The role of diversification strategies in the economic development for oil-dependent countries the case of UAE

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Keywords
Diversification Strategies, Economic Development, Oil-Depended Economy.

Abstract
Diversification strategies adopted by oil-dependent economies played an important role in the economic development in these countries, which rely heavily on oil exports. UAE as an oil-dependency economy has the type of strategy to diversify the sources of its national income and reduce its dependence on oil to counter the instability in global oil prices.

This paper seek to investigate whether the diversification strategies adopted by (UAE) is adequate to manage its economic development. The methodology employed in this study is to examine the contribution of diversified sectors based on the country’s GDP especially during and after the global financial crisis (2008-2012) using statistical analysis procedure. The results confirms that investment in different sectors rather than oil would have substantially improved the performance UAE economy.

1. Introduction
The United Arab Emirates has witnessed substantial development in its economic performance since 1970, although of the fluctuation of oil price in the last two decades & global financial crises in 2008. The UAE's Minister of Economy - Sultan Al-Mansouri said that the UAE's strategy of diversifying income has helped the country reduce its dependence on oil, & he expected the UAE's GDP to have grown at its forecast rate of 4.5 percent in 2014 (Gulf News Jan.2015). In 2012, UAE experienced considerable improvement in economic performance, which has become more stable in the diversity phase led by a number of Non-oil sectors such as tourism, foreign trade, financial service, and telecommunications sector. Which reflected positively on the overall growth of GDP and achieved GDP grew by 4.4% in 2012 to reach 1025.6 billion AED in 2011.

Non-oil-sectors contribute to the growth in 2012 by about 3.4% to rise from 667.3 billion AED in 2011 to 690.3 billion AED in 2012 and accounted for 67.3% of GDP 2012 (Annual Economic Report 2012) UAE adopt strategy called UAE 2021vision. The aim of this strategy in the economy sector is to build high competitive knowledge economy, which divided into 12 national key performance indicators, the first indicator focus in non-oil real GDP growth the indicator that measure the real annual growth of all sectors expect oil. The target of this indicator is to achieve 5% GDP growth by 2021 (UAE vision 2021).

This study examine the relationship between the economic diversification strategies adopted by (UAE) and its economic development.

2. Related Literature
Economic diversification strategies is regarded as one of the most strategies that used to support economics & business in increase their competitive advantages and reduce the risks of focusing on a single economic sector or business area which contributing in maintain the stability even in hard times, and consider as a great tool for business & economic development.
2.1 Economic Diversification Strategies

Nowadays diversification strategies have considered as significant tool for economics & to reduce risks. (Heydreich 2012) said that "Research results between 1992 and 2003, have shown that economic diversification based on economic variables can lead to superior geographic diversification" & in order to use the diversification strategies effectively (Al-Hashemi & et al, 2012) stated that the diversification of the economy towards non-oil and gas industries is challenging task that would require cluster based, collaborated and liberalized approach for development between government, industries and foreign investors, in the oil depended economy country, the economic diversification strategy mainly considered developing non oil sectors and lowering oil financial dependency by creating a viable non-oil modern economy that can sustain a relatively high level of income (Fasano 2003) moreover added that the diversification is important to reduce or spread the risk as well as to promote economic development.

(Hvidt 2013) in the other hand identified three factors "income from hydrocarbons is finite, fluctuates and is practically the only source of the wealth "have placed the issue of economic diversification on the political agenda in the Gulf countries since oil was discovered.

In many cases the objectives & benefits of diversification its under debate many authors think that the reasons for diversification include to achieve conglomerate power, not meeting of objectives with current portfolio of product / business and responding to opportunities outside of current business, spreading of risks, having excess cash of having slack resources (Akpinar 2009), While in other hand (Nelson and Nelson2003) argued that "The primary purpose of any diversification strategy is to reduce non-systematic risk". The way to form diversification takes different forms (widest – or narrow) (Armstrong 2008) argued, "The portfolio with the widest diversification will have the lowest risk."

