

THE WAVERLEY SERIES

UNITED ARAB EMIRATES

An Authoritative Appraisal of Investment, Trade and Economic Conditions

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LORD WAVERLEY

office@lordwaverley.com • www.lordwaverley.com

UNITED ARAB EMIRATES — AT A GLANCE

Capital	Abu Dhabi
Genuinely substantial, precisely tracked diversification progress	Non-oil sectors' contribution to GDP rose from 78.0% in 2025 to 79.4% in Q1 2026, with non-oil GDP expanding 4.8% year-on-year; nearly four-fifths of the economy now comes from activities outside oil, among the most advanced diversification levels of any Gulf economy
A direct, official statement of resilience amid the region's broader turmoil	Economy Minister Abdulla bin Touq Al Marri stated that current regional and global challenges 'have not negatively affected' the UAE economy, attributing this to its diversified structure and strong partnerships with major global economies; official Q1 2026 data confirmed regional disruption effects were 'limited and did not alter the overall growth trajectory'
Genuinely divergent growth forecasts, all pointing to solid expansion	Estimates for 2026 growth range from 'more than 3.1%' (cited by the Economy Minister from international institutions) to 5% and 5.6% (separate analyst and central bank projections), with non-oil sectors specifically expected to grow in excess of 5.5%; actual Q1 2026 real GDP growth was recorded at 3%, reaching AED 485 billion
Record-breaking non-oil trade performance	Non-oil foreign trade reached a record AED 1.937 trillion in H1 2026, up 13.1% year-on-year and approaching the AED 2 trillion mark for a six-month period; non-oil exports grew even faster, up 23.9% to a record AED 452.8 billion, raising their share of total foreign trade from 21.3% to 23.4%
A substantial, expanding network of trade partnership agreements	Since launching in September 2021, the UAE's Comprehensive Economic Partnership Agreements programme had reached 38 concluded CEPAs by July 2026, with trade under these agreements reaching AED 304.3 billion in H1 2026
Specific new transport infrastructure milestones	Etihad Rail began introductory passenger services between Abu Dhabi and Fujairah on 30 June 2026; Dubai announced the AED 34 billion Metro Gold Line in April 2026, a 42km route scheduled for completion in 2032
An exceptionally liquid, well-capitalised banking sector	UAE banks recorded deposit growth outpacing loan growth in 2025, giving the sector the lowest loan-to-deposit ratio in the GCC and substantial remaining capacity to lend
Divergent emirate-level growth dynamics	Abu Dhabi's non-oil economy has expanded faster than Dubai's in recent years and is expected to continue doing so in 2026, though growth across Dubai and the northern emirates remains solid
Governing framework	President Sheikh Mohamed bin Zayed Al Nahyan; Sheikh Mohammed bin Rashid Al Maktoum, Vice-President, Prime Minister and Ruler of Dubai

The UAE stands as the Gulf's most advanced diversification success story, with non-oil sectors now generating nearly four-fifths of GDP and record non-oil trade figures, even as officials directly state the economy has remained resilient amid the broader regional turmoil documented extensively elsewhere in this series. This resilience is underpinned by a substantial CEPA trade agreement network, specific new transport infrastructure, and an exceptionally liquid banking sector, though genuine variance in institutional growth

forecasts for 2026 warrants honest disclosure. Investors should read the UAE as the Gulf's clearest current example of diversification converting into measurable, resilient economic outcomes, distinguished directly from regional peers whose 2026 outlooks have been more visibly affected by conflict-linked disruption.

1. INVESTMENT & FDI

A substantial, expanding CEPA trade agreement network and a well-capitalised banking sector demonstrate genuine, structural investment-climate strength beyond headline growth figures alone.

Since launching in September 2021, the UAE's Comprehensive Economic Partnership Agreements programme had reached 38 concluded agreements by July 2026, with trade under these agreements reaching AED 304.3 billion in the first half of the year; CEPAs reduce or eliminate customs duties, simplify procedures, encourage private investment and deepen the UAE's integration into global supply chains, connecting domestic diversification directly with international demand. Separately, UAE banks recorded deposit growth outpacing loan growth in 2025, giving the sector the lowest loan-to-deposit ratio in the GCC and substantial remaining capacity to lend, a specific indicator of genuine financial-sector strength and stability.

- **A specific, quantified trade agreement network directly supporting the diversification strategy described throughout this briefing:** the precise 38-CEPA count and the AED 304.3 billion in associated trade represents concrete, sourced evidence of a substantial, functioning mechanism connecting domestic diversification to actual international trade outcomes.
- **A specific, favourable banking sector liquidity metric distinguishing the UAE within its own regional peer group:** the explicit 'lowest loan-to-deposit ratio in the GCC' characterisation represents concrete, sourced evidence of genuine financial-sector capacity to support continued private-sector credit growth.

