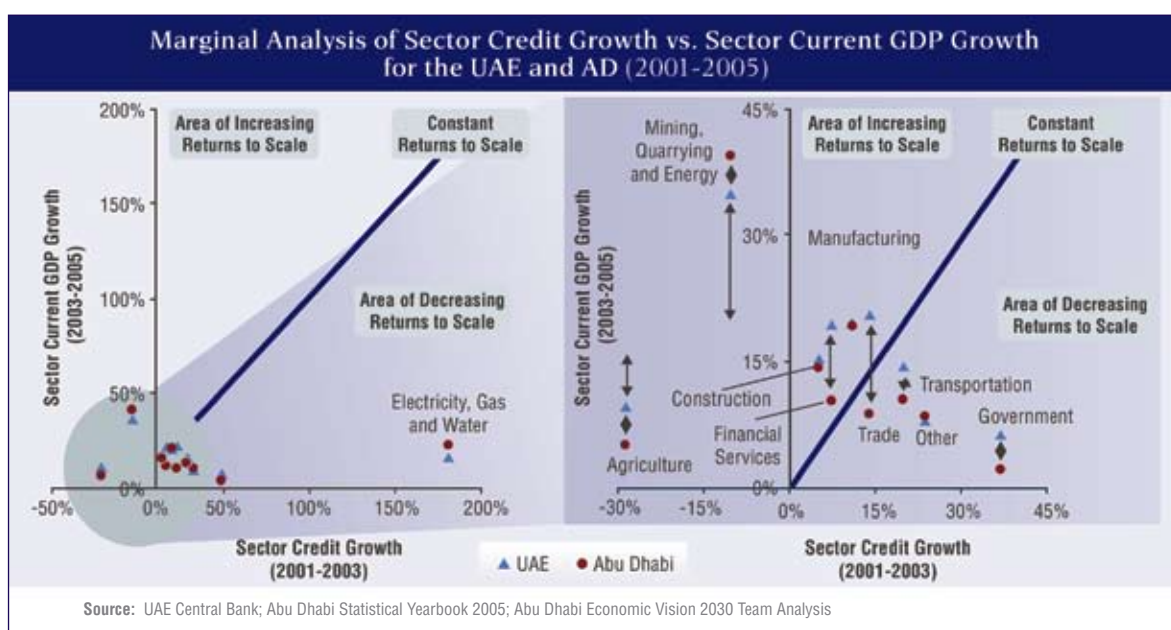
As Abu Dhabi's economy and infrastructure develop, the financial markets will play an important role in providing funds to a variety of economic sectors and projects. The Emirate is already one of the more convenient locations in the world to access loans. It is made more attractive through competitive lending rates, a conservative and secure monetary policy, a system bearing no significant risks and a healthy fiscal position free of public debt concerns. Abu Dhabi will therefore continue to deepen its financial offerings with innovative financing and operational structures and schemes (such as PPPs, infrastructure funds and industrial funds), many of which are already being used.

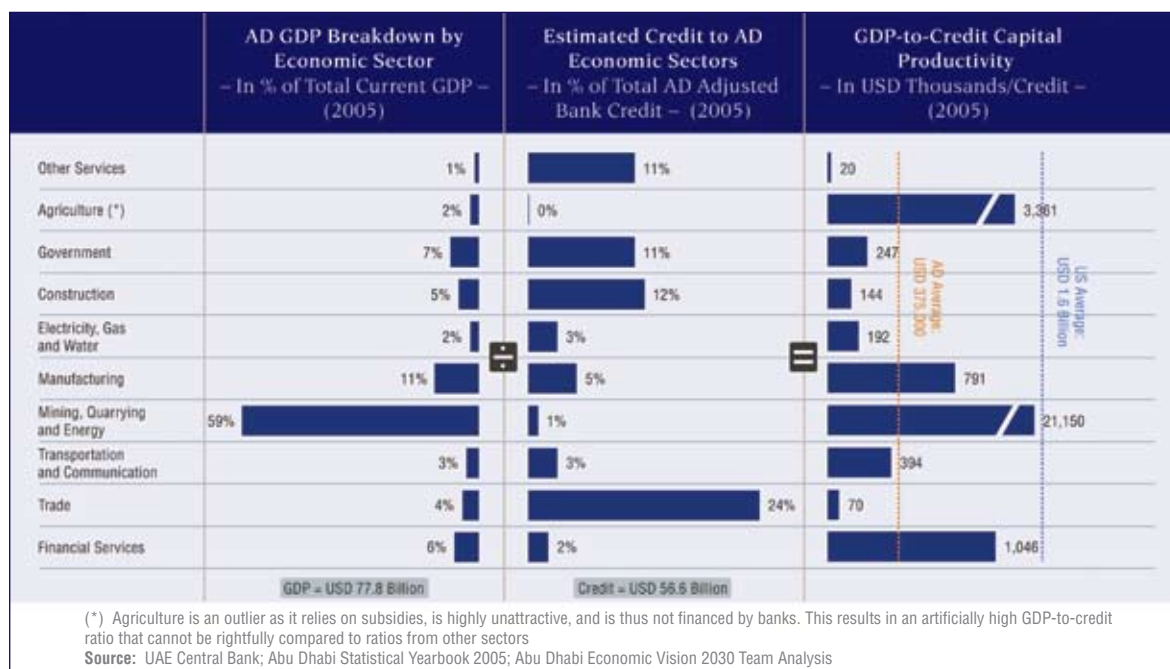


Such innovation will certainly provide an important boost to the availability of financing opportunities for direct development, decreasing the share that less economically productive personal loans take from the credit pool and reversing a trend that has

seen increased financing channelled towards non-productive sectors.

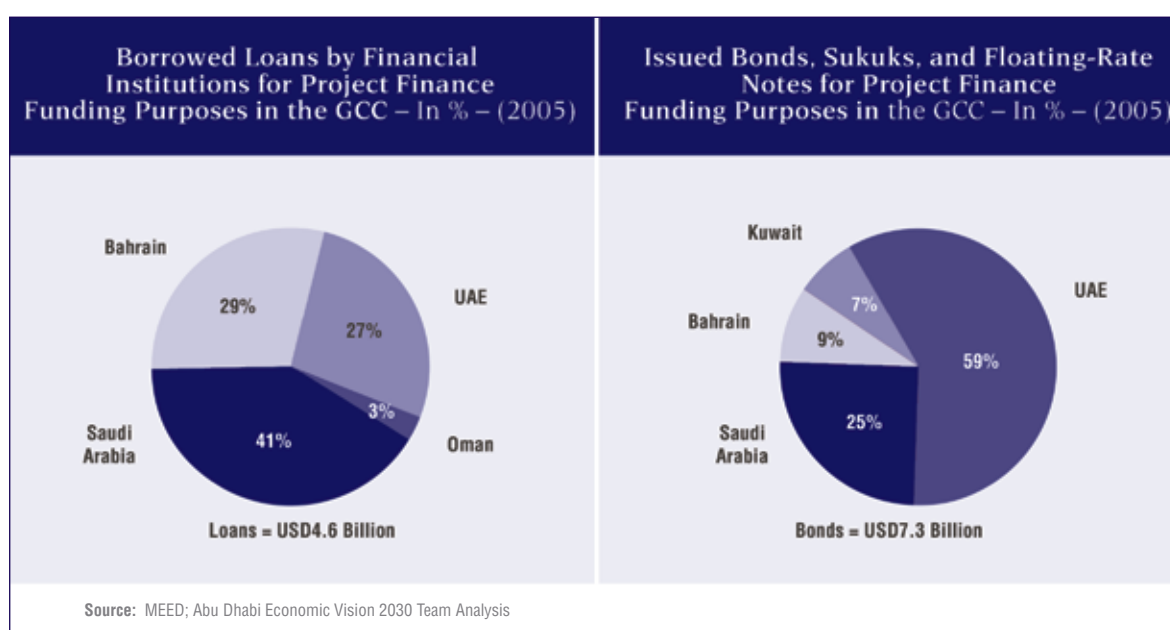
Innovation in banking practices will also play a large part in increasing the role of GCC-based





banks in such areas as merger and acquisition (M&A) financing, which is presently dominated by large non-GCC banks and financial institutions. M&A activity originating from the GCC in the first half of 2007 was larger than the total volume of

deals in 2006, representing an area of opportunity for Abu Dhabi-based banks in the future. An overall increase in funding capital among Abu Dhabi-based banks, once matched with adequate gains in real activity, will have a beneficial effect on the



Emirate's economic sectors in terms of output to credit performance, which currently lag behind those of the overall UAE.

While an increase in funding capital is important, more crucial still is how this capital is targeted. Currently, sectors such as construction and trade consume a large share of overall allocated credit and contribute relatively little in economic output. Abu Dhabi will seek to ensure that sectors most likely to sustain the Emirate's future economic development are sufficiently financed. The anticipated demand for project finance schemes has pushed institutions in the GCC to leverage-out funds, with the UAE raising a substantial portion of the capital.

Currently, the UAE is a net supplier of funds. A key element of Abu Dhabi's future strategy will be to ensure that a larger part of this raised capital is spent on projects within the Emirate, to strengthen the local economy, or invested in areas beyond oil-dependent GCC countries as part of a broader diversification strategy.

While the debt market is targeted for future expansion, equity investments have already grown significantly in the UAE, largely in response to the market's demand for capital growth to fund large-scale projects.

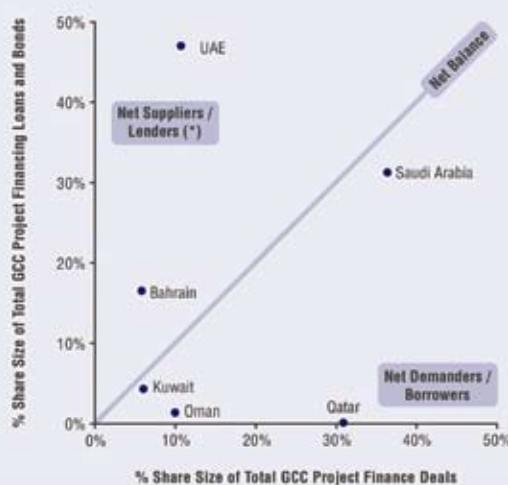
The UAE compares favourably with other countries in terms of venture capital availability, already rivalling benchmark economies such as Ireland and beating regional competitors such as Kuwait and Qatar.

In fact, the UAE has dominated regional private equity markets, accumulating around 80% of investments that have been raised over the past decade.

Private equity continues to grow both in terms of number and size of funds, and is expected to play a crucial role in the development of business enterprises and the overall economy.

Additionally, among MENA placements, the UAE emerges as a preferred destination for private equity investments, a strong position from which to grow in coming years.

