MEcon monthly updates
Saudi Arabia, UAE and Qatar

April 2025

MAKING AN IMPACT THAT MATTERS *since 1845*

Meet the country economists

Saudi Arabia

Ruth Steen
rsteen@deloitte.com

Vasundhra Pahuja
vapahuja@deloitte.com

Imogen Turner
imturner@deloitte.com

Nour Rmeih
nrmeih@deloitte.com

UAE

Dr. Samuel Smithers
sasmithers@deloitte.com

Kristine Nostdahl
knostdahl@deloitte.com

Yara Al Tawil
yaltawil@deloitte.com

Victor Sukeerth Munagala
vmunagala@deloitte.com

Qatar

George Michalas
gmichalas@deloitte.com

Alara Buke
abuke@deloitte.com

Romit Mookerjee
rmookerjee@deloitte.com

Deloitte's Economic Advisory team in the Middle East brings **unique regional and local experience**, combined with the **best of global expertise**. They support clients in areas of economic appraisal and evaluations, economic regulation and macroeconomic and policy analysis using a wide range of analytical tools and methodologies to provide the highest quality economic analysis and insights to our diverse public and private sector clients. Our expertise enables us to **deliver bespoke, in-depth, and high-quality analysis across all sectors and industries**, supporting our clients in delivering the **highest quality** results and **meeting their goals and strategic priorities**.

Tariffs | Events

The newly elected US Administration has introduced a series of tariffs on trading partners to address trade imbalances and support domestic industries, sparking ongoing trade negotiations and retaliation measures, notably from China, making the impact highly uncertain

2nd April 2025 | 'Liberation day'

President Trump announced the **introduction of 'reciprocal' tariffs** on the US's largest trading partners.

These were split into **two parts**:

- **10% universal tariff** imposed on all imported foreign goods (with some exclusions) and;
- **'Reciprocal tariffs'** that were an additional tax imposed on countries charging higher tariffs on US goods or imposing non-tariff barriers.

The immediate aftermath

- **Stock markets collapsed** around the world, with the Japanese and American stock markets seeing the deepest dives
- Global economic **growth projections were slashed**
- **Sovereign bond yields spiked**, as investors retreated from treasury markets
- The value of the **US dollar plunged**

4th April 2025 | China's response

China announced that it would **match Trump's 35% tariff** and im**pose the same rate** of tariffs **on imports of US products** beginning 10th April .

However, China is not the **only country** to **announce new tariffs or intentions to introduce them** in response to Trump's announcement. **Canada and the European Union** are among several other countries **planning their response.**

9th April 2025 | Tariff pause

The Administration announced a **90-day suspension of reciprocal tariff plans beyond the base 10% tariffs** applicable to all countries, as more than 75 countries-initiated trade deal negotiations.

An **exception was made to the tariff on Chinese goods**, on which not only was the levy going ahead, but it was increased to 145%. China responded with a further increase in the rates it had announced on American good

More recently, the **US has hinted to softening its stance on tariffs on China**[3].

Responses by selected major US trading partners[1,2]

Retaliation, potential negotiation

China : 125% tariffs on all imports | USD 143 Bn* worth of goods impacted (all US imports)

Canda: 25% tariffs on ~608 autos, steel/aluminum, liquor, electronics, tools | Auto specific measures

EU: 25% tariffs on agricultural products, clothing & metals | USD 23 Bn worth of goods impacted, implemented in phase beginning April 15.

PAUSED

Negotiation focus, retaliation on table

UK : "Nothing off table", preference to secure a deal

Japan: Bilateral-first posture; balancing trade pressure with geopolitical alignment

Dialogue-first approach, avoid escalation

India : "Examining implications" - wants to push forward with trade deal

Mexico: Confirmed no "tit-for-tat' retaliation on the US

Sources: 1 Trump Tracker: US tariffs – Financial Times; 2 Trump Tariff Tracker - Atlantic Council ; 3 Trump hints at softening China tariffs | Note: * This is based on the 84% tariff initially announced.

Tariffs | Historical comparison

The new US administration shares a common thread with President Nixon's policies of prioritizing domestic objectives over international stability, while aiming to rewrite trade and fiscal rules. Lessons from the 'Nixon Shock' highlight that markets will adjust and continue to operate despite uncertainty

Aspect	President Nixon (1971)	President Trump (2025)
Objective	Curbing inflation and unemployment	Leveraging tariffs to boost revenue while cutting taxes
Duration	4 months	Ongoing
Scope	Targeted at specific countries (Japan, Germany)	Global (180+ countries)
Outcome	Partly responsible for collapse of the Bretton Woods system; the adoption of a floating exchange rate system	Uncertain; potential global recession

Drawing insights from the 'Nixon shock'

- The **economic policies of President Trump bear striking parallels to that of President Nixon** as both leaders implemented **protectionist measures** to address trade imbalances and support domestic industries.
- In 1971, President Nixon introduced a **10% import surcharge along with temporary price controls** as part of his 'Nixon Shock' economic package, driven by **concerns over trade deficits and economic stagnation**.
- President Nixon's four-month tax may have helped **facilitate dollar revaluation**. It resulted in a period of global economic instability, loss of business confidence, and it is considered to have added to the stagflation of the 1970s.
- The **Nixon shock introduced volatility** and led to significant changes in the **international finance framework.** However, **markets adjusted and continued functioning** despite uncertainty.
- **Trump's tariffs have led to significant market volatility,** as demonstrated in the US bond market.

Sources: 1 New Nixon Shock? How Trump's Tariffs Are Reshaping The Global Economy ; 2 The 'Nixon shock' might help us make sense of the Trump one ; 3 Comparing Presidents Trump and Nixon's Approach to Tariffs | Manufacturing Digital

Tariffs | Global impacts

In the short term, tariffs have heightened the risk of a US recession, and are raising concerns about the global growth outlook – the most immediate impacts will emanate from worsening business and consumer sentiment, and a dent to US's trading partnerships

Primary impact channel

Tariffs will have **direct impacts** through their effect on **global supply and demand...**

	US impact	Rest of World (RoW) impact
US tariffs	**1 Supply shock** ↑ Import tariffs ↑ Price level ↓ Consumption ↓ Economic growth	**2 Demand shock** ↓ Goods imported to US ↓ RoW goods exported ↓ Economic Growth ↓ RoW prices as demand falls
Retaliatory tariffs	**3 Demand shock** ↑ Tariff on US exports ↑ Relative price level ↓ US goods exported ↓ Economic growth	**4 Supply shock** ↑ Tariff on US exports ↑ RoW price level ↓ Consumption ↓ Growth

Secondary impact channel

There are several **linkages to secondary channels**, although their **impacts are highly uncertain...**

Decreasing confidence will weigh on consumption and investment

Falling disposable income will weigh on consumer spending, with the average US household estimated to lose $4,700 should the US effective tariff rate increase to 27%[4]

Tighter monetary policy risk heightened as prices increase

Competitiveness falls as firms who cannot weather higher input costs exit

Uncertainty around future shocks pose indirect threats to growth

Long term impacts

While **long-term impacts are uncertain**, tariffs have heightened **fear of recession** amid sluggish global growth...

Goldman Sachs **increased the probability of a US recession to 45% from 35%** in April, the second increase in a week amid growing fears of an escalating trade war.[2]

The IMF **slashed its April growth forecasts to 2.8% for 2025 and 3.0% for 2026**, down from 3.3% in both years following escalating trade tensions and policy uncertainty.[5]

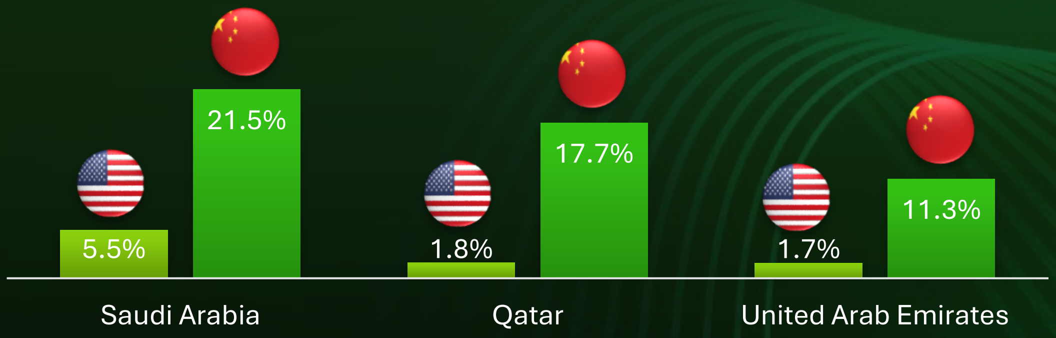
Sources: 1 Understanding the Global Macroeconomic Impacts of Trump's Tariffs ; 2 Goldman Sachs raises odds of US recession to 45%, second hike in a week | Reuters ; 3 Statement by IMF Managing Director Kristalina Georgieva ; 4 Yale Budget Lab ; 5 IMF WEO April 2025 Report: A Critical Juncture amid Policy Shifts

Tariffs | Saudi Arabia, UAE and Qatar impacts – Exposure to US tariffs

While the GCC has relatively limited direct exposure to the US tariffs - it's the indirect effects of US tariffs on China and paused tariffs on other Asian manufacturing countries that may adversely impact the GCC

Exposure to tariffs

Share of exports to US vs. China[1]



Exposure to US reciprocal tariffs[3]

	US reciprocal tariff (%)	Goods Exports to US (% of Total)	Goods Exempted (% of Total Exports)	Indirect Exposure
Saudi Arabia	10.0	5.5	86	HIGH
Qatar	10.0	1.8	88	HIGH
United Arab Emirates	10.0	1.7	55	HIGH

The **US tariffs** are expected to **have minimal direct impact on GCC economies** since their exports to the US are mainly hydrocarbons, which are currently exempt from tariffs. Their US export share is also lower, and **they are not among those with significant US trade deficits**, like Canada and China.

