

# U.S. Country Commercial Guides



## United Arab Emirates 2020

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Note: The global COVID-19 pandemic and worldwide economic downturn impacted the UAE, as it did every country around the world. The pandemic created an unprecedented economic crisis as oil prices declined, cutting the UAE’s oil revenues significantly, and the non-oil economy suffered from severe declines in the tourism, aviation, trade, and logistics sectors. The downturn made economic projections uncertain. Every effort has been made to use the latest data, yet much of the available data is from 2019, 2018, and recent years. Please contact our office for updates and the latest information.

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## **Business in the United Arab Emirates**

### **Market Overview**

The United Arab Emirates (UAE) has been the top U.S. export market in the Middle East Africa region for the last 11 years and is a regional hub for over 1,500 American companies doing business throughout the Middle East, Africa, and South Asia. The UAE has a population of approximately 9.8 million, out of which about 85% are expatriates. The UAE's dynamic economy, openness to international business, and strategic location as a gateway to the region create business opportunities and make the UAE an attractive market for U.S. exporters.

The UAE was on a positive growth trajectory before the COVID-19 pandemic struck. The pandemic dealt a twin blow to the UAE's economy, driving down oil prices and reducing the country's oil revenues, and significantly impacting the non-oil economy dependent on aviation, tourism, and trade. As a result, real GDP is expected to fall by approximately 4.5% in 2020, before picking up to a growth rate of 1.4% in 2021, according to the World Bank. The recovery to pre-pandemic levels of economic activity is expected to be slow and gradual.

National and Emirate-level governments invest heavily in economic diversification and growth. With its oil reserves and sovereign wealth funds valued at approximately \$1.3 trillion, the UAE has resources to help it navigate the volatility of the oil market and other challenges. The UAE aims to expand its role as a regional trade, logistics, and tourism hub.

The World Expo (Expo 2020 Dubai) was postponed due to COVID-19 and will be held in Dubai from October 1, 2021 to March 31, 2022. The U.S. Embassy is partnering with U.S. business chambers and companies to support activities at the U.S. Pavilion, and the U.S. Commercial Service is organizing a Discover America campaign to give U.S. companies an opportunity to leverage this mega event to increase U.S. exports to the region. Twenty million visitors are expected at the Expo, and there will be over 190 participating countries.

The UAE is home to world-class trade events and visiting or exhibiting at a trade event can be a great way to learn about and expand in the UAE and the region. However, some trade events may be postponed or be virtual due to the COVID-19 situation. Some of the top trade events include:

- ADIPEC (Energy), November 9-12, 2020.
- GITEX (ICT), December 6-10, 2020.
- IDEX International Defense Exhibition (Defense), February 21-25, 2021.
- Arab Health (Healthcare), June 21-24, 2021 (TBC).
- Dubai Air Show (Aerospace), November 14-18, 2021.

While the UAE has a bright future and presents many opportunities for U.S. companies in the long term, the pandemic has dimmed prospects for growth in the short term, and the UAE market's structural and regulatory challenges require preparation and foresight. These are covered in the sections discussing challenges and intellectual property rights as well as other chapters. Due diligence is highly recommended, as it is when doing business in any international market. And be wary of scams and frauds - we do receive frequent inquiries from U.S. companies solicited by alleged UAE investors that turn out to be scams.

To summarize, the UAE offers an attractive long-term market while presenting significant near-term challenges primarily associated with fallout from the pandemic. Our team of experienced commercial specialists in Abu Dhabi and Dubai are ready to assist U.S. companies to enter and expand in this market and encourage you to take advantage of the opportunities in the region.

## Market Challenges

Note: The global COVID-19 pandemic and worldwide economic downturn impacted the UAE, as it did every country around the world. The pandemic created an unprecedented economic crisis as oil prices declined, cutting the UAE's oil revenues significantly, and as the non-oil economy suffered from severe declines in tourism, aviation and trade and logistics sectors. The downturn made economic projections uncertain. Every effort has been made to use the latest data, yet much of the available data is from 2019, 2018, and recent years. Please contact our office for updates and the latest information.

The economy of the UAE was severely impacted by the COVID-19 pandemic and responding to the health crisis and mitigating economic damage continue to be top government priorities. Real GDP in 2020 is expected to fall by approximately 3.5% before recovering to a growth rate of 3.3% in 2021, according to IMF projections. In the near term, the UAE's domestic market is suffering from weak demand by businesses and consumers, a declining real estate market weighted down by oversupply, an exodus of unemployed workers, and cuts to government spending. These factors limit the attractiveness of the UAE as a market, though its position as the premier business hub in the Middle East remains unchallenged.

The UAE is a major regional hub, yet challenges remain for American companies. Highlights include:

On the Plus Side:

- Ease of Doing Business (World Bank 2020): #16 out of 190 countries.
  - Getting electricity: #1.
  - Dealing with building permits: #3.
  - Enforcing contracts: #9.
  - Registering property: #10.
  - Starting a business: #17.
- Corruption Perception Index (Transparency International 2019): #21 out of 180 countries.

On the Minus Side:

- Low Ranking areas on the World Bank Ease of Doing Business report:
  - Trading Across Borders: #92.
  - Resolving Insolvency: #80.
  - Getting Credit: #48.
- Other Common Problems:
  - Receiving payment for completed work.
  - UAE companies attempting to change scope of work after signing the contract.
  - Problems terminating commercial agent agreements even in cases of non-performance.
  - Dispute resolution systems vary in different emirates and can take a lot of time.
  - Increased pressure to hire local Emiratis in certain industries under the government policy of Emiratization.
- Qatar Dispute:
  - UAE, Saudi Arabia, Egypt and Bahrain severed diplomatic and business relationships with Qatar in June 2017.
  - Companies may seek local legal assistance regarding the implications of this boycott.

## Market Opportunities

Despite its modest size, the UAE offers a sophisticated, diverse market for U.S. firms in many industries. Best prospect sectors include: oil and gas; energy (nuclear and renewables); architecture, construction, and engineering (ACE); education; defense; safety and security; aerospace; healthcare and medical devices; automotive; and consumer electronics.

## Market Entry Strategy

**Distributors and Agents:** In most sectors, foreign firms seeking to establish themselves within the UAE market must still have a local sponsor or agent and are limited to a minority ownership position. Finding the right local agent or distributor can be a critical first step for success.

**Free Trade Zones (FTZs):** Free Trade Zones allow 100% foreign ownership, quick registration, advanced logistical support, and are often organized along sectoral lines. For example, the Dubai Multicommodities Centre (DMCC) caters to firms in the financial services sector. However, with few exceptions, companies in FTZs still must have 51% UAE-owned distributors “onshore” (outside the FTZ structure) in order to sell into the local UAE market. Companies planning to use the UAE to sell regionally and not in the UAE can forgo this step. In July 2019, the UAE Cabinet approved outright foreign ownership across 13 additional economic sectors including information technology, manufacturing, renewable energy, space, and agriculture.

**Competitive Positioning:** As a regional trade hub supporting significant international business activity, the UAE is a market where American firms can expect to face strong multinational competition. Successful American firms often rely on technological and qualitative advantages to compete with foreign competition that may have lower price points.

**Regional Approach:** Many American firms looking to do business in the Middle East often find practical advantages in a regional approach to their marketing activities in the Gulf. The members of the Gulf Cooperation Council (GCC - UAE, Kuwait, Qatar, Oman, Saudi Arabia, and Bahrain) have taken steps to harmonize standards and regulatory measures. The region is also one of the largest and fastest growing export markets for American goods and services. In January 2015, the GCC customs union came into full effect, charging a 5% tariff on most goods across the member countries. However, the effects of the Qatar dispute with the UAE, Saudi Arabia, and Bahrain may make a regional approach more challenging.

**Trade Shows:** The UAE is a regional commercial hub and hosts world-class trade exhibitions and conferences where American firms can meet buyers from the Middle East, Africa, South Asia, and around the world. The U.S. Commercial Service offices in Abu Dhabi and Dubai support a wide range of trade exhibitions and promotion events designed to help American firms seeking to enter and expand in the UAE and regional markets. Details on many of these activities are available at the [export.gov](https://www.export.gov) website. Note that most trade shows have been cancelled for 2020 due to the pandemic.

## Leading Sectors for U.S. Exports and Investment

### Architecture, Construction, and Engineering (ACE)

#### Overview

- A key driver of the UAE economy.
- The pandemic and oil price slump continue to have a negative impact. The second quarter of 2020 was the weakest second quarter of the year so far due to COVID-19 pandemic, lower oil prices, tightening national budgets, and the timing of Ramadan.
- Second only in size to Saudi Arabia when planned and unawarded projects are included with \$926 billion in projects planned or underway across all sectors.
- New construction projects worth \$3.1 billion were announced across the GCC in May 2020 with UAE contributing 55% of the value of total new announcements followed by Saudi Arabia with 29%.
- The Oil and gas sector led with \$1.7 billion in new projects while projects worth \$1.2 billion were completed in May 2020.
- The UAE came third in value of contracts inked, with \$461 million in June 2020, slightly more than the \$427 million signed in May 2020.
- ADNOC Onshore, majority-owned by Abu Dhabi National Oil Company (ADNOC), signed the biggest deal in the country in June, with a \$103 million deal for the third phase of the Bab gas project.
- Major developers are seeking out new debt facilities in order to help fund new building projects. This should ensure injections of much-needed liquidity into the construction sector, a cause for optimism.

Dubai is preparing for the World Expo, October 2021 to March 2022 in Dubai. The Expo drove investments in tourism-related projects, commercial infrastructure, and transportation development including aviation and metro projects.

Dubai announced measures to provide financial support for contractors as part of an economic stimulus package totaling \$408 million to offset the severe downturn in the construction industry caused by COVID-19. Support measures focus on accelerated payments and the return of financial guarantees. This package follows an earlier decision by the Dubai government to cut capital spending by 50%, and review existing contracts and projects. In March, the federal cabinet approved economic support measures that include improved payment terms for contractors working on government contracts, as well as exempting companies from penalties that arise from delays caused by the pandemic crisis.

According to research by the MEED group, the cabinet directed federal ministries to pay contractors and supplies within 15 days, while for contract delays, suppliers affected by the pandemic are exempted from fines for delays on federal government contracts for a renewable period of three months. The cabinet also directed that small and medium suppliers should be awarded 90% of federal government purchases.

Recent projects include:

Dubai:

- District 2020, the expansive Expo 2020 Dubai venue.
- The Dubai Metro Red Line extension (part of the Expo 2020 initiative).
- The Dubai Harbor Creek project – a waterfront development spanning more than 20 million square feet, Burj Jumeirah.
- Hatta Hydro-Electric Power Plant.

- The World Islands.

Abu Dhabi:

- Al Jurf, Sahel Al Emarat.
- Jubail Island.
- Guggenheim Abu Dhabi.
- Zayed National Museum.
- Noor Abu Dhabi the world's largest single-site solar project in Abu Dhabi.
- Mohammed bin Rashid Al Maktoum Solar Park, phase 5.

### **Leading Sub-Sectors**

#### *Residential*

The two major cities, Abu Dhabi and Dubai, dominate the residential construction market. In Dubai, 69% of expatriates working in Dubai don't have university degrees and most likely have low-paying jobs, obliging more than 33% of them to rent in the less expensive emirates and commute to Dubai.

The middle and higher-end of the Dubai residential market has an oversupply, leading to a decline in prices of 30 percent since the market peak in 2014. The protracted decline has prompted Dubai authorities to take steps to reduce construction of new developments in an effort to reduce the overhang of supply. A total of 31,000 residential units opened in Dubai in 2019, comprising approximately 23,600 apartments and 7,400 villas, with communities such as Damac Hills, Dubai Hills Estates and Akoya Oxygen accounting for the bulk of completions. Abu Dhabi had approximately 26,000 units completed in 2019, located at The Gate Project in Masdar City, Saadiyat Island, Alghadeer project, and Yas Acres.

#### *Office Market*

The commercial sector in Dubai expanded by 3.1 million square feet of new office space in 2019 while total office stock for Abu Dhabi reached 3.8 million square meters of space available for rent.

In Dubai, the oversupply has created a slowdown in office construction. Investors continue to be interested in well-located Grade A assets. Abu Dhabi also had a decreased demand for office space in 2019, largely as a result of reduced business growth and corporate restructuring. There is downward pressure on rents.

#### *Retail Market*

Prior to COVID-19, experts predicted that Dubai's retail sector would grow at over 5% per year over the 2018-2023 period, supported by strong international visitor spending and growing e-commerce activity, according to an analysis conducted by the Dubai Chamber of Commerce and Industry in 2019. Projects include Dubai Square Overview, Deira Islands Mall in Dubai, Forsan Central Mall in Abu Dhabi, and Avenues Mallin Sharjah.



### *Hotel Market*

In November 2019, UAE led Middle East hotel construction with 53,000 rooms in the pipeline, about 30% of the market's existing supply. Dubai continues to increase its hotel room inventory ahead of the World Expo. Dubai had a total of 132,000 guestrooms by the end of 2019 and will have more rooms operating when the World Expo opens. Abu Dhabi is expected to have at least 3 planned hotel openings and 7,281 new rooms. Ras al-Khaimah, Sharjah, and Ajman round out the top 5 with 17, 15, and four projects respectively.

### *Healthcare Market*

The UAE continues to roll out major healthcare projects to develop a world-class healthcare infrastructure. According to Business Monitor International, healthcare expenditure in the UAE is expected to reach to \$21.3 billion by 2021. There are 700 healthcare projects worth \$60.9 billion under various stages of development. In Abu Dhabi, many projects are under development such as Burjeel Medical City and Danat Al Emarat Hospital for Women and Children.

- Dubai Health Authority (DHA) announced that a total of 12 new private hospitals will open in Dubai by the year 2020 totaling the number of private hospitals in Dubai to 38. The authority revealed that the number of private medical health facilities in Dubai witnessed a 4% increase in the second quarter of this year compared to the first quarter, totaling the number of private health facilities to 3,018, including 26 hospitals and 1,624 specialized and general medical complexes.
- In addition to the 26 hospitals opening this year, the authority's Health Regulation Department announced that there would be 12 new private hospitals in the next three years that will provide patients with 875 beds in addition to seven other hospitals that are undergoing expansions to include 750 beds.

### *Leisure Market*

The UAE has evolved into a major leisure hub in the region with nearly 20 theme parks opened or in the pipeline. One of the biggest parks is Dubai Parks and Resorts which opened in 2016 and currently includes four themed parks and two entertainment areas. The 40-million-square-foot complex known as Meydan One, with the world's longest indoor ski slope, is planning to open in 2021. Abu Dhabi has many attractions including: the Louvre Abu Dhabi, the largest art museum in the Arabian Peninsula that opened in 2017; Yas Waterworld that has been operating for seven years; and the Warner Bros. \$1 billion theme park that opened in July 2018. Abu Dhabi will welcome another park in 2022 - SeaWorld Abu Dhabi, a next generation marine life theme park with a research, rescue, rehabilitation and release center.

### *Infrastructure Sector*

Infrastructure projects are a key part of the expanding UAE economy. According to regional projects tracker MEED Projects, the country has 301 individual projects with a contract value of over \$100 million at the execution stage. The total value of those projects is \$93.6 billion. Recent projects included roadway, airport, and port upgrades in preparation for the upcoming World Expo and as part of the overall UAE economic growth strategy.

The UAE cabinet approved a \$4.4 billion economic stimulus package in March 2020 that included measures to accelerate major infrastructure projects across the federation, cut the cost of doing business, support small businesses, and accelerate major infrastructure projects.

- Abu Dhabi: Abu Dhabi revealed plans to launch infrastructure projects worth \$2.72 billion under the public-private partnership (PPP) model as part of the Ghadan 21 accelerator program. This PPP

initiative will cover municipal, social, and transportation developments and tenders for lighting, highway, and parking projects.

- Dubai: Prior to COVID-19, Dubai planned infrastructure spending of over \$2 billion.. Dubai's 2020 spending program has a commitment to proceed with public-private partnership (PPP) projects announced in 2019 focusing on power and water sectors.
- Sharjah: Sharjah announced plans to spend \$2.6 billion on infrastructure development as part of its 2020 budget, prioritizing capital projects such as roads and tunnels with a 2% increase from 2019.

## **Opportunities**

Despite tough competition from local property developers, many opportunities exist for U.S. firms to collaborate, consult, and contract for construction projects. Foreign companies should be prepared to either register locally or pre-qualify with developers and government agencies in order to respond to tenders.

A number of U.S. companies have already won projects for public sector projects, according to the press:

- Parsons for infrastructure.
- Jacobs for Route 2020 metro rail Dubai.
- AECOM for Etihad Rail stage one.
- HOK for Expo 2020 venue design.

The World Expo project (Expo 2020 Dubai) has awarded over 5,600 contracts so far, and 56% of all Expo 2020 Dubai contracts were awarded to small and medium-sized companies reaching the value of \$653 million to support Expo 2020 Dubai's goal of promoting innovation and supporting small and medium-sized businesses. Tenders and business opportunities with Expo 2020 Dubai are available at the [Online Market Place](#).

In addition, the UAE government will continue to encourage increased green construction activity, including the new institutional segment (government office buildings, hospitals and schools).

Local UAE contractors have expressed demand for international sourcing in the following specialized areas:

- Complicated façade and envelope specialists (mega tall towers, museums, complex architectural buildings).
- Consultants with extensive experience in construction methodology and sequence, clean demolishing technologies, large scale steel structure subs (for high rise buildings and commercial complexes), and healthcare (for hospitals and laboratories).
- Healthcare service providers and special system sub-contractors.
- Developers have indicated that opportunities exist for international companies that can provide best-in-class concept and scheme for mixed-use projects (residential and retail) and small retailer complexes since the market is currently saturated with big malls.
- Facilities management.

## **Resources**

### **Trade Shows and Exhibitions**

#### [The Big 5](#)

Date: September 12-15, 2021

Venue: Dubai World Trade Centre

## **Key Websites**

[The National](#)

[Emirates 24/7](#)

[Construction Week Online](#)

[Khaleej Times](#)

[Arabian Business](#)

[Gulf News](#)

[Gulf Business](#)

[BMI Research](#)

[MEED](#)

[Arabhealth Online](#)

[Expo 2020 Online Market Place](#)

[Dubai Municipality](#)

[Abu Dhabi Department of Municipalities and Transport](#)

[Abu Dhabi Urban Planning Council](#)

[Emirates Green Building Council](#)

[Dubai Roads & Transport Authority](#)

[Abu Dhabi Integrated Transport Centre](#)

## **Aerospace**

There are opportunities for U.S. exporters in the aerospace sector to support the civil aviation and defense aerospace initiatives in the UAE, and in the space segment given the ambitious UAE space program.

The UAE is committed to establishing itself as a regional hub for civil and commercial space activities. It launched the UAE Space Agency (UAESA) in 2014, headquartered in Abu Dhabi, and the Mohammed bin Rashid Space Centre (MBRSC) in 2006 in Dubai. In July 2020, the UAESA and the MBRSC launched an unmanned probe spacecraft that will orbit Mars and study its climate and atmosphere.

The UAESA, which directs UAE national space program, creates space policy and regulation, and supports the development of UAE engineers and scientists. It is expected to generate significant benefits to the country's economy and human capital. In October 2014, the agency gained membership in the International Space Exploration Coordination Group, making the UAE the first Arab country to join. It also signed collaboration agreements with NASA, Japan, and China, and memoranda of understanding with the U.K., Italy, and Russia.

Sheikh Mohammed bin Rashid, Vice President of the UAE and ruler of Dubai, founded the Mohammed bin Rashid Space Centre (MBRSC) in 2006 when it was integrated with the existing Emirates Institution for Advanced Science & Technology (EIAST).

The UAE achieved a historic milestone with its first astronaut in September 2019,. Mr. Hazaa Al Mansouri traveled on an eight-day space mission to the international space station aboard a Soyuz-MS 15 spacecraft from the Baikonur Cosmodrome in Kazakhstan and returned to Earth aboard a Soyuz-MS 12. The UAE is recruiting future astronauts and will begin the selection process for astronauts that will undergo a 2.5-year training. Astronaut training solutions are an area of opportunity.

Abu Dhabi-based Khalifa University opened its new Spacecraft Platform for Astronautic and Celestial Emulation (SPACE) laboratory in 2015. The United Arab Emirates University (UAEU) and the Telecommunications Regulatory Authority (represented by the ICT Fund) fund the \$27 million SPACE center. The lab is equipped with special Unmanned Aerial Vehicles (UAVs), robots, and sensing systems that help to mimic actual conditions in space.

### **Satellites**

The UAE has launched and is operating a number of satellites.

Yahsat, a subsidiary of the UAE Government-owned Mubadala Development, offers a range of communication services including voice, internet and television. Yahsat currently has two satellites in orbit and launched a third in 2018, the Al Yah 3 satellite. Al Yah 3 will extend Yahsat's broadband services to 19 countries across Brazil and Africa.

The MBRSC operates several satellites:

DubaiSat-1 was the first fully UAE-owned satellite. It was launched in 2009 by EIAST, which, as noted above, was rolled into MBRSC in 2015.

DubaiSat-2 blasted off in 2013.

KhalifaSat, a remote sensing for Earth observation, was launched in October of 2018. KhalifaSat was 100% developed by Emirati engineers as part of the MBRSC's strategic initiative to inspire innovation and technological advancement. It is the UAE's most technologically advanced imaging satellite and has the goal of increasing sustainable development in the UAE. The UAE Institution for Advanced Science and Technology (EIAST) in collaboration with Satrec Initiative (SI), a South Korean satellite manufacturing company, oversee the KhalifaSat program.