Supply and Demand of Project Financing in the GCC (2005)



(*) In context a net lender is not meant as such literally and can refer to an aggregate financial system that has raised capital via the issuance of debt in the aim of financing projects

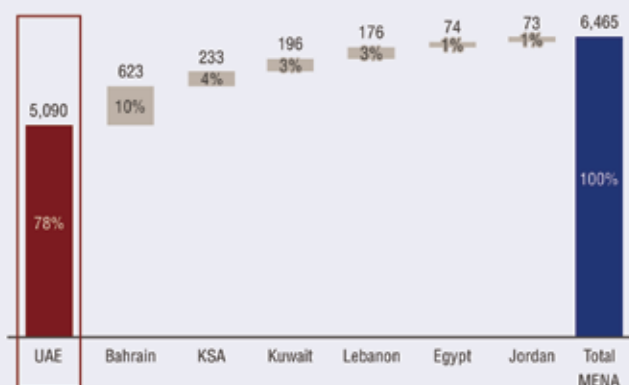
Source: MEED; Abu Dhabi Economic Vision 2030 Team Analysis

Venture Capital Availability in the UAE vs. Other Countries – On a Scale of 1 to 7 – (2006)

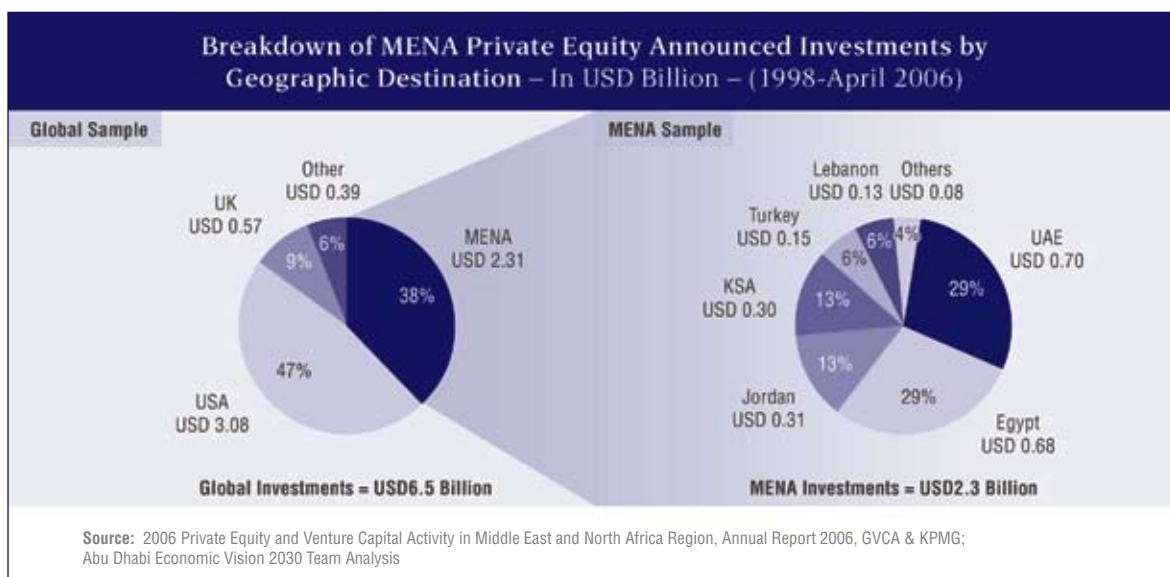


Source: 2006 Private Equity and Venture Capital Activity in Middle East and North Africa Region, Annual Report 2006, GVCA & KPMG; The Global Competitiveness Reports (2004-2005 & 2006-2007), WEF; Abu Dhabi Economic Vision 2030 Team Analysis

Private Equity Investments by Source Country of Fund in MENA – In USD Million – (1998 - April 2006)



Source: 2006 Private Equity and Venture Capital Activity in Middle East and North Africa Region, Annual Report 2006, GVCA & KPMG; Abu Dhabi Economic Vision 2030 Team Analysis



Of this investment, portfolios show a healthy equilibrium in terms of investment strategy, with a notable inclination towards the financial services sector. Private equity placements are well spread across the key productive economic sectors that are expected to sustain the future growth of the UAE and Abu Dhabi.

Enhanced Financial Markets Performance

The Abu Dhabi Securities Market (ADX) has witnessed remarkable developments in recent years, hosting a steadily increasing number of listed companies. However, as a primary platform for financial activity in the Emirate, it is still in an embryonic stage of development. For example, the ADX remains highly concentrated, with a small number of companies generating the majority of value traded and market capitalisation.

Moreover, it has witnessed a sharp correction and stalling progression in turnover trading since the end of 2005. As a result, ADX will need to develop further before it takes its position as a major financial sector, and realises its potential as a powerful engine for growth within the Emirate.

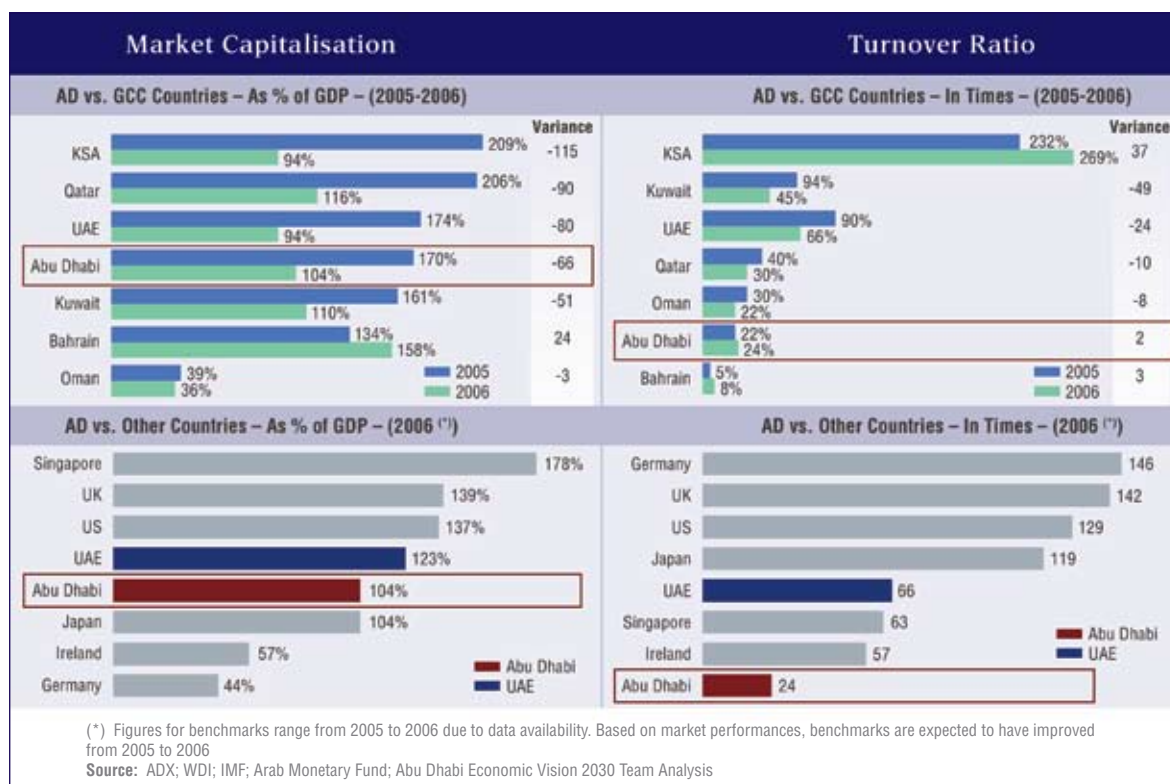
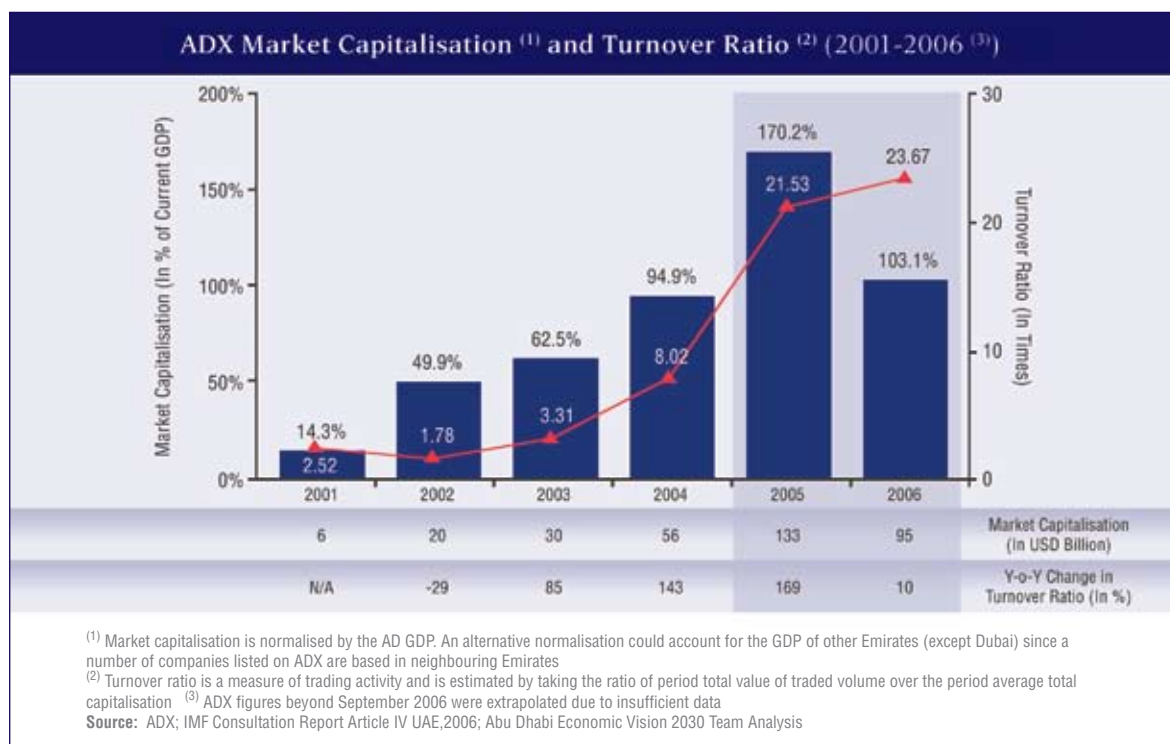
The ADX remains highly concentrated, with a small number of companies generating the majority of value traded and market capitalisation

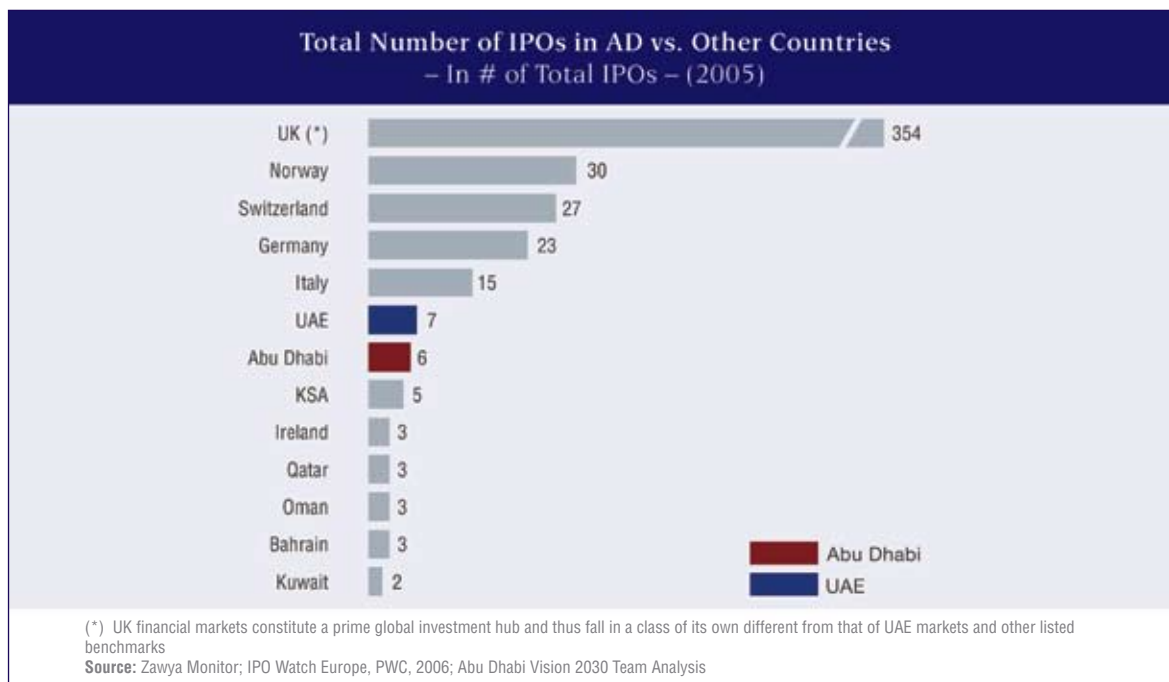
As Abu Dhabi's financial market expands and grows in sophistication, a number of opportunities to increase its efficiency will emerge.

At the same time as the currently undersized debt market evolves, for example, it will be bolstered by new support structures such as rating agencies and secondary markets for liquidity. Such initiatives will bring a new degree of depth to the market that will encourage future growth and bring increased efficiency.

