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January 23, 2023

**Statement by Mr. Guerra on United Arab Emirates  
(Preliminary)  
Executive Board Meeting  
January 25, 2023**

We want to thank staff for the comprehensive reports and Mr. Mohieldin, Mr. Alhosani, and Ms. Al-Riffai for the helpful Buff statement. The authorities' decisive economic policy actions, supported by high oil prices and an effective response to the pandemic, have been reflected in strong near-term economic perspectives. In the medium-term, it will be instrumental that the authorities continue advancing their fiscal structural reform agenda, the digital economy strategy and the energy transition in order to secure a more balanced and sustainable growth. We broadly concur with staff's assessment, and we would like to make the following specific comments for emphasis.

- **We commend the authorities for their effort to build a more resilient fiscal stance** by diversifying public revenues, including through the phased introduction of a CIT, and improving public expenditure administration and civil service reforms. These measures will improve fiscal performance and allow for buffers to finance the reform agenda and social safety nets. As stated in the Buff, the authorities are making substantive progress in increasing fiscal coordination at the federal and emirate levels, improving fiscal transparency and strengthening governance and accountability.
- **We also commend the authorities for their ambitious long-term energy and decarbonization agenda. We particularly** welcome the authorities' implementation of specific policy frameworks that support the energy transition in an encompassing manner, including main policy levers and sectoral policies in order to prioritize investments that reduce emissions and energy intensity.
- **We support staff's appraisal that digital innovation in the banking and payment system can improve services, but the strategy should carefully balance risks and opportunities.** In this regard, we welcome that the authorities will seek to follow international standards and take a phased approach in the digital transformation efforts of the national financial and payment system. The digital agenda will also be instrumental in supporting fiscal reform efforts and the

implementation of a more effective safety net system. Finally, we thank staff for the detailed analysis of the digital economy agenda presented in the Selected Issues.