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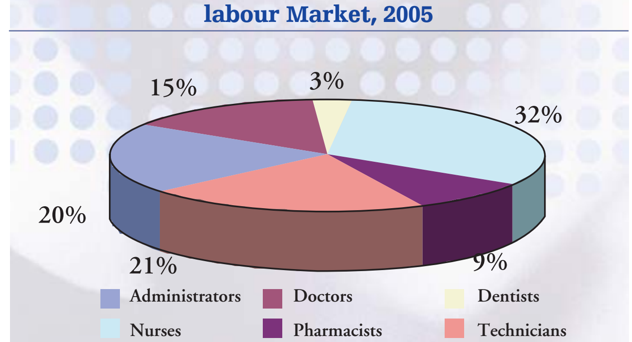
Workforce in Dubai Healthcare Sector

Human resources play a critical role in the healthcare industry in ensuring that services provided are of the highest quality. Patients are reliant on staff to act on behalf of them in dispensing medicines, disseminating information and performing, often complex, operations. The quality of the healthcare staff will therefore determine, to a large extent, the quality of the healthcare service.

With new initiatives, such as Dubai Healthcare City, it is clear that Dubai aims at positioning itself as a choice for quality healthcare both regionally and internationally. In light of this, the labor market of Dubai's healthcare sector is analyzed and benchmarked internationally to indicate its strengths and weaknesses.

Fig. 1. Composition of Dubai Healthcare labour Market, 2005



Source: UAE Ministry of Health; DOHMS

(Continue to Page 3)

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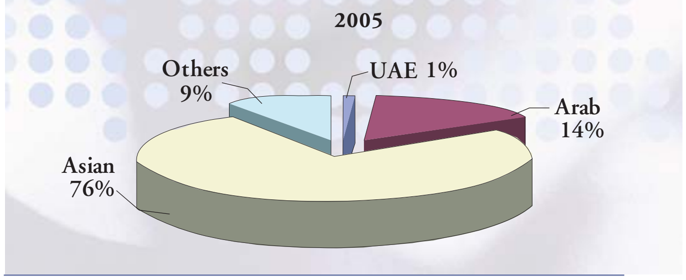
For more information kindly contact:
Mr. Tariq Al Hassan
Data Management and Business Research Department. Tel: 2028476 Fax: 2028478/2028479
E-mail:tariq.alhassan@dcci.gov.ae Website: www.dcci.ae - DCCI, P.O.Box: 1457, Dubai, UAE

In 2005 an estimated 14,539 people were working in the healthcare sector, 1.5% of Dubai's employed. As shown in Figure 1, the majority were employed as nurses, comprising 32% of the healthcare workforce. 21% are employed as technicians, 20% as administrators and 15% as doctors. The number of registered dentists in Dubai is comparatively low, constituting only 3% of the total healthcare workforce.

Dubai's healthcare sector is no exception to other sectors in the economy; it is heavily reliant on foreign labor. In 2005, UAE nationals only accounted for 1% of the total employment in the sector. This is proportionately less than their presence in the population and therefore indicates a failure of the Emiratization scheme to penetrate the healthcare sector effectively.

As shown in Figure 2, labor in the healthcare sector is primarily provided by Asians, in 2005 constituting 76% of healthcare employment. Relative to Western and Arab labor, Asian labor is often preferred as it is comparatively less expensive. This generates some concern regarding the quality of the healthcare expatriate labor, and questions whether quality is being forfeited for price.

Fig. 2. Overall Manpower by Nationality, 2005



Source: UAE Ministry of Health; DOHMS

Nurses

The Ministry of Health (MOH), in 2005, employed a nurse for every 1.7 beds; the highest out of all the healthcare providers in Dubai. The Dubai Department of Health and Medical Services (DOHMS) employed an average of 1 nurse for every 1.85 beds, which is still considerably higher than the 1 nurse for every 3.7 beds in the private sector. These ratios reflect the structure of the private sector, which hitherto, is concentrated in treating outpatients in clinics. Nurses in Dubai are mainly from Asia, comprising 91%, whilst UAE nationals currently do not assume any positions.

