

PRESS RELEASE

- **INTESA SANPAOLO-DUBAI HUB AND SRM PRESENT THE STUDY: “ECONOMIC OUTLOOK: THE ITALIAN BUSINESS IN THE UNITED ARAB EMIRATES”**
- **THE “MEDITERRANEAN-SUEZ-GULF” ROUTE, A NEW HORIZON OF ECONOMIC GROWTH BUT ALSO A SOURCE OF OPPORTUNITIES FOR ITALIAN COMPANIES**
- **THE VALUE OF TRADE BETWEEN ITALY AND THE UAE AMOUNTS TO \$ 8 BILLION, OF WHICH EXPORTS ACCOUNT FOR 90% OF THE TOTAL FOREIGN TRADE, I.E. 7.1 BILLION, A FIGURE WHICH HAS QUADRUPLED IN THE LAST FIFTEEN YEARS**
- **FORECASTS, UP TO 2017, OF ITALIAN EXPORT IN THE UAE UP 8.3% TO \$8 BILLION**

Dubai, 9 December 2015 – **The Italian Embassy in UAE** and the **Italian Consulate General in Dubai**, in collaboration with **Intesa Sanpaolo** (Dubai Hub and Abu Dhabi Representative Office) and **SRM** (a Studies Center connected to the Intesa Sanpaolo Group), has promoted and organized a seminar on the economy of the UAE in the presence of the Italian Ambassador in the UAE, **Liborio Stellino** and the Director of Commercial Policies of the Ministry of Economy in the United Arab Emirates, Mrs. **Hind AlYouha**.

The seminar draws on the SRM research “**Outlook - The Italian business in the United Arab Emirates**”, which - by examining **trade flows and the movement of goods by sea** - provides a picture of the international projection of the UAE, develops the **infrastructural and logistic** aspect with the situation of ports and container terminals, showing the high degree of connection between the UAE and the rest of the world and analyses the infrastructure that will impact, in a disruptive manner, the centrality of the Mediterranean and which will also affect the Gulf: the **doubling of the Suez Canal**.

In his introductory speech, **Liborio Stellino**, the Italian Ambassador in the UAE, noted the high quality and usefulness of the research conducted by SRM. “The study carried out by SRM offers a very interesting stimulus for reflection for all those who are engaged in the promotion of Italy in the UAE’s economic system. It clearly shows the strategic position that the UAE market already holds for Italian export and investments. The study also highlights the significant opportunities that it will continue to offer in the years ahead, given the growing interest of this government in accelerating the process of **economic diversification**, with particular attention to **SMEs** and **technological innovation**.”

“The **United Arab Emirates** rank **5th in the world** in terms of **international openness**: the foreign trade/GDP ratio is equal to 163%. They are a hub of strong re-export: 46.3% of imports were re-exported; looking only at the Free Zones, the percentage rises to 70%”, stated **Massimo Deandreis, General Manager** of SRM, presenting the report, the main analyses and results. “With the completion of this study”, he added - “SRM extends its vision of the Mediterranean to the Gulf countries. We believe that this area, which is already worth more than 45 billion in exports to Italy, proposes itself as a **logistics-shipping hub** with regards to **trade** both with **Sub-Saharan Africa** and with the **Middle and Far East**, and this will make it one of the **most important hubs in world trade**. The UAE will play a leading role”, he concluded. “The recent doubling of the **Suez Canal** will make the role of the UAE even more strategic, considering that the country boasts important and well-established ports and a logistics system of excellence that can rely on over 170 shipping lines and 1,600 logistic companies. And the Mediterranean-Suez-Gulf route, a new horizon of economic growth, will be a **source of opportunities** for **Italian companies**”.

The study then goes into the details of **bilateral trade relations** between **Italy and the UAE** with the analysis of the dynamics of international trade, FDI and Italian companies in the UAE, finally focusing on the **figures of the United Arab Emirates economy**, and highlighting their economic importance and the key indicators that show the country's condition.

