



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
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UAE Trade and Economic Update

MARKET INTELLIGENCE REPORT

Summary

- The United Arab Emirates (UAE) continues to enjoy sustained economic growth, with GDP projected to increase by approximately 4% in 2025. This growth is driven by the country's efforts to diversify its economy, with the non-oil sector (especially tourism, financial services and technology) contributing almost 75% of real GDP.
- Strategic investments by the UAE's sovereign wealth funds, continued refinement of policies to attract foreign talent and capital, and an enduring focus on innovation are also key in positioning the UAE for sustained economic success. Its hydrocarbon sector will remain important to overall growth, and will be boosted by its increased OPEC+ oil production quota from April 2025.
- The UAE's increasingly diversified revenue base is expected to result in continued prudent fiscal expenditure. Capital expenditure and targeted initiatives to accelerate diversification efforts will continue, as will the growing breadth and depth of its economic bilateral ties.

- Regional instability remains a risk to growth with the UAE maintaining an active watching brief on developments.
- The UAE remains one of New Zealand's most significant trade and investment partners in the region. Our recently signed bilateral Comprehensive Economic Partnership Agreement (CEPA) presents new opportunities for trade and investment, aligning with the Emirates' economic transformation strategy. New Zealand businesses have a unique window of opportunity to expand their footprint and leverage the Emirates' role as a global trade and investment hub.

Report

2024/25 economic and trade growth

The IMF and World Bank recently projected 4% real GDP growth for the UAE in 2025, following an estimated 3.7% increase in 2024. The UAE is a petro-state with a population of 10 million (of which only one million are Emirati citizens), the sixth highest GDP per capita based on PPP globally in 2024, and assets under management that recently earned Abu Dhabi the title of [‘Capital of Capital’](#).

2025 economic policies will remain closely aligned with the Emirates’ [‘We the UAE Vision2031’](#) strategy, which seeks to double GDP to AED3 trillion (NZ\$1.4 trillion) by 2031. Inflation is expected to remain moderate at 2.3% in 2025, supported by stable food and housing prices. Consumer spending is expected to increase by 4.3% this year, driven by population growth and positive household confidence. The UAE’s revenue base is expected to further diversify due to increased tax revenue: a 15% domestic minimum top-up tax was levied on multinational companies from January 2025, following a 9% corporate tax introduced in mid-2023.

The UAE also continues to strengthen its global partnerships, with non-oil trade surpassing AED 1.3 trillion (NZ\$617 billion) in 2024, equivalent to 134% of GDP. More than 20 CEPAs in addition to that with New Zealand have already been concluded, most recently with Ukraine, Malaysia, Kenya and the Eurasian Economic Union. Further CEPAs are under negotiation. These agreements, which typically focus on key areas like logistics, infrastructure, food security, energy, Artificial Intelligence (AI) and fintech, have bolstered the UAE’s position as a global trade hub and are expected to remain central to its goal of achieving AED 4 trillion (NZ\$1.9 trillion) in non-oil trade by 2031. Trade facilitation policies, including its role as a re-export hub to Africa and South Asia, provide further advantages for New Zealand companies looking to expand beyond the UAE into wider regional markets.

Non-oil sector growth

The UAE’s economic diversification strategy continues to yield results, with the non-oil sector expected to contribute significantly to overall GDP growth in 2025. Key industries driving this expansion include:

- **Logistics and Transport:** The UAE Cabinet recently established the Logistics Integration Council, intended to improve efficiency and (Abu Dhabi’s) oversight of the various federal and local entities contained within the UAE’s fastest growing

non-oil industry. Between January to June 2024 the industry contributed 5.4% to total GDP, and is currently estimated to be worth AED120billion/NZ\$58 billion. The logistics industry has benefitted both from the UAE's geographic position where east-west transport routes converge, and years of investment into key hubs such as Dubai International Airport, Jebel Ali Port, Khalifa Port and the under-construction Al Maktoum International Airport and cross-border rail to Oman. This advanced infrastructure provides a gateway for New Zealand companies to access not only the UAE but also broader markets in the Middle East, Africa, and South Asia, making the UAE an attractive base for regional distribution and re-export strategies.

