UAE economy expected to rise to $272bn in 2010

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RECORD HIGH: The UAE economy will be boosted to a record high of nearly $272.2bn in 2010, due to higher oil prices. (Getty Images)

A report by the Economist Intelligence Unit (EIU) has said that the UAE economy will be boosted to a record high of nearly $272.2 billion due to higher oil prices.It is expected that the level will swell further in 2011.

According to a report published by Emirates 24/7, the increase means that the UAE will be able to maintain its position as the second largest Arab economy after Saudi Arabia, and the second in terms of GDP per capita income.

Nominal growth is projected at approximately 9.3 percent against a contraction of nearly 11.9 percent in 2009, which was mainly caused by low oil prices.

However, this year, EIU's figures showed that growth remains far below the sharp increase in the nominal GDP recorded in 2007 and 2008, when it jumped by 22 and 36 percent respectively.

The company forecast that the UAE's GDP is set to climb to an all time high of $272.2 billion from $248.9 billion in 2009.

It also forecast that GDP would swell by close to 15 percent in 2011 to $313.1 billion on the back of rising oil prices.

Speaking to Emirates 24/7, David Butter, editor, Middle East, EIU, said: "Economic growth should pick up pace in 2011, although we expect only a moderate increase in oil production owing to a slow recovery in demand. We forecast that real GDP will grow by 3.5 percent in 2011."

He said that his figures showed stronger oil prices would also sharply widen the UAE's trade surplus to nearly $38.9 billion, as compared to $21.6 billion in 2009.

The UAE's projected surplus for 2010 nearly corresponds with the record high trade balance of $38.87 billion, registered in 2008, when the Gulf state netted its highest ever crude export income due to a surge in oil prices.

EIU said that it expects the UAE's trade surplus to hit a new peak of close to $42.74 billion in 2011 due to a projected rise in oil output and prices.