Nowadays most of GCC countries tried different form of diversification as a tool of economic development (Karolak 2014) stated that "The beginning of 21st century marked a crucial turn since governments of the GCC countries made a commitment to sustainable development independent from oil resources and to competitiveness as requirements for future growth of the GCC region overall." GCC countries diversified their economics in different sectors and major focus and concentration was in tourism, "The path of economic diversification through development of tourism has proven successful in the United Arab Emirates, especially in Dubai. Statistics indicate that in 2012 tourism accounted for 14% of UAE GDP and 31% of Dubai GDP alone. As a result, UAE have become a global leader in the higher-end leisure market" (WTTC, 2011). The Gulf States also embarked on large scale economic diversification programs in 1990s and 2000s. these created new integrative linkages with the global economy (ULRICHSEN 2011) moreover he added that the GCC states became world leading center of production for a variety of industries ranging from petrochemicals and aluminum to cements and construction products, according to (Porter 2010) the most competitive issues facing the GCC countries as a whole is increasing economic diversification.

According to (World Bank Report 2013) the oil exporting countries must continue to make reforms that accelerate the pace of Economic Diversification, and invest more in infrastructure to improve the business climate.

2.2 Economic Development

There has been many studies published that focused on economic development (Porter 2003) said that the responsibility for economic development shifted from the old model "the government drives economics development through policy decision and incentives" to the new
model "Economic development is a collaborative process involving government at multiple levels, companies, teaching and research institutions",

While others think that the best way to achieve high economic development should be done through economic diversification. (Shihab) state the successful implementation of human development policy in the UAE hand to hand with industrialization, urbanization, and modernization, is one of the rare example of a country which has successfully used income from huge natural resources for its long-term development over a short period of time (from early 1970s to late 1990s)

Other approach find link between three concepts at which relying on economic diversification enhance competitiveness of countries which finally enable economic development. (Maskell & et al 1998) describe that the economic prosperity of regions or countries is associated with their ability to generate or attract economic activities which are able to increase the income by performing well in the market.

The UAE’s National Strategic Goals driven from the VISION 2021 “To enable the UAE to become one of the most competitive countries in the world.” Through knowledge economy supported by sustainable and diversified economy.

3. Data and methodology

For examining the relationship between the economic diversification adapted by UAE and economic development, the following area of development has been evaluated.

1- The contribution of the different diversified sectors in the GDP.

2- Value of non-oil sectors comparatively to oil sector during the period (2008 – 2012) through analysis other data obtained from the ministry of Economic and national business of statistics, UAE

3- The contribution of the non-oil sector in the Gross Fixed Capital Formation

3-1 The UAE Experience of Economic Diversification

3-1-1 Historical Background

The UAE is a federation of seven Emirates was constituted on December 2. 1971. The seven Emirates are Abu Dhabi (The capital), Dubai, Sharjah, Ajman, Fujairah, Ras Al-Khaimah, and Umm Al Quwain.

The following table (3-1) showed the population and area of UAE in (2009)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dubai</td>
<td>1.722.000</td>
<td>3.885</td>
<td>443</td>
</tr>
<tr>
<td>Abu Dhabi</td>
<td>1.628.000</td>
<td>67.340</td>
<td>24</td>
</tr>
<tr>
<td>Sharjah</td>
<td>1.017.000</td>
<td>2.590</td>
<td>393</td>
</tr>
<tr>
<td>Ajman</td>
<td>250.000</td>
<td>259</td>
<td>965</td>
</tr>
<tr>
<td>Ras Al-Khaimah</td>
<td>241.000</td>
<td>1.684</td>
<td>143</td>
</tr>
<tr>
<td>Fujairah</td>
<td>152.000</td>
<td>1.166</td>
<td>130</td>
</tr>
<tr>
<td>Umm Al-Quwain</td>
<td>56.000</td>
<td>777</td>
<td>72</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5.066.000</strong></td>
<td><strong>77.701</strong></td>
<td><strong>2170</strong></td>
</tr>
</tbody>
</table>

Source & National Bureau of Statistics – Abu Dhabi - UAE

The oil has been discovered first in Abu Dhabi in the early 1960s & exported oil in 1962 which shifted the economy of the UAE dramatically to accomplish enormous development programs in short period of time.
The UAE is considered one of the richest countries in the world and the richest in the Middle East with a high per capita income of $16,471 (The UAE's National Bureau of Statistics).

