

**COUNTRY PROFILE:****EMIRATE OF DUBAI**

IES/02: ATTACHMENT A

**DATED:****JUNE 2007****CREDIT GUARANTEE:**

	<i>Country Rating</i>	<i>U/W Method</i>
<i>Short-term</i>	2B	No Restrictions

*Recent Political Highlights*

- HH Sheikh Mohammed bin Rashid Al Maktoum is the Vice-President and Prime Minister of the UAE and the Ruler of Dubai.

*Recent Economic Highlights*

- The population of Dubai has almost doubled over the past decade and may exceed 2m before 2015. The population was 1.4m in 2006;
- In a move to reduce air pollution, Dubai has announced plans to upgrade its fleet of 6,000 taxis by swapping in hybrid cars. The vehicles, which will run on a mix of electricity and fuel, will be phased in over the next four years. Authorities are gradually banning smoking from public places and hope to extinguish public smoking completely by the end of 2009. Dubai's environmental schemes are part of the Dubai Strategic Plan 2015, which is a comprehensive blueprint aimed at simultaneously achieving an 11% annual growth rate by 2015, raising per capita GDP by 41% and creating 882,000 new jobs;
- GDP grew by 16% in 2006 and oil contributed 5.1% from its 5.4% contribution in 2004. Trade and repairing services contributed 22% of Dubai's GDP last year having increased 16% from 2005. An impressive growth in the construction sector was also noted with a 31% increase in 2006 from the previous year. The country's total GDP on construction jumped to Dh45.12bn from Dh34.98bn for 2005. This brought Dubai's construction sector to equal the size of the transport, storage and communication sector, which grew 18% to Dh21.41bn last year from Dh18.2bn in 2005. The two sectors now generate 13% each of Dubai's total GDP. With the boom in construction, the real estate and business services sector also grew, contributing 11% or Dh19.24bn of Dubai's GDP last year from 10% in 2005. Dubai accounted for 43% of the UAE's non-oil GDP and 28% or Dh168.78 billion of the total GDP in 2006.
- The fishing regulation committee in Dubai issued a set of rules for regulating the fishing profession. According to the new rules, the fishing profession will be completely nationalised and licences will be issued only to captains of fishing boats and their first degree relatives. The owners of the fishing boats have been given a grace period to regulate their status until 1<sup>st</sup> October this year;
- Dubai is the Middle East's most congested city with a growing number of cars overwhelming the transport system. Spending on transport infrastructure has lagged investments in mega building projects. Dubai is now planning on spending \$20bn over the next five years to build roads, bridges and a metro system. The four-line metro system would begin operations in 2009;
- Japan Bank for International Cooperation would soon loan the Dubai Government \$1bn for infrastructure projects. The bank, which has traditionally supported Japanese companies involved in energy projects, wants to diversify its lending in the Gulf States;
- Dubai Government Investments Company Istitmar, has purchased the New York retail company Barneys. The increasing frequency of high profile corporate investments by companies owned and controlled by the Dubai Governments holdings shows the definite preparation for the projected time when oil will run out in the small emirate in 2028. Diversity of investments and scale are the two dominant features in the Dubai international investment craze going on over the last several years;
- The burgeoning construction industry is set to drive a 20% annual growth in the use of steel reinforcement bars over the next three years. The city's consumption of steel rebar will total 4m tonnes this year and it is predicted that 80% of rebar will be supplied directly from local processing plants within a few years;
- Arabian Automobiles Company, the Nissan car dealer in Dubai will invest Dh500m in the next three years to expand its sales network and service facilities in Dubai and the northern Emirates. The company aims to have 25% of the local car market by 2010;
- UAE residents are concerned that rising costs are forcing them to cut back on holidays, choose cheaper goods when shopping and even consider leaving the country. With the price of rice set to increase by 20%, people from the middle and lower income groups fear that their domestic budget will be seriously affected by the price increases. Rice is an essential commodity and people have to will buy it. Lack of supply is driving the price hike;
- The fast-changing Dubai skyline will support 6 supertowers, each with more than 100 habitable floors, more than any other city in the world. The supertowers are expected to be completed by 2015 and will raise Dubai's stature among the world's megacities, in terms of height, beauty, aesthetics and design quality.