In 2005, there were 3.5 nurses for every thousand member of Dubai's population. Benchmarked internationally, this is low; the USA and UK employed 7.9 and 9.2 nurses for their respective populations in the same year.

Physicians

Since 2001, the number of doctors registered in Dubai has increased by 55% to over 2 thousands in 2005. The private sector employs 61% of physicians. The private sector employs 1 doctor for every 2.9 beds, whereas the public sector employs 1 doctor for every 0.7 beds.

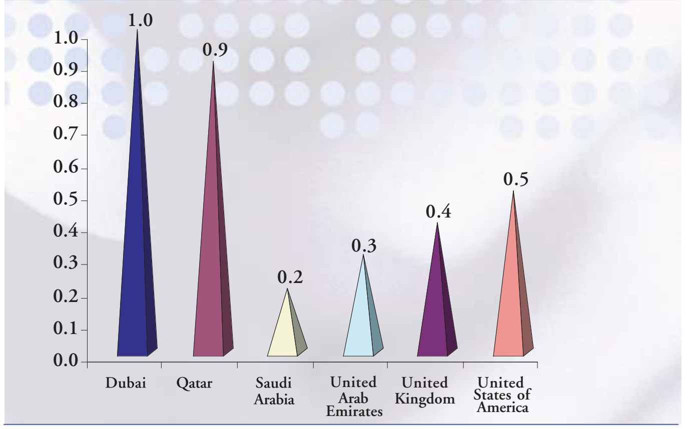
In 2005 Dubai had only 0.5 doctors registered for every 1,000 people in the population. By international standards this is extremely low; Singapore, UK and USA had 1.6, 2.3 and 2.4 registered respectively.

Pharmacists

In 2005, the total number of pharmacists working in Dubai was 1,297 specialists, representing around 9 % of the total workers in the healthcare sector. The private sector accounted for 80% of the pharmacists working in Dubai.

Dubai registered 1.0 pharmacist for every 1,000 people in the population in 2005. From figure 3, it is clear that this is comparatively high when compared with other countries and even within the UAE.

Figure 3: Pharmacists per 1000 population International Benchmark



Dentists

The number of dentists working in Dubai is relatively small compared to the other areas of healthcare employment. In 2005 there were a total of 434 registered dentists in Dubai of which 75% worked in the private sector. 67% of dentists in Dubai are of Asian origin and 23%, a significant proportion, are Arab. There are currently no UAE nationals registered as dentists.

Dubai, in 2005, recorded an average 0.3 dentists for every 1000 people in the population. Table 1 shows the density of dentists in Dubai benchmarked internationally. Therefore, although dentists only constitute a small proportion of the staff employed in the healthcare sector, internationally Dubai is comparable to Singapore.

Table 1: Dentists density per 1,000 population

Dubai	0.3	2005
Qatar	0.4	2001
Saudi Arabia	0.2	2004
Singapore	0.3	2005
United Arab Emirates	0.3	2005
United Kingdom	0.5	2004
United States of America	0.6	2004

Source: WHO; UAE Ministry of Health; DOHMS

In view of the above, and in line with Dubai's strategic plan 2015, Dubai's healthcare sector must endeavor to ensure it attracts high quality labor. Initiatives such as Dubai Healthcare City should help to achieve this agenda.

UK nets GBP 3.1 billion from trade with GCC in 2006

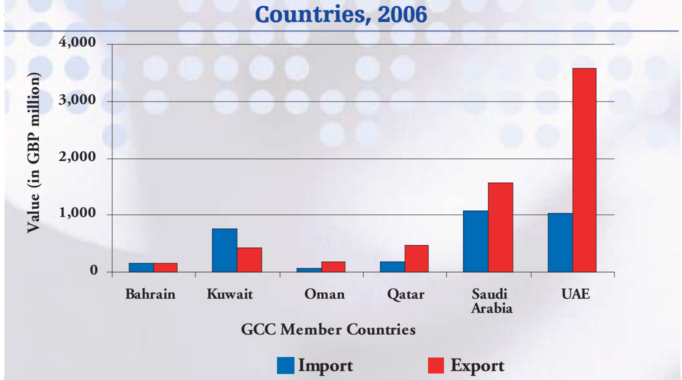
The DCCI's system for regular compilation of trade statistics of UAE's major trading aprtners shows that total imports of UK from the GCC in 2006 reached GBP 3.3 bllion, while total exports to GCC amounted to GBP 6.4 billion, for a UK-favorable surplus of GBP 3.1 billion (AED 22.7 bn). About 50% of UK's imports from GCC during the year consisted of Petroleum oil and related products, while 54% of exports were machinery, mechanical and electrical appliances and electronics.

