

**EXECUTIVE
BOARD
MEETING**

SM/21/189

Supplement 1

November 9, 2021

To: Members of the Executive Board

From: The Secretary

Subject: **United Arab Emirates—Staff Report for the 2021 Article IV Consultation—
Informational Annex**

Board Action:	Executive Directors' consideration (Formal)
Tentative Board Date:	Monday, November 22, 2021
Publication:	Not yet decided*
Questions:	Mr. Al-Eyd, MCD (ext. 37884)
Document Transmittal in the Absence of an Objection and in accordance with Board policy:	After Board Consideration—Arab Monetary Fund, Asian Infrastructure Investment Bank, Food and Agriculture Organization, United Nations Development Programme, World Trade Organization

***The Secretary's Department has been notified by the authorities that their explicit consent is required prior to the publication of Board documents. At the time of circulation of this paper to the Board, the Secretary's Department has not received a communication from the authorities indicating that they consent to the Fund's publication of this paper; such communication may be received after the authorities have had an opportunity to read the paper.**



UNITED ARAB EMIRATES

STAFF REPORT FOR THE 2021 ARTICLE IV CONSULTATION— INFORMATIONAL ANNEX

November 5, 2021

Prepared By

Middle East and Central Asia Department

CONTENTS

FUND RELATIONS	2
WORLD BANK RELATIONS	5
STATISTICAL ISSUES	6

FUND RELATIONS

(As of September 30, 2021)

Financial Position in the Fund for United Arab Emirates as of September 30, 2021 (imf.org)

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	1,746.06	75.55
Reserve tranche position	565.66	24.47

SDR Department	SDR Million	Percent Allocation
Net cumulative allocation	2,783.59	100.00
Holdings	2,368.34	85.08

Outstanding Purchases and Loans: None

Latest Financial Arrangements: None

Projected Payments to Fund

	2021	2022	Forthcoming		
			2023	2024	2025
Charges/interest	0.05	0.25	0.25	0.25	0.25
Total	0.05	0.25	0.25	0.25	0.25

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 Arrangement

The UAE dirham was officially pegged to the SDR at the rate of AED 4.76190 = SDR1 from November 1980 to February 2002—albeit de facto it was pegged to the dollar at a fixed parity. Since then, the de jure and de facto exchange rate regime has been 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 obligation under Article VIII, Sections 2, 3, and 4, and maintains an exchange system that is free of restrictions on the making of payments and transfer for current international transactions and multiple currency practices, except for those restrictions for security

reasons that have been notified to the Fund, by the authorities, in accordance with Executive Board Decision No. 144 (52/51).

Article IV Consultation

The UAE is on the annual consultation cycle. The 2019 Article IV consultation discussions were held during October 23 - November 5, 2019. A press release was published on November 6, 2019. The last Article IV Executive Board Consultation was on January 13, 2020.

FSAP Participation, ROSCs, and OFC Assessments

FSAPs were conducted in 2003 and 2007.

Technical Assistance:

STA	Government Finance Statistics	January 2015
FAD	Fiscal Coordination	January 2015
STA	Monetary and Financial Statistics	November 2015
STA	Balance of Payments Statistics	November 2015
STA	National Account Statistics	April 2016
MCM	Bank Liquidity Risk Management and Liquidity Forecasting	March 2017
STA	Business Conditions Survey	March 2017
STA	Monetary and Financial Statistics	April 2017
STA	National Accounts Statistics	October 2017
MCM	Development of Local Currency Domestic Bond Market	November 2017
FAD	Fiscal Risks and Gender Budgeting	February 2018
MCM	Developing Monetary Policy Operations and the Local Currency Government Bond Market	July 2018
STA	Producer Price Index	October 2018
STA	National Accounts	November 2018
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

Resident Representative: None

WORLD BANK RELATIONS

(As of October 13, 2021)

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>

STATISTICAL ISSUES

(As of October 13, 2021)

I. Assessment of Data Adequacy for Surveillance

General: Data provision has some gaps but remains broadly adequate for surveillance. There are substantial shortcomings on the dissemination of fiscal statistics and accounts of government-related entities (GREs) and data on the External Debt and International Investment Position (IIP) are not provided. In particular, there is limited data on government sovereign assets and GREs' debt and contingent liabilities to the government. The UAE statistical agencies gradually improve the availability and quality of their statistics, but more progress is needed to improve coverage, timeliness, and availability of economic statistics.

National Accounts: The methodology broadly conforms to the 2008 SNA. Annual GDP is compiled in current and constant 2010 prices with a lag of around five months, while the authorities began releasing current and constant price (2010) quarterly GDP estimates in May 2019 (by production only). In 2021, the authorities released 2010-2020 annual National Accounts Estimates, including by type of expenditure.

National accounts compilation is undertaken by the Federal Competitiveness and Statistics Centre (FCSC) and the independent regional (Emirati) statistical agencies of Abu Dhabi and Dubai that report directly to the Emirates governments. This creates problems of priorities and hinders the sharing of data by the regions to the FCSC. Although the FCSC is responsible for compiling the national estimates of GDP, it only compiles estimates for the Northern Emirates (that is, the UAE excluding Abu Dhabi and Dubai) then adds the gross value added (GVA) compiled by the other two agencies to arrive at national GDP. This is not advisable and should be discontinued, as the compilation process is not consistent across the three agencies since they use different data sources and compilation techniques to estimate GVA for the same activities. There is a need for improvement of coordination and data sources.