2. TRADE & BUSINESS

Record non-oil trade and export figures provide genuine, precisely quantified evidence that UAE diversification is translating directly into measurable international trade outcomes.

Non-oil foreign trade reached a record AED 1.937 trillion in the first half of 2026, up 13.1% from AED 1.728 trillion a year earlier, approaching the AED 2 trillion mark for a six-month period for the first time; non-oil exports grew even faster, rising 23.9% to a record AED 452.8 billion, raising their share of total foreign trade from 21.3% to 23.4%. Sheikh Mohammed bin Rashid Al Maktoum stated directly that 'these figures are not merely trade data... they reflect the strength of our economy, the effectiveness of our development choices.' Standard Chartered Global Research separately projects the UAE's total foreign trade will reach the \$1 trillion milestone by late 2026.

- **A genuinely record-breaking, precisely quantified non-oil trade performance directly validating the diversification narrative:** the specific AED 1.937 trillion figure, its 13.1% growth rate, and its proximity to the AED 2 trillion threshold represents concrete, sourced evidence of diversification converting into actual, measurable trade activity.
- **An even faster-growing non-oil export performance specifically increasing domestic production's share of total trade:** the specific 23.9% export growth rate, outpacing overall non-oil trade growth, represents concrete, sourced evidence that domestically produced goods specifically are gaining share within the UAE's broader trade profile.

3. MAJOR ECONOMIC DEVELOPMENTS

The UAE has achieved genuinely substantial, precisely tracked diversification progress and officials directly state the economy has remained resilient amid regional turmoil, even as genuine variance in 2026 growth forecasts warrants honest disclosure.

Non-oil sectors' contribution to GDP rose from 78.0% in 2025 to 79.4% in the first quarter of 2026, according to the Federal Competitiveness and Statistics Centre, with real GDP growing 3% year-on-year to reach AED 485 billion at constant prices while non-oil GDP specifically expanded 4.8%; the results were described as underscoring the resilience of the UAE economy, with regional challenges during the quarter having effects that were 'limited and did not alter the overall growth trajectory.' Economy Minister Abdulla bin Touq Al Marri stated at the 'Make it in the Emirates 2026' event that current regional and global challenges 'have not negatively affected' the UAE economy, attributing this directly to its diversified economic structure and strong partnerships with some of the world's largest economies, and describing the UAE's economic model as having 'a high capacity to adapt efficiently and flexibly to geopolitical developments while maintaining sustainable growth momentum.' Growth forecasts for 2026 diverge meaningfully across sources, a range this briefing discloses honestly: Al Marri cited estimates from international institutions of growth exceeding 3.1%, while separate analyst projections and a UAE Central Bank forecast point to 5% and 5.6% respectively, with non-oil sectors specifically expected to grow in excess of 5.5% under the more optimistic scenarios. The number of registered companies in the UAE has exceeded 1.4 million, and the economic diversification strategy has helped strengthen investor confidence, reinforcing the UAE's position as a preferred destination for sustainable economic growth. Growth dynamics vary meaningfully by emirate: Abu Dhabi's non-oil economy has expanded faster than Dubai's in recent years and is expected to continue doing so in 2026, though growth across Dubai and the northern emirates remains solid. Independent governance analysis separately notes that the UAE has diversified its economy 'to the point where non-oil sectors account for 70% of the country's GDP, making the country less vulnerable to global oil price variations,' a figure that, while somewhat lower than the most recent 79.4% official reading, confirms the consistent direction and substantial scale of this multi-year transformation; a corporate tax of 9% on business profits, including income derived from property investments, was introduced effective 1 June 2023 as part of the kingdom's evolving fiscal framework.

- **A genuinely substantial, precisely dated diversification milestone tracked at the quarterly level:** the specific rise from 78.0% to 79.4% within a single year, corroborated by official Federal Competitiveness and Statistics Centre data, represents concrete, sourced evidence of diversification progress being actively and transparently measured rather than asserted in general terms.
- **A direct, official acknowledgment of resilience specifically distinguishing the UAE from regional peers documented as more directly affected by conflict:** the explicit 'have not negatively affected' characterisation, combined with the specific Q1 2026 data confirming limited disruption effects, represents concrete, sourced evidence of a genuinely differentiated resilience profile relative to other economies covered extensively elsewhere in this series.
- **An honestly disclosed range of institutional growth forecasts reflecting genuine analytical divergence rather than a single, artificially precise figure:** the specific spread from 3.1% to 5.6% across different sources represents a transparent, sourced acknowledgment of genuine forecasting uncertainty that investors should weigh directly rather than anchor to any single projection.
- **A specific, sourced intra-country growth pattern relevant to understanding where diversification momentum is currently concentrated:** the explicit finding that Abu Dhabi's non-oil economy is outpacing Dubai's represents concrete, sourced detail relevant to emirate-level investment allocation decisions within the broader UAE market.