The increasing number of initial placement offerings in the Emirate has also led to regulatory reform in this area. IPOs remain an effective way of raising expansionary capital for companies and have contributed to the development of markets, with the number of listed companies on the ADX growing from 15 in 2001 to 64 by June 2007.

Abu Dhabi is still an emerging centre for IPO offerings and opportunities, and has much room for expansion.





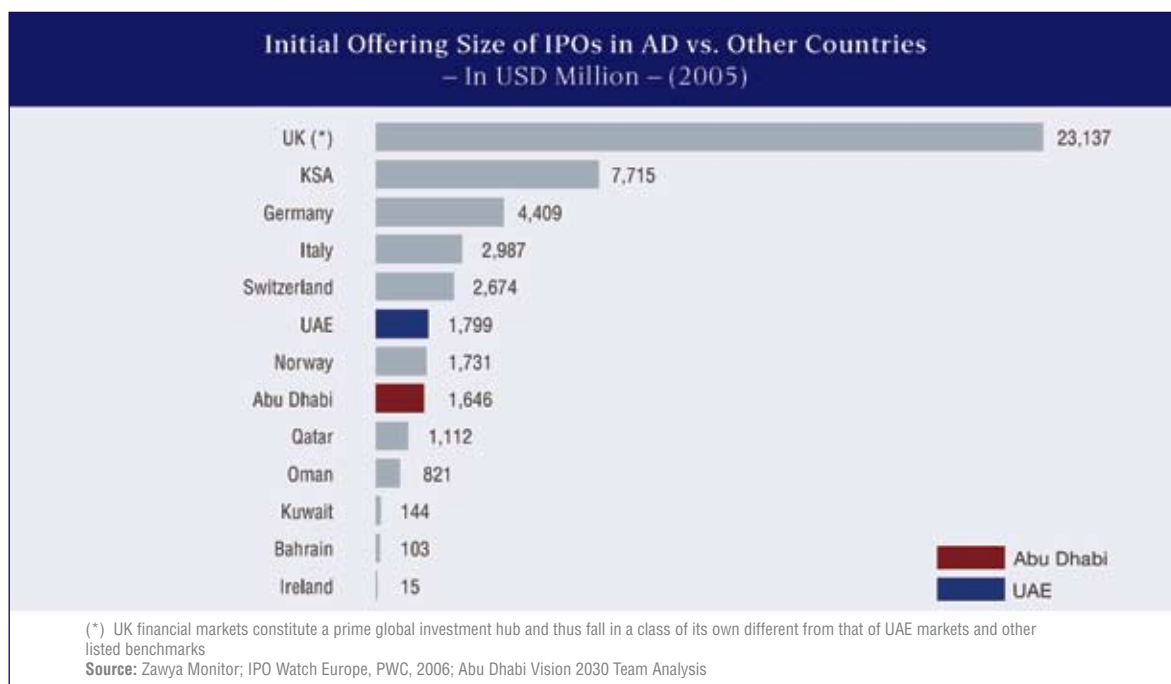
To ensure the continued growth of Abu Dhabi's companies, as well as its broader economy, Abu Dhabi will be fine-tuning its IPO processes. Time-to-listing periods, which currently stand at an average of three to four months, will be reduced. The valuation process, overseen by the Federal authorities, will need to be reworked to lessen the possibilities of under-valuation, which is a frequent problem with non-market driven IPO valuations. Undervaluation results in less favourable capital increases, which hinders the expansionary plans of companies and acts as a deterrent for companies to list.

IPO time-to-listing periods, which currently stand at an average of three to four months, will be reduced.

The issue of IPO oversubscription will also be addressed. Some factors that contribute to the frequent oversubscription of IPOs in the Emirate, such as excess liquidity, the limited number of new

investment opportunities and an underdeveloped debt market and savings instruments, are natural side-effects of a young, vibrant market.

These will be corrected in the long term as financial markets deepen and grow in sophistication. In the shorter term, contributing factors to oversubscription will be tackled in order to ensure the effectiveness of the IPO process as an expansionary tool. Book-based valuations that tend to under-price IPOs will be eliminated through regulatory changes, and inefficient IPO share allocation mechanisms, which encourage investors to mobilise large amounts of funds in order to guarantee the largest stake possible, will be overhauled.



Abu Dhabi Economic Vision 2030 Objectives

The development of Abu Dhabi's financial markets is essential to the future funding of expansionary projects and the economic growth of the Emirate.

Objective 28

Increased Savings and Depth of Deposits

A key part of Abu Dhabi's drive to strengthen its financial system will be to encourage the private sector to increase the amount it saves. This will be achieved by improving the availability of savings instruments and mechanisms, thereby encouraging longer-term deposits that financial institutions will invest.

Objective 29

Increased Financing of Economic Sectors and Projects

Abu Dhabi will continue to deepen its financial offerings with innovative financing and operational structures and schemes (such as PPPs, infrastructure funds and industrial funds), many of which are already being used.

Objective 30

Enhanced Financial Markets Performance

Book-based valuations that tend to under-price IPOs will be eliminated through regulatory changes, and inefficient IPO share allocation mechanisms, which encourage investors to mobilise large amounts of funds in order to guarantee the largest stake possible in prospects, will be overhauled.



Section Three

Engines of Abu Dhabi's Future
Economic Growth

The Abu Dhabi
Economic Vision 2030

Engines of Abu Dhabi's Future Economic Growth

To achieve its vision for 2030, Abu Dhabi will continue to diversify its economy, investing in those capital-intensive, export-oriented sectors in which it has or can build a competitive advantage.

The oil sector and related activities have historically formed the bulk of Abu Dhabi's economic activity. While Abu Dhabi has a healthy overall trade surplus, the Emirate has a "deep" non-oil trade deficit which reached about USD 21 billion in 2006. Economic diversification is a key pillar of the Economic Vision 2030 and the Emirate is setting ambitious targets for the performance of the non-oil sector.

The oil sector will continue to grow to meet international demand and will form a major element of the Emirate's economy. In parallel, Abu Dhabi will focus on developing other sectors which, combined, are planned to grow at an aggregate annual rate exceeding 7.5%. This growth should help the Emirate achieve a neutral non-oil trade balance.

Abu Dhabi will create a suitable environment that will allow businesses and sectors to develop. Eventually, those sectors where the Emirate has a competitive advantage at a global level will thrive. A number of sectors are already emerging that build on current strengths, have good growth potential and are aligned with the Emirate's broader agenda.

Specifically, the following sectors are expected to provide the growth that will be necessary to achieve the Emirate's agenda of economic diversification and to successfully target both

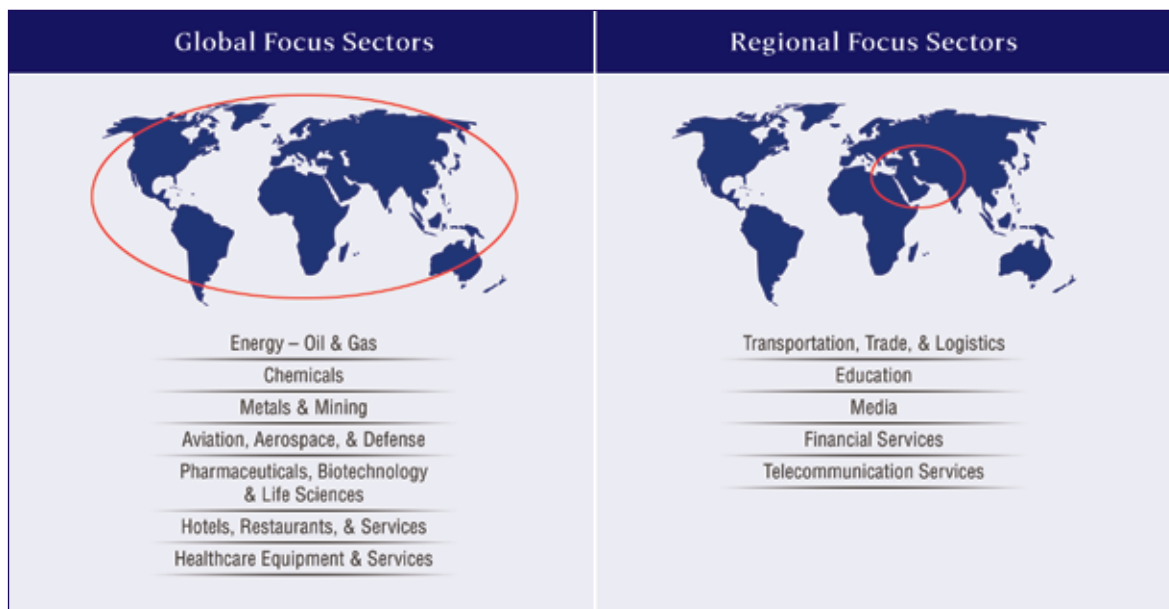
regional and global markets:

- Energy – Oil & Gas
- Petrochemicals
- Metals
- Aviation, Aerospace and Defence
- Pharmaceuticals, Biotechnology, & Life Sciences
- Tourism
- Healthcare Equipment and Services
- Transportation, Trade, & Logistics
- Education
- Media
- Financial Services
- Telecommunication Services

Abu Dhabi will focus on developing sectors which, combined, are planned to grow at more than 7.5% a year.

Energy – Oil and Gas

Abu Dhabi is one of the world's most important hydrocarbon suppliers, ranked among the top five exporters of crude oil and top 25 exporters of natural gas. The Emirate's participation in the oil and gas sector spans the entire range of activities, including exploration, production, transport, refining



and marketing of oil and gas. It also covers the fabrication of high-value energy-related equipment and the provision of related services. The global hydrocarbon market is enormous, with expected revenue of \$2,150 billion in 2007 and relatively high profitability of 15% , a margin which Abu Dhabi easily exceeds given its exceptionally low production costs and vast economies of scale.

Hydrocarbons have formed the backbone of the Abu Dhabi economy for more than three decades. Crude oil exports have been and will remain, the largest source of income, underpinning the development and prosperity that has been achieved in recent times. Natural gas exports, primarily to Asian markets, have also made an important economic contribution, while domestic natural gas supplies have been leveraged to feed numerous industrial activities, as well as Abu Dhabi's utilities, which must supply power and water to a growing population. Given its vast oil and gas reserves, Abu Dhabi possesses and will maintain an exceptionally strong competitive advantage in this sector.

Despite its mature character, there remain excellent opportunities for growth in Abu Dhabi's

oil and gas sector, including in the areas of exploration, production, refining and transport.

Exploration and Production:

The Abu Dhabi National Oil Company (ADNOC) is leading a number of initiatives in order to increase production, with an objective of raising crude production to more than 3.5 million barrels per day over the next decade. These initiatives include the redevelopment of currently producing fields, as well as the development of smaller fields that had not previously been placed into production. Such developments will require significant capital investment, but promise commensurately high rates of return on that investment.

Simultaneously, ADNOC is working to increase natural gas production via the development of technically-challenging sour gas reserves, as well as the potential substitution of carbon-dioxide and nitrogen to replace significant volumes of natural gas that are currently being reinjected into the Emirate's oil fields in order to maintain the necessary production pressure. Such solutions, particularly carbon-dioxide injection will create important synergies with other energy-related

undertakings within the Emirate, such as the Carbon Capture and Sequestration (CCS) project, which is part of the Masdar initiative being led by the Abu Dhabi Future Energy Company

Abu Dhabi entities, including Mubadala Development Company, The International Petroleum Investment Company (IPIC), and the Abu Dhabi National Energy Company (TAQA) are also pursuing exploration and production opportunities beyond the borders of the UAE, including in North Africa, Central Asia and the North Sea.

Refining:

The Abu Dhabi Oil Refining Company (TAKREER) and IPIC are pursuing new projects in the refining sector, which will nearly triple the Emirate's current refining capacity of 485,000 barrels per day. These projects, which include the expansion of the existing Ruwais refinery within the Emirate of Abu Dhabi, as well as the construction of a new refinery within the Emirate of Fujairah represent a tangible example of the application of Abu Dhabi's future strategy of expanding its participation along the entire hydrocarbon value chain.