Price statistics: In November 2018, a new quarterly national manufacturing sector Producer Price Index (PPI) was published, in line with a roadmap to subscribe to the SDDS. The quarterly index aggregates Emirate-level PPIs produced by the regional statistical agencies in Abu Dhabi and Dubai, with a common base year of 2014. CPI data are published with a delay of around one month. Consumer price indexes need further harmonization at the federal level. The work on revising the CPI basket weights is in its final stages.

Government finance statistics (GFS): In April 2017, for the first time since 2012, the UAE authorities have recommenced reporting high frequency data for budgetary central government. The UAE has submitted annual general government fiscal accounts for the *GFS Yearbook* since 2012, after the implementation of *GFSM 2001* in 2009 by the federal and several emirate governments. In July 2018, the UAE has launched a National Summary Data Page (NSDP), which includes dissemination of central and general government data. Currently, the authorities are working on compiling balance sheets data for the general government based on the GFSM 2014 framework, and are expected to disseminate an opening financial balance sheet in due course.

Monetary statistics: The central bank of the UAE (CBUAE) disseminates SRF-based monetary data covering the central bank and the other depository corporations since September 2016, with monthly frequency and timeliness of less than one month. Following the implementation of the April 2017 STA mission recommendations, the CBUAE started reporting quarterly data on other financial corporations (OFCs) covering insurance and other OFCs supervised by the CBUAE starting in December 2018.

Financial sector surveillance: The CBUAE reports quarterly FSIs to the Fund, which are disseminated on the IMF’s FSI website (fsi.imf.org). The reported FSIs at this stage only include the 12 core FSIs for deposit takers. STA has recommended the CBUAE to also compile and report encouraged FSIs for deposit takers and other sectors.

Financial Access Survey: The UAE reports data on several series and indicators of the Financial Access Survey (FAS) including the two indicators (commercial bank branches per 100,000 adults and ATMs per 100,000 adults) adopted by the UN to monitor Target 8.10 of the Sustainable Development Goals (SDGs).

External Sector Statistics: The information needed to compile the balance of payments (BOP) has shortcomings, especially for the financial account, and these gaps currently prevent the CBUAE from submitting BOP data to the IMF’s Statistics Department. The CBUAE has started receiving cross-border transactions data from the SWIFT Scope system, and this should aid compilation of the BOP. Improved BOP statistics will, in turn, help the authorities in their project to compile the IIP, which will close an important statistical gap. The FCSC has made a significant progress in outward FDI data compilation using firms’ survey, which still needs to be disseminated. Many components of the IIP data are currently missing or incomplete, as data on private foreign assets and liabilities and on government foreign assets lack appropriate surveys or are not published. The development of a comprehensive BOP and IIP is feasible, if the CBUAE, the FCSC, and the Ministry of Economy strengthen their capacity, enhance coordination, and receive appropriate support at the highest level. The authorities have requested a TA mission to advance progress on BoP and IIP compilation.

II. Data Standards and Quality

<p>The UAE became a participant in the GDDS in July 2008. In July 2018, the UAE launched a National Summary Data Page (NSDP), becoming the first Gulf Cooperation Council (GCC) country to implement the recommendations of the enhanced General Data Dissemination System (e-GDDS). The UAE continues to work toward subscribing to the Special Data Dissemination Standards (SDDS).</p>	<p>No Data ROSC is available.</p>
---	-----------------------------------

UAE: Table of Common Indicators Required for Surveillance
(As of October 13, 2021)

	Date of latest observation	Date received	Frequency of Data ¹	Frequency of Reporting ¹	Frequency of publication ¹
Exchange Rates	Real time	Real time	D	D	D
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ²	08/2021	10/2021	M	M	M
Reserve/Base Money	08/2021	10/2021	M	M	M
Broad Money	08/2021	10/2021	M	M	M
Central Bank Balance Sheet	08/2021	10/2021	M	M	M
Consolidated Balance Sheet of the Banking System	08/2021	10/2021	M	M	M
Interest Rates ³	Real time	Real time	D	D	D
Consumer Price Index	08/2021	10/2021	M	M	M
Revenue, Expenditure, Balance and Composition of Financing ⁴ - Central and General Government	06/2021	10/2021	Q	Q	Q
Stocks of Central Government and Central Government-Guaranteed Debt ⁵	12/2016	04/2018	A	A	NA
External Current Account Balance	2020	04/2021	A	A	A
Exports and Imports of Goods and Services	2020	04/2021	A	A	A
GDP/GNP	2020	05/2021	A	A	A
Gross External Debt	NA	NA	NA
International Investment Position ⁶	NA	NA	NA

¹ Daily (D), Weekly (W), Monthly (M), Quarterly (Q), Annually (A), Irregular (I): Not Available (NA).

² Any reserve assets that are pledge of otherwise encumbered should be specified separately. Also, data should comprise short-term liabilities linked to a foreign currency but settled by means as well as the national values of derivatives to pay and to receive foreign currency, including those linked to a foreign currency but settled by other means.

³ Both market-based and officially determined, including discount rates, money market rates, and rates on treasury bills, notes and bonds.

⁴ Foreign, domestic bank, and domestic nonbank financing.

⁵ Including currency and maturity composition.

⁶ Includes external gross financial asset and liability positions vis-à-vis nonresidents.