Value of total trade with GCC accounted for only 1.8% of UK's trade with the world. Although the GCC is a major world supplier of petroleum oils and related products, UK's imports of the said products from GCC countries represented barely 6% of UK's world imports of the products.

Fig. 1 further shows that much of UK's surplus from trade with GCC resulted from trade with UAE. UK's imports from UAE amounted to GBP 1.0 billion, while total exports was valued at GBP 3.6 billion, for a UK-favorable trade surplus of about GBP 2.5 billion. UK imports from Saudi Arabia, valued at GBP 1.1 billion, slightly exceeded import from UAE, but exports to the kingdom was less than half the value of UK's exports to UAE.

UK's trade with the other GCC countries, though relatively much lower, had been favorable to UK, except for trade with Kuwait, which resulted to a deficit of GBP 325 million, owing to imports of petroleum oils valued at GBP 697 million, or about 43% of the total value of the products UK imported from GCC during the year. Saudi Arabia supplied 33% to UK's imports of petroleum oils from GCC, while UAE supplied 15%. The remaining 9% were distributed to Bahrain (7%), and Qatar (2%). Very little of the products had been imported from Oman.

Fig. 1. Value of UK's trade with the GCC Member Countries, 2006



Source of data: UKTRADEINFO

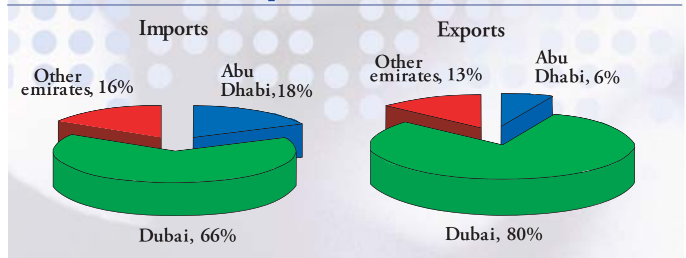
UAE was destination of 56% of the total value of UK's exports to the GCC, while 24% was destined to Saudi Arabia. The shares of the other GCC countries were about 7% each for Qatar and Kuwait and 3% each for Bahrain and Oman.

Products UK exported to UAE consisted mainly of machinery and mechanical appliances and electrical and electronic equipment.

Dubai is the largest market of UK in the UAE

Although Dubai contributed only 10% to UK's imports of petroleum oils from UAE, the emirate remained to be the largest import market of UK in the UAE, accounting for 66% of UK's reported total imports from the country, while Abu Dhabi accounted for only 18% and the other emirates, 16% (Fig. 2). Exports to UAE were even more concentrated to Dubai, with 80% of UK's exports to UAE destined to the emirate, and only 6% were destined to Abu Dhabi and 13%, to the other emirates.

Fig. 2. Distribution of UK's trade with UAE by emirate, 2006



Source of data: UKTRADEINFO

Table 1 shows the share of Dubai to the total value of major products UK traded with UAE. Dubai supplied almost all of UK's imports of live animals from UAE, valued at GBP 104 million; 87% of semi-precious/ precious stones and metals and jewelleries worth GBP 107 million; and 81% of machinery and electrical and electronic equipment valued at GBP 293 million.

