

Trade mission to Abu Dhabi and Saudi Arabia



Abu Dhabi, part of Arabia's diversification push

As part of Luxembourg's efforts to increase commercial links with the Middle East, trade missions have been organised for Abu Dhabi and Saudi Arabia from 12th-14th May and 15th-20th May respectively. The missions will be led by the Minister of the Economy and Foreign Trade Jeannot Krecké and will visit both countries' main business centres. Both countries have similar profiles: a desire for further economic diversification backed with oil reserves having prices returning to pre-crisis levels.

Abu Dhabi is the largest of the United Arab Emirates (UAE), accounting for half the seven emirates' joint GDP, with oil and gas providing around two-thirds of national wealth. It is endowed with around 95% of the UAE's hydrocarbon resources and has what is regarded as the world's largest sovereign wealth fund, the Abu Dhabi Investment Authority. Hence, it is able to plan to spend more than \$300 billion on building hotels, museums, modern infrastructure and energy-intensive industry over coming years. Unlike its fellow emirate Dubai, it has avoided boom and bust so is well placed going forward.

Saudi Arabia has always played a key role in the global oil market, with a quarter of the world's proven oil reserves. The Kingdom is also considered to be relatively well placed after the downturn, having avoided a major real estate bubble whilst building up a reputed \$500bn in foreign assets and significantly reducing its national debt. The country traditionally has a conservative investment policy and investing its surpluses in US Treasury bills has led to them avoiding the losses experienced by many sovereign wealth funds. This has helped the Kingdom pursue an aggressive stimulus package with \$400bn of state spending planned on infrastructure over the next five years designed to diversify the economy. The other driver of growth and diversification is demography, with more than 60% of the 24 million population aged below 25.