However, the **indirect impact may be more significant** as tariffs on steel, aluminum, cars, and all Chinese goods could **slow trade flows, raise commodity prices, and disrupt supply chains**.

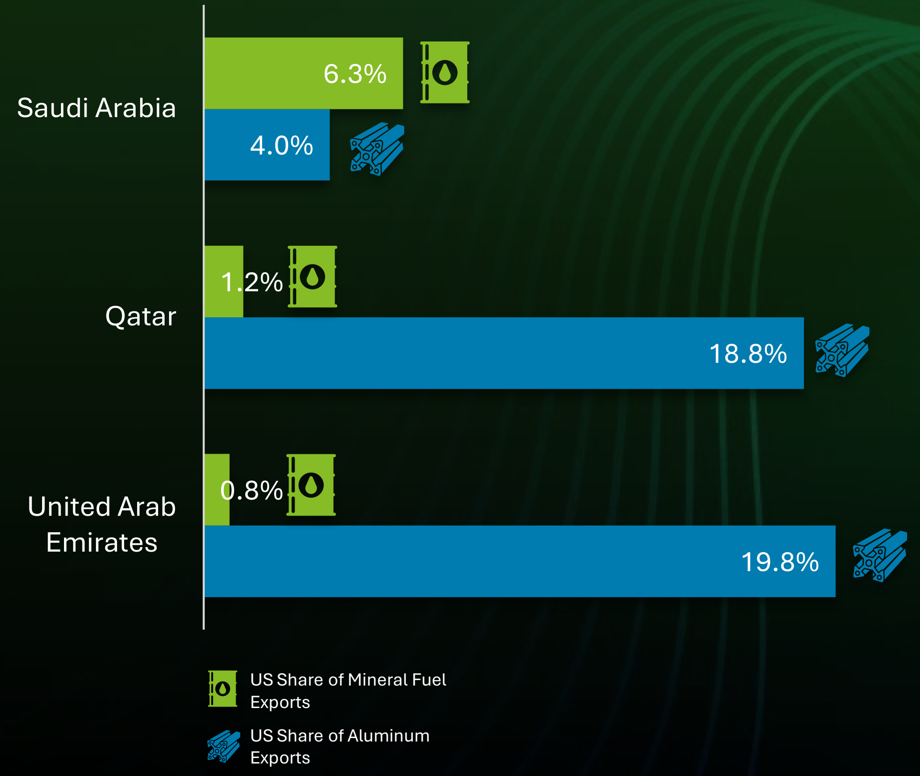
A slowing **Chinese economy may add further pressure to the trade balance** of the countries by **reducing demand for GCC exports, notably hydrocarbon**. Indeed, the IMF has cut China's growth forecast to 4.0%, 0.6 pp lower than January's forecast, in its April World Economic Outlook (WEO) report.

Sources: 1 Observatory of Economic Complexity ; 2 Higher costs, competitive exports: UAE, GCC markets to be relatively 'unscathed' by Trump's tariffs ; 3 Impact of new US tariffs | EIU ; 4

Tariffs | Saudi Arabia, UAE and Qatar impacts – Vulnerable exports

While the GCC has relatively limited direct exposure to the US tariffs - it's the indirect effects of US tariffs on China and paused tariffs on other Asian manufacturing countries that may adversely impact the GCC

Mineral fuels and aluminum exports may be more vulnerable to tariffs



The most **direct impact is thought to be on the aluminum and mineral fuel industries**, significant exports of the region. GCC nations are **major suppliers** of aluminum to the **US**, with the UAE being the second largest supplier after Canada.

However, these countries have a **competitive edge due to low energy costs**. **Aluminum not purchased** by the US can be **redirected to local construction projects** and domestic electric vehicle manufacturers, **supporting economic diversification.**

Strong global aluminum demand is also likely to offset weaker US demand, facilitating the **redirection of exports to other markets**. The US may negotiate a deal with the countries due to strategic and political considerations.

Sources: 1 Observatory of Economic Complexity ; 2 Higher costs, competitive exports: UAE, GCC markets to be relatively 'unscathed' by Trump's tariffs

Tariffs | Saudi Arabia, UAE and Qatar impacts – Economic indicators (1/2)

Beyond direct trade impacts, US tariffs could affect the three economies through higher inflation, reduced spending, and increased fiscal and trade deficits. However, these countries are well positioned to mitigate potential headwinds and economic uncertainty, supported by vision strategy initiatives to withstand shocks and build resilience

Non-exhaustive list

Exchange rates

Dollar movements, given the AED, SAR and QAR pegging to the US dollar, could impact trade costs and balance. A weaker dollar could devalue these three currencies, widening their exchange rate advantage over floating ones (e.g., India and Pakistan), notably for exports. However, this could also translate into more expensive imports from non-USD countries with stronger currencies and lead to higher import bills, which could offset any gains from higher exports, and negatively impact their trade balance.

Inflation rates

Tariff-induced price increases for imports can lead to inflation spillover in KSA, the UAE, and Qatar, straining consumer purchasing power and domestic stability. Due to the currency peg, these countries have limited monetary policy flexibility, increasing their exposure to imported inflation. This includes from non-USD countries if the USD weakens, making imports from other non-USD countries more expensive. Additionally, tariff-driven commodity price increases and global supply chain bottlenecks are likely to raise production and logistics costs, further increasing inflationary pressures.

Interest rates

To maintain their currency pegs, KSA, UAE, and Qatar will need to mirror the US Federal Reserve's interest rate decisions, which will largely depend on the tariffs' impact on the US economy. The IMF expects the Fed to gradually cut rates to 4.0% by the end of 2025[5], lowering borrowing costs in these countries, helping boost investment and consumer spending. However, any delays or decisions to maintain higher or increase rates due to persistent inflation in the US could trigger capital outflows and tighter financial conditions in these economies.

Sources: 1 US tariffs set to strengthen dirham and other dollar-pegged Gulf currencies ; 2 The Ripple Effects of Global Trade Tensions on the Middle East ; 3 How Trump's Tariffs Impact the UAE ; 4 GCC Banks Face Limited Direct Impact from Tariffs ; 5 IMF WEO April 2025 Report: A Critical Juncture amid Policy Shifts

Tariffs | Saudi Arabia, UAE and Qatar impacts – Economic indicators (2/2)

Beyond direct trade impacts, US tariffs could affect the three economies through higher inflation, reduced spending, and increased fiscal and trade deficits. However, these countries are well positioned to mitigate potential headwinds and economic uncertainty, supported by vision strategy initiatives to withstand shocks and build resilience

Non-exhaustive list

Government revenue and spending

KSA, the UAE, and Qatar rely heavily on hydrocarbon exports, which account for 60-80% of fiscal revenues. Tariffs will likely push oil prices down, as they are chiefly determined by global economic activity and oil supply management.

Lower oil prices could impact public revenues and fiscal positions, especially if they continue to dip below the fiscal breakeven threshold. In Saudi Arabia, this could lead to the government reprioritizing capital spending on Vision projects or resorting to debt financing, as the Kingdom has recorded a fiscal deficit for the past decade (except for 2018) and expects it to widen in the medium term due to declining global oil prices[6]. For the UAE and Qatar, this could mean a reduction in the fiscal surplus recorded.

Indirect trade impacts

While the direction of indirect trade impacts are still uncertain, examples could include:

- Lower exports due to reduced demand from trading partners facing slower growth, notably China.
- Lower consumer spending and increased savings due to continued uncertainty
- The impact of tariffs on FDI in the GCC can go either way: uncertainty and reduced growth potential may deter investment, but low baseline tariffs make the region attractive for FDI, especially in energy-intensive and hydrocarbon-based projects, from countries facing higher tariffs, including China.

Areas to support stability

The three economies could reduce their vulnerability against the tariff impacts by leveraging, among others, their:

- Diversified economy, where less impacted sectors can cushion the effects on those affected by tariffs
- Infrastructure investments (e.g., in logistics and tech), making them attractive hubs, such as for manufacturing
- Free trade agreements with emerging markets as diversified sourcing options, allowing for continued trade growth in markets not subject to tariffs
- Incentives to attract international investors, sustain market confidence and boost credit worthiness
- Low debt to GDP ratio which could serve as a fiscal buffer against decreased revenues and enhance borrowing capacity

Sources: 1 US tariffs set to strengthen dirham and other dollar-pegged Gulf currencies ; 2 The Ripple Effects of Global Trade Tensions on the Middle East ; 3 How Trump's Tariffs Impact the UAE ; 4 GCC Banks Face Limited Direct Impact from Tariffs ; 5 IMF WEO April 2025 Report: A Critical Juncture amid Policy Shifts ; 6 KSA MoF Pre-Budget Statement 2025

Tariffs | Saudi Arabia, UAE and Qatar impacts – Tourism sector

Disruptions to global supply chains and rising cost bases pose key supply-side challenges to the tourism sector. Meanwhile, dampened disposable incomes and confidence will likely curtail tourism demand to the GCC. However, this may be less impactful to UAE, Saudi Arabia and Qatar than others, as tourists to these countries are often less price sensitive as the tourism profile includes higher income travelers and religious tourism

Non-exhaustive list

Demand-side channels

Falling disposable income

Tariffs will lead to higher prices for goods, eroding consumers' disposable income. This can reduce discretionary spending on luxury goods, such as travel and tourism-related activities.

Reduced demand for loanable funds

The Federal Reserve may increase interest rates to curb inflation, though this is uncertain as price increases may be temporary. For the GCC, due to the USD-peg, this would mean interest rates and borrowing costs would rise, reducing consumer spending.

Currency fluctuations

Tariffs can lead to currency volatility. A stronger domestic currency in the host country makes inbound tourism more expensive, potentially reducing demand from key source countries.

