

UAE Navigates Global Tariff Storm with Oil Stability and Fiscal Strength

Dubai, 19 July 2025- As global markets brace for a new wave of U.S. tariffs and shifting OPEC+ production strategies, the UAE appears firmly grounded, thanks to strategic oil exemptions, fiscal resilience, and a diversified economy.

With President Donald Trump reinstating a hardline trade agenda, a series of sweeping tariffs are scheduled to take effect on August 1. These include duties of up to 50% on copper and significant increases on imports from Brazil, Japan, South Korea, and 14 other nations. Analysts fear escalating trade tensions could disrupt global supply chains and stoke inflationary pressure across import-heavy economies.

Yet amid this volatility, the UAE stands out as an outlier. According to Razan Hilal, Market Analyst, CMT at FOREX.com, *"While global headlines focus on tariff escalation, the exemption of crude oil from U.S. tariffs protects a key revenue stream for the UAE."* This safeguard ensures that the UAE's vital energy sector remains insulated from a major external shock, allowing the country to maintain stable export flows at a time when volatility is the global norm.

Concurrently, the latest developments within OPEC+ may play in the UAE's favor. A subset of the alliance, including the UAE, has announced an unexpected increase of 548,000 barrels per day in August as part of a gradual unwind of voluntary production cuts. With Brent crude trading above \$68 and WTI maintaining support above \$67, Hilal sees strong fiscal upside: *"Recovering global oil demand and rising production are set to support fiscal inflows and growth momentum."*

At the monetary level, currency dynamics are adding nuance to the UAE's economic outlook. Hilal highlights the precarious position of the U.S. Dollar: *"The U.S. Dollar hovers just above a 17-year trendline extending from the 2008 lows. A breakdown below this level could strain the AED peg and amplify import-driven inflation."* That said, she notes, if the dollar index (DXY) stays above the 96-zone, the dirham may recover in H2 2025, particularly against the euro and pound.

What underpins the UAE's relative calm amid these global tremors? Hilal points to a blend of strategic buffers: *"Supported by economic diversification, oil price stability, and a proactive fiscal stance, the UAE remains well-positioned to absorb external shocks and preserve currency stability."*

In a global landscape dominated by tariff tension and fluctuating energy dynamics, the UAE's steady footing showcases the advantage of long-term planning and diversified resilience. As other economies scramble for clarity, the Emirates are focused on execution.

For more information about the latest global market developments and the UAE's financial and economic updates, visit www.forex.com

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