



UNITED ARAB EMIRATES

December 2025

2025 ARTICLE IV CONSULTATION—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR UNITED ARAB EMIRATES

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2025 Article IV consultation with UAE, the following documents have been released and are included in this package:

- A **Press Release** summarizing the views of the Executive Board as expressed during its December 1, 2025 consideration of the staff report that concluded the Article IV consultation with UAE.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on December 1, 2025, following discussions that ended on October 1, 2025, with the officials of UAE on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on November 13, 2025.
- An **Informational Annex** prepared by the IMF staff.
- A **Statement by the Executive Director** for UAE.

The documents listed below have been or will be separately released.

Selected Issues

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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International Monetary Fund
Washington, D.C.



IMF Executive Board Concludes 2025 Article IV Consultation with the United Arab Emirates

FOR IMMEDIATE RELEASE

Washington, DC – December 1, 2025: On December 1, 2025, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation with the United Arab Emirates.¹

The UAE has demonstrated significant resilience to global uncertainty, regional conflicts, and lower and more volatile oil prices. Supported by sustained efforts to promote economic diversification and exports and a rebound in oil production as OPEC+ quotas increase, the UAE economy is projected to expand by 4.8 percent in 2025. Growth is projected to accelerate to 5.0 percent in 2026, driven by stronger hydrocarbon output and continued expansion in key non-hydrocarbon sectors, including tourism, construction, and financial services, supported by large infrastructure investment. Real estate activity continues to be buoyant reflecting the UAE's position as an attractive destination for investment and employment. Inflation is projected to remain low, averaging 1.6 percent in 2025 and around 2 percent over the medium term, with housing-related costs being the main source of price pressures.

Although regional and global uncertainty remains elevated, the UAE is well placed to navigate the ongoing global policy changes with broadly balanced risks to the outlook. External and fiscal balances are expected to remain comfortable. The financial sector remains strong and sound, supported by strong capital and liquidity buffers, improved asset quality, and conservative macroprudential policies. The ongoing expansion of Comprehensive Economic Partnership Agreements have been supporting the efforts to strengthen resilience and diversification.

Executive Board Assessment²

Executive Directors agreed with the thrust of the staff appraisal. They commended the authorities' ambitious and sustained reform and modernization efforts, which have supported strong and resilient growth, underpinned by increased hydrocarbon production and robust non-hydrocarbon activity. Against the backdrop of significant global uncertainties and risks, Directors encouraged the authorities to continue to pursue prudent economic policies, support innovation and diversification, and exercise vigilance in risk management to sustain growth and productivity in both the public and private sectors.

¹ Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

² At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities.

Directors encouraged the authorities to continue to advance structural fiscal reforms to strengthen the medium-term fiscal framework and policy effectiveness. They commended continued fiscal prudence and revenue diversification, balancing fiscal sustainability and development objectives. Directors welcomed broadening the tax base including the recent implementation of the CIT and improving the non-hydrocarbon fiscal balances. They underscored the importance of continuing to strengthen fiscal policy coordination to help ensure a consistent overall fiscal stance and more effective policymaking, including through a more active role for the Fiscal Policy Coordination Council.

Directors noted that the banking sector has strengthened, with improvements in capital, liquidity, and asset quality indicators. They recommended continued evaluation of the appropriateness of the macroprudential framework in view of the robust increase in credit growth and developments in the real estate market. Directors underscored the importance of an adequate oversight framework aligned with international standards in view of advancements in digitalization and the expansion of virtual assets. They welcomed advancements in the monetary framework and encouraged their finalization to further strengthen the management of surplus liquidity.

Directors commended the authorities' diversification and productivity-enhancing reforms and encouraged them to sustain the momentum to foster strong non-oil growth and navigate global uncertainties. The UAE's rapid emergence as a global AI hub supported by modernization of public services and the business environment will further strengthen competitiveness and support medium-term growth. Directors welcomed the ongoing development of trade and economic partnerships, which are expected to boost the UAE's resilience and competitiveness. They noted the authorities' ongoing efforts to integrate climate risks in their sectoral planning and fiscal risk management frameworks. Directors also underscored the importance of continued improvements in the collection and timely dissemination of economic data to buttress the reform efforts.

United Arab Emirates: Selected Economic Indicators, 2024-26

Quota: SDR 2,311.2 million (June 2024)

Population: 11.3 million (2024)

Per capita GDP: \$50.220 (2024)

	<u>Est.</u> 2024	<u>Proj.</u> 2025	<u>Proj.</u> 2026
	(Annual percent change)		
Output and prices			
Real GDP	4.0	4.8	5.0
Real non-hydrocarbon GDP	5.0	4.6	4.6
CPI inflation (average)	1.7	1.6	2.0
	(Percent of GDP)		
Public finances			
Revenue	27.8	28.4	27.3
Expenditures	21.4	23.3	22.5
Net lending (+)/borrowing (-)	6.4	5.1	4.7
(Revenue minus expenditures)			
Nonoil primary balance 1/	-17.1	-15.1	-12.9
Gross general government debt	34.9	34.5	32.4
	(Annual percent change)		
Monetary sector			
Broad money	14.5	8.1	8.3
Credit to private sector	8.6	8.9	7.2
	(In percent of GDP, unless otherwise indicated)		
External sector			
Current account balance	14.5	13.3	12.3
External debt	93.4	93.2	90.5
Gross official reserves (billions of U.S. dollars)	238.2	280.0	304.9
In months of next year's imports of goods & services, net of re-exports	7.6	8.2	8.2

Sources: Country authorities; and IMF staff estimates and projections.

1/ In percent of non-hydrocarbon GDP. Excludes staff estimates of SWF investment income.



UNITED ARAB EMIRATES

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION

November 13, 2025

KEY ISSUES

Context: Backed by ambitious efforts to diversify and modernize its economy and supported by a growing hydrocarbon sector, the UAE has shown significant resilience to global volatility and regional tensions, with growth in 2025 projected to outpace both the GCC and global averages. Non-oil sectors, including tourism and real estate, continue to expand, while the financial system has continued to attract foreign capital and has absorbed recent market volatility well.

Key policy recommendations: Policies should remain agile in the face of rapidly evolving global landscape and accompanied by supportive reforms to ensure that the ongoing ambitious investment plans turn into strong and sustainable growth. This includes advancing the medium-term fiscal framework and closely monitoring real estate developments and the expanding virtual assets ecosystem, together with reforms to foster non-oil productivity, enhance competitiveness, and manage climate-related risks.

- **Fiscal Policy:** With the pegged exchange rate, fiscal policy effectiveness takes on more importance in the current global context, building buffers in normal times, and deploying them if needed to counter the impact of external shocks. Over the medium term, priorities include revenue diversification, stronger coordination among the various public entities (federal government, emirates, GREs, and SWFs), advancing the MTFE, and improving fiscal risks management.
- **Financial Sector Policies:** To preserve financial stability, efforts should focus on maintaining sound macroprudential policies and on continued strengthening oversight and regulation of virtual asset activities and cybersecurity.
- **Macro-structural Policies:** The UAE should continue to advance non-oil diversification through investments in technology, infrastructure, and services, supported by structural reforms to boost competitiveness, innovation, and private sector growth. Progress on addressing data gaps, including with IMF Technical Assistance should also continue.

Approved By
Thanos Arvanitis
(MCD) and Anna
Ivanova (SPR)

Discussions took place during September 17 – October 1, 2025 in Abu Dhabi and Dubai. The mission team comprised S. Bakhache (Head), K. Badr, R. Fayez, K. Kirabaeva, and M. Marcaletti (all MCD). Mr. A. Alhosani attended the concluding meeting, and Mr. A. Abdul Raheem attended mission meetings (all OED). The mission met with the Central Bank Governor, the Undersecretary of the Ministry of Finance; other senior officials; and representatives of the business and academic communities. Mmes. O. Ament, E. George, and Mr. S. Dell’Acqua (all MCD), and J. Verrier (MCM) provided invaluable support to the mission.

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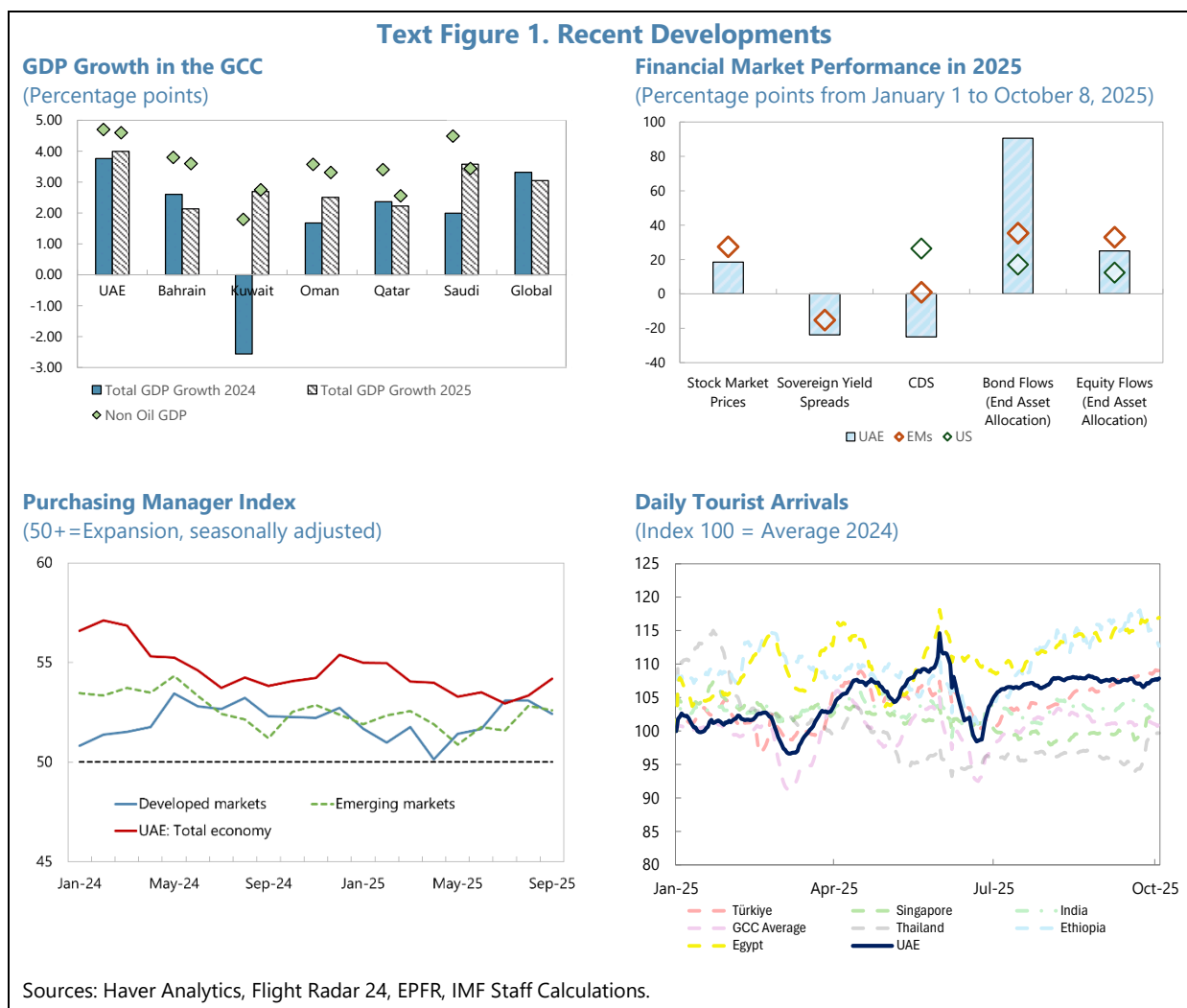
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CONTEXT

1. The UAE has demonstrated significant resilience to global uncertainty, regional conflicts, and lower and more volatile oil prices. Supported by sustained efforts to promote economic diversification and exports, the UAE economy is expected to continue growing at the fastest rate among the GCC countries and well above the global average in 2025 (Text Figure 1). The direct impact of the US tariff is expected to be limited, while tourism and other non-oil activity continued to expand in 2025Q1. The financial sector has weathered recent periods of market volatility well, with real estate prices maintaining momentum.



2. With global and regional uncertainty expected to remain high, the Article IV Consultation focused on sustaining the growth momentum, while maintaining macroeconomic and financial stability and safeguarding resilience. The UAE’s role as a global financial and trade hub is enhancing economic diversification but could also increase exposure to spillovers from global shocks including shifts in global trade policy and financial conditions (Box 1

and SIP Chapter 1). At the same time, large investments abroad, including the recently announced \$1.4 trillion investment package in the US, together with strong FDI inflows are expected to spur medium-term growth. Against this background, it is important that policies remain agile in the face of rapidly evolving global landscape and accompanied by supportive reforms to ensure that the ambitious investments turn into strong and sustainable growth.

RECENT ECONOMIC DEVELOPMENTS

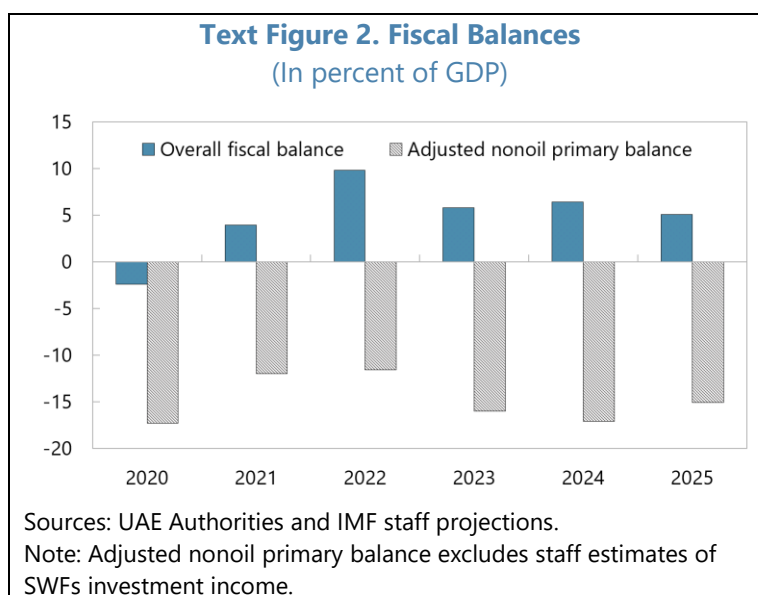
3. Economic growth remained strong, while inflation was contained last year (Figure 1).

Following robust growth of 4.0 percent in 2024, the economy continued to expand strongly in 2025Q1 with 3.9 percent overall growth while non-hydrocarbon activity grew 5.3 percent, led by manufacturing, construction, financial services, and real estate activities. Oil production moderately accelerated to 2.1 percent during January-July of 2025, compared to the same period last year, reflecting UAE's OPEC+ quota increase and the reversal of oil production cuts. Average inflation decelerated to 0.6 percent in 2025Q2 from 1.4 percent in 2025Q1, driven by lower food prices and reduced transportation costs, offsetting sustained increases in housing-related costs.

4. The general government fiscal balance improved in 2024 as revenue increased while expenditure remained broadly stable.

The overall fiscal surplus strengthened to 6.4 percent of GDP in 2024 as oil revenues grew by 16.7 percent yoy while the non-hydrocarbon primary deficit widened in 2024 to 17.1 percent of non-hydrocarbon GDP (Text Figure 2). Expenditure slightly declined as increases in compensation of employees and purchases of goods and services were outweighed by

lower subsidies and capital investments. General government debt slightly increased in 2024, but remained moderate, at about 35 percent of GDP.¹



5. The current account surplus increased to 14.5 percent in 2024 from 13.1 percent in 2023, based on the newly revised 2023 and 2024 BOP data by the authorities. The increase in the trade surplus was driven by higher goods and services exports, especially non-hydrocarbon goods exports, and a relatively slower growth in imports. In both 2023 and 2024,

¹ The UAE has been outperforming the GCC average in terms of overall fiscal and non-hydrocarbon primary balances, and debt (for more details see IMF Policy Paper "Enhancing Resilience to Global Shocks: Economic Prospects and Policy Challenges for the GCC Countries", 2025).

the UAE had a non-hydrocarbon goods trade deficit, compensated by higher than previously estimated hydrocarbon exports.² The primary income for both years was revised upward, from a net outflow to a net inflow, better reflecting the UAE's position as a net creditor to the world. On the other hand, the financial account recorded a larger deficit in 2024, reflecting a substantial increase in outward FDI, driven by ADQ's \$24 billion investment in Egypt and continued reserve accumulation by CBUAE. Foreign reserves remained adequate at 7.6 months of imports. The real effective exchange rate depreciated in 2024 as the UAE's inflation declined relative to its trading partners, but appreciated slightly in the first quarter of 2025.³ In 2024, the external position is assessed to be broadly in line with the level implied by medium-term fundamentals and desirable policies (Annex III).⁴

6. The financial sector remains resilient (Figure 3). Banks maintain capital and liquidity levels consistently above the established regulatory minima (in 2025Q2 the Tier 1 Capital Ratio was at 16.0 percent, the Liquidity Coverage ratio at 153.2 percent, and the Net Stable Funding Ratio at 113.7 percent). Credit quality improved further, while the aggregate gross non-performing loans ratio continued to decline to 3.4 percent in 2025Q2 (the net NPL ratio was 1.5 percent), due to a robust domestic economy and enhancements in the regulatory framework on NPLs. Private sector credit grew by 8.6 percent in 2024 and 9.2 percent yoy in 2025Q2, driven by retail and private corporates, and remained stable as a share of total bank assets. Double-digit deposit growth mainly driven by residents strengthened bank funding and reduced the loan-to-deposit ratio (Text Figure 3). Liquidity continues to increase, driven mainly by net capital inflows, partially absorbed by Monetary Bills (M-Bills) and Islamic Certificate of Deposit (ICD) issuance. The CBUAE policy rate tracks the US Federal Reserve's IORB, with a narrowing gap between overnight interbank rates and the Base Rate. The gap reflects excess liquidity and institutional features of the UAE banking sector.⁵ The UAE stock and bond markets have outperformed both the GCC and EM composites (Text Figures 1 and 3).

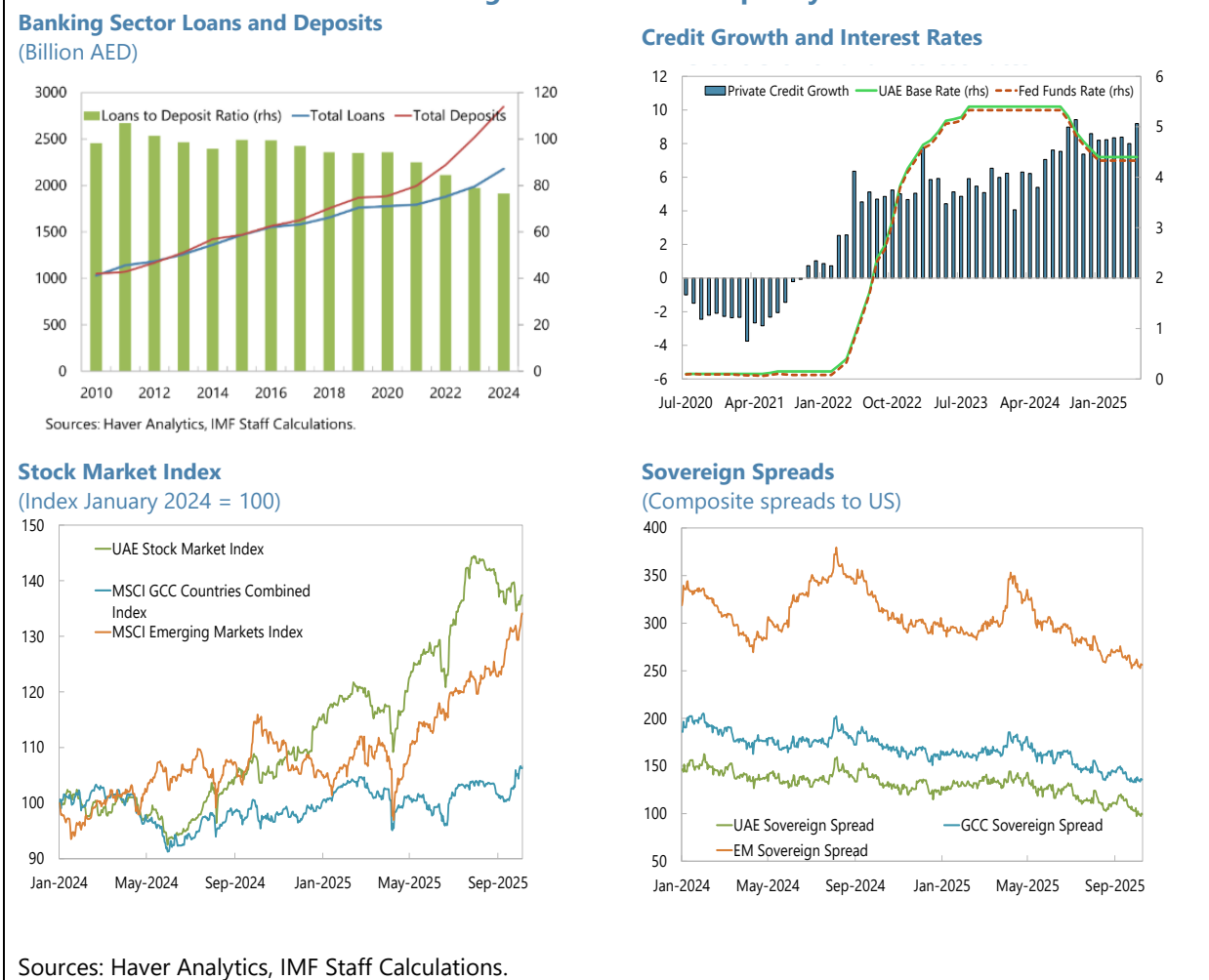
² Actual, rather than estimated data on hydrocarbon exports for 2023 and 2024 was obtained for the first time from the authorities in the UAE. See Annex V for details.

³ Differences in the REER between IMF and BIS/CBUAE data are due to different weighting methodologies of trading partners. BIS data point to a slight appreciation of 1.4 percent yoy in December 2024 (0.5 percent on average during the year), while IMF data imply a -0.3 depreciation yoy in December 2024 (-1.25 percent on average during the year).

⁴ The ongoing BOP statistical improvements are significantly affecting the ability to assess current developments relative to historical trends. As such, the consumption module (based on the intergenerational equity) is a better benchmark for assessing the external position. In addition to the consumption module, the assessment is based on a holistic view of the UAE's external sector, including non-oil current account and non-oil fiscal deficits in 2024.

⁵ The absence of a Shari'ah compliant deposit facility at the central bank until 2025Q2 contributed to the existence of the gap.

Text Figure 3. Domestic Liquidity

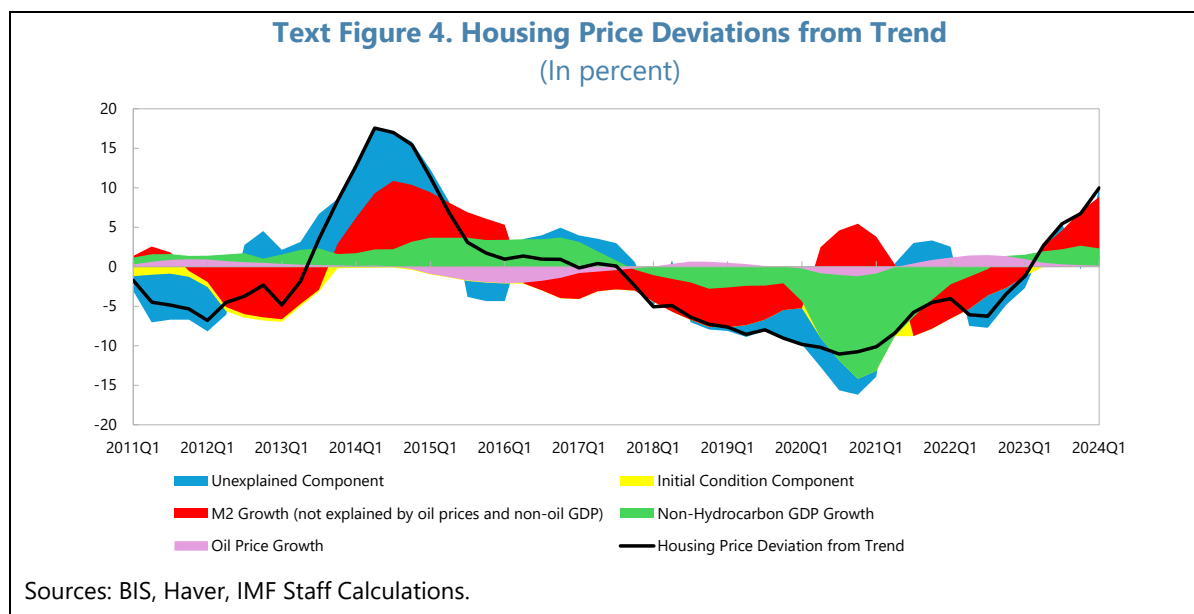


7. Real estate activity continues to be buoyant (Figure 4). Aggregate prices in Dubai increased considerably over the past 5 years (2020Q1 to 2025Q2).⁶ In Abu Dhabi, prices have risen at a more moderate rate, over the same period, albeit price growth has been accelerating recently (Annex VI).⁷ Sustained demand appears to be largely driven by expanding non-oil GDP and population in addition to other favorable cyclical factors and structural reforms. The UAE’s position as an attractive destination for investment and employment is another key contributor. Housing supply in Abu Dhabi and Dubai has been increasing, albeit at a lower rate relative to demand. Analytical work using a Multivariate Filter analysis – which associates deviations of real estate prices from trend with key macro variables – indicates that real house prices are currently above trend, with the cyclical component mainly correlated with non-oil GDP growth and liquidity (Text Figure 4 and Annex VI), which may reflect the relationship between housing demand and capital inflows. Real

⁶ According to Dubai Land Department data, prices have increased by 117.6 percent for villas, 46.2 percent for apartments, and 76.0 percent for commercial properties.