Table 1. Values of Uk's trade on major products with UAE and the corresponding share of Dubai, 2006

Values are in GBP milllion

Uk's Major Import From UAE	Values of trade with UAE	Dubai's share (%)
Live animal	104	99.9
Mineral products	256	10.6
Semi-precious/Precious stones and metal; jewelleries	107	87.2
Machinery, electrical & electronic equipment & parts	293	81.2
Total import Export from UAE	**1,024**	**65.6**
UK's major Export to UAE	**Values of trade with UAE**	**Dubai's share (%)**
Prepared foodstuffs	104	75.1
Chemicals and products of allied industries	207	76.8
Textile and textile articles	149	85.1
Semi-precious/Precious stones and metal; jewelleries	142	95.8
Base metals and products thereof	164	57.1
Machinery, electrical & electronic equipment & parts	2,212	82.7
Vehicles, aircraft , & transport equipment @ parts	209	81.3
Optical, medical measuring & musical instruments	119	69.4

Source of data: UKTRADEINFO

Share of UK's exports to Dubai to its exports to UAE were substantial for all major products. About 75% of UK's exports of prepared foodstuffs to UAE were destined to Dubai; as well as, 77% of chemicals and allied products; 85% of textiles and textile articles; 96% of semi-precious/ precious stones and metals and jewelleries; 57% of base metals and articles of base metals; 83% of machinery and electrical and electronic equipment; 81% of vehicles, aircrafts & transport equipment; and 69% of optical, medical, measuring and precision and musical instruments.

The above pattern is not limited to UK alone. In fact, Dubai accounts for a major share of UAE's non-oil trade with the world.

International Comparison of Interest Rates

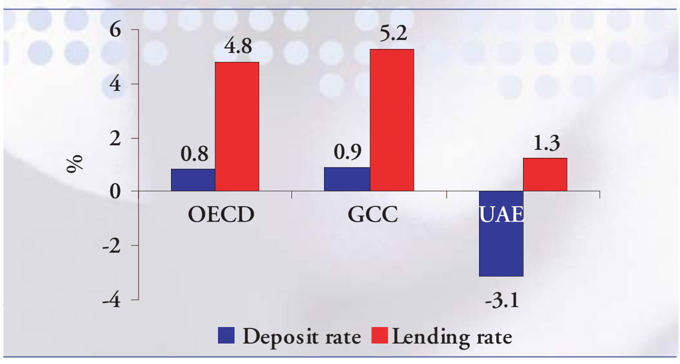
Recently, the financial markets have been assuming a growing role in financing the process of economic growth in the Gulf Co-operation Council (GCC) countries. Given the excess liquidity, thanks to rising oil revenues, the role of these markets becomes even more important in channelling these excess funds into investments that can sustain economic growth in these countries. One key variable in the functioning of these financial markets is the interest rate, which is the price of credit. This article compares the lending and deposit interest rates in the GCC countries with those of the world market, as represented by the interest rates in the Organization of Economic Co-operation and Development (OECD) 30 countries.

The level of the interest rate influences the economic decisions. For example, how much households are willing to save, how much firms are willing to invest and how much deficit the government is willing to run. These economic decisions are crucial for the well-fare of the society. As a price for credit, the interest rate is determined by the market forces of supply of and demand for credit. The most important factors that influence the supply and demand for credit are expected inflation, economic conditions, and monetary and fiscal policies.

Figure 1 shows the average real deposit and lending rates in OECD, GCC and UAE for the period 2000-2007. The real interest rate is the nominal rate adjusted for inflation. The deposit rate is the rate offered by depository financial institutions to customers for demand or savings deposits. The lending rate is the rate that depository financial institutions charge on short term and medium term loans. The average nominal lending and deposit rates and inflation rate for OECD are 8.3%, 4.3% and 3.5% respectively. For GCC, they are 8.0%, 3.6% and 2.7% respectively. For UAE, they are 7.6%, 3.3% and 6.4 respectively.

There is a slight, but not economically significant, difference in the real interest rates between the two groups of countries. This is very consistent with economic theory which predicts that capital will flow from capital abundant countries where the rate of return is relatively low (in this case OECD) to capital scarce countries where the rate of return is relatively higher (in this case GCC). This difference in returns is what drives capital flows, such as foreign direct investment, between regions of the world economy. The fact that the average real interest rates are slightly higher in GCC relative to OECD is a reflection of the risk level of investing in GCC and therefore this difference represents an interest rate risk premium.