Dampened consumer confidence

Uncertainty can make consumers hesitant to travel due to economic concerns or negative perceptions of destinations involved in global disputes. For example, the number of overseas visitors to the US fell by 12% YoY in March, the steepest decline since 2021[1].

Supply-side channels

Supply-chain disruptions

With many production lines already operating under strain, additional tariffs threaten to aggravate bottlenecks. This could lead to longer lead times and reduce capacity in key tourism sectors, e.g. aviation.

Reduced investment

Uncertainty associated with tariffs could mean firms hold off on investment in new tourism infrastructure, renovations or expansions, hindering the sector's long-term growth and competitiveness.

Rising operating costs

A higher cost base for key tourism sectors (e.g. food and beverage, machinery and equipment for entertainment) may lead to margin compression in competitive markets which forces firms to exit, or higher prices for tourists should firms pass on costs.

Falling labour demand

Firms may reduce hiring efforts or wages if tariffs decrease profitability, adversely impacting service quality and overall tourism experiences.

Sources: 1 European travellers cancel US visits as Trump's policies threaten tourism

Tariffs | Saudi Arabia, UAE and Qatar impacts – real estate and construction sector

While tariffs may impact the region's real estate and construction sectors in the short term, initiatives to become strategic trade hubs and diversify economies help buffer against these shocks, potentially moderating the overall impact of tariffs, lowering construction costs, and boosting competitiveness of the sectors

Non-exhaustive list

Demand-side channels

Dampened investor confidence

Due to rising costs and uncertainty, investors may shift their focus to sectors like healthcare, logistics facilities, and data centers, which typically perform well in uncertain markets.

Higher borrowing costs

Higher material costs and trade uncertainties could fuel inflation in the US, prompting the US Fed to increase interest rates. Due to the USD peg, this could lead to higher interest rates in the GCC, making borrowing for construction projects and real estate purchases more expensive.

Lower housing affordability

Higher construction costs will likely be passed on to homebuyers, resulting in higher prices for new homes and renovations, raising potential affordability concerns for some target segments.

Supply-side channels

Increased construction costs

Tariffs could elevate costs by increasing the price of importing raw materials like steel, concrete, and aluminum. Rising demand from ongoing and planned development projects exacerbates this issue.

Delays in project timelines and delivery

Rising costs may prompt developers to adjust timelines and budgets, leading to project postponements, delays in less urgent/ low margin projects, etc. Government-funded projects may also be impacted by higher costs potentially causing delays, redesigns, or cancellations.

Supply chain disruptions

Concerns over tariffs are straining supply chains and driving up costs as businesses rush to secure materials. Suppliers may priorities markets with fewer trade barriers, causing delays and higher costs.

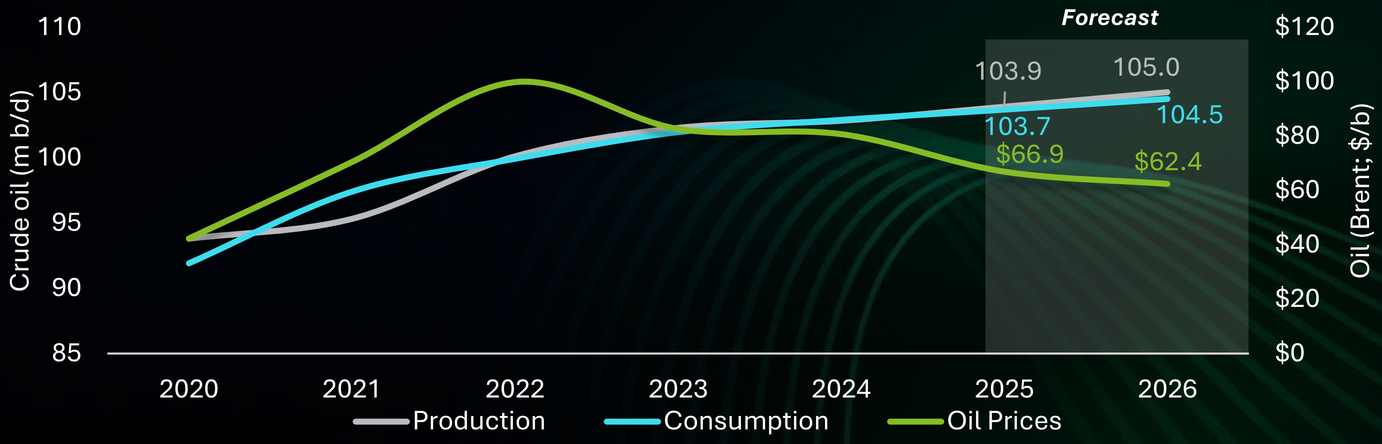
The ongoing reforms and government incentives have the potential to strengthen investor sentiment and sector resilience in the GCC. Reliance on Chinese imports for construction materials may shield many development projects from US tariffs, while massive infrastructure investments and a strategic tax-free environment could offer new opportunities for investors and suppliers to relocate to the region. The region's stability, AI-driven innovation, and cutting-edge digital infrastructure might attract foreign investors, with Free Zones potentially providing a haven for companies hit by US tariffs, boosting long-term economic activity and demand for commercial space.

Sources: 1 US Tariffs Have Limited Impact on Saudi Real Estate Market ; 2 2025 Tariff Impact Construction Real Estate | Atlanta CPA ; 3; Short-term change in UAE property market as a result of Trump tariffs ; 4 How Trump's Tariff Is Boosting the UAE Real Estate Market

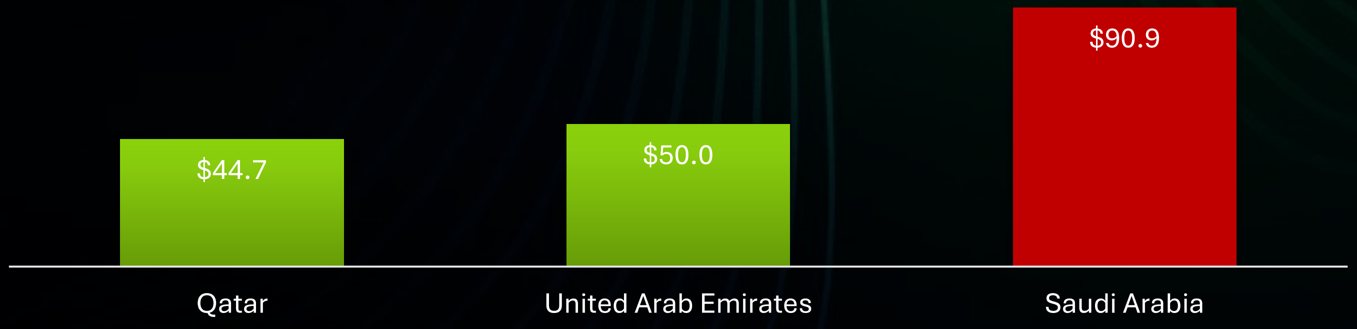
Tariffs | Saudi Arabia, UAE and Qatar impacts – Oil sector

The second-order shock of US tariff on the GCC will likely be felt through changes in oil demand and prices as OPEC+ was set to unwind production cuts in 2025

Global crude oil production vs consumption (in Mn barrels per day)



Breakeven fiscal oil price (USD /barrel)



Key insights

- On April 9, Brent crude oil prices dipped from USD 75/ barrel to USD 60 for the first time since 2021 following the US tariff on April 2 and China's retaliation measures, before rebounding to around USD 66 later in the month. This was driven by the decline in oil futures markets and easing of oil supply risk premiums.
- The IMF forecasts that oil prices will average USD 66.9 per barrel in 2025, a 15.5% YoY decline, before falling to USD 62.4 in 2026, in its April 2025 WEO report.
- Weakening oil demand growth is expected to weigh on future oil prices notably due to slower economic activity projected for 2025, largely impacted by the recent US tariff developments.
- Increased supply will place downward pressure on oil prices, as OPEC+ members raise output targets by 411,000 barrels/day in May. Impacts might be muted, however, as several members are already exceeding their production targets.
- KSA may face the higher fiscal pressure from lower oil prices as they continue to dip below the fiscal breakeven threshold.

Sources: 1 IMF WEO April 2025 Report: A Critical Juncture amid Policy Shifts ; Revised International Energy Agency/EIU Forecasts published as of the 23rd of April 2025; Oil price forecasts from IMF – WEO April 2025

Country profile | Overview

Saudi Arabia

United Arab Emirates

Qatar

Note: All data and news reported within this document for Saudi Arabia, United Arab Emirates and Qatar are up to date as of 30th April 2025

Country profile | Saudi Arabia

SAUDI ARABIA

Key highlights

SAUDI ARABIA

01 The IMF revised its GDP forecast for KSA downward to 3.0% for 2025 in its latest April forecasts, compared to 3.3% in January, due to regional headwinds, including a more gradual easing of oil production. Despite this, it is projected to perform relatively better compared to the global growth average which was lowered to 2.8% for 2025. The IMF also projects inflation to rise to 2.0% in 2025, 0.1 pp higher than earlier estimates, due to recent tariff developments and rising policy uncertainty.

02 Oil prices fell below USD 65/ barrel in April due to US tariffs, China’s retaliation, and OPEC+'s decision to increase production, well below the USD 90/ barrel threshold required by KSA to balance its fiscal budget. The Kingdom's oil exports may improve in May as it plans to boost oil exports to China by 35.2%, aligning with market expectations and supporting growing demand. The latest hydrocarbon discoveries are also expected to strengthen the country's ability to meet both domestic and international energy demand efficiently.

03 KSA’s latest Vision 2030 report shows that 93% of KPIs have been achieved, exceeded, or are on track. Significant strides have been made in areas such as attracting visitors, reducing national unemployment, increasing female workforce participation, and improving life expectancy. However, environmental performance, the number of Saudi cities among the world's top livable cities, and the share of non-oil exports in GDP remain behind schedule.