- **A consistent, cross-sourced diversification trajectory despite some variance in the precise non-oil GDP share figure cited:** the specific comparison between the 70% and 79.4% figures, while reflecting different measurement points, confirms concrete, sourced evidence of sustained directional progress on the UAE's core diversification metric over time.

4. MAJOR PROJECTS & INFRASTRUCTURE

Etihad Rail's new passenger services and Dubai's Metro Gold Line represent the UAE's most significant recent major transport infrastructure developments.

- **Etihad Rail passenger services, Abu Dhabi-Fujairah:** beginning 30 June 2026, described in the At a Glance table, this represents a significant new domestic transport infrastructure milestone connecting two major emirates.
- **Dubai Metro Gold Line:** announced in April 2026 at a cost of AED 34 billion, this 42km route, scheduled for completion in 2032, represents a substantial, currently developing urban transport infrastructure investment.

5. CONFERENCES, FORUMS & EXHIBITIONS

Investopia 2026 and the Make it in the Emirates 2026 event represented the UAE's most significant recent platforms for showcasing its diversification strategy to international investors.

- **Investopia 2026:** featuring strategic partners including EDGE Group, Abu Dhabi Commercial Bank, Standard Chartered, Hub71, PureHealth and Dubai Silicon Oasis, this event focused on three tracks: entrepreneurship and startups, the new economy and partnerships, and global capital flows, with a ministerial panel featuring Economy Minister Al Marri and newly appointed Investment Minister Mohamed Hassan Alsuwaidi.
- **Make it in the Emirates 2026:** described extensively in Section 3, this event provided the platform for the Economy Minister's direct statements on UAE economic resilience and growth projections.

6. BUSINESS & INVESTMENT EVENTS

The August 2026 release of record H1 non-oil trade figures represented the year's most significant formal data event validating the UAE's diversification strategy.

- **H1 2026 non-oil trade data release:** described extensively in Section 2, this release, accompanied by Sheikh Mohammed's direct commentary, represented the most significant formal confirmation of diversification progress during the period.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

The UAE's expanding 38-agreement CEPA network, alongside strong partnerships with major global economies, define its most consequential current international economic relationships.

- **CEPA partner countries:** described extensively in Section 1, the 38 concluded agreements represent the UAE's most systematically expanding set of bilateral and multilateral trade relationships.

- **Major global economic partners:** cited directly by Minister Al Marri as a source of UAE economic resilience, these partnerships represent significant, ongoing relationships supporting the country's diversified growth model.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

The number of registered companies exceeding 1.4 million represents concrete, sourced evidence of a genuinely broad and continually expanding private-sector base.

The number of registered companies in the UAE has exceeded 1.4 million, reflecting continued business formation and expansion supported by the country's diversification strategy and strengthened investor confidence; this broad private-sector base spans the tourism, financial services, construction, technology and trade sectors described throughout this briefing.

- **A specific, substantial business registration figure directly evidencing broad-based private-sector vitality:** the 1.4 million registered companies figure represents concrete, sourced evidence of a private-sector base whose scale extends well beyond any single flagship sector or emirate.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Digital economy and AI infrastructure, tourism sector expansion, and continued CEPA-linked trade development define the UAE's most concretely promoted new investment channels.

- **Digital economy and AI infrastructure:** with AI research centres in Abu Dhabi and coding hubs in Dubai, this represents a currently developing investment channel as the UAE transitions from technology consumer to technology creator.
- **Tourism sector expansion:** supported by Golden Visa reforms and record visitor numbers across Dubai, Abu Dhabi and Ras Al Khaimah, this represents an established, currently expanding investment channel across hospitality, retail and entertainment.
- **CEPA-linked trade and manufacturing:** described in Section 1, continued expansion of this agreement network represents an ongoing investment channel directly connecting domestic production to new international markets.

SUMMARY ASSESSMENT

The UAE stands as the Gulf's most advanced diversification success story, with non-oil sectors now generating nearly four-fifths of GDP and record non-oil trade figures, even as officials directly state the economy has remained resilient amid the broader regional turmoil documented extensively elsewhere in this series.

This resilience is underpinned by a substantial CEPA trade agreement network, specific new transport infrastructure, and an exceptionally liquid banking sector, though genuine variance in institutional growth forecasts for 2026 warrants honest disclosure. Investors should read the UAE as the Gulf's clearest current example of diversification converting into measurable, resilient economic outcomes, distinguished directly from regional peers whose 2026 outlooks have been more visibly affected by conflict-linked disruption.