As with the upstream oil and gas sector, Abu Dhabi, led by IPIC is also making significant investments in refining facilities outside the emirate, including in Asia, North Africa and Europe.

Transportation:

Abu Dhabi is also making major investments in its oil and gas transportation infrastructure, supplementing its existing fleet of oil and LNG tankers via the construction of a 1.5 million barrel per day pipeline to the Emirate of Fujairah, which will allow for significant oil exports outside of the Straits of Hormuz.

Petrochemicals

The global chemicals industry is expected to produce an economic output of 1,350bn in 2007 and is growing at 4% a year, with 17% profitability.

With its large reserves of natural gas and associated liquids, Abu Dhabi is well-positioned to increase its participation in this sector, particularly within the niche of petrochemicals.

Although the production, marketing and export of petrochemicals are all well developed economic activities in Abu Dhabi, as demonstrated by the Emirate's highly successful fertilizer and ethylene and polyethylene ventures, the Emirate has the opportunity to build upon this platform, expanding its industrial base into a major global industry for which it has excellent comparative advantages.

In recognition of the above reality, the Emirate has approved a massive expansion of petrochemical facilities owned and operated by Borouge. The latter, which already produces 600,000 tons per year of ethylene and 580,000 tons per year of polyethylene, will complete the "Borouge 2" project in late 2010. Borouge two will include:

- One of the world's largest ethane crackers producing 1.4 Million tons of ethylene per annum
- The world's largest olefins conversion unit,
- A 540,000 tons per year polyethylene plant and
- Two 400,000 tons per year polypropylene plants

As part of its off-take strategy, Borouge has also began construction of a major compound manufacturing unit logistics facility in Shanghai, China. This facility will allow Abu Dhabi to more efficiently market its petrochemical products to the rapidly expanding markets of Asia.

Simultaneously, Abu Dhabi's Ruwais Fertilizer Company (FERTIL) is expanding its urea production from 1,800 tons per day to more than 2,700 tons per day.

As in the case of the Abu Dhabi's refining expansion, the growth of the Emirate's petrochemical industry represents another way in which Abu Dhabi can capture a larger share of the hydrocarbon value chain. Such expansion will also

assist the Emirate in developing the necessary inputs for expanded domestic industries utilizing basic plastics and industrial chemicals, thus contributing to the over-all objective of economic diversification.

Metals

Abu Dhabi's interest in the sector covers the production of iron, steel, aluminium and other basic metals as well as advanced materials. Globally the sector is worth some \$1,470bn a year and is expected to grow at 19% a year in the short term. Profitability is calculated at a healthy 27%.

While the Emirate does not have sizable ore reserves, Abu Dhabi has several natural advantages to make metal production a highly profitable growth prospect. Low energy costs, access to good industrial infrastructure at industrial cities, a world-class transport system and relatively affordable skilled labour will keep production costs extremely competitive. Moreover, the opportunity for manufacturing clusters to develop around primary metals production will ensure that the metals sector plays a leading role in Abu Dhabi's economic diversification.

Aviation, Aerospace and Defence

Aviation and aerospace is a fast growing market worth nearly \$500bn worldwide in 2005 and returning strong profits.

The Emirate intends to build on its existing aircraft maintenance business to become a world-class player.

Abu Dhabi already has a core of infrastructure required to develop a successful aerospace sector. The Emirate will concentrate on developing its capabilities in the manufacturing and maintenance of civil and military aerospace equipment and parts, defence electronics and other equipment

and space apparatus. The Emirate intends to build on its existing aircraft maintenance business to become a world-class player in the maintenance, services, repair, overhaul and parts manufacturing segments. Further opportunities are envisaged in technical service, education and financial services for the aviation industry.

Pharmaceuticals, Biotechnology & Life Sciences

The sector's output in 2006 was almost \$700bn worldwide and witnessed strong annual growth and profitability, making it an attractive prospect. Global demographic changes such as aging populations in Europe and North America and increased spending power in emerging markets will act as demand drivers over the coming decades. In addition, the emergence of new technologies continues to make it attractive for Abu Dhabi to compete in certain niche markets, especially for illnesses prevalent in the region.

This sector is still nascent in Abu Dhabi and to further grow it, the Emirate would require significant resources to finance R&D and would need to leverage its strong and diverse international relationships to attract the world's best partners. Moreover, the sector could benefit from the burgeoning education sector and the presence of international institutions. However, the Emirate has still to develop capabilities in key areas; specifically by enhancing intellectual property rights, revising international trade agreements, establishing a reliable drug testing and approval system, developing investment attraction mechanisms and marketing and distribution capabilities.

The development of a vibrant and successful pharmaceuticals and life sciences sector will dovetail with that of the education sector, which will provide many of the high-skilled graduates and much of the research needed for pharmaceutical companies to thrive. In turn, the companies can support universities and other institutions through funding and equipment,

as well as expertise. Similarly, the growth of a dynamic pharmaceuticals segment will go hand-in-hand with the development of a world-class healthcare system, with the development of each sector reinforcing the other.

Tourism

A vibrant business, culture, leisure, and sports segment is being developed in the Emirate which will be supported by a fast growing hotels sector to cater to the growing number of high end tourists and visitors, as well as the National and resident population. The Emirate has a strong appeal to tourists and visitors for its large number of natural islands, beautiful beaches, cultural and heritage assets, appealing weather for most of the year and diverse landscape.

The Emirate is also exceptionally accessible, and as its accessibility and capacity grows, its reputation as a tourism destination will be enhanced. Within the Emirate, the world class resorts, hotels, golf courses and other attractions are well connected to the airport and each other, with further improvements in access expected.

To enhance the promotion and marketing of the destination and its brand, the Abu Dhabi Tourism Authority has opened several international offices in Europe, including the United Kingdom, Germany and France, with plans to roll out several other offices in the coming few years.

Abu Dhabi is already investing strongly in expanding and upgrading its tourism and cultural offering with significant projects such as the Saadiyat Island Cultural District with its cluster of world renowned museums, cultural and educational institutions.

Expanding the tourism offer includes new resorts, malls, world-class museums and galleries and other leisure facilities already under plan and construction.

increase employment opportunities. Many of the companies that operate in this sector fall within the SME category, which supports Abu Dhabi's stated goal of diversifying its enterprise base. Tourism will also boost foreign currency earnings and improve the international profile of the Emirate.

Tourism is one of the world's largest and fastest growing economic sectors and Abu Dhabi's product offerings in all the different segments, high standards of service and the development of world-class facilities will help it to become an important tourism destination. The Emirate is therefore investing large amounts of funds and energy into this sector to ensure that Abu Dhabi becomes one of the world's most attractive places for high-end tourists, while offering new facilities and leisure activities to the Emirate's permanent residents.

Healthcare Equipment and Services

Increasing international demand for medical products and services has created a rapidly growing market, with a global output of more than \$3000bn in 2007. Health tourism is also a growing phenomenon. Affluent patients across the world are willing to travel to find the best hospitals and healthcare services, and Abu Dhabi intends to successfully compete in this market by developing world-class healthcare facilities.

The growth of the medical sector is dependent on large investments in technology, which Abu Dhabi is in a position to make. The Emirate's good connectivity to the rest of the world through its airline and airport ensures that health tourists will be able to get to the Emirate in an expeditious manner. However, Abu Dhabi will have to attract highly qualified doctors and medical scientists as well as train local medical staff in order to develop this sector sufficiently.

Transportation, Trade, & Logistics

Abu Dhabi has a long and proud tradition as a trading economy. Given its primary strategic

location, this is a tradition that Abu Dhabi will expand, becoming a logistics hub for businesses and industries in the region. The Emirate lies at the heart of the Middle East, with South Asia and Africa close by and well-developed links to the Far East and Europe. Over the past 40 years, Abu Dhabi has developed its port infrastructure, its road network, and more recently its airports to ensure it is well-connected to trading partners in the region and beyond.

Abu Dhabi will continue to capitalise on its strategic geographical position and excellent transport infrastructure. There is still significant scope for development, with an advanced new port under construction, expansion of the airport under way, and development of the extensive road and rail network moving ahead.

Transportation as a profitable sector will make an important contribution to the Emirate's economic diversification, as it is entirely sustainable and does not rely on any finite resource. Maintaining an efficient transport system and connections with global markets is also an important component in the establishment of other sectors in the economy, particularly the all-important export sectors of industry and manufacturing, in which Abu Dhabi will be investing heavily.

Education

Abu Dhabi already boasts some of the best higher education facilities in the region. The traditional education economy, comprising private universities, teaching materials, and technical education, is now being supplemented by new sources of education-based income, from distance and online learning to educational seminars.

Abu Dhabi is seeking to attract some of the world's best academics and other educational specialists through the development of an attractive living environment and world-class research facilities and research endowments. The growth of the education sector in the Emirate will naturally feed

back into the economy as a whole, supplying high-calibre graduates in a wide range of disciplines and fostering a culture of excellence in work skills, research and cultural development.

Although Abu Dhabi already boasts one of the most advanced educational systems in the region, the sector is in its infancy – by international standards – and has a great opportunity to grow. The Emirate intends to become a regional centre of learning and culture with world-class higher education institutions and schools in order to attract the best teachers and students.

Abu Dhabi's e-business and e-government experience is also being applied to education. Through the distance learning and e-learning that technology can facilitate, the sector's scope need not be limited by geography.

Media

The creative industries are a huge growth area globally, and especially in the Middle East region. Publishing, broadcasting, films and advertising are expected to grow at around 25% a year in the Middle East in terms of economic output. Abu Dhabi will attract the most talented media professionals with its high living standards and superb quality of life. Meanwhile, Abu Dhabi is able to invest in the best technology in the world to ensure the media sector not only flourishes but stays at the cutting edge of innovation.

Abu Dhabi's position means that it can supply media services to mature markets in Europe, which are demanding ever more sophisticated, high-margin products, as well as the fast-growing markets in South Asia, Africa and the Middle East.

Large investments will be made in media development – including electronic media – in the coming years, leading to a number of gains for the broader economy, including the creation of jobs for highly-qualified workers and diversification into a sector that is not dependent on natural resources.

Financial Services

Abu Dhabi's financial services sector offers the Emirate further opportunity to diversify its economic activity into areas that are not based on raw materials. Abu Dhabi will greatly enhance its role as a regional financial services centre. Financial services demand highly skilled and educated professional employees, creating high-income and high value jobs for qualified Nationals and attracting the most valuable expatriates.

As the local economy grows, there is increasing demand for increasingly sophisticated financial services, from commercial banking to investment, insurance and large-scale corporate and project finance.

Abu Dhabi already has a large and thriving conventional and Islamic banking sector servicing a population with one of the world's largest capital bases per capita. With such liquidity, it is well-placed to maintain a place as a regional leader in the sector.

The system is open to foreign players, bringing further capital, expertise and competition to the Emirate. As a result, local banks are lean and client-focused. Additionally, the Emirate is known in the region for its financial strength and the security and prudence of its financial institutions and there is strong confidence in the financial sector. These factors make for a formidable platform upon which to develop the sector further.

Telecommunication Services

The Emirate will also develop its capacity to act as a telecommunications service centre for the Middle East. This sector includes wired and wireless services, including high-density data transmission, currently a growth niche. As in other sectors that Abu Dhabi has identified, the Emirate's financial strength will play an important part in securing its future in the telecoms industry.

Telecoms is a high-tech, fast-moving and capital-intensive business, in which to be a leader,

constant investments are needed to ensure infrastructure is up-to-date.

The Emirate's geographical position in the Middle East and its current well-developed telecoms network are also important competitive advantages enabling the next phase of sector growth. Regionally, telecoms is seen as a strong growth sector, with fast increasing penetration rates for both mobile phones and PCs, and a rapidly and constantly increasing number of Internet users.