Latest data releases

SAUDI ARABIA

2.3% (+0.7 pp)
YoY Mar' 2025

Headline inflation[1]

The inflation rate reached 2.3% in March 2025, representing a 0.7 pp increase compared to March 2024. This was driven by increased prices of housing, water, electricity, gas and other fuels which increased by 6.9%, personal goods and services by 3.9%, and food and beverage by 2.0%. Meanwhile, prices of furnishings and household equipment, communications and transport decreased by 2.6%, 1.4% and 0.8%, respectively.

3.5% (+0.1 pp)
YoY Q4 2024

Unemployment rate[2]

The overall unemployment rate (for both Saudis and non-Saudis) reached 3.5% in Q4 2024, representing a 0.1pp increase compared to Q4 2023. Saudi females' unemployment rate decreased by 2.1 pp compared to its Q4 levels in 2023 reaching 11.9% while that of Saudi men decreased by 0.3pp reaching 4.3%. This is mainly influenced by an increased acceptance among Saudis to work in the private sector and the labor market reforms implemented.

58.1 (-0.3 pts)
MoM Mar' 2025

Non-oil PMI[3]

The non-oil PMI declined to 58.1 in March 2025, down from 58.4 in February 2025, but remains above 50, signaling continued growth. The drop was driven by a slip in the new orders subindex to 63.2 in March from February's 65.4, but businesses continued stockpiling in anticipation of sustained sales growth. Businesses continued to increase employment at a heightened pace in March, with the uptick in demand supporting hiring activity, with Q1 seeing the fastest pace in the past 12 years.

SAR 26.1 Bn (+14.3%)
YoY Feb' 2025

Non-oil exports[4]

The total trade balance increased by 4.0% YoY in February 2025, reaching SAR 30.5 bn, despite a 2.6% drop in merchandise exports which was offset by a 5.6% drop in imports. The fall in exports was due to declining oil exports which fell by 7.9%. However, non-oil exports in the same period increased by 14.3%. This includes exports of chemical products and re-exports like food products.

Sources: 1 GASTAT Annual inflation ; 2 GASTAT Unemployment Rate ; 3 Trading Economics - KSA Non-Oil PMI, Saudi Arabia's non-oil private sector shows rapid growth in March: Survey ; 4 GASTAT Non-Oil Exports
Note: pp refers to percentage point

Latest news (1/3)

SAUDI ARABIA

Lower growth and a higher inflation 2025 forecast

The **IMF has lowered its 2025 GDP growth forecast for KSA** in its latest April report **to 3.0% from 3.3% back in January** this year. It also reduced its 2026 projections by 0.4 pp to 3.7%. The **downward revision reflects a more gradual resumption of oil production**, persistent conflict spillovers, and slower structural reforms. The IMF **also projects inflation to rise to 2.0% in 2025**, 0.1 pp higher than its January forecasts, due to recent tariff developments and policy uncertainty. Gulf Business – Read more.

Vision 2030 Annual Report 2024 released

KSA's latest **2024 Annual Report reveals that 93% of Vision 2030 KPIs have been achieved, exceeded, or are on track**. Significant achievements include surpassing targets for attracting 100 Mn visitors, reducing national unemployment, and increasing female workforce participation to 33.5%. However, **three indicators remain behind schedule,** environmental performance, the number of Saudi cities among the world's top 100 livable cities, and the share of non-oil exports in GDP remain behind schedule. Gulf News – Read more.

Withstanding Trump's trade tariffs

The **US will apply 10% baseline tariffs to goods imports from KSA. Given exemptions for oil and gas**, and KSA's relatively limited export exposure to the US, the Economist Intelligence Unit (EIU) expects **KSA to withstand the direct impact of tariffs**. Temporary **effects may increase inflation,** following a weakening of the US dollar which the riyal is pegged to. However, KSA is expected to **continue importing goods from the US**, mainly military equipment and technology which will have a lower relative cost to Chinese and European products. EIU – Read more.

KSA pushes OPEC+ to increase production

OPEC+ has decided to **increase production from April**, partly in response to Kazakhstan and Iraq overproducing oil in recent months. **KSA pushed the group to release three times more than expected in May** due to members not adhering to their targets. The Kingdom plans to **increase oil supply to China from May as it cuts its price to Asia to regain market share**. Oil **prices** have also **fallen below USD 65/ barrel due to US tariffs** in April, significantly **below the USD 90/ barrel threshold** required by KSA to **balance its fiscal budget.** Reuters – Read more.

Lower foreign direct investments

KSA's **FDI inflows decreased by 19.0% in 2024**, reaching USD 20.7 Bn (~2.2% GDP), the **lowest figure since 2020**. This decline may **impact the achievement of the 2030 target of FDI** reaching 5.7% of the Kingdom's GDP by 2030. The decrease suggests that **KSA may have been struggling to attract foreign capital, with lower global liquidity and tighter monetary conditions** as **possible causes** for the economic slowdown. This monetary tightness is also reflected in a decrease in KSA's outward FDI. Bloomberg – Read more.

New oil and natural gas fields discovered

Aramco has **discovered 14 oil and natural gas fields and reservoirs** in the Kingdom's Eastern region and the Empty Quarter, highlighting Saudi Arabia's vast and growing hydrocarbon potential. These findings are expected to **enhance national reserves and contribute to long-term energy security and economic development**. They align with Vision 2030 objectives to maximize the value of natural resources and ensure global energy security. Gulf News – Read more

Note: This report relies on the information provided by the listed sources and has not been validated as part of this process

Latest news (2/3)

SAUDI ARABIA

Booming hospitality sector

The **number of licenses for tourism facilities** in KSA reached 4,400 in 2024, marking an **89% increase compared to 2023.** This **growth is attributed** to the Ministry of Tourism's **efforts to enable operators and investors to obtain necessary licenses**. KSA is also **facilitating tourist visits by issuing visas on arrival or online for several nationalities**. This aligns with its plan to attract 150 Mn tourists annually by 2030, surpassing the previous target of 100 Mn, which was achieved in 2023, and positioning KSA among the world's top tourist destinations. Gulf News – Read more.

Riyadh Air obtains license for commercial flight operations

The General Authority of Civil Aviation has granted an **Air Operators Certificate to Riyadh Air** which **allows** the airline to **start commercial flight operations.** Riyadh Air is expected to start commercial operations later this year. **It is estimated to fly to more than 100 destinations by 2030**, supported by an order of over 132 aircraft. The airline is expected to **create more than 200,000 direct and indirect jobs** and contribute approximately **USD 19.9 Bn to the Kingdom's non-oil GDP.** Gulf News – Read more.

New VAT refund for tourists takes effect

Tourists visiting KSA are now eligible for a refund on the 15% Value Added Tax (VAT) paid on goods and services during their stay, effectively reducing the rate to 0%. This VAT exemption came into effect on April 18. **Tourists from GCC countries will be treated as non-GCC tourists** in this respect until the implementation of the Electronic Service Law, which aims to enhance electronic transactions and signatures. This initiative **aims to attract more tourists to the Kingdom, encouraging longer stays and higher spending.** Saudi Gazette – Read more.

Transaction tax on real estate introduced

A flat **5% Real Estate Transaction Tax (RETT) on most real estate transactions has been introduced this month**. The tax **applies to the sale or transfer of property**, including share transfers in real estate companies where real estate assets exceed 50% of total assets. The RETT also only applies to transactions above SAR 1 Mn. There are exclusions for family related transfers, first time buyers and charitable organizations. The design of the **tax aims to reduce the financial burden on young Saudi nationals buying property.** Gulf News – Read more.

Tax incentives to attract talent and investments launched

Saudi Arabia has **launched a new campaign to enhance its investment landscape by attracting foreign talent and businesses to its Special Economic Zones** (SEZs). The campaign **offers tax exemptions, streamlined visas, and regulatory incentives** to establish the Kingdom's SEZs as global business hubs. These zones are designed for high-growth sectors, such as global logistics, manufacturing, and technology companies. Gulf News – Read more.

PIF reduces development project spending

The **Public Investment Fund** (PIF) has directed its portfolio companies to **implement a minimum 20% reduction in spending for 2025**. The EIU expects further expenditure reductions and the scaling back or postponement of development initiatives. **This shift may be a response to KSA's tightening fiscal position due to declining oil prices and slower global economic growth**. However, the PIF will continue to support the Kingdom's diversification goals, with projects such as the 2034 FIFA World Cup and 2029 Asian Winter Games remaining a priority. EIU – Read more.

Note: This report relies on the information provided by the listed sources and has not been validated as part of this process

Latest news (3/3)

SAUDI ARABIA

Increase in female workforce participation

KSA is experiencing a **rise in female workforce participation, incentivized by labor reforms and training programs**. For example, **legal reforms** have been introduced which **guarantee equal pay for equal work and workplace protections have made the job market more inclusive**. In 2017, female participation in the workforce was 17%. The Vision 2030 target is 30% by 2030, and this goal has already been surpassed with participation reaching 36% in 2024. AlArabiya News – Read more.

New program empowers Saudi female footballers

Visa, the global digital payments company, **launched its "She's Next in Football" program,** building on the success of similar initiatives in fashion and gaming. The program aims to **empower and support women footballers in Saudi Arabia through mentorship, training, and exclusive opportunities** with world-class football experts. It provides female athletes with a platform to develop their skills, gain mentorship, and experience top-tier football training, supporting the next generation of female footballers in the Kingdom. Arab News – Read more.

Higher life expectancy achieved

Life expectancy in KSA **increased from 74 years in 2016 to 78.8 years in 2024**, reflecting **ongoing efforts to improve healthcare quality and strengthen preventative measures**. The healthcare system has launched targeted initiatives and awareness campaigns to promote healthy habits, encourage walking, and support daily wellness practices. These **efforts have contributed to improved public health and quality of life**, paving the way toward the goal of raising life expectancy to 80 years by 2030. Arab News – Read more.

