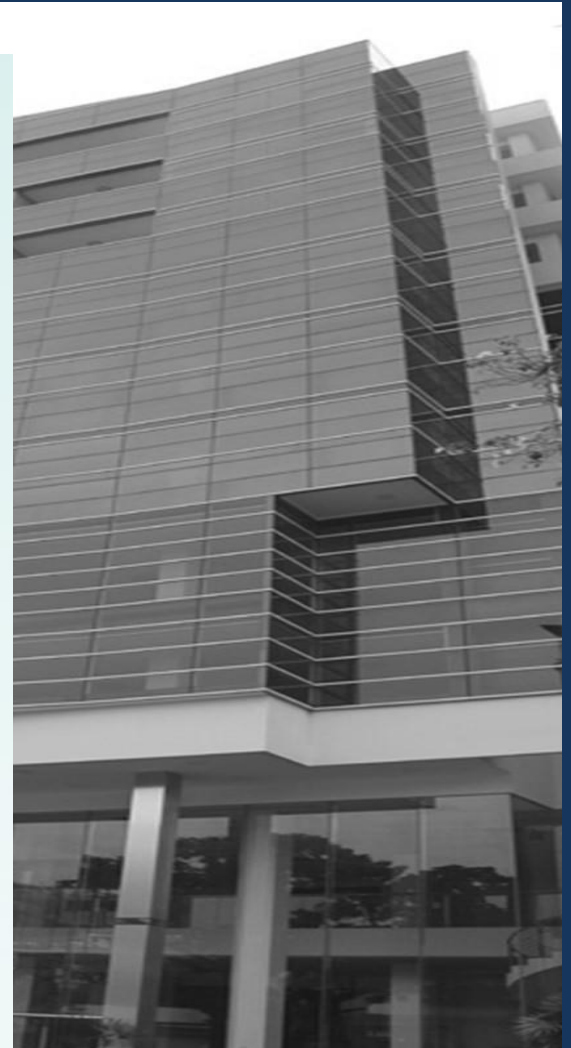




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UAE – GATEWAY TO THE GULF REGION

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UAE – Gateway to the Gulf Region

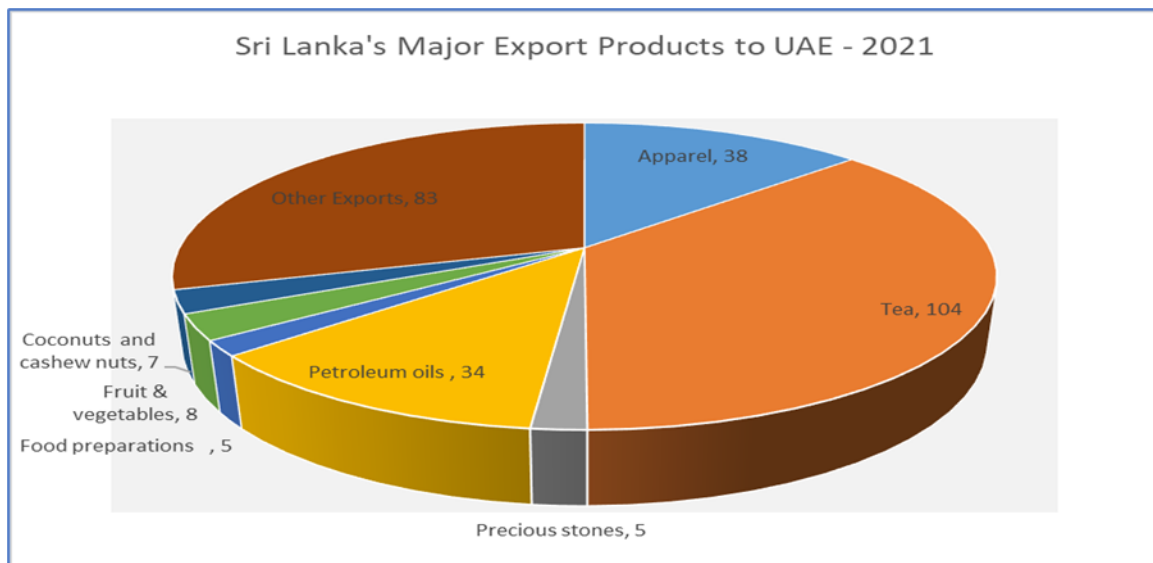
The United Arab Emirates (UAE) has one of the most open economies in the world. It is often considered as the gateway to the Middle East region specifically in trade and investment perspectives. As a country with a robust economy supported by a strategic location, strong financial reserves, large sovereign wealth fund, consistent government spending, progressive policy of economic diversification, free zones and increased foreign direct investment, the UAE continues to be a strategic hub in the Middle East and Northern African (MENA) region.

