

# SHARJAH

MIDDLE EAST | RESEARCH TEAM – SAMH

## DIVERSIFIED ECONOMY SUPPORTED BY MANUFACTURING & PRIVATE SECTOR LED GROWTH MODEL

### Profile

Sharjah is the third largest emirate in the United Arab Emirates, and is the only one to have land on both the Persian Gulf and the Gulf of Oman. The emirate covers 2,590 square kilometers (1,000 sq. mi) and has a population of over 1,400,000 (2015).

### Key Characteristics

- Sharjah's economic growth is supported by a contribution from diversified economic sectors and government initiatives to promote foreign direct investment. As of 2017, manufacturing contributed 16.90% of GDP, while wholesale and retail trade contributed 12.20%, slightly below real estate at around 13.30%.
- The government continues to support private sector and encourage public-private partnership, along with the establishment of industrial zones and free zones, to boost manufacturing growth and enhance industrial activities. In the field of education, with establishment of American University of Sharjah in 1997, ranked as top institution in Arab world, government continues to promote high quality education for UAE nationals as well as expats worldwide.
- Introduction of new sources to enhance revenues such as VAT, will diversify government revenues away from customs duties and proceeds from land sales. The UAE will allocate 70 percent of the revenue from VAT to local governments and the remaining

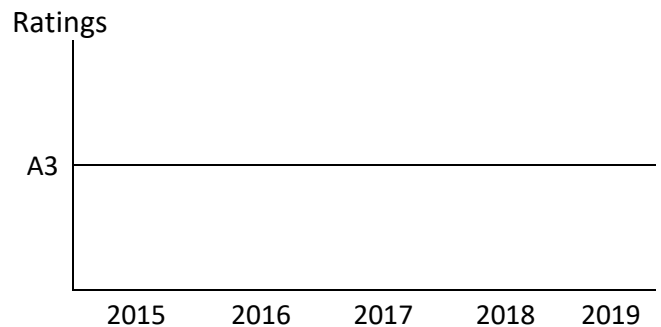
30 percent would go into the federal budget. These measures should also assist the government's goal of higher spending in key economic areas over the coming years.

- Increased investment over infrastructure, along with higher revenues would boost GDP growth in long term and enhance opportunities for investments, so as to support higher per capita GDP and improved living standards.

### Issuer data

	Moody's	S&P
Ratings	A3	BBB+/A-2

### Rating history by Moody's



## Economic structure

- Diversified economy with share of more than 90% Non-Oil GDP.
- 'Invest in Sharjah', Free zone initiatives, Tourism development such as Book Fair and Expo, Sharjah International Airport Expansion, Energy projects, Retail sector will provide further boost to grow Sharjah economy.
- Private led sector growth in most of the major sectors in the economy.

## Fiscal and monetary flexibility

- Low oil prices will continue to put pressure over oil sector GDP growth and investments. Although, non-oil GDP growth is expected to grow faster in 2019 and beyond, supported by government initiatives and private sector led investment growth.
- Infrastructure accounts for 23% of Sharjah's \$7bn 2019 budget, highlighting number of opportunities and long-term growth prospects.

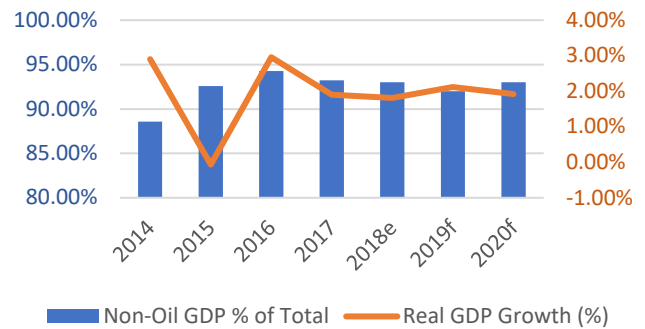
## External position

- Non-oil and public-private sector investment led growth, along with increased revenue from taxes expected to increase public investments.
- Sharjah's diversified economic base and growing economy reduce external vulnerabilities, given part of UAE Federal Government.

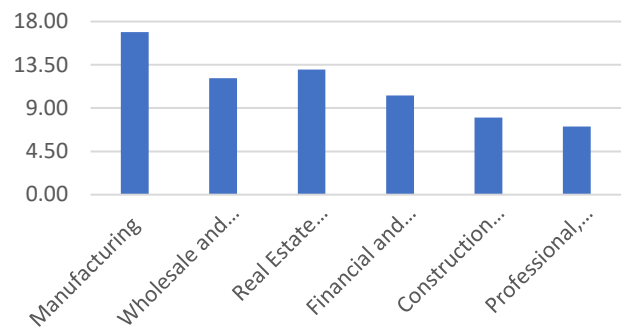
## Politics and governance

- Sharjah, part of UAE, is highly stable from political point of view, with good relations and connectivity across the Middle East and globally.
- Furthermore, GDP per capita has been consistently growing up and close to reaching AED 73,500 in near future, supporting higher living standards for the people of Sharjah and UAE.

