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Beyond the Barrel

Measuring the UAE's Economic Diversification

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Beyond the Barrel: Measuring the UAE's Economic Diversification

Non-oil growth, the 2031 targets and what the headline numbers do and do not show

EPIC: Emirati Perspectives and Insight Centre

Abstract

Economic diversification has been a stated aim of UAE policy for decades. Official statistics now show substantial progress: according to the Federal Competitiveness and Statistics Centre (FCSC), non-oil activities accounted for 75.5 per cent of real gross domestic product (GDP) in 2024, and non-oil foreign trade reached a record of almost AED 3 trillion. World Bank data show that oil rents fell from about 35 per cent of GDP in 1990 to between about 10 and 17 per cent in 2015 to 2021. This paper examines what these numbers measure. Using FCSC releases, World Bank indicators, the "We the UAE 2031" vision and the industrial strategy "Operation 300bn", it finds that diversification of output is real and broad, led by trade, manufacturing, finance, construction and real estate. It also finds three qualifications. First, the share of manufacturing in GDP in the World Bank series has stayed at about 8 to 9.5 per cent since 2010, so the industrial strategy's target of more than doubling the sector's contribution by 2031 implies a step change. Second, many non-oil activities, from construction to finance, depend on the investment and liquidity that hydrocarbon revenues and the national investment institutions generate, so the share of non-oil GDP overstates independence from oil. Third, progress towards the 2031 targets is uneven: the non-oil trade target is within reach, while the GDP and non-oil export targets require sustained growth well above recent rates. The paper closes with recommendations on measurement, on industrial policy and on the role of fiscal and investment buffers.

Keywords: UAE; economic diversification; non-oil GDP; oil rents; We the UAE 2031; Operation 300bn; manufacturing; foreign trade; CEPA; sovereign investment

1. Introduction

The UAE's economic story is often told as a transition from oil to everything else. The official record supports much of that story. This paper asks a narrower question: how far has the economy diversified, by which measures, and what remains to be done to meet the targets the government has set for 2031?

Section 2 sets out the headline measures. Section 3 examines the structure of non-oil output. Section 4 reviews the 2031 targets and progress towards them. Section 5 discusses the links between oil and non-oil activity. Section 6 sets out recommendations.

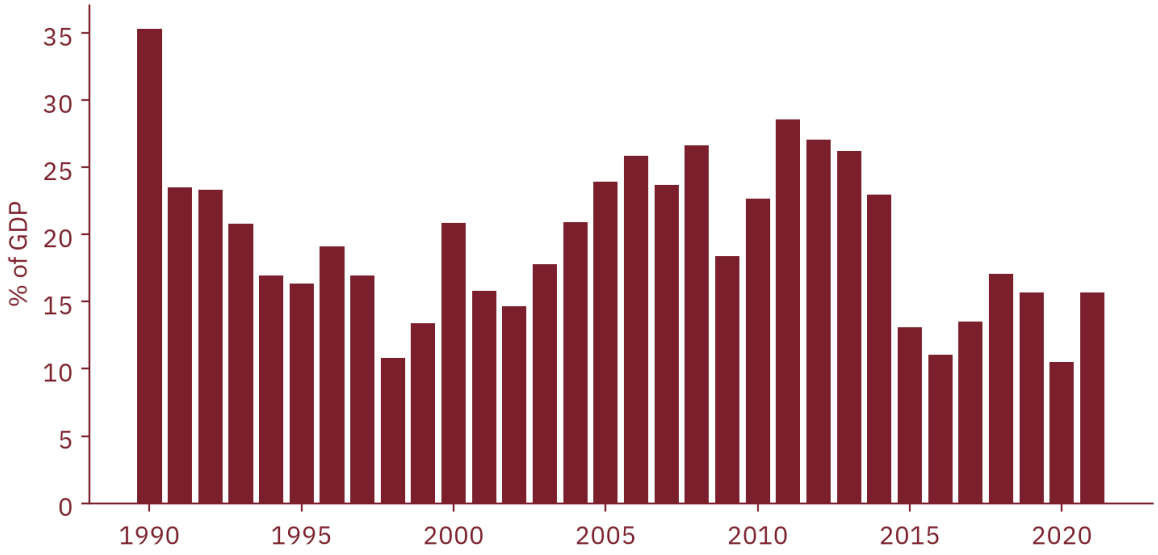
2. The headline measures

Non-oil share of GDP. The FCSC reported in June 2025 that real GDP reached AED 1,776 billion in 2024, up 4 per cent on 2023. Non-oil GDP grew by 5 per cent to AED 1,342 billion, while oil-related activities contributed AED 434 billion, giving a non-oil share of 75.5 per cent. For the first nine months of 2024 the FCSC also reported a nominal non-oil share of 76.5 per cent.

Oil rents. The World Bank's estimate of oil rents, the value of crude oil production at world prices minus the cost of production, fell from about 35.3 per cent of GDP in 1990 to 20.8 per cent in 2000 and 22.7 per cent in 2010, and then to between 10.5 and 17.1 per cent in 2015 to 2021, the latest year available (Figure 1). The 1990 value reflects the oil price spike of that year; by 1991 the share was 23.5 per cent. The series moves with oil prices as well as with the structure of the economy: the low point of 10.5 per cent in 2020 reflects the collapse in prices that year as much as any structural change.