⁷ Villa and apartment property values have increased by 31.4 and 22.4 percent respectively according to Abu Dhabi Real Estate Center Data.

estate transactions are predominantly non-mortgaged,⁸ and banks' total exposure to the residential and commercial real estate sector (including mortgage, investment and development loans, off-balance sheet exposures, and investments in real estate securities) has been gradually declining in recent years, reaching 18.3 percent of total credit risk-weighted assets (CRWA) in 2025Q2. Direct residential real estate lending remains low at 4.6 percent of total gross loans in 2024, while commercial real estate loans reached 13.6 percent.



OUTLOOK AND RISKS

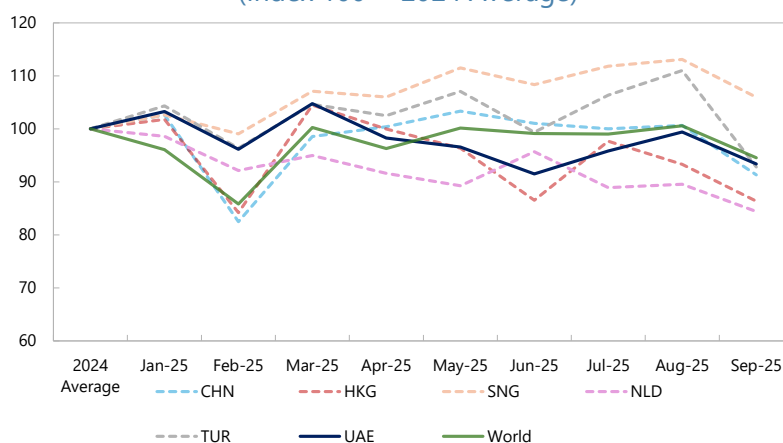
8. The UAE's outlook is strong, with near-term growth supported by robust non-oil activity and higher oil production. GDP is projected to expand by 4.8 percent in 2025, driven by non-hydrocarbon growth of 4.6 percent, and 5.3 percent rebound in hydrocarbon GDP from the OPEC+ quota increase and the faster than expected reversal of oil production cuts. Expansion in tourism, construction, and financial services is accompanied by large infrastructure investment. In 2026, growth is projected to accelerate to 5.0 percent, driven by stronger contributions from hydrocarbon GDP (6.3 percent) and stable non-hydrocarbon GDP (4.6 percent). External and fiscal balances are expected to remain comfortable. Inflation is projected to remain low, at 1.6 percent in 2025 and around 2 percent over the medium term. Housing-related costs are expected to be the main drivers of price pressures, raising also affordability issues, while tradables remain subdued.

⁸ Data provided by Abu Dhabi Real Estate Center show that 60 percent of total transaction values was non-mortgaged in Abu Dhabi in 2024. Transaction-level data from Dubai Land Department show that the share of non-mortgaged transaction was 83.4 percent of all residential transactions in 2024.

9. Although regional and global uncertainty remains elevated, the UAE is well placed to navigate the ongoing global policy changes.

The direct impact of recent U.S. tariff measures is expected to be limited, as affected exports to the U.S. account for less than 3 percent of total UAE exports. Nevertheless, Portwatch data, that tracks trade volumes, points to some spillovers from global trade policy changes (Text Figure 5).⁹ Ongoing efforts to expand comprehensive economic partnership agreements (CEPAs) are expected to further support external resilience and diversification objectives. The UAE's financial markets and capital flows have so far demonstrated lower sensitivity to global shocks compared to other GCC and EMs, reflecting strong investor confidence.

Text Figure 5. Trade Tensions: Impact on Non-Oil Export Volume
(Index 100 = 2024 Average)



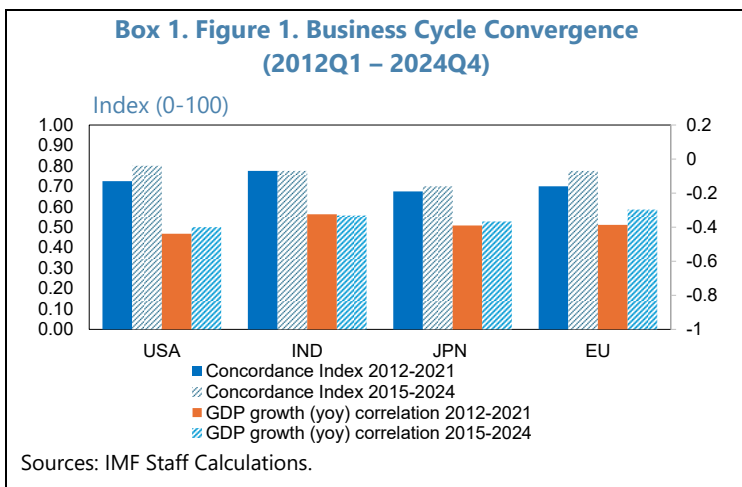
Sources: PortWatch, IMF Staff Calculations.

- Risks are broadly balanced (Annex IV).** Significantly weaker global growth and tighter financing conditions could reduce tourism, capital flows, and oil prices, potentially requiring the use of fiscal and external buffers. The real estate sector may be affected in case of slowdown or reversal of capital flows or a shift in investor sentiment that could lead to an unexpected price correction. Over the medium-term, downside risks include deeper geopolitical fragmentation, cybersecurity, and climate-related risks, and upside from ongoing reforms, strong buffers, and large investment in infrastructure and AI. Given the UAE's high exposure to cybersecurity threats, staff welcomes the ongoing efforts, including by the Federal Cybersecurity Authority, to address associated challenges (Annex IV).
- In case of sizable adverse shocks, policy agility and use of UAE's large buffers can mitigate the impact on the economy.** The impact of recent global shocks on the UAE financial markets and capital flows has been relatively small compared to peers, confirming investors' perception of the UAE as an attractive investment destination (Box 1 and SIP Chapter 1). Sensitivity analyses suggest that only a sizable (exceeding one standard deviation) and sustained decline in oil prices would have a material external and fiscal impact. In that case, substantial fiscal space and financial buffers can be deployed to support non-oil economic activities, prioritizing growth-enhancing investments. The CBUAE has adequate tools to provide liquidity as needed and use the macro-prudential toolkit to ensure financial stability.

⁹ PortWatch data covers volumes not values and as such, abstracts from the price effects that impact final trade values. See [Tracking Trade from Space: An Application to Pacific Island Countries](#) for details. The paper shows that PortWatch trade proxy data and official trade data are reasonably aligned.

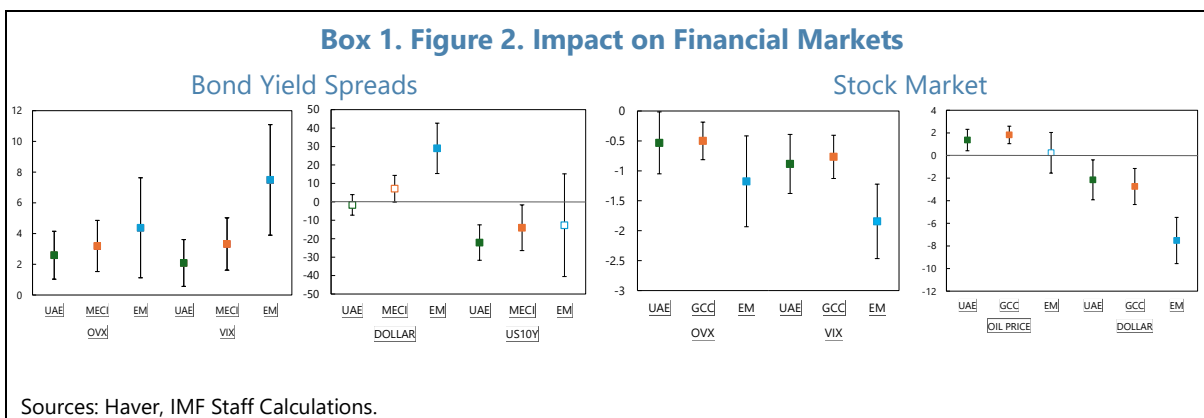
Box 1. UAE Resilience to Global Shocks

The UAE’s close integration into the global economy through financial, investment, and trade linkages has increased its synchronization with global business cycles. Concordance indices (the proportion of time that two countries are in the same phase of the business cycle), growth correlations, and the UAE trade openness with systemic economies have increased over time. (Box 1. Figure 1).



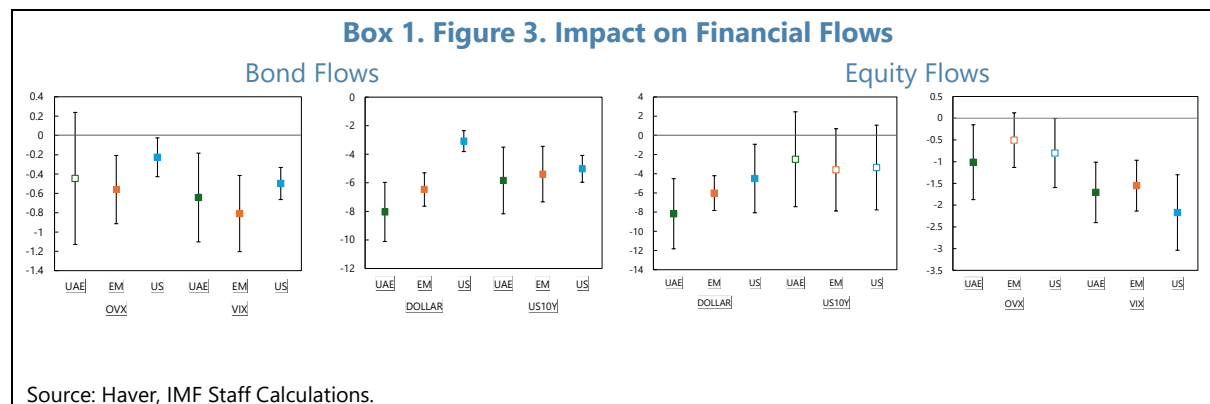
While this integration increases the UAE’s exposure to a broad range of external shocks, the economy has demonstrated strong resilience compared to EM benchmarks, with some selected shock-specific sensitivities. Empirical analyses using the local-projections method, presented in accompanying charts, quantify the impact of a one-standard deviation shock increase on various indicators. Estimates for financial variables and tourism, based on daily data from January 2021 to July 2025, reflect the cumulative impacts of the shocks over five days. For trade variables, the analysis is based on monthly data for the period January 2018 - December 2024, while for real estate prices the data cover the period January 2004 – December 2023. Results for the three-month cumulative effects are presented.

Shocks to global financial conditions and investor sentiment have moderate effects on bond and equity markets. The UAE’s financial markets generally outperformed EM benchmarks across most shocks and instruments (Box 1. Figure 2). They are most sensitive to the Volatility Index (VIX) and USD movements, with selective sensitivity to changes in US 10-year yields, oil prices, and oil price volatility (OVX). Sovereign yield spreads show statistically significant responses only to VIX, US 10-year yields, and oil price volatility. While for stock market returns the results are statistically significant to oil prices, USD, and volatility indices (VIX and OVX) movements, CDS spreads show a higher sensitivity to VIX and OVX, relative to other EMs.

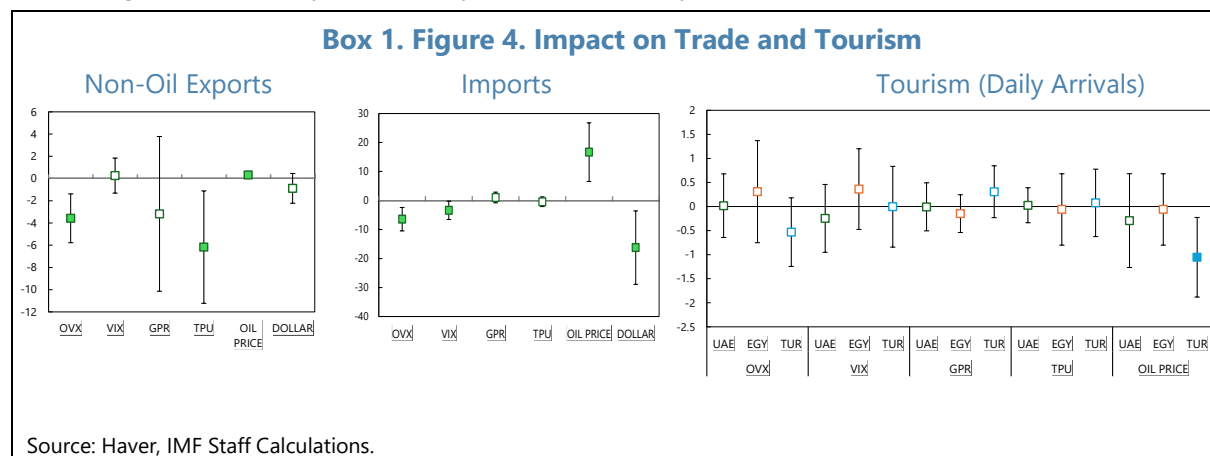


Box 1. The UAE Resilience to Global Shocks (concluded)

Portfolio investment flows and real estate prices in the UAE are also impacted by global shocks, though their responses vary in magnitude and timing (Box 1. Figure 3). The impacts of VIX and USD movements on the bond flows are statistically significant. Additionally, bond flows respond to shifts in US Treasury yields, while equity flows are more sensitive to OVX. Real estate equity prices react similarly to broader equity markets, while housing prices display statistically significant responses only to USD movements.



Trade in goods shows selected sensitivity to global shocks, while tourism is resilient to various types of shocks (Box 1. Figure 4). Non-oil goods exports are sensitive to the Trade Policy Uncertainty (TPU) and OVX, and the impact from oil price movements is statistically significant but small. Imports are negatively affected by USD movements and volatility indices (OVX and VIX) and positively react to higher oil prices. These estimates do not fully capture the impact of the most recent trade policy changes, which in turn have impacted global uncertainty and volatility, and therefore may underestimate their effects.



Authorities' Views

10. The authorities broadly shared staff's assessment of the macroeconomic outlook but expect somewhat higher overall GDP growth and slightly lower inflation. They believe that the UAE has the tools and buffers to navigate global uncertainty. They expressed confidence that sound policies, significant investment in infrastructure, and strong competitiveness position the UAE well to benefit from a changing global environment by continuing to attract investment and talent. They broadly share staff's view on inflation but expect the contribution of housing-related costs to be somewhat restrained through the presence of structural constraints on tenancy rental increases. The

authorities see the increase in real estate prices as a sign of continued durable demand supported by structural factors and international investors (population growth, golden visas, business reforms). They emphasized that past historical experiences of real estate price corrections have been gradual.

POLICY DISCUSSIONS

A. Fiscal Policy: Strengthening Fiscal Framework

Sustaining prudent fiscal management while strengthening coordination among the various public entities (federal government, emirates, GREs, and SWFs) would help improve overall fiscal stance consistency and effective policymaking. Continued progress on tax reform, revenue diversification, and medium-term fiscal planning will reinforce fiscal sustainability and resilience to shocks.

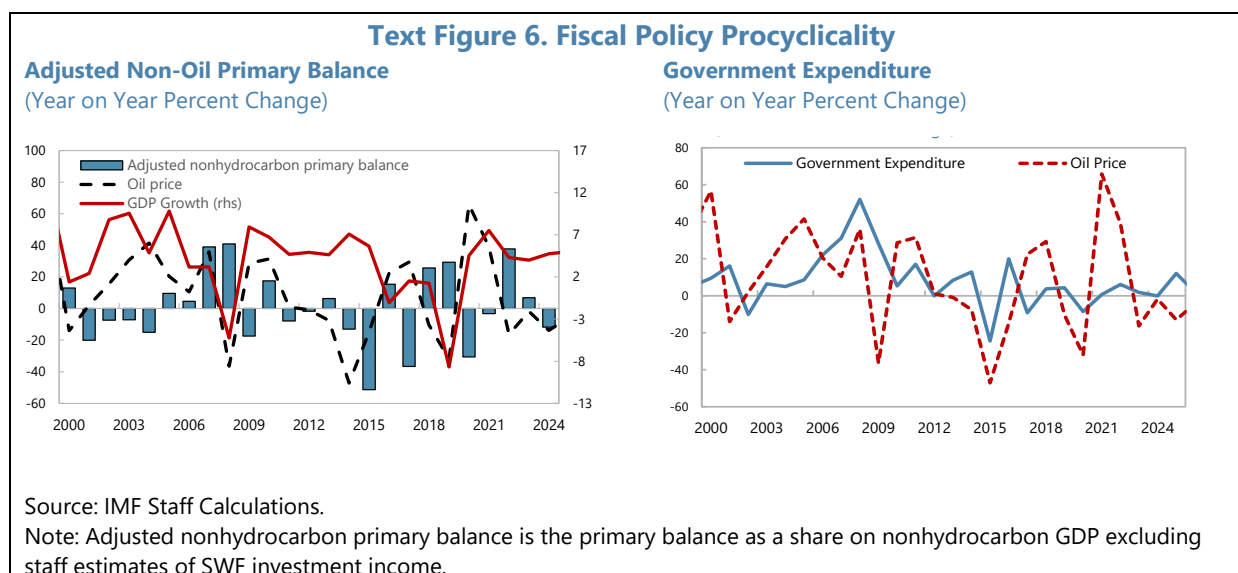
11. The UAE's fiscal stance remains prudent, with robust fiscal surpluses supporting the authorities' development and sustainability objectives (Figure 2). Fiscal policy is anchored in medium-term diversification and intergenerational equity objectives, with ample sovereign buffers to cushion against adverse shocks. The federal and larger emirates budgets for 2025-27 are based on conservative revenue assumptions and target broadly balanced budgets. With revenues expected to overperform relative to budgeted amounts, the overall fiscal surplus for the general government is expected to be around 5 percent of GDP in 2025 and 2026, moderating to 4.5 percent in the medium-term. The non-hydrocarbon primary deficit is expected to gradually improve over the medium term, supported by the implementation of the corporate income tax (CIT) and other indirect tax reforms.¹⁰ Debt is expected to decline, thanks to the accumulation of fiscal surpluses and remain sustainable and backed by large SWFs buffers (Annex II). The fiscal sustainability analysis based on various definitions of the Permanent Income Hypothesis indicates that general government fiscal balances do not face additional constraints from intergenerational equity considerations (SIP Chapter 2).¹¹

12. Enhanced fiscal policy coordination would help ensure a consistent overall fiscal stance and more effective fiscal policy. While individual emirates set their fiscal policies independently, their economic cycles are highly correlated reflecting strong interlinkages, exposure to common shocks, and cross-emirate spillovers. At the same time, with the pegged exchange rate, fiscal policy remains the main tool for cushioning the impact of external shocks on the economy. In the past, the general government fiscal stance has been generally procyclical (Text Figure 6 and Figure 2), with changes in the overall balance and expenditures positively correlated with changes in oil prices. The current practice of conservatively based annual budgets could limit procyclicality, acting similar to an automatic stabilizer:

¹⁰ Reforms of Excise and Value Added taxes include tiered-volumetric approach for sugar-sweetened beverages, the recent announcement of e-invoicing implementing decisions and the relevant legislative changes on the VAT and Tax procedures law.

¹¹ Designing fiscal framework based on PIH has some limitation including (i) difficulty to predict oil prices and other macroeconomic variables in the far future, (ii) difficulty in incorporating shocks to oil prices in the future that would require change in spending, (iii) not including physical assets, and (iv) not having a full coverage of public spending outside the general government budget (through GREs and SWFs).

under normal circumstances, revenues would overperform, generating fiscal surpluses, while during downturns, budget targets can be met without abrupt fiscal adjustment (SIP Chapter 2).



13. While there is high-level information sharing and coordination on strategic policy planning, institutionalizing and enhancing them at operational levels would be desirable. This would help strengthen consistency and accountability, improve regular monitoring of fiscal operations, and calibrate the overall fiscal stance on an annual basis. The Fiscal Policy Coordination Council could play a more active role within its mandate in strengthening fiscal planning and coordination of the various fiscal frameworks. This includes discussions on fiscal outlook, budget plans, expenditure and tax policy developments, coordination of fiscal strategies and aspects that may impact sovereign ratings such as borrowing plans and fiscal risk exposures.

14. The prominence of GREs and SWFs in the economy underscores the importance of assessing the fiscal position from a comprehensive public sector perspective. Development and diversification goals require continued and well-targeted public investment by federal and emirate governments, GREs, and SWFs. While providing flexibility in meeting fiscal targets, the implementation of some capital expenditure off-budget through GREs and PPPs also complicates fiscal stance assessment at emirate and national levels and can contribute to fiscal risks. Being a source of revenue for the general government raises the importance of including GREs and SWFs in the overall public sector.

15. Regular monitoring and systematic assessment of contingent liabilities, including government guarantees, PPPs, and potential financial sector exposures, would support more robust policymaking. Fiscal risk management has strengthened in recent years, including consolidating a list of GREs and requirements for loan guarantee approvals. However, risk management is generally conducted independently at the level of the federal and emirate governments. Coordination on this front would be beneficial considering the highly correlated nature of fiscal risks across the country. Furthermore, limited information on financial positions of individual GREs and the absence of aggregate public sector financial statements hinder comprehensive risk assessment.

16. Reforms in the fiscal area should continue to focus on developing non-hydrocarbon tax instruments while simplifying and broadening the current tax structure. The CIT is expected to bolster non-hydrocarbon revenues, with revenue sharing modalities currently being finalized. Strengthening tax administration through targeted procedural reforms and simplification will improve tax revenue collection and support non-oil economic activity.

Authorities' Views

17. The authorities emphasized that diversification of revenue sources remains a key medium-term priority, with conservative budget assumptions helping cushion against potential declines in oil prices and other adverse shocks. They noted that CIT implementation has been proceeding smoothly, supported by extensive outreach and digital platforms to facilitate registration and filing. They broadly agreed on the importance of continued fiscal policy coordination of Federal and Emirate level fiscal policies, highlighting close coordination and strategic planning at the leadership level and through the Fiscal Policy Coordination Council, while also noting the full autonomy of each emirate to set and implement fiscal policy. Furthermore, while the authorities recognize importance of incorporating data on SWFs and GREs into overall fiscal assessment, they emphasize that many of these entities fall under the independent financial authority of the local emirates and outside the mandate of the federal government.

B. Monetary and Exchange Rate: Maintaining Stability

18. Enhancements to the Dirham Monetary Framework, with the introduction of new liquidity management facilities, are welcome as they help improve liquidity management and reduce the spread between the DONIA and the Base Rate.¹² The introduction of the Shari'ah compliant overnight deposit facility (Overnight Murabaha Facility) in 2025Q2 significantly contributed to the narrowing of the DONIA-Base Rate spread. Surplus liquidity resulting from net capital inflows should continue to be absorbed through M-Bills (including the planned issuance of sustainable M-Bills). The newly established regular central bank balance sheet stress testing is welcome.

19. Spillovers from US monetary policy should continue to be monitored. Staff welcomes the CBUAE analysis of US monetary policy pass-through to credit, deposits and interest rates in the UAE, which finds strong pass-through to market and deposit rates, and weaker pass-through to credit, which broadly aligns with the results of staff's analysis (SIP Chapter 1). Nonetheless, spillovers from potential US monetary policy easing should continue to be monitored given already abundant liquidity and sustained credit growth.