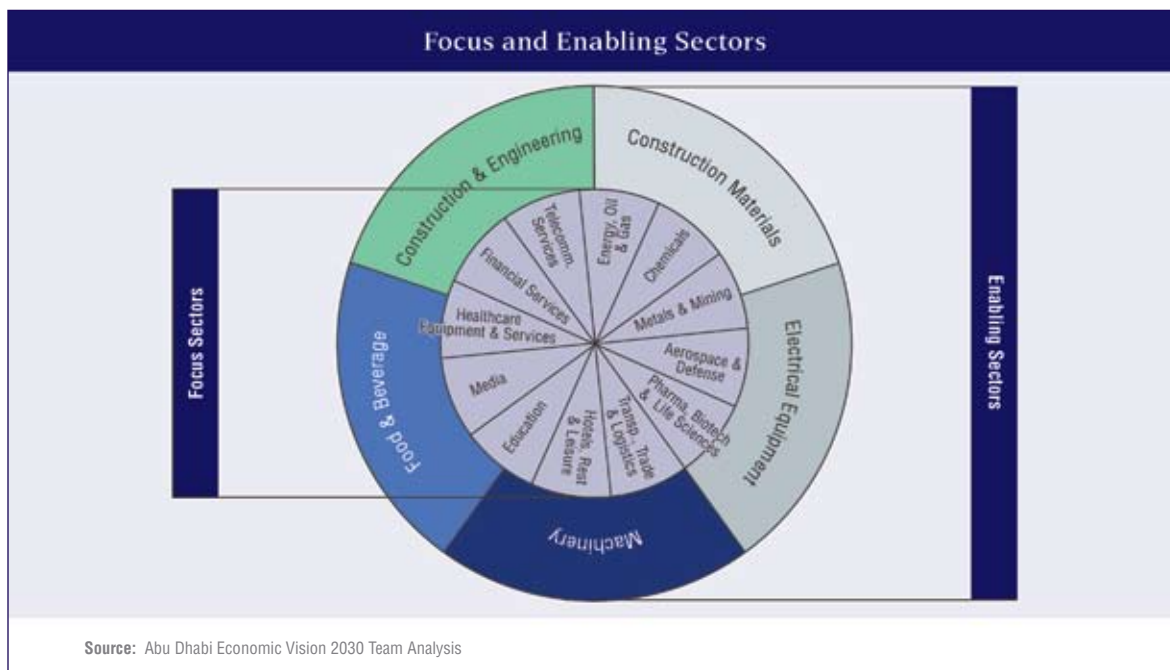
The sector will require, and contribute to the establishment of, a well-qualified workforce with high-level technology skills, helping diversify the GDP and labour base, as well as attracting higher skilled expatriate workers. It will also dovetail with the technical education being developed in schools and universities by providing opportunities for graduates and technical advice and support for their institutions.

The increased intertwining of media and telecommunications, combined with increasing volumes of news, television and other data being transferred by mobile devices, means that there will also be useful synergies between these sectors. Abu Dhabi will therefore become a major telecommunications centre, as well as a world-leading provider of wireless and data services.

Enabling Sectors

In order to develop these focus sectors, Abu Dhabi is also enhancing other domestic industries, which will act as enablers, particularly construction and engineering, machinery, electrical equipment, construction materials, and food and beverages.

Each of the "engine" sectors requires supply or support from at least one of these enabler industries. For example, to build new hotels and resorts for tourists, a strong construction sector is needed; while to operate them, there must be a reliable supply of high quality food and beverages. The manufacturing sub-sectors such as metals, chemicals, energy and aerospace require the best,



most modern and efficient machinery in order to be globally competitive. And the high-tech media, telecommunications and healthcare equipment and services sectors are dependent on electrical equipment.

There is also a good deal of synergy between the core economic sectors that have been singled out for investment and growth. For example, investments in education and healthcare will pay off in all sectors by improving human capital. In particular, education will help boost industries that require research and technical expertise, from pharmaceuticals and healthcare to telecoms,

aerospace and defence. On the other hand, developing the health system into the finest in the region will provide demand for pharmaceuticals and medical equipment. Tourism and leisure need the support of another key sector, transportation, which also benefits export-oriented industries.

Abu Dhabi has chosen these focus sectors for their potential to provide long-term, sustainable growth and diversification. As a result, Abu Dhabi will commit its financial and human resources to developing these sectors over the next two decades and beyond.



Section Four

Measures of Success

The Abu Dhabi Economic Vision 2030

Measures of Success

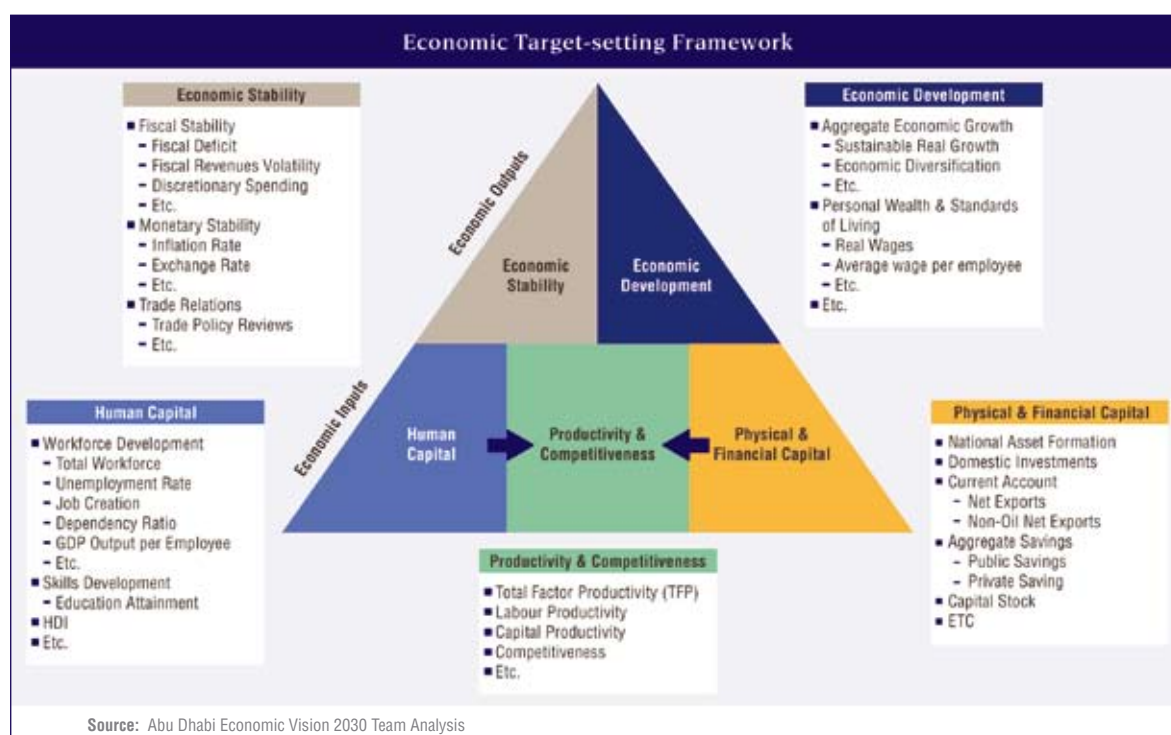
To achieve its goals, Abu Dhabi intends to meet ambitious targets. These will act as signposts to ensure the Emirate is maintaining the right course toward its declared destination.

Abu Dhabi wishes to drive development, whilst ensuring economic stability. To achieve this, changes will be made to the way the economy is structured. Diversification will see the contribution of crude oil to the economy remain significant, but be better balanced by other sectors, including downstream oil and gas activities. Through the combination of human, physical and financial capital, Abu Dhabi will be able to generate the productivity and competitiveness it needs to drive economic growth forward. With these factors in sound harmony, the twin targets of economic development and stability will be met.

Meeting Ambitious Targets

The targets Abu Dhabi seeks to meet will only be achieved and potentially exceeded if all stakeholders strive together to achieve them. The primary targets have been set initially to guide the Emirate on the path to asserting its economic potential.

- Economic development will involve the averaging of growth through to 2015 at 7%, and thereafter at 6%. Such achievable numbers will mean Abu Dhabi will grow at a faster, yet still sustainable, rate than benchmark countries such as Norway.



Summary of Selected Economic Targets for the Abu Dhabi Economic Vision 2030

Economic Development				
	Current (2005-2007)	2015	2020	2030
Real GDP Y-o-Y Growth Rate (%) – In % –	16.4%	7.0%	6.0%	6.0%
Non-Oil Real GDP Y-o-Y Growth Rate – In % –	11.8%	9.5%	7.5%	7.5%
Total GDP – In Real 2005 USD Billion –	77.0	167.0	232.1	415.7
Non-Oil GDP to Real GDP – In % –	41%	50%	56%	64%
Non-Oil Net Exports to Real GDP – In % –	-23.6%	-10.8%	-6.6%	0.1%
Economic Concentration – In % of Real 2005 GDP –	37%	28%	24%	20%

(*) Real GDP growth targets are based on the embedded assumption that oil GDP would continue growing at its sustained historic rates. Thus, if this assumption holds going forward, achieving non-oil sector targeted real growth rates would ensure an oil/non-oil GDP split of respectively 36% and 64% by 2030
Source: Abu Dhabi Economic Vision 2030 Team Analysis

- Within overall growth, Abu Dhabi will seek to foster non-oil GDP growth at a higher rate than that in the oil sector as part of efforts to diversify. The aim is to reach equilibrium in non-oil trade by 2028, thus demonstrating the ability to install extra depth within the structure of the economy.
- Economic stability will also be a prime consideration, with the non-oil fiscal deficit to fall significantly over the target period, while at the same time installing policies that will keep inflation in check to ensure it does not negate the benefits of growth.
- On the human capital side, Abu Dhabi will reduce unemployment among the National population to 5%, effectively achieving full employment.
- Through such stable and realistic growth targets, the Government aims to increase GDP by more than five times by the year 2030. Even with the expected rise in population, this will result in a healthy growth in income in Abu Dhabi.

While the oil industry will grow healthily along with the rest of the economy, Abu Dhabi will see a

Summary of Selected Economic Targets for the Abu Dhabi Economic Vision 2030 (Cont'd)

Economic Stability				
	Current (2005-2007)	2015	2020	2030
Discretionary Spending to Total Expenditures – In % –	8%	41%	46%	46%
Stable Non-Oil Revenues to Total Fiscal Revenues – In % –	23%	24%	32%	49%
Non-Oil Fiscal Balance to Current GDP – In % –	-32%	-19%	-12%	-4%

Source: Abu Dhabi Economic Vision 2030 Team Analysis

Summary of Selected Economic Targets for the Abu Dhabi Economic Vision 2030				
Human Capital Development				
	Current (2005-2007)	2015	2020	2030
GDP Output Per Employee – In USD Thousands/ Employee –	99	114	123	140
National Unemployment Rate – In % –	12%	7%	5%	5%
National Active Population Ratio – In % –	25%	34%	41%	51%
National Dependency Ratio – In No. of Dependents per Employee –	3.6	2.2	1.6	1.1
Tertiary Education Attainment to Total Workforce – In % –	16%	22%	26%	31%
GDP per Capita – In Real 2005 USD Thousands –	55.6	65.6	71.5	82.6
Non-Oil GDP per Capita – In Real USD Thousands –	22.6	32.9	39.9	53.2
Human Development Index (HDI) – In Index Value –	0.89	0.90	0.92	0.93

Source: Abu Dhabi Economic Vision 2030 Team Analysis

flowering of different export-orientated industries. In the coming 20 years, Abu Dhabi intends to reduce the non-oil export deficit through the encouragement of local enterprise and innovation. Following such a reduction, the economy will no longer be as dependent on oil income. The level of dominance by the oil industry will also be balanced through the promotion of different sectors. Growth in the oil industry will continue; however, greater emphasis will be placed on promoting non-oil exports and industries to help provide a more balanced mix to the Abu Dhabi economy.