UAE's Thuraya, a private company with investors from the United States, U.K., and the Middle East, launched its first mobile telecommunication satellite, Thuraya-1, in 2000.

## 2016 NASA and UAESA Framework Agreement

In June 2016, NASA and UAESA signed a framework agreement to cooperate on aeronautics research and exploration and to use airspace and outer space for peaceful purposes. The scope of the agreement covers space science, operational Earth observation and Earth science, aeronautics, space operations and exploration, education, technology, and safety and mission assurance.

Under the framework, the agencies also signed an Implementing Arrangement to formalize cooperation in the exploration of Mars. The arrangement establishes a joint steering group to guide discussions about potential future projects that contribute to the exploration of Mars. There was also a human spaceflight agreement signed by NASA and UAESA leadership in October 2018, further deepening bilateral cooperation.

Additionally, the two agencies plan to collaborate on education and public outreach programs and joint workshops, with the goal of facilitating the exchange of scientific data, scientists, engineers, and views and experiences on relevant regulatory frameworks and standards.

Future areas of collaboration could include the joint use of aircraft; scientific instruments aboard spacecraft; ground-based research facilities; spacecraft and space research platforms; and ground-based antennas for tracking, telemetry, and data acquisition. The United States and the UAE also plan to collaborate on lunar exploration and are looking at how the UAE can support with the Artemis Accord.

The UAE is tentatively hosting the International Astronautical Congress in October 2021. In addition, the World Expo in Dubai will include programming about space.

### Other Partnerships

Sir Richard Branson has been working with Abu Dhabi investors since 2009, when Aabar Investments, the Abu Dhabi government-backed investment company, took a stake in Virgin Galactic, his space venture. According to Branson, Aabar has a 35% stake in the business, valued at about \$300 million. In 2014, Branson and Abu Dhabi investors initiated discussions regarding the possible opening of a spaceport in Abu Dhabi. In the interim, UAE officials have indicated this project will help the emirate develop its nascent space sector.

According to the UAE newspaper The National, the UAESA and Boeing partnered on an initiative called “The National Space Program”. The program features two competitions: Genes in Space, in which students from across the UAE will compete for the opportunity to have their experiments launched into space and conducted by scientists on board the International Space Station; and the Satellite Launch project.

### Resources

[Starburst – Hub71](#)

## Automotive

### Overview

- The UAE's automotive sector grew approximately 6% in 2019.
- The industry faces entirely new challenges due to the COVID-19 pandemic from supply chain disruptions, reduced consumer spending power, and little or no sales.
- Negative trends will continue through 2020 due to economic uncertainty, overstock of supply by dealers, and an overstock of pre-owned vehicles.

### Outlook

The UAE's automotive sector has shown remarkable comebacks in the past (2008-15) and experts feel that the country has the resources and appetite to continue to be one of the most robust automotive markets in the GCC due to factors such as low fuel costs, low import tariffs, high per capita disposable income, and a favorable tax regime. Also, attractive insurance and finance options make it relatively easier for consumers to buy cars in the UAE. On top of all these, the pandemic forced several car dealerships in the UAE to start introducing innovative technologies such as online bookings and other digital services, test drives at customers' residence or workplace, job-loss insurance protection, etc.

The outlook is positively impacted by COVID-19 travel restrictions and the need for social distancing. Consumers now prefer to use their own cars and avoid traveling by public buses and metro.

Over the long term, larger vehicles will remain popular to accommodate large families, and the Detroit Big-3 auto companies excel in this competitive segment, particularly the larger SUV segment. In addition, the UAE government encourages autonomous vehicle technology, research and development into driverless vehicles and other smart, green and environment friendly technologies such as alternative fuel vehicles, including hybrid and hydrogen vehicles. Given high disposable income levels and an interest in classic, modified, and luxury vehicles, demand for specialty performance and appearance products is likely to continue growing. U.S. companies also command a leading position in the supply of transmissions, tuning, high-performance parts and kits, steering, suspension, and brake components and parts to the UAE market.

However, recent supply chain disruptions and the closure of car factories across the world have had an enormous impact on UAE's automotive sector. The country relies heavily on imports, with virtually the entire supply of passenger and light vehicles being imported. That trend will change, as local production will have to keep pace to avoid such uncertainties to meet local market demands.

The following companies: [Ashok Leyland](#), [Hafilat Industries](#), [W Motors](#) and Zarooq Motors have started manufacturing in the UAE and more are likely to follow.

### Market Trends

#### Passenger Cars

Approximately 80% of the UAE automotive market is passenger cars and the remaining 20% is commercial vehicles (trucks, vans, and buses). In 2019, Japanese manufacturers Toyota, Nissan, and Mitsubishi remained the leading sellers of passenger cars in the UAE. Toyota retained its position as the market leader with 30% share, followed by Nissan at 20.6%, and Mitsubishi at 13.2%. The top three brands contributed to 63.8% of total passenger car sales in the UAE in 2019.

## Commercial Vehicles

With major infrastructure related to the Dubai World Expo project and several other commercial and housing projects, the commercial vehicles sector showed growth in 2019. Also, increased tourism and hospitality activities during 2019 drove demand for bus and minibus vehicles, which saw a surge in sales.

### Local Production

The UAE has limited local production of vehicles. Recently, a few companies setup production in the UAE. These include Ashok Leyland, the flagship company of the Hinduja Group and a major manufacturer of trucks and buses in India, ranked #4 globally as manufacturer of buses and the 14th largest manufacturer of trucks. They commenced production in the UAE in 2010. Hafilat Industries and Capital Manufacturing Car Services is a local UAE company manufacturer of heavy truck mounted bodies and related structures for trailers and passenger buses. Sandstorm Motors, W Motors, and Zarooq Motors started production in the UAE.

## Market Entry

### Regulations

#### New Vehicles

To comply with local requirements, all vehicles must conform to the UAE standards and their steering wheels must not be modified. There must be no damage on the vehicle outer body.

The UAE does not allow importation of vehicles that have been subject to accidents such as submerging, fire, collision, rollover, etc. Also, vehicles previously used as taxicabs or by police are not allowed to be imported.

Vehicles may only be exported to companies having commercial registration for business activities in vehicle sale and import and to individuals with a valid residence authorization, if the importer is not a citizen of any of the GCC States.

All cars and buses entering UAE must abide by safety regulations issued by the Emirates Authority for Standardization and Metrology (ESMA). In addition, the following rules must be adhered to:

Head restraints in all seats and air bags for the driver and the front passenger are compulsory for all passenger cars and buses with capacity up to 22 passengers.

Safety belts and Anti Braking System (ABS) are required in all new vehicles. Extra seats in the aisles are prohibited for any motor vehicle with a riding capacity of four people or more every vehicle must have an alarm to notify when drivers exceed speed limit of 120 km/hour in cars and 100 km/hour on buses.

In addition, all vehicles must be exported from the country of manufacture and steering wheels must not be modified. There must be no damages on the outer body and vehicles must be accident free.

### Required Documents

- Proof of vehicle ownership and invoice must be attested by the local chamber of commerce in the U.S.
- Export declaration from U.S. Customs.
- The invoice and the certificate of origin must be attached to the export declaration.
- A document issued by the local police in the U.S. indicating that the vehicle is not wanted for any criminal investigation.

### Local Standards Requirements

[Technical Requirements for School Buses](#)

[Technical Requirements for Small Series Production Vehicles](#)

[Used vehicle import regulations](#)

[Modified vehicles import regulations](#)

[Technical Requirements for Self-Balancing Scooters](#)

[UAE Scheme for Automotive Spare Parts](#)

[GSO Standards tests for multipurpose tires](#)

U.S. tire suppliers must ensure that RFID labels are affixed on their tires before entering the UAE. For more information about RFID labels, please see: [UAE Tire Labeling Scheme](#).

#### Re-Manufactured and Used Auto Parts

Importation of reconditioned/used auto parts is not allowed for sale in the UAE, unless reconditioned by the original manufacturer. The reseller is not allowed to claim that the part is the same as an original part. There is no difference in the treatment between remanufactured and used auto parts. This treatment applies to all motor vehicle parts.

Remanufactured/rebuilt parts are generally considered used or semi-used and are reflected in the pricing. Normally, the warranty period will not be the same as the original, if offered. Used, not remanufactured, parts usually carry no warranty.

Local industry sources believe that there could be potential in this segment as a number of American cars sold within the UAE and a number of used American cars are re-exported to other neighboring countries through the UAE. Rebuilding of parts in the UAE is limited to auto mechanics offering their clients an extra service in their maintenance of cars.

The 5% import duty for new parts also applies to remanufactured or used parts. The use of the company logo as well as the original packing design is not allowed for reconditioned/used parts. As there is a complete difference in packing from the original, advertising costs for resellers of reconditioned/used parts are higher even though the quality of the product is similar. It will not be easy to lend credibility to reconditioned/used parts in this market and a lot of effort would need to be put into the process of establishing a brand.

Truck approvals are conducted at the GCC level by the GCC Standards Organization based in Riyadh. The product should be first approved before the truck can be exported to GCC countries, including the UAE.

U.S. truck manufacturers or exporters may contact the office below for approval:

Conformity Assessment Department

G.C.C Standardization Organization (GSO)

Phone: +966 1 274 66 55 ext. 333; Fax: +966 1 210 53 90

Email: [alsagr@gso.org.sa](mailto:alsagr@gso.org.sa)

Tariffs: The tariff applied to cars is a 5% customs duty on the value of the vehicle plus 1% insurance plus cost of the shipment. For trucks, the customs duty is 12%.

The tariff for radiators and filters is 12% and 5% for all other spare parts.

Taxes: The UAE government imposed a 5% VAT from January 1, 2018 on vehicles sold in the country.

Barriers: The UAE's trade policy has been consistent with its obligations under the WTO. There are few trade barriers, viz. automotive parts should not contain asbestos, and products should not have been manufactured or transited through Israel.



## Leading Sub-Sectors

### Electric Vehicles

The UAE's Ministry of Energy has stepped up measures to promote electric vehicles (EVs) in order to reduce the carbon footprint and has introduced [regulations on electric vehicle charging systems](#). In addition, ESMA has set [standards for imported EVs](#) to address concerns surrounding overheated batteries, operating in extreme heat and humidity, preventing drivers and passengers from the risk of electric shocks, and protecting passengers in case of front and side impacts.

Electric Vehicles entering the UAE market should have a crash test certificate conforming to the safety standards of the international technical regulations and meet the following minimum requirements:

- Adaptability of the batteries to high temperature.
- Protection of drivers and passengers against electric shock.
- Safety of batteries against explosion due to overheating.
- Safety of the vehicles in case of front and side impact.
- Ability to withstand sandstorms and dusty conditions.

Various government entities, such as the Dubai Water and Electricity Authority (DEWA) and Dubai Silicon Oasis Authority (DSOA), have installed EV charging stations in the emirates and the trend is likely to increase in the future. The target is to have 10% of all cars in Dubai as electric or hybrid vehicles by 2030.

In support of the UAE's initiatives, Electric vehicles are increasingly visible on the roads primarily due to the reduced pricing of cars, and increased awareness and acceptance. Dubai Electricity & Water Authority (DEWA) has waived charging fees for non-commercial users until the end of 2021. Home charging in Dubai, however, is priced at applicable residential rates.

### Hydrogen Vehicles

The UAE is the first country in the Middle East and North Africa (MENA) to launch hydrogen cars, in line with the country's environment-friendly transportation strategy. UAE's Standardization body [ESMA has introduced technical regulations](#) for the import of Hydrogen Cell Vehicles into the UAE. Such vehicles only emit water vapor and need to comply with ESMA regulations.

### Autonomous Vehicles

While a few semi-autonomous self-driving vehicles travel on UAE roads, such as self-parking vehicles, full self-driven cars are not permitted. According to published reports, the UAE Standards Body ESMA is working on regulations for autonomous vehicles.

Dubai recently enacted legislation in line with the Dubai Smart Mobility Strategy to transform 25% of all transportation, including mass transit such as trains, buses, marine transit, and taxis, as well as private vehicles, into self-driving transport by 2030.

To that end, [the new legislation](#) invites individuals, private and public entities to connect with Dubai's Road and Transport Authority (RTA) to sign contracts for undertaking trials of self-driving vehicles in Dubai.

### Motorcycles

Demand for motorcycles is on the rise in the UAE, both for lower end (used by expatriate workers) and higher end (used by wealthy UAE consumers). Companies like Harley-Davidson, Honda, and Kawasaki have operations in the UAE but other companies like Hero MotoCorp and Royal Enfield (from India) and others are also expanding into the market.

## Used Cars

As a regional trading hub, the UAE presents a competitive landscape for American companies in this sector. However, the UAE Ministry of Interior announced that from May 2017 the registration of imported used vehicles would be subject to a conformity letter by ESMA after verifying compliance with the new regulations on import of used vehicles. Many successful U.S. firms already in business in the region rely on technological advantage and quality assurance in addressing demand and facing foreign competition. Also, with an increased emphasis on consumer safety, the UAE government is introducing new regulations for the safety of imported used light vehicles and safety requirement for modified vehicles. More information can be found on the [Emirates Authority for Standardization and Metrology](#) website.

## Parts and Components

The UAE has become a regional hub for car parts and components for the Middle East and GCC. As a result, the UAE plays a major role in the car parts trade within the Gulf region and has positioned itself as a major re-export center. In addition, the economic slowdown that has resulted in fewer new vehicle purchases could positively impact auto aftermarket sales if vehicles are kept longer. However, the UAE has implemented a new law to regulate imports of automotive spare parts into the country. Accordingly, importation, manufacture, or use of spare parts without a [certificate of conformity from ESMA](#) is no longer permitted.

Beyond the conformity requirements, there are relatively few barriers to exporting automotive products to the UAE. The UAE is currently the sixth largest destination for U.S. exports of new passenger cars (\$1.4 billion) and second largest destination for used vehicles (\$426 million). These present an opportunity for increased exports of U.S. aftermarket parts for those vehicles. Also, due to negligible automotive-related production in the UAE, American vehicle parts exported from the U.S. have good market potential especially since minor homologation changes may be required. In addition, aftermarket parts for off-road vehicles and SUVs have good potential in the UAE. SUVs and 4x4 cars are especially popular in the UAE and there is a high level of interest in off-road and desert driving.

## Resources

[GCC Standardization Organization](#)

[Emirates Authority for Standardization and Metrology](#)

U.S. Department of Commerce, Bureau of the Census, Foreign Trade Division

## **Aviation**

### **Overview**

- A vital contributor to the UAE's economy. Supported nearly 800,000 jobs, contributing US\$47.4 billion to the economy, roughly 13.3% of the UAE's GDP.
- Ranked number one globally for air trade facilitation.
- Tops the Middle East region and home to two major airlines – Emirates and Etihad Airways.

### **UAE Government Initiatives**

UAE government initiatives and investment in the aerospace industry have driven robust demand for business partnerships and helped the UAE outpace other regional markets. These initiatives include the Emirates Offset Program, Strategic tenant ownership, Land Lease Subsidization, Dubai Industrial Aerospace Cluster, 3D Printing Proliferation Strategy, Global MRO Championing, Aerospace University Programs, etc.,. Such initiatives boosted the signing of major contracts for new original equipment manufacturing (OEM) and maintenance, repair and overhaul (MRO) projects in the UAE in support of the country's long-term strategy for transformation into a knowledge-based economy.

### **Impact of COVID-19**

The COVID-19 pandemic has altered the entire landscape of the UAE's aviation sector, bringing about the biggest disruption in the history of the nation's aerospace industry which will have a huge impact on airline operations and profitability.

Not only have flights been suspended, the entire travel and tourism industry took a big hit from the sudden drop in traffic and lockdowns across the world. Despite efforts to cut costs and stimulate demand, aviation leaders in the UEA predict a recovery to pre-pandemic levels will not arrive before 2023. .

During the COVID-19 pandemic early period, the UAE airlines including Emirates and Etihad Airways, flew only outbound repatriation and cargo flights. However, with the easing of lockdowns and restrictions on international travel, UAE airlines, including Emirates, Etihad, flydubai, and Air Arabia have announced that they will expand operations.

#### **The Pre-COVID Scenario**

Before the COVID-19 pandemic, the UAE aviation industry was a leading sector and the industry showed remarkable growth in terms of the total number of flights taking off and landing at UAE airports, and the number of passengers.

The four major UAE carriers expanded their operations and investments anticipating increased passenger demand globally and higher traffic domestically for the World Expo, including Dubai-based Emirates Airline (full service carrier since 1985), flydubai (low-cost carrier since 2009), Abu Dhabi-based Etihad Airways (full service carrier since 2004), and Sharjah-based Air Arabia (low-cost carrier since 2003). The UAE has seven international airports including Dubai International Airport, the world's largest international airport, and Abu Dhabi International Airport, which will add the state-of-the-art Midfield Terminal in 2020.

Airports in the UAE continue to leverage new technologies to enhance the passenger experience and their role as a gateway. The UAE government invested heavily in airport development and expansion projects such as \$8.17 billion in Al Maktoum International Airport, \$7.6 billion for the Dubai International Airport expansion Phase 4, \$6.8 billion for Abu Dhabi Airports development and expansion plans, and around \$400 million in Sharjah's International Airport terminal expansion. Given the unprecedented slowdown in passenger aviation, airports are under pressure to reduce costs and delay large capital expenditures, leading to cancellations and delays in new projects.

In terms of aircraft fleets, Emirates Airlines is the largest operator of the super jumbo Airbus 380 as well as the Boeing 777, with a fleet of approximately 270 aircraft as of March 2020. Etihad Airways has 113 aircraft, while the fleet size

of Air Arabia and flydubai are 53 and 64, respectively. Emirates and Etihad have been in discussions with Boeing and Airbus about delaying delivery of new aircraft and modifying orders to better align their fleet mix with anticipated demand.

Air cargo volume in the UAE showed strong growth in 2019 (Abu Dhabi 5.6% and Dubai 3.3%), indicating UAE's growing importance as a global freight and logistics hub. Also, a dramatic fall in jet fuel prices brought down the total operating costs by 10% during the financial year and the airline's fuel bill declined by 15% over last year to \$7.2 billion.

### **Outlook**

The COVID-19 pandemic continues to challenge airlines and the travel industry. As the COVID-19 situation normalizes and travel restrictions are removed, UAE airlines seek to lead in the region, keeping pace with rising demand while redefining strategies and increasing the focus on bringing more visitors to the UAE.

Airlines will have to reexamine their network routes and identify strategies, whether to continue hub-and-spoke aviation strategies or to shift to multiple-hub strategies. Also, the UAE airlines will need to identify aircraft that best suit future trends. Emirates and Etihad have operated large widebody Airbus 380s and Boeing 777s, but may now need to move to smaller aircraft or defer or cancel existing aircraft orders. The General Civil Aviation Authority (GCAA) is also considering the return of Boeing 737 Max aircraft to UAE airspace depending on FAA and Boeing ongoing trials – flight testing, design, crew training, and other aircraft licensing requirements.

The UAE Government may delay investments in increasing airspace capacity, and infrastructure development in response to the decline in demand for air travel.

### **Local Manufacturing**

The UAE's strategy to establish itself as a next-generation hub for aerospace manufacturing to address future needs is already showing results.

**In Abu Dhabi**, the two largest players in the aviation and defense sectors are the EDGE Group and Mubadala Investment Company. Over the past few years these groups have formed partnerships with international companies such as Boeing, Airbus, Lockheed Martin, BAE Systems, Northrop Grumman, Rolls-Royce, the National Aeronautics and Space Administration (NASA), and Piaggio Aerospace, among others.

**Mubadala Aerospace**, owned by Mubadala Investment Company, oversees the development of maintenance facilities for civilian and commercial aircraft, flight training, high-technology manufacturing of aircraft parts, and research and development work. Mubadala and Boeing have signed four agreements for the supply of advanced composites and machine metals to be used in the new Boeing 787 Dreamliner and the 777X.

**Strata Manufacturing PJSC (Strata)**, located in Nibras Al Ain Aerospace Park, is a Mubadala owned company. The company was formed to forge partnerships with aircraft OEMs and incorporate leading-edge technology and best practice manufacturing. It has already formed partnerships with major aircraft manufacturers, such as EADS/Airbus (Tier 1 supplier), Finmeccanica/AleniaAeronautica, SABCA and FACC. Strata is now a Tier 1 supplier to Boeing on major components used in empennage ribs for the 777, vertical fin ribs for the 787 Dreamliner, and composite empennage ribs for Boeing's new 777X aircraft.

**Nibras Al Ain Aerospace Park**, created jointly by Mubadala Aerospace and Abu Dhabi Airport Company (ADAC), is a mix of public and private investment projects created as a dedicated aerospace and aviation cluster. This aerospace park spans 25 square kilometers and consists of projects, businesses, offices, and mixed-use residential zones, the majority of which are allocated specifically to the aerospace industry.

**Sanad Aerotech and Turbine Services & Solution Aerospace**, a wholly-owned subsidiaries of Mubadala, provides maintenance, repair and overhaul services for engines for aircraft such as the Boeing 747 and 787, Airbus A300, A320,

A330, and other light aircraft through technical support and partnership with OEMs including GE, Rolls Royce, Siemens, and IAE.

**Global Aerospace Logistics LLC (GAL)** is a joint venture between EDGE and International Golden Group, Abu Dhabi. The company offers a range of aviation maintenance services for rotary-wing aircraft for integrated lifecycle solutions. Services include routine inspections, repairs, and aircraft system overhauling.

