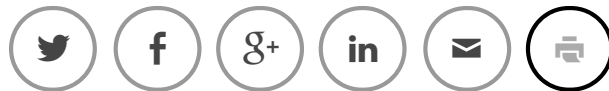


UAE workers are poised for a 5 per cent pay rise in 2013. Jaime Puebla / The National

Salary growth in UAE to outstrip inflation and Europe

Tom Arnold

January 7, 2013



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Salaries are forecast to grow by an average of 5 per cent in the UAE this year, outpacing inflation and pay rises in Europe, a survey indicated yesterday.

The increase compares with pay rises averaging 6 per cent in Saudi Arabia, 5.4 per cent in Kuwait and 5.2 per cent in Qatar, according to the results of the remuneration survey, conducted by Mercer, the consultancy company. Workers in Bahrain and Oman can look forward to rises of 5 per cent and 5.1 per cent respectively, the data showed.

The survey formed part of a global report, which tracked pay plans of 570 multinational companies operating across 76 countries in Europe, the Middle East and Africa.

"Anticipated pay increases are affected by consumer price inflation," said Zaid Kamhawi, the Middle East business leader for information product solutions at Mercer. "The anticipated pay increases in 2013 are predicted to

modest

be above the forecasted inflation generating real pay growth for employees."

Inflation in the UAE picked up marginally by 0.5 per cent in November as weakness in housing costs, the largest component of the index, dampened price pressures, the latest data from the National Bureau of Statistics shows.

Inflation is forecast to rise by 1.6 per cent this year, the IMF forecasts. But Mr Kamhawi said companies were placing less emphasis on inflation rates when budgeting for pay.

Instead, they were factoring variables such as relative pay competitiveness, affordability, labour market conditions and confidence in their business outlook.

Levels of worker pay have gradually rebounded since the global financial crisis when many companies shed staff and froze salaries in an effort to cut costs.

In the same survey in 2012, Mercer estimated pay would rise by 5.5 per cent in the UAE that year.

Pay rises for this year in Western Europe were more subdued than other markets, the data showed. Employees in the region, which is still locked in financial crisis, were in line for increases of 2.6 per cent, compared to 4.6 per cent in Eastern Europe.

Elsewhere in the Middle East, workers in Egypt were in line for the biggest rise, forecast to gain an average increase of 10 per cent. Across the region, pay was expected to increase by 5.4 per cent, the results showed.

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