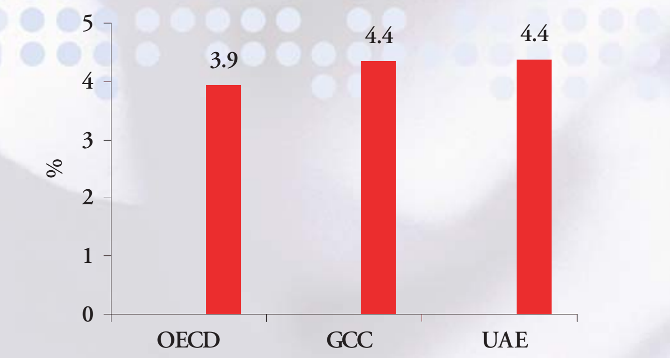
Figure 1: Average real interest rates in OECD, GCC and UAE



Source: DCCI calculations based on data from EIU, 2007

For UAE and as can be seen from figure 1, the real deposit rate is negative and this is because of the relatively high inflation rate in UAE. On the other hand, the real lending rate is still positive. The implication of the UAE negative real deposit rate and the positive real lending rate is that depository financial institutions, such as commercial banks that keep deposits and lend them out, are gaining while depositors are losing in real terms. When comparing the real interest rates in UAE with those of the GCC average, then it is clear that the real cost of credit in UAE is cheaper than the GCC average. This is mainly due to the relatively high UAE inflation rate compared to GCC average since the nominal interest rates between UAE and the GCC average are marginally different.

Figure 2: Average interest rate spread in OECD, GCC



Source: DCCI calculations based on data from EIU, 2007

Figure 2 shows the average interest rate spread in OECD and GCC countries for the period 2000-2007. The spread is the difference between the lending rate and the deposit rate. There is a slight, but not economically significant, difference in the spread between the two groups of countries. The fact that the average spread in the GCC is slightly higher relative to that of the OECD may be explained by the relative scarcity of capital and the inefficiency of the financial intermediation system in the GCC. It is interesting to note that the spread in UAE is almost identical to the GCC average. This may be explained by the openness of the financial markets among the GCC countries and the consequent free flow of capital equalizes the spread, as economic theory predicts. This is also due to the financial coordination among the GCC members in preparation for the monetary union.

For UAE, since 2002 the inflation rate has consistently been exceeding the deposit rate and is expected to do so in 2007. Also, it has been exceeding the lending rate since 2004, but it is expected to fall below it in 2007. If the inflation rate continues to consistently exceed the interest rates then this will have adverse impact on savers and lenders and therefore the whole process of financial intermediation. The implication of this is that borrowers are benefiting at the expense of savers/lenders since the real cost of borrowing becomes relatively cheaper with rising inflation. Therefore, Monetary and fiscal policy actions are needed to curb the inflationary pressures in the UAE economy. Price stability is conducive to sustainable economic growth, which can only be achieved when growth does not lead to inflationary pressures in the economy.

Dubai Transport and Foreign Trade

Dubai transport sector (including also storage and communications) represented 13% of Dubai total GDP in 2005. The sector recorded extraordinary 20% growth rate in 2005 compared to the previous year, situating itself among the most growing economic sectors in the Emirate. Dubai transport sector employs nearly 7% of Dubai total workforce.

Given the importance of the transport sector in Dubai, DCCI conducted a research to highlight the recent developments witnessed in the sector during the latest years and how they affected the movement of goods and passengers as well as foreign trade.

Sea Transport

The quantity of goods discharged at the two main sea ports of Dubai (i.e. Rashid and Jebel Ali ports) has increased by almost double during the period 2001-2005 at annual growth rate of 18.7%. In 2005, the quantities of discharged goods totaled 58.1 million tons of which 57% are containers, 22% are petroleum and 21% are general goods. On the other hand, the quantities of goods loaded were estimated at 34.4 million tons doubling almost by that its value in 2001 of 17.5 million tons. The shares of containers, petroleum and general goods in goods loaded were 76%, 18% and 6% respectively. It is obvious that containers represent the majority of goods loaded and discharged followed by petroleum and general goods. More specifically, 67% (53%) of loaded (discharged) containers are classified as transit shipments while the rest are registered as exports (imports), which reflect clearly the importance of Dubai as a re-export hub.