- **Tourism and Hospitality:** Dubai alone welcomed over 17 million visitors in 2024 (a 9% year-on-year increase), and the UAE government has set a target of attracting AED100 billion (NZ\$48billion) in tourism investments, and 40 million hotel guests a year, by 2031. This expansion presents corresponding opportunities for New Zealand premium dairy, meat, and seafood exports, although the UAE remains a highly competitive market for such goods.
 - **Food Security and Agri-Tech:** The Emirates imports nearly 90% of its food, making food security a national priority. The CEPA will further enhance access for New Zealand's agricultural exports, particularly dairy, meat, and fresh produce. Furthermore, New Zealand's agritech solutions—such as precision farming, water-efficient irrigation, and vertical farming—align with the UAE's sustainability goals and present possible investment and partnership opportunities.
 - **Technology and Innovation:** The UAE is working to position itself as a global technology and AI hub, with AI alone projected to contribute 14% to GDP by 2030 (approximately NZ\$174billion). Demand for digital transformation and emerging technologies remains hot, backed by government spending, including on data centres. Efforts to attract global-high tech companies include the two-year old NextGen FDI Initiative, spearheaded by Minister of State for Foreign Trade Dr Thani bin Ahmed Al Zeyoudi. NextGen seeks to grow innovation and SMEs, and develop sustainable industries. Over 20 companies are involved to date, drawn by market-entry benefits such as fast-track set up and licensing, visa issuance and access to financial services.
 - **Renewable Energy and Sustainability:** The UAE has committed to achieving net-zero emissions by 2050 and is investing heavily (USD54 billion/NZ\$94billion by 2030) in clean energy. Companies specialising in sustainable construction, green building materials, and carbon management technologies are of interest, particularly those with local manufacturers or operations who can benefit from the 'Make it in the Emirates' scheme incentives.
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The hydrocarbon sector

While the UAE's diversification strategy remains a priority, its hydrocarbons sector is set to expand by an estimated 2% in 2025 according to the IMF, as the Emirates implements a gradual OPEC+ quota increase of 300,000 barrels per day (bpd). This quota increase aligns with a broader energy strategy of increasing production capacity (aiming to increase from 4.85 million bpd current capacity to 5 million bpd by 2027), investing in downstream industries like petrochemicals at home and abroad, and investing in cleaner energy initiatives.

With global energy demand stabilising and oil prices maintaining relative strength, the UAE's energy revenues will continue to be a key support for government investments, particularly in infrastructure, innovation, and economic development.

Demand for Labour

The UAE has also continued reforms intended to extend its position as the most attractive regional destination for expatriates, businesses, and investors, amidst increased competition. Key updates since mid-2024 include:

- **Extended Visa Durations:** Work permits have been extended to three years, and the Green Residence Visa now offers a five-year validity, providing greater stability for residents.
- **Visa on Arrival Extensions:** Nationals from countries such as New Zealand, the United States, United Kingdom, Australia, Japan, and Canada are now eligible for a 90-day multiple-entry visa on arrival, an increase from the previous 30-day allowance.
- **Introduction of the Blue Visa:** This visa category targets environmental leaders and professionals in sustainability sectors, reflecting the UAE's commitment to environmental initiatives.
- **Establishment of the Abu Dhabi Registration Authority (ADRA):** Created to centralise business registration processes, simplifying procedures for new and existing businesses.
- **Trade Licensing Reforms:** The UAE has streamlined trade licensing regulations, reducing administrative burdens and costs for entrepreneurs. These changes aim to facilitate easier market entry and allow businesses to adapt more swiftly to market demands.
- **Amendments to the Companies Law:** These legislative amendments aim to support UAE efforts to attract foreign direct investment by allowing for greater foreign

ownership and improving corporate governance standards.

In conclusion, the UAE's strong economic growth, coupled with its focus on diversification, innovation, and sustainability, is expected to drive continued momentum for expanded trade and investment, although risks remain, for example from oil price fluctuations and broader geopolitical turmoil.

New Zealand's CEPA with the UAE will enhance our bilateral economic ties and provide a framework for deeper engagement across key industries. By leveraging this agreement and aligning with the UAE's strategic priorities, New Zealand businesses can capitalise on emerging opportunities and strengthen their presence in one of the world's most dynamic markets.

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