20. The currency peg to the U.S. dollar remains appropriate. The peg has provided a credible anchor for monetary policy and inflation expectations, supported by ample external buffers. In the current uncertain global environment, it further enhances stability by providing a predictable policy

¹² The Dirham Monetary Framework (DMF) was introduced in 2017 for the purpose of enhancing monetary policy implementation and developing money markets in the UAE. It describes CBUAE operations in the UAE Dirham money markets and determines the monetary tools and operational methods to achieve the monetary policy objectives. ([CBUAE](#)).

framework and reinforcing investor confidence. With an open capital account and increased synchronization of business cycles with the U.S. (see Box 1), CBUAE's policy rate decisions should continue to align with the Federal Reserve's.

Authorities' Views

21. The authorities agreed with staff assessment of the Dirham Monetary Framework and the exchange rate. They expect the roll out of the final repo and reverse repo facilities in early 2026 to support money market development and banks' liquidity management and strengthen the pass-through of monetary policy. Solid economic growth and relatively stable domestic financial conditions continue to support net capital inflows, which CBUAE has managed to absorb through higher issuance of M-Bills and ICDs. Moreover, the authorities highlighted the continued decrease in the money multiplier, amid sustained growth in credit and M2, and the increase of the monetary base cover of FX reserves to the record level of more than 112 percent. The authorities underscored their strong commitment to the exchange rate peg and highlighted that the external position is broadly aligned with fundamentals and consistent with intergenerational equity objectives.

C. Financial Sector Policies: Maintaining Resilience

Continued monitoring of financial stability is needed to mitigate risks in the context of external shocks, while efforts to further enhance the macro-prudential framework, virtual assets and cybersecurity regulation are sustained.

22. The UAE financial sector remains resilient, with systemic risks broadly contained by conservative macroprudential policies (Figure 3). The CBUAE should maintain vigilance against risks of sudden tightening in global financial conditions, including cross-border risks. Current macroprudential policies are contributing to the mitigation of risks through the application of conservative loan-to-value and debt-burden ratios.¹³ To ensure they remain appropriate, these policies should be continuously evaluated by monitoring a broad range of indicators, including household credit growth, house price-to-rent and house price-to-income ratios. Capital and liquidity ratios are in line with international standards. The implementation of a CCyB is welcome given ample capital in the banking sector and robust credit growth, and the adequacy of the 0.5 percent rate should be regularly re-assessed.¹⁴ The newly created Financial Stability Council provides a valuable forum to analyze risks at the national level.

¹³ The LTV is set at 85 percent for first-time buyers, 65 percent for subsequent property and 50 percent for off-plan schemes for UAE nationals. Downpayment requirements are higher for expatriates and for properties above AED 5 million. The maximum debt burden ratio is set at 60 percent of gross salary for UAE nationals (50 percent for expatriates). Additionally, the maximum financing amount is limited to 8 years of annual income for UAE nationals (7 years for expatriates) and the maximum tenor for mortgages is set at 25 years. For more details, see [CBUAE Rulebook](#).

¹⁴ The phase-in period for the requirement is 12 months, beginning on 1 January 2025, with the CCyB rate of 0.50% becoming effective on 1 January 2026.

23. The UAE’s financial sector’s digitalization and modernization is advancing steadily, with the development of new regulations, including the payment token services regulation and progress in the pilot phases of the Digital Dirham. These initiatives are part of the CBUAE’s broader Financial Infrastructure Transformation (FIT) Program to enhance payment systems and financial infrastructure through digital innovation. As these initiatives help to further develop the financial sector, they should continue to include a careful assessment of risks, including financial stability, monetary policy transmission, and AML/CFT and cybersecurity risks.

24. The real estate sector benefited from domestic and global conditions, however, persistent increases in prices warrant continued close monitoring. The strengthening of the macroprudential toolkit helps limit speculative activities and contain financial stability risks. However, the sector remains exposed to risks of sudden changes in sentiment that could lead to unexpected price adjustments. As such, the Standards for Bank Real Estate Exposures’ guiding threshold of 30 percent of CRWA should be continuously re-assessed as risks evolve, and the introduction of risk weights or capital add-ons for banks above threshold should be considered. In addition, coordination of real estate policies between national and emirate-level authorities is warranted while targeted support measures and supply-side policies are deployed to limit price growth and support affordability. Furthermore, risks related to real estate tokenization, its impact on the real estate market and broader macroeconomic implications should be carefully assessed and mitigated, including through regulatory safeguards.

25. The UAE’s emergence as a global hub for virtual assets warrants a continued monitoring of potential risks, strengthening of coordination among its on-shore and off-shore regulatory bodies and ensuring adequate regulatory capacity.¹⁵ The different virtual asset regulators in the UAE have enhanced coordination and information and knowledge exchange, through memorandums of understanding and cooperation agreements. The Securities and Commodities Authority (SCA) and the Virtual Asset Regulatory Authority (VARA) signed a cooperation agreement to align and unify their onshore regulatory oversight of virtual assets and Virtual Asset Service Providers (VASPs). This collaboration and coordination should continue to be expanded to support a proactive response to potential risks in the virtual assets ecosystem (Text Figure 7) and a comprehensive oversight of the sector’s expansion across onshore and offshore jurisdictions. Additionally, alignment of virtual assets-related regulation with international standards should continue.

26. Improvements in the effectiveness of the AML/CFT framework are welcome and should be continued. Ongoing efforts focus on enhancing coordination among regulators, ensuring timely information sharing, and promoting joint implementation of strategies. The authorities strengthened regulations to prevent misuse of legal persons and released guidance on monitoring illicit financial activities and flows and conducted national campaign on unlicensed activities. Continuing these efforts,

¹⁵ Virtual Assets in the two financial freezones, Dubai International Financial Center (DIFC) and Abu Dhabi Global Market (ADGM) are regulated by Dubai Financial Services Authority (DFSA) and the Financial Services Regulatory Authority (FSRA) respectively. CBUAE regulates virtual assets for payment services on-shore as well as the issuance of AED-backed stablecoins. The Securities and Commodities Authority (SCA) regulates all other virtual activities on-shore, except for Dubai, which is regulated by the Virtual Assets Regulatory Authority (VARA). VARA also regulates virtual asset activities in the free-trade zone Dubai Multi Commodities Center (DMCC), while other business activities outside of virtual assets are regulated by the DMCC Authority.

including further enhancing the understanding of key ML/TF risks and potential economic consequences of financial integrity issues, strengthening coordination among regulators of the virtual assets sector, monitoring of the risks related to non-mortgaged transactions, and enhancing corporate transparency are important for safeguarding integrity of the financial system.

Text Figure 7. Virtual Assets Regulatory Jurisdictions and Activities as of October 2025

	Offshore (Financial Freezones)		Free-trade zone	Onshore	
Jurisdiction	DIFC	ADGM	DMCC	Dubai	Federal
Legal Framework	DFSA Law No.2 of 2024 (Digital Assets Law) DFSA Crypto Token Regime (2022) DFSA AML Module (Gen, AML, COB)	FSRA Regulation of Digital Securities Regulation of Crypto Asset Activities Guidance on DLT and Crypto Assets	DMCC Authority handles business regulation, but VARA handles VASP licensing and compliance and AML/CFT enforcement	VARA Virtual Assets Law (Law No. 4 of 2022) VARA Rulebooks	SCA/CBUAE Cabinet Resolution No. 111 of 2022 established SCA as the primary regulator of crypto activity onshore except for VAs used for payment purposes which fall under the purview of CBUAE. Virtual Assets Exchange Regulation (Decision No. 26/RM), Resolution No. 15 of 2025 SCA Rulebook Amendments (Decision No.27/RM) Guidelines
Permitted Virtual Assets and Activities	Recognized crypto tokens (Bitcoin (BTC), Ethereum (ETH), Litecoin (LTC) XRP, Toncoin (TON), USDC and EURC (fiat stablecoins) Clear and recognized list of assets that are regulated	Approval by activity and asset. Each asset must be individually accepted by the FSRA by satisfying criteria around maturity, security, traceability, etc... (Virtual assets, digital securities, utility tokens, fiat tokens), Approval for each asset per firm	Focus on proprietary trading and blockchain development, support NFTs, RWA, utility tokens-but no public exchange of client funds without SCA/VARA licensing No public exchanges unless licensed by SCA/VARA	Virtual assets, stablecoins, utility tokens, NFTs metaverse tokens, DeFi, real-world asset tokens. VARA has no asset whitelist: VASP licenses issues for permitted activity types, not specific tokens Regulated by activity, not specific tokens	VA Activities MUST be licensed and are overseen by the SCA (unless another local/licensing authority applies). Only virtual assets accepted into the official list of platform operator licensed by the SCA and/or the competent authority can be traded
	Trading recognized tokens, no issuance (advisory, broker/dealer, custody, exchange, and management and investment)	Firms must acquire a Financial Services Permission (FSP). Trading approved virtual assets (issuance, advisory, broker/dealer, custody, exchange, and management and investment)	No crypto brokerage, custodial services, token issuance, or operating exchanges. Trading, DLT services, metaverse services facilitation, and crypto mining operations permitted	Issuing/trading tokens (advisory, broker/dealer, custody, exchange/lending borrowing, management and investment, and transfer and settlement services. Category 1 virtual assets issuance: issuing fiat-referenced tokens. Category 2 virtual asset issuance under stricter guidelines. Virtual asset payments allowed between licensed entities (B2B). Regulated by activity, not specific tokens	SCA: firms must first obtain a VASP license to operate. Issuing (for investment purposes with some exceptions, including AED-backed stablecoin)/trading (advisory, broker/dealer, custody, exchange, and management and investment). CBUAE: AED-backed stablecoins issuance with licensing. Payment Token Services Regulation: AED-backed stablecoins can be used for the purchase of goods and services (not widely available). Foreign stablecoins (e.g., USD-pegged) are only allowed for purchasing virtual assets or derivatives, not for general goods/services payments. Major cryptocurrencies like Bitcoin, Ethereum, and algorithmic or privacy tokens are not permitted for payments-their use is limited to trading, investing, or corporate treasury.
	Exempt from all federal civil and commercial laws, but remain bound by federal criminal laws, including federal AML legislation			SCA-VARA cooperation agreement for a unified licensing framework	

Source: IMF Staff based on the information provided by the Authorities

Authorities' Views

27. The authorities agreed with staff's assessment of contained systemic risks and the need to remain vigilant against cross-border exposures. They highlighted that macroprudential policies are conservative and are continuously reassessed to ensure that they remain appropriate. They noted progress under the Financial Stability Council (including an advisory technical committee, task forces on non-bank financial intermediation, digital innovation, and data development) in strengthening cooperation among regulatory agencies and monitoring systemic risks. Moreover, the authorities noted that a potential slowdown in the real estate market is likely to have limited impact on the banking sector given the low proportion of total real estate transactions financed by the UAE banks and the relatively low proportion of total bank lending related to real estate.

28. On virtual assets, the authorities noted that the existing regulations are in line with international standards and are proactively updated when needed. They highlighted the ongoing coordination among the different regulatory jurisdictions through formalized agreements, including to address AML/CFT risks. They also acknowledged the rapid advancement in the digitalization of payments and financial systems, emphasizing that the CBUAE's regulation aligns with international standards, including payment token services regulation. They highlighted that real estate tokenization is in pilot phase during which risks are being assessed with a view to designing the required regulatory safeguards before full implementation is decided. They noted that the tokenization would allow for greater participation in real estate investment.

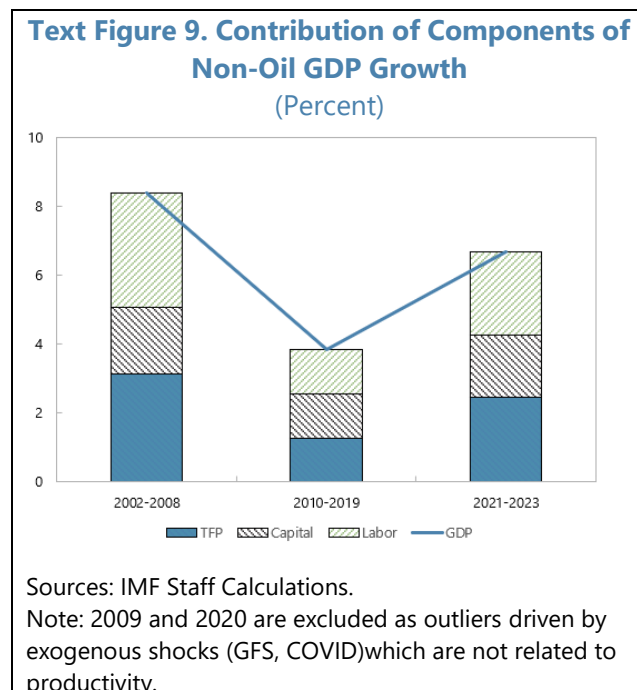
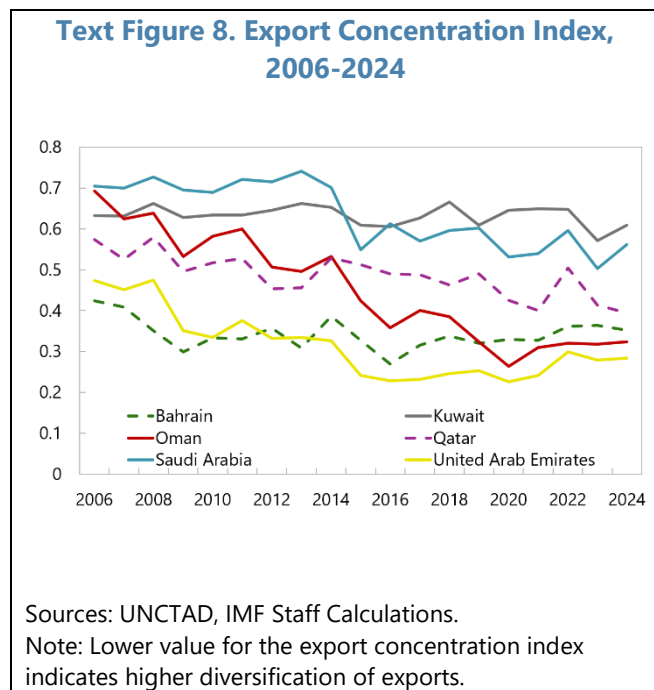
D. Macro-Structural Policies: Supporting Medium-Term Growth

The UAE should continue to advance non-oil diversification through investments in technology, infrastructure, and services, supported by structural reforms to boost competitiveness, innovation, and private sector growth.

29. Efforts to boost non-oil productivity and advance diversification policies have helped the country navigate global policy uncertainty and support medium-term growth. Export diversification has improved in recent decades (Text Figure 8 and Figure 5). Since the early 2000s, non-oil productivity has been a key driver of growth, with about one-third of non-hydrocarbon GDP gains attributable to total factor productivity growth linked to FDI, regulatory reforms, and technological upgrading (Text Figure 9, SIP Chapter 3). Reforms, including ongoing modernization of public services provision to further improve the business climate, together with investments in innovation and renewables would support non-oil productivity and diversification objectives.

30. The UAE is rapidly positioning itself as a global AI hub through large-scale investments, strategic partnerships, and national initiatives. The UAE is heavily investing in AI, both within the UAE and outside and has expanded its business and education partnerships to accelerate the adoption of AI while capitalizing on the productivity and innovation opportunities AI offers. It is also investing in education, up-skilling and re-skilling its population to create an AI ready labor force while also supporting AI adoption across the government to facilitate and accelerate service provision. While AI offers the potential for enhancing productivity, it also raises challenges

related to the impact on the labor market, intensive energy demand, security and broader systemic risks. Continuing to build on the UAE’s existing guidelines and regulatory frameworks and implement proactive initiatives, will be essential to ensure that the UAE stays ahead in the rapidly evolving AI landscape.



31. The UAE should maintain strong policies on the macro critical issues of climate adaptation, water management, and food security (Annex VII). The country is highly vulnerable to extreme heat, droughts, floods, and sea level rise. Heavy reliance on food imports and high water-stress could be further strained by projected population growth. At the same time, the UAE benefits from strong adaptive capacity and water use efficiency, having integrated climate risk considerations into sectoral planning and management across agriculture, energy, and infrastructure. With FAD support, the MoF has started developing guidelines and tools for integrating fiscal risks from climate change into the fiscal risk management framework. Expanding AgTech and diversifying food import sources would further support food security.

Authorities’ Views

32. The authorities agreed with the importance of sustaining diversification efforts through productivity gains in non-hydrocarbon sectors. They noted the continued expansion of CEPAs and their role in diversifying trade, expanding the UAE’s investor base, and boosting resilience. They highlighted the importance of AI in driving productivity and emphasized the existing AI guidelines and regulations supporting the expansion of the sector. The authorities also reiterated their commitment to addressing climate risks through investments in climate adaptation and resource management to ensure sustainable long-term growth.

E. Strengthening Statistics

33. Although data remains broadly adequate for surveillance, efforts to improve data quality and availability should continue. The authorities remain fully committed to meeting the enhanced general data dissemination systems (e-GDDS) and continue working toward subscribing to the special data dissemination standards (SDDS). Staff welcomes the authorities' strong efforts and significant progress in improving the compilation of BOP data and the GDP data, alongside continued improvements in the timeliness of fiscal data. Public sector data and real estate data would benefit from enhanced coverage, transparency, and coordination at emirate- and federal-level. Greater data collection and dissemination of nonbank financial institutions is also recommended (Annex V).

- **GDP data revisions.** In 2025, the authorities revised annual GDP data from 2010 to 2023, resulting in higher levels of total and non-hydrocarbon GDP. The revisions aimed to align compilation methodologies across Emirates, including increased compliance of Northern Emirates and Dubai with SNA 2008. To ensure consistency across national accounts, local emirates should release consistent data, and revisions should cover also GDP by expenditure.
- **BOP data revisions.** The authorities have made considerable improvements to the compilation of BOP data for 2023 and 2024, in line with STA TA and BPM6 methodologies, marked by improved granularity and consistency. These efforts should continue, including providing consistent historical series, expanding the coverage, increasing the frequency and ensuring timely dissemination, and be complemented by improvements on the IIP and external debt data in line with the e-GDDS.

Authorities' Views

34. The authorities highlighted the significant progress made to improve data collection, compilation, and dissemination of external sector statistics, in line with IMF CD. They emphasized that these efforts, including revisions to National Account Statistics, are part of a broader plan to enhance accountability and develop a comprehensive national statistics platform.

STAFF APPRAISAL

35. The UAE is reaping the benefits of ambitious and sustained reform and modernization efforts. Economic growth remains strong, driven by a combination of increased hydrocarbon production and robust non-hydrocarbon activity. Significant infrastructure and transportation projects, investments in advanced technologies, improvements in governance and business environment, and expansion in trade partnerships are sustaining the growth momentum in the non-hydrocarbon sector. The UAE's external position in 2024 is assessed to be broadly in line with the level implied by medium-term fundamentals and desirable policies. Continued macro prudence, vigilance in risk management, and reforms to support growth and productivity in both the public and private sectors would help sustain the favorable performance.

36. While public finances are strong, continued efforts to advance structural fiscal reforms would strengthen the medium-term fiscal framework and enhance policy effectiveness. The authorities' continued fiscal prudence and revenue diversification efforts are commendable and balance fiscal sustainability and development objectives. The implementation of the CIT is expected to further broaden the tax base and

improve the non-hydrocarbon fiscal balances. At the same time, strengthening fiscal policy coordination would help ensure a consistent overall fiscal stance and more effective policymaking. The Fiscal Policy Coordination Council could play a more active role in strengthening fiscal planning and aligning the various fiscal frameworks, including for managing large adverse shocks. Given the significant role of GREs and SWFs in the economy, assessing the fiscal position from a comprehensive public sector perspective remains important. Regular monitoring and systematic assessment of contingent liabilities—such as government guarantees, PPPs, and potential financial sector exposures—would further strengthen fiscal risk management.

37. The financial sector remains resilient with risks broadly contained, but continued close monitoring of financial stability is needed to mitigate risks. The banking sector has strengthened, with improvements in capital, liquidity, and asset quality indicators. At the same time, developments in the real estate market, the continued increase in credit growth, the advancements in digitalization and the expansion of virtual assets, and potential risks arising from global and regional developments warrant a continued evaluation of the appropriateness of macroprudential policy measures. The creation of a technical advisory committee and the establishment of three task forces within the Financial Stability Council are welcome. Finalizing the monetary framework, including the deployment of the remaining fine-tuning facilities and the planned issuance of sustainable M-Bills, will strengthen the management of surplus liquidity.

38. The buoyant real estate prices warrant continued close monitoring. The real estate sector has benefited from recent domestic and global conditions. However, the sector remains exposed to risks of sudden change in investors' sentiment. The guiding threshold in the Standards for Banks Real Estate Exposure should be continuously re-assessed, and higher capital requirements for larger exposures should be considered. The authorities, both at the national and emirate levels, should coordinate policies related to real estate and implement targeted measures and supply-side policies to support affordability. Moreover, risks related to real estate tokenization should be carefully assessed and mitigated.

39. Advancing diversification and productivity-enhancing reforms have enabled the UAE to sustain strong non-oil growth and navigate global uncertainties. Non-oil productivity gains have been driven by foreign direct investment, regulatory reforms, and large-scale investments in infrastructure and technology. The UAE's rapid emergence as a global AI hub supported by modernization of public services and the business environment will further strengthen competitiveness and support medium-term growth. Climate adaptation, water management, and food security should also remain long-term policy priorities.

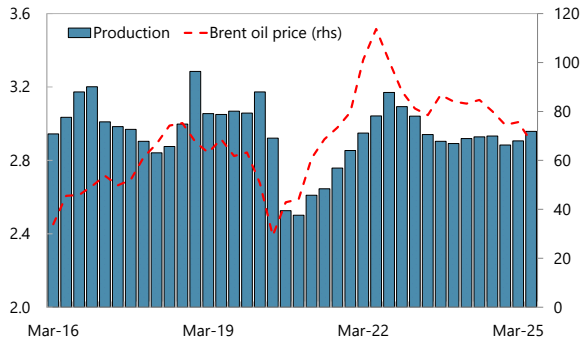
40. Momentum in data collection and dissemination improvements should be maintained. The authorities remain fully committed to closing existing data gaps, including by increasing capacity, implementing TA recommendations, and seeking to harmonize data collection across emirates. Nevertheless, further progress is needed to ensure compliance with the IMF's enhanced e-GDDS and advance toward higher standards.

41. Staff proposes that the next Article IV consultation with the UAE follow the standard 12-month cycle.

Figure 1. United Arab Emirates: Recent Economic Developments

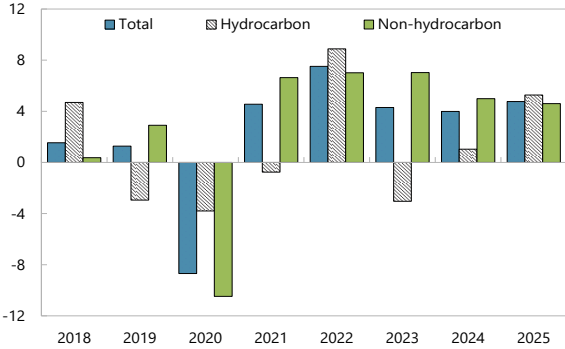
Crude Oil Production and Price

(Mil. Barrels per day, USD per Barrel)



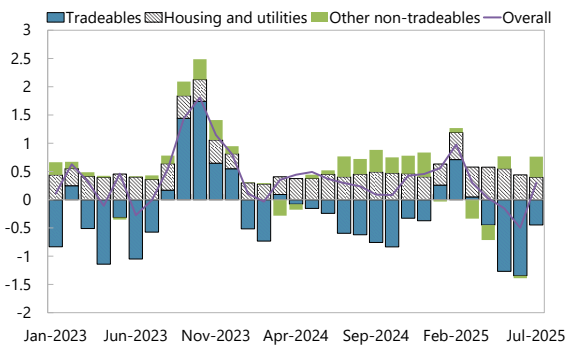
Real GDP Growth

(In Percent, Year on Year)



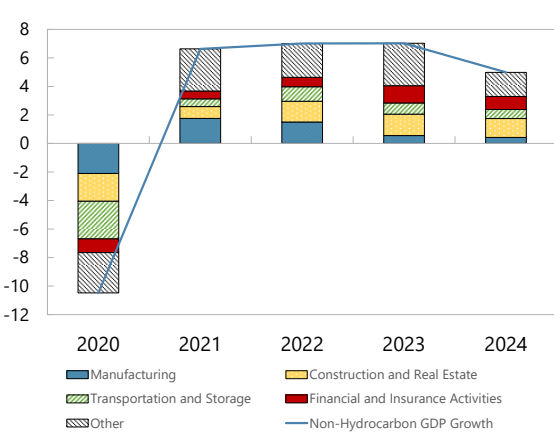
UAE Inflation Composition

(In Percentage Points, Contributions by Category)



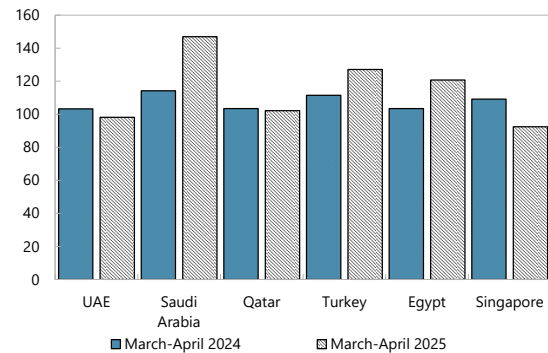
Contributions to Non-Hydrocarbon GDP Growth

(In Percentage Points, Contribution by Category)



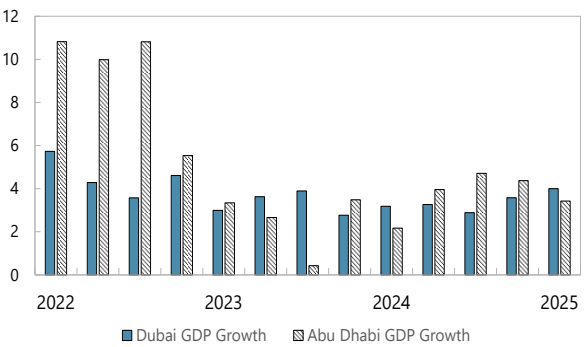
Hotel Revenues

(Index 100 = Average 2024)



Abu Dhabi and Dubai GDP Growth

(In Percent, Year on Year)

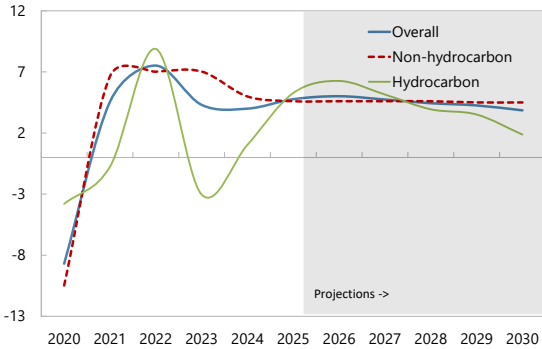


Sources: OPEC, Country Authorities, REIDIN, Haver, IMF Staff Calculations.