This promotion of economic stability through the creation of a more balanced and complex local economy better aligned with the international economy will require Abu Dhabi to transform its spending and investment patterns. The budget allocated to internal economic development will

be increased more than five-fold in the coming 10 years. However, such spending will be achieved by keeping a close eye on the non-oil fiscal balance.

Through improving the non-oil side of the economy as a source of income, and while not adversely affecting the Emirate's appeal as a tax haven and investment destination, the economy will be further stabilised.

Even to achieve these macroeconomic goals, however, the real driving force in the economy will be the people of Abu Dhabi themselves. Through increased productivity, full employment and increased participation of Nationals in the economy, the Government seeks to increase GDP per capita by more than 50% by 2030.

By concentrating on improving diversification and creating a more balanced economy, non-oil sector GDP per capita should be more than

Summary of Selected Economic Targets for the Abu Dhabi Economic Vision 2030 (Cont'd)

Physical and Financial Capital

	Current (2005-2007)	2015	2020	2030
National Asset Formation – In USD Billion –	55.2	113.8	150.8	275.9
Domestic Investments to Real GDP – In % –	13%	18%	18%	23%
Private Savings to Total Aggregate Savings – In % –	40%	68%	74%	86%

Source: Abu Dhabi Economic Vision 2030 Team Analysis

doubled. Such achievements will come through improved education standards, and the creation of a national and foreign workforce that rates highly on international development and educational goals. By using a group of transformation economies as a benchmark, Abu Dhabi will better its present economic performance through an economic transformation that will be to the benefit of all who live in the Emirate.

National asset formation, involving both exports and investments, should grow more than five-fold over the target period, while domestic investment in the Abu Dhabi economy will almost double in

the same timeframe. These indicators will also be reflected in terms of private savings in the Emirate, which should be the majority within the next few years. This promotion of private sector investment and internal savings is also a key target in stimulating economic growth to reach all members of the community, making them more effective participants in Abu Dhabi's growth and success.

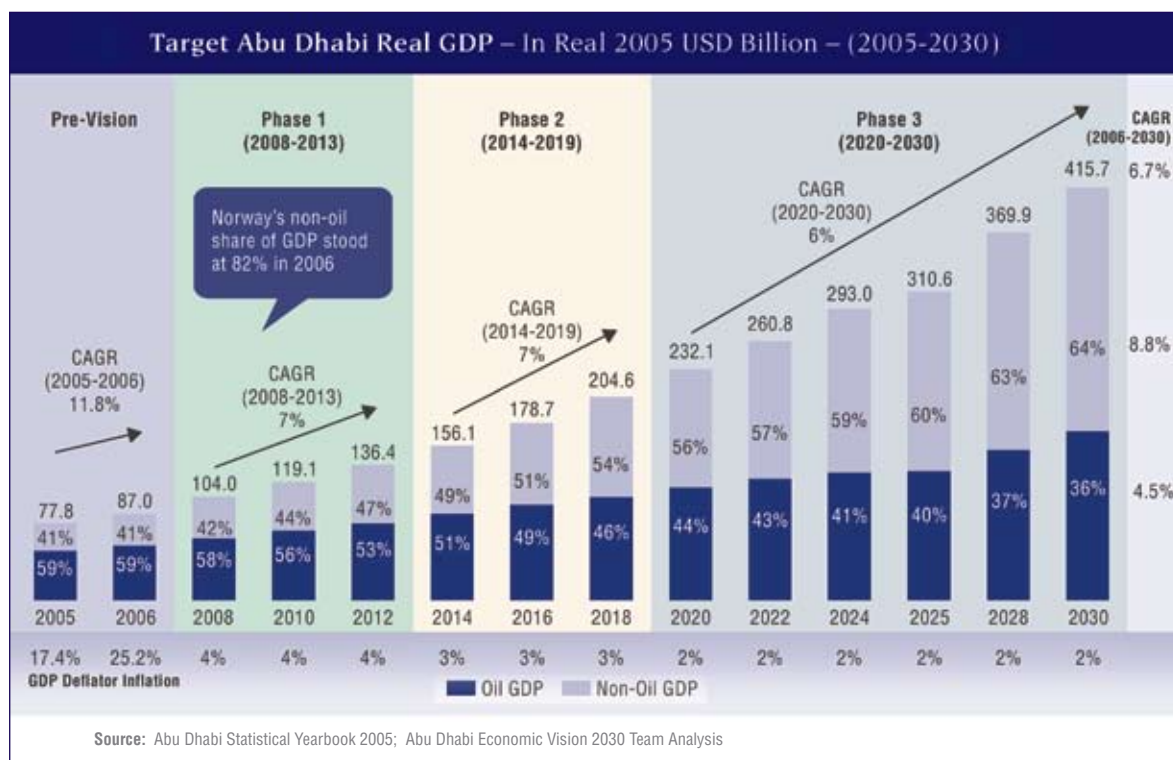
Equally, through this economic diversification and the encouragement of investment and exports, Abu Dhabi is seeking recognition as a global city. With its wealth and natural resources, Abu Dhabi can already claim a stake on such a title,

Summary of Selected Economic Targets for the Abu Dhabi Economic Vision 2030 (Cont'd)

Productivity and Competitiveness

	Current (2005-2007)	2015	2020	2030
WB Doing Business Ranking – Out of 175 Countries –	77	43	22	20
WEF Competitiveness Ranking – Out of 125 Countries –	31	25	19	17

Source: Abu Dhabi Economic Vision 2030 Team Analysis



however through improved business methods and economic competitiveness this strength can be better asserted. Productivity and efficient business standards will improve the reputation of Abu Dhabi, and in combination with the other targets being set for the Emirate at large, the capital city will continue to enhance its international reputation.

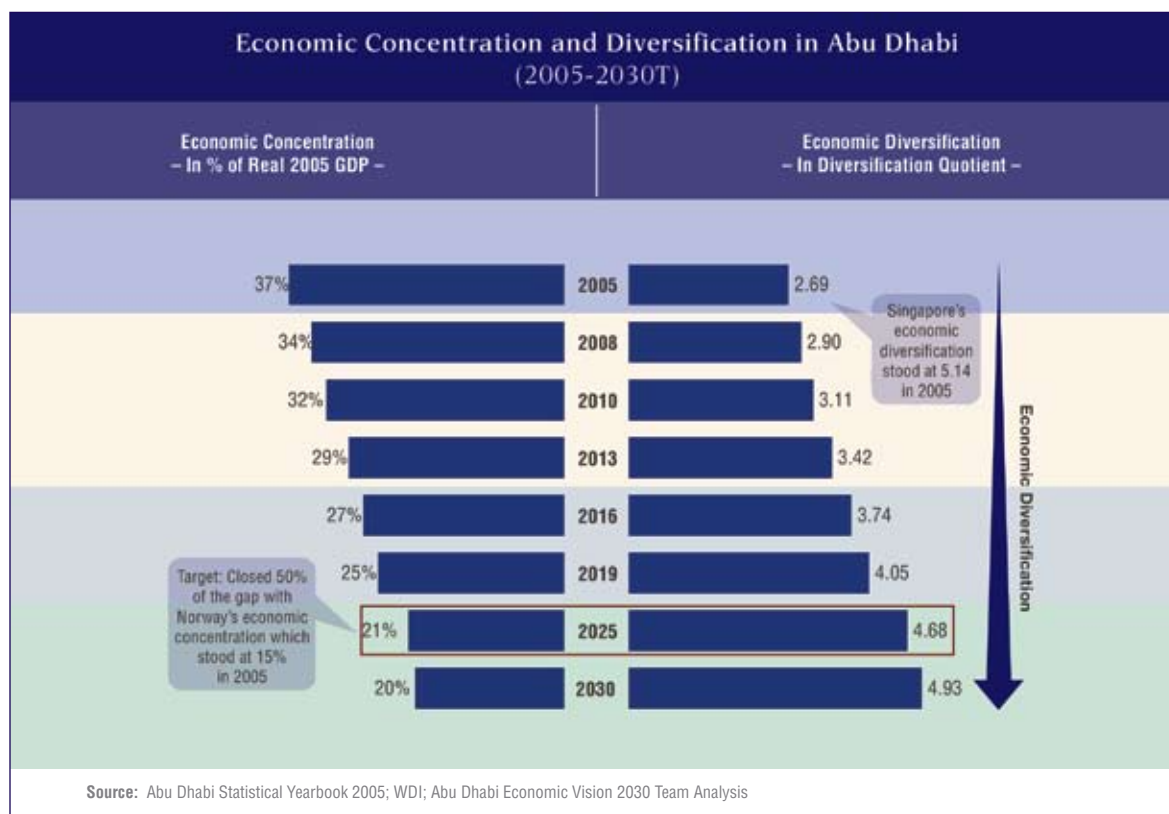
Developing Abu Dhabi's Economy

Abu Dhabi's economy and GDP will be transformed from its current over-dependence on oil, and improve in terms of economic stability. Over the coming years, the non-oil segments of the economy will be promoted and propelled into the leading component of economic activity in the Emirate. Growth in the oil sector will remain robust over the time period, maintaining its valuable role as a revenue provider for Abu Dhabi. However, by focusing on non-oil economic growth, revenue sources will be more balanced, creating an

economy that can withstand long-term economic trends. By the end of 2030, some 64% of real GDP in Abu Dhabi will come from non-oil sources.

For economic diversification to become a reality, Abu Dhabi intends to achieve a zero non-oil trade balance by 2028. More optimal economic diversification will be achieved once the sources of Abu Dhabi's GDP become less focused on the domestic market and the non-oil export segment of the economy is strengthened. Having achieved this, Abu Dhabi needs to bolster the non-oil export sector further, and to use the revenues generated from oil as a core component of the economy, providing a much needed stimulus when necessary.

Over the course of the next two decades, diversification will be deepened, and the economic dominance of oil and gas will be reduced. Such a reduction in economic concentration will reduce the rate of volatility in the economy, and provide a more stable growth pattern for the Emirate.



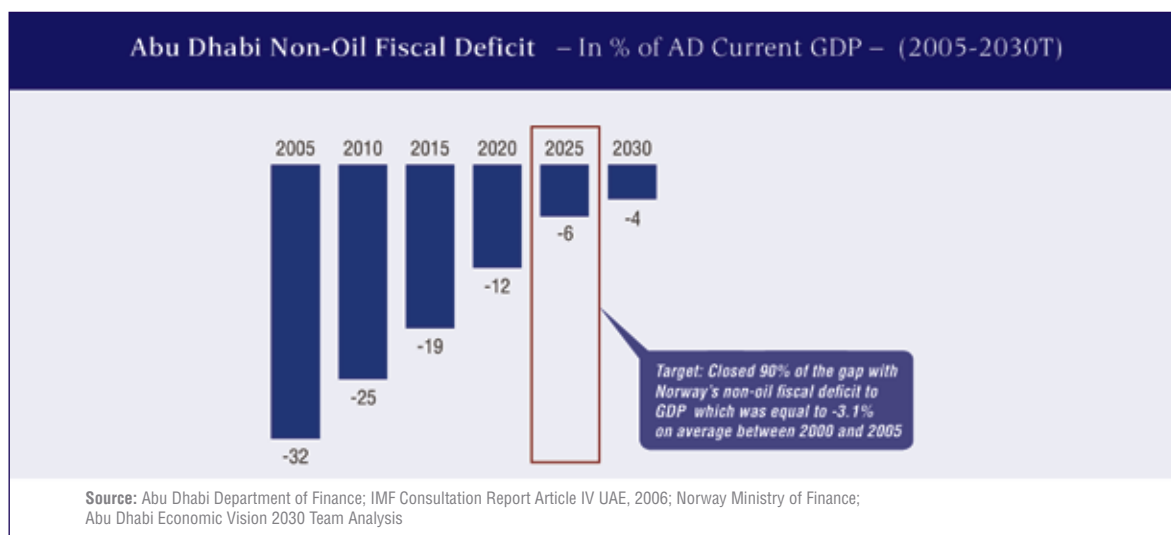
There remains the need to reduce Abu Dhabi's exposure to economic risks coming from overseas, and this can only be achieved by creating a more robust economy that can ride the waves of economic change and hedge itself against speculative events. As volatility in the economy is removed, Abu Dhabi can begin to retain more growth and wealth in its local economy.