Higher scores on Global Intellectual Property Index

KSA's **score on the Global Intellectual Property Index rose by 17.5% YoY to 53.7% in 2025**, making it one of the **fastest-improving economies out of 55 countries**. The **Kingdom now ranks 40th globally**, compared to the UAE's 26th place with a score of 60.7%. This improvement stems from V**ision 2030 reforms to enhance intellectual property protection and support a knowledge-based economy**. It aims to foster a more transparent and reliable intellectual property environment to **attract FDI and empower local entrepreneurs to innovate.** Arab News – Read more.

A series of measures announced to curb rising real estate prices

The Crown Prince Mohammed bin Salman announced **measures to curb rising land prices and rental costs in Riyadh**, aiming to **balance the real estate market**. This initiative will **provide tens of thousands of affordable residential plots annually**. Additionally, the Crown Prince **donated SAR 1 Bn** to the National Developmental Housing Foundation (Sakan) **to support home ownership for eligible families**. These housing projects funded by this donation are to be executed by national companies and completed within 12 months. Asharq Al-Awsat – Read more.

Note: This report relies on the information provided by the listed sources and has not been validated as part of this process

Spotlight

Women's economic empowerment

Vision 2030 has reshaped KSA's employment landscape, enabling greater participation of women, notably Saudi, in economic activities... The overall female unemployment rate in KSA decreased from 11.1% in 2023 to 10.4% in 2024. This improvement was largely driven by a reduction in the Saudi female unemployment rate from 14.2% in 2023 to 11.9% in 2024, despite an increase in the non-Saudi female unemployment rate from 4.7% to 6.2%[1]. This is mainly influenced by an increased acceptance among Saudis to work in the private sector, and the labor market reforms implemented.

Indeed, Saudi female's labor force participation increased significantly, reaching 36.0% in 2024, up from 22.8% in 2016[1]. The original Vision 2030 target of 30% was achieved a decade early in 2020, prompting a revision to a more ambitious target of 40%[2]. While Saudi women's labor force participation rose from 35% to 36% between 2023 and 2024, overall female participation (both Saudi and non-Saudi) declined slightly to 33.5% due to a drop in non-Saudi women's participation, which fell from 33.8% to 27.9%, largely driven by localization policies[1,2].

The Kingdom has implemented various reforms to remove barriers to entry for women... KSA's rapid economic growth created significant job opportunities, but structural challenges persisted, including reliance on public sector employment and low levels of women's economic engagement. Vision 2030 introduced labor market reforms to address these issues, promoting private sector growth and greater participation of women[3].

Growth has been driven by policy reforms, legal protections such as maternity law amendments increasing maternity leave from 10 to 12 weeks[4], incentives for businesses, and expanded support services, including childcare and transport. Programs have increased women's educational attainment and upskilled women for diverse sectors.

For instance, Parallel Training has helped over 122,000 women gain employment and offered more than 800 training programs. Women are thriving in various industries with 43.1% in mid and senior-level management roles. Leadership programs have trained many women for executive roles, with the private sector playing a crucial role in hiring and retaining female talent[3].

Women's sports have become a key element in redefining sports culture and societal norms, empowering women, and improving quality of life in KSA... Women's sport participation has surged significantly in recent years, promoting gender equality, healthier lifestyles, and national pride. This growth has been fueled by initiatives, such as dedicated sports facilities, training programs, and leadership development. These efforts have led to notable achievements, including a 329% increase in female athlete participation between 2022 and 2024, the formation of national teams, international victories with 8 medals (including historic firsts for women in 2024), and substantial involvement in various sports, notably football, supported by both government and private sector efforts[2,6,7].

Recent initiatives include the first-ever maternity fund program by the PIF and Women's Tennis Association to help female athletes balance their professional careers and family life[5]. Visa has also launched its "She's Next in Football" program to empower and support the next generation of women footballers through skill development, mentorship, and top-tier football training[8].

Sources: 1 GASTAT - Labour Market ; 2 Vision 2030 Annual Report ; 3 Fundamental transformation' drives women's economic empowerment ; 4 Saudi Arabia extends maternity leave ; 5 Saudi Arabia's PIF, WTA launch first-ever paid maternity leave program for tennis players ; 6 Transforming women's sports in Saudi Arabia ; 7 Pioneering Change Women's Football in Saudi Arabia ; 8 New Visa program empowers Saudi female footballers

SAUDI ARABIA

Spotlight

Importance of geopolitics for KSA's economy

Saudi Arabia has made geopolitical progress and has developed it global reputation... Through its Vision Realization Programs established under Vision 2030 the government has focused efforts on "improving the quality of life for our citizens and residents, expanding opportunities for growth and investment, fostering greater global integration, and enhancing governmental efficiency."[1]

Significant progress has been made since the implementation of Vision 2030, particularly in regard to female empowerment, with women being granted the rights to drive, travel, and divorce which Vision 2030 has praised as profoundly altering the status of women for the better. The Kingdom has also taken strides to establish itself as a global hub for entertainment, hosting concerts, sporting events and international festivals. Such social liberalizations and investments are among several ways in which Saudi Arabia has altered its global reputation.[2]

Saudi Arabia has not only altered domestic policy but has recalibrated its foreign policy... Beyond efforts to improve global reputation, and to build up-on them, Saudi Arabia has repositioned itself and its role on the regional and global political front. It has been actively involving itself in hosting peace talks, mediating between countries, and hosting diplomatic events. These include but are not limited to mediating between Russia and Ukraine, playing a role in de-escalating the conflict in Sudan by hosting the "Jeddah process", restoring ties with Iran in 2023, and assembling Arab leaders to come up with a Gaza peace plan that would be acceptable to Donald Trump.

KSA's approach to foreign policy appears constructive. This is demonstrated by its ability to balance relationships with influential countries whose views do not necessarily align such as US, Russa, and China. Furthermore, Saudi Arabia is currently seeking to broker peace talks between the US and Tehran.[3]

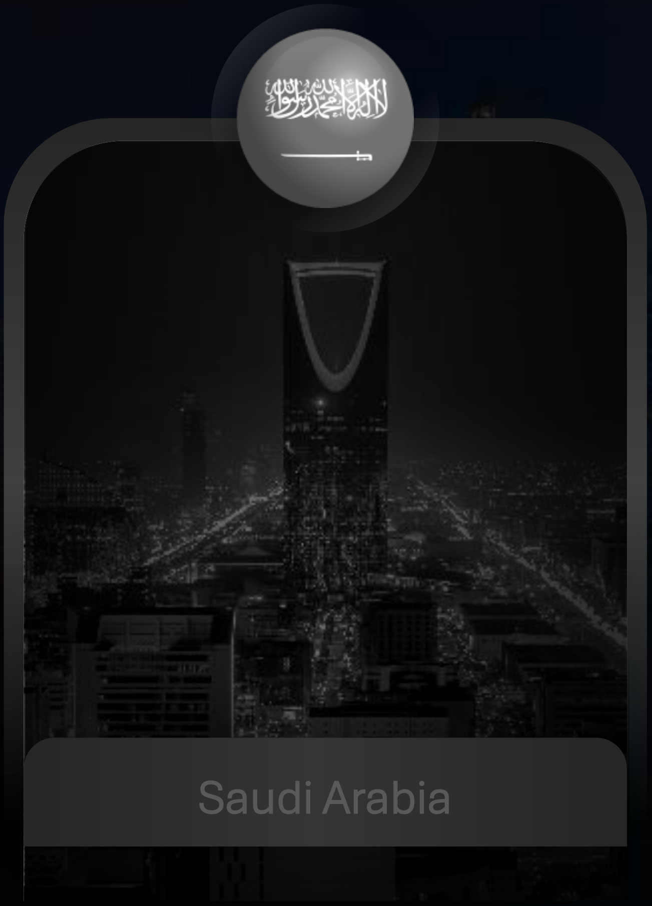
The Kingdom's efforts to mediate, stabilize and balance its relationships contribute to its global reputation, soft power, and economic ambitions. In particular, the Kingdom's efforts support its economy by growing investor confidence, securing trade route, and supports non-oil investments that require input and knowledge from other countries.

Economic dividends of a proactive approach to foreign policy... Saudi Arabia's diplomatic efforts have proven to increase global perception with rankings reaching 18th in the 2024 Brand Finance Global Soft Power. Foreign direct investment is closely linked to reputation and Saudi Arabia rose to 13th place in Kearney's 2025 FDI Confidence index this month.[4] Efforts to build relations around the world are likely to have contributed to diversifying trade patterns. In 2024, Saudi Arabia exported and re-exported to over 180 countries with 37 countries registering record import values.[5] Saudi Arabia's proactive approach creates a positive feedback loop: diplomatic efforts enhance reputation and soft power, which drives investment in the non-oil sector, further reinforcing economic transformation and investor confidence.

Sources: 1 Vision 2030; 2 Vision 2030 story of transformation; 3 Saudi Arabia is the Middle East's Diplomatic Capital ; 4 Saudi Arabia climbs to 13th spot in Kearney's FDI confidence index; 5 Saudi Arabia's non-oil exports hit record SAR 515 billion in 2024, driven by services and re-exports

Country profile | United Arab Emirates

UAE



Key highlights

01 Amid global uncertainty following the announcement of potential new US trade tariffs, the UAE economy may experience adverse impacts from the most US-exposed sectors such as the aluminum sector. However, the UAE's adaptive capacity, substantive financial buffers, and proactive policy responses suggest it could have an advantage in navigating this period of heightened global trade friction with relatively less damage than many of its trading partners.

02 The UAE has been expanding its Comprehensive Economic Partnership Agreements (CEPAs) program since 2021, aiming to transform its trade landscape and support its post-oil economic strategy. This presents a helpful tool for the UAE to continue strengthening its economy and diversification objectives and may also help mitigate any adverse impacts from any new US tariffs.