**GAL Air Navigation Services (GAL ANS)** is certified by the General Civil Aviation Authority (GCAA), the UAE's national regulatory authority, as the only private Air Navigation Service provider in the country. The company has an ICAO and GCAA certified training facility where it provides extensive air traffic management training to local and international customers including: air traffic services, tower services, approach services, air transport information services, ATM system & operations engineering, maintenance services, navigation and surveillance, control and monitoring, air traffic management consultancy services, etc.

Other major Local Companies:

- [AMMROC](#)
- Atlas Aerospace

**In Dubai, the Emirates Engine Maintenance Center (EEMC)** is the leading service provider for aircraft maintenance, tests, repairs, modification and overhaul of a range of components, and engine service. The company has been working closely with Engine Alliance (EA), GE Aviation and Rolls-Royce to develop a better understanding of the technology involved in the maintenance of aircraft engines.

**GE Aviation** has operated its support center with Emirates Engineering since 2013. The company recently opened its own support center in Dubai South to provide maintenance and repair solutions for all GE and CFM engines on the Emirates fleet and other UAE carriers such as flydubai, Etihad Airways, and Air Arabia.

In addition, **the Emirates Engine Maintenance Centre (EEMC)** partnered with Engine Alliance (EA), a GE/P&W group, for repair and service of 90 GP7200 Airbus A380 engines on aircraft operated by Emirates.

Rolls-Royce provided Trent 900 engines to Emirates Engineering to help with hands-on training before installation, including fan blade installation and component removal, etc.

Other major local companies:

- [Dubai Aerospace Enterprise](#)
- [Emirates Engineering](#)
- [ExecuJet](#)

Major Airports in the UAE:

Abu Dhabi International Airport

Abu Dhabi Airports is focusing on increasing passenger traffic and visitors to the UAE as part of the emirate's wider plan to boost tourism. It is targeting an additional 1.4 million passengers by 2021 to complement its current 7.7 million passengers. The aviation industry is an important pillar supporting the objectives of economic diversification outlined in the Abu Dhabi Plan 2030. The development of the industry is being led by Etihad Airways and Abu Dhabi Airports Company (ADAC).

Abu Dhabi Airport Authorities continues to introduce innovative technologies. The airport's smart travel system consists of self-check-in and baggage drop facilities, automated passport control gates equipped with biometric verification functions and facial recognition technology, and smart boarding gates, allowing passengers to check-in and move through immigration and security at ease. Abu Dhabi became the first airport in the region to be awarded ISO 22301 certification.

Abu Dhabi's anticipated new 742,000 square meter Midfield Terminal Building (MTB) is being tested for operational readiness. The new facility, located between the airport's two runways, will have a capacity of 45 million passengers annually when completed. In addition, 8 million square meters are dedicated to aviation district space, located at Al Falah, which is being developed for lease next to the Midfield Terminal Building.

#### Dubai Airports

Dubai has two airports – Dubai International Airport and Al Maktoum International Airport.

Despite the 45-day closure for the refurbishment of the airport's southern runway, and grounding of Boeing 737 Max aircraft, Dubai International Airport (DXB) retained its position as the No. 1 hub for international passengers in the world for the sixth consecutive year, with annual traffic reaching 86.4 million in 2019, 6 million more passengers than London's Heathrow Airport.

DXB has three passenger terminal buildings: Terminal 1 for major international airlines, Terminal 2 for low-cost airways (including flydubai) and Terminal 3 exclusive for Emirates airlines passengers. In addition, the airport has a separate mega-cargo terminal and a new VIP Terminal or DIA "Royal Wing".

Located 25 miles from Dubai International Airport, Al Maktoum International Airport at Dubai World Central (DWC) registered a surge of 81.5% in customers in 2019 with annual traffic exceeding 1.6 million, mainly due to the relocation of operations by carriers during the 45-day closure of Dubai International Airport.

The Al Maktoum International Airport is part of the Dubai World Central project (DWC). DWC is Dubai's single largest urban land development project at an estimated cost of \$33 billion for multiple phases scheduled over the next several decades. The mega project includes the Al Maktoum International Airport, Dubai Logistics City (DLC), DWC Commercial City, DWC Residential City, DWC Aviation City, and DWC Golf City. When completed, DWC is set to become the world's largest airport with an annual capacity of over 160 million passengers and 12 million tons of cargo. The airport expansion project has been repeatedly delayed given Dubai's financial difficulties, slower than expected growth in passenger traffic in recent years, and the steep drop in demand for air travel caused by the pandemic.

#### Sharjah International Airport

Owned by the Sharjah Airport Authority, Sharjah International Airport (SHJ) serves Sharjah and other northern emirates since 1977. It is located ten kilometers from Sharjah City Centre and 15 kilometers away from Dubai. The airport, which includes a 4,000 meter Category III runway, currently serves as the hub for Air Arabia, Sharjah's low-cost carrier. In 2019, Sharjah Airport handled 13.6 million passengers, a year-on-year increase of 13% in the number of passengers. The airport has a cargo handling capacity of 500,000 tons of cargo per year. Since 1995, the airport has hosted a free zone, Sharjah Airport International Free (SAIF) Zone, now a major business hub with over 5,500 companies registered.

#### **Opportunities - Leading Sub-Sectors**

**Ground Services – Ground Handling, Catering and Fixed Based Operations (FBO):** Local airport authorities have shown interest and have partnered with companies to bring the latest technological innovations for passenger attraction and satisfaction, including duty free services, hospitality, ground handling, catering, and Fixed Based Operations (FBO). The current business aviation landscape indicates that new catering and FBO facilities need to be developed for expanding ground handling and catering.

**Maintenance, Repair, and Overhaul (MRO):** With 46 [GCAA-registered MRO companies](#) in the UAE, the country possesses excellent capability in aircraft MRO despite sandy, hot, and dry challenging conditions. 11 companies are working in Dubai in aircraft maintenance and repair and two in simulation manufacturing.

**Infrastructure Development and Aircraft Hangar Services:** While the UAE's airports are undergoing infrastructure development to accommodate increased fleets, and airport expansion is taking place to grow capacity, there will be demand for airport hangar services and airport infrastructural development.

**Aircraft Recycling/Decommissioning:** The region is currently underserved with regards to decommissioning and recycling of aircraft body parts, frames, and engines. According to sector specialists, approximately 12,000 aircraft globally are to retire within the next two decades, meaning that this category could fetch a lucrative margin through recycling of airframes and parts.

**Training and Development:** The Middle East region is short of skilled manpower. In order to keep up with the growing need across the aviation system value chain for pilots, crew, technical, mechanical, and operational manpower, there is a need for both academic and practical training centers and flight simulators. Based on current orders, it is estimated that the UAE alone would require around 22,000 pilots and crewmembers by 2033. To cater to such demand and provide a high standard of service, training and development will become critically important. In addition, in view of the high net wealth of citizens in the region and the increased need for mid-size, on-demand flights, technical training facilities will become a major support for the growing aero taxi sector.

### 3-D Printing

The UAE 3D printing market size has grown over the last few years. Both Emirates Engineering and Etihad have been actively exploring 3D printing for aircraft cabin parts as a transformational technology to print components quickly, accurately, and possibly more than one at a time. This has resulted in increased efficiency and productivity by allowing quicker per-part production times and less wastage of raw materials used for production.

Emirates has worked with 3D Systems (USA) and UUDS (France) to manufacture components for its aircraft cabins by using Selective Laser Sintering (SLS) technology to produce video monitor shrouds. With UUDS, Emirates has worked to develop EASA-certified 3D printed aircraft cabin air vent grills since October 2017.

Etihad Engineering's laboratory, in partnership with 3D printing technology providers, has used powder-bed fusion technology system for faster production and reduced weight of cabin parts. The facility has received design and production approval from the European Aviation Safety Agency (EASA).

3D printing continues to provide opportunities for new companies to expand and collaborate, especially in line with UAE's initiatives to control the emissions of the aviation sector and reduce its environmental impact. The aviation regulatory authorities of the UAE have promulgated policies pertaining to engine emissions, imposing challenges for the airline companies operating in the country. The know-how and technological advantage of the U.S. in the field of fuel emissions and clean energy could help American companies expand in the region. Other areas of opportunity for foreign companies include 3D printing and certification services, infrastructure planning, and airspace management.

### Drones and Unmanned Aerial Vehicles (UAVs)

Dubai's recent introduction of the 'Sky Dome' project aims to develop an integrated business system for drone transport services, airfreight, and logistics services by positioning Dubai as a center for the manufacturing of drones and smart transportation.

Dubai Air Navigation Services is responsible for streamlining the activity of drones, providing air navigation services and air traffic movement and meteorological information to drone operators, and determining the air routes in which drones may fly.

The new drone law may provide opportunities for foreign companies catering to the sector: from licensing and issuing certificates, permits, inspection services, etc., to manufacturing and supply of aerial delivery of goods, transport of passengers and freight, surveying, and imaging.

## **Resources**

Trade Shows and Exhibitions

[Global Aerospace Summit](#)

Date: September 28-29, 2020

Venue: Abu Dhabi, UAE

[Airport Show Middle East](#)

Date: October 26-28, 2020

Venue: DICEC Dubai, UAE

[Dubai Helishow](#)

Date: November 10-12, 2020

Venue: Royal Pavilion at E2 Dubai South Event & Exhibition Center, Dubai, UAE

[MEBAA, Dubai](#)

Date: December 8-10, 2020

Venue: Venerable Maktoum International Airport DWC, Dubai Airshow Site

[MRO Middle East](#)

Date: March 2-3, 2021

Venue: Dubai, UAE

[Aircraft Interiors Middle East](#)

Date: March 2-3, 2021

Venue: Dubai World Trade Centre, Dubai, UAE

[Dubai Airshow](#)

Date: November 14-18, 2021

Venue: Al Maktoum International Airport DWC, Dubai Airshow Site

[Abu Dhabi Air Expo](#)

Date: Feb-Mar (TBD) 2022

Venue: Al Bateen Executive Airport, Abu Dhabi, UAE

## **Key Websites**

[Air Arabia Airline](#)

[Dubai Airports Company](#)

[Dubai South Free Zone](#)

[Emirates Airlines](#)

[Etihad Airways](#)

[flydubai](#)

[General Civil Aviation Authority](#)

[Mubadala](#)



[Nibras Al Ain Aerospace Park](#)

[Strata](#)

[Turbine Services & Solutions](#)

[UAE Space Agency](#)

## Conventional Power

### Overview

The power sector in the United Arab Emirates (UAE) is in the process of changing under the [country's 2050 strategy](#).

The UAE is planning to add nuclear, renewable, and coal-fired electricity generating capacity to accommodate rising demand, but the country currently relies primarily on natural gas, with oil playing a secondary role. The UAE began liberalizing electricity markets in 2015 to support the national economy, lower consumption, and protect the environment.

In 2018, there were over 27 gigawatts (GW) of installed capacity to generate electricity across the seven emirates utilizing natural gas. The UAE aims to increase power clean energy power generation to 27% by 2021. The country's energy consumption has slowed in recent years compared to the jumps in 2014 and 2015, but demand continues to increase in line with population and economic growth.

The generation, transmission, and distribution of electricity in the UAE are dominated by four water and power authorities. Three of these authorities are owned by the governments of the Emirates of Abu Dhabi, Dubai, and Sharjah, whereas the authority that operates in the smaller northern emirates is federally controlled. These state-owned authorities serve as the exclusive purchasers and distributors of electricity in the respective emirates. The four major utility authorities are:

- [Abu Dhabi Department of Energy \(DoE\)](#): The largest producer of water and power for the Emirate of Abu Dhabi (previously known as Abu Dhabi Water and Electricity Authority-ADWEA).
- [Dubai Electricity and Water Authority \(DEWA\)](#): The second largest water and power generation, transmission, and distribution authority covering the Emirate of Dubai.
- [Sharjah Electricity and Water Authority \(SEWA\)](#): Responsible for the generation, transmission and distribution of electricity in the Emirate of Sharjah.
- [Federal Electricity and Water Authority \(FEWA\)](#): Responsible for the generation, transmission, and distribution of electricity in the Northern Emirates of Ajman, Umm Al Quwain, Fujairah and Ras Al Khaimah.

[The Ministry of Energy and Infrastructure](#) regulates the sector at the federal level and works in conjunction with FEWA to implement the federal government's electricity policy in the northern emirates.

Dubai and Abu Dhabi have enacted laws creating specialized regulatory bodies for the electricity sector. In 2018, the emirate's power utility, ADWEA, and the Regulation and Supervision Bureau merged to form the Department of Energy (DoE). The newly created DoE is responsible for developing strategic initiatives and overall power sector security and sustainability in Abu Dhabi, including programs to help increase energy efficiency. Electricity is supplied in the emirate through DoE owned distribution companies:

- [Abu Dhabi Distribution Company \(ADDC\)](#) which operates in the city of Abu Dhabi and the western region of the emirate.
- [Al Ain Distribution Company \(AADC\)](#) which operates in Al Ain city and the surrounding areas.
- [Abu Dhabi Transmission and Despatch Company \(TRANSCO\)](#) is responsible for the development, operations, and maintenance of high-voltage power and bulk water transmission networks within Abu Dhabi.

The UAE plans to decrease consumption rates, but they continue to see a growth in demand at certain times such as summer. The peak demand, which includes supplies to the Northern Emirates, is forecast to grow by more than 80%, from 14.2 GW to as much as 26 GW by 2030.

The projects currently underway include the Mirfa combined cycle fossil fuel power plant, the Barakah nuclear energy plant, and the Sweihan solar photovoltaic project – with a combined total more than 8 GW of power capacity. The main drivers for Abu Dhabi’s electricity sector include:

- Onshore hydrocarbon developments.
- Expanding industrial zones.
- New large residential and commercial developments.
- Increased exports to the Northern Emirates.

As per the UAE State of Energy Report 2019, Dubai has the highest customer growth in the country, increasing 28% in 2017. Dubai is working to diversify its energy mix to increase electricity from renewable energy sources to 25%. According to the 2017 energy report, Dubai’s electricity sources were:

- Gas turbines: 73%.
- Steam turbines: 25%.
- Renewable energy: 2%.

In Sharjah, SEWA has embarked on improving and expanding its electricity transmission and distribution network on a large scale due to the increased demands in electricity and energy. Currently, the electricity used to power the emirate comes from Abu Dhabi. In September 2018, SEWA announced that it was looking to develop electricity networks throughout the emirate.

The northern emirates of the UAE currently do not have sufficient power generation capacity. The construction of additional capacity and the supply of power from the larger emirates through the Emirates National Grid (ENG) was launched by the Ministry of Energy and Infrastructure in 2001 to enhance integration between the various electricity and water authorities in the UAE. FEWA is planning to develop a combined cycle power and coal fired power plants in Ras Al Khaimah with additional new generation plans.

In late 2018, the [Emirates Water and Electricity Company \(EWEC\)](#) was established as a public shareholding company, replacing ADWEC. The development of EWEC will pave the way for FEWA to join the new company, with the objective of unifying water production and power generation efforts in Abu Dhabi and the emirates that are currently served by FEWA.

In March 2013, the Ras Al Khaimah Electricity and Water Authority (RAKEWA) was established, and is tasked with the regulation, management, operation and maintenance of power stations, water desalination plants, electricity distribution and transport networks, as well as controlling prices of electricity and water in the emirate. However, FEWA continues to own, manage, and operate the electricity resources situated in the emirate and is the actual authority on ground.

Installed Capacity of Electricity Generation Plants by Authority 2013 – 2017 (Megawatts)					
Authority	2013	2014	2015	2016	2017
DoE	14,383	15,546	15,546	15,220	16,622
DEWA	9,656	9,656	9,656	10,000	10,200
SEWA	2,895	2,894	2,840	2,838	2,846

FEWA	924	733	703	703	703
Total	27,858	28, 829	28, 745	28,761	30,371

Source: [Open Data Soft](#)

Gross Generated Electricity by Authority 2014 – 2018 (Gigawatt hour)					
Authority	2014	2015	2016	2017	2018
DoE	70,847	79,768	80,527	83,006	84,182
DEWA	39,599	42,006	43,092	45,162	45,961
SEWA	5,683	5,433	5,685	5,899	5,272
FEWA	399	158	293	486	582
Total	116,528	127,365	129,596	134,553	135,997

Source: [Open Data Soft](#)

### Outlook

Abu Dhabi and Dubai are the only emirates that have private sector participation in the energy sector. At the federal level, private sector participation has yet to materialize in the northern emirates with the exception of Ras Al Khaimah which allowed Utico, a private sector utility company. The other emirates are also beginning to recognize the benefits of encouraging private sector participation. This change in attitude is driven principally by the increased demand in electricity due to increasing population and economic growth, as well as current low oil prices, which reduced the availability of government funds compared to previous years.

The UAE's goal is to increase clean energy to meet 25% of its energy requirements in 2030 and 50% in 2050. The country established its first nuclear power station, the Barakah nuclear energy plant in Abu Dhabi. The UAE has officially become a peaceful nuclear energy operating nation. An agreement with DoE's TRANSCO was signed in 2016 to transmit nuclear power to the ENG.

### Opportunities

The UAE has seen double-digit increases in the demand for electricity in recent years and is expected to continue seeing rapid growth in the coming years. Many major power projects, both in the fields of conventional and renewable energy, are under development to meet the country's existing and future electricity needs. In line with diversifying energy sources and preserving energy, the UAE is expected to continue its projects such as retrofitting buildings and establishing solar parks and energy efficient communities. In compliance with regulations, private participants can own up to a 40% economic stake in electricity generation plants in Abu Dhabi and up to 49% in Dubai.

## **Resources**

### Key Websites

[Abu Dhabi Department of Energy](#)

[Abu Dhabi Distribution Company \(ADDC\)](#)

[Abu Dhabi National Energy Company PJSC \(TAQA\)](#)

[Abu Dhabi Transmission and Dispatch Company \(TRANSCO\)](#)

[Al Ain Distribution Company \(AADC\)](#)

[Dubai Electricity and Water Authority \(DEWA\)](#)

[Dubai Supreme Council of Energy](#)

[Emirates Water and Electricity Company \(EWEC\)](#)

[Federal Electricity and Water Authority \(FEWA\)](#)

[Middle East Economic Digest \(MEED\)](#)

[Ministry of Energy and Infrastructure](#)

[Regulatory & Supervisory Bureau Dubai](#)

[Sharjah Electricity and Water Authority \(SEWA\)](#)

## **Defense**

### **Overview**

The United Arab Emirates (UAE) ranks among the top 15 defense spenders in the world according to Business Monitor International (BMI), and was the fifth-largest arms importer worldwide in the period 2009–18, according to the Stockholm International Peace Research Institute. The UAE defense expenditure as a percentage of GDP has remained comparatively high in recent years in response to rising Islamist extremism in the region, persistent tensions with Iran, and the UAE's participation in the Saudi-led coalition's military efforts in Yemen.

Accurate information pertaining to UAE defense expenditure has been scarce since 2016. According to BMI and GlobalSecurity, the UAE's 2016 defense expenditures stood at approximately \$23.4 billion. GlobalSecurity reported that the UAE registered a compound annual growth rate (CAGR) of 4.5% during 2016 and projects the country's defense expenditure will grow at a CAGR of 6.5% to \$31.8 billion by 2021. On a cumulative basis, the country is expected to invest \$140.8 billion for defense purposes, of which \$53.1 billion is earmarked for capital expenditure to fund defense procurements.

### **Key Stakeholders**

Abu Dhabi is investing in the UAE's defense sector to advance the country's strategic interests and diversify the economy. There is significant public investment in the EDGE group, formed in 2019 to consolidate over 25 entities including the Emirates Defence Industries Company (EDIC), Emirates Advanced Investments Group (EAIG), Tawazun Holding, and others. The EDGE group has revenue of over \$5 billion, and its 12,000 employees work across five verticals: platforms & systems, missiles & weapons, cyber defense, electronic warfare & intelligence, and mission support.

According to multiple sources, at the 2019 International Defense Exhibition and Conference (IDEX), the UAE signed contracts worth an estimated \$4.5 billion. Domestic manufacturers won many of those contracts, which is a sign the indigenous defense industry is growing.

### **Offset Program**

The Tawazun Economic Program, which is overseen by the Tawazun Economic Council, is the UAE's program that seeks to capitalize on the country's extensive defense procurements. The key objectives of the program include developing the defense sector, creating a knowledge economy, economic diversification, private sector opportunities, high-value exports, and employment opportunities for UAE nationals in high-tech fields. Tawazun issued new offset guidelines in 2019. While the focus will continue to be on development of the defense and security industry in the UAE, Tawazun will also consider projects in strategic industries including aerospace, infrastructure & transportation, communication technology, education technology, sustainability, environment & climate change, and food & water security.

A company incurs offset obligations if the value of the supply contract is equal to or more than \$10 million, and if the value is less than \$10 million, but the company, or a parent company, already have active offset obligation. Other changes to the new policy guidelines were changes to the project process. The project duration and milestones for investment and contractual engagement project categories are, by default, set at seven (7) years commencing from the effective date, unless otherwise agreed. For the capability development project category, the project duration is, by default, set at three (3) years commencing from the effective date, unless otherwise agreed. Additional information can be found at: <https://www.tawazun.ae/>.

### **Foreign Military Sales (FMS) and Direct Commercial Sales (DCS)**

The UAE procures defense equipment through FMS, DCS, and hybrid routes. Many procurements contain both FMS and DCS components. Advocacy via the Advocacy Center at the U.S. Department of Commerce is available to level

the playing field on defense procurements, and the commercial and defense team at the U.S. Embassy works together to support U.S. companies.