### Table (3-2)
**GDP - per capita (PPP) (AED)**

<table>
<thead>
<tr>
<th>Country</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>39,900</td>
<td>40,000</td>
<td>49,600</td>
<td>48,800</td>
<td></td>
</tr>
</tbody>
</table>

Source: IMF Report

According to (IMF 2012) UAE's debt to GDP ratio is the third lowest in the world following Norway and Libya. Currently standing at -93% whilst the world average is 64%.

With regard to oil production, the UAE is considered as the fourth oil producer in the world with a 2.5 million barrels a day insert the group.

It is one of the oil producing countries whose economy is mainly based on oil products (Ministry of Energy). UAE leaders adopted economic diversification as a vision to reduce dependence on oil and committed to economic diversification earlier since the oil shock of the 1970s (Horyo Pestomo & et al. 2011).

### Table (3-3)
**UAE crude oil production (2008-2012)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2,681.02</td>
<td>3.01%</td>
</tr>
<tr>
<td>2009</td>
<td>2,412.55</td>
<td>-10.01%</td>
</tr>
<tr>
<td>2010</td>
<td>2,414.66</td>
<td>0.09%</td>
</tr>
<tr>
<td>2011</td>
<td>2,679.18</td>
<td>10.95%</td>
</tr>
<tr>
<td>2012</td>
<td>2,803.61</td>
<td>4.64%</td>
</tr>
</tbody>
</table>

Source: US Energy Information Administration

During the 1970s & 1980s, diversification has been based on the development of capital and energy-intensive industries as well as the physical and social infrastructure (Fasano 2003) and development of the productive sectors and heavy industry at that time. Dubai Aluminum started in 1980 & the other sector diversified in 1980s is the service sector, the creation of free zones in Dubai since the mid 1980s (beginning with Jabel Ali free zone). (Porter 2003) identified that the 1980s & 1990 the composition of UAE economy change over time and the share of GDP divided by different sectors such as construction, manufacturing, government, services as well as oil, the UAE has reduced its dependence on the oil sector significantly.

The contribution of non-oil sector to GDP from 36.7% in 1980 to 57% in 1991 (UAE Economic Report 1992)

In the last decade, the major issue for UAE government is to enhance it is competitions through leverage clusters to organize economic policy, delivery, coordinate government action, and direct diversification efforts (Porter 2010). Recently at the mid of first decade in the third millennium the UAE government has established strategy named vision 2021 which divided into six national agenda, the third one is concentrate on how to build the competitive knowledge economy, and the first indicator is used to measure non-oil real GDP growth, actual results for 2012 for this indicator is 3.5% and the 2021 target is 5% (UAE vision 2021).

(Shackmurove 2004) argued that UAE although of its energy resources are expected to last for more than 100 years of current rate of production, is recognizing the need for diversification, UAE focusing on the development of its service sector and non-oil industrial
base. Different emirates have developed their own economic strategies, e.g. Abu Dhabi Economic vision 2030 (Porter 2010).

Abu Dhabi government consider the year 2030 represent an important mile stone for the Emirate of Abu Dhabi baseline growth assumptions reveal that Abu Dhabi could achieve tangible levels of economic diversification by the time (the Abu Dhabi Economic vision 2030-2008). (Lancaster 2011) state that Abu Dhabi, the largest of the UAE's seven Emirates and its most prosperous owing 95% and 92% of the country's considerable oil and gas wealth is moving into new era of economic diversification and he add "vision 2030 is essentially a road map for greater diversification away from the country hydrocarbon-dominated economy. Mubadala Development Company, the strategic investment arm of the Abu Dhabi government, continues to play a major role in the region's industrial development, including a wide range of projects, among them commerce, finance, energy and leisure."


This paper examine the relationship between the economic diversification strategies adopted by (UAE) & the economic development. The methodology used in this study to examine the contribution of selected diversified sectors (construction, manufacturing, service, and tourism and Non-oil sectors) based on the country's GDP especially during & after the Global financial crisis (2008 – 2012) using statistical analysis procedures.

3-1-2 contribution of oil & non-oil sectors to GDP (2008 – 2012)
The information for this analysis appear in the following table (3-4) shows such information needed to evaluate the contribution of oil and non-oil sectors to (GDP) during the period (2008-2012).