"The value of foreign trade between Italy and the UAE amounts to \$ 8 billion: exports account for 90% of the total foreign trade, i.e. 7.1 billion, a figure which has quadrupled in the last fifteen years" said **Ferdinando Angeletti**, General Manager of the Dubai hub branch and Head of MENA & Turkey hub as part of the **International Network & Global Industries** of the CIB Division of **Intesa Sanpaolo**. "With regard to manufactured products only, Italy exports to the UAE \$ 6.4 billion, mainly in the mechanical (\$ 1.8 billion) and precious metals (\$ 1.6 billion) sectors. The "Made in Italy" sector (food, fashion, jewellery and furniture) reached \$ 3 billion with a market share of 5.3%. **Forecasts up to 2017 of Italian exports to the Emirates show a growth of 8.3% that reaches \$ 8 billion**: therefore, the "Made in Italy" sector could reach \$4 billion" said Angeletti.

Intesa Sanpaolo is the only **Italian bank** with a direct operational presence in the **Gulf** region, where it currently operates in the UAE through its Dubai branch - which also plays the role of International Hub of the CIB Division for the Mediterranean area and the Middle East (MENA) - and the Representative Office in Abu Dhabi. The Hub also includes the branches of Istanbul and the Representative Offices in Beirut, Casablanca, Cairo and Tunis. The offices in Dubai and Abu Dhabi work in close synergy with the international network and the Italian functions of the Group, with the aim of providing Emirati, Italian and foreign customers with tailor-made solutions that best fit their financial needs in the short and medium term.

"With the upcoming opening of the new branch in Abu Dhabi, which we expect to complete by early 2016, the Intesa Sanpaolo Group will further enrich the product range by providing its customers with an **onshore platform** of services in **local currency**", concluded Angeletti, calling it an important step within the scope of our investment and development plan in such a promising area as the Gulf."

In addition to promoting investments to and from Italy and to supporting partnerships and joint ventures between local and Italian companies, Intesa Sanpaolo, through dedicated specialist teams, offers a wide range of services: corporate banking, export, domestic and international payment services, treasury products. In addition, the collaboration with Banca IMI - the investment bank of the Group - supports the supply of products as part of structured finance, Project and Acquisition Financing, M&A Advisory, Capital Markets, as well as the provision of services for cross border transactions and Financial Risk Management. Customized assistance supports Italian companies in their entrance and development in the local market.

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Main figures of the Report, available in July 2015

The United Arab Emirates is a Hub in the international trading routes, with a growing and competitive logistics-port system:

- The **foreign commercial interchange** of the United Arab Emirates (UAE) totals 631.3 billion dollar, a value 4 times higher than the one registered ten years ago. The UAE sits at the first place among the Middle Eastern and North-African Countries (the MENA region) for the value of foreign trade.
- It ranks 5th in the world in terms of **trading openness**. The trading interchange and GDP ratio equals to **163.1%**.
- The UAE is, above all, a **re-exportation hub**: 46.3% of UAE's imports is re-exported; in the Free Zones, this percentage is 70%.
- India, Japan and China are the **main trading partners** of the UAE. Overall, the trading interchange with this three Countries amounts to about **210 billion dollar**. Among the main western trading partners we have USA, United Kingdom, Germany and Italy.
- The role of the main logistics hub in the MENA region is supported by a highly developed **port system**. The UAE has many seaports both in the Gulf and in the Indian Ocean. The main commercial port of the Country is the one of Jebel Ali in Dubai (15,2 million TEU, 9th transshipment seaport in the world).
- Dubai has developed a **cluster in the Shipping and Logistics sector**, which groups 1,600 logistic companies and over 170 Shipping Lines, with an ever-increasing importance of its role in global trade.
- In 2015 the UAE sits at the 14th place in the global ranking of the Unctad's **Liner Shipping Connectivity Index (LSCI)** which measures the maritime competitiveness of 157 countries in the world, preceding Italy and the other Countries on the South-Eastern shore of the Mediterranean.
- The Gulf is one of the most important areas in terms of cargo origin and destination transiting in the **Suez Canal**: over the past 15 years, the **percentage variation of the southbound cargo flows which concerned the Gulf** and which passed through the Canal recorded a +340% while northbound cargo recorded a +175%.