### **Cooperation between the United States and the UAE**

The U.S. and the UAE enacted a Defense Cooperation Agreement in 2019, which updated the 1994 defense accord. The agreement will enhance the robust military-to-military cooperation that the UAE and United States already enjoy. The agreement also enhances cooperation between the two nations at critical times and allows the United States to send more troops and equipment to the UAE. There are currently 5,000 U.S. military personnel stationed at UAE military facilities.

### **Leading Sub-Sectors**

The UAE is a net importer of military assets, and the country is open to all suppliers. However, the government is working to reduce its dependence on defense imports through the development of its own defense manufacturing capability. The UAE Air Force and Air Defense traditionally receive the lion's share of the UAE's total defense procurement dollars, followed by the Joint Aviation Command, Land Forces, the Presidential Guard, and the Navy.

The UAE's procurement priorities include missile defense, precision fires, intelligence, surveillance and reconnaissance (ISR), command and control, expeditionary logistics, and maintenance, repair, and overhaul. The UAE GHQ Critical Infrastructure & Coastal Protection Authority (CICPA) is expanding rapidly and is tasked with protecting key infrastructure such as water desalination plants, oil and gas platforms, pipelines, and the Barakah nuclear site.

### **Opportunities**

To support Abu Dhabi's emirate-wide strategic framework plan – Abu Dhabi Vision 2030 – the Abu Dhabi government is focused on importing knowledge to strengthen the Advanced Military Maintenance, Repair, and Overhaul Center (AMMROC). AMMROC is a joint venture between Mubadala, a strategic investment arm of the Abu Dhabi government, and the U.S. firms Sikorsky Aerospace Services and Lockheed Martin.

Over the last few years, the UAE has forged a number of partnerships to develop its local capabilities. Recently, Tawazun announced the establishment of another two business lines: Advanced Pyrotechnics, which will focus on the manufacturing of non-lethal ammunitions, and Al Hosn Armored Systems, which will produce protective personal gear.

Lockheed Martin partnered with Sweden-based Exechon and Abu Dhabi-based Injaz National to establish a machining center in the UAE.

Canadian WESCAM announced a partnership with ADASI to open a center in Abu Dhabi for the maintenance and repair of its imaging and targeting systems.

U.S.-based Orbital ATK formed a subsidiary in the UAE with Al Tuff.

Indian Reliance Defense Limited reportedly signed a cooperation memorandum of understanding with EDIC.

The UAE Armed Forces currently outsources a number of non-core military service activities, such as aircraft and equipment maintenance and military training to UAE and non-UAE-based private and government contractors. This arrangement underlines the UAE Armed Forces' focus on professionalizing its core units to ensure they are well adapted and able to face and counter any threat.

### **Challenges**

While the UAE defense sector is promising and offers great opportunity, U.S. companies face several challenges in the market. Defense tenders in the UAE often lack transparency and clarifying information is often difficult to

ascertain. Procurement requirements may be withheld or changed with minimal or no notice. In addition, negotiations and requirements can be quite challenging.

### **Resources**

Trade Shows and Exhibitions

International Defense Exhibition and Conference (IDEX)

Date: February 21-25, 2021

(Check with the Association of the U.S. Army for updates)

Venue: Abu Dhabi National Exhibition Center - Abu Dhabi, UAE

[Dubai Airshow](#)

Date: November 14 – 18, 2021

Venue: DWC, Dubai Airshow Site - Dubai, UAE

Key Websites

[EDGE Group](#)

[Tawazun Economic Council](#)

Advanced Military Maintenance Repair Overhaul Center

[Critical Infrastructure & Coastal Protection Authority](#)



## Education

- Total Population in the UAE: 9.6 million.
- Population aged 15-24: [1.1 million](#).
- Change in Students Studying in the United States from 2018 to 2019: [5.03%](#).

### Overview

Education remains a top government priority in the UAE. The UAE Vision 2021 plan, launched in 2010, emphasized the development of a first-rate education system. This sector continues to experience rapid expansion. The UAE's 2020 federal budget allocated \$2.8 billion to public K-12, higher education, and university programs - roughly 15% of the total budget, including the federal budget and all seven Emirates. The estimated cost of public education programs amounts to AED6.7 billion, or 9.5% of the total budget while higher and university education is expected to cost AED3.7 billion, or 5.3%.

The UAE's education market was expected to grow from \$4.4 billion in 2017 to \$7.1 billion by 2023 according to a 2018 report released by the Boston Consulting Group ([BCG](#)) entitled "Where to Invest Now in GCC Private Education". In line with Vision 2021, the UAE's Ministry of Education ([MoE](#)) developed the Education 2020 Strategy, which is designed to bring significant qualitative improvement in the education system. Smart learning programs, new teachers' codes, licensing and evaluations systems, as well as curriculum revision, including teaching mathematics and science through English, are all part of the strategy. STEM education along with technical and vocational training are a major focus by the UAE government.

Due to the COVID-19 outbreak, schools were closed, and homeschooling was implemented until the end of the academic year. As a result of the pandemic, Colliers International conducted a recent survey with education operators and investors to get their perspective on online learning for K-12, the challenges they are facing, and their outlook for the academic year 2020-2021. The survey results indicate that the K-12 sector is significantly impacted by the pandemic, which is expected to last beyond the current academic year. Although there is no uniform approach, some schools are looking to offer fee discounts, flexible payment plans, and are taking other necessary measures to retain students. This will ultimately impact cash flows, compelling operators and investors to revisit operating expenses, especially the more significant costs including rental commitments with landlords.

As of June 2020, UAE schools will reportedly re-open physically but with very strict parameters in place including limiting capacity in classrooms.

In June 2020, the UAE's Ministry of Education also announced that it is seeking to hire teachers to work at some of the UAE's government [schools](#). While several sectors have seen hiring freezes due to the COVID-19 pandemic, the ministry has posted job listings for teachers of kindergarten, chemistry, mathematics, and Chinese among other subjects. The ministry did not mention the location for the positions in the job postings and selected candidates could be asked to work at a public school in any emirate.

The UAE's leadership also expressed its willingness to advance the UAE's higher education system, noting that the allocation of an additional budget of \$87 million to support national universities reflects the vision of the country's leadership to prioritize higher education, to ensure the country's readiness and supply vital sectors with qualified citizens capable of achieving success, as well as to guarantee the implementation of the country's strategic plans and enhance its future competitiveness.

The education system in the UAE is divided into public schools, private schools, and higher education. Private institutions are generally not under direct government control but are nevertheless bound by guidelines set forth by the federal ministry and local authorities. In addition, charter schools exist in Abu Dhabi.

The MoE oversees all UAE-based education councils and authorities as per the following:

Abu Dhabi Department of Education and Knowledge (ADEK) – Established in 2005, it was formerly known as Abu Dhabi Education Council (ADEC) and was primarily responsible for the management and administration of Abu Dhabi’s public schools while also acting as the regulatory body that provided licensing and accreditation to private schools in Abu Dhabi, Al Ain, and the Western Emirates. It sets the minimum standards that must be met in terms of educational outcomes, health, safety, building, and site requirements.

In September 2017, President Sheikh Khalifa renamed ADEC the Department of Education and Knowledge (ADEK) and made it a government department. Under this new mandate, ADEK is responsible for fully regulating private schools and higher education in Abu Dhabi. In 2018, the Ministry of Education and ADEK announced a plan to achieve the standardization of the UAE’s education systems to support a unified and highly performing education sector across the UAE. The plan will unify the education sector through the development of the Emirati School Model across all emirates.

Established in 2006, Knowledge and Human Development Authority ([KHDA](#)) in Dubai is responsible for the growth and quality of private education in Dubai, from early learning to higher and continuing education.

Due to the transient nature of the expatriate population in the UAE, parents prefer to enroll their children in international schools. The demand for private education has been on the rise, leading to strong overall growth in the education sector. In the UAE, private school enrollments were expected to increase from approximately 56% to 66% over the course of the next five years according to the BCG report cited above.

The majority of in-demand international schools follow the UK curriculum. According to a recent presentation by [Colliers International](#) titled “K12 Schools in Dubai – Academic Year 2018-2019”, 75% of total new student enrollments in the 2018-2019 academic year came from UK curriculum schools; Indian schools comprise 27% of the market share; U.S. curriculum schools maintained their market share at 17%; and IB schools recorded a net addition of 1,371 students, second only to UK curriculum schools, growing their market share slightly from 4.9% to 5.2%.

Similar to K-12 education, higher education enrollments in Dubai have steadily increased according to a 2018 report by Colliers International entitled “Higher Education in Dubai, UAE Coming of Age”. The supporting factors identified include: the growing population, the popularity of Dubai with students from neighboring emirates, and the variety of institutions available. There has also been a growing preference towards international higher education institutes among Emirati parents and professionals seeking to complete their higher education while working in the emirate.

In higher education, only five foreign universities have full campuses in the UAE including two U.S. institutions: New York University Abu Dhabi and Rochester Institute of Technology Dubai.

### **Sub-sectors**

In terms of mobility, the United Arab Emirates has 2,361 Emirati students studying in the United States for the 2019 academic year, according to the latest IIE Open Doors report. EducationUSA’s “Student Mobility Fact and Figures” factsheet notes that “changes to the government program scholarship list, military service requirement and an increase in educational opportunities at home are possible factors in the decrease of Emiratis studying in the United States.”

The majority of Emirati students studying abroad come from a public-school background. However, there are a growing number of UAE nationals who are also considering private schools.

The IIE Open Doors report provides the following segmentation from 2018 to 2019:

- Graduate Education: 285 students enrolled in graduate education, an increase of 7.1% from 2018.
- Undergraduate: 1,873 students enrolled in undergraduate education, a decrease of 3.5% from 2018.
- Non-Degree Studies: 135 students enrolled in non-degree programs, a decrease of 37.2% from 2018.

- Optional Practical Training (OPT): 68 students enrolled in OPT programs, a decrease of 4.6% from 2018.

The 2019 Open Doors report states the top five states with Emirati students are: Arizona, California, Florida, Pennsylvania, and Virginia. Top fields of study include: innovation, space science, engineering (artificial intelligence, nuclear, chemical, petroleum), alternative & renewable energy, business, and information technology (including cybersecurity).

## **Opportunities**

### **K-12 Education**

According to the BCG report cited above, there is an oversupply of international private schools with high and premium-range fees in Dubai, and not enough international private schools with low and medium-range fees. In 2017, schools with high- and premium-range fees reportedly began to advertise, implement loyalty programs, and slash their fees by as much as 33% to attract and retain students. In December 2018, education authorities in Abu Dhabi announced that a total of 10 new schools offering affordable fee structures were set to open and that they would readily make plots and vacant public-school buildings available to investors for the development of new schools. According to education experts and consultants, the emirate of Sharjah is also in need of affordable schools with tuition fees ranging from \$5,500 to \$9,500.

To meet the needs of Emirati students, there is a need in the UAE for high-quality schools, with a rating of “good” or better, that cater specifically to local preferences (for example, by offering gender segregation and adequate provision of Arabic and religious studies).

For expatriate families, there is a need for high-quality schools, with fees in the low to mid-tuition range, structured around the International Baccalaureate (IB) and U.S. curriculum among others. There is also an opportunity to leverage Dubai’s drive to become a testbed for innovation by introducing schools with modern, digital approaches to education.

### **Higher Education**

According to Colliers International, the higher education sector still offers several opportunities for investors and operators to grow, as currently, only 15% of total K-12 students attend private universities in Dubai. Business related courses remain the most popular choice in Dubai, followed by engineering and agriculture, then media and design.

Simultaneously, there is continued demand for study in the United States for graduate, under-graduate, and non-graduate studies although this has recently been impacted by the COVID crisis. However, the largest number of tertiary level students from the UAE go to the United Kingdom according to the UNESCO Institute for Statistics. The United States ranks second. There is also a demand to open higher education institutions in the UAE. There are a total of 13 government-affiliated scholarship-granting institutions, which offer several scholarships to a select number of top U.S. universities. Such institutions include ADEK, Abu Dhabi Investment Authority (ADIA), Abu Dhabi Police, Dubai Police, and the Presidential Department. Some of those institutions are specific to a particular emirate. Online programs are not covered under the scholarship programs. However, educational experts noted that there is a real demand for online programs in executive education. Scholarship granting institutions have raised the eligibility criteria and developed strategies to reach highly qualified students to raise awareness of potential education opportunities in the United States. There are consolidated efforts to create a local workforce to support “Emiratization”. Approved scholarship majors aim to meet the country’s labor needs.

## Resources

Trade Shows and Exhibitions

[International Education Show](#)

Date: Oct 14-16, 2020

Venue: Expo Center Sharjah (TBC)

[Najah Education & Training Exhibition](#)

Date: Oct.28-30, 2020 (hybrid event)

Venue: Abu Dhabi National Exhibition Center, Abu Dhabi

[BETT Middle East and North Africa](#)

Date: Dec 8-9, 2020

Venue: Festival Arena, Dubai

[International Consultants for Education and Fairs \(ICEF\)](#) Date: Feb 8-10, 2021

Venue: Jumeirah Emirates Towers, Dubai (TBC)

[Global Education Supplies and Solutions \(GESS\)](#)

Date: Mar 2-4, 2021

Venue: Sheikh Saeed Halls, Dubai World Trade Centre, Dubai (TBC)

[Gulf Education and Training Exhibition \(GETEX\)](#)

Date: Mar 25-27, 2021

Venue: Dubai International Convention and Exhibition Center, Dubai (TBC)

## Healthcare Services

### Overview

As one of the most economically developed and diversified markets in the Middle East, the United Arab Emirates (UAE) has a strong healthcare infrastructure. The creation of a world-class healthcare sector is a top priority for the UAE and the sector has advanced and expanded significantly in recent years.

According to the World Health Organization, a third of adults in the UAE are obese, and one out of five people live with diabetes. As the incidences of lifestyle diseases increase, these populations, supported by relatively high levels of income, continue to demand greater quality healthcare. The government has focused on developing healthcare infrastructure to address this demand.

Both federal and emirate-level governments regulate healthcare in the UAE. Federal-level legislation began in the 1970s and 1980s and there are pending legislative reform initiatives to facilitate the development of the healthcare industry. The UAE Government is liberalizing policies to attract foreign investments to improve the healthcare standard and boost the healthcare industry.

The UAE's health expenditure reached a value of \$15.5 billion (AED 57.0 billion) in 2019. This includes healthcare expenditure from the seven emirates in addition to their contribution to the federal budget. There is an expectation for this figure to reach \$16.2 billion (AED 59.4 billion) in 2020, a 4.2% yearly increase. The forecast is for spending is to rise to \$20.5 billion (AED 75.3 billion) by 2024, which is a compound annual growth rate of 5.7%. A 10-year forecast to 2029 has health expenditure expected to rise to \$29.2 billion (AED 107.1 billion). Overall healthcare spending is expected to account for 5.1% of the country's GDP by 2029, gradually increasing from 3.7% in 2019, according to Business Monitor International (BMI).

The government commitment to the healthcare sector is one of the key drivers of growth within the UAE's healthcare market, particularly given that public spending accounts for over two thirds of overall healthcare expenditure. In the 2020 federal budget, a total of AED 61 billion was approved for public spending, up only 1.2% from AED 60.3 billion from the 2019 budget. While this does not constitute total government expenditure in the UAE, which derives from overall spending at the respective Emirate level, it is, nonetheless, a solid indicator of the UAE's fiscal stance. As such, the federal government has made fiscal consolidation a priority over the past two years, in part a result of slumping oil prices.

The government has come up with plans to increase the 2020-2021 government budget spending on the health sector, utilizing data monitoring tools for preemptive digital contact tracing and licensing of virtual medical service providers as a short-term measure. The government has also highlighted plans to build national capacities to fight future pandemics, which includes efforts to develop vaccines and medicines, digital immunization ID, and a new strategy focusing on supply chains. The Ministry of Health aims to develop the sector by focusing more on Health IT, including telemedicine and digital medicine.

In June 2015, the UAE government launched a health insurance program in Dubai to support nationals not covered under any other government funded health insurance scheme. This scheme benefited around 130,000 by offering healthcare at 23 private hospitals and more than 500 medical clinics in and around Dubai. The Dubai Health Authority (DHA) announced in June 2016, that all Dubai residents should be covered by health insurance and this will be tied to the renewal and issuance of their UAE residence visas.

The UAE government wants to boost the number of medical tourists coming to the UAE in order to establish Dubai as a center of healthcare excellence in the region. The country has a robust transportation and logistics infrastructure and is geographically well positioned to be the center of the transportation network that links the economies of India and China to Europe and the United States. Dubai will host World Expo from October 2021 - March 2022 (delayed start due to the global Coronavirus outbreak), which will raise the UAE's appeal as a tourism destination, bringing

benefits to the healthcare sector in its wake. Healthcare will remain a priority sector for the UAE government in light of the global COVID pandemic, and the UAE will continue to be an attractive location for establishing a regional distribution center for medical devices.

### Medical Devices

Definition: Any product, including accessories, used in healthcare for diagnosis, prevention, monitoring or treatment of illness or handicap excluding drugs. Medical devices can be consumables, diagnostic imaging, dental products, orthopedic & prosthetic products, and patient aids.

For medical devices, the UAE is an import driven market that is growing rapidly to keep pace with the country's expanding healthcare infrastructure. The government and private healthcare sectors are investing heavily to provide countrywide healthcare solutions to residents, expats, and medical tourists.

According to BMI, it is anticipated that the UAE medical device market will record moderate growth, supported by economic acceleration over the next two years. With rising healthcare costs, the government will increase private sector participation. Population growth, epidemiological advances, a growing medical tourism industry, healthcare infrastructure developments, an expanding health insurance, digital transformation, and new technologies will remain key market drivers.

### Regulations

All medical devices must be approved by MoHAP's Drug Registration and Control Department. Imported medical devices will not be cleared by Customs unless a pre-approval for importation of the consignment is issued by MoHAP.

If the exporter company/manufacturer has no legal presence in the UAE, it will have to appoint a local representative to act on its behalf to register the devices. The local representative must be appointed by written contract stating the appointment of the local authorized representative by the company. The local representative should be licensed by MoHAP.

### Qualification of Registration of Medical Devices

The application to place a medical device in the UAE market must be made by the manufacturer or its authorized representative, who are required to maintain objective evidence on the safety and effectiveness of medical devices.

MOHAP's Registration and Drug Control Department accepts accreditation of conformity assessment bodies from the European Union, Australia, Canada, the United States, Japan, and Singapore. The registration or listing of a medical device is valid for five years, and registration renewals must be made at least 90 days before the expiry date of registration of the device.

Medical devices classifications include: Class I (low risk), Class II and III (medium risk), and Class IV (high risk). In addition, in-vitro diagnostic medical devices are classified under Class A (low individual risk and low public health risk), Class B (moderate individual risk and/or low public health risk), Class C (high individual risk and/or moderate public health risk), and Class D (high individual risk and high public health risk).

### Barriers

Some of barriers to entry in the Healthcare space include:

- A small, young, and fragmented population.
- The fragmentation of the healthcare system led by Abu Dhabi and Dubai.
- A lack of federal health insurance.
- A shortage of qualified healthcare personnel.
- Containing cost.

## **Main Players**

In 2019, the major players in the private healthcare market in the UAE include Al-Noor Medical Company, VPS Healthcare, Tumbay group, Al-Zahra Group, Belhoul Lifecare, Emirates Healthcare, Gulf Healthcare International, Gulf Medical Projects Company, Zulekha Hospital, Saudi German Hospital Group, GE Healthcare, and Aster DM Healthcare.

Nearly 70% of more than 4,000 facilities, including hospitals, ambulatory services, clinics, polyclinics, and primary care centers have international accreditation, which will increase in the years to come.

## **Leading Sub-Sectors**

### **Pharmaceuticals**

As one-of-the-largest, most-developed economies in the Middle East, the UAE pharmaceutical market presents significant growth opportunities for multinational drug makers. The expansion of private healthcare coverage and the modernization of health infrastructure will drive prescription market growth. Stricter pricing controls, generic drug substitution, and an unfavorable demographic profile will act as headwinds in the coming years.

### **Medical Equipment**

The projected growth of UAE's medical equipment market broadly mirrors that of other sectors. BMI estimated in 2015 that the medical device market would grow at a compound annual rate of 8.2% from \$967 million in 2015 to \$1.4 billion in 2021. Given that the UAE produces relatively little medical equipment domestically, this means significant business opportunities for international companies.

### **Healthcare Information Technology**

The UAE's Healthcare Information Technology market is set to grow swiftly in coming years. The COVID 19 pandemic continues to create opportunities for the tele-health/medicine sector expansion, driven by remote healthcare services through technology platforms. MoH is working with an Emirates Integrated Telecommunication Company PJSC ("Du") to enhance options for tele based healthcare. These included "Virtual Hospital" where doctors and nurses provide remote care to patients using AI and smart devices.

### **Education and Research**

In order to meet its ever-increasing need for qualified medical professionals, the UAE has sought to grow its nascent medical education and training capacity. At the same time, it has endeavored to make the country a regional hub for medical research and events.

## **Opportunities**

There are numerous hospital construction and renovation programs underway, as a result of both public and private investment. A growing medical tourism sector is boosting demand for modern facilities with the latest medical equipment, as there is competition between the seven Emirates to attract medical tourism.

MOHAP continues its plans to modernize hospitals in the country with the latest technology aimed at preventing and treating the increasing incidence of non-communicable diseases, particularly cardiovascular disease, cancer, and diabetes. The Dubai Health Authority will continue to align medical technology to smart city planning and implementation efforts.