Openness. World Bank data put exports of goods and services at about 107 per cent of GDP in 2023, up from about 77 per cent in 2010. The UAE is above all a trading economy, and much of its trade consists of re-exports.

Figure 1. Oil rents as a share of GDP, UAE, 1990–2021



Source: World Bank, World Development Indicators, NY.GDP.PETR.RT.ZS (oil rents, % of GDP), United Arab Emirates, retrieved 23 Oct 2026
Chart: EPIC: Emirati Perspectives and Insight Centre

3. The structure of non-oil output

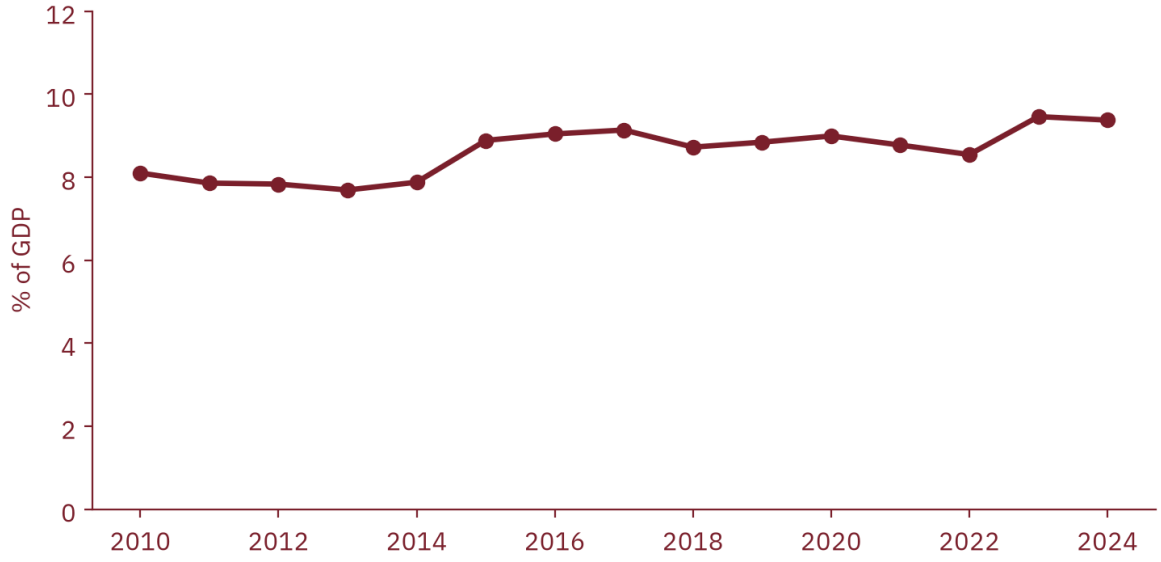
According to the Ministry of Economy's statement on the 2024 figures, the largest non-oil activities were trade (16.8 per cent), manufacturing (13.5 per cent), financial and insurance activities (13.2 per cent), construction (11.7 per cent) and real estate (7.8 per cent). For the first nine months of 2024 the FCSC gave comparable figures explicitly as shares of non-oil GDP (trade 16.5, manufacturing 15.1, finance 12.1, construction 11.7 and real estate 7.6 per cent),

with transport, construction, finance, government and hospitality among the fastest-growing sectors.

This is a broad base. No single non-oil activity dominates, and several of the leading activities, especially trade, transport, finance and hospitality, reflect the UAE's position as a regional and global hub.

Manufacturing is the exception that matters most for policy. In the World Bank series, manufacturing value added was 8.1 per cent of GDP in 2010, 8.9 per cent in 2015 and 9.4 per cent in 2024 (Figure 2). In March 2021 the government launched "Operation 300bn", a ten-year industrial strategy led by the Ministry of Industry and Advanced Technology, to raise the industrial sector's contribution to GDP from AED 133 billion to AED 300 billion by 2031 and to support 13,500 industrial small and medium enterprises. The strategy also aims to raise industrial research and development spending from AED 21 billion, or 1.3 per cent of GDP, to AED 57 billion. Its priority sectors include pharmaceuticals, electronics, petrochemicals, machinery, hydrogen, medical technology and space technology.