The Government will therefore invest in the non-oil sectors of the economy to help promote a more diversified economic structure. However, such investment will be appropriately targeted to allow for a real growth in both domestic and foreign investment in the economy and a stronger role for the private sector. Such extra government spending and investment will be productive in nature, and will not simply be used to prop up the economy or expand its size in unbeneficial or unsustainable ways.

Fiscal discipline will still be invoked by the Government to ensure the difference between stable non-oil revenues and total expenditures by the Emirate is brought increasingly to a balanced position.

Breaking the fiscal dependence on oil revenues will mean that the Government will be able to use oil revenues for future investment purposes and as development funds for the Abu Dhabi economy.

Trade policy will also be emphasised at both a local and a Federal level to improve the Emirate's position as a global business and trade centre. In order to diversify the economy, the Emirate must be able to defend itself from unwanted global trade policies and movements, such as dumping, unfair subsidies and quota-based systems. In this regard, the UAE should seek to be more pro-active in its membership of international institutions such as the World Trade



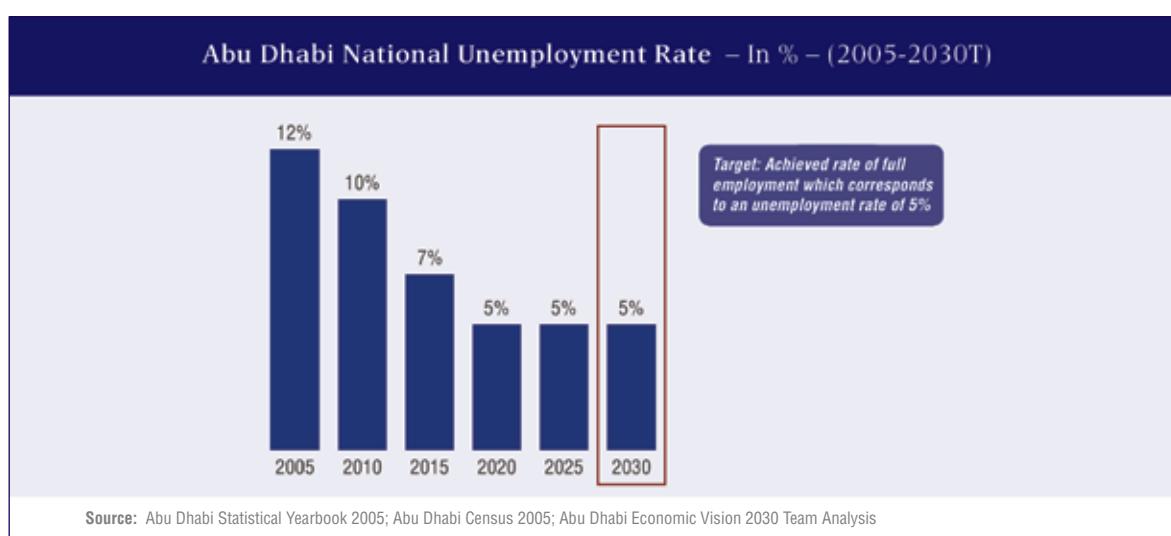
Organisation (WTO) and ensure that the interests of all Emiratis are heard on the global stage.

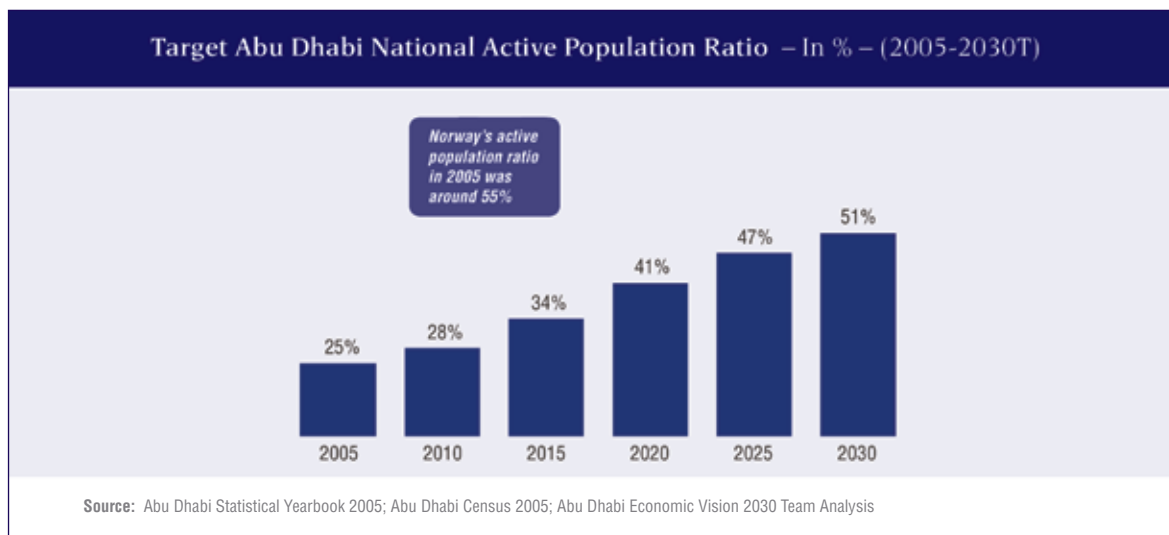
Boosting the UAE's presence in terms of permanent delegates and in committee chairmanships in the WTO will be one step in asserting the country's place as a global trading player. More intensive and frequent trade reviews, of which the last was done in 2006, will be requested to help the country identify weaknesses and problem areas within its trading engines, and provide remedies and corrective solutions. The

target for Abu Dhabi and the UAE as a whole is to be as well represented as similar comparable economies, such as Singapore, and through this membership actively defend new export industries and trading interests.

Improving Abu Dhabi's Human Capital

Despite these big-picture assumptions, which will have significant effects for all enterprises in Abu Dhabi, the human element must not be neglected. Productivity rates for members of the workforce will





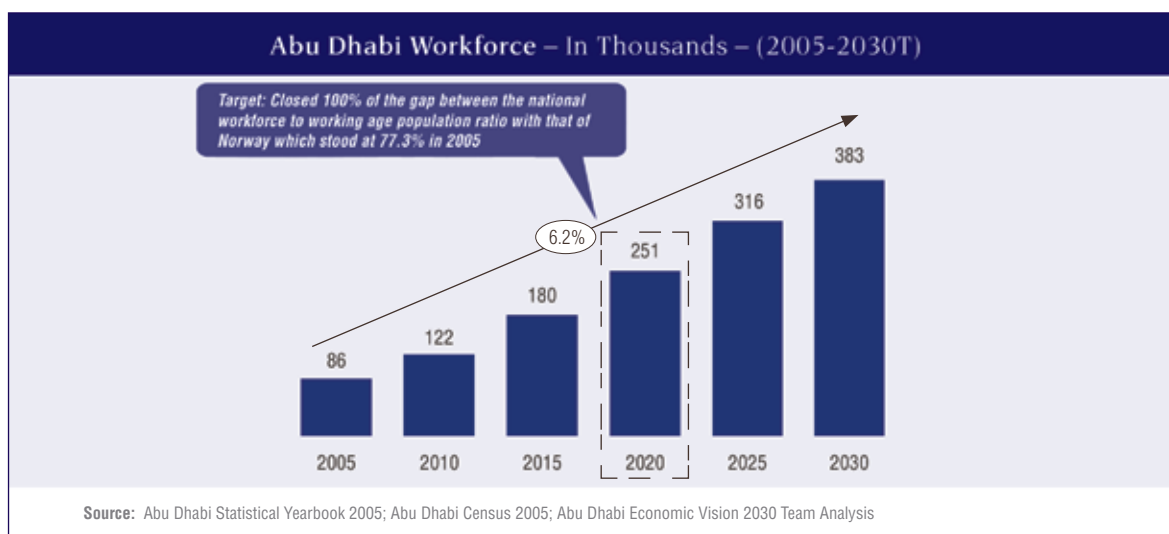
be increased, through the provision of improved education and the application of technology.

The National workforce will be at the heart of this change in productivity, with the aim to achieve full employment to ensure that all members of the National population share in the benefits of economic growth and diversification.

More importantly, the proportion of Nationals actively participating in the workforce will also increase over the target period. Abu Dhabi will double the active

population ratio by 2030, while at the same time ensuring full employment for Nationals. The non-National active population over the period will fall to some 62% of the total population, demonstrating the changing size of the foreign workforce in Abu Dhabi and the maximisation of National involvement in the economy.

As Abu Dhabi seeks to move up the value chain and stimulate economic diversification, it will need to bring in more highly skilled employees, whose higher wages will in turn mean that more



AD Workforce by Educational Attainment – In % of Total Workforce – (2005-2030T)

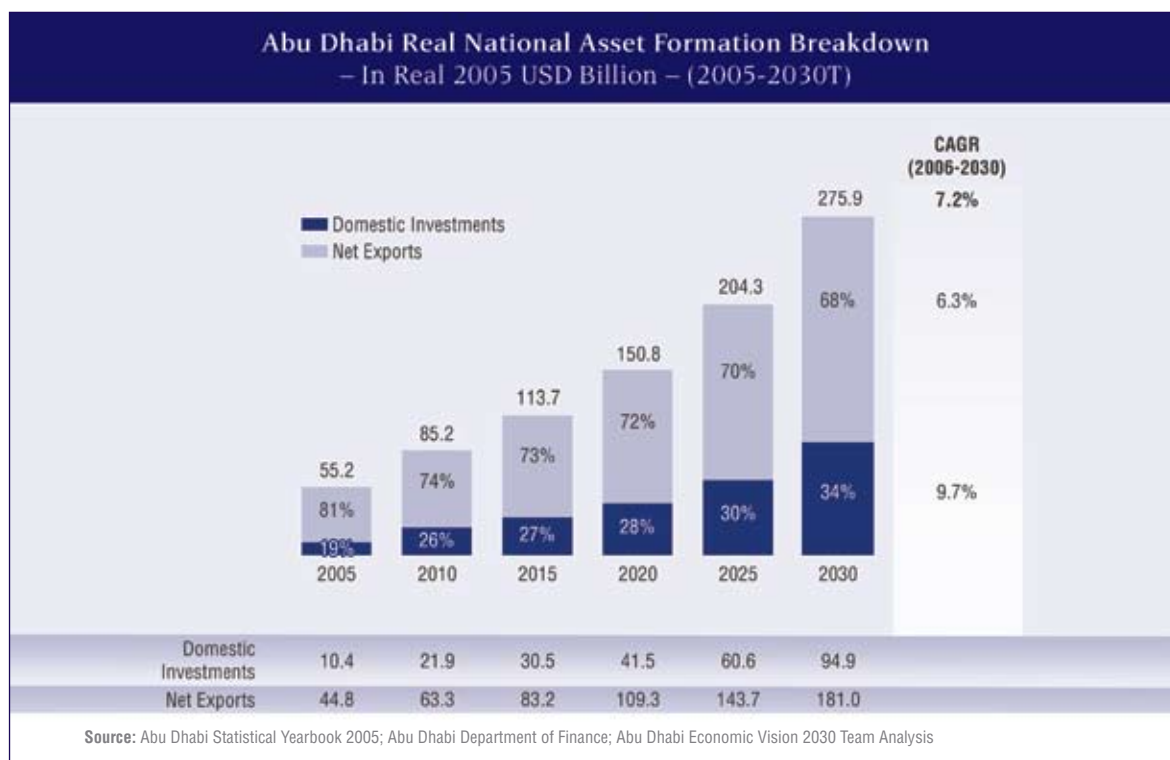


(*) The workforce educational attainment index is estimated by computing a weighted average of the educational attainment level distribution of the workforce in the form of (1)*Tertiary Education proportion + (2/3)*Secondary Education proportion + (1/3)*Primary Education proportion + (0)*Illiterate proportion
 Source: Abu Dhabi Statistical Yearbook 2005; Abu Dhabi Census 2005; Abu Dhabi Economic Vision 2030 Team Analysis

Target Abu Dhabi Real GDP per Capita – In Real 2005 USD Thousands – (2005-2030T)



Source: Abu Dhabi Statistical Yearbook 2005; WDI; Abu Dhabi Economic Vision 2030 Team Analysis



of their dependents, such as wives and children, will accompany them to the Emirate. This will also help to redress the demographic imbalance that the presence of excessive numbers of unskilled workers may entail.