The UAE announced a new retirement visa scheme. This will result in older expats remaining in the country, which will benefit the medical sector, particularly in the areas of at-home medical care, elder care, speech therapy, post-surgical nursing care & rehabilitation, as well as telemedicine.

## **Resources**

Trade Shows and Exhibitions

### [Arab Health](#)

Date: February 1-4 2021

Venue: Dubai World Trade Center, Dubai

### [Med Lab](#)

Date: February 8-11, 2021

Venue: Dubai World Trade Center, Dubai

### [DUPHAT](#)

Date: March 9-11 2021

Venue: Dubai International Convention Center

## **Key Websites**

[UAE-Ministry of Trade](#)

[Ministry of Health](#)

[Health Authority Abu Dhabi](#)

[Dubai Health Authority](#)

[Gulf News](#)

[Dubai Healthcare City \(Free Zone\)](#)

[Abu Dhabi Health Authority](#)

[Abu Dhabi Health Service Company](#)

[Sharjah Health Care City](#)

[Tejari Solution](#)

[BMI](#)

[Emirates Medical Association](#)

[Dubai Autism Center](#)

[Emirates Autism Center](#)



## Information Communication Technology (ICT)

### Overview

The UAE, the foremost nation for international trade and business in the MENA region, is a [competitive market](#) for the Information Communication Technology (ICT) industry. In a bid to reduce dependence on oil revenue and grow the private sector, the [Abu Dhabi Economic Vision 2030](#) and the [UAE Vision 2021](#) government initiatives set out to build a competitive knowledge economy and establish an open, efficient, effective, and globally integrated business environment. Integral to this is the UAE's investment in the ICT sector, and it is of no surprise that the UAE led the ICT Global Competitiveness Index in 2019. With consumer demand for ICT products totaling [\\$4 billion](#) in 2016, it is evident that the nation is a strong market for final goods. Moreover, the UAE has undertaken measures to grow in the product development, manufacturing and software programming sectors, with the UAE topping the Middle East and Africa IT Risk/Reward Index in Q2 of 2019. In 2020, the pre-COVID projection was for the ICT market to grow by 7.4% to reach a value of \$6.8 billion. The UAE is a re-export hub for consumer ICT goods, with more than half of all shipments to the UAE in many sub-sectors (e.g. PC monitors, smartphones) being ultimately re-exported to other markets. This has left the local IT industry relatively underdeveloped, allowing foreign companies to seize market share.

The UAE government has established a number of free trade zones (FTZs) such as [Dubai Internet City](#) (in 1999), [Dubai Media City](#) (in 2000) and [Dubai Silicon Oasis](#) (in 2005) that specialize in the ICT industry and act as industry clusters for high technology and innovation. Within these zones, firms are allowed 100% import and export tax exemptions, 100% repatriation of capital and profits, and corporate tax exemptions for 50 years, on a renewable basis. These minimal trade barriers have made the UAE, and Dubai specifically, the preferred location for businesses serving the entire Middle East and North Africa and this is also driving demand for IT software and services from the private sector.

Some of the ICT trade free zones in the UAE include:

- [TwoFour54](#) (Abu Dhabi)
- [Dubai Studio City](#) (Dubai)
- [Dubai Production City](#) (Dubai)
- [International Media Production Zone](#) (Dubai)
- [Dubai Outsource City](#) (Dubai)
- [Sharjah Media City Free Zone](#) (Sharjah)
- [Ajman Media Free Zone](#) (Ajman)
- [Creative City](#) (Fujairah)

Investment is also driving the demand for ICT products and services, in sectors such as healthcare, aviation, retail, and hospitality, and those sectors linked to the UAE's economic diversification plans such as manufacturing and real estate. UAE ICT market challenges include the relatively high cost of internet access and bandwidth and its exposure to cybersecurity risks. In a bid to attract foreign companies and develop human capital resources, the UAE government has established the UAE ICT Fund, which educates hundreds of Emirati students overseas in the ICT field. Moreover, the UAE's SmartPass system has created a digital framework for the operations of all government services and ministries, and the [UAE 2031 AI Strategy](#) plans for Artificial Intelligence (AI) technology to be incorporated into these services. These vast government projects will require the expertise and services of foreign firms, and many American companies may have a comparative advantage with advanced technologies and innovations.

## Leading sub-sectors

### Cloud Computing

The cloud computing industry in the UAE has grown significantly and is forecast to create over [32,000 jobs](#) in the UAE by 2022. The UAE is the region's most significant player, with a forecast of \$411 million in yearly expenditures on public cloud services by 2022. Microsoft has announced cloud data centers in Abu Dhabi and Dubai, and Alibaba cloud opened its first [data center](#) in Dubai in 2016.

The UAE government is working to bring in cloud and digital transformation technologies. The Government Information Authority (GIA) is developing cloud technology to be used by federal government entities in the UAE, and the services it offers include electronic hosting, file management and database systems, intranet portals, email and meeting management systems. The SmartPass service currently allows citizens to conduct their affairs with four federal government departments, and there are plans to connect other government agencies soon. With the exponential investments by the UAE government in cloud computing, and the UAE's competitive business laws, as well as strong technological infrastructure, the sector is forecasted to continue expanding in the years ahead. A public cloud, due to its nature as an off-site internet-based service provider to multiple clients, provides some very specific advantages to companies. Several business models require companies to operate with demand constantly fluctuating. Public cloud hosting in the UAE has addressed these variations in resource and expertise efficiently and through highly specialized solutions. Despite these significant expansions, there is still sizeable room for development that will require the expertise and know-how of American firms to be achieved. Up to [51%](#) of organizations in the Gulf Cooperation Council (GCC) named cloud computing as a priority, and two in three Gulf enterprises plan on investing at least 5% of annual revenues into the digitization of operations. As local enterprises adopt Software-as-a-Service, Infrastructure-as-a-Service and Platform-as-a-Service (SaaS/IaaS/PaaS) to cut costs and increase flexibility, and as the government moves to store all its data in the cloud and offer more services online, there is undoubtedly a vast amount of potential for American firms to invest into this sub-sector throughout the UAE.

### Cybersecurity

The UAE's geopolitical position and importance to the world economy in the energy, oil & gas, and aviation industry make the UAE vulnerable as a target of cyber attacks, triggering rapid growth in the cybersecurity market. The Emiratis report the [highest number](#) of malware incidents among consumers in the GCC. To protect the UAE's critical data information infrastructure and improve national cybersecurity, the government introduced the UAE Information Assurance Standards (UAE IAS) which are a set of guidelines for government entities in critical sectors. Compliance with these standards is mandatory for all government organizations and businesses that are identified as critical infrastructure in the UAE. Several local players have been developing cybersecurity capabilities to capitalize on rising demand, while international IT security firms are expanding their presence in the country. With leading technology experts stating that the number one priority for UAE firms remains cybersecurity, the market is expected to continue expanding.

The Dubai government launched the Dubai Cyber Security Strategy, which involves five main domains: becoming a cyber-smart nation (through public awareness), innovation through research, user cybersecurity (confidentiality and privacy), cyber resilience (maintaining the non-stop availability of IT systems) and national and international collaboration in the realm of the cyberspace. Initiatives such as Expo 2020 and Vision 2021 (which seeks to make the UAE the most advanced nation globally) are driving demand for cybersecurity, which will provide many opportunities for American companies.

### Internet of Things (IoT)

Internet of Things (IoT) opportunities also include smart services, the industrial internet, and machine-to-machine communications. There are applications in the public sector for smart cities and telehealth, and enterprise applications include smart metering, asset tracking, and production optimization. The UAE has emerged as a leading global

location for the deployment of IoT solutions to enhance public infrastructure, especially Dubai as it aims to become a leading 'smart city'. There is a foundation of cooperation across multiple sectors including ICT, power, transportation, infrastructure, healthcare, and government. Due to the high level of government interest in developing IoT in the UAE, spending on IoT is estimated to exceed \$37 billion by 2020, with a Compounded Annual Growth Rate (CAGR) of 31%. Telecom leader Etisalat announced that, in cooperation with Emirati authorities, it is planning a [mass IoT introduction](#) into the UAE market. In April 2018, the UAE Government launched the Emirates Blockchain Strategy 2021. The strategy aims to capitalize on blockchain technology to transform 50% of government transactions onto blockchain platforms by 2021. The UAE's desire to serve as a key tech player and offer the best of services to its residents drives many ambitious goals, which presents many opportunities to American companies.

### Artificial Intelligence

Artificial Intelligence (AI) is a priority in the UAE. AI is forecast to contribute almost [14%](#) of the national GDP by 2030 (\$96 billion), and the annual growth in the AI contribution to the UAE economy is forecast to grow by 33.5% between 2018 and 2030. As part of the government's UAE Centennial 2071 plans, the UAE AI Strategy 2031 was launched to improve efficiency in the transport, health, space, renewable energy, water, technology, education, environment, and traffic sectors. In order to achieve this, the UAE appointed Omar bin Sultan Al Olama as the Minister of State for Artificial Intelligence – the first position of its kind – and the UAE witnessed spending on Artificial Intelligence of \$8.98 billion in 2017. The nation has already begun integrating AI with the education and healthcare sectors. The UAE government has collaborated with Alef Education to include digital education platforms in several schools in Abu Dhabi and Al Ain, and the Dubai Health Authority has outlined a strategy that uses AI and robotics to automate surgeries and other procedures. In the aviation industry, Emirates is developing an AI-powered assistant for customers, and the UAE's aviation authority has signed an agreement to explore the use of AI in air traffic management, while airport officials are developing plans to use robots which detect wanted criminals and suspicious activity. The UAE Cabinet has formed the UAE AI Council, which is tasked with overseeing the AI integration into government services and training of government employees to operate with AI. Since the UAE has a minimal role in the production of AI technology, there is huge potential for U.S. companies to both implement this technology and conduct the training for employees. AI is a key part of the ambitious plans of the UAE government to diversify their economy and become a knowledge economy, and significant budget allocations and expenditures to achieve Vision 2021 and other national strategies. The race between Gulf states to have the newest and most sophisticated technology, particularly in the field of AI, provides a large, untapped market in which U.S. firms have huge comparative advantages.

### Smart Cities

In a bid to transition away from dependence on oil, the UAE has made huge investments into projects for smart cities, with goals to build smart cities from scratch and improve infrastructure in existing cities. Since October 2013, the Dubai authorities have undertaken a mission to transform Dubai into a smart city, with innovations centered on 6 key areas: transport, communications, infrastructure, electricity, economic services, and urban planning. These are to be achieved through 100 initiatives, and more than 1,000 government services are predicted to go smart in the city. Examples of the initiatives include the provision of public Wi-Fi, electric car charging stations, live traffic monitoring, and an eWallet for the Roads and Transport Authority, highlighting how there are tech-related opportunities for American firms in all sectors of the Emirati economy. Moreover, Abu Dhabi's Department of Planning and Municipalities launched a pilot phase of the Zayed Smart City Project in 2018, which aims to achieve the same goals as the Dubai initiative. The most ambitious smart-city plan of the UAE is the creation of Masdar City, an \$18 billion planned city led by a subsidiary of the Mubadala Development Company. Designed to run entirely on solar power, it will have many smart features, including light sensors instead of switches, and a Personal Rapid Transit system running on Podcars. With Abu Dhabi topping the smart city rankings in the Middle East, and Dubai ranking second, UAE authorities will want to maintain the reputation of the UAE as a leading smart country, and continuous public

sector investments in large-scale infrastructure projects revolving around ‘smart’ building will continue growing, providing opportunities for American companies.

## 5G

UAE is the [first country](#) in the Arab region and fourth globally to launch its 5G network. Both Du and Etisalat, the nation’s leading telecom companies, launched limited 5G networks at the beginning of June 2019, along with the 5G-enabled ZTE Axon 10 Pro smartphone to both post-paid and pre-paid customers. In Q3 2019, Etisalat successfully conducted the first end-to-end 5G stand-alone call in the MENA region, becoming the first operator to achieve the milestone. The current 5G coverage in the country has reached [80%](#) of the UAE’s main cities, such as Dubai and Abu Dhabi, with Expo 2020 venues serving as test sites for the network. By the end of 2023, it is estimated that 16 million 5G smartphones will be operational in the region. With the UAE being at the forefront of technological advance and given the strong GDP per capita, demand for 5G services is predicted to be strong over the next five years. The Telecommunications Regulatory Authority (TRA) of the UAE has established a Steering Committee for the oversight of the 5G launch, and Qualcomm, Ericsson, and Huawei have been named as potential partners in the rollout of the 5G network across the country. The rollout of 5G and expansion of the telecom network and infrastructure in the UAE will offer many business opportunities for American companies.

## Opportunities

The UAE continues to grow rapidly in the technology space. Private and public sector players are seeking to modernize by adopting state-of-the-art solutions and catch the broader global wave of innovation, data utilization, digital transformation, and technological advancement. The UAE’s desire diversify and build a knowledge economy is creating new opportunities, and the government has set aside large parts of the budget in order to achieve the ambitious Vision 2021, Abu Dhabi Vision 2031, and UAE AI vision 2031 plans. Technology players continue to see the huge potential to grow their business in the UAE.

According to [Business Monitor International](#) (BMI), the software and services segments have seen significant investment in areas such as cloud computing, smart services, and cybersecurity. IT spending in the UAE is forecast to increase at 6.5% over 2020-2023 to reach a total of \$8.2 billion. Software and services demand will drive IT spending growth over the medium term, especially demand from large industries for solutions around cloud computing, data analytics, cybersecurity, and the Internet of Things. The hardware segment will also see healthy growth as the market tilts towards high-end power users and workstation purchases from the enterprise and commercial sector.

### The Largest Opportunities Will Be In Software And Services

IT Market Forecast (2019-2023)

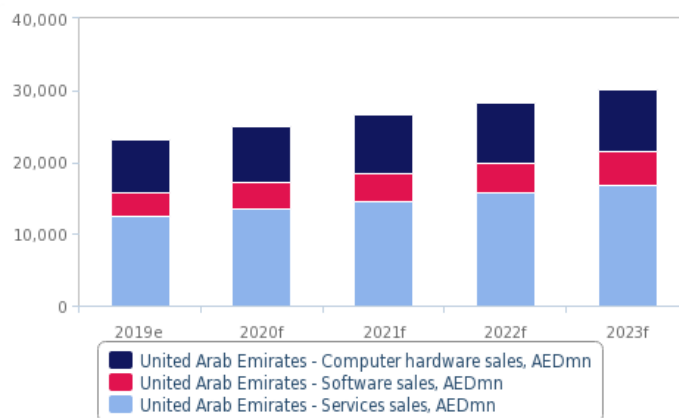


Chart describing Largest Opportunities in Software and Services in UAE 2019-2023

Indicator	2018*	2019*	2020 (forecast)*
Computer hardware sales	\$1.97	\$2.02	\$2.12
Software sales	\$0.87	\$0.90	\$0.98
Services sales	\$2.99	\$3.40	\$3.98

\*All figures are in billions of U.S. Dollars

There is also growth expected in the demand for business management software. Key verticals include process manufacturing, followed by the finance sector, where regulatory compliance and new services, including Islamic banking, will help to create opportunities. The increasing regional and global orientation of the UAE economy is a major driver for locally based small and medium sized enterprises to enhance the efficiency of their operations. The UAE's ambitious goals, and the lack of domestic firms, presents many opportunities for American companies.

## Nuclear Power

### Overview

Nuclear power is a key resource that the United Arab Emirates (UAE) is using to diversify away from oil and gas. The UAE government has taken deliberate steps, in close consultation with the International Atomic Energy Agency, to develop a civil nuclear power program. The UAE is building its first four nuclear reactors at a site called Barakah and is expecting to produce up to 25% of the UAE's electricity requirements while preventing the release of up to 21 million tons of carbon emissions every year.

By 2030, 12% of Dubai's electricity supply capacity is expected to be nuclear. In December 2009, the Korea Electric Power Corporation (KEPCO) led a consortium to design the Barakah plant, which includes four APR-1400 reactors to be built at the Barakah site with a total of 5.6 GW.

- In July 2018, the UAE Department of Energy issued a license for the four units at Barakah.
- In February 2020, the Federal Authority for Nuclear Regulation (FANR) issued an operating license for unit 1 of Barakah Nuclear Energy Plant. The fuel loading commenced shortly afterwards and was completed by the beginning of March 2020.
- In May 2020, the Emirates Nuclear Energy Company (ENEC) stated the coronavirus pandemic had not delayed its schedule for unit 1, which was expected to reach criticality in a couple of months.
- As of May 2020, the testing had begun on units 2, 3 and 4, which were more than 95%, 92%, and 84% complete respectively.

### UAE Nuclear Industry Structure

- [Federal Authority for Nuclear Regulation \(FANR\)](#): FANR was established in 2009 as the regulatory body for the nuclear sector in the UAE in accordance with Federal Law by Decree No 6 of 2009, Concerning the Peaceful Uses of Nuclear Energy, which was issued by H.H. Sheikh Khalifa bin Zayed Al Nahyan, President of the UAE.
- [Emirates Nuclear Energy Company \(ENEC\)](#): ENEC was established in 2009, and is responsible for the design, construction, and ownership of the UAE's first nuclear energy plant. Its mission includes coordination with the educational sector in the UAE to develop the UAE human resource capacity needed to operate the nuclear energy program.

ENEC also serves as an investment arm of the Government of Abu Dhabi, making strategic investments in the nuclear sector, both domestically and internationally. In October 2016, ENEC and Korea Electric Power Corporation (KEPCO) signed a joint venture agreement establishing a long-term partnership, including the set-up of Barakah One PJSC, an independent subsidiary owned by both companies to manage the commercial interests of the Barakah project and secure project financing from institutional and commercial leaders. The agreement entitles KEPCO to an 18% stake in ENEC's subsidiary, Nawah.

- [Nawah Energy Company \(Nawah\)](#): Nawah was formally established as a subsidiary of ENEC in 2016. It was established by joint venture partners ENEC and KEPCO to operate and maintain the Barakah Nuclear Energy Plant. Nawah is a multinational, multicultural, and Emirati-led company.

### Opportunities

The United States and the UAE signed a bilateral civil nuclear cooperation agreement in 2009, known as a "123 Agreement," after Section 123 of the US Atomic Energy Act. There will continue to be opportunities as the UAE ramps up operations and builds additional plants. The main obstacle is heavy foreign competition.

## **Resources**

### Key Websites

[Emirates Nuclear Energy Company \(ENEC\)](#)

[Federal Authority for Nuclear Regulation \(FANR\)](#)

[Nawah Energy Company \(Nawah\)](#)

[World Nuclear Association](#)

## Oil and Gas Field Machinery and Services

### Overview

The United Arab Emirates (UAE) is an important strategic player in global energy markets. As of 2019, the UAE is:

- A top-10 global crude oil producer.
- Member of the Organization of the Petroleum Exporting Countries (OPEC) and the Gas Exporting Countries Forum (GECF).
- Major oil producer and exporter, producing an average of 4 million barrels per day (bpd) of petroleum and other liquids, with reserves of nearly 100 billion barrels of crude.
- The seventh largest natural gas reserves globally.

Current reforms are under way in this sector, including:

- Pressing ahead with programs to raise crude oil production capacity to 5 million bpd by 2030.
- Seeking self-sufficiency in gas production.
- Significant expansion of refining and petrochemical operations.

This expanded production provides opportunities for U.S. firms across a wide range of technologies, equipment, machinery, and services. The UAE has served as a base for international oil companies, and always encouraged foreign investment into its oil and gas exploration and production sectors. U.S. oil and gas companies are strategically positioned as preferred suppliers and contractors for the UAE, though they should expect tough competition from Asian, European, and local firms.

Individual emirates control their own oil and gas production and resource development. According to the UAE State of Energy Report 2019, UAE has an estimated 98 billion barrels of oil reserves, of which:

- Abu Dhabi holds 94%, controlled by the state-owned Abu Dhabi National Oil Company (ADNOC).
- Dubai holds 4% (about 4 billion barrels).
- Sharjah holds 1.5% (about 1.5 billion barrels).
- Ras Al Khaima holds 0.5% (about 500 million barrels).

In Abu Dhabi, the Supreme Petroleum Council (SPC) establishes the Emirate's petroleum-related objectives and policies. Abu Dhabi is the central key player in the UAE oil industry. Operating under mandate from the SPC, ADNOC laid out its 2030 Strategy at the end of 2016, setting new goals to include:

- More profitable upstream.
- More valuable downstream.
- More sustainable and economic gas supply.
- More proactive and adaptive marketing.

Its 2030 strategy included the unification of ADNOC's brand, bringing together its 14 subsidiary companies under one common identity, the ADNOC Group. Two of ADNOC's largest operating companies are ADNOC Onshore and ADNOC Offshore, which together account for most the UAE's crude and gas production.

ADNOC Companies:

Exploration & Production	Process & Refining	Marketing & Distribution
• ADNOC Onshore	• ADNOC Gas Processing	• ADNOC Distribution
• ADNOC Offshore	• ADNOC Sour Gas	• ADNOC Logistics and Services



• ADNOC Drilling	• ADNOC LNG	• ADCOP
• Al Yasat Petroleum	• ADNOC Refining	
• Al Dhafra Petroleum	• ADNOC Fertiglobe	
	• ADNOC Industrial Gas	
	• Abu Dhabi Polymers Company (Borouge)	

Hydrocarbon production remains critical to the UAE economy and is projected to reach \$72 billion, approximately 25% of all export revenue, according to the U.S. Energy Information Administration (EIA). In November 2019, the SCP announced the discovery of new hydrocarbon reserves estimated at 7 billion barrels of crude oil and 58 trillion standard cubic feet of conventional gas. On March 11, 2020, ADNOC stated that it was on track to increase supply to over 4 million bpd by the beginning of the second quarter of 2020, after reaching 4.1 million bpd in April 2020.