<table>
<thead>
<tr>
<th>Sector</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total GDP</td>
<td>977.4</td>
<td>930.5</td>
<td>946.4</td>
<td>982.7</td>
<td>1.025.6</td>
<td>977.52</td>
</tr>
<tr>
<td>Non-oil sector GDP</td>
<td>664.6</td>
<td>645.6</td>
<td>650.2</td>
<td>667.3</td>
<td>690.3</td>
<td>663.68</td>
</tr>
<tr>
<td>Contribution of oil sector GDP</td>
<td>312.8</td>
<td>284.9</td>
<td>295.8</td>
<td>315.4</td>
<td>335.3</td>
<td>308.84</td>
</tr>
<tr>
<td>Contribution of Non-oil sector to GDP %</td>
<td>68.0%</td>
<td>69.4%</td>
<td>69.5%</td>
<td>67.9%</td>
<td>67.3%</td>
<td>68.42</td>
</tr>
<tr>
<td>Contribution of oil sector to GDP %</td>
<td>32.0%</td>
<td>30.6%</td>
<td>30.5%</td>
<td>32.1%</td>
<td>32.7%</td>
<td>31.58</td>
</tr>
</tbody>
</table>

Source: National bureau of statistics

In 2009 the GDP rate of growth for (UAE) reduced to 4% due to the global financial crisis & decrease of oil price from $ 91.48 in 2009 to 53.48 in 2009. Although of that the Non-oil sectors contribution increased from 68% to 69.4% in 2009 and 69.5 in 2010 respectively indicate that the Non – oil sector play the important role in the economic development of ( UAE).

In 2011 & 2012 the contribution of Non-oil sectors witnessed small decrease to the 67.9% & 67.3% respectively while the oil sector contribution to the GDP increased from 32.1% in 2011 to the 32.7% in 2012 due to increase of oil price from 53.48% in 2009 to the 71.21 in 2010 & 87.04 in 2012. And 88.95 in 2012 (inflation data.com November 2014).

From the above data in table (3-4) Non-oil sectors maintain approximately the same high level of contribution to the GDP during and after Global financial and it's not effected by the decrease and increase of oil price at the period of analysis, as an average in the period of study (2008 – 2012) the non-oil sector contribute to the UAE's GDP by 68.42.
### 3-1-3 Sectors Contribution to UAE’s GDP (2008 – 2012)

As far as the information about the sectors contribution to UAE’s GDP during the period of the study (2008-2012) is considered, the analysis of data is concern about evaluating the contribution of each sector to the overall UAE’s GDP and identify the major players. Table (3-5) shows the sectors contribution to UAE’s GDP (2008-2012)

<table>
<thead>
<tr>
<th>Sector</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; natural gas</td>
<td>32.0%</td>
<td>30.6%</td>
<td>30.5%</td>
<td>32.1%</td>
<td>32.7%</td>
<td>31.58</td>
</tr>
<tr>
<td>Agriculture, Livestock &amp; Fishing</td>
<td>0.9</td>
<td>0.9</td>
<td>0.8</td>
<td>0.7</td>
<td>0.7</td>
<td>0.8</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>8.6</td>
<td>8.5</td>
<td>8.8</td>
<td>9.2</td>
<td>8.9</td>
<td>9</td>
</tr>
<tr>
<td>Electricity, gas and water</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
<td>2.7</td>
<td>2.7</td>
<td>2.58</td>
</tr>
<tr>
<td>Construction</td>
<td>11.1</td>
<td>11.2</td>
<td>11.1</td>
<td>10.4</td>
<td>10</td>
<td>10.8</td>
</tr>
<tr>
<td>Whole sale and retail trade and repairing service</td>
<td>13.2</td>
<td>13.3</td>
<td>13.4</td>
<td>13</td>
<td>12.5</td>
<td>13</td>
</tr>
<tr>
<td>Restaurant and hotels</td>
<td>1.8</td>
<td>1.9</td>
<td>1.8</td>
<td>1.9</td>
<td>1.9</td>
<td>1.86</td>
</tr>
<tr>
<td>Transport, storage and communications</td>
<td>9.4</td>
<td>9.4</td>
<td>9.2</td>
<td>9.3</td>
<td>9</td>
<td>9.26</td>
</tr>
<tr>
<td>Real estate &amp; business service</td>
<td>10.2</td>
<td>10.6</td>
<td>10.2</td>
<td>10.5</td>
<td>10.54</td>
<td>10.34</td>
</tr>
<tr>
<td>Social &amp; personal services</td>
<td>2.2</td>
<td>2.2</td>
<td>2.2</td>
<td>2.3</td>
<td>2.5</td>
<td>2.28</td>
</tr>
<tr>
<td>Financial corporations</td>
<td>6.3</td>
<td>7.4</td>
<td>6.2</td>
<td>6.7</td>
<td>7</td>
<td>7.1</td>
</tr>
<tr>
<td>Government services</td>
<td>4.6</td>
<td>4.7</td>
<td>4.6</td>
<td>4.7</td>
<td>5.5</td>
<td>4.82</td>
</tr>
<tr>
<td>Domestic level of household</td>
<td>0.5</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>0.42</td>
</tr>
<tr>
<td>Less imputed bank service</td>
<td>3.6</td>
<td>3.9</td>
<td>2.4</td>
<td>3.9</td>
<td>4.6</td>
<td>4.14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Source:** National bureau of statistics - Abu Dhabi – UAE