Figure 2. United Arab Emirates: Real and Fiscal Sector Developments and Outlook

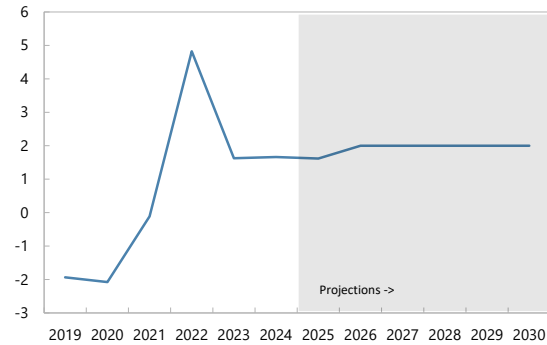
Real GDP Growth

(In Percent, Year on Year)



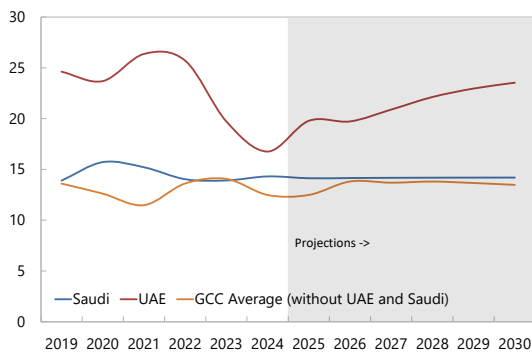
Inflation

(In Percent, Year on Year)



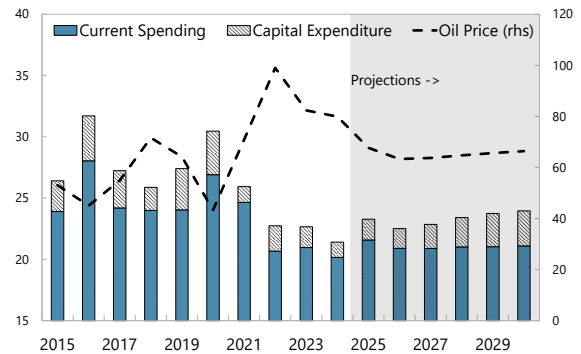
Non-Hydrocarbon Revenue

(Percent of Non-Hydrocarbon GDP)



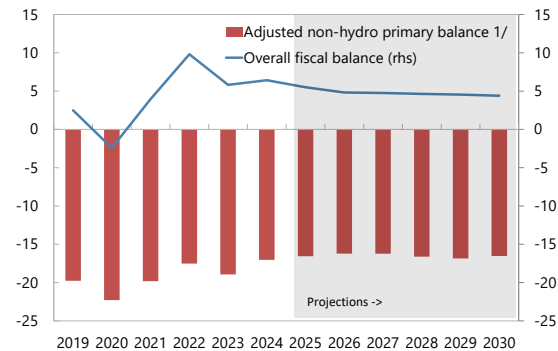
Expenditure and Oil Price

(Percent of GDP)



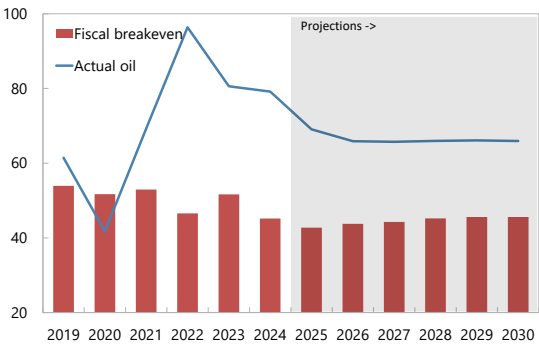
Fiscal Balances

(In Percent of Non-Hydrocarbon GDP and Total GDP (rhs))



Actual and Fiscal Breakeven Oil Price

(USD per Barrel)

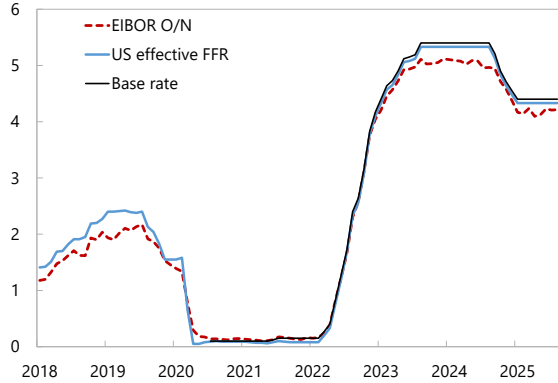


Sources: Country Authorities, Haver, and IMF Staff Calculations.

Figure 3. United Arab Emirates: Monetary and Financial Sector Developments

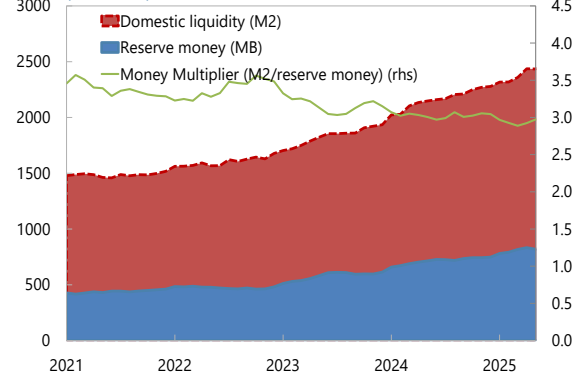
Interest Rates

(In Percent)



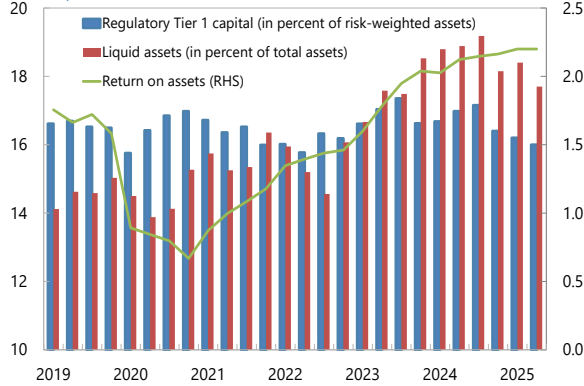
Monetary Aggregates

(Billion AED)



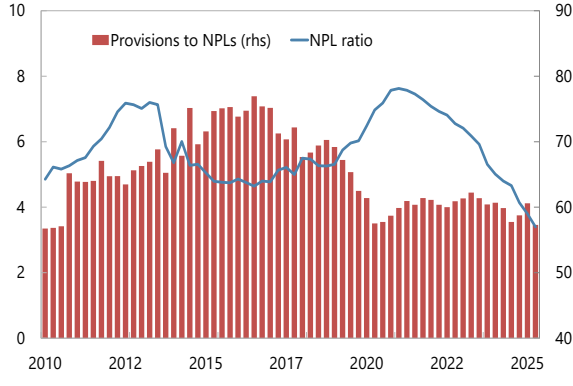
Financial Soundness Indicators

(In Percent)



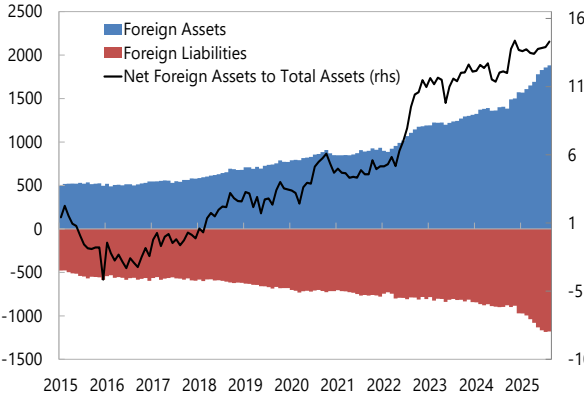
Non-Performance Loans

(In Percent of Total Gross Loans)



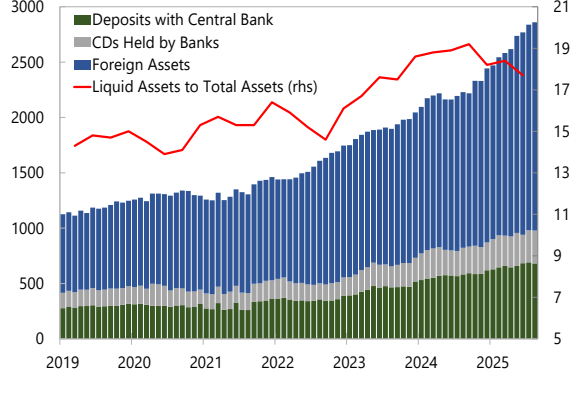
Banks' Net Foreign Assets

(Billion AED)



Bank Assets: Selected Items

(Billion AED, Percent (rhs))

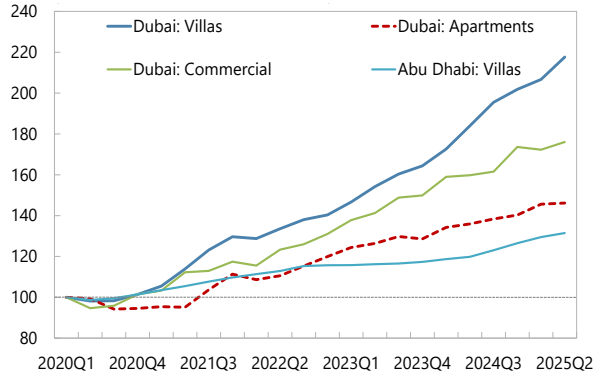


Sources: CBUAE, IMF, EPFR, Bloomberg, Haver, and IMF Staff Calculations.

Figure 4. United Arab Emirates: Real Estate Sector Developments

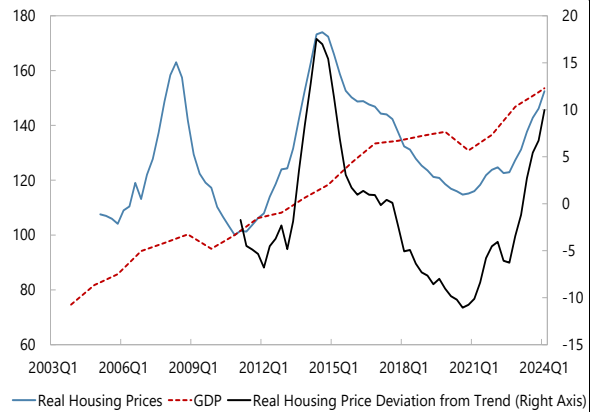
UAE Real Estate

(Normalized Price Index 2020Q1=100)



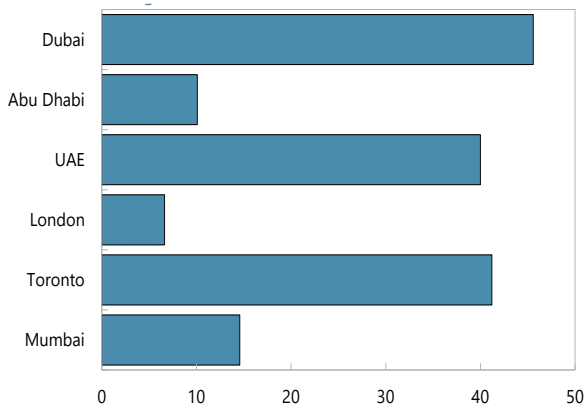
Real Housing Prices

(Index 2010Q4 = 100, Percent (rhs))



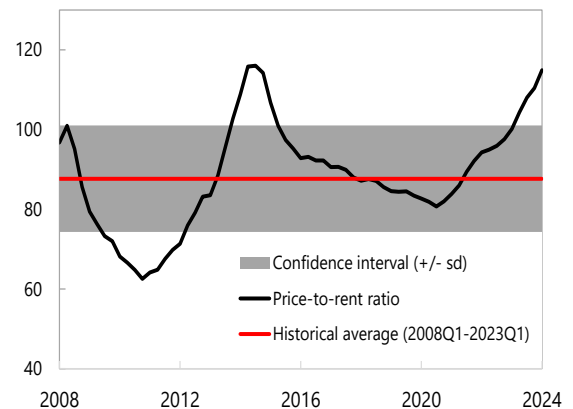
Change in Nominal Residential Prices

(Percent Change from end-2019 to 2024)



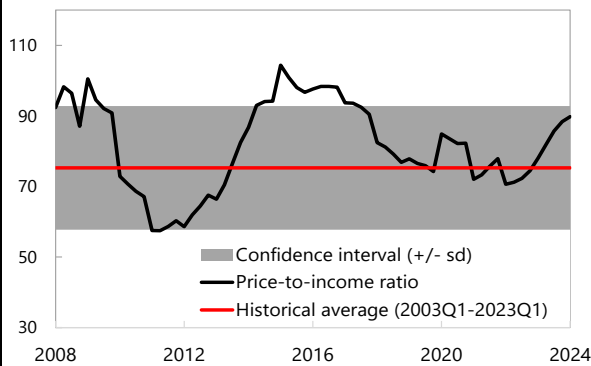
Price-to-Rent Ratio

(In Percent)



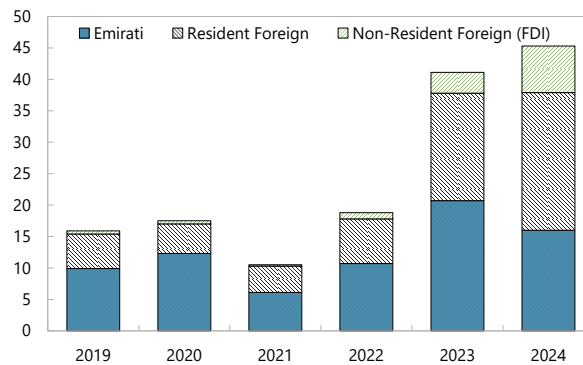
Price-to-Income Ratio

(In Percent)



Total Sales Transactions Value by Category

(AED, Billion, Abu Dhabi)

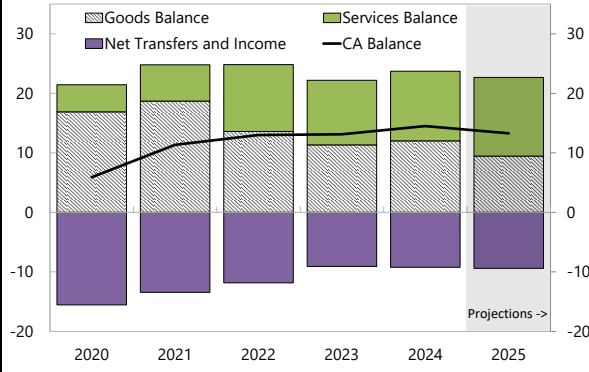


Sources: Abu Dhabi Real Estate Center, Dubai Land Department, BIS, IMF Staff Calculations.

Figure 5. United Arab Emirates: External Sector Developments

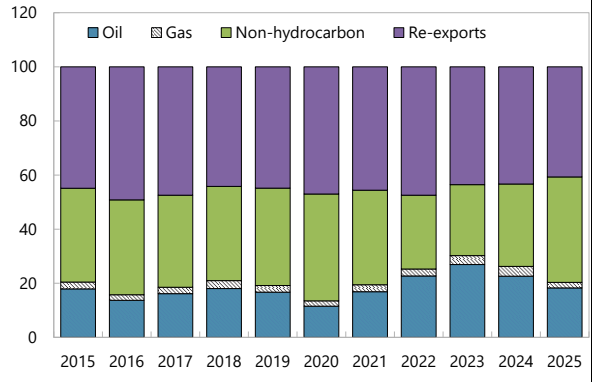
Current Account Balance

(In Percent of GDP)



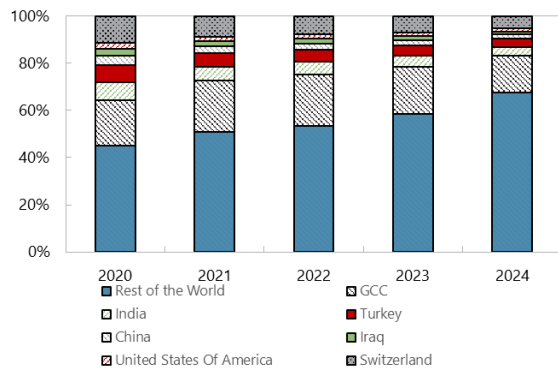
Export Composition

(In Percent of Total)



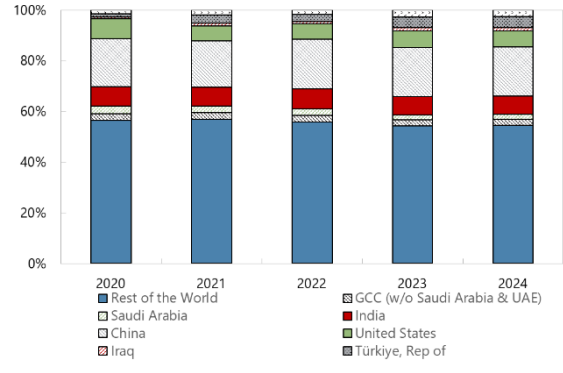
Non-Hydrocarbon Exports Destinations

(In Percent of Total)



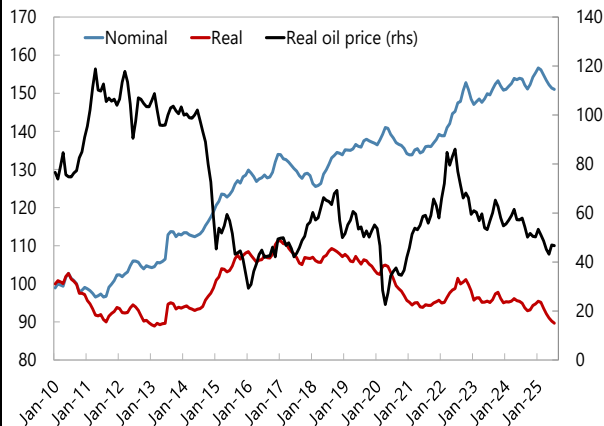
Imports by Origin

(In Percent of Total)



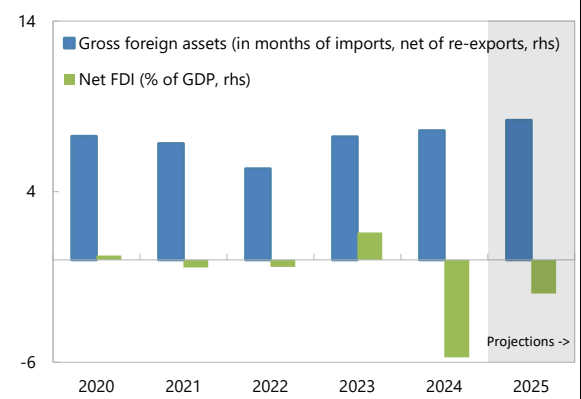
Effective Exchange Rates and Oil Price

(Index 2010 = 100, USD per Barrel)



Central Bank Reserves

(Percent of GDP, Months of Imports)



Source: Country Authorities, UAE FCSC, and IMF Staff Calculations.

Table 1. United Arab Emirates: Selected Economic Indicators, 2023-2030

	2023	2024	Est. 2025	Est. 2026	Est. 2027	Est. 2028	Est. 2029	Est. 2030
	(Annual percent change, unless otherwise indicated)							
Output and prices								
Real GDP	4.3	4.0	4.8	5.0	4.7	4.4	4.3	3.9
Real hydrocarbon GDP	-3.0	1.0	5.3	6.3	5.1	3.9	3.5	1.9
Real nonhydrocarbon GDP	7.0	5.0	4.6	4.6	4.6	4.6	4.5	4.5
CPI inflation (average)	1.6	1.7	1.6	2.0	2.0	2.0	2.0	2.0
Oil sector								
Average crude oil export price	82.3	79.9	69.5	66.3	66.2	66.8	67.5	68.0
Crude oil production (in millions of barrels per day)	3.0	2.9	3.1	3.4	3.7	3.8	4.0	4.1
	(Percent of GDP, unless otherwise indicated)							
Public finances								
Revenue	28.5	27.8	28.4	27.3	27.6	28.1	28.4	28.5
Taxes	16.5	18.2	18.3	17.4	17.7	18.2	18.4	18.5
Social Contributions	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8
Other revenue	11.1	8.8	9.2	9.0	9.1	9.1	9.1	9.2
Expenditures	22.7	21.4	23.3	22.5	22.9	23.4	23.8	24.0
Expense	21.0	20.2	21.6	20.9	20.9	21.0	21.0	21.1
Net acquisition of nonfinancial assets	1.7	1.2	1.7	1.6	2.0	2.4	2.7	2.9
Net lending(+)/borrowing(-) (Revenue minus expenditures)	5.8	6.4	5.1	4.7	4.7	4.7	4.6	4.5
Adjusted nonhydrocarbon primary balance 1/	-16.0	-17.1	-15.1	-12.9	-11.9	-11.4	-11.3	-10.8
Gross general government debt 2/	31.9	34.9	34.5	32.4	30.6	29.0	27.4	26.9
	(Annual percent change)							
Monetary sector								
Net foreign assets	33.1	26.1	17.2	11.4	9.8	9.3	7.9	6.7
Net domestic assets	4.0	-0.6	-7.2	1.8	-0.5	0.1	2.9	6.3
Credit to private sector	6.0	8.6	8.9	7.2	6.9	6.9	6.8	6.8
Broad money	18.8	14.5	8.1	8.3	6.7	6.7	6.6	6.6
	(Billions of U.S. dollars, unless otherwise indicated)							
External sector 3/								
Exports and re-exports of goods	412	467	518	558	604	659	713	758
Hydrocarbon	124	122	106	105	110	114	119	123
Nonhydrocarbon, excluding re-exports	108	142	202	223	242	267	290	309
Re-exports	179	202	211	230	253	278	304	326
Imports of goods	353	400	465	509	559	618	677	724
Current account balance	68.6	80.0	75.5	73.7	73.2	72.7	70.7	71.0
Current account balance (in percent of GDP)	13.1	14.5	13.3	12.3	11.4	10.7	9.8	9.3
External debt (in percent of GDP)	84.4	93.4	93.2	90.5	87.8	85.4	83.0	81.7
Central bank gross foreign assets 4/	189.5	238.2	280.0	304.9	334.0	363.5	387.8	406.0
In months of next year's imports of goods & services, net of re-exports	7.2	7.6	8.2	8.2	8.2	8.2	8.2	8.2
Memorandum items:								
Nominal GDP (in billions of UAE dirhams)	1,919	2,028	2,090	2,208	2,348	2,498	2,653	2,809
Local currency per U.S. dollar (actual, period average)	3.67	3.67	...	...	...	...	...	...