03 More widely, the government continues with its initiatives supporting social outcomes of residents through improvement of wellbeing and health as well as encouragement of new digital solutions. This highlight the UAE's focus on advancing on social agendas and improving resident's living conditions.

Latest data release

UAE

Non-oil PMI[1]

54.0 (-1.0 pts)
MoM Feb' 2025

The UAE's non-oil sector showed solid but moderating growth in March, with the PMI dropping to 54.0 from 55.0. Despite softer demand momentum, businesses significantly increased purchasing activity to address backlogs while raising prices sharply to protect margins. Employment growth hit a three-year low despite elevated demand levels.

Source: 1 S&P March Non-Oil PMI Report
Note: pp refers to percentage point

Latest news (1/3)

UAE

Depreciating US dollar spurs Dubai property demand

Trump's tariffs have led to a depreciation of the US dollar, making UAE real estate more attractive to foreign investors. **The weakened dirham, pegged to the dollar, enhances Dubai's appeal**, especially for **investors from Europe, Russia, and India**. Despite global trade disruptions, Dubai's resilient market and favorable economic conditions continue to attract investment. Arabian Business – Read more.

Global headwinds expected to slow UAE tourism growth

Despite a strong performance in 2024, with a 9.5% increase in hotel guests and robust growth in Dubai and Abu Dhabi, the **UAE's tourism sector is expected to slow in 2025 due to global economic headwinds**. The UAE aims to attract 40 Mn hotel guests by 2031 through its National Tourism Strategy, which includes various initiatives to boost investment and diversify the economy. **However, short-term growth may be impeded by factors such as US tariff increases and investor uncertainty affecting key Asian markets**. EIU – Read more.

Abu Dhabi continues development amid oil price slump

Abu Dhabi remains committed to development despite falling oil prices. The emirate plans two mega cultural projects and aims to grow the tourism sector to 13% of GDP this year. Long-term plans **include adding 15,000 to 20,000 hotel rooms by 2030-2032** and **creating 30,000 to 35,000 tourism jobs**. Non-oil sectors now account for over half of GDP. Abu Dhabi continues to host large events and open new museums, highlighting its focus on economic diversification and cultural investment. Bloomberg – Read more.

Dubai property market faces threat from US tariffs

Dubai property prices have surged 70% over the last four years but now face threats from US President Donald Trump's tariffs and declining oil prices. The **risks of a real estate slowdown are increasing**, with regional economic pullbacks and high levels of international investment making the market vulnerable. **Potential pressures include currency devaluations and reduced government spending if oil prices remain low**. Despite these challenges, **Dubai's liberal visa policies** and **handling of the pandemic have fueled property demand.** Bloomberg – Read more.

Dubai's strategic location bolsters trade amid tariff uncertainty

UAE officials are confident in navigating the impact of Trump tariffs, despite uncertainty. They emphasize resilience and adaptability in the cargo and aviation industries. **Dubai's strategic location and progressive aviation policies provide a strong foundation** for continued growth. The **UAE aims to become a top global logistics hub**, leveraging opportunities amidst global trade challenges. Khaleej Times – Read more.

UAE businesses and consumers prepare for tariff impact

UAE residents anticipate price increases in various categories due to Trump tariffs and interconnected global supply chains. **Small-business owners and consumers are adopting a wait-and-watch approach**, while analysts predict potential impacts on stock investments, interest rates, and the property sector. The tariffs could lead to **higher costs for consumer goods, electronics, and construction materials**, affecting everyday expenses and business operations. The National – Read more.

Note: This report relies on the information provided by the listed sources and has not been validated as part of this process

Latest news (2/3)

Free trade agreement talks launched between the EU and UAE

The EU and UAE have agreed to launch free trade talks amid uncertainties from US tariffs. The negotiations will focus on **trade in goods, services, investment, and cooperation in strategic sectors like renewable energy and critical raw materials**. The Comprehensive Economic Partnership Agreement aims to deepen bilateral relations, reduce tariffs, and foster opportunities in key sectors. **The EU is the UAE's second-largest trading partner**, highlighting the significance of their economic relationship. Reuters – Read more.

UAE strengthens ties with US to enhance AI capabilities

The **UAE is making progress in securing advanced semiconductors from the US** following a USD 1.4 Tn investment pledge to strengthen ties with Washington. Strategic partnerships, such as aligning with Microsoft, underscore the UAE's commitment to global AI leadership. These investments are expected to unlock opportunities for the private sector, **driving goals like food security and clean energy adoption**. Collaboration between UAE and US companies positions the **UAE as a preferential partner in the global AI landscape.** Bloomberg – Read more.

UAE and Ireland sign MoU to boost trade and investment

The UAE and Ireland have **signed a memorandum of understanding (MoU) to enhance economic and technical cooperation**, establishing a Joint Economic Commission to boost trade and investment. The MoU, signed by Dr Thani Al Zeyoudi and Niamh Smyth, **aims to explore cooperation in key sectors such as renewable energy, digital transformation, and healthcare technology**. **Bilateral non-oil trade reached USD 1.1 Bn in 2024**, reflecting consistent growth and strong collaboration between the two nations. Khaleej Times – Read more.

UAE and Congo strengthen economic ties with new CEPA

UAE President Sheikh Mohamed bin Zayed Al Nahyan and President Denis Sassou Nguesso of the **Republic of the Congo** witnessed the **signing of a CEPA** to enhance economic cooperation. The agreement aims to eliminate or **reduce customs duties, increase market access**, and establish new investment avenues. The CEPA is **expected to boost bilateral non-oil trade from USD 3.1 Bn in 2024 to USD 7.2 Bn by 2032**, supporting the UAE's goal to double its economy by 2031. WAM – Read

UAE and India discuss enhanced cooperation in key sectors

Sheikh Hamdan bin Mohammed, Crown Prince of Dubai, **held high-level talks with Indian Prime Minister Narendra Modi in New Delhi**, emphasizing strong ties and shared vision for opportunity and innovation. **Discussions focused on cooperation in trade, tourism, food security, AI, and space**. The visit underscores the UAE's commitment to strategic alliances and growth. The National – Read more.

UAE's trade agreements with Costa Rica and Mauritius come into effect

The UAE's **CEPAs with Costa Rica and Mauritius came into effect, marking the seventh and eighth deals in the program**. These agreements aim to enhance trade connectivity and economic collaboration, supporting sectors like food security and clean energy. **The CEPA program, launched in 2021, has helped the UAE achieve record non-oil trade of USD 1.1 Tn by 2031, with 12 more deals awaiting ratification.** The National – Read more.

Note: This report relies on the information provided by the listed sources and has not been validated as part of this process

Latest news (3/3)

UAE

H.H. Sheikh Khaled approves AED 6.75 Bn in housing benefits

His Highness Sheikh Khaled bin Mohamed bin Zayed Al Nahyan approved a **housing benefits package worth AED 6.75 Bn for 4,356 citizens in Abu Dhabi**, including housing loans, land grants, ready-built houses, and loan repayment exemptions. This initiative, reflecting the leadership's commitment to **social stability and happiness**, aligns with comprehensive development and the **Year of Community goals.** ARN – Read more.

Establishment of new foundation to empower next generation of global leaders

President Sheikh Mohamed bin Zayed Al Nahyan announced the establishment of **the Zayed Education Foundation** which aims to **empower 100,000 young leaders by 2035** through education, research, and innovation. The Foundation, launched in the **Year of Community**, embodies Sheikh Zayed's legacy and commitment to international cooperation, offering scholarships and leadership training to drive **global progress and sustainable development.** WAM – Read more.

Sheikh Hamdan launches 'My Dubai Communities' platform

Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum launched the "**My Dubai Communities**", a **digital platform** that allows people to connect, discover communities, activities and events across Dubai and share their interests. This initiative, part of the Year of Community, aims to **foster stronger connections** within Dubai and to **enhance community well-being and happiness.** Gulf News – Read more.

UAE launches AI-driven legislative system

The UAE Cabinet, chaired by Sheikh Mohammed bin Rashid Al Maktoum, approved the **launch of an AI-powered regulatory intelligence ecosystem to enhance legislative processes**. The system **connects federal and local laws, judicial rulings, and public services**; making the legislative process faster and more precise. WAM – Read more.

Abu Dhabi completes 30,000 autonomous vehicle trips

Abu Dhabi Mobility announced the completion of **30,000 autonomous vehicle service** trips, covering over 430,000 kilometers. Initially successfully completed in Yas and Saadiyat Islands, the project **will expand to other areas**, aiming to integrate advanced technologies in sustainable mobility and achieve key objectives **by 2040, including increasing autonomous trips to 25%, reducing carbon emissions by 15%, and decreasing road accidents by 18%.** Zawya – Read more.

CBUAE unveils new dirham symbol and advancements on the digital dirham

The Central Bank of the UAE (CBUAE) unveiled a **new symbol for the Dirham**. The Bank also announced progress on the **Issuance and Circulation of the Digital Dirham**, a key initiative launched by CBUAE in 2023 aiming to bolster the UAE's position as a **pioneer in Financial Market Infrastructure** and a destination for excellence in **financial products innovation and digitalization.** Central Bank of the UAE – Read more.