“The UAE is placed among the top countries in the world with regard to Foreign Direct Investment (FDI) inflows and outflows. In the year 2020, it ranked 15th globally in terms of FDI inflows and 13th globally in terms of FDI outflows.”

The UAE has the fifth largest economy in the Middle East with a GDP of US\$421 billion recorded in 2020. The economy is heavily dependent on revenues from petroleum and natural gas while tourism is one of the major non-oil sources of revenues in the UAE. In 2020, the UAE imported goods estimated to be worth of 226.37 billion U.S. dollars and exported goods worth of US \$306.41 billion.

UAE –Sri Lanka Bilateral Trade

The UAE is Sri Lanka’s major trading partner in the GCC region. The total trade volume has recorded at US \$ 1.6 Bn in the year 2021 with the trade balance heavily in favour of the UAE. Tea, apparel, precious stones, natural rubber, desiccated coconut, copra, cashew nuts, essential oil, fruits and vegetables, processed food, sea food, rubber products are the major export commodities from Sri Lanka to the UAE while petroleum products dominate Sri Lanka’s imports from the UAE. Considering the factors that the ethnic market is dominated by the large Asian population, high buying power of the consumers, industrialization and the focus on high tech industry, Sri Lankan exporters have the potential of increasing their exports products to the UAE market especially in fruits and vegetables, spices, processed food, gem and jewelry, IT products and watercraft sectors.



Tariffs

As a member of the Gulf Cooperation Council (GCC), the UAE has adopted GCC common external tariff system. In general, the customs duties are fixed at 5% of the CIF value for most products. However, carbonated, and sweetened beverages products have a 50% duty, and energy drinks, e-smoking devices and tobacco products are taxed at 100% customs duty. According to the WTO, the UAE's simple average applied tariff is 6.6 percent for agricultural goods and 4.7 percent for non-agricultural goods.

"The Emiratis favorite destinations generally are neighboring Gulf countries. Europe and Asia also share a significant portion of the UAE outbound tourism. With a large number of weekly flights connecting the two countries, with a strategic promotion, there is a high potential to increase UAE tourist arrivals to Sri Lanka."

Foreign Direct Investments

The UAE is placed among the top countries in the world with regard to Foreign Direct Investment (FDI) inflows and outflows. In the year 2020, it ranked 15th globally in terms of FDI inflows and 13th globally in terms of FDI outflows. As per the UNCTADs statistics, the outbound FDI from the United Arab Emirates has increased over the past few years. In 2020, the foreign direct investment outflows from the United Arab Emirates amounted to around 18.9 billion U.S. dollars.

Over the years, UAE has been one of the largest investors in Sri Lanka among Gulf Cooperation Council (GCC) economies, with a number of investment projects in the country. Discussions for the finalization of an Investment Promotion and Protection Agreement between Sri Lanka and the UAE currently being held further facilitating bilateral FDI flows.

Tourism

The UAE has emerged as an important source of outbound tourism market over the years. Especially, pre-covid time where less travel restrictions were in place, the outbound tourism market has observed a significant increase. Many factors including a rise in disposable income, passion to explore the world and increasingly efficient flight connectivity to different parts of the world from the UAE have contributed to this growth.

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EXPO 2020 – Dubai

Expo 2020, which was planned to be held in 2020 and postponed due to the Covid 19 pandemic, is now being held in Dubai with the participation of 192 countries. The EXPO 2020 in Dubai started on 1 October 2021 and scheduled to end on 31 March 2022. The EXPO 2020 site, which is located midway between Dubai and Abu Dhabi, spreads across 438-hectare area (1,083 acres). Expo 2020 in Dubai is the first global event of this kind to be held under the special circumstances of prevailing pandemic situation. The mega event has proved to be a huge success since opening to the public on October 1, attracting more than eight million visitors in the first three months of the exposition.

Sri Lanka pavilion at EXPO 2020 is located in the 'Opportunity' District of the EXPO site. The pavilion has been designed to mainly showcase the unique diversity of Sri Lanka in a touristic perspective. At the same time visitors to the pavilion will get an opportunity to experience Sri Lanka's cultural heritage, natural beauty, products that the country offers to the world including gem & jewellery, Ceylon Tea, arts & crafts as well as trade and investment opportunities. A number of live demonstrations on traditional wood carvings, arts, batik, sculptures and brass & pottery ware making is also conducted in the pavilion throughout the duration of the exposition.

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Acknowledgment of Content Contribution:
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