Similarly, passengers' movement in Dubai sea ports has also witnessed notable growth between 2001 and 2005. The number of total passengers in 2005 reached around 77 thousand (of which 50% are arrivals and 50% are departures) showing an increase of 70% compared to 2001. This increase is mainly attributed to increase in number of arrivals (from 13.8 thousand in 2001 to 38.6 thousands in 2005) given that growth in number of departures was much lower (22%).

Air Transport

The total number of aircrafts landed at Dubai international airport in 2005 was almost 217 thousand, which represents a growth rate of 62% compared to year 2001. The landed aircrafts can be divided into three categories: 83% scheduled flights, 14% non-scheduled flights, and only 3% military aircrafts. The number of scheduled flights grew on annual growth rate of 12% during the period 2001-2005.

On one hand, passengers at Dubai international airport in 2005 were 24.8 million of which 49% are arrivals, 48% are departures, and only 3% are transit passengers. This figure represents a growth of 84% in total number of passengers compared to 2001. On the other hand, cargo movement at Dubai international airport in 2005 totaled 1.3 million tons of which 53% were discharged goods and 47 % were loaded goods. More interesting, both discharged and loaded goods doubled their quantities in five years period, which logically resulted in almost doubling the total cargo movement at Dubai international airport.

Land Transport

Dubai has paid special attention to continuously improve its roads and land transport. For instance, the length of total asphalted roads in Dubai (i.e. single and dual carriageway) has reached 2,998 kilometers in 2005 compared to 2,177 kilometers at the beginning of 2001 (i.e. 38% growth). Despite this remarkable development witnessed in roads, the number of trucks departing from Dubai to neighboring countries has not improved. In contrast, it dropped by -18% between 2001 and 2005.

The fact that Dubai trade by land transport is not improving –despite the huge increase in roads and land logistics– combined with the significant improvement witnessed in movements of goods and passengers by sea and air leads to the conclusion that trade by sea and air are still the most preferable ways of transport for both goods and passengers. Land transport is important mainly for Arab countries located in the vicinity. In 2005, Arab countries were the destination of the vast majority of trucks departing from Dubai (97%), of which Gulf Cooperation Council countries (GCC) share is considerable (61%). In addition, Jordan, Iraq and Yemen top the list of Arab countries destined by trucks departing from Dubai.

Transport and Foreign Trade

Maritime shipment is still the main gate for Dubai foreign trade. Dubai foreign trade by sea stood at AED 152 billion in 2005 representing 54% of total foreign trade. Air transport comes in the second place to take care of 43% of Dubai total foreign trade. Dubai foreign trade by land has been very limited and represented only 3% of total foreign trade.

Between 2001 and 2005, developmental investments by Dubai government reached almost AED 11 billion. This substantive amount of investments affected foreign trade positively. Specifically, Dubai total foreign trade increased by almost 150% between 2001 and 2005, from AED 112 to 280 billion. Its share relative to Dubai total GDP also increased from 170% to 200% during the same time period (see Table 1).

Table 1: Dubai Foreign Trade by Mode of Transport and Share in Total GDP (2001-2005)

Year	GDP*	Foreign Trade (%GDP)			
		Total	-By Land	-By Sea	-By Air
2001	66,028	170%	4%	106%	59%
2002	80,494	160%	4%	102%	50%
2003	97,743	160%	4%	100%	52%
2004	118,428	180%	4%	109%	70%
2005	140,200	200%	6%	109%	86%

** Values are in million AED*

Source: Statistical Yearbooks 2003-2005 (Statistics Center of Dubai)

Finally, it is worth mentioning that many improvements are being realized in Dubai transports and these are expected to enhance foreign trade further over the next coming years.

1 IMF developmental investments figure includes investments in transports (air, sea and land), other sectors such as agriculture and health, and other general administration expenditures.