Note: This report relies on the information provided by the listed sources and has not been validated as part of this process

Spotlight

Tariff's impact on the UAE economy

The recent escalation of US tariff policies and the intensification of US-China trade tensions have created significant ripple effects across the global economy, however the implications for the UAE's economy are more nuanced… The direct impact on the UAE is currently the baseline tariff rate of 10% of goods destined for the US with some variations. Notably as of late-April, petroleum related products, the UAEs 2nd largest export to the US (USD 1.3 Bn), remain exempt.[1] However, the imposition of 25% tariffs on aluminum products, the UAE's largest export to the US (USD 1.6 Bn)[1], will have a direct impact on businesses like Emirates Global Aluminum (EGA), the world's largest 'premium aluminum' producer and the largest industrial company in the UAE (outside oil and gas). With the UAE ranking as the second-largest raw aluminum exporter to the US behind Canada, the annual tariff burden is expected to be high, likely prompting EGA to explore strategies including potential US-based production – as seen in the USD 1.4 Tn investment commitment from the UAE into the US.[2]

Key sectors of the UAE economy face divergent trajectories in response to these trade pressures, with the net impact remaining uncertain… As a global logistics hub, the UAE's logistics sector, despite record performance in 2024 with Jebel Ali Port handling 15.5 Mn TEUs[3] (7.4% YoY) and Dubai International Airport managing 2.2 Mn tones of cargo (20.5% YoY)[4], now confronts the prospect of declining global trade volumes. Tourism, which reached an all-time high of 18.7 Mn international overnight visitors coming to Dubai in 2024[5], faces potential reduced global discretionary spending as consumers likely look to save more.

Beyond these sectoral impacts, the UAE faces broader second-order challenges transmitted through global economic channels… The reciprocal tariff escalation between the US and China has triggered reduced global growth projections and downward pressure on oil prices, with benchmark crude briefly falling below USD 60/ barrel.[6] This comes at a time when oil prices are expected to continue a downwards trajectory from OPEC+ unwinding production cuts, increasing global supply. While directly impacting the UAE's fiscal position, this remains above its low fiscal breakeven price (approx. USD 50)[7] to balance public spending, and the UAE still retains substantial sovereign wealth reserves estimated at USD 1.7 Tn[8] (approx. AED 6.2 Tn).

Nevertheless, the UAE possesses significant resilience factors that position it favorably relative to peers… Its diversified economy, with the non-oil sector contributing around 75% of GDP[9], provides crucial insulation against oil price fluctuations. The country's strategic location, advanced infrastructure, and reputation for stability may allow it to capture offsetting benefits as trade flows reconfigure. While the net economic impact remains uncertain, the UAE's versatile capacity, substantive financial buffers, and proactive policy responses suggest it is well-positioned to navigate this period of heightened global trade friction with relatively less damage than many of its trading partners.

Sources : 1 Observatory of Economic Complexity (OEC); 2 Khaleej Times; 3 Gulf News; 4 Government of Dubai; 5 Dubai Department of Economy and Tourism; 6 Reuters; 7 IMF Data; 8 Zawya; 9 UAE Federal Competitiveness and Statistics Centre

Spotlight

Strategic trade partnerships

Major CEPAs have been secured with strategic partners such as India, Türkiye, Indonesia, South Korea, and Vietnam, among others which is supporting the country's strategic transformation... The UAE-India CEPA, for example, resulted in a 20.5% increase in non-oil trade and a 75% surge in UAE exports to India by the end of 2024. Such agreements could contribute to the UAE's economic diversification, fueling growth in sectors like manufacturing, logistics, agriculture, financial services, and technology. Broadening its trade network and reducing dependency on oil have the potential to support the country achieving its ambitious goal of AED 4 Tn (USD 1.1 Tn) in foreign trade by 2031, having already reached AED 3 Tn by the end of 2024. [3,4,5]

The UAE has been expanding its CEPA program since 2021, aiming to transform its trade landscape and support its diversification strategy... As of early 2025, the UAE has signed 26 CEPAs with countries across Asia, Africa, Europe, and Latin America, including recent deals with Malaysia, Kenya, New Zealand, Ukraine, and the Central African Republic. [1,2] These agreements are designed to reduce tariffs, eliminate technical barriers, and accelerate investment, offering UAE exporters improved market access and fostering open trade and investment policies. [3,4]

Amid rising global trade tensions and the risk of new tariffs from major economies like the US, CEPAs could provide the UAE with crucial economic resilience... By diversifying trade partners and supply chains, these agreements can help mitigate the impact of external shocks or protectionist measures from any single country. The International Monetary Fund notes that such diversification enables the UAE to maintain stable growth and safeguard its economy against negative shocks, ensuring continued access to global markets and supporting the nation's long-term economic security. [3]

Sources: 1 UAE Signs CEPA Agreements with Malaysia, Kenya, New Zealand, 2 CEPA programme: UAE global trade ties grow with 26 strategic alliances,3 Examining the UAE's Comprehensive Economic Partnership Agreement (CEPA) Landscape - ORF Middle East, 4 The UAE Signs New Trade Agreements | PRO Partner Group, 5. How the UAE is increasing market access through new CEPAs

Country profile | Qatar

QATAR

Saudi Arabia

United Arab Emirates

Qatar

Key highlights

QATAR

01 Non-energy PMI increased to 52.0 in March 2025, signaling continued growth in the non-energy sector driven by increased demand and inventory preparations. Despite a slight rise in inflation to 0.1%, businesses remain optimistic due to improved growth forecasts and higher production expectations.

02 Like KSA and the UAE, Qatar is subjected to a baseline tariff of 10% by the United States. The tariffs are not expected to have a major direct impact on the Qatari economy as Qatar's exports are primarily destined for countries in Asia. However, indirect impact may be significant and may change the composition of trading (i.e., export partners).

03 The sovereign wealth fund in Qatar, the Qatar Investment Authority, is expanding its portfolio of overseas investments with new investments announced in China and Egypt and will likely be a key agenda item for the impending visit by Donald Trump. This is consistent with Qatar's goal to become a more active participant in international affairs.

Latest data releases

QATAR

52.0 (+1.0 pts)
MoM Feb’ 2025

Non-energy PMI[1]

Non-energy PMI rose to 52.0 in March 2025, up from 51.0 in February, signaling continued growth in the non-energy sector. The rise from February was driven by a surge in new orders, suggesting heightened demand for intermediate and end goods. Additionally, there was a boost in the inventory of purchased goods, indicating that companies are preparing for higher production or sales. Although business activity was lower than in February, businesses remain confident about the outlook due to improved growth forecasts.

0.1% (-0.9 pp)
YoY March’ 2025

Headline inflation[2]

Inflation increased to 0.1% in March 2025, a decline of 0.9 pp relative to March 2024, marking a change in the inflation decline witnessed since November 2024. The increase in inflation was attributed to increases in the prices for communication (+12.9%), miscellaneous goods (+10.1%), as well as water, housing, electricity and other fuel (+5.0%) compared to March 2024.

Sources: 1 S&P Global, 2 National Planning Council
Note: pp refers to percentage point

Latest news (1/2)

QATAR

Impact of trump's tariffs

Qatar's economy is likely to withstand the direct impact of Donald Trump's tariffs, given the **exemption granted to natural gas exports** and **Qatar's relatively small volume of exports to the US.** However, the indirect impact of the tariffs may be more pronounced. The **tariffs are expected to cause gas prices as well as demand to decline, both of which will reduce Qatar's export revenue over the longer term.** EIU – Read more.

QIA stake in China asset management

Qatar Investment Authority (QIA) CEO, is seeking to expedite approvals for **acquiring a 10% stake** in China Asset Management, one of **China's largest mutual fund firms**. This acquisition may be viewed in the context of the **mutually beneficial international economic partnerships**, set out in the QNV 2030 and China's ongoing trade and diplomatic tensions with the USA. South China Morning Post – Read more.

Qatar hotel market growth

Qatar's hotel market is projected to grow significantly, accounting for almost **0.4% of GDP by 2029**, with a projected **CAGR of 3.22%** from 2025-2029. **Online sales are expected to account for 87% of revenue**, with offerings largely focused on luxury, innovation and sustainability. The user penetration rate is **expected to increase to 43.2% in 2029, up from 35.2%** in 2025, with 1.2 million hotel users in Qatar. The Peninsula – Read more.

First foreign visit by Donald Trump to Qatar

US President Donald Trump is expected to visit Qatar during his tour of GCC nations later in May. During the trip, he is expected to secure commitments from Qatar to procure defense and military equipment. This visit can also be seen in the context of mutually beneficial international collaborations and underscores the diversity in Qatar's international partners. Reuters – Read more.

Construction sector expected to grow

Major infrastructure projects and real estate transactions are expected to continue driving Qatar's construction sector, which is expected to grow at a **CAGR of 3.3% in 2025-29**, having achieved a CAGR of 2.5% in the first half of the decade. The municipalities of Doha, Al Rayyan, and Umm Sala emerged as the most popular choices. Construction has historically been a key driver of economic activity historically, and these findings underscore the importance of this sector to the economy. Middle East Economy – Read more.

Qatar to join other GCC nations in investing in Egypt

Qatar has pledged to invest USD 7.5 Bn in Egypt as the North African country seeks to attract new money and boost economic growth, the countries said in a joint statement. **This commitment can be seen in the wider context of Qatar's stated Vision 2030 of providing development assistance and expanding partnerships, especially in the GCC and the wider Arab world,** especially as the UAE and KSA have already made similar pledges. AGBI – Read more.

Note: This report relies on the information provided by the listed sources and has not been validated as part of this process

Latest news (2/2)

QATAR

Procurement starts for UAE-Qatar road link

Procurement for the West Link project, a Qatar-UAE road link bypassing Saudi Arabia, has begun. The road will start near Ras Ghumais and extend to a ferry terminal on Makasib Island. The project is overseen by Etihad Rail, and planning resumed after diplomatic ties between the two nations was restored. Once complete, the **project is expected to cut journey times** and **provide an alternative mode of transportation** to airplane travel or road travel which necessarily involves crossing into Saudi Arabia. MEED – Read more.

Doha port sees record cruise passengers

Doha Port's cruise terminal has concluded its 2024/25 season and **recorded a 5% increase in passenger numbers** to almost 400,000 passengers and a 19% increase in ship visits compared to the previous season, reflecting steady growth and **rising demand for cruise tourism**, with several luxury cruise liners now choosing Doha as the primary port of call in the GCC. These numbers underscore the success Qatar Tourism has had in attracting cruise liners and passengers to Doha. Zawya – Read more.