As a member of OPEC, the UAE coordinates its production levels with OPEC members to support price stability. In March 2020, OPEC member countries collaborated in an effort to achieve and sustain oil market stability. In April 2020, OPEC+ meetings were held to discuss market stability and price supports. As a reliable supplier, and in line with the OPEC+ agreement, the UAE committed to reducing production from 4.1 million bpd in April 2020, according to the UAE Minister of Energy and Industry.

Although the UAE plans to boost production and expand development of domestic natural gas reserves, most of the UAE's gas has a relatively high sulfur content (described as sour), which makes the development and processing of the country's vast reserves economically challenging. Consequently, nearly 30% of the UAE's gross production is re-injected into oil fields as part of the nation's enhanced oil recovery (EOR) techniques.

In February 2020, Abu Dhabi and Dubai announced that they will jointly develop a gas reservoir, called "Jebel Ali Project" to support the UAE economy and ensure sustainable growth. The venture brings together ADNOC and Dubai Supply Authority (Dusup). The Jebel Ali reservoir located between the two emirates will have 80 trillion cubic feet of gas resources once the development reaches full speed. This new discovery is the fourth largest in the world, according to Bloomberg.

Dubai and the Emirates National Oil Company (ENOC) have plans to expand refining capacity from 140,000 bpd to 210,000 bpd, and expand production of jet fuel, gasoline and diesel.

Fujairah plays a role with infrastructure. Though the emirate has no oil or gas deposits of its own, it is expanding its storage capabilities and has become one of the world's largest fuel bunkering ports and a major storage and trading hub.

In 2018, ADNOC introduced the In-Country Value (ICV) program, which will increase the company's contribution to the continued development of the UAE economy and strengthen its relationship with the UAE's private sector. All business partnerships with ADNOC now include an ICV assessment integrated into the tender evaluation and award process. The benefits include:

- Encouraging private sector partnerships.
- Improving knowledge transfer.
- Creating employment opportunities for Emiratis.

- Localizing critical parts of the supply chain using local products, manufacturing and assembly facilities, services, and infrastructure.

Companies without ICV certification are still permitted to participate in tenders but may be disadvantaged. To learn more about this initiative, see [ADNOC's ICV program](#).

### **Opportunities**

The International Trade Administration's (ITA) 2017 Upstream Oil and Gas Equipment Top Markets Report ranked the UAE as number twelve among the top thirty markets based on export potential for U.S. oil and gas equipment. As costs of exploitation rise, technologies that improve yield and drive costs down will be particularly attractive.

- Several mechanisms are being implemented to promote the development of artificial intelligence (AI) applications across this vital industry. AI is also playing an important role in the transformation of ADNOC where the oil and gas producer is exploring how AI can help enhance efficiencies, improve agility, stimulate growth, and drive performance. In November 2017, the company launched the Panorama Digital Command Center and the Thamama Subsurface Collaboration Center to utilize big data and AI to help extract maximum value from its assets and resources.
- In June 2020, ADNOC announced the intention to sell a 49% stake in its natural gas pipelines assets business, valued at \$20.7 billion, to a consortium of investors and sovereign wealth and pension funds.
- In November 2019, ADNOC signed a framework agreement with eight contractors for the provision of project management consultancy (PMC) services for its group-wide projects. ADNOC intended to form a pool of consultants comprising prequalified companies, from which it would hire firms to manage all the projects it tenders in future. The firms that have secured framework PMC agreements with ADNOC are:
  - Fluor (U.S.)
  - KBR (U.S.)
  - SNC-Lavalin (Canada)
  - Wood Group (UK)
  - Penspen (UK)
  - Mott Macdonald (UK)
  - TechnipFMC (France)
  - Worley (Australia)
- In February 2019, ADNOC entered into a \$4 billion agreement with U.S. investment firms BlackRock and KKR to boost pipeline infrastructure for transport of crude oil and condensate in the UAE.
- In February 2019, ADNOC announced an agreement awarding an onshore block to Occidental Petroleum. Under the terms of the agreement, Occidental will hold a 100% stake in the exploration phase, investing as much as \$244 million (AED 893 million) to explore for oil and gas in this block. Upon successful exploration, Occidental will be granted the opportunity to negotiate production terms.

### **Leading Sub-Sectors**

Although the global average for oil recovery stands at about 35%, ADNOC is looking to increase recovery rates to 70% at its fields. Given this, there are excellent prospects for U.S. firms that offer:

- New enhanced oil recovery (EOR) technologies that will help lower operational expenditure and extend the lifespan of producing fields.
- Advanced technologies that provide alternatives to using gas to maintain oil well pressure.
- Technologies for more economical development of sour gas fields.
- Drilling equipment and chemicals.

- Natural gas processing facilities to meet growing domestic electricity demand.

## **Resources**

### Trade Shows and Exhibitions

[Abu Dhabi International Petroleum Exhibition & Conference \(ADIPEC 2020\)](#)

Date: November 9-12, 2020

Venue: Abu Dhabi National Exhibition Center - ADNEC (virtual)

### Key Websites

[Abu Dhabi International petroleum Exhibition & Conference](#)

[Middle East Business Intelligence \(MEED\)](#)

[Organization of the Petroleum Exporting Countries](#)

U.S. Department of Commerce - International Trade Administration

U.S. Energy Information Administration

## Renewable Energy

### Overview

The UAE is a promising market for renewable energy products and services.

The United Arab Emirates (UAE):

- Sets the pace in the energy transition for the GCC.
- Has the highest portfolio of renewables for the region.

This is reflected by the following milestones:

- Established the Abu Dhabi Future Energy Company, [Masdar](#), and the region's first carbon-neutral zero waste city, Masdar City, in 2006.
- Has hosted the annual [World Future Energy Summit](#) in Abu Dhabi since 2008.
- Established the [Emirates Nuclear Energy Corporation \(ENEC\)](#) in 2009.
- The [International Renewable Energy Agency \(IRENA\)](#) established its headquarters in Abu Dhabi in 2009 and relocated to Masdar City in 2015.
- Development and equity funding of strategic solar projects around the world, to include in the United States.

The UAE launched a national “[Energy Strategy 2050](#)” in January 2017. The UAE allocated over \$163 billion to meet its goal to increase the contribution of clean energy sources in the total capacity mix to 50% (44% renewable and 6% nuclear) by 2050. This goes hand in hand with the UAE's Vision 2021 strategic plan to generate 27% of its energy requirements from clean sources, including nuclear power, aiming for:

- Renewable Energy: 44%
- Gas: 38%
- Clean Coal: 12%
- Nuclear: 6%

In Dubai, the Supreme Council of Energy announced an implementation plan for the Dubai Clean Energy Strategy 2050 to enhance the sustainable development of Dubai, a year after the launch of the national strategy by H.H. Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE, and ruler of Dubai. In May 2020, [Dubai Electricity and Water Authority \(DEWA\)](#) announced that the share of clean energy in Dubai's energy mix had increased to around 9%. This exceeds the target set in the Dubai Clean Energy Strategy 2050, which aimed to provide 7% of Dubai's total power output from clean energy sources by 2020 and 75% by 2050. DEWA's total installed capacity is 11,700 megawatt (MW) of electricity. This includes 1,013 MW from photovoltaic (PV) solar panels at the Mohammed bin Rashid Al Maktoum (MBR) Solar Park, the largest solar park in the world, launched in January 2012 and managed by DEWA. The fifth phase totaling 900 MW was allocated in November 2019, with a world record price of \$0.01693 per kWh.

Due to the size of the solar park, DEWA has divided construction into several phases:

Phase	Capacity	Technology	Status
Phase 1	13 MW	PV	Operational in 2013
Phase 2	200 MW	PV	Operational in 2017
Phase 3 – Stage 1	200 MW	PV	Operational in 2018

Phase 3 – Stage 2	300 MW		To be completed in 2020
Phase 3 – Stage 3	300 MW		
Phase 4*	950 MW	PV (250 MW) CSP (700 MW)	To be completed in 2022
Phase 5	900 MW	PV	To be commissioned starting Q2 2021

Table1: Phases of MBR Park

\*MBR fourth phase highlights:

- Largest single site investment project in the world.
- Area of 44 square kilometers.
- The world’s tallest solar tower measuring 850 feet.
- Largest thermal energy storage capacity.
- Use both CSP and PV solar technologies based on the independent power producer (IPP) model with investments up to \$4.3 billion.

**Leading Sub-Sectors**

Large Scale Photovoltaic Projects

The UAE has established itself as a key solar market over the past several years and will continue to add MW to the grid in coming years, in particular with the construction of:

- MBR Solar Park in Dubai with a total capacity of 5 GW by 2030 and investments worth over \$10 billion.
- [Sweihan solar power plant](#) in Abu Dhabi.
- [Abu Dhabi’s Shams 1](#) opened in March 2013 as the world’s largest CSP facility. No official decision has been announced regarding the proposed construction of Shams 2 or Shams 3.

Rooftop Projects

The rooftop solar initiative kicked off in the UAE in 2017 with approximately 4 MW connected at the start of the year, with a total of 20 MW peak installed by December 2017, according to the Middle East Solar Industry Association Solar Outlook Report 2018,

Dubai is working on several initiatives to include:

- Under the Shams Initiative launched in 2014, Dubai achieved 125 MW of installed capacity in residential, commercial, and industrial buildings in 2019.
- Solar panels on every roof in the emirate by 2030.
- Under the net metering program, residents and businesses can add solar panels to their rooftops to generate electricity and excess electricity can be fed back into the grid for a credit on the power bill.

Abu Dhabi is looking to expand solar rooftop installations in commercial and residential areas. At the end of 2017, the emirate established a net metering regulation which will allow businesses and government buildings to add solar panels on building rooftops, which could reduce electricity bills by 25%.

## Energy Storage

In January 2018, DEWA signed a memorandum of understanding with Belgium's Dredging, Environmental & Marine Engineering Group (DEME) and the GCC Interconnection Authority (GCCIA) to explore the potential for a sizable hydro-energy storage site. This project follows DEWA's launch of [the 250 MW hydropower station in Hatta](#) where water will be stored in the Hatta Dam to produce electricity.

## Electrical Vehicles

The Dubai Autonomous Transportation Strategy intends to transform 25% of all transportation to autonomous means by 2030. Also, the [Dubai Supreme Council of Energy](#) launched a number of initiatives to support electric vehicle owners, including free charging, parking and registration fees.

In February 2017, U.S. electric car maker Tesla opened a showroom in Dubai. As of 2019, there are 103 Tesla destination charging stations and 3 supercharger stations available in UAE with plans to bring hundreds more online at [Abu Dhabi National Oil Company \(ADNOC\)](#) and [Emirates National Oil Company \(ENOC\)](#) service stations over the next several years.

## Opportunities

- Dubai seeks to establish floating solar power plants on the Arabian Gulf. DEWA and Dubai Municipality are studying the installation of a floating solar PV system on deep-water drainage lakes. In September 2019, DEWA issued a request for proposal for appointing consultants to study, develop, and construct floating solar PV plants in the Arabian Gulf.
- In April 2020, [Emirates Water and Electricity Company](#) (EWEC) announced the 2 GW Al-Dhafra Solar PV IPP project, a [consortium led by France's EDF and China's Jinko Power](#) (\$0.7934 cents/kWh). The project will have the capacity to power approximately 160,000 households across the UAE with electricity once completed in Q1 2022. Abu Dhabi could aim for up to 6 GW of additional capacity by 2026, according to the Solar Outlook Report 2020.
- [Bee'ah](#) is planning for solar PV over its landfill.
- [Sharjah Investment and Development Authority \(Shurooq\)](#) and Diamond Developers announced in March 2019 the construction of a sustainable city in Sharjah entirely powered by solar PV energy.
- In early 2018, Ras Al Khaimah Municipality announced its new energy efficiency and renewable energy program, which includes up to 30% clean energy sources by 2040.
- In January 2019, the [Federal Electricity and Water Authority \(FEWA\)](#) and the emirate of Umm Al-Quwain signed an agreement for the development of a 200 MW solar park.

## Resources

### Trade Shows and Exhibitions

[Water, Energy, Technology and Environment Exhibition \(WETEX 2020\)](#)

Date: October 26-28, 2020

Venue: Dubai International Convention & Exhibition Centre (virtual)

[World Future Energy Summit](#)

Date: January 18-21, 2020

Venue: [Abu Dhabi National Exhibition Centre](#)

Key Websites

[Department Abu Dhabi of Energy \(DoE\)](#)

[Dubai Electricity and Water Authority](#)

[National Climate Change Plan of the United Arab Emirates](#)

Sharjah Electricity and Water Authority (SEWA)

## **Safety & Security**

### **Overview**

The safety and security sector is very promising in the UAE, which has a strong desire to maintain the nation's status as a secure haven amidst regional instability. Ambitious socioeconomic reform programs such as UAE Vision 2021 continue to drive heavy investments in the sector. Policies set out in Vision 2021 mandate significant infrastructure and technological developments which require a large supply of security products and services. Growth is also being driven by over \$270 billion in infrastructure projects currently under construction in the UAE and rapid population growth (7.7% in Dubai in 2018). The market relies heavily on imports and foreign security companies. This is largely because the UAE's nascent domestic defense sector focuses primarily on military-grade products, providing more opportunity for foreign suppliers. The UAE's safety and security sector can be grouped into several main categories: fire and rescue, safety and health, aviation security, homeland security and policing, and commercial and information security.

### **Market Entry**

There are few trade barriers. Imported goods are subjected to 5% customs duties on CIF value.

The UAE is a hub for large trade shows that cater to the region. Attending and exhibiting at trade events helps many companies generate leads and network.

### **Competition**

American firms have sizeable technological and qualitative advantages in outselling lower-quality competition. Competitors stem from Japan, South Korea, China, and the European Union in particular, and supplied products include: smart home secure network and systems, CCTV, thermal cameras, IP-based voice alarm systems, IP-based multi sensor cameras, identity management systems, video surveillance, security patrol robots, radar systems, drone systems, and counter-drone systems. Due to COVID-19, the UAE market experienced an increased demand for thermal cameras and body temperature monitoring systems.

The many infrastructure, real estate, and petroleum projects in the UAE offer great potential for security management services. The need to protect assets will result in greater demand for both digital and on-site security measures, particularly monitoring devices (e.g. thermal cameras, security patrol robots) and fire safety measures.

Similarly, Crisis Management and Incident Management preparedness based on software solutions is in demand, and the nation is increasingly relying on smart technology due to its rapid pace of development. The boom in development and construction means human capital alone cannot ensure the safety levels desired by the UAE government, resulting in tremendous opportunities for U.S. companies.

The market for security consultancy services is expected to grow, in response to the complexity and diversity of threats in the region.

With the growth witnessed in the infra-development sector, system integrations and security systems have gained high prominence in the region. The UAE market is rapidly absorbing old and new technologies in the system integrations sector. Voice alarm systems, infrared and thermal cameras, security patrol robots, and other solutions are part of the high standard that residents demand and which the government wishes to maintain in the UAE. These security products are used at commercial buildings, residential properties, shopping malls, hospitals, parks, museums, hotels, industrial facilities, and other sites.

The demand for various security products, especially unmanned vehicles, drones, closed circuit television sets (CCTV), surveillance cameras, perimeter control and access control systems has risen sharply, and the hospitality sector is one leading sector, as the UAE develops its tourism and leisure sector.



## **Opportunities**

**Aviation Security:** The strategic nature of the UAE civil aviation sector and continued investment in airport and aviation infrastructure makes this an important segment with many opportunities. The UAE Aviation Security Affairs division consists of the following departments: air navigation and aerodrome (ANA), airworthiness (AW), flight operation (FOP), licensing (LIC) and policy, regulation and planning (PRP) and reports directly to the Director General (DG). The Head of Sector oversees the regulation and oversight of the safety of the aviation industry in the UAE, while the wider Aviation Security Affairs Sector approves Aviation Security Programs for airports and aircraft operators, inspects and audits airports, and maintains an aviation security intelligence network with domestic and international security authorities.

**Homeland Security and Policing:** The growing internal security challenges in the region have increased the importance of homeland security and require innovative solutions. The UAE's law enforcement agencies have increased the budget for homeland security, and recently established police academies in different emirates to train Emirati police officers. Revenue for homeland security products in the Middle East is forecast to double by 2022 to reach \$19.7 billion, with the UAE the second largest market as it prepares for mega events such as the World Expo in Dubai.

**Fire & Rescue:** The UAE's fire and rescue sector is expected to reach \$699 million by 2021, and grow annually by 14-16%, and the wider Middle East market is estimated to grow to \$3 billion by 2024, with a CAGR of 8%. This is due to improvements in the enforcement of fire codes in the construction sector and constant need for fire protection. Repeated fire incidents have sparked a large fire safety promotion campaign and forced the Ministry of Interior to implement a centralized smart fire alarm system in its buildings, highlighting how demand is exponentially growing in the UAE. The regulations implemented by the government and greater demands for fire prevention by the public will also increase demand. Similarly, the renewed investments in commercial, retail, industrial, residential, and government infrastructure projects will require top-quality reliable fire safety systems and products.

**Safety and Health:** As the UAE's construction industry continues to deliver multi-billion-dollar projects, the health and safety regulations in the country are becoming increasingly stringent. There is increased investment in more health and safety products such as jackets, shoes, helmets, and services to help ensure safety at work.

## **Trade Shows and Exhibitions**

### [Intersec](#)

Date: January 24-26, 2021

Venue: Dubai International Convention and Exhibition Center, Dubai

ISS (Intelligence Support for Electronic Surveillance) World Middle East

Detested (Postponed due to COVID-19)

Venue: JW Marriott, Dubai, UAE

ISNR (International Exhibition for National Security & Resilience)

Date: TBD (Postponed due to COVID-19)

Venue: Abu Dhabi National Exhibition Center, Abu Dhabi

Gulf Information Security Exhibition and Conference (Gisec)

Date: October 26 – 28, 2020

Venue: Dubai World Trade Center, Dubai

[IDEX 2021](#)

Date: February 21-25, 2021

Venue: Abu Dhabi National Exhibition Center, Abu Dhabi

**Key Websites**

[Intersec 2019: Post-Show Report](#)

[UAE Government: UAE Strategy for Artificial Intelligence](#)

## Water

### Overview

The United Arab Emirates (UAE) faces several water management challenges:

- Scarcity of groundwater reserves.
- High salinity levels in existing groundwater.
- High cost of producing drinking water.
- Limited re-use of water.
- Limited collection and treatment of wastewater outside of urban areas.

The UAE's new policy is to decouple power generation from water generation, pursuing alternative technologies such as sea water reverse osmosis (RO) to improve energy and water efficiency and help meet other energy and water security goals.

The UAE has one of the highest per capita water consumption rates in the world at 477 cubic meters per day. With water demand growing annually, there is an increasing need to invest in infrastructure and water efficiency technology. In early 2019, the UAE government approved \$1.6 billion for water and energy projects. However, budgets have been cut as a result of falling government revenues due to low oil prices, and this has affected existing projects.

The government is working to manage and reduce demand by:

- Educating youth.
- Reducing cost by eliminating subsidies.
- Storing water in aquifers.
- Regulating groundwater extraction.
- Investing in new energy efficient sea water desalination.
- Investing in water utilization efficient technology.

The UAE's [Water Security Strategy 2036](#), set out by the government at the end of 2017, established several targets for the water industry:

- Reduce total demand for water resources by 21%.
- Increase the water productivity index to \$110 per cubic meter.
- Reduce the water scarcity index by three degrees from 6.58 in 2017.
- Increase the reuse of treated water to 95%.
- Increase national water storage capacity by establishing six connecting networks between water and electricity entities across the UAE.

In the wastewater sector, one of the key projects undertaken by [Abu Dhabi's Sewerage and Services Company \(ADSSC\)](#) is the Strategic Tunnel Enhancement Program (STEP) to collect and treat wastewater discharged from residential, commercial, and industrial buildings in Abu Dhabi to increase the capacity for wastewater collection and treatment.

### Regulatory Environment

The water sector in the UAE is fully government-owned, regulated by a number of agencies, including ADSSC, [Environment Agency Abu Dhabi \(EAD\)](#), and other agricultural organizations. [TAQA](#), a diversified utilities and energy group in Abu Dhabi, has 13 operational power generation and water desalination plants across the emirates. Contracts are granted by both federal and emirate-level governments, with a rigid bidding process. Companies should be familiar with the local business culture and negotiation style.

## Commercial Environment

The country has seen heavy investment from both the public and private sector for providing clean water. A large number of projects are in the pipeline despite the financial pressure from low oil prices.

[Abu Dhabi's Department of Energy](#) announced a plan to build the world's largest desalination plant in 2018. The Taweelah power complex will use the RO process rather than thermal-powered distillation, which draws power from the national grid rather than rely on an adjacent power plant. The plan is to start production in 2022, when it would raise Abu Dhabi's RO output to 30% of total desalinated water production from 13% currently, according to the UAE State of Energy Report.

DEWA awarded a \$237 million contract to a joint venture comprising ACCIONA Agua and Belhasa Six Construct to build a RO desalination plant in the Jebel Ali industrial complex in 2018. The facility is part of Dubai's overall goal to produce 100% of desalinated water using a mix of clean energy and waste heat by 2030. This includes a target to raise RO production from a current level of 5% of Dubai's desalinated output to 41% by 2030.