The increasing importance as a commercial Hub between West and East and some strong domestic development policies led to a significant economic growth of the Country, which today sits at the second place for the level of Gross Domestic Product among the Countries of the Gulf Cooperation Council (GCC):

- With a **GDP of 401.6 billion dollar**, the UAE totals 24.4% of the aggregate GDP of the GCC Countries. Over the last 40 years, the GDP grew by almost 10 times, more than the combined growth of GCC Countries (+445%) and Italy (+111%).
- In the last few years the **UAE grew by an annual rate of about 5%**; recently the growth rate went down slightly (3.6%), but is still high, higher than the growth rates registered in the EU Countries.
- The inward **Foreign Direct Investment stock (FDI in)** amounts to 105.5 billion dollar, growing steadily during the last ten years (in 2003 it amounted to a mere 6.6 billion dollar).
- The UAE sits at the 22nd position in the global ranking of **Doing Business (2015)**, the first among the MENA Countries and quite higher than Italy (which is 56th). Tax-wise, the UAE sits at the 1st place, while it is 4th in the attainment of construction permits, of electricity access and registration of property.

- In the UAE there are **36 Free Zones with over 70,000 registered companies**. At the first 4 places of the ‘Top 25 Middle East Free Zones of the Future’, elaborated by FDI-Intelligence, there are 4 Free Zones of the UAE; Dubai Airport Freezone is at the 1st place.
- The UAE sits at the 7th place in the world in terms of **GDP per capita** with power purchasing parity (64,500 dollars per inhabitant), a value well over the one registered in Italy (35,500 dollars), France (40,400 dollars) and Germany (45,900 dollars).

UAE's economy is still oil-driven:

- The UAE sits at the 8th place in the world in terms of **oil reserves** (13 billion of tonnes); 94.3% of the reserves are in the emirate of Abu Dhabi.
- The UAE is the 7th **oil producer** in the world (167.3 million of tonnes).
- The mining sector contributes with 39.1% to the overall value added of the Country. The contribution of the construction sector (9% versus 5.1% of Italy) is also high; the share of manufacturing is 8.5% (versus 15.3% of Italy), and the one of services is 40.3% (74.2% in Italy).

Italy is one of the favourite partners of the Arab Emirates – its exports grew exponentially in the last 15 years and its trade balance registers a significant surplus – as well as an important investor:

- According to the latest data, the **value of bilateral trade** between Italy and the UAE is equal to 8 billion dollar. Exports registers a value of 7.1 billion dollar (four times the value of 2001), contributing by almost 90% to the commercial interchange between Italy and the UAE. Germany (the benchmark Country of the analysis) has commercial exchanges with the UAE for a value of about 16 billion dollar, of which 15.1 billion consists of exports.
- Italy registers a **surplus in the trade balance** with the UAE of 6.2 billion dollar. Compared with the overall interchange between the two Countries, it's equal to 88.2%, a much higher figure than the one Italy registers with GCC Countries (50%) and MENA area Countries (27.3%). Germany registers a 14.1 billion dollar of surplus (94.2% compared with interchange).
- With reference to **the manufactured products alone**, Italy's exports to the UAE amounts to 6.4 billion dollar; the main export sectors are mechanical (1.8 billion dollar) and precious metals (1.6 billion dollar). The *Made in Italy* sector (which includes Food and beverage, Fashion, Jewellery and Furniture) reaches 3 billion dollar, a 5.3% market share.
- Forecasts to 2017 of **Italian exports in the UAE** show an 8.3% growth which amounts to 8 billion dollar. The *Made in Italy* sector may reach 4 billion dollar.
- The **FDI-Foreign Direct Investments** stock in the Emirates is worth more than \$105 billion. The Italian FDI stock in the UAE amounts to 6.3 billion dollar, up by 41.5% over the last year. The FDI stock of Germany in the UAE amounts to 2.1 million dollar, 1/3 of the Italian value.
- Among the Countries forming the Organisation for Economic Co-Operation and Development (OECD), Italy sits at the **5th place in terms of FDI stock** in the UAE, after United Kingdom, France, Switzerland and United States.
- According to SRM's estimates, **focused only on the 36 Free Zones**, there are 330 Italian companies located in the UAE, with an aggregate turnover of over 650 million dollar. The German presence in the

Free Zones of the UAE has a slightly greater number of companies (400) and an estimated turnover of about 907 million dollar.

- According to **balance sheet analysis** carried out by SRM on a panel of Italian companies in the UAE, the companies show positive profit margins and growth indices. In particular, the average ROE of the panel amounts to 30.7%, while turnover shows a growth of 4.3%.