Public transport master plan

The Ministry of Transport has launched the Qatar Public Transport Master Plan (QPTMP). The plan **aims to improve accessibility, service reliability, traffic congestion and reduce carbon emissions** through advanced electric transportation systems. Public surveys will be conducted to gather data on mobility preferences to ensure societal needs are met. This plan is consistent with the wider Vision 2030 goal of protecting the environment and climate change mitigation. The Peninsula – Read more.

Solar power capacity grows

The launch of Ras Laffan and Mesaieed solar power plants brings Qatar's total solar energy production capacity to nearly 1,700 megawatts, marking significant progress towards the Vision 2030 goal of 4,000 megawatts. Efforts to build another plant in the Dukhan area, expected to be one of the largest globally and produce 2,000 megawatts of solar power, continues. **These solar power plants can be seen in the same context of reducing emissions and using green energy as articulated in the Vision 2030.** The Peninsula – Read more.

Qatar Airways to rely on stockpiled parts

Qatar Airways foresees an impact on its supply chains from the recent US tariffs and has announced it will be **relying on its stockpiled parts to mitigate any increase in import prices so as not to pass on cost increases to consumers**. The airline was already contending with global difficult supply chains and delayed Boeing aircraft deliveries. This development underlines the indirect effect of the tariffs on globally interconnected supply chains. Bloomberg – Read more.

Note: This report relies on the information provided by the listed sources and has not been validated as part of this process

QATAR

Spotlight

Sectoral structural shift

Non-oil PMI rises, signaling proactive growth... Qatar's PMI rose from 51.0 in February to 52.0 in March 2025. Qatar's economy is showing signs of rising demand with output expansion, avoiding inflationary pressures while maintaining growth. The rise from February was driven by a surge in new orders, suggesting heightened demand for production. Additionally, there was a boost in the inventory of purchased goods, indicating that companies are preparing for higher production or sales. Although business activity was lower than in February, businesses remain confident about the outlook due to improved growth forecasts.

Sectors leading the growth... Qatar's economic growth is being driven by several interconnected sectors. The manufacturing and wholesale & retail sectors have experienced significant demand growth. This surge in activity is supported by improving economic conditions and growth in real estate and construction[1]. Qatar's construction sector expansion is being driven by large-scale infrastructure projects as well as government investments, with QAR 197 Bn being allocated for new infrastructure projects in the 2025 fiscal budget[2].

Additionally, Qatar's maritime sector has seen strong growth, facilitated by the increased movement of vehicles, livestock, and building materials[3]. Purpose-built container terminals have played a crucial role in supporting rising trade volumes, ensuring timely and cost-effective business inputs. This may help businesses in many sectors lower the cost and risk of holding more inventory, enabling fulfillment of new orders and increasing business preparedness for scaling output.

Stimulating employment and wages... Employment growth in manufacturing, services, wholesale & retail, and construction, was close to record highs[3], accompanied by near record highs in wage growth. Higher levels in wages and employment translates to higher disposable household income which may generate further demand-led spending within the economy.

Consumer spending is a vital element in the circular flow of income and expenditure within the economy. It has the potential to drive production, generate employment, foster business growth, and create a multiplier effect, all of which play a significant role in promoting economic expansion.

Sources: 1 S&P PMI, 2 Middle East Briefing, 3 S&P PMI, 4 S&P PMI

Spotlight

Indirect impact of tariffs on LNG exports

The direct impact of the recent tariffs on Qatar is likely to be muted. However, the indirect impacts may be more pronounced... Like the UAE and KSA, Qatar is only subject to the baseline tariff rate of 10% and, therefore, not impacted by the 90-day pause that was subsequently announced. This is because reciprocal tariffs were only imposed on countries that had a goods trade surplus with the United States, and Qatar imports more goods from the United States than it exports to it (i.e., it has a goods trade deficit).

The United States is not a major trade partner for Qatar... Whilst the United States accounts for 12.6% of Qatar's imports, the second highest after China, it is not a major export market.[1] Exports to the United States account for only 1.5% of Qatar's total exports. Qatar's main export partners are typically in Asia, and the United States is a major producer of natural gas itself, Qatar's main export commodity.

Even though exports to the United States are limited, the indirect impacts of the tariffs may reduce Qatar's exports revenue... The imposition of tariffs have contributed to a fall in the price of natural gas as a result of expected dampening import demand in destination countries. A fall in the price of natural gas reduces government revenue and GDP, given that natural gas remains the single largest commodity export.

Demand for Qatar's LNG from countries like India, Japan and South Korea may decrease over the medium term... These countries are key export partners for Qatar and are now in the process of negotiating trade deals with the United States in the aftermath of the tariffs. The United States is expected to ask these countries to procure more US natural gas as part of these negotiations.[3] The United States is already the largest producer and exporter of natural gas in the world and is expected to further bolster its output.

Qatar may need to adopt a new approach to retain LNG market share... Qatar's market share in Japan fell to 4.0% in 2023 from 12.0%, whilst US's share increased from 3% to 8% in the same period. At the same time, Qatar's market share in South Korea fell to 19.0% in 2023 from 32.0% in 2018.[4] India has already announced its willingness to procure more natural gas from the United States.[5] Chinese demand may also be insufficient to plug any resultant gap, given domestic Chinese production and pipeline imports from Russia. Since LNG exports remain key to government revenues, Qatar may need to offer more competitive prices or remove restrictive clauses preventing resale of shipments to retain its market share.[6] Qatar may also want to consider alternative domestic use cases to derive value for its LBG supplies.

Any impact of the tariffs on other commodity exports is unlikely to have a significant impact on the economy... The two key non-hydrocarbon commodity exports from Qatar are polymers and fertilizers[7], and there is no obvious impact on the demand for these products from the tariffs. Unlike the UAE, Qatar is also not a major producer of steel and aluminum, so remains relatively insulated from the separate tariffs on those goods.

Sources: 1 Qatar NPC, 2 EIU, 3 CNBC, 4 Reuters, 5 GasWorld, 6 AGBI, 7 OCI

Acronyms and explanations of key terminologies

Acronyms and Explanations of Key Terminologies (1/3)

1

GDP – Gross Domestic Products[1]

Total value of all final goods and services produced within a country over a specific period.

2

Real GDP – Real Gross Domestic Products

Inflation-adjusted measure of the value of all final goods and services produced within a country's borders during a specific period, reflecting actual changes in output without the influence price fluctuations.

3

Non-Oil PMI – Non-Oil Purchasing Managers' Index[2]

Measures the performance and business conditions of the non-oil private sector . A PMI reading over 50 represents non-oil sector expansion, and below 50 represents contraction compared to the month prior.

4

CPI – Consumer Price Index[3]

Measures changes in the prices of goods and services for specific household groups, calculated as weighted averages of price changes for a specified basket of consumer products.

5

Inflation rate[4]

Change in the price of basket of selected goods and services typically purchased by specific groups of household over one year. Often derived from changes in the CPI.

6

Non-Oil Exports[5]

Goods and services that a country sells to other countries, excluding crude oil and natural gas. These exports are part of the non-oil sector.

7

FDI – Foreign Direct Investment[6]

Investment from a party in one country into a business or corporation in another country with the intention of establishing a lasting interest

8

CEPA - Comprehensive Economic Partnership Agreement[7]

Comprehensive trade agreement to strengthen economic ties and deepen cooperation between two or more countries

9

IMF – International Monetary Fund[8]

International organization that promotes financial stability and economic cooperation among its 190 member countries.

10

GCC – Gulf Cooperation Council[9]

Political and economic alliance of six Arab States of the Gulf that was established in 1981. It includes Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates

Sources: 1 GDP - OECD ; 2 PMI - S&P Global ; 3 CPI – WB ; 4 Inflation – OECD ; 5 Non-Oil Exports ; 6 FDI ; 7 CEPA ; 8 IMF ; 9 GCC

Acronyms and Explanations of Key Terminologies (2/3)

11 PIF - Public Investment Fund[1]
KSA's sovereign wealth fund, established to invest in projects and initiatives globally and locally. It is a key driver of KSA Vision 2030.

12 KSA Vision 2030[2]
Government program launched by KSA in 2016 to achieve the goal of increased diversification economically, socially and culturally.

13 QNV 2030 - Qatar National Vision 2030[3]
Development plan launched in 2008 to achieve sustainable development and prosperity through four interconnected pillars: Human, Social, Economic and Environmental.

14 AI – Artificial Intelligence[4]
Technology that enables computers and machines to simulate human learning, comprehension, problem solving, decision making, creativity and autonomy.

15 SAR - Saudi Riyal[5]
Represents the official currency of Saudi Arabia, pegged to the USD at a fixed exchange rate of approximately 3.75 SAR to 1 USD.

16 AED - Arab Emirates Dirham[6]
Represents the official currency of the United Arab Emirates, pegged to the USD at a fixed exchange rate of approximately 3.67 AED to 1 USD.

17 QAR - Qatari Riyal[7]
Represents the official currency of Qatar, pegged to the USD at a fixed exchange rate of approximately 3.64 QAR to 1 USD.

18 YoY – Year-on-Year
Measures the difference or percentage change between the value in the current year and the value in the previous year.

19 QoQ – Quarter-on-Quarter
Measures the difference or percentage change between the value in the current quarter and the value in the previous quarter.

20 MoM – Month-on-Month
Measures the difference or percentage change between the value in the current month and the value in the previous month.

Sources: 1 PIF ; 2 KSA Vision ; 3 Qatar Vision; 4 AI ; 5 SAR ; 6 AED ; 7 QAR

Acronyms and Explanations of Key Terminologies (3/3)

21

PP – Percentage Points

Unit of measurement used to describe the difference between two percentages.

22

PTS – Points

Unit of measurement used to describe the difference between two scores, levels, or other quantifiable metrics.

Deloitte.