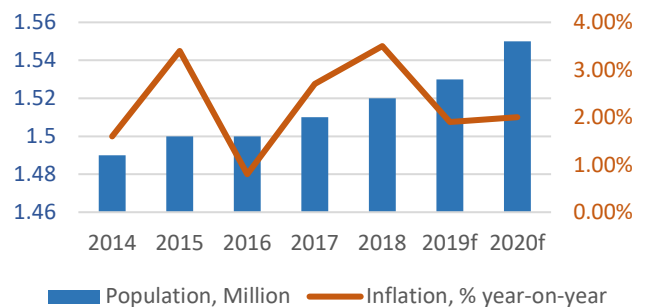
## Real GDP Growth and Non-Oil GDP



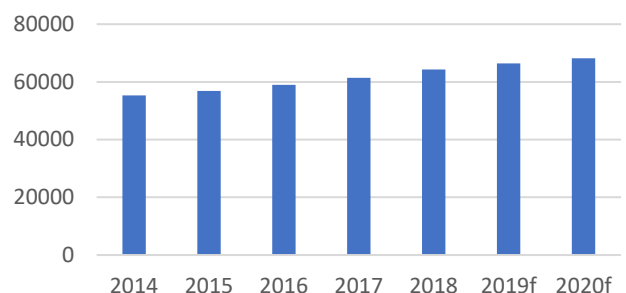
## Major Economic Sectors, % of GDP



## Population & Inflation



## GDP Per Capita, AED



### Sharjah Facts & Figures (AED Millions)

	2015	2016	2017	2018e	2019f	2020f
GDP	85,291	88,521	92,704	97,802	101,811	105,884
Non-Oil GDP	78,953	83,451	86,417	90,956	93,488	98,283
Non-Oil GDP % of Total	92.57%	94.27%	93.22%	93.00%	92.00%	93.00%
nominal GDP Growth (%)	3.50%	3.80%	4.70%	5.50%	4.10%	4.00%
Real GDP Growth (%)	-0.07%	2.96%	1.90%	1.81%	2.12%	1.92%
Inflation (%)	3.40%	0.80%	2.70%	3.50%	1.90%	2.00%

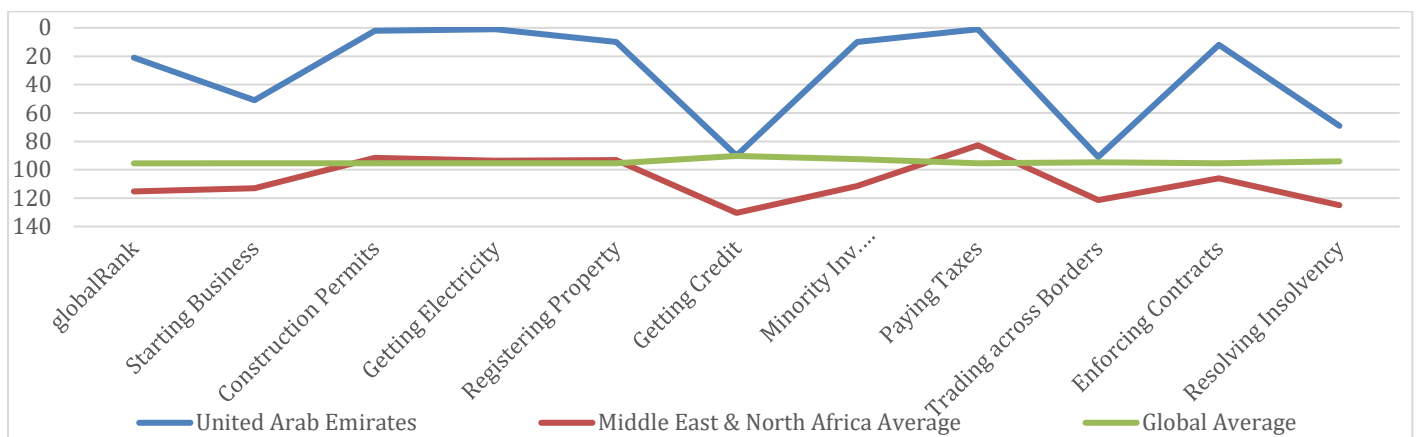
### Major Economic Sectors, % of GDP

Manufacturing	16.80	17.10	16.90	16.80	16.90	16.80
Wholesale and Retail Trade; Repair of Motor Vehicles	12.30	12.20	12.10	12.10	12.20	12.30
Real Estate Activities	13.20	13.30	13.00	12.90	12.80	12.70
Financial and Insurance Activities	10.20	10.50	10.30	10.40	10.40	10.50
Construction and Building	8.10	8.10	8.00	8.00	7.90	7.90
Professional, Scientific, Technical Activities, Education	6.90	7.30	7.10	7.10	7.10	7.10
Crude Oil and Natural Gas	7.40	5.70	6.80	6.70	6.70	6.60
Transport and Storage	4.80	4.90	4.90	5.00	5.00	5.10
Electricity, Gas and Water, Waste Management	2.90	3.10	3.10	3.20	3.30	3.30
Human Health and Social Service	1.10	1.20	1.20	1.20	1.30	1.30
Others	16.30	16.60	16.60	16.60	16.40	16.40

Source: Federal Competitive & Statistics Authority, Sharjah Economic Development Department, Sharjah Finance Department

### World Bank Economy Ranking 2018

UAE, which Sharjah is a major part of, was ranked 21<sup>st</sup> in terms of overall Global Business Ranking out of 190 countries and scored well above global market and Middle East market averages. In terms of stability, it is considered as one of the top destinations in the world for business and tourism.



Source: World Bank

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