Opportunity exists for technology and innovations that can make drinking water production more efficient, solutions for storage, and wastewater treatment and reuse. The wastewater treatment and sanitation sectors are also in need of large investment.

## Leading Sub-Sectors

### Ground Water

About 51% of the UAE's water supply comes from groundwater, and there is a need to improve the natural renewal of groundwater resources. The Environmental Agency of Abu Dhabi (EAD) initiated a project to map and compile a comprehensive inventory of groundwater wells in the Emirate. [The Groundwater Atlas of Abu Dhabi Emirate](#) presents the results and findings of this project.

### Drinking Water

The UAE recognizes the importance of innovative new water solutions and several strategic government and private sector partnerships are working to develop advanced and adaptive technology that will help the UAE avoid a future water crisis.

### Wastewater

The government is looking at new technologies to recycle wastewater and improve wastewater treatment, as wastewater treatment facilities are far cheaper to construct and maintain than desalination plants. Treated wastewater caters to most industrial and agricultural requirements.

## Opportunities

Opportunities lie in technology and innovations that can make drinking water production more efficient, solutions for storage, and wastewater treatment and reuse, to include:

- Architecture, construction, and engineering for water plants and desalination plants.
- Solar-powered reverse-osmosis desalination technologies and other cutting-edge technologies to produce drinking water.
- Technology to separate black water networks from grey water networks and treat the black water at the treatment plant level and the grey water at the district level.
- Technologies and solutions to recycle wastewater and improve water treatment.
- Water/Wastewater equipment, membranes, pipes, and components for wastewater treatment plants and water desalination plants.

- Water monitoring equipment such as auto samplers and flow meters, as well as more water efficient faucets, toilets, and pipes with low leakage.
- Technologies to enhance and capture rainfall, including storing it and pumping it underground to replenish the groundwater and use it as needed.
- Ground water technologies including international consulting and engineering firms with the ability to detect engineering problems.

### **Resources**

Trade Shows and Exhibitions

Water Energy Technology Environment Exhibition (WETEX)

Date: October 26-28, 2020

Venue: Dubai International Convention and Exhibition Center (virtual)

### **Key Websites**

Dubai Electricity and Water Authority (DEWA)

[Environment Agency Abu Dhabi \(EAD\)](#)

[Federal Electricity and Water Authority \(FEWA\)](#)

[Masdar](#)

[Sharjah Electricity and Water Authority \(SEWA\)](#)

[UAE Water Security Strategy 2036](#)

## **Customs, Regulations and Standards**

### **Trade Barriers**

#### Tariffs

Tariffs and duties are revised constantly, so we highly recommend you reconfirm these regularly and before exporting.

The custom duty on imported goods is 5% (except a few categories including agricultural products and pharmaceuticals). The rate is 50% on alcohol and 100% on tobacco products.

#### Non- Tariff Barriers

##### Import restrictions

Only companies in the UAE that have the appropriate trade license can import products into the country. Import controls exist for a number of products including alcoholic beverages, pork and pork products, medicinal substances, printed matter such as magazines and videos, photographic material, firearms, and fireworks.

The entry of many kinds of products has been banned in accordance with the local values, religious beliefs, and morals. The following items are prohibited:

- Goods manufactured in Israel.
- Pornographic literature and materials.

Special permission is required for the import of:

- Alcoholic beverages.
- Drugs.
- Firearms.
- Ammunition and explosives.
- Agricultural pesticides.
- Industrial alcohol - denatured.
- Methyl alcohol.
- Methylated and medicated spirits.

#### Having A Sponsor, An Agent, or Distributor

In order to do business in the UAE, outside one of the free zones, a foreign business must have a UAE national sponsor and its ownership is limited to 49% unless its business can be found on the UAE Government “positive sectors” list where up to 100% foreign ownership is allowed. The main objective of the positive sectors exception is to motivate major global corporations to invest in the UAE, especially in the fields of innovation, technology, space, renewable energy, and artificial intelligence.

In order to sell in the UAE an agent or a distributor is mandatory. Once chosen, sponsors, sales agents, or distributors are given exclusive rights for non-food products only – the agency law does not pertain to food products. Terminating a non-performing agent, or a distributor, is extremely difficult in the UAE. In March 2010, the UAE issued Federal Law No. 2 of 2010 amending certain provisions of the Commercial Agency Law, later revised in 2015. The amendments prevent the termination, or non-renewal, of a commercial agency unless the principal has a material reason to justify the termination or non-renewal. A principal may not re-register the commercial agency in the name of another agent even if the previous agency was for a fixed term unless: (i) it is amicably terminated by the principal and the agent; (ii) termination or non-renewal is for justifiable reasons that are satisfactory to the Commercial Agencies Committee; or (iii) a final judicial judgment is issued ordering the termination of the agency. The 2010 Amendments also reinstate the specialized Commercial Agencies Committee which had been revoked in 2006. The Commercial

Agencies Committee has original jurisdiction over disputes involving registered commercial agents. Any commercial dispute should be referred first to the Commercial Agencies Committee.

In 2011, the UAE Cabinet issued Resolution No. 3 of 2011, “Concerning the Commercial Agency Committee”. The Committee is responsible for receiving applications for settling agency disputes and for cancelling registered agencies. The Committee is permitted to abstain from settling a dispute referred to it and can advise the parties to refer the matter to litigation.

It is extremely important to conduct thorough due diligence on prospective commercial agents and to carefully draft agreements to ensure compliance with the provisions of the Agency Law.

## **Import Tariffs**

The UAE levies import duties on commercial goods depending on:

- Whether the business is registered on the mainland or in a free zone.
- Nature of goods being moved.
- Source and destination of the goods being moved.
- Trade agreements between the UAE and exporting country.
- Any other applicable laws.

Import tariffs and rates

In general, the UAE has adopted a GCC common tariff, and customs duties are fixed at 5% of the CIF value of most products. However, alcoholic, carbonated, and sweetened beverages products have a 50% duty, and e-smoking devices (tools and liquids used in them) and tobacco products are assessed a 100% customs duty. Certain goods are exempt from customs duties, such as pharmaceuticals and agricultural products. For detailed tariffs, please visit the Unified Customs Tariff webpage.

Preferential tariffs

The UAE has set up a number of ‘free zones’, where customs duties are not payable. Any company registered in one of the free zones can import goods into that free zone without having to pay customs duties. Goods produced in countries that are party to the Greater Arab Free Trade Agreement 1998 are exempt from customs duty. For further information, visit the UAE Ministry of Economy and Dubai Customs.

## **Import Requirements and Documentation**

[UAE’s Federal Customs Authority](#) sets the country’s customs policies, and these comply with the GCC Common Customs Law. Also, each emirate has its own customs authorities to help individuals and businesses with their import and export activities. Customs offices are located at airports, seaports, and entry/exit points on the land borders.

Importing Goods

To import goods into the UAE, companies must have the correct trade license from the Department of Economic Development (DED) from the Emirate. Foreign companies can either set up office in the UAE or appoint a UAE national as sponsor, agent, or distributor to do business in the UAE “mainland” (that is, not in the free zones).

Companies that set up in a free zone can also use their free zone trade license to import goods into that free zone the UAE.

To import goods, the UAE-based company (consignee/agent) should get a delivery order from the Shipping Agent and submit the following original standard trade documentation:

- Commercial invoice from the exporting company addressed to the importer with details about quantity, goods description, and total value of each imported item.
- Certificate of origin, stating the country of origin and approved by the Chamber of Commerce in the country of origin.
- Detailed packing list including weight, method of packing, and HS code for each item.
- Import permit from the competent agencies in case of importing restricted goods or duty exempted goods.
- Bill of entry or airway bill.

Food products, also require the following certificates:

- Original health certificate issued by the appropriate government agency in the exporting country, attesting to the product's fitness for human consumption.
- Original Halal slaughter certificate for meat and poultry products.

Except for food products, all shipments of goods to the UAE require "legalization" of documents. This is a two-step process:

1) Documents must be verified by Akin Gump Strauss Hauer & Feld LLP, the UAE Embassy's exclusive verification agent.

2) After Akin Gump has verified the documents, companies must submit the paperwork for legalization to either the UAE Embassy in Washington D.C., or to the respective Consulate covering the state in which the company is based.

For further information see UAE [Embassy](#) and resources about the [legalization process](#).

#### Import Prohibitions and Restrictions

Specific import restrictions exist on a number of goods, some of which are banned, and others which are restricted, requiring special permission from the relevant authorities.

#### Banned Goods

- Any goods or items that are prohibited under the GCC Common Customs Law or any other law or regulations applicable in the UAE.
- Any item used in black magic, witchcraft, or sorcery.
- Controlled drugs and narcotic substances.
- Counterfeit currencies.
- E-cigarettes, electronic hookah (waterpipe tobacco or electrically heated cigarette plugs) that do not bear the 'digital tax stamps'.
- Gambling tools and machineries and devices of all kinds.
- Goods manufactured in Israel.
- Items that contradict Islamic faith and public morals.
- Live swine.
- Betel (paan) leaves.
- Pirated content material.
- Pornographic literature and material.
- Protected and endangered animals and certain dog breeds (all varieties of Pit Bull, Japanese Tosa, Argentinian Fighting Dog, Argentinian Mastiff, Brazilian Fighting Dog, American Staffordshire terrier, and any dog mixed with a wolf)
- Nylon fishing nets.
- Radiation and nuclear fallout contaminated substances.
- Used and reconditioned tires.



## Restricted Imports

Restricted goods include those restricted under the provisions of the GCC Common Customs Law and are subjected to the approval of competent authorities.

Special permission is required for the import of:

- [Cats and dogs.](#)
- [Live animals, birds and ornamental fish.](#)
- Cooked duck eggs – Balut (Health certificate with production and expiry dates certifying that the eggs have been produced in farms that are free from salmonella and bird flu).
- [Pharmaceutical products and medical/surgical instruments and machines.](#)
- [Weapons](#) (ammunition, explosives, fireworks, body protection, etc., all require permission from the UAE Ministry of Interior before entering or transiting the UAE).
- [New vehicle tires.](#)
- [Transmitters and Radio Equipment](#)(*satellite phones, listening or recording devices, radio transmitters, powerful cameras or binoculars require license from Telecommunications Regulatory Authority for importing in the UAE*).
- [Print materials, publications, and media products.](#)
- [Nuclear energy-related products.](#)
- Alcoholic beverages.
- [Rough diamonds.](#)

## Labeling and Marking Requirements

Labeling regulations apply to all products shipped in bulk and retail-sized packaging. To avoid shipment rejection, it is important U.S. exporters comply with UAE label requirements and verify that all information mentioned on the product label is accurate and legible. Companies are strongly encouraged to review the regulations related to their specific commodity and clarify any questions prior to exporting.

Food labeling is of particular importance in the UAE when it comes to product labeling. Standard UAE.S GSO 9:2017 “Labeling of Prepackaged Food Stuffs” and its referenced GSO standards identify the food labeling requirements for the UAE.

This UAE standard has been approved and published as a technical regulation and is mandatory. The following information must be on the food label:

- Product name (name of the food) in a prominent position on the label.
- Ingredients in descending order of proportion.
- Additives. Names of additives or E-number must be declared with the group name of the additive.
- Nutritional declaration.
- Net weight volume (reference section VII.11. for accepted weight and measure).
- The name and address of the manufacturer, producer, distributor, importer, exporter, or vendor.
- Country of origin.
- Expiry dates, special storage and preparation instructions. Production and expiry dates shall be declared for the products having mandatory shelf life.
- Allergy information on ingredients (if any).
- Lot identification.
- The source of animal fats (beef, buffalo, etc.).
- Foodstuff and ingredients which are known to cause hypersensitivity.
- Barcode.
- Irradiated food.

Labels must be in Arabic only or Arabic/English. Arabic stickers are accepted. The production and expiry dates must be printed on the original manufactured installed label. All stickers must be approved by UAE authorities prior to use and should be included during the label assessment process. Stickers on imported items must be performed prior to export and cannot be completed upon entry. Companies should consider cultural norms and values when designing and developing product packaging. The minimum information requirements for the Arabic label or sticker are:

- Product name.
- Food ingredients.
- Country of origin.
- Storage conditions (if applicable).
- Instructions for use (if applicable).
- Nutritional information (if applicable).

Only a single set of expiration dates is permitted and must be printed in the following order:

- Day/month/year, for products with a shelf life of three (3) months or less.
- Day/month/year or month/year for products with a shelf life longer than three (3) months. Under the month/year format, the last day of the month is considered the expiry date. The month may be printed in numbers or letters.

Animal fats and ingredients should be sourced from animals that are Halal slaughtered. The use of pork fat, as with all pork related products as ingredients, is prohibited unless the products are retailed with all pork and non-Muslim products in designated restricted sections of the retail stores. These sections are clearly marked for non-Muslims. Labels for pork and pork containing products must comply with the general labeling requirements and must clearly state that the product contains pork. If the product is halal (halal logo is printed on the label), the supplier/importer needs to provide a halal certificate from one of the accredited halal certifiers in the U.S. that are approved by UAE authorities. The list of approved halal certifiers and the scope of work of each certifier can be obtained from [Emirates Standardization and Metrology Agency \(ESMA\)](#).

For pet foods, labels must be printed in Arabic. Arabic/English labels are permitted, as is the use of stickers. The pet food label must contain the statement “Not fit for human consumption.” Production/expiry dates are required for pet foods.

If the product is claimed as organic and an organic logo is included in the label, a certificate must be provided from an accredited body supporting this claim. The United States Department of Agriculture organic logo (USDA Organic) and certificate is accepted by UAE authorities. If the product is organic but not claimed on the packaging, the importer is not required to submit any certificate or attestation. If “GMO Free” is claimed on the product’s label, the supplier must provide a GMO- free certificate from a competent authority issued at the country of origin to verify the claim.

To ensure that the exported U.S. products comply with local food regulations/standards UAE health authorities require advance label approval and product registration. To facilitate product entry, U.S. suppliers are strongly encouraged to obtain advance label approval through their local importers, particularly for new to market goods. This label clearance/approval can be obtained through the [Dubai Municipality website](#).

#### **Key Websites**

[Dubai Municipality](#)

Emirates Standardization and Metrology Agency (ESMA)

[United States Department of Agriculture – Foreign Agriculture Service](#)

## U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counselling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags", or warning signs, and compiled "[Know Your Customer](#)" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check a [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of "dual-use" U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the e-CFR (Electronic Code of Federal Regulations) and is updated as needed.

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

## **UAE Trade Controls**

Although not a participant in any of the multilateral export control regimes, the UAE implements trade controls in line with the control lists established by these regimes (the Australia Group, the Missile Technology Control Regime, the Nuclear Suppliers Group, and the Wassenaar Arrangement). Permits or licenses are required to import and export controlled items, including strategic goods, Chemical Weapons Convention scheduled chemicals, armored vehicles, and items controlled by the Nuclear Suppliers Group. In addition, authorizations are required for the transit or transshipment of Nuclear Suppliers Group-controlled items. These requirements apply equally in the free trade zones.

The UAE licensing authority for nuclear-related items is the Federal Authority for Nuclear Regulation (FANR). The Export Control Executive Office (ECEO) is the permitting authority for all other items. For more information on the U.S. export control system, see the U.S. Department of Commerce Bureau of Industry and Security (BIS) website.

## **Resources**

Committee for Commodities Subject to Import & Export Control

## **Temporary Entry**

The UAE Government allows temporary imports of goods for certain purposes and for specific periods by suspending customs duties until the import is used or re-exported. However, the company must submit a cash or bank guarantee equivalent to the customs duties prior to approval.

Temporary Entry Categories:

- Animals admitted in for grazing.
- Commercial samples for exhibition.
- Containers and packers for refilling.
- Goods imported for completion of processing.
- Heavy machinery and equipment for projects – experiments, testing, completion, etc.
- Items imported for competitions, theatres, exhibitions, sporting events, etc.
- Machinery and equipment imported solely for repair.
- Other products used for replacement and repair of defective machineries in local factories or similar urgent requirements.

Commercial samples for exhibitions:

- Samples must be distinguishable.
- The samples must be in conformity with type, quality, and exhibition criteria.
- Quantity of samples must be consistent with the purpose of exhibition.

Commercial samples/items imported for specific events:

- Shall be distinguishable.
- Have no objection certificate from the event organizer.
- Shall be consistent with the event objective and purpose.

Commercial samples/goods under the cover of ATA Carnets

- Entry of goods for purposes of goods intended for display, use in exhibitions, fairs, meetings or similar events are permitted under ATA Carnet with the following information provided (other than perishable or consumable goods intended to be processed or repaired):
  - Name of issuing association.
  - Name of international guaranteeing chain.

- Countries in which temporary admission (ATA Carnet) is valid.
- Names of the guaranteeing associations of all such countries.
- You can find Customs procedures for goods guaranteed by ATA Carnet at:
  - Dubai Cargo Village Customs Center.
  - Jebel Ali Customs Center.
  - Dubai International Airport Customs Center.
  - Al Maktoum International Airport Customs Center.
- The ATA Carnet, valid for one year from issue date, can be used for a number of times during its validity period (in case of transit/shipment to other countries).
- Release permission under ATA carnet provided without any service charge during normal business hours. However, a service charge of AED 100 (\$27) is levied for each ATA carnet processed out of normal business hours.

#### Containers

Containers for refilling liquidated gas like oxygen; bags made of weaving materials; ready-made boxes and pallets made of wood; glass/plastic/iron or steel containers, etc., are admitted temporarily subject to following checks and controls:

- Imported containers must be empty, ready for refilling and re-exportation.
- Meets health and safety provisions.

#### Temporary admission for finishing and re-exportation

Generally granted for six months renewable one year in total. Application for extension can be made 30 days prior to expiry with all relevant documents. However, such goods are subjected to following controls:

- Obtain a client code from Customs Authority for the client whose goods are imported.
- The importer must be licensed, and activities aligned with the nature of imported goods.

#### Heavy machinery for projects:

- Submit copy of governmental contract for one of the projects in favor of the UAE government and/or an investment project requiring use of such machinery.
- Temporary permission not for parts, including batteries, tires and consumables.

Granted temporary admission for a period of six months renewable for similar periods, not exceeding three years at the most, unless applied for an extension with relevant documents proving continuation of project 30 days prior to the expiry date.

#### Machinery and equipment for repair

- Provide evidence of completion of repair of machinery, equipment and devices upon re-exportation, including the nature of repair.

#### Settlement of temporary goods

- Re-export of goods outside UAE (subject to physical verification and tally).
- Deposit goods in free zones.
- Deposit goods in customs warehouses.
- Apply to Customs Authority for sale (local consumption), obtain approvals and pay customs duties. However, all other conditions and control measures will have to be met.

#### Goods under ATA Carnet

- May be re-exported through any of the four Customs Offices (irrespective of port of entry) in a single consignment or more.
- Submit ATA carnet to ensure its validity.
- Submit release permission of goods imported under ATA carnet.
- Provide for physical verification of goods as per ATA carnet.

#### Refunds

##### Re-export by Air/Sea/Land

- Re-export declaration giving details of exit of goods from UAE.
- Exit/entry certificate.
- Attested airway bill (for air) / bill of lading (by sea) / manifest copy (by land).

##### Re-export/deposit to free zone/Customs Warehouse

- Re-export/deposit declaration (admission) showing entry of goods.
- Exit/entry certificate.

#### Fines

A fine of AED 1,000 (\$272) for each week of delay (or fraction thereof) to a maximum of 20% of the value of goods will be levied for delay of re-exportation of goods beyond the date of expiry.

#### Goods under ATA Carnet

Goods imported under ATA carnet, but not re-exported are subject to customs duties and fines under following circumstances:

- Damaged.
- Distributed.
- Lost or stolen.
- Sold.

### **Prohibited and Restricted Imports**

There are certain goods that cannot be imported, exported, transited, or require permits from the competent authority. The restrictions and prohibitions of goods are determined in accordance with GCC Customs Tariff Codes. The classified goods under those customs tariff codes will require a permit while submitting the online Customs Declarations. The UAE has a very strict policy in dealing with import of banned items.

Below is a [list of some prohibited items](#):

- All kinds of narcotic drugs (taking into account the control of prohibited items in general and narcotic substances in particular, where certain prohibited goods may be imported or exported subject to producing approvals of the competent authorities).
- Goods of Israeli origin or bearing Israeli flags and emblems.
- Gambling tools, machineries and devices of all kinds.
- Nylon fishing nets.
- Live swine.
- Used, reconditioned and inlaid tires.
- Radiation and nuclear fallout contaminated substances.
- Items that contradict Islamic faith and public morals.

- E-cigarettes and electronic hookah.
- Paan and betel leaves.
- Any other goods or items, the importation of which is prohibited under the Common Customs Law or any other law or regulation applicable in the UAE.

The U.S. Embassy Office of Agricultural Affairs (OAA) annually publishes the Food and Agricultural Import Regulations and Standards (FAIRS) [report](#) for doing business in the GCC-4 (Kuwait, Oman, Qatar and UAE). The full 2019 report for the UAE. The report covers topics, such as food laws, labeling requirements, shelf-life, food additives regulations, packaging and import procedures, prohibited food imports.