Figure 2. Manufacturing value added, UAE, 2010–2024



Source: World Bank, World Development Indicators, NV.IND.MANF.ZS (manufacturing value added, % of GDP), retrieved 23 Oct 2026
Chart: EPIC: Emirati Perspectives and Insight Centre

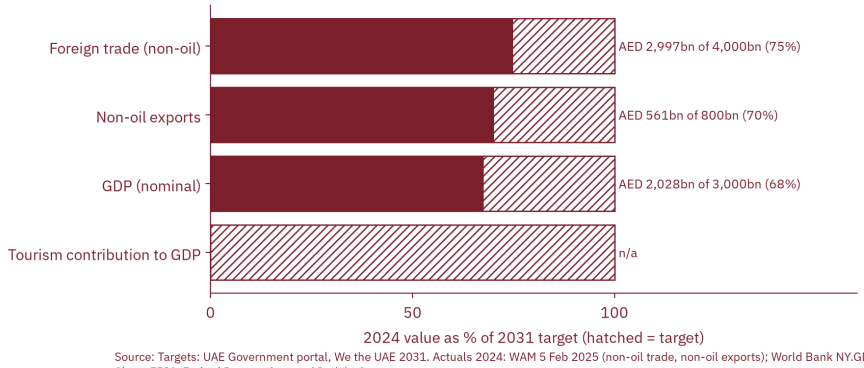
4. The 2031 targets

In November 2022 the government launched "We the UAE 2031", a ten-year national plan. Its economic pillar sets four headline targets: to double GDP from AED 1.49 trillion to AED 3 trillion; to raise non-oil exports to AED 800 billion; to raise foreign trade to AED 4 trillion; and to raise the contribution of tourism to GDP to AED 450 billion.

Progress against these targets, using the latest official figures found for this paper, is set out in Figure 3.

- **Foreign trade.** Non-oil foreign trade reached about AED 3.0 trillion in 2024 (AED 2.997 trillion), up 14.6 per cent on 2023, according to official statements in February 2025. That is about three quarters of the AED 4 trillion target, with seven years remaining. Since 2021 the UAE has pursued a programme of Comprehensive Economic Partnership Agreements (CEPAs), beginning with India, whose agreement entered into force on 1 May 2022.
- **Non-oil exports.** Non-oil exports of goods reached a record of about AED 561 billion in 2024, up 27.6 per cent, or about 70 per cent of the AED 800 billion target.
- **GDP.** Real GDP was AED 1,776 billion in 2024. World Bank data put nominal GDP at about USD 552 billion in 2024, roughly AED 2.03 trillion at the fixed exchange rate of AED 3.6725 to the dollar. Reaching AED 3 trillion by 2031 would require nominal growth of roughly 6 per cent a year, above the real growth rates of 4 to 4.3 per cent recorded in 2023 and 2024 in the World Bank series, and so dependent on inflation, oil prices or faster growth.
- **Tourism.** No official figure for tourism's total contribution to GDP comparable with the AED 450 billion target was found in an opened source for this paper, so the figure is marked n/a.

Figure 3. Progress towards selected "We the UAE 2031" targets, 2024



Source: Targets: UAE Government portal, We the UAE 2031. Actuals 2024: WAM 5 Feb 2025 (non-oil trade, non-oil exports); World Bank NY.GDP.MKTP.CD converted at AED 3.6725/USD (nominal GDP). Tourism: n/a
Chart: EPIC: Emirati Perspectives and Insight Centre

5. How independent is the non-oil economy?

A non-oil share of three quarters does not mean that three quarters of the economy would be unaffected by a fall in oil revenues. Three links remain.

First, public spending and investment. Hydrocarbon revenues fund government budgets and the national investment institutions, which in turn finance infrastructure, real estate and new industries.

Second, inputs. Petrochemicals, aluminium and other energy-intensive industries count as manufacturing but depend on hydrocarbons for feedstock or power, and the industrial strategy itself lists petrochemicals among its priority sectors.

Third, confidence and liquidity. Trade, finance and real estate respond to regional liquidity, which oil prices strongly influence.

The appropriate conclusion is not that diversification is illusory, but that the non-oil share is a measure of output composition, not of resilience. A complementary measure would show how much of government revenue and of the current account depends on hydrocarbons, and how the non-oil economy performs in years of low oil prices.

6. Recommendations

1. **Publish a resilience dashboard.** Alongside the non-oil share of GDP, the FCSC and the Ministry of Finance should publish regularly the hydrocarbon share of consolidated government revenue, of goods exports and of the current account.
2. **Define the industrial target clearly.** Operation 300bn's baseline of AED 133 billion should be published annually against a stated statistical definition, so that progress can be compared with national accounts.
3. **Focus industrial support on tradable, non-hydrocarbon products.** Support should be weighted towards sectors whose competitiveness does not rest mainly on low-cost energy or feedstock.
4. **Report tourism's contribution on a consistent basis.** A tourism satellite account would make the AED 450 billion target measurable.
5. **Use trade agreements to deepen exports, not only trade.** CEPA reporting should separate domestic exports, re-exports and imports, so that the effect on national production is visible.

7. Conclusion

The UAE has moved further from dependence on oil than most hydrocarbon producers. The official numbers show a broad non-oil economy, a trade sector already close to its 2031 ambition and a clear industrial strategy. The harder tasks are to raise manufacturing to the scale the strategy envisages, to sustain growth fast enough to double GDP, and to measure diversification in a way that captures resilience as well as composition.

About this paper

EPIC-PP-2026-022. Written by the EPIC Research Team. All data are cited to public sources listed in the references; where no published value exists, the paper says so.

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