The targeted workforce shows that the growth of positions for both Nationals and non-Nationals will remain strong, though the National component will be at a higher rate. This will ensure the twin targets of increased National participation in the workforce and full employment. Non-National employees will be hired to complement the National component of the workforce. Through enabling programmes, such as the establishment of world-class education and encouraging the entry of more women into the workforce, Abu Dhabi aims to reduce the ratio of people dependent on those in the workforce, thus improving the economic independence of the National population.

For the National workforce to expand its role in the economy, education standards need to be improved. Over the coming period, Abu Dhabi

is seeking to double the number of those in the National workforce with university or equivalent degrees to provide the economy with the skills required to diversify. Where there are shortfalls, non-Nationals will be called on to assist in maintaining the dynamism of the economy.

Qualified foreign entrants would grow in number in line with the demands of Abu Dhabi's economy and the needs of growth. Moreover, as the economy begins to shift towards the private sector and more export-oriented industries, there will also be a required increase in the quality and skills of the non-National workforce, which will help Abu Dhabi achieve the economic stability and growth it seeks.

All of the economic ambitions being sought in Abu Dhabi will see the quality of life and outlook for all those who live in the Emirate increase significantly over the coming 20 years, moving the Emirate to similar levels to the benchmark transformation economies.

Upgrading Physical and Financial Elements

Through the increase in productivity and competitiveness, and in conjunction with improvements in the human capital of the Emirate, physical and financial capital elements will also play a significant role in asserting Abu Dhabi's economic stability and development.

While net exports, including oil, are targeted to increase almost four-fold by 2030, an increasing proportion of national asset formation will come through domestic investments.

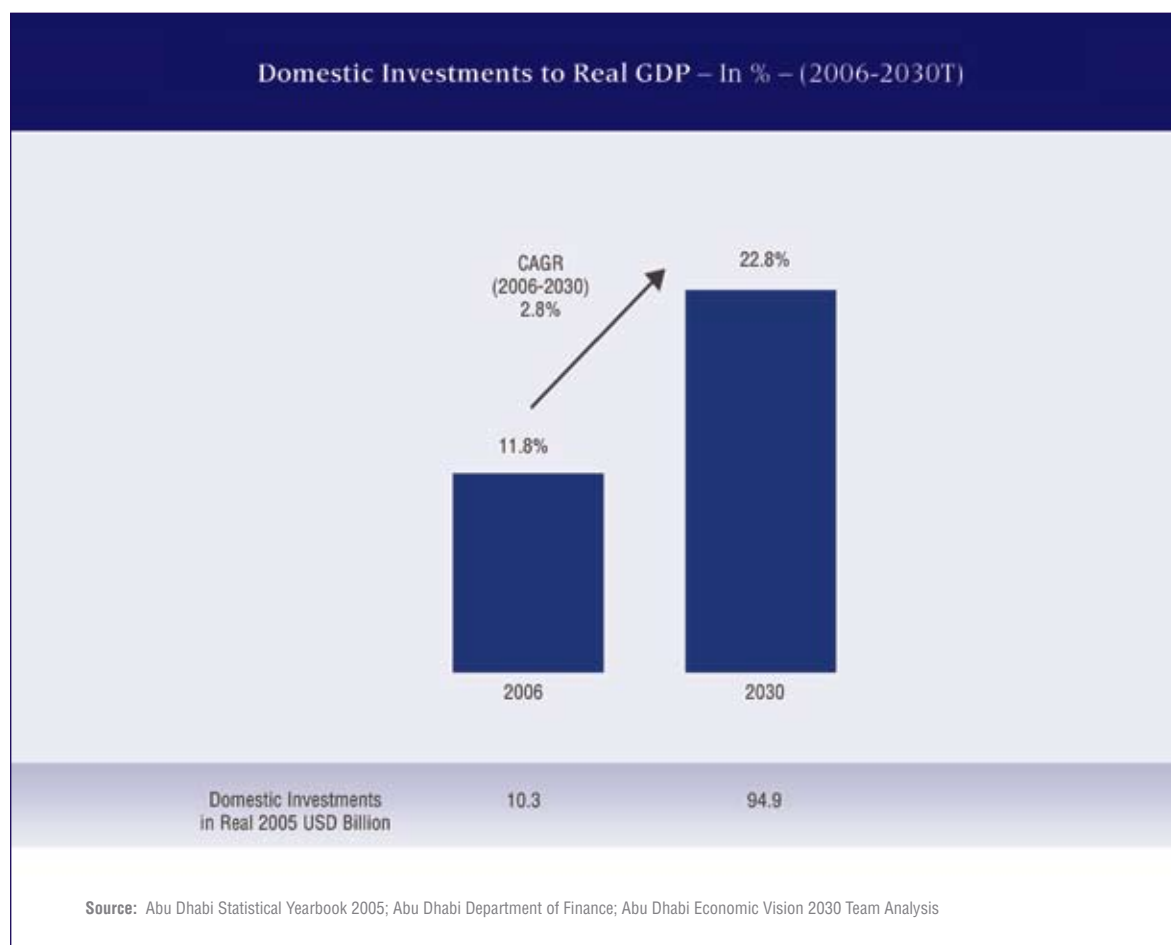
As a proportion of real GDP, domestic investments in the Abu Dhabi economy are targeted to double

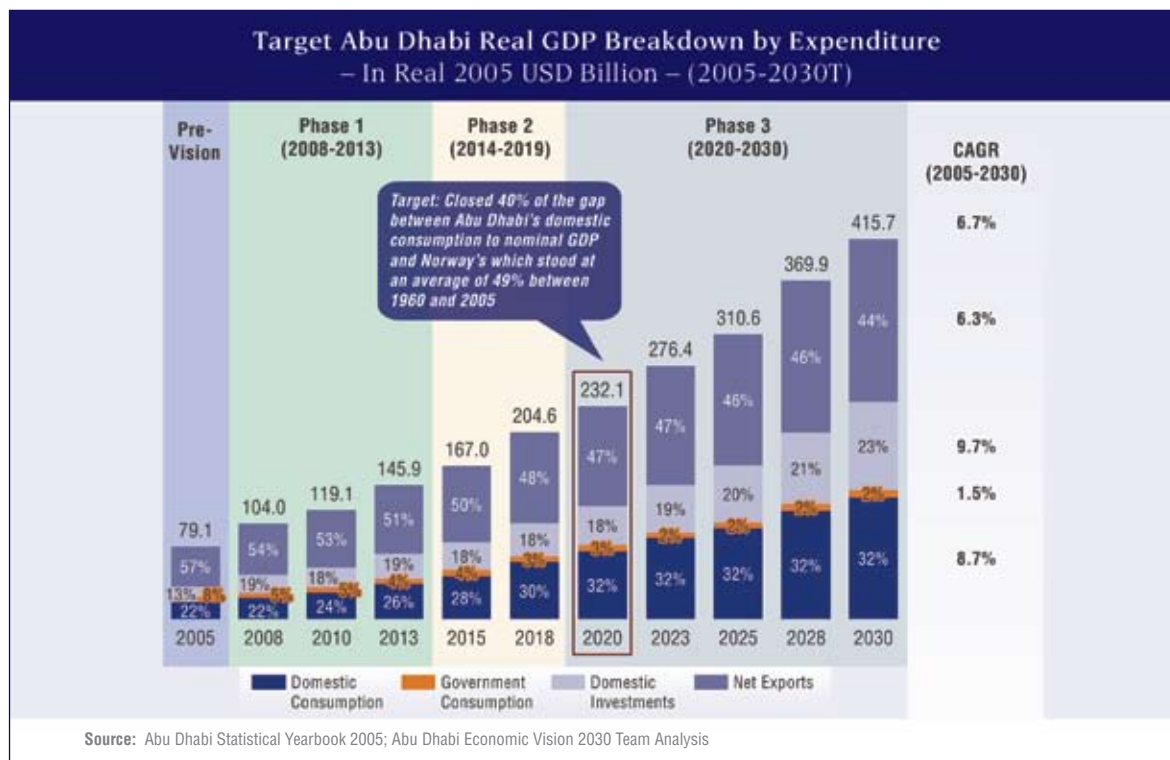
to 23%, meaning a near nine-fold increase.

Asset formation itself will benefit from a more diversified trade balance, as more money begins to flow in the economy in the form of long-term capital investments, as opposed to short-term consumption.

The export component helps to drive such asset formation, providing the economy with a further buffer against adverse external economic effects.

As part of this, private savings will grow at a stronger rate than public savings, improving the depth of the financial markets and investment pool within the Emirate at large.





Maximising Productivity and Competitiveness

By 2020, Abu Dhabi seeks to close in on transformation economy index ratings for business standards and competitiveness, whether measured by the World Economic Forum (WEF) or the World Bank.

Through all of these measures, Abu Dhabi will see its real GDP grow to around five times its present levels. More importantly, through strategic economic growth, the dominance of the oil sector as a component of GDP, as well as government consumption, will decrease, while private domestic investment and consumption will form a majority of the make up of real GDP. Both domestic investment and consumption are targeted to grow at rates above those of the other components of real GDP, demonstrating increased depth and diversity in the economy.

Validating the Economic Vision 2030 Targets

Despite the many factors that need to be taken into account when seeking to produce a strategy for economic development, successive testing has been carried out by a variety of means to validate the Abu Dhabi Economic Vision 2030 targets. In the event of economic, resource or technological change, new statistics and factors can be incorporated to adjust the picture given in the short term. However, the long-term targeting specified within the Abu Dhabi Economic Vision 2030 is currently achievable, and would see the transformation of the Emirate into a world-class location worthy of the aspirations of its people.



Section Five

Delivering the Abu Dhabi 2030
Economic Vision

The Abu Dhabi
Economic Vision 2030

Delivering the Abu Dhabi 2030 Economic Vision

Having set the long-term economic targets, the next step is to devise goals for the medium term. Based on the Abu Dhabi Economic Vision 2030, Abu Dhabi will prepare and implement five-year economic development strategies to ensure its progress towards this vision.

The five-year economic development strategies will contain specific plans and targets for the growth of each economic sector, and will have regular 12-month action plans instituted to ensure ongoing momentum. Strategies will also be devised to enable the policy reforms and resource development necessary for the growth of those sectors targeted by these initiatives.

The Department of Planning and Economy (DPE) in collaboration with ADCED and the General Secretariat of the Executive Council will initiate and coordinate the five-year economic development strategies and produce in-depth economic plans. These strategies will be organised around priority areas for economic development and will be led by the respective stakeholders from the private and public sectors. The General Secretariat will play an important role in ensuring that the economic priorities are reflected in the overall Government and individual departments' strategic plans.

Similar to the economic vision for the Emirate, the upcoming Abu Dhabi five-year Economic Development Strategy, as well as subsequent economic development strategies, will benefit first-hand from the experience and approval of key transformation economy experts and institutions from around the world, as well as selected technical specialists with deep knowledge of the intricacies of the Emirate's economy and people.

The economic vision as set out in this document seeks to ensure a secure and stable future for the people of Abu Dhabi. The ultimate goal is to produce a society that is confident in its growing role as a global economic centre, and one which shows it has the ability to transform itself to meet the needs of tomorrow. As a result of the hard work of previous generations, Abu Dhabi is now in a strong position to move ahead with its economic and social objectives. By 2030, Abu Dhabi will be even more successful, as a result of sound leadership and the ongoing efforts of the Emirate's people.

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