Restricting authorities and respective good categories are listed in the table below as per the Dubai customs website:

Controlling Authorities	Goods Categories
Ministry of Climate Change & Environment	Live animals, plants, fertilizers and insecticides
Ministry of Defence / Armed Forces / Ministry of Interior	Ministry of Defence / Armed Forces / Ministry of Interior Arms, ammunitions, explosives, and fireworks
Ministry of Health & Prevention	Pharmaceutical products and Medical/ Surgical instruments and machines
National Media Council	Print materials, publications, and media products
Federal Authority for Nuclear Regulation	Nuclear energy-related products
Emirates Authority for Standardization and Metrology	New tires
Telecommunications Regulatory Authority	Transmitters and radio equipment
Dubai Police	Alcoholic beverages
Dubai Municipality	Foodstuffs, personal care and cosmetic products
UAE Kimberley Process office	Rough diamonds

## Resources

[Federal Customs Authority \(FCA\)](#)

[Customs Offices](#)

[Dubai Customs](#)

## Customs Regulations

There is distinct customs treatment for goods depending whether they are destined for Mainland Commercial Zones or Free Trade Zones.

- Goods destined for the UAE's mainland are subject to duty under the GCC's Common Customs Law while goods destined for Free Trade Zones are exempt from duty. The UAE has approximately forty-five [Free Trade Zones](#).
- Goods imported into Free Trade Zones are exempt from duties. Also, re-exports from UAE Free Trade Zones to third market destinations beyond the GCC Customs Zones are also exempted from any duty. However, when such goods are imported with the intention of re-exporting them as a whole or partially to another country, a deposit or guarantee equivalent to the applicable tariff amount on the goods is secured in lieu of customs duty. For this procedure, the Declaration Type "[Import for Re Export to Local from ROW](#)" needs to be cleared.
- Goods destined directly for Mainland or to a Free Trade Zone for sale in the UAE and/or re-exports to GCC Countries are subject to customs import tariffs as per [GCC Common Customs Law](#) and the [Federal Customs Authority](#). Accordingly, goods can be moved intra-GCC Customs Offices which allows passage of the foreign goods from one member state to another. A [Statistical Export Declaration](#) needs to be cleared from the exporting GCC country for inward movements of such goods and a copy of this declaration must be submitted to the Customs Office of the importing country carrying the "Makasa Stamp" (set-off mechanism) on the Declaration in order to avoid duplicate payment of customs duties at the destination country.

VAT: Effective January 1, 2018, the UAE started applying a 5% [Value Added Tax \(VAT\)](#). A business must [register for VAT](#) if its taxable supplies and imports exceed \$102,000 per annum. It is optional for businesses whose supplies and imports exceed \$51,000 per annum. Businesses not registered for VAT cannot charge VAT on their sales and cannot claim any tax-related fees incurred on their inputs.

Under a VAT system, a business pays the government the tax that it collects from its customers while receiving refunds from the government on tax that it has paid to its suppliers. Foreign businesses can recover the VAT they incur when visiting the UAE.

## Standards for Trade

### Overview

The UAE established the [Emirates Authority for Standardization and Metrology \(ESMA\)](#):

- As its sole national standardization body in 2001 under UAE Law No. 28/2001.
- On July 5, 2020, leaders of the UAE announced a major government reorganization, and ESMA was absorbed into a newly created Ministry of Industry & Advanced Technology.

Historically, ESMA's tasks have included:

- Develop, provide, and adopt national standards prepared by its technical committees at the request of the government, industry, and consumers.
- Ensure consumers safety and environmental protection through the implementation of UAE standards.
- Provide up-to-date information on standardization and relevant activities and stakeholders at the national, regional, and international levels.
- Run the [Emirates Conformity Assessment Scheme \(ECAS\)](#) which determines whether imports meet national or international standards for products.
- Run the [Emirates National Accreditation Scheme \(ENAS\)](#) which accredits conformity assessment bodies.
- Monitor the implementation of approved UAE standards.
- Grant the Emirates Quality Mark (EQM) to national products.
- Issue certificates of conformity.



Historically, individual companies have provided important feedback to ESMA as it develops and implements new standards. In general, standards developed by ESMA should reference existing international and regional standards, the latter defined as GCC/Gulf Standards Organization. Drafts are circulated to relevant bodies for comment and all technical regulations are approved by Cabinet decision for legal implementation.

ESMA is an active member in many international and regional authorities and organizations related to the fields of standardization, metrology, conformity and accreditation:

- Arab Industrial Development and Mining Organization (AIDMO).
- Codex Alimentarius Commission (Codex).
- International Electrotechnical Commission (IEC).
- International Halal Accreditation Forum (IHAF).
- International Laboratory Accreditation Cooperation (ILAC).
- International Organization for Legal Metrology (OIML).
- International Organization for Standardization (ISO).
- Standardization Organization for the Gulf Cooperation Council (GSO).
- World Trade Organization (WTO).

A Director General provides daily management for ESMA, who manages the:

- Organization.
- Information center.
- Technical office.
- Accreditation and technical committees.

The national and emirate level governments, regulatory bodies, and professional associations also review standards requirements. To promote transparency and industry and stakeholder input, ESMA established technical committees in the fields of:

- Food products.
- Construction and building materials.
- Electrical and electronic products.
- Chemical and plastic products.
- Mechanical products.
- Petroleum products and lubricants.
- Metrology.
- Information technology.

## Standards

Companies and industry organizations have engaged with ESMA on draft standards. ESMA has told U.S. government representatives that they would like to see even greater engagement by U.S. standards development organizations, and ESMA welcomed an ANSI-led trade mission of U.S. standards development organizations supported by the U.S. Department of Commerce in March 2019. U.S. standards development organizations have found it advantageous to build relationships with ESMA leadership and its technical committees to ensure their inputs are considered early in the standards drafting process.

Members of the WTO are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. American businesses can monitor these submissions via “Notify U.S.” ([www.nist.gov/notifyus](http://www.nist.gov/notifyus)) a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country or countries and industry sector(s) of interest and can also request full texts of regulations. This

service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

The U.S. government works to help ensure adopted standards in the UAE do not act as technical barriers of trade to U.S. products. In 2019, the U.S. did not engage in any formal WTO TBT cases with the UAE. The U.S. government has submitted comments to the UAE on draft regulations via the Inquiry Point and raised occasional questions about draft regulations at WTO TBT Committee meetings.

Industry concerns related to ESMA and standards in the UAE are reported in the U.S. Trade Representative's annual "[National Trade Estimate](#)".

#### Testing, Inspection and Certification

##### ESMA Organizational Structure

ESMA is headquartered in Abu Dhabi and maintains a branch office in Dubai. ESMA has historically had four major divisions/departments:

- Standards
- Accreditation
- Conformity
- Metrology

##### Conformity Assessment and Product Certification

ESMA's conformity assessment department is responsible for implementing UAE regulations according to product certification schemes defined in ISO 17067. Certificates of Conformity are issued for products that comply with regulations and national or GSO standards. Whenever these standards are not available, ESMA uses international or foreign standards suitable to the UAE.

In 2004, UAE introduced a mandatory regulatory program, the Emirates Conformity Assessment Scheme (ECAS), under which ESMA monitors industry compliance with UAE standards in order for goods to be sold in the country, both imported and domestic. Initially, ECAS only applied to items such as textiles and building materials. In June 2018, the UAE expanded the scope of ECAS to include agricultural products, such as dairy and juice products.

ECAS procedures and guidelines explain:

- The steps required for compliance.
- How certificates of conformity can be obtained.
- The requirements related to the self-declaration.
- Registration processes.

ESMA can provide details on the scope of products regulated under the ECAS and can be contacted for clarifications concerning regulated products by email: [customercare@esma.gov.ae](mailto:customercare@esma.gov.ae). Further information on ECAS can be found at [this link](#).

In October 2019, ESMA certified the Federal Authority for Nuclear Regulation (FANR) laboratory as a national laboratory at the federal level to maintain standards of radiation measurements.

##### Accreditation

To assess the conformity of products to relevant standards, the UAE relies on several Conformity Assessment Bodies (CABs), or independent bodies that are accredited to perform conformity assessments by ESMA's Accreditation Department. ESMA's Accreditation Department accredits CABs through the Emirates National Accreditation System ([ENAS](#)). Once ESMA determines that CABs can perform specific tasks described in an accreditation scope document

they are granted accreditation certifications to execute those tasks. Further information about ENAS is available [on their website](#). ESMA accredits:

- Testing and calibration labs.
- Inspection bodies.
- Product certification bodies.

Since February 2019, all medical laboratories operating in the UAE must adhere to mandatory regulations issued by ESMA. It is not yet clear if the global COVID-19 crisis may change this.

### **Laboratories**

ESMA supervises and manages the scheme in addition to monitoring the laboratories performance to support all the scheme's requirements. The approved laboratories are those:

- Accredited by national recognized organizations.
- Approved by the authority based on evaluating their capabilities.
- Accredited by the national accreditation body.
- Other laboratories nominated by the manufacturers.
- 

### **Labeling and Marking**

Labeling requirements in the UAE apply to all regulated products. Specific labeling requirements are stated in the regulation and/or the applicable standards:

- Warning labels on toys are required to be in Arabic or in Arabic and English.
- Cigarette packages require a special health warning in Arabic.
- Labeling requirements for energy efficiency for air conditioning units and appliances.

In 2019, ESMA began to concentrate efforts on new sectors and industries to match the wider government's drive for further economic diversification. Some of these new sectors include:

- Government services.
- Maintenance services.
- Health services.
- Delivery.
- Food security, including agricultural sustainability and hydroponics.
- Construction.
- Technology and smart systems.
- Supply of spare parts.

ESMA implements the [EQM](#), a certificate valid for three years that indicates conformity granted to products that comply with relevant UAE national standards, regional (GCC/GSO) and/or international standards and are manufactured under an effective Quality Management System. The EQM is mandatory for bottled drinking water.

### **Publication of Technical Regulations**

Interested companies can find a [list of regulated products](#) for reference. The national standards are numbered and published on the [official gazette](#) and can be downloaded from the [Standards Store](#).

### **Resources**

#### **Contact Information**

Following is the contact address of ESMA's head office and the various divisions within the organization:

**Emirates Authority for Standardization and Metrology (ESMA)**

Abu Dhabi

P.O. Box 2166, Abu Dhabi - UAE

Phone: +971 600-565554

Fax: +971 4 294 4428

Email: [customercare@esma.gov.ae](mailto:customercare@esma.gov.ae)

Dubai

P.O. Box 48666, Dubai - UAE

Phone: +971 600-565554

Fax: +971 4 294 4428

Email: [customercare@esma.gov.ae](mailto:customercare@esma.gov.ae)

**Emirates National Accreditation Department**

Abu Dhabi

[Old Airport Road Ministry of Climate Change & Environment Building](#), Abu Dhabi - UAE

Phone: +971 600-565554

Fax: +971 2 403 2772

Email: [customercare-enas@enas.gov.ae](mailto:customercare-enas@enas.gov.ae)

Dubai

[Sheikh Rashid Rd Business Avenue Building](#), Dubai - UAE

Phone: +971 600-565554

Fax: +971 4 294 4428

Email: [customercare-enas@enas.gov.ae](mailto:customercare-enas@enas.gov.ae)

Conformity Affairs Department

P.O. Box 48666, Dubai - UAE

Phone: +971 600-565554

Fax: +971 4 294 1898

Email: [conformity@esma.gov.ae](mailto:conformity@esma.gov.ae)

Metrology Department

P.O. Box 48666, Dubai - UAE

Phone: +971 600-565554

Fax: +971 4 294 4428

Email: [metrology@esma.gov.ae](mailto:metrology@esma.gov.ae)

Trade Shows and Exhibitions

[SIAL Middle East](#)

Date: September 8-10, 2020

Venue: Abu Dhabi National Exhibition Center

### [Gitex Technology](#)

Date: December 6-10, 2020

Venue: Dubai World Trade Centre

### [World Future Energy Summit \(WFES\)](#)

Date: January 18-20, 2021

Venue: Abu Dhabi National Exhibition Center

### [Gulf Food](#)

Date: February 21-25, 2021

Venue: Dubai World Trade Centre

### [The Big 5](#)

Date: September 12-15, 2021

Venue: Dubai World Trade Centre

## **Trade Agreements**

The United States signed a Trade and Investment Framework Agreement (TIFA) with the United Arab Emirates (UAE) in 2004 to provide a formal framework for dialogue on economic reform and trade liberalization. TIFAs promote the establishment of legal protection for investors, improvements in intellectual property rights protection, more transparent and efficient customs procedures, and greater transparency in government and commercial regulations. Through this process, the United States Government can identify potential partners for further trade cooperation, such as free trade agreements (FTA).

The United States began negotiating a Free Trade Agreement (FTA) with the UAE in March 2005. In early 2007, the United States and the UAE announced that they would not be able to complete FTA negotiations under the existing time frame for trade promotion authority, but that both sides remain committed to completing FTA negotiations later. No further FTA negotiations have taken place.

In 2012 the UAE, as a member of the Gulf Cooperation Council (GCC), became party to the U.S.-GCC Framework Agreement for Trade, Economic, Investment, and Technical Cooperation. In 2014, the UAE ratified this agreement via Federal Decree No. 86. Since 2012, the United States and the UAE have held several iterations of the U.S.-UAE Economic Policy Dialogue, which provides a platform to collaborate on economic issues and address irritants to the bilateral commercial relationship.

The UAE is party to several multilateral and bilateral trade agreements, including with partner countries in the GCC. As part of the GCC, the UAE has strong economic ties with Saudi Arabia, Kuwait, Bahrain and Oman, meaning the UAE shares a common market and a customs union with these nations. Under the Greater Arab Free Trade Area Agreement (GAFTA), the UAE has free trade access to Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, Jordan, Egypt, Iraq, Lebanon, Morocco, Tunisia, Palestine, Syria, Libya, and Yemen

According to the UAE Federal Customs Authority (FCA), the UAE has also signed agreements with the following countries: Islamic Republic of Pakistan (2006), Republic of Algeria (2007), Republic of Azerbaijan (2011), Republic of India (2012), Republic of Kazakhstan (2012), Republic of Argentina (2013), Republic of Armenia (2013), Republic of Maldives (2014), Republic of South Korea (2015), and the Kingdom of the Netherlands (2015). In June 2009 the GCC signed an FTA with the European Free Trade Area (EFTA) (Iceland, Liechtenstein, Norway, and Switzerland), which was implemented in July of 2015.

In addition, the UAE has signed free trade agreements with Singapore (through the GCCs agreement with the nation) and New Zealand, and has engaged in talks about the establishment of similar arrangements with the European Union,

Japan, Australia, South Korea, India, Brazil, China, Argentina, Pakistan, Paraguay, Turkey, and Uruguay. It has also entered into several agreements on the protection and promotion of investment and the prevention of double taxation.

The UAE is also signatory to the Information Technology Agreement (ITA) of the World Trade Organization (WTO), a treaty binding 78 countries (representing 97% of world trade in IT products) that seeks to eliminate tariffs on IT products. The numerous goods covered by the treaty are valued at over \$1.3 trillion per year. The Abu Dhabi government formed the Advisory Committee on Free Trade Agreements, whose goal is to lift trade restrictions between the Abu Dhabi Emirate and countries the UAE is negotiating a Free Trade Agreement with.

The UAE became a contracting party to the General Agreement on Tariffs and Trade in 1994, and subsequently became a member of the World Trade Organization in April of 1996.

#### Resources

- Agreements Between the Government of the United States of America and the Government of the United Arab Emirates Concerning the Development of Trade and Investment Relations
- [Agreements between UAE and Other Countries](#)
- [Free Trade Agreements of UAE](#)

### **Licensing Requirements for Professional Services**

All businesses require a license, and licensing procedures vary from one emirate to another. Specific information is available for each emirate through the following Chambers of Commerce and Industry or Departments of Economic Development websites. They are listed below in alphabetical order:

- Abu Dhabi Department of Economic Development
- [Abu Dhabi Chamber of Commerce and Industry](#)
- [Ajman Chamber of Commerce and Industry](#)
- [Dubai Department of Economic Development](#)
- [Fujairah Department of Economic Development](#)
- [Ras Al Khaimah Chamber of Commerce and Industry](#)
- [Ras Al Khaimah Department of Economic Development](#)
- [Sharjah Chamber of Commerce and Industry](#)
- [Sharjah Department of Economic Development](#)
- Umm Al Quwain Chamber of Commerce and Industry

## **Selling US Products and Services**

### **Distribution & Sales Channels**

#### Market Highlights

- The UAE has over Fortune 500 companies (including all of the top 10).
- The 30th largest economy in the world.
- Ranked 11th out of 183 countries in 2019 for the overall 'Ease of Doing Business'.
- The most attractive market in the region for retailers, a sector that is projected to grow at a compounded rate of 5.2% over the 2018-2023 period.
- Majority of the population (around 86%) lives in urban areas.
- Major retail groups in the UAE include: Lulu Group, Carrefour, Spinneys, etc.

#### Product Sales

In the UAE, companies have a variety of options to sell their products, from direct sales to e-Commerce. However, the most common way for foreign companies to market and sell in the UAE has been through local commercial partners on the ground who can actively promote their products. Such partners could be for the entire country (seven Emirates) or for a specified geographical territory.

#### eCommerce

eCommerce channels are growing rapidly in the UAE and opening the doors of opportunity to countless entrepreneurs. The UAE is the most advanced eCommerce market in the Middle East and North Africa (MENA) region. This is primarily due to widespread internet accessibility, mobile device proliferation, and social media as a sales channel. UAE consumers are increasingly shopping for day-to-day needs online, including clothing, household goods, and furniture. It is estimated that eCommerce transactions in the country will cross \$16 billion in 2020 and grow 23% on average annually to 2022, and over 95% of purchases are predicted to be made online by 2040.

#### New FDI Laws

Foreign company sales opportunities in the UAE are expected to be enhanced by the government's approval of 100% foreign ownership for 122 categories in the mainland under the Foreign Direct Investment (FDI) Law (Cabinet Resolution #16 of 2020). The list covers sectors including: information technology, warehousing, transport, education, construction, manufacturing, healthcare, hospitality, science and technology, art and entertainment, food services, agriculture, etc.

Under this law, examples of the minimum investment stipulated include: \$545,000 for manufacturing; \$817,000 for manufacturing of sports and toy industries; \$5.5 million for manufacturing activities of automobiles, metal and medical equipment; and \$27 million for healthcare.

### **Using an Agent or Distributor**

To sell in the UAE without opening an office or a subsidiary, many companies choose to appoint local agents or distributors (companies, groups, or individuals) who have the potential and resources to sell and distribute their products. That enables foreign companies to leverage domestic expertise and avoid some of the costs associated with establishing a physical presence in the UAE.

#### Local Agents

The UAE Commercial Agencies Law is regulated by Federal Law No. 18 of 1981 which stipulates that agents must be UAE nationals or companies incorporated in the UAE and owned by UAE nationals.

The agreement includes any arrangement whereby a foreign company is represented by an agent in the UAE to distribute, sell, offer, or provide goods or services in an Emirate, with a specified territory of distributorship and duration of the relationship. These arrangements are generally entered into specifying payment, sales commission, or profit structures.

The agreement may or may not be registered with the UAE Ministry of Economy (MoE). However, under registered MoE agreements, the agent can obtain various protections afforded to agents under the UAE Commercial Agencies Law, including terms covering:

- Exclusivity – exclusive right to import goods covered under agency agreement.
- Commission – Entitled to receive commission as agreed upon.
- Termination – Agreed mutually (amicably) or with UAE MoE approval.

Agency agreements recognized by UAE MoE are protected under the law.

#### Noteworthy points

- Commercial Agency agreements must be registered in the commercial agencies register maintained by the Ministry of Economy in the relevant emirate or, if for the entire UAE, with the Ministry of Economy in the federal capital, Abu Dhabi.
- In order to register an agreement, an agent must have a presence and be licensed to operate in each emirate in which it conducts business, because there is no blanket license for the entire UAE.
- Agreements must be signed before a notary public and must be written in Arabic only or in Arabic and English.
- The agreement can be exclusive with respect to a defined territory, which can be one Emirate, or several, or the entire UAE.

#### Dispute Resolutions

A foreign company cannot re-register the commercial agency in the name of another agent even if the previous agency was for a fixed term unless: (i) it is amicably terminated by the principal and the agent; (ii) termination or non-renewal is for justifiable reasons that are satisfactory to the Commercial Agencies Committee; or (iii) a final judicial judgment is issued ordering the cancellation of the agency.

UAE Federal Law No. 2 of 2010 prevents termination, or non-renewal, of commercial agencies unless the principal has a material reason to justify the termination or non-renewal and re-introduced the specialized Commercial Agencies Committee designed to deal with disputes relating to commercial agencies.

Under the current legislation, the Committee has full authority of investigation, including the ability to appoint experts and the ability to apportion the costs of a hearing between the parties. The Committee has 60 days from the receipt of a complaint to provide a verdict and share findings.

Parties can also appeal the decisions of the Committee before the UAE courts.

#### Local Distributors

UAE Distribution Agreements are governed by UAE Federal Law #18 of 1993, the Commercial Transactions Law. Such agreements may be implied or expressed (in writing), exclusive or non-exclusive, or non-specific in nature. They do not require a UAE national or a company fully owned by a UAE national to be their partner and such agreements do not have to be registered with the UAE's MoE. An international or local free zone company can be appointed a distributor.

Exclusive Distribution Agreements may be signed by foreign companies giving rights to local partners to sell their goods within a specified geographical area. Such agreements fall under the UAE Commercial Transactions Law.



On the other hand, within the UAE Commercial Agency framework, companies with exclusive agency rights may sign distributor contracts locally which are treated as contractual agencies.

Foreign companies can also appoint several distributors in the same area.

### **Establishing an Office**

Foreign companies can establish a formal presence in the UAE using