Sources: Country authorities; and IMF staff estimates and projections.

1/ Adjusted nonhydrocarbon primary balance is the primary balance as a share of nonhydrocarbon GDP and excluding staff estimates of SWF investment income.

2/ Includes government-guaranteed debt.

3/ Authorities have revised the BoP compilation methodology in line with BPM6 and technical assistance from the IMF, as a result 2023 and 2024 data have been revised. Data may be subject to further revisions.

4/ Excludes staff estimates of foreign assets of sovereign wealth funds; includes the SDR allocation of SDR 2.2 billion.

Table 2. United Arab Emirates: Balance of Payments, 2023-2030 1/

	2023	Est. 2024	Proj. 2025	Proj. 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030
(Billions of U.S. dollars, unless otherwise specified)								
Current account balance	68.6	80.0	75.5	73.7	73.2	72.7	70.7	71.0
(In percent of GDP)	13.1	14.5	13.3	12.3	11.4	10.7	9.8	9.3
Trade balance	59.3	66.4	53.9	49.1	45.1	41.0	35.9	34.7
Exports	411.9	466.5	518.5	558.0	604.4	658.7	713.0	758.3
Hydrocarbon	124.5	122.4	105.5	105.2	109.6	114.3	119.0	123.3
Non-hydrocarbon	108.0	142.1	201.9	222.7	241.9	266.6	289.8	309.2
Re-exports	179.4	202.0	211.1	230.0	252.8	277.8	304.2	325.8
Imports (f.o.b.)	-352.6	-400.2	-464.6	-508.9	-559.3	-617.7	-677.1	-723.6
Non-hydrocarbon	-333.6	-375.6	-443.0	-487.4	-538.2	-596.6	-655.8	-702.2
Hydrocarbon	-19.0	-24.5	-21.6	-21.5	-21.2	-21.2	-21.3	-21.4
Services, net	56.7	64.7	75.2	80.9	87.9	95.5	102.6	107.7
Credits	168.2	181.3	198.7	212.5	227.6	244.4	261.7	277.4
Travel	64.9	71.1	73.0	76.3	80.1	83.7	87.7	91.9
Transport	67.6	71.4	85.7	94.0	102.7	113.0	123.3	131.8
Other Services	35.7	38.8	40.0	42.2	44.9	47.7	50.7	53.7
Debits	-111.5	-116.6	-123.5	-131.5	-139.7	-148.8	-159.1	-169.7
Travel	-31.4	-31.1	-33.3	-36.0	-38.7	-41.7	-45.2	-48.7
Transport	-49.3	-54.0	-57.9	-62.5	-67.2	-72.4	-78.4	-84.6
Other services	-30.7	-31.5	-32.3	-33.1	-33.9	-34.7	-35.5	-36.4
Primary Income, net	14.6	16.0	17.7	19.7	21.3	22.7	24.5	27.0
Secondary Income, net	-62.0	-67.1	-71.3	-76.1	-81.2	-86.6	-92.3	-98.4
<i>of which, Private (incl. remittances), net</i>	-52.1	-56.7	-60.2	-64.3	-68.6	-73.2	-78.0	-83.1
Capital account balance	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8
Financial account balance	68.8	83.3	72.7	70.9	70.4	69.9	67.9	68.2
Direct investment, net	-8.4	31.5	11.2	12.4	13.4	14.7	16.0	17.6
Outward	22.3	77.2	57.3	60.1	63.2	66.5	70.0	73.6
Inward	-30.7	-45.6	-46.1	-47.7	-49.7	-51.8	-54.0	-56.0
Portfolio investment, net	45.8	-3.7	-3.8	-4.0	-4.2	-4.5	-4.8	-5.1
Assets	55.9	50.4	53.0	55.7	58.7	61.8	65.0	68.4
Liabilities	-10.1	-54.0	-56.8	-59.7	-62.8	-66.3	-69.8	-73.5
Other Investments	-13.0	1.4	23.0	37.1	31.5	29.7	31.8	36.8
Assets	38.0	55.6	78.8	96.1	94.2	96.4	102.7	111.9
Liabilities	-51.1	-54.2	-55.8	-59.0	-62.7	-66.7	-70.9	-75.1
Change in central bank reserves	46.4	53.6	41.8	24.9	29.1	29.5	24.3	18.2
Errors and omissions	2.9	6.1	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:								
GDP (billions of U.S. dollars)	522.6	552.3	569.1	601.2	639.4	680.1	722.5	764.8
Gross reserves of central bank (billions of U.S. dollars) 2/	189.5	238.2	280.0	304.9	334.0	363.5	387.8	406.0
in months of next year's imports, net of re-exports	7.2	7.6	8.2	8.2	8.2	8.2	8.2	8.2

Sources: Country authorities; and IMF staff estimates and projections.

1/ Authorities have revised 2023 and 2024 according to BMP6 methodology and IMF technical assistance. Data may be subject to further revisions.

2/ Excludes staff estimates of foreign assets of sovereign wealth funds; includes the SDR allocation of SDR 2.2 billion.

Table 3a. United Arab Emirates: General Government Finances, 2023–2030

	2023	2024	Est. 2025	Proj. 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030
(Billions of UAE dirhams, unless otherwise specified)								
Total revenue	546.6	564.4	592.9	601.9	647.4	701.7	752.3	800.2
Taxes 1/	317.2	369.2	382.6	383.8	415.0	453.9	488.2	519.0
Social Contributions 2/	16.4	17.7	17.9	18.9	19.9	21.1	22.3	23.7
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Revenue	213.1	177.5	192.5	199.2	212.5	226.7	241.7	257.6
Expenditures (a+b)	435.0	434.3	486.7	497.2	536.9	585.0	630.3	673.3
Expense (a)	402.4	409.0	451.3	461.7	490.8	525.1	558.4	592.7
Compensation of employees	120.6	126.6	141.3	143.2	152.8	163.0	173.8	185.2
Use of goods and services	122.6	132.8	148.2	150.2	160.2	174.4	185.9	198.1
Consumption of fixed capital	11.7	10.0	10.7	10.9	11.7	12.6	13.4	14.3
Interest	12.2	11.2	16.2	17.7	17.3	16.3	16.1	16.5
Subsidies	31.7	11.3	12.0	12.8	13.6	14.5	15.5	16.5
Grants	1.3	1.7	1.2	1.3	1.2	1.3	1.3	1.3
Social Benefits	67.7	77.1	81.9	83.0	88.6	94.5	100.7	106.8
Other expenses	34.6	38.3	39.9	42.6	45.5	48.5	51.7	54.0
Net acquisition of nonfinancial assets (b)	32.6	25.3	35.5	35.5	46.1	59.9	71.9	80.5
Net operating balance (Revenue minus expense)	144.2	155.4	141.6	140.2	156.5	176.6	193.9	207.5
Net lending(+)/borrowing(-) (Revenue minus expenditures)	111.7	130.1	106.2	104.7	110.5	116.7	122.0	127.0
Net acquisition of financial assets	163.3	123.5	132.6	129.5	135.9	146.3	157.7	169.6
Domestic	156.1	110.6	132.6	129.5	135.9	146.3	157.7	169.6
Foreign	7.2	12.9	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	51.6	-6.6	38.8	25.9	39.0	32.1	42.7	46.2
Domestic	46.1	-12.1	9.9	5.0	4.0	3.0	3.0	3.0
Foreign	5.5	5.5	28.9	20.9	35.0	29.1	39.6	43.2
<i>Memorandum Items:</i>								
Hydrocarbon revenue	257.0	299.8	260.8	248.7	248.3	250.7	253.4	255.1
Nonhydrocarbon revenue	289.7	264.6	332.0	353.2	399.1	451.0	498.9	545.1
Adjusted nonhydrocarbon primary balance 3/	-235.3	-270.3	-253.4	-231.4	-226.8	-232.7	-244.9	-250.4
In percent of nonhydrocarbon GDP	-16.0	-17.1	-15.1	-12.9	-11.9	-11.4	-11.3	-10.8
Fiscal breakeven oil price (US \$ per barrel)	54.0	48.3	45.7	44.8	44.8	45.2	45.6	45.9
(Percent of GDP)								
Total revenue	28.5	27.8	28.4	27.3	27.6	28.1	28.4	28.5
Taxes 1/	16.5	18.2	18.3	17.4	17.7	18.2	18.4	18.5
Social Contributions 2/	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Revenue	11.1	8.8	9.2	9.0	9.1	9.1	9.1	9.2
Expenditures	22.7	21.4	23.3	22.5	22.9	23.4	23.8	24.0
Expense	21.0	20.2	21.6	20.9	20.9	21.0	21.0	21.1
Compensation of employees	6.3	6.2	6.8	6.5	6.5	6.5	6.5	6.6
Use of goods and services	6.4	6.5	7.1	6.8	6.8	7.0	7.0	7.1
Consumption of fixed capital	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Interest	0.6	0.6	0.8	0.8	0.7	0.7	0.6	0.6
Subsidies	1.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Grants	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Social Benefits	3.5	3.8	3.9	3.8	3.8	3.8	3.8	3.8
Other expenses	1.8	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Net acquisition of nonfinancial assets	1.7	1.2	1.7	1.6	2.0	2.4	2.7	2.9
Net operating balance (Revenue minus Expense)	7.5	7.7	6.8	6.3	6.7	7.1	7.3	7.4
Net lending(+)/borrowing(-)	5.8	6.4	5.1	4.7	4.7	4.7	4.6	4.5
Net acquisition of financial assets	8.5	6.1	6.3	5.9	5.8	5.9	5.9	6.0
Domestic	8.1	5.5	6.3	5.9	5.8	5.9	5.9	6.0
Foreign	0.4	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	2.7	-0.3	1.9	1.2	1.7	1.3	1.6	1.6
Domestic	2.4	-0.6	0.5	0.2	0.2	0.1	0.1	0.1
Foreign	0.3	0.3	1.4	0.9	1.5	1.2	1.5	1.5
<i>Memorandum Items:</i>								
Hydrocarbon revenue	13.4	14.8	12.5	11.3	10.6	10.0	9.5	9.1
Nonhydrocarbon revenue	15.1	13.0	15.9	16.0	17.0	18.1	18.8	19.4

Sources: Country authorities and IMF staff estimates and projections.

Note: The data covers federal government units, General Pension and Social Security Authority, Abu Dhabi Pension Fund, and entities of the seven emirates (state government). Fluctuations in data coverage are due to changes in government structure. For example, in 2023, the federal government had 20 ministries and 32 extra-budgetary units.

1/ The taxes in 2026 onwards include estimated CIT collection.

2/ In 2020 the coverage of the social security funds sector extended to include Abu Dhabi Pension Fund. The increase in social contributions in 2022 is due to changes in pensionable salaries of Abu Dhabi government entities.

3/ Excludes staff estimates of SWFs investment income; partial coverage of Abu Dhabi government and Abu Dhabi pension fund accounts.

Table 3b. United Arab Emirates: Central Government Finances, 2023–2030

	2023	2024	Est. 2025	Proj. 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030
(Billions of UAE dirhams)								
Total revenue	79.6	69.1	69.6	70.7	72.4	77.1	81.8	89.1
Taxes	11.8	13.1	14.4	16.3	18.6	21.9	26.7	33.8
Social Contributions	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6
Grants	14.8	14.5	13.8	13.1	12.5	13.9	13.7	13.9
Other Revenue	52.5	41.0	40.8	40.8	40.8	40.8	40.8	40.8
Expenditures (a+b)	65.9	61.9	62.0	63.0	65.5	68.7	72.6	76.6
Expense (a)	67.2	63.0	63.3	64.4	67.0	70.4	74.5	78.8
Compensation of employees	23.2	23.9	24.7	25.7	26.8	28.1	29.8	31.6
Use of goods and services	20.9	19.2	19.2	19.2	20.3	21.4	22.8	24.4
Consumption of fixed capital	4.1	2.5	2.7	2.9	3.1	3.3	3.5	3.7
Interest	1.6	2.3	1.6	1.5	1.4	1.3	1.3	1.2
Subsidies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	1.1	1.3	1.3	1.4	1.5	1.5	1.6	1.7
Social Benefits	10.2	12.0	11.9	11.9	12.3	12.9	13.6	14.3
Other expenses	6.1	1.9	1.8	1.8	1.8	1.8	1.9	1.9
Net acquisition of nonfinancial assets (b)	-1.3	-1.1	-1.2	-1.4	-1.6	-1.7	-1.9	-2.2
Net operating balance (Revenue minus expense)	12.4	6.1	6.3	6.3	5.4	6.7	7.2	10.3
Net lending(+)/borrowing(-) (Revenue minus expenditures)	13.7	7.2	7.5	7.7	6.9	8.5	9.2	12.4
Net acquisition of financial assets	23.4	18.8	17.4	12.7	10.9	11.5	12.2	15.4
Domestic	15.7	14.4	17.4	12.7	10.9	11.5	12.2	15.4
Foreign	7.6	4.3	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	9.7	11.6	9.9	5.0	4.0	3.0	3.0	3.0
Domestic	4.2	6.0	9.9	5.0	4.0	3.0	3.0	3.0
Foreign	5.5	5.5	0.0	0.0	0.0	0.0	0.0	0.0
(Percent of GDP)								
Total revenue	4.1	3.4	3.3	3.2	3.1	3.1	3.1	3.2
Taxes	0.6	0.6	0.7	0.7	0.8	0.9	1.0	1.2
Social Contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.8	0.7	0.7	0.6	0.5	0.6	0.5	0.5
Other Revenue	2.7	2.0	2.0	1.8	1.7	1.6	1.5	1.5
Expenditures (a+b)	3.4	3.1	3.0	2.9	2.8	2.7	2.7	2.7
Expense (a)	3.5	3.1	3.0	2.9	2.9	2.8	2.8	2.8
Compensation of employees	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1
Purchase of goods and services	1.1	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Consumption of fixed capital	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0
Subsidies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Social Benefits	0.5	0.6	0.6	0.5	0.5	0.5	0.5	0.5
Other expenses	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Net acquisition of nonfinancial assets (b)	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Net operating balance (Revenue minus Expense)	0.6	0.3	0.3	0.3	0.2	0.3	0.3	0.4
Net lending(+)/borrowing(-) (Revenue minus expenditures)	0.7	0.4	0.4	0.4	0.3	0.3	0.3	0.4
Net acquisition of financial assets	1.2	0.9	0.8	0.6	0.5	0.5	0.5	0.5
Domestic	0.8	0.7	0.8	0.6	0.5	0.5	0.5	0.5
Foreign	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	0.5	0.6	0.5	0.2	0.2	0.1	0.1	0.1
Domestic	0.2	0.3	0.5	0.2	0.2	0.1	0.1	0.1
Foreign	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Sources: Country authorities and IMF staff estimates and projections.								

Table 4. United Arab Emirates: Monetary Survey, 2023–2030

	2023	2024	Est. 2025	Proj. 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030
(Billions of UAE dirhams)								
Net foreign assets	1,149	1,448	1,698	1,892	2,077	2,270	2,449	2,613
Foreign assets	2,001	2,430	2,709	2,932	3,148	3,373	3,585	3,782
Central Bank 1/	684	863	1,017	1,108	1,215	1,323	1,413	1,480
Other depository corporations	1,317	1,567	1,692	1,824	1,933	2,049	2,172	2,303
Foreign liabilities	852	981	1,010	1,040	1,071	1,103	1,136	1,169
Central bank	9	13	13	13	13	13	13	13
Other depository corporations	844	969	998	1,028	1,059	1,090	1,123	1,157
Net domestic assets	875	869	807	821	817	819	842	896
Claims on government (net)	-181	-177	-182	-185	-188	-191	-194	-197
Claims	241	285	282	279	276	273	270	267
Deposits	422	462	463	463	463	463	463	463
Claims on other sovereign 2/	76	57	57	57	57	57	57	57
Claims on public sector enterprises	331	335	340	347	354	361	368	375
Claims on private sector	1,268	1,379	1,502	1,611	1,722	1,841	1,966	2,100
of which: Credit to private sector 3/	1,255	1,363	1,485	1,592	1,702	1,820	1,943	2,076
Claims on other financial institutions	30	26	28	29	31	34	36	38
Other items (net)	-620	-684	-825	-909	-1,018	-1,133	-1,232	-1,308
Capital and reserves (-)	-480	-501	-521	-543	-565	-589	-612	-636
Other assets (net)	-141	-183	-304	-367	-452	-545	-619	-672
Central Bank	-529	-638	-780	-859	-954	-1,049	-1,125	-1,177
Other depository corporations	388	455	476	492	501	505	506	505
Broad money (M2)	2,023	2,318	2,505	2,713	2,895	3,088	3,292	3,509
Money	830	948	1,024	1,109	1,184	1,263	1,346	1,435
Currency outside banks	117	133	145	157	168	179	191	203
Dirham demand deposits	713	814	879	952	1,016	1,084	1,155	1,231
Quasi-money	1,193	1,370	1,481	1,604	1,711	1,826	1,946	2,074
Foreign currency deposits	530	578	625	677	722	770	821	875
Dirham time and savings deposits	663	792	856	927	989	1,055	1,125	1,199
(Billions of UAE dirhams, unless otherwise noted)								
<i>Memorandum items:</i>								
Base money	659	781	808	848	877	936	998	1,063
Dirham-denominated liquidity	1,493	1,739	1,880	2,036	2,173	2,318	2,471	2,633
Foreign currency deposits/total deposits (in percent)	27.8	26.5	26.5	26.5	26.5	26.5	26.5	26.5
NFA/M2 (in percent) 1/	56.8	62.5	67.8	69.7	71.8	73.5	74.4	74.5
CB foreign assets/reserve money (in percent) 1/	103.9	110.6	125.8	130.7	138.5	141.4	141.6	139.2
Velocity (M2/nonhydrocarbon GDP)	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Credit to private sector/nonhydrocarbon GDP (in percent)	85.4	86.3	88.5	88.9	89.1	89.3	89.4	89.6
(Changes in percent; unless otherwise indicated)								
Credit to private sector	6.0	8.6	8.9	7.2	6.9	6.9	6.8	6.8
Broad money (M2)	18.8	14.5	8.1	8.3	6.7	6.7	6.6	6.6
Money	12.4	14.2	8.1	8.3	6.7	6.7	6.6	6.6
Quasi Money	23.6	14.8	8.1	8.3	6.7	6.7	6.6	6.6
Base money	28.6	18.5	3.5	4.9	3.5	6.7	6.6	6.6
Money multiplier (M2/Base money)	3.1	3.0	3.1	3.2	3.3	3.3	3.3	3.3
Sources: Central Bank of the UAE, and IMF staff estimates and projections.								
1/ Including the SDR allocation of SDR 2.2 billion.								
2/ Sovereign exposure of a majority state-owned bank.								
3/ Computed as the sum of loans, debt securities and trade credits.								

Table 5. United Arab Emirates: Financial Soundness Indicators, 2019-2024

	2019	2020	2021	2022	2023	2024
	(In percent)					
Capital adequacy						
Regulatory Capital to Risk-Weighted Assets	17.7	18.1	17.1	17.4	17.9	17.8
Regulatory Tier 1 Capital to Risk-Weighted Assets	16.5	17.0	16.0	16.2	16.6	16.4
Nonperforming Loans Net of Provisions to Capital	10.2	14.0	12.8	11.7	9.1	7.4
Common Equity Tier 1 Capital to Risk-Weighted	14.7	14.8	14.2	14.4	14.9	14.7
Tier 1 Capital to Assets	12.4	12.3	11.8	11.3	11.5	11.3
Asset Quality						
Non-performing Loans to Total Gross Loans	6.0	7.6	7.3	6.6	5.3	4.1
Provisions to Nonperforming Loans	62.5	58.7	61.4	60.9	60.4	58.8
Earnings and Profitability						
Return on Assets	1.6	0.7	1.2	1.5	2.0	2.2
Return on Equity	11.0	4.7	8.2	10.5	14.8	14.7
Interest Margin to Gross Income	67.9	68.5	62.7	68.2	72.6	69.9
Non-interest Expenses to Gross Income	33.8	37.0	36.4	36.6	31.9	31.5
Liquidity						
Liquid Assets to Total Assets (Liquid Asset Ratio)	15.0	15.3	16.4	16.1	18.6	18.2
Liquid Assets to Short-Term Liabilities	43.8	38.7	36.9	37.7	43.6	41.7
Liquidity Coverage Ratio	140.2	148.5	140.3	155.9	160.9	156.0
Net Stable Funding Ratio	107.5	109.8	109.9	111.1	111.6	113.8
Sensitivity to Market Risk						
Net Open Position in Foreign Exchange to Capital	-2.5	26.1	24.8	34.6	44.1	50.0

Source: Central Bank of the United Arab Emirates.

Annex I. Implementation of Past Fund Article IV Advice

Recommendation	Status
Fiscal	
The development of harmonized MTFE and sovereign asset-liability management (SALM) frameworks.	The Federal Government and each Emirate have been advancing internal MTFEs. Efforts to harmonize the MTFEs and develop a SALM framework should continue.
Proceed with CIT implementation supported by phasing-out of opaque business fee structures. Limit incentives and avoid discretionary elements in their allocation, especially profit-based incentives.	In progress. The CIT was introduced on June 1 st , 2023, with proceeds expected to flow to the budget in 2026. The study of the economic impacts of fiscal incentives and exemptions planned to be finalized after full CIT implementation.
Finalize review of welfare benefits to ensure effective targeting and remove remaining price controls.	In progress.
Enhance the capacity of the Federal Tax Authority (FTA) to enforce tax compliance and ensure accurate reporting, such as through greater digitalization.	In progress. Authorities continue to improve FTA capacity, streamline CIT processes and enhance digitalization, including incorporating AI in tax filing and accounting.
Compilation and dissemination of central and general government debt statistics, contingent liabilities (including PPPs), and the overall public sector balance sheets.	In progress. STA provided TA support on GFS and public debt sector debt statistics. Information on public debt, guarantees, PPPs, SWFs, GREs' and public sector balance sheets is limited.
Developing and greening the fiscal frameworks and fostering sustainable finance.	In progress. With FAD support and the use of FAD analytical tools, the MoF has started developing guidelines for integrating fiscal risks from climate change into the fiscal risk management framework.
Monetary/Financial	
Continue close monitoring of financial stability risks, including finalization and implementation of the coordinated framework.	In progress. CBUAE issued credit risk management standards and guidelines. Implemented a positive cycle-neutral countercyclical capital buffer (CCyB) of 50 basis points, effective from January 2026. Reassessed the Domestic Systemically Important Banks (D-SIB) framework, designating an additional bank as a D-SIB and increasing the capital surcharge for another existing D-SIB, effective from June 2026.
Continue efforts to strengthen the macro-prudential and regulatory frameworks, ensure adequacy of macroprudential tools.	Implemented. Standards for the Bank's Real Estate Exposures. In progress. Reviewing the loan-to-value (LTV) framework and other borrower-based measures to evaluate their effectiveness under current market conditions.
Fully implement the DMF, in line with the IMF technical assistance recommendations. Reduce surplus liquidity in line with targets.	Expected to be fully implemented in early 2026, with some facilities undergoing testing before the market roll out. Absorbed higher capital inflows through higher issuance of Monetary Bills.
Develop effective supervision of digital innovation and Fintech activities. Strengthen regulatory capacity to effectively address risks in the evolving virtual assets ecosystem.	The different regulatory jurisdictions have improved their coordination and collaboration through cooperation agreements and memoranda of understanding. They are

Recommendation	Status
	also closely coordinating and exchanging information with CBUAE.
Continue strengthening the AML/CFT regime, including regarding virtual assets and in the real estate sector.	Continued strengthening of the AML/CFT framework effectiveness ahead of the FATF 2026 Mutual Evaluation.
Continue to advance sustainable finance and enhance the resilience of the financial sector to climate-related risks.	Adopted sustainability-related disclosure principles and Climate Risk Management Regulation, and integrated transition and physical-risk stress tests in the supervisory toolkit.
Structural	
Ensure integration of strategies and policies at different levels of government with efforts to further advance CEPAs, the AI and Digital Economy Strategies, and Green Strategy.	In progress. Reform implementation in line with the AI, Green Economy, and Digital Economy Strategy 2030.
Continue to improve the business environment, increase SME access to finance, reduce gender gaps, improve property rights.	Implemented. SME Law (2023). Support to SMEs by MoF via Federal Supplier Register, Digital Procurement Platform, and Incentive Packages for SMEs, the CBUAE's SME Customer Market Conduct Regulation is expected to be published by end 2025. In progress. Increase in Emirati female labor force participation via Nafis.
Statistics	
Further efforts are needed to increase the timeliness, periodicity, and full coverage of data reporting, including of national accounts, fiscal sector, and external sector statistics.	In progress, see Annex V.
Continue working toward subscribing to the special data dissemination standards (SDDS).	In progress.

