

Dubai and Abu Dhabi will consolidate, not compete

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Expert Briefings (2018)

<https://doi.org/10.1108/OXAN-DB233833>

Subject

Economic consolidation in the UAE.

Significance

Abu Dhabi is implementing a new round of mergers across sovereign investment vehicles. This is part of a process that began some years ago, initially in Dubai. The trend has economic and political drivers, and includes fiscal restraints and the shift to a more aggressive foreign policy strategy.

Impacts

Abu Dhabi's new, larger investment fund could increase support for the smaller emirates and regional neighbours.

Privatisation is likely to increase at a slow and steady pace in the UAE.

Authorities may encourage corporate and quasi-sovereign issuance aimed to revive local capital markets.

Capital markets' competition in the search for yield with their regional peers will intensify.

Keywords: [United Arab Emirates](#), [ME/NAF](#), [Gulf states](#), [Iran](#), [Qatar](#), [economy](#), [international relations](#), [politics](#), [balance of payments](#), [capital flows](#), [fiscal](#), [foreign investment](#), [integration](#), [investment](#), [monetary](#)

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