From table (3-5) it can be observed that the oil & gas sector contribute to UAE’s GDP by an average of 31.58 in the period of analysis (2008 – 2012), while non-oil sector contributed by 68.42 during the same period divided into different sectors, which reflecting the effectiveness of economic diversification strategies adopted by UAE. Whole sale and retail trade and repairing service sector has the higher share among the other sectors (13%), followed by construction sector by about (11%), then the real estate & business service of about (10.5%). Transport, storage and communication contribution rate reached about (9%), manufacturing contribute by some rate (9%).

Also we can observe that the service sector (whole sale and retail trade and repairing, real estate & business service, transport, storage and communications, social and personal services, and hotel and restaurant) together achieved the highest contribution to GDP about (37%) comparatively to other non-oil sectors.

- a. Construction (11%)
- b. Manufacturing (9%)
- c. Financial Corporation (07%)
- d. Government Service (05%)
- e. Electricity, Gas & Water (03%)
- f. Agriculture, Live Stock & Fishing (0.8%)
- g. Mining Quarrying (0.3%)

The highest contribution of the service sector affected by the movement of financial resources to service sector specially the tourism by building many tourism infrastructure such as (Khalifa Tower, World Tallest Building, Dubai Mall, The Mall of Emirates, Yas Island which...
include Ferrari world & Yas water world and Formula 1 Circuit Abu Dhabi). To meet the high
demand for the tourism services a lot of branded hotels and restaurants has been developed, in
2010 there were 10 million visitors to Dubai alone and Dubai strategic plan is to increase the
number of tourists to 15 million by 2015 (MEED)

According to the travel & tourism competitiveness report issued World Economic Forum
by in 2014 the UAE was placed in the 28 rank among the countries covered by the report (140
countries) and at the First rank among GCC countries, the following table (3-6) illustrate this
information.

<table>
<thead>
<tr>
<th>Country</th>
<th>2013 Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>28</td>
</tr>
<tr>
<td>Qatar</td>
<td>41</td>
</tr>
<tr>
<td>Bahrain</td>
<td>55</td>
</tr>
<tr>
<td>Oman</td>
<td>57</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>62</td>
</tr>
<tr>
<td>Kuwait</td>
<td>101</td>
</tr>
</tbody>
</table>


Construction is the highest contributor for the rest of non-oil sector, this because of
development of tourism infrastructure (Mall, hotels, leisure, and sport cities) and real estate
sector. Dubai & Abu Dhabi observing the highest rate of construction projects in UAE followed
by Sharjah, Ajman, Ras Al-Khaimah, Fujairah, and umm Al-Quiwain respectively. There more
than 6.000 construction companies operating in UAE but the major market key players are:
- Nakheel, Emmar, and Dubai properties and Damac in Dubai.
- AlDar properties, and Sorouh Real Estate in Abu Dhabi.
- Al Hanoo holding company, and Burooj properties in Sharjah.

The drivers for increasing growth of this sector is the highly demand for the real estate
units due to the growing expatriate population, an ideal investment climate with high degree of
flexibility and attractiveness and effective economic and investment policies attract multi-
national companies to expand their business in UAE

The second contributor in the non-oil sector rather than service is the manufacturing
sector which contribute by about (9%) as an average rate during the period of (2008-2012).
Manufacturing sector include a lot of industries area such as petrochemicals, metals,
pharmaceutical, as well as aviation industry. Financial Corporation contribute by about (7%),
there are 50 banks in the UAE, about half domestic and half foreign (Ministry of Economy2014)
and addition to that UAE hosts two stock exchange: the NASADAQ DUBAI, and ABU AHABI
Securities Market (ADSM).