Annex II. Sovereign Risk and Debt Sustainability

Annex II. Table 1. United Arab Emirates: Risk of Sovereign Stress

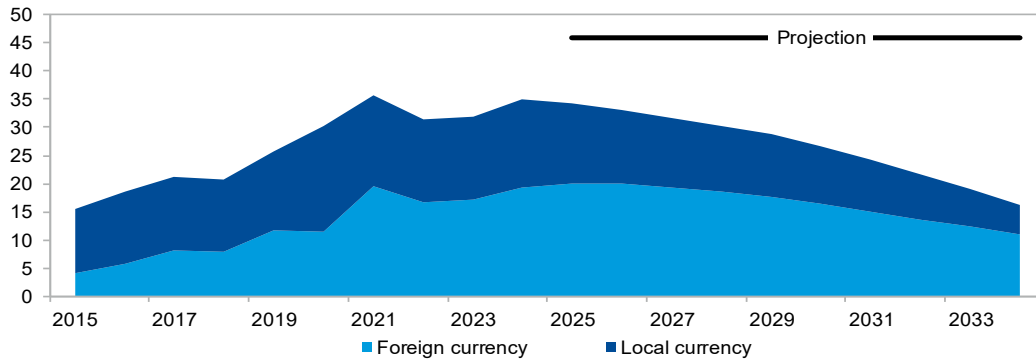
Horizon	Mechanical signal	Final assessment	Comments
Overall	...	Low	The overall risk of sovereign stress is low, reflecting a low level of vulnerability in the near, medium, and long term.
Near term 1/	Low	Low	
Medium term	Low	Low	Medium-term risks are assessed as low consistent with the mechanical signal and activated stress test of commodity prices. The debt level is relatively low and the UAE SWFs hold substantial financial assets.
Fanchart	Moderate	...	
GFN	Low	...	
Stress test	Comm. Prices	...	
Long term	...	Low	Long-term risks are low supported by the UAE's large financial assets and net worth. The UAE fossil fuel reserves (oil and gas) in the ground are large. The UAE has also accelerated investments into the renewable energy sources and the share of renewables in the overall energy mix is increasing in line with the UAE Energy Strategy 2050.
Sustainability assessment 2/	Not required for surveillance countries	Sustainable	Not applicable.
Debt stabilization in the baseline			Yes
DSA Summary Assessment			
<p>Commentary: The UAE is at a low overall risk of sovereign stress and debt is sustainable. Growth is expected to remain strong. The development of harmonized medium-term fiscal (MTF) and sovereign asset-liability management (SALM) frameworks will strengthen efforts to enhance fiscal policy calibration through better coverage of fiscal operations, and enhanced coordination among federal government and local emirates. The UAE fiscal sustainability will be enhanced further by fiscal structural reforms, the recent implementation of CIT reform that will bolster nonhydrocarbon tax collection, enhanced tax compliance and a sound debt management strategy that deepens capital markets. Continued monitoring of fiscal risks is necessary. Lack of complete coverage of public sector data, including detailed information on gross and net public debt and the public sector balance sheet hinders a comprehensive assessment of UAE fiscal space and sustainability, including the analysis of government contingent liabilities and risks.</p>			
Source: Fund staff.			
<p>Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.</p>			
<p>1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.</p>			
<p>2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.</p>			

Annex II. Table 2. United Arab Emirates: Debt Coverage and Disclosure

Annex II. Table 2. United Arab Emirates: Debt Coverage and Disclosure										Comments																																																																																																											
1. Debt coverage in the DSA: 1/					CG	GG	NFPS	CPS	Other		Not applicable																																																																																																										
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2. Subsectors included in the chosen coverage in (1) above:																																																																																																																					
Subsectors captured in the baseline										Inclusion																																																																																																											
CPS	NFPS	GG: expected	CG	1	Budgetary central government					Yes																																																																																																											
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				3	Social security funds (SSFs)					Yes																																																																																																											
				4	State governments					Yes																																																																																																											
				5	Local governments					Yes																																																																																																											
				6	Public nonfinancial corporations					No																																																																																																											
				7	Central bank					No																																																																																																											
				8	Other public financial corporations					No																																																																																																											
3. Instrument coverage:					Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/																																																																																																												
4. Accounting principles:					Basis of recording		Valuation of debt stock																																																																																																														
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5. Debt consolidation across sectors:					Consolidated		Non-consolidated																																																																																																														
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<table border="1"> <thead> <tr> <th colspan="2">Issuer</th> <th>Holder</th> <th>Budget. central govt</th> <th>Extra-budget. funds (EBFs)</th> <th>Social security funds (SSFs)</th> <th>State govt.</th> <th>Local govt.</th> <th>Nonfin. pub. corp.</th> <th>Central bank</th> <th>Oth. pub. fin corp</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td rowspan="8">CPS</td> <td rowspan="8">NFPS</td> <td rowspan="8">GG: expected</td> <td rowspan="8">CG</td> <td>1</td> <td>Budget. central govt</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>0</td> </tr> <tr> <td>2</td> <td>Extra-budget. funds</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>0</td> </tr> <tr> <td>3</td> <td>Social security funds</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>0</td> </tr> <tr> <td>4</td> <td>State govt.</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>0</td> </tr> <tr> <td>5</td> <td>Local govt.</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>0</td> </tr> <tr> <td>6</td> <td>Nonfin pub. corp.</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>0</td> </tr> <tr> <td>7</td> <td>Central bank</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>0</td> </tr> <tr> <td>8</td> <td>Oth. pub. fin. corp</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>0</td> </tr> <tr> <td colspan="3">Total</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table>											Issuer		Holder	Budget. central govt	Extra-budget. funds (EBFs)	Social security funds (SSFs)	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total	CPS	NFPS	GG: expected	CG	1	Budget. central govt							0	2	Extra-budget. funds								0	3	Social security funds								0	4	State govt.								0	5	Local govt.								0	6	Nonfin pub. corp.								0	7	Central bank								0	8	Oth. pub. fin. corp								0	Total			0	0	0	0	0	0	0	0	0
Issuer		Holder	Budget. central govt	Extra-budget. funds (EBFs)	Social security funds (SSFs)	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total																																																																																																										
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<p>1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector. 2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable. 3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities. 4/ Includes accrual recording, commitment basis, due for payment, etc. 5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes). 6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity. 7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.</p>																																																																																																																					
<p>Commentary: The fiscal data cover the general government. The data cover federal government units, General Pension and Social Security Authority, Abu Dhabi Pension Fund, and entities of the seven emirates (state government). Fluctuations in data coverage are due to changes in government structure. For example, in 2023, the federal government had 20 ministries and 32 extra-budgetary units. Yearly changes in emirate-level coverage and transfers to the budget contribute to data volatility. In 2020 the coverage of the social security funds sector extended to include Abu Dhabi Pension Fund. The information on debt breakdown by currency, holder, governing law, instrument, and maturity is only partially available. The information on GREs, SWFs, and PPPs is largely unavailable.</p>																																																																																																																					

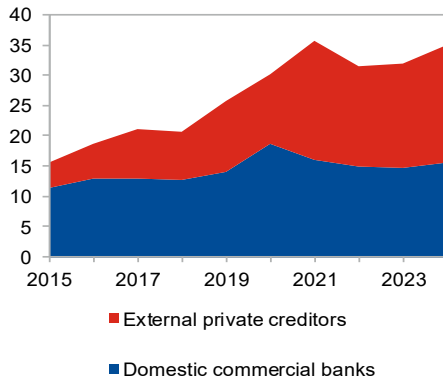
Annex II. Table 3. United Arab Emirates: Public Debt Structure Indicators

Debt by Currency (percent of GDP)



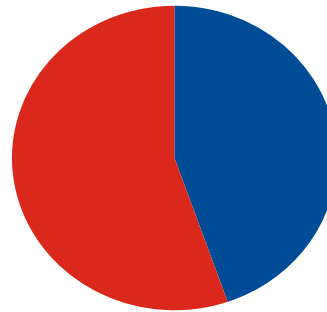
Note: The perimeter shown is general government.

Public Debt by Holder (percent of GDP)



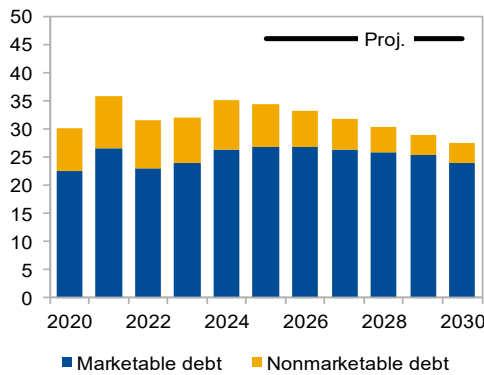
Note: The perimeter shown is general government.

Public Debt by Governing Law, 2024 (percent)



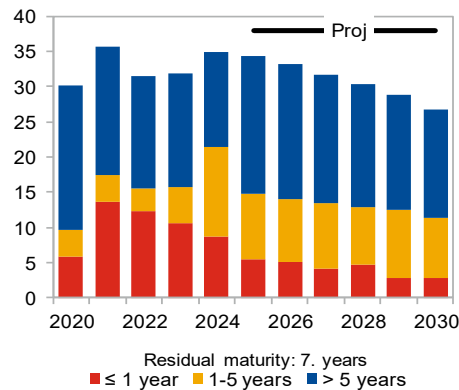
Note: The perimeter shown is general government.

Debt by Instruments (percent of GDP)



Note: The perimeter shown is general government.

Public Debt by Maturity (percent of GDP)



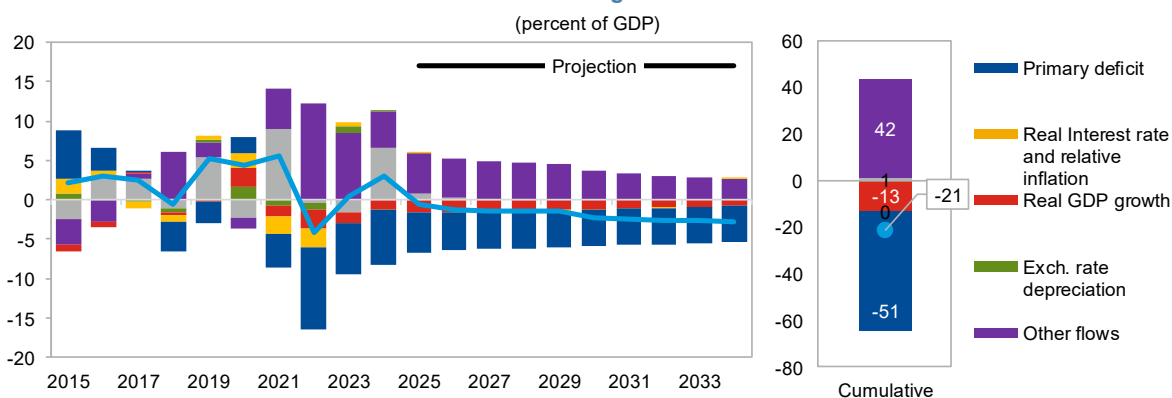
Note: The perimeter shown is general government.

Commentary: General government debt is projected to decline gradually over the medium term, supported by robust fiscal performance and GDP growth. Tax policy reforms, sound public debt management, and continued development of domestic capital markets are expected to strengthen debt sustainability. Additionally, the information on debt breakdown (by currency, holder, governing law, instrument, and maturity) is based on staff estimates informed by data and discussions with the authorities.

Annex II. Table 4. United Arab Emirates: Baseline Scenario

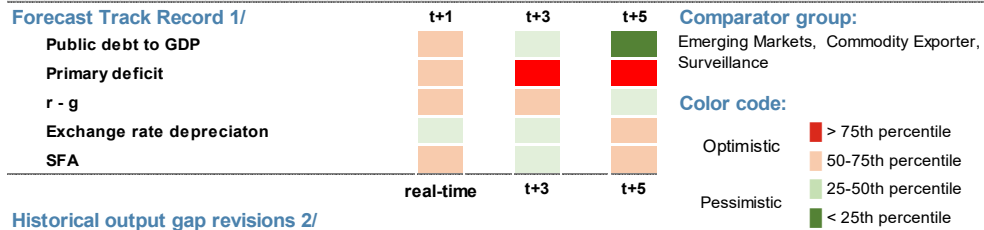
(percent of GDP unless indicated otherwise)

	Actual	Medium-term projection						Extended projection				
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Public debt	34.9	34.3	33.1	31.7	30.3	28.9	26.6	24.2	21.7	19.0	16.3	13.6
Change in public debt	3.0	-0.7	-1.2	-1.4	-1.4	-1.4	-2.3	-2.4	-2.5	-2.6	-2.7	-2.8
Contribution of identified flows	-3.6	-1.4	-1.5	-1.5	-1.4	-1.4	-2.2	-2.4	-2.5	-2.6	-2.7	-2.8
Primary deficit	-7.0	-5.1	-4.7	-4.7	-4.7	-4.6	-4.6	-4.6	-4.6	-4.6	-4.6	-4.6
Noninterest revenues	27.8	28.4	27.3	27.6	28.1	28.4	28.4	28.4	28.4	28.4	28.4	28.4
Noninterest expenditures	20.9	23.3	22.5	22.9	23.4	23.8	23.8	23.8	23.8	23.8	23.8	23.8
Automatic debt dynamics	-1.2	-1.4	-1.7	-1.6	-1.5	-1.3	-1.3	-1.2	-1.0	-0.9	-0.7	-0.6
Real interest rate and relative inflatio	-0.1	0.2	0.0	-0.1	-0.2	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.1
Real interest rate	0.1	0.9	0.3	0.0	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.1
Relative inflation	-0.1	-0.8	-0.3	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Real growth rate	-1.2	-1.6	-1.6	-1.5	-1.3	-1.2	-1.2	-1.1	-1.0	-0.9	-0.8	...
Real exchange rate	0.1	...	...	...	...	...	...	...	...	...	...	-0.4
Other identified flows	4.6	5.1	4.9	4.8	4.7	4.5	3.6	3.4	3.1	2.9	2.6	2.4
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(minus) Interest Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other transactions	4.6	5.1	4.9	4.8	4.7	4.5	3.6	3.4	3.1	2.9	2.6	2.4
Contribution of residual	6.6	0.8	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross financing needs	-1.4	-1.0	0.8	1.2	1.4	2.4	1.3	1.0	0.8	0.2	-0.2	-0.7
of which: debt service	5.5	4.0	5.6	5.9	6.0	7.0	5.9	5.6	5.4	4.8	4.4	3.9
Local currency	3.5	3.0	4.5	4.5	4.9	5.5	4.3	4.1	3.9	3.4	3.0	2.6
Foreign currency	2.0	1.0	1.1	1.4	1.1	1.5	1.5	1.5	1.5	1.5	1.4	1.4
Memo:												
Real GDP growth (percent)	4.0	4.8	5.0	4.7	4.4	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Inflation (GDP deflator; percent)	1.6	-1.6	0.6	1.6	1.8	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Nominal GDP growth (percent)	5.7	3.0	5.6	6.4	6.4	6.2	6.3	6.3	6.3	6.3	6.3	6.3
Effective interest rate (percent)	1.8	1.1	1.4	1.5	1.5	1.5	1.5	1.6	1.7	1.9	2.1	2.4

Contribution to Change in Public Debt


Commentary: The general government debt ratio is projected to gradually decline reflecting robust primary surpluses and stable economic conditions.

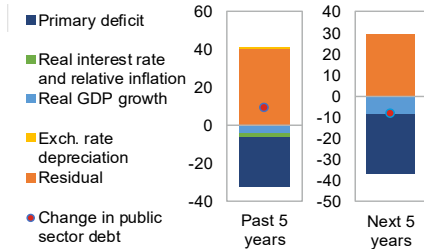
Annex II. Table 5. United Arab Emirates: Realism of Baseline Assumptions



Historical output gap revisions 2/

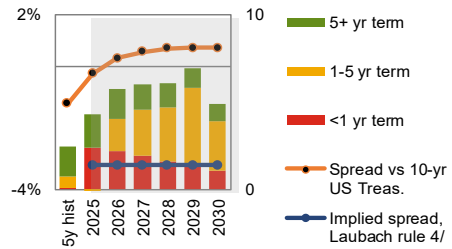
Public Debt Creating Flows

(Percent of GDP)



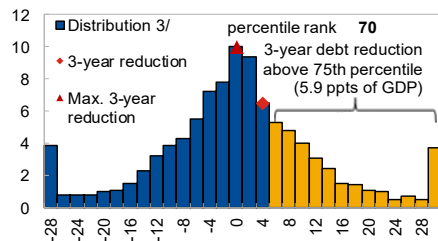
Bond Issuances (bars, debt issuances (RHS,

%GDP); lines, avg marginal interest rates (LHS, percent)



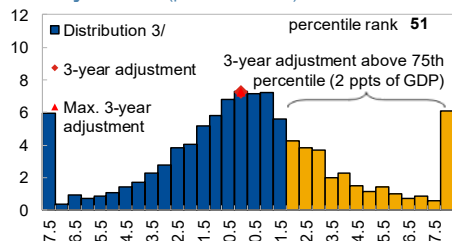
3-Year Debt Reduction

(Percent of GDP)



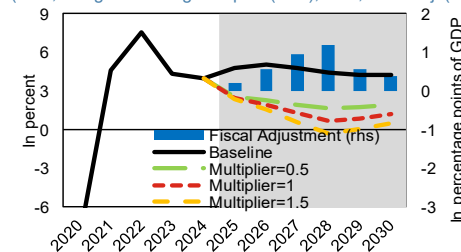
3-Year Adjustment in Cyclically-Adjusted

Primary Balance (percent of GDP)



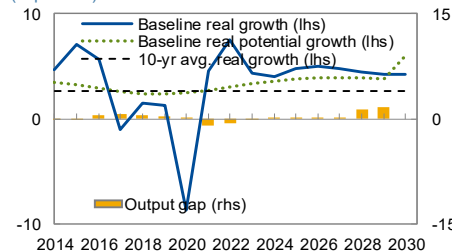
Fiscal Adjustment and Possible Growth Paths

(lines, real growth using multiplier (LHS); bars, fiscal adj. (RHS))



Real GDP Growth

(in percent)



Commentary: The realism analysis doesn't point to any major concerns and the adjustment will be driven by the tax policy reforms implementation in line with the authorities' strategy and supported by other structural reforms that will boost GDP growth.

Source : IMF Staff.

1/ Projections made in the October and April WEO vintage.

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates

3/ Data cover annual observations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

Annex II. Table 6. United Arab Emirates : Medium-term Risk Assessment

	Value	Contrib ^{1/}	Percentile in peer group ^{2/}	
Final Fanchart (pct of GDP)				
Debt fanchart module				
Fanchart width (percent of GDP)	75.5	1.1		
Probability of debt non-stabilization (percent)	0.9	0.0		
Terminal debt-to-GDP x institutions index	6.5	0.1		
Debt fanchart index (DFI)		1.2		
Risk signal: ^{3/}			Moderate	
Gross Financing Needs (pct of GDP)				
Gross financing needs (GFN) module				
Average baseline GFN (percent of GDP)	1.0	0.3		
Initial Banks' claims on the gen. gov't (pct bank assets)	7.9	2.6		
Chg. In banks' claims in stress (pct banks' assets)	5.1	1.7		
GFN financeability index (GFI)		4.6		
Risk signal: ^{4/}			Low	
Triggerred stress tests (stress tests not activated in gray)				
Banking crisis	Contingent liab.	Natural disaster		
Commodity prices				
Medium-term Index (index number)				
Medium-term risk analysis				
	Value	(normalize d)	Weight	Contribution
Debt fanchart index	1.2	0.3	0.5	0.1
GFN financeability index	4.6	0.1	0.5	0.0
Medium-term index		0.2		
Risk signal: ^{5/}				Low
Final assessment:				Low
Prob. of missed crisis, 2025-2030, if stress not predicted: 9.1 pct.				
Prob. of false alarms, 2025-2030, if stress predicted: 58.0 pct.				
<p>Commentary: Medium-term risks are assessed as low, consistent with the mechanical "low" signal. Gross financing needs under the stress scenario are small. Large sovereign net financial assets mitigate risks.</p>				
Source: IMF staff estimates and projections.				
1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.				
2/ The comparison group is emerging markets, commodity exporter, surveillance.				
3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.				
4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.				
5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.				

Annex III. External Sector Assessment

Overall Assessment: The UAE's external position in 2024 was broadly in line with the level implied by medium-term fundamentals and desirable policies, however, the assessment remains subject to uncertainty due to data revisions and measurement challenges. The ongoing BOP statistical improvements are significantly affecting the ability to assess current developments relative to historical trends. As such, the consumption module (based on the intergenerational equity) is a better benchmark for assessing the external position. In addition to the consumption module, the assessment is based on a holistic view of the UAE's external sector, including non-oil current account and non-oil fiscal deficits in 2024. The external balance sheet remains robust, backed by central bank reserves and sizable sovereign wealth fund assets. Starting in 2025, the current account balance is projected to decline as oil prices stabilize and imports increase. The authorities are continuing their efforts to enhance external sector statistics, which could affect future assessments of external sector trends and the estimated CA norm.

Potential Policy Responses: Continuing to pursue fiscal reforms within a transparent medium-term fiscal framework to safeguard fiscal sustainability coupled with structural reforms to diversify the economy could help maintain the strength of the external position while supporting private investment.

Foreign Assets and Liabilities: Position and Trajectory

Background. The UAE does not report International Investment Position data but may begin to do so in 2027, with the support of IMF technical assistance. The Net International Investment Position (NIIP) is estimated at \$984.1 billion (178.2 percent of GDP) at end-2024. NIIP is expected to increase to \$1,083.9 billion (190.5 percent of GDP) by end-2025 due to the continued growth of foreign assets.

Assessment. The external balance sheet is strong and NIIP is expected to remain strong over the medium-term. Substantial accumulated assets represent both a buffer against vulnerabilities from oil price volatility and savings of exhaustible resource revenues for future generations.

2024 (% GDP)	NIIP: 178.2	Gross Assets: 271.6	Debt Assets: 43.1	Gross Liab.: 93.4	Debt Liab.: 93.4
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Current Account

Background. The current account surplus increased to 14.5 percent of GDP in 2024 from 13.1 percent of GDP in 2023, with somewhat lower oil exports compared to 2023 and stronger goods imports offset by an increase in goods and services trade - leading to higher non-hydrocarbon exports- and a higher net primary income. Hydrocarbon production was relatively stable compared to 2023, while oil prices fell by 1.8 percent.¹ The UAE had a non-hydrocarbon goods trade deficit of 5.7 percent of GDP and a non-hydrocarbon current account deficit of 3.2 percent of GDP in 2024. In 2025, the current account surplus is expected to decline to 13.3 percent of GDP. Over the medium term, it is projected to decline, due to the ongoing diversification efforts and substantial investment, which will lead to an anticipated increase in imports of both intermediate and final goods. As the diversification strategy progresses, non-oil exports are also expected to rise further.

Assessment. Given the UAE’s oil-dependent economic structure and the wide swings of oil prices in recent years, the Consumption Allocation Rules² suggest a CA gap of -0.7 percent of GDP for the constant real per capita annuity allocation rules and 5.9 percent of GDP for the constant real annuity allocation rule.³ The CA norm under the constant real per capita annuity assumption represents intergenerational equity, whereas the norm under the constant real annuity assumption is presented to illustrate the impact of population growth. The CA balance is projected to decline over the medium-term as oil prices stabilize, and imports increase with the large import content of infrastructure projects. The CA-regression approach, supplemented with staff judgement, estimates a CA gap of 0.7 percent of GDP. Staff has adjusted the EBA-lite explanatory variable “output per worker” to account for a large share of high-skilled non-citizen workers and the highly flexible labor market structure, as well as recent GDP revisions. Staff assesses an overall CA gap of about -0.7 percent of GDP, in line with the commodity consumption module. This assessment is subject to uncertainty given the ongoing revisions in the data and the existing data gaps and measurements challenges, specifically around the IIP data.

United Arab Emirates: EBA-lite Model Results, 2024

	CA model 1/	Consumption module - constant real annuity per capita (in percent of GDP)	Consumption module - constant real annuity
CA-Actual	14.5	14.5	14.5
Cyclical contributions (from model) (-)	0.5		
Additional temporary/statistical factors (-)			
Natural disasters and conflicts (-)	0.0		
Adjusted CA	14.1		
CA Norm (from model) 2/	13.4	15.2	8.6
Adjustments to the norm (+)	0.0		
Adjusted CA Norm	13.4		
CA Gap	0.7	-0.7	5.9
o/w Relative policy gap	2.8		
Elasticity	-0.7		
REER Gap (in percent)	-1.0		

1/ Based on the EBA-lite 3.0 methodology

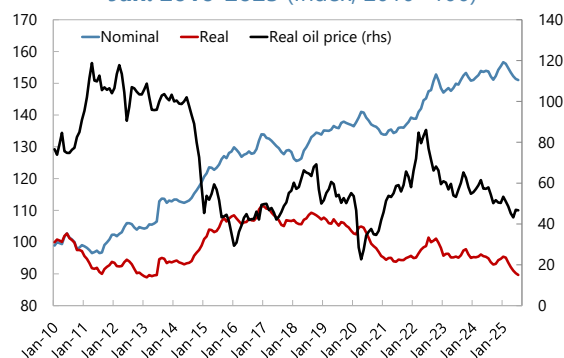
2/ Cyclically adjusted, including multilateral consistency adjustments.

Real Exchange Rate

Background. The dirham has been pegged to the US dollar at a rate of 3.6725 since November 1997. Between December 2023 and 2024, the REER depreciated by 0.3 percent, while the NEER appreciated by 3.0 percent. However, BIS data point to a slight appreciation in the REER of 1.4 percent in 2024 (see Paragraph 5 of staff report).

Assessment. Consistent with the staff CA gap and based on an elasticity of 0.66, staff assesses the REER to be broadly in line with the levels implied by medium-term fundamentals and desirable policies. Exchange rate movements have a limited impact on competitiveness in the short run as oil is the main exported product and there is limited substitutability between imports and domestically produced products.

Annex III. Figure 1. Nominal and Real Effective Exchange Rates, Jan. 2010-2025 (Index; 2010=100)



Sources: Country authorities; IMF staff calculations.

Capital and Financial Accounts: Flows and Policy Measures

Background. The financial account recorded a larger deficit in 2024 compared to the revised 2023, reflecting a substantial increase in outward FDI, driven by ADQ's \$24 billion investment in Egypt, and CBUAE reserve accumulation.

Assessment. The UAE has an open capital account. The large central bank reserves and SWFs' assets limit risks and vulnerabilities from capital flows. A lack of detailed information on capital flows, and data gaps on GREs and SWFs activities, complicates analysis of the financial account and hinders a more comprehensive assessment.

FX Intervention and Reserves Level

Background. The central bank buys and sells unlimited dollars and dirhams to registered counterparties at the official exchange rate to maintain the peg. Gross FX reserves stood at \$238.2 billion (43.1 percent of GDP, 7.6 months of imports and 109 percent of the Fund's reserve adequacy metric) at end-2024, compared to \$189.5 billion (36.3 percent of GDP and 7.2 months of imports) in 2023. From 2024 onward, reserves are expected to remain stable at 8.2 months of imports as non-oil exports and imports pick up.

Assessment. Reserves play a dual role of buffers for precautionary motives and savings for future generations. Reserves are adequate for precautionary purposes (measured by the Fund's metrics).

¹ The average oil export price is assumed to be \$79.97 a barrel in 2024 (\$82.3 a barrel in 2023).

² See Bems, R., and I. de Carvalho Filho, 2009, "Exchange Rate Assessments: Methodologies for Oil-Exporting Countries," IMF Working Paper 09/281.

³ Estimated norms are sensitive to model parameters, such as the GDP growth rate, interest rate, and population growth rate.

Annex IV. Risk Assessment Matrix¹

Nature / Source of Main Risks	Likelihood	Expected Impact on the Economy if Risk is Realized	Policy Response
Conjunctural Global Risks			
Intensification of regional conflicts. Escalation or spread of the conflict in Gaza and Israel, in Iran, and/or other regional conflicts or terrorism disrupt trade (e.g., energy, food, tourism, supply chains), remittances, FDI and financial flows, payment systems, and increase refugee flows.	High	Low / Medium	
		The regional conflicts have not materially impacted the UAE to date, but intensification and/or regional spillovers could impact the UAE economy through investment, trade (as a trade hub) and tourism channels, with potential implications for growth and external buffers. The oil sector may also face risks from oil price volatility.	Leverage the UAE's trade and logistics infrastructure to diversify routes and avoid trade chokepoints, while deepening regional and bilateral trade ties. Use fiscal space to support non-hydrocarbon sectors as needed. Maintain monetary and financial stability through prudent oversight of risks and adjust central bank tools and macroprudential policies as needed.
Escalating trade measures and prolonged uncertainty. Rising trade barriers and prolonged policy uncertainty could reduce trade, investment, and growth. Inflationary pressures may re-emerge, especially in countries imposing tariffs. These effects can be amplified by strategic complementarities or bottlenecks in global value chains or inventory overhang.	High	Medium	
		A weakening of external demand could adversely affect the UAE through supply chain disruptions, reduced FDI, lower trade and tourist arrivals, commodity-price and financial market volatility, with implications for growth in key non-hydrocarbon sectors like logistics, tourism and real estate.	Strengthen trade diversification through trade agreements, including CEPAs. Use fiscal space to support non-hydrocarbon sectors as needed, while also accommodating additional targeted spending. Maintain monetary and financial stability through prudent oversight of risks and adjust central bank tools and macroprudential policies as needed.
Commodity price volatility. A succession of supply disruptions (e.g., due to conflicts, export restrictions, and OPEC+ decisions) and demand fluctuations could cause recurrent commodity price volatility, external and fiscal pressures in EMDEs, cross-border spillovers, and social and economic instability.	High	High	
		A higher oil price would further improve the UAE's fiscal and external positions and lead to higher liquidity within the financial system. However, higher commodity prices could add to inflationary pressures. Lower oil prices would lead to lower fiscal and external balances with negative spillovers in the non-hydrocarbon sector, and implications for the financial sector.	Continue to save windfall revenue and pursue fiscal and structural reforms to safeguard fiscal sustainability and reduce reliance on oil revenue. Avoid pro-cyclical fiscal policy and deploy buffers when needed. Continue setting monetary policy in line with the Fed, deployment of the DMF, and close monitoring of domestic liquidity conditions. Continue structural reforms to boost non-hydrocarbon growth and diversification.

¹ The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. The conjunctural shocks and scenarios highlight risks that may materialize over a shorter horizon (between 12 to 18 months) given the current baseline. Structural risks are those that are likely to remain salient over a longer horizon.

Nature / Source of Main Risks	Likelihood	Expected Impact on the Economy if Risk is Realized	Policy Response
Monetary policy miscalibration. Amid high economic uncertainty, major central banks loosen policy stance prematurely, hindering disinflation, causing abrupt adjustments in financial markets and weakening the credibility of central banks.	Medium	Medium	
		A loosening of monetary policy stance inconsistently with existing economic conditions could further boost demand in the UAE, creating price and wage pressures.	Carefully calibrate fiscal policy, strengthen management of fiscal risks and oversight of off-balance sheet spending by GREs. Continue close monitoring of financial system risks, adjust macroprudential policies as needed.
Financial market volatility and correction. Stretched asset valuations, easy financial conditions, and subdued volatility in key markets could be significantly affected by a sudden and disruptive shift in investor sentiment or policy stance, triggering market corrections, exchange rate turbulence, spikes in sovereign bond yields, and capital flow volatility. Elevated leverage among Non-Bank Financial Intermediaries further amplifies these risks, as forced deleveraging during periods of stress could exacerbate asset price swings and propagate shocks. Rapid growth of unregulated crypto markets could add to these vulnerabilities by increasing the risk of redemption runs and market dislocations.	High	Low / Medium	
		Surges in global financial market volatility could affect the UAE through shifts in investor sentiment, capital flows, and asset prices. Equity and bond market turbulence may influence domestic wealth and financing conditions, while higher risk premia could raise borrowing costs for corporates and GREs. Volatility could also spill over to the real estate market by affecting non-resident property demand and real estate valuations. The safe destination status of the UAE could limit the impact of this risk.	Continue close monitoring of financial system risks. The CBUAE should stand ready to provide liquidity as needed and use the macro-prudential toolkit while safeguarding financial stability. The substantial fiscal space and financial buffers can be deployed to support non-hydrocarbon economic activities. Careful regulation and supervision of virtual assets are essential.
Structural Risks			
Climate change. Extreme climate events and rising temperatures could cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and heighten economic and financial instability.	Medium	Low / Medium	
		Natural disasters related to extreme weather events could damage infrastructure, disrupt trade, and reduce demand and employment, adding to the fiscal burden through additional capital expenditure and transfers.	Scale up investments for adaptation projects and climate resilient infrastructure. Fully incorporate climate risks in prudential policies, financial sector assessments, and fiscal risks reporting and assessment.
Cyberthreats. Cyberattacks on physical or digital infrastructure, technical failures, or misuse of AI technologies could trigger financial and economic instability.	High	Medium / High	
		As the UAE is becoming more digitalized and adoption of AI accelerates cyberattacks and poses risks to various segments of the economy. The financial sector could be particularly vulnerable.	Continue progress towards integrating the analysis of cybersecurity risks into the CBUAE and free-zone frameworks. Continue the enhancement of cyber risk mitigation through appropriate supervision of the financial system. Carefully pace the adoption of AI in line with capacity to manage risks and ensure that adequate regulatory frameworks are in place.

Annex V. Data Issues

Annex V. Table 1. United Arab Emirates: Data Adequacy Assessment for Surveillance

Data Adequacy Assessment Rating 1/							
B							
Questionnaire Results 2/							
Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Inter-sectoral Consistency	Median Rating
	B	B	B	C	A	NA	B
Detailed Questionnaire Results							
Data Quality Characteristics							
Coverage	B	B	C	C	B		
Granularity 3/	C		C	C	B		
Consistency			B	C	A	NA	
Frequency and Timeliness	B	B	A	C	A		

Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.

1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.

2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF *Review of the Framework for Data Adequacy Assessment for Surveillance*, January 2024, Appendix I).

3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.

A	The data provided to the Fund are adequate for surveillance.
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.

Rationale for staff assessment. Data provision has some gaps but remains broadly adequate for surveillance. There are substantial shortcomings on external sector statistics, accounts of government-related entities (GREs), and sovereign wealth funds (SWFs). Data on External Debt, and International Investment Position (IIP) are not provided. Fiscal statistics granularity and coverage need enhancement. In particular, there is limited data on government sovereign assets, GREs' debt, and contingent liabilities to the government. The UAE statistical agencies are gradually improving the availability and quality of their statistics, but more progress is needed, to improve consistency, frequency, and availability of economic statistics.

Changes since the last Article IV consultation. Notable improvements in Fiscal and External sectors. The timeliness of the fiscal statistics' publication has improved. The quality and consistency of the General Government revenue and expenditure have been enhanced through a better coordination across Federal and Emirate entities. The authorities shared emirate-level data on General and Central Government Debt for 2019-2024 as well as 2024 debt. In January 2025, the authorities received the IMF Technical Assistance on GFS and Debt Statistics that would facilitate compiling and disseminating GFS data as well as sectorization of GREs. The authorities revised the 2023 and 2024 Balance of Payments (BOP) data in accordance with BMP6 methodologies and IMF Technical Assistance, marking an improvement in BOP statistics overall. For many of the BOP components, the authorities are now reporting observed variables instead of the estimations that they relied on previously, helping to improve the accuracy and consistency of the data with other observed macroeconomic variables. The coverage was also expanded, specifically on the primary income and the components of the financial account.

Corrective actions and capacity development priorities. The authorities remain fully committed to the IMF's enhanced general data dissemination systems (e-GDDS) and continue to work toward subscribing to the special data dissemination standards (SDDS). Nevertheless, further efforts are needed to increase the timeliness, periodicity, and full coverage of data reporting, including of national accounts, fiscal sector, and external sector statistics (jointly with the IMF Technical Assistance). In addition, the authorities will need to disseminate data on the BOP, the IIP, external debt, and the data template on international reserves and foreign currency liquidity to meet SDDS requirements. A full General Government financial balance sheet should be published to better assess the country's overall fiscal position. Debt data, currently available for the federal government and only some emirates, should be expanded to cover all emirates. Greater data collection and dissemination of nonbank financial institutions is also recommended.

Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. Data from BIS are used to partially estimate IIP. Portwatch data is used to gain additional insights on trade. The staff is using estimates based on publicly available information from Bloomberg, Dealogic, Haver, S&P, EPFR, Zephyr, SWFI and other data providers to assess public overall debt and contingent liabilities, foreign assets of sovereign wealth fund, government domestic investment and also estimates for data related to the fiscal operations of the Abu Dhabi government and Abu Dhabi pension funds. Bilateral trade data are from UNCTAD and the IMF Direction of Trade Statistics. Real estate data are from BIS, REIDIN, Abu Dhabi and Dubai Authorities. AI data are from Oxford Insights and OECD.AI. Hotel sector performance data are from Smith Travel Research. Flight data is from FlightRadar24.

Other data gaps. The priority is to improve data on social economic indicators such as population, employment, unemployment, GDP by expenditure.

Annex V. Table 2. United Arab Emirates: Data Standards Initiatives

United Arab Emirates participates in the Enhanced General Data Dissemination System (e-GDDS) and publishes the data on its National Summary Data Page since June 2018.

Annex V. Table 3. United Arab Emirates: Table of Common Indicators Required for Surveillance
As of October 17, 2025

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data ⁶	Frequency of Reporting ⁶	Expected Frequency ^{6,7}	United Arab Emirates ⁸	Expected Timeliness ^{6,7}	United Arab Emirates ⁸
Exchange Rates	Real time	Real time	D	D	D	D	...	D
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	Aug-25	Oct-25	M	M	M	M	1M	1M
Reserve/Base Money	Aug-25	Oct-25	M	M	M	M	2M	2M
Broad Money	Aug-25	Oct-25	M	M	M	M	1Q	2M
Central Bank Balance Sheet	Aug-25	Oct-25	M	M	M	M	2M	2M
Consolidated Balance Sheet of the Banking System	Aug-25	Oct-25	M	M	M	M	1Q	2M
Interest Rates ²	Sep-25	Oct-25	D	D	M	D	...	D
Consumer Price Index	Jun-25	Sep-25	Q	I	M	M	2M	3W
Revenue, Expenditure, Balance and Composition of Financing ³ —General Government ⁴	Dec-24	Sep-25	Q	Q	A	Q	3Q	9M
Revenue, Expenditure, Balance and Composition of Financing ³ —Central Government	Jun-25	Sep-25	Q	Q	Q	Q	1Q	3M
Stocks of Central Government and Central Government-Guaranteed Debt ⁵	NA	NA	NA	NA	Q	...	2Q	...
External Current Account Balance	2024	Oct-25	A	A	Q	A	1Q	4M
Exports and Imports of Goods and Services	2024	Sep-25	A	A	M	M	12W	7M
GDP/GNP	Mar-25	Sep-25	Q	Q	Q	A	1Q	3M
Gross External Debt	Jun-25	Sep-25	NA	NA	Q	...	2Q	...
International Investment Position	NA	NA	NA	NA	A	...	3Q	...

¹ Includes reserve assets pledged or otherwise encumbered, as well as net derivative positions.

² Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

³ Foreign, domestic bank, and domestic nonbank financing.

⁴ The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

⁵ Including currency and maturity composition.

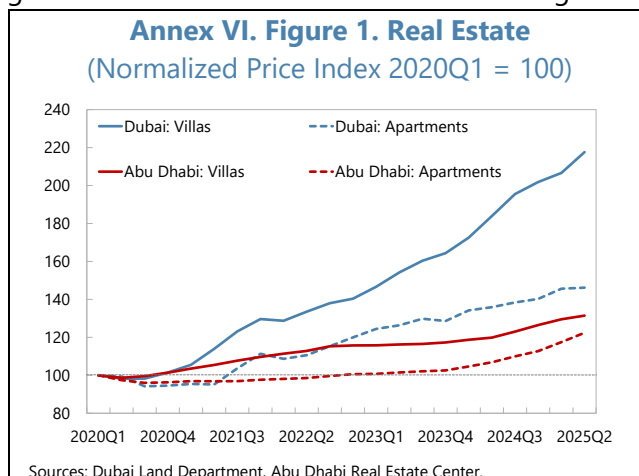
⁶ Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual; ("SA") semiannual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

⁷ Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.

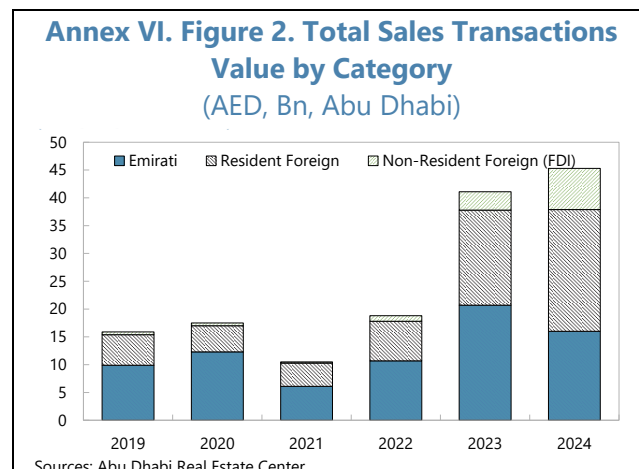
⁸ Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (<https://dsbb.imf.org/>). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "...".

Annex VI. Real Estate Sector Developments

1. Real estate activity in Dubai has registered continuous growth across various sectors and locations since the pandemic. After a period of decline, Dubai property price indices started rising in the second half of 2020, reflecting strong demand from international investors for high-end housing. Aggregate residential property prices in Dubai grew by 13.3 percent in 2024, compared to 10.1 percent in 2023. Price growth is still driven by villas (+22.8 percent in 2024) and prime locations, but have also expanded to apartments (+9.1 percent in 2024) and other locations. Commercial real estate is also in high demand, with prices rising by 15.8 percent in 2024 (from 14.3 percent in 2023), with some deceleration in hospitality and hotel commercial property prices. Dubai’s housing supply is projected to increase by 2027 which, other things equal, could help balance demand pressures.¹



2. Real estate activity in Abu Dhabi has seen a more recent uptick, also mainly driven by demand from foreign investors. In Abu Dhabi, sale prices have grown at an accelerating pace since 2022, driven by strong demand for residential units. In 2024, apartment sales prices grew by 9.9 percent, while villa sales prices increased by 7.8 percent. Residential unit sale values and volumes also hit record highs, mainly driven by off-plan projects (74 percent of the total in 2024). The market in Abu Dhabi is predominantly investor-driven, with 81 percent of units being occupied by renters. Lease prices for apartments and villas rose by 11 percent and 5 percent respectively in 2024, and rental values and volumes have continued to display annual growth of 8 percent and 5 percent respectively in the same period. In 2024, UAE nationals accounted for 35 percent of total sales values (from 62 percent in 2019), while foreign residents made up 48 percent of sales (from 34 percent in 2019) and buyers residing outside the UAE accounted for 16 percent of sales (from 4 percent in 2019). Strong demand is expected to outpace supply in Abu Dhabi (annual rental growth is showing signs of acceleration in the first months of 2025, especially in the apartment



¹ See [DXBInteract](#): Future planned property supply is expected to increase by 83k units in 2026 and 99k units in 2027, compared to the 29k units delivered in 2024. However, the ratio of delivered units to total planned units could be well below 100 percent (for example, for 2025 it was equal to 62 percent on October 31st 2025).

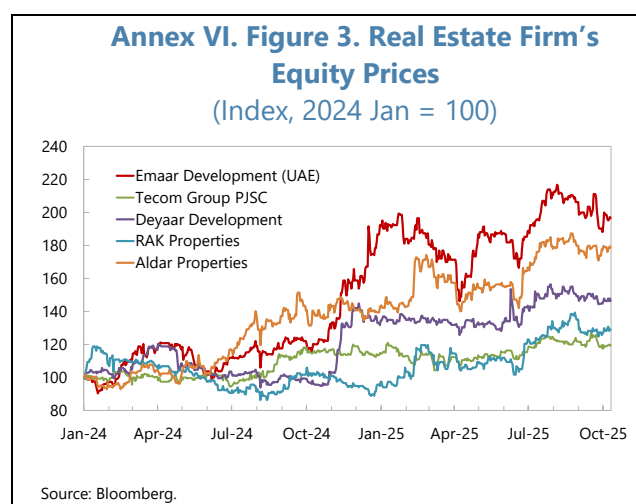
segment).² ADREC projects that future residential supply in Abu Dhabi will increase by an average annual growth rate of 4.5 percent until 2028 while historical demand growth between 2022 and 2024 has been 6 percent.

3. While real estate continues to play a significant role in the non-oil economy, bank exposure moderated. Real estate and construction activities in the UAE accounted for 19.5 percent of real non-oil GDP in 2024 (stable compared to the share in 2019). Banks' exposure to real estate is multi-faceted. In addition to mortgages, they include investments in real estate securities, direct investment in real estate and off-balance sheet exposures such as guarantees, letters of credit, acceptances, or commitments. Following the introduction of the CBUAE Standards for Bank Real Estate Exposures, banks' comprehensive exposures have gradually declined to 18.3 percent of total credit risk-weighted assets (CRWA) in 2025Q2. Direct residential real estate lending remains low at 4.6 percent of total gross loans in 2024, while commercial real estate loans reached 13.6 percent.

4. Real estate firms' equity prices continued to rise to historically high levels, despite some temporary reactions to recent global events. Stock prices for major real estate firms continued to increase and stand above their January 2024 levels. For example, Emaar Development, and Aldar Properties' equity prices increased by around 100 percent and 70 percent, respectively.

5. Estimates show that housing prices in the UAE are currently above the historical trend. The multivariate filter

analysis³ - which associates deviations of real estate prices from trend with key macro variables - indicates that real house prices are currently above trend, with the cyclical component mainly correlated with non-hydrocarbon GDP growth and liquidity proxied by M2 (Figure 4).⁴ The significant contribution of M2, which by construction cannot be explained by changes in non-oil GDP or oil prices, may be associated with the relationship between housing demand and the large increase in system liquidity which has been partly driven by capital inflows. The results of the multivariate filter analysis are robust to the use of both BIS data for UAE aggregate house prices, and DLD data for Dubai house prices.

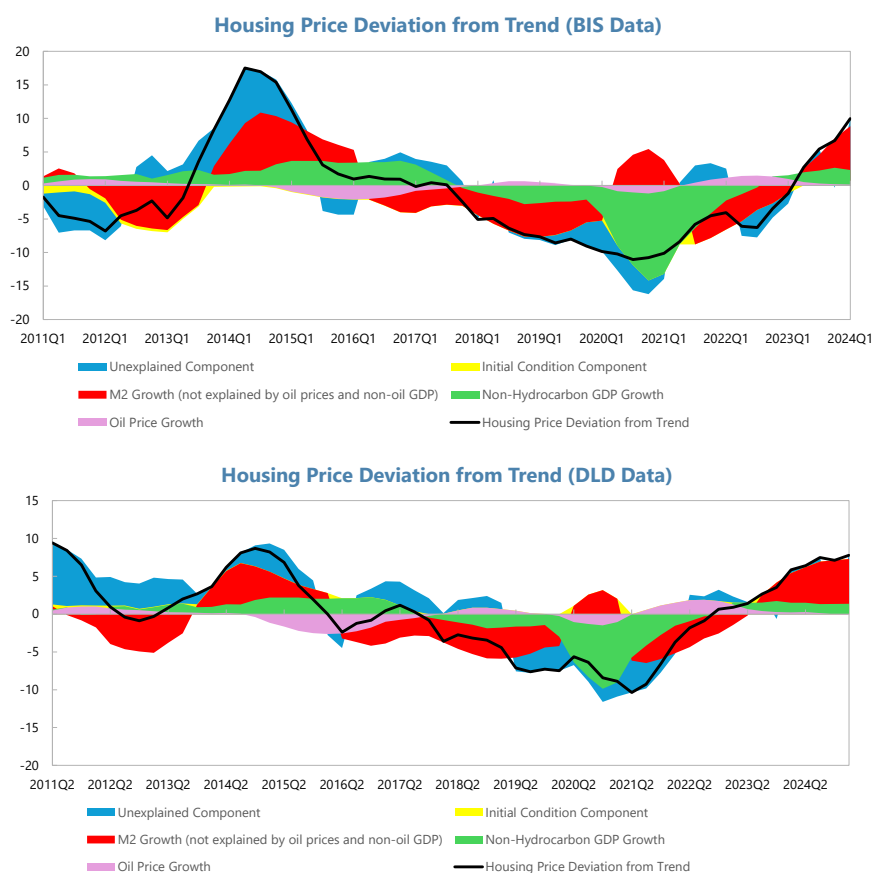


² Cavendish Maxwell, [Abu Dhabi Residential Market Performance Q1 2025](#)

³ Impavido, G. (2024) [MVFILTER: STATA module to compute multivariate time-series filter](#); Impavido, G. (2024) [Financial and Business Cycles: Shall We Dance?](#) International Monetary Fund.