Agricultural, livestock fishing sector is the least sector that contribute
to the GDP with Mining & Quarrying by (0.8%) & (0.3%) respectively. Although of the
agriculture industry in the UAE is diversifying quickly but still at the lowest level of
contribution to GDP. Main exports include dates fish, vegetables, eggs, and dairy products.

3-1-4 Gross Fixed Capital Formation by the Economic Activities

This section used to analyze the structure of the investment distributed among the
different diversified sectors, it’s noticed that the non-oil sector played the major role of the
constitution of Gross Fixed Formation which consistent with the contribution of these sector to
GDP. Table (3-7) shows the Gross Fixed Capital Formation by Economic Activities (2009 - 2012)

Table (3-7 )

Gross Fixed Capital Formation by Economic Activities
Table (3-7) reveals that gross fixed capital formation grew by annual average of 5% during the period (2009 – 2012), whereas increased from 269.224 million dirhams in 2009 to 309.173 in 2012. Also we can observe from the table above the oil-sector contribute to the gross fixed capital formation by only (11%) in 2012 while the investment has been concentrated in four sectors of economic diversification by (64%) included:

- Real Estate (18%)
- Transport and Storage (16%)
- Manufacturing (15%)
- Government Service (15%)

### 3-2 UAE Economic Development

This part of the study provide insights into the area of the UAE economic development based on analysis of the competitiveness as a framework for economic development. As a result of successful economic diversification strategies adopted by the UAE which concentrate “to enable the UAE to become one of the most competitive countries in the world” (UAE Vision 2021). The United Arab Emirates was ranked in the advance places in different classification, report issued by the World Economic Forum for the year 2009-2010 the mid period of the study ranks UAE comparatively to the Arab World and Worldwide as the following:

- First among Arab counties in terms of economic liberalization
- First in the classification of countries most integrated in globalized economy

Source: National bureau of statistics – Abu Dhabi – UAE

*2008: N / A
Third in the world in terms of the appropriate economic climate for entrepreneurs

Statistics issued by report on Doing Business in 2010 indicated that the UAE has occupied the following ranks:

- The 44th for the year 2010 in (project startup) after having been ranked 118th in 2009.
- The 33rd for the year 2010 in (Doing Business), compared to 47th in 2009.
- The 5th for the year 2010 in (cross-border trade), compared to 13th in 2009.

UAE has been achieved recently high standard rates of overall development in various fields, putting it at the top centers in the reports of the regional and international specialized institutions, especially in the indices of global competitiveness reports, which were classified in the best developed countries in the world lists ranked most as the first among Arab Countries, the following table (3-8) shows some of the recent standing (2013-2014).

<table>
<thead>
<tr>
<th>Table (3-8)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Report name</th>
<th>Global Ranking</th>
<th>Regional Ranking</th>
<th>Report Date</th>
<th>Published By</th>
</tr>
</thead>
<tbody>
<tr>
<td>The World Competitiveness Yearbook</td>
<td>8 ▲</td>
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Source: Emirates Competitiveness Council Dubai, United Arab Emirates

4. Conclusions

Based on the data analysis of the contribution of diversified sector (Non-oil sector) at UAE’s GDP and gross fixed capital formation, we conclude that the UAE government realize the important of economic diversification to have other income source rather than oil. Despite a global financial crisis and fluctuation of oil price during the study period (2008 – 2012) the UAE managed to overcome the negative impact throng emphasize more economic diversification which support the country it is economic development and the competitiveness which put the UAE in first rank in its region.

It is evident the non-oil sector contribute to UAE’s GDP by around 70% and four sector from densified sector contribute to the gross fixed capital formation by around 64%. It is evident therefore that the UAE developed and competitive continually enhanced according to international competitiveness measure. It can observed that some sectors achieved an smallest contribution to the UAE economy such as agriculture, livestock & fishing which is contribute by less than 1%, Mining and Querying 0.3%.

It recommended that government should invest more in these less contributed sectors to increase its role in the UAE economy.

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