⁴ All explanatory variables are in deviations from their respective historical averages (demeaned). M2 is orthogonalized with respect to non-hydrocarbon GDP growth and oil price growth.

Annex VI. Figure 4. Multivariate Filter Estimation of Real Housing Price Deviations from Trend (Percent)

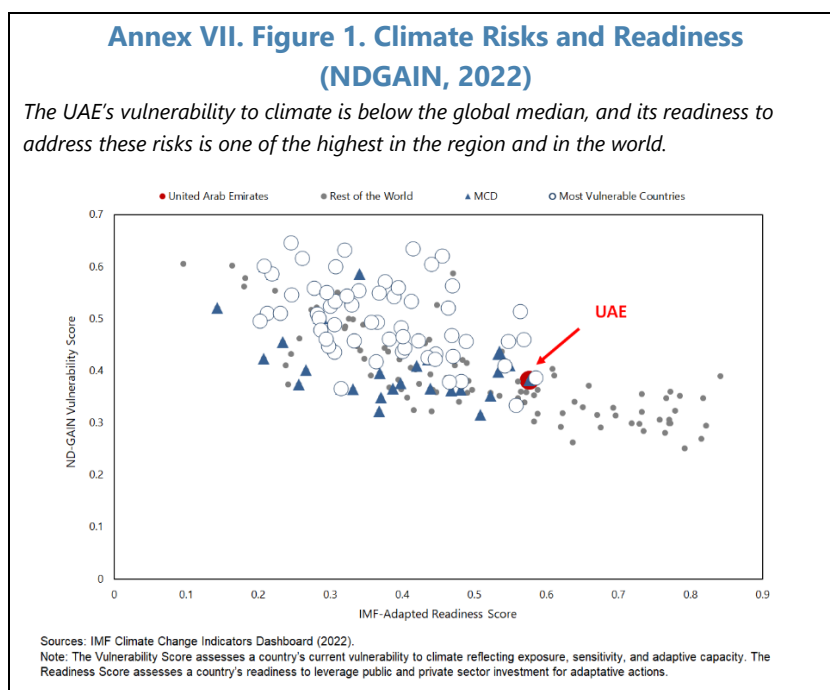


Source: BIS, DLD, Haver Analytics IMF Staff Calculations.

6. Housing prices in the UAE have shown limited sensitivity to external uncertainty and geopolitical shocks. Econometric analysis using local projection methods finds that UAE real housing prices are not significantly affected by Volatility Index (VIX), Trade Policy Uncertainty, Geopolitical Risk, or Oil Price Volatility, indicating resilience to global shocks. On the other hand, estimates show that an appreciation of the dollar by one percent is associated with a decline in real house prices of 0.5 percent after five months in the UAE, which could reflect a typical competitiveness impact due to the appreciation of the currency.

Annex VII. Climate Adaptation, Water Scarcity, and Food Security

1. Despite the high exposure to climate hazards due to its geography, the country's vulnerability is below global average, reflecting its strong adaptive capacity (Annex Figure 1). Targeted measures across climate risk management, water security, and food security, supported by investments and reforms, contributed to enhanced adaptive capacity and readiness. By embedding climate fiscal risks into fiscal policy frameworks, the UAE can achieve greater resilience to climate shocks.

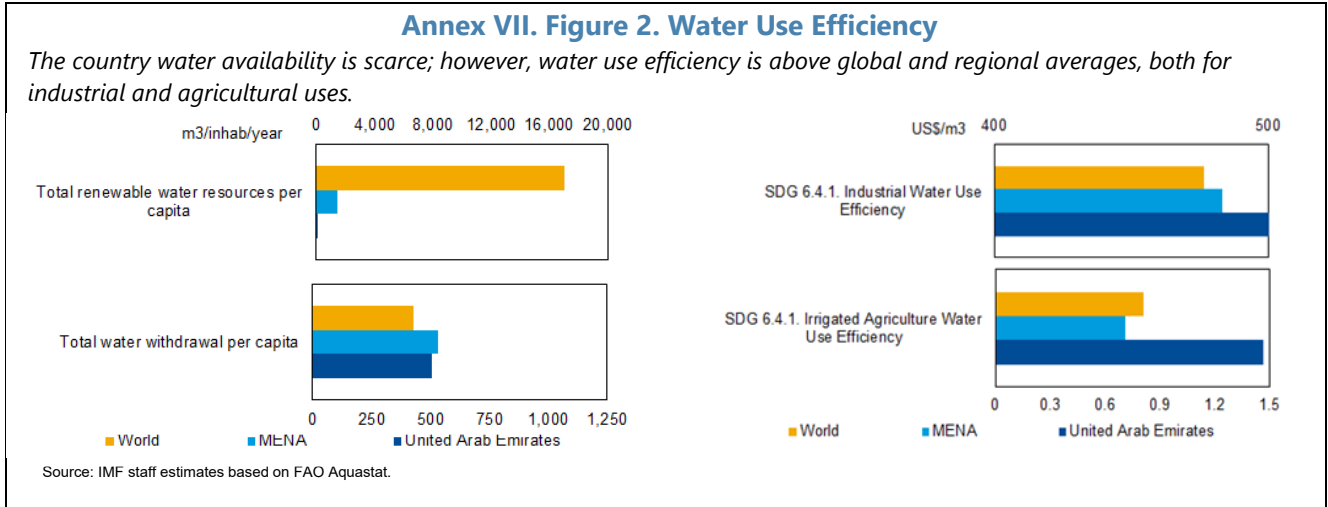


Exposure and Vulnerability to Climate Shocks

2. The country faces extreme heat, prolonged droughts, episodic flooding from intense rainfall, and gradual sea-level rise, all of which could present significant risks to the UAE and will further intensify with climate change. The authorities have adopted a comprehensive adaptation framework anchored in the National Climate Change Plan 2017–2050 and the National Climate Adaptation Action Plan, which integrate climate risk assessments into agriculture, energy, infrastructure, and urban planning. With FAD support, the MoF has started developing guidelines and tools for integrating fiscal risks from climate change into the fiscal risk management framework. Effective risk management will require enhanced collaboration among key agencies, alongside transparent disclosure of climate-related fiscal risks to strengthen accountability and decision-making.

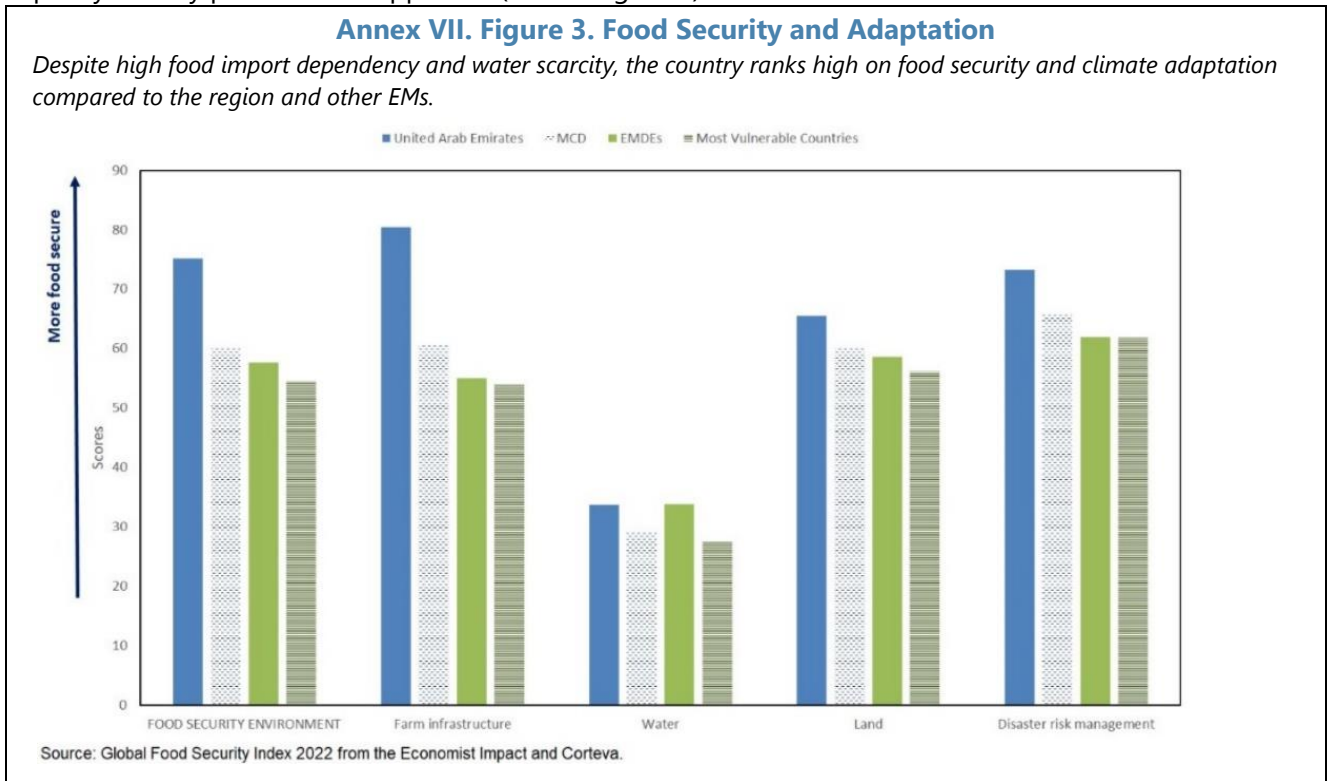
Water Scarcity and Water Security

3. The UAE is the seventh most water-stressed country globally, with very limited renewable freshwater resources and above the global average per capita water consumption (Annex Figure 2). The authorities have invested heavily in desalination, wastewater treatment, and reuse, achieving water-use efficiency above global and regional averages. The large-scale drainage project in Dubai, approved in 2024, is expected to significantly expand rainwater management by 2033, reducing flood risk and improving urban water resilience.



Food Security and Food Import Dependence

4. At least 80 percent of domestic food consumption in the UAE is imported, exposing the country to disruptions in exporting countries, geopolitical tensions, and logistical bottlenecks. The National Food Security Strategy 2051 aims to reduce these risks through agricultural technology (AgTech) adoption, controlled-environment farming, vertical agriculture, and hydroponics. Strategic food reserves, diversification of import sources, and expanded storage capacity are key pillars of this approach (Annex Figure 3).





UNITED ARAB EMIRATES

November 11, 2025

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION— INFORMATIONAL ANNEX

Prepared By

Middle East and Central Asia Department

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FUND RELATIONS

(As of October 31, 2025)

Membership Status: Joined on September 22, 1972; accepted Article VIII status in February 1974

General Resources Account	SDR Million	Percent Quota
Quota	2,311.20	100.00
Fund holdings of currency	1,721.45	74.48
Reserve tranche position	590.25	25.54

SDR Department	SDR Million	Percent Allocation
Net cumulative allocation	2,783.59	100.00
Holdings	2,395.50	86.06

Outstanding Purchases and Loans: None

Latest Financial Arrangements: None

Projected Payments to Fund

	2025	2026	Forthcoming		
			2027	2028	2029
Charges/interest	2.79	10.72	10.72	10.72	10.71
Total	2.79	10.72	10.72	10.72	10.71

Implementation of HIPC Initiative: Not Applicable

Implementation of Multilateral Debt Relief Initiative (MDRI): Not Applicable

Implementation of Catastrophe Containment and Relief (CCR): Not Applicable

Exchange Rate Arrangements

The de jure and de facto exchange rate regime in the UAE is a conventional peg to the U.S. dollar, with the mid-point between the official buying and selling rates fixed at AED 3.6725 = US\$1.

The UAE has accepted the obligations under Article VIII, Sections 2, 3, and 4 of the IMF's Articles of Agreement, and maintains an exchange system free of multiple currency practices and restrictions on the making of payments and transfer for current international transactions, except for those restrictions in place for national-security-related reasons which have been notified to the Fund, pursuant to Executive Board Decision No. 144 (52/51).

Article IV Consultation

The UAE is on the annual consultation cycle. The 2024 Article IV consultation discussions were held during April 30–May 16, 2024. The staff report was published on December 5, 2024, and is available at: <https://www.imf.org/-/media/Files/Publications/CR/2024/English/1areea2024001-print-pdf.ashx>

FSAP Participation, ROSCs, and OFC Assessments

FSAPs were conducted in 2003 and 2007.

Technical Assistance:

FAD	Fiscal Risk Analysis and Management	January 2019
MCM	Systemic Liquidity and Reserve Adequacy	May 2019
FAD	Strengthening Fiscal Risk Analysis and Management	July 2020
STA	National Accounts	September 2020
STA	National Accounts	April 2021
MCM	Liquidity Management and Forecasting	July 2021
MCM	Assessing the Stress Testing Framework of the CBUAE	August 2021
STA	Hedonics for Price Indices	January 2022
ICD	Macroeconomic Framework – Central Bank	September 2022
FAD	TADAT performance assessment	November 2023
MCM	Assessment of Interest Rate Transmission	December 2023
STA	GFS and Public Sector Debt Statistics	January 2024
STA	External Sector Statistics	February 2024
ICD	General Macroeconomic Analysis – Central Bank	April 2024
STA	Real Sector - Prices	May 2024
ICD	General Macroeconomic Analysis	September 2024
STA	External Sector Statistics	October 2024
FAD	Public Financial Management	December 2024
ICD	General Macroeconomic Analysis	April 2025
STA	GFS and Public Sector Debt Statistics	May 2025
FAD	Public Financial Management	July 2025

Resident Representative: None

WORLD BANK RELATIONS

(As of October 2025)

The activities of the World Bank Group in United Arab Emirates can be found at:

<https://www.worldbank.org/en/country/gcc/brief/united-arab-emirates-country-program>.

**Statement by Ali Alhosani, Alternate Executive Director for United Arab Emirates, and Ali
Abdul Raheem, Advisor to Executive Director
December 1, 2025**

Introduction

On behalf of the United Arab Emirates (UAE) authorities we would like to thank staff for a constructive Article IV mission and candid policy discussions. The authorities value the Fund assessment and recommendations and look forward to continuing the close engagement with the Fund.

Recent Economic Developments and Outlook

The UAE economy has demonstrated strong resilience amid recent global shocks and increased global uncertainty and is expected to maintain strong growth over the medium term. In 2024 the UAE economy grew by 4.0 percent, driven primarily by robust non-hydrocarbon activity, reflecting the success of the country's economic diversification strategy. The latest authorities' forecasts project growth to accelerate to 4.9 percent in 2025 and 5.3 percent in 2026, broadly in alignment with the staff forecasts. Growth is expected to be driven by the strong hydrocarbon GDP growth, reflecting the ramp up in oil production in line with the OPEC+ quota revisions, and continued strong momentum on non-hydrocarbon GDP growth. Growth in non-hydrocarbon GDP over the medium term will also be supported by ongoing economic diversification efforts, public investments and the strong inflow of foreign investments and talent, supported by further improvements in governance, social reforms, as well as the expansion in trade partnerships.

Inflation is expected to moderate in 2025 reflecting easing oil and non-energy commodity prices.

Average inflation for the UAE in 2024 was 1.7 percent, with falling transport prices- in turn due to lower fuel prices, offsetting the effects of higher housing related costs. The contribution of housing related costs to inflation continues to be also partly restrained by rules-based caps on rental price growth on lease renewals. Broadly in line with staff forecasts, inflation is expected to ease in 2025 to 1.5 percent, driven by lower oil prices, coupled with lower non-energy commodity prices.

Sustained external surpluses have provided ample buffers to respond to adverse shocks, while overall external position remains consistent with intergenerational equity objectives. The current account surplus increased to 14.5 percent of GDP in 2024 from 13.1 percent in 2023. The authorities welcome the staff's assessment of the UAE's external position in 2024 as broadly in line with the level implied by medium-term fundamentals and desirable policies. Over the medium-term, major government-backed diversification initiatives, energy sector capacity expansion and a supportive business environment are expected to support strong foreign investment inflows. The CBUAE's foreign reserves remain robust, covering 7.2 months of imports at the end of 2024, with further backstops provided by substantial sovereign wealth fund assets.

The UAE's financial sector continues to show strong resilience and growth. Banks maintain capital and liquidity well above regulatory requirements, with Tier 1 capital at 16.0 percent and liquidity ratios comfortably high. Credit quality improved as non-performing loans declined, supported by a robust economy and stronger regulations. The overall banking system's profitability indicators remains strong, with ROA reaching 2.2% and ROE reaching 14.7% by end 2024. Private sector credit and deposits posted solid growth, reinforcing funding stability and lowering loan-to-deposit ratios. Liquidity continues to rise on capital inflows, while stock and bond markets outperformed GCC and emerging market peers.

The buoyant real estate market performance is underpinned by strong economic and demographic fundamentals. The robust growth in real estate markets in recent years has been supported by structural factors including continued momentum on non-hydrocarbon GDP growth, strong population growth, reforms to long term residential visa rules and continued growth in foreign demand, supported by policy reforms to facilitate business and ongoing investments in economic infrastructure.

Fiscal Policy

Sustained fiscal surpluses since the pandemic have strengthened the UAE’s fiscal buffers, while the diversification of revenue over the medium term and conservative expenditure assumptions will help to further cushion against adverse shocks. General government overall fiscal surplus improved to 6.4 percent of GDP in 2024, as oil revenues grew by 16.7 percent. With revenues expected to overperform relative to budgeted amounts, the overall fiscal surplus for the general government is expected to be around 5 percent of GDP in 2025 and 2026. Over the medium term the diversification of revenue sources remains a key priority. The collection of corporate income tax of 9 percent and a new top up tax to 15 percent on the profits of large multinational companies are expected to strengthen non-hydrocarbon revenues and improve non-hydrocarbon primary deficits over the medium term. General government debt remains moderate at 35 percent of GDP in 2024 and is expected to maintain a declining path over the medium term.

The authorities concur with staff on the importance of continuation of the enhancement of fiscal policy coordination between the federal and emirate level to strengthen its role in countercyclical macroeconomic management. Authorities note that the coordination mechanisms between the federal and emirate governments have evolved over the years, and this process will continue, taking into consideration the federal structure of the UAE and the autonomy of each emirate to set and implement fiscal policy. The authorities recognize the staff recommendation on incorporating data on SWFs and GREs into the fiscal assessment to get an overall public sector perspective. They note however that these entities fall under the independent fiscal authority of the local emirates.

Monetary Policy

UAE dirham’s peg to the US dollar continues to provide a credible policy anchor and has contributed to stabilizing inflation. In line with the peg, the CBUAE continues to align its monetary policy stance with the US Federal Reserve’s, with 50 basis points cut in the Base Rate so far in 2025.

Enhancements to the Dirham Monetary Framework (DMF) have strengthened the liquidity management capacity of the CBUAE and helped narrow the DONIA-Base Rate spread. The CBUAE is focused on finalizing the remaining policies under the DMF and rolling out the required liquidity management facilities. To ensure parity between conventional and Shariah compliant financial institutions, in March 2025 the CBUAE introduced the Overnight Murabaha Facility - a Shariah compliant liquidity management tool. The CBUAE also expects the roll out of the final repo and reverse repo facilities in early 2026. The CBUAE has commenced the development of the Sustainable M-Bills program, to develop a Shariah-compliant and sustainable-equivalent to existing M-Bills. Solid economic growth and relatively stable domestic financial conditions continue to support net capital inflows, which CBUAE has managed to absorb through higher issuance of M-Bills and ICDs. Moreover, authorities highlight the continued decrease in the money multiplier, amid sustained growth in credit and M2, and the increase of the monetary base cover of FX reserves to the record level of more than 112 percent.

Financial Sector

Macroprudential policies are conservative and are regularly reviewed to ensure they effectively address structural and cyclical risks to financial stability. The *Standards for Bank Real Estate Exposures* have helped to limit the speculative activities in the real estate sector and contain financial stability risks. Banks' total exposure to the residential and commercial real estate sector (including mortgage, investment and development loans, off-balance sheet exposures, and investments in real estate securities) have been gradually declining in recent years, coming down to 18.3 percent of total credit risk-weighted assets by 2025Q2. To enhance system wide resilience, a Countercyclical Capital Buffers (CCyB) of 50 basis points will come into effect from January 2026.

Federal Decree-Law No. 6 of 2025, effective 16 September 2025, introduces a landmark overhaul of the UAE's financial regulatory framework. The law consolidates the supervision of banking, insurance, fintech, and virtual-asset activities under a single statute, expands the Central Bank's powers for early intervention and resolution, and embeds digital finance innovations such as open banking and CBDC. The law also strengthens enforcement through risk-based, proportionate measures and enhanced penalties, further aligning the UAE's approach with international best practices, whilst strengthening the Central Bank's independence and vital role in ensuring financial stability and inclusion.

UAE continues to align the financial market regulations with international standards, amid rapid advancements in digital finance and expansion in virtual assets. The authorities recognize the rapid progress in the digitalization of payment systems and financial services and highlight the ongoing efforts to ensure the UAE's financial ecosystem meets the highest international standards, including with the new Central Bank law and the groundbreaking Payment Token Services Regulation introduced in June 2024. The authorities also underscore the continued coordination on the regulation of virtual assets among the different regulatory jurisdictions through memorandums of understanding and formal agreements.

The Financial Stability Council has been established to strengthen coordination among the regulatory agencies and monitor systemic risks. In October 2023, the UAE cabinet established the *Financial Stability Council* to promote financial stability, identify systemic risks and strengthen cooperation among regulatory authorities and other relevant stakeholders. In 2025, the Council established an advisory technical committee and three working groups on digital innovation, non-bank financial intermediation and data development, to further enhance its operations.

The UAE continues to develop its legal and operational frameworks to strengthen AML/CFT standards. A new AML/CFT Law was enacted in October 2025, with refinements to further strengthen the UAE's existing AML/CFT regime, in alignment with the global standards set by the Financial Action Task Force (FATF). In September 2024, the second National Strategy for AML/CFT/CPF 2024–2027 was adopted, as a comprehensive framework guiding national efforts to develop an integrated and sustainable system to combat financial crime. The authorities highlight the removal of the UAE from the FATF enhanced monitoring list in February 2024 and the European Union's decision to remove the UAE from the list of high-risk third countries subject to increased monitoring in July 2025, as independent recognition of the UAE's continued efforts to counter money laundering and terrorist financing.

The authorities are carefully monitoring the buoyant real estate prices. They highlight that the spillovers of a potential price adjustment in the real estate market on the rest of the economy are mitigated by the large non-mortgaged component of real estate activities in recent years, the decline in banking sector exposure to the real estate market, and the strong regulatory oversight on the off-plan market. Furthermore, they emphasized that in the past, real estate price adjustments have been gradual. The authorities note that the real estate tokenization is being explored as an avenue for promoting greater

participation in real estate investments. It is currently in a pilot phase and is contained in a regulatory sandbox, with the authorities continuing to assess risks with a view to designing the required regulatory safeguards before full implementation is decided.

Macro-structural Policies

Guided by a comprehensive long-term vision and targeted sectoral strategies, the UAE is pursuing an ambitious agenda of economic diversification and structural reforms. Through the Comprehensive Economic Partnership Agreement (CEPA) program launched in 2021, the UAE is seeking to diversify trade, strengthen integration into global value chains and further expand its investor base. Since launching the CEPA program, UAE has reached agreements with 32 countries, of which 13 are currently in force, with additional under negotiation. The UAE is rapidly positioning itself as a global hub for Artificial Intelligence (AI), through large scale investments in digital infrastructure, strategic partnerships and national initiatives to strengthen AI readiness. In line with their National Adaptation Plan, the UAE is proactively integrating climate risks into sectoral planning and fiscal risk management frameworks while investing in climate adaptation and resource management to reduce vulnerability to climate change and strengthen resilience.

Statistics

The authorities remain committed to meeting the IMF’s enhanced general data dissemination standard (e-GDDS) and continue working towards subscribing to the special data dissemination standards (SDDS). As recognized in the Data Adequacy Assessment, the UAE has made progress in compiling external sector statistics and national accounts data, alongside continued improvement in government finance statistics, including with support from Fund technical assistance. The UAE authorities have launched a high-level initiative with the participation from federal and emirate level agencies, to improve data sharing, data consistency and timeliness of data.

Conclusion

The UAE values its engagement with the Fund. The UAE economy has shown strong resilience, amid heightened global uncertainty and external shocks, despite the country’s further integration into the global economy over the past years. The authorities remain committed to reinforcing macroeconomic institutions and continuing to pursue prudent macroeconomic policies. The UAE is actively advancing an ambitious economic diversification and structural reform agenda to broaden its economic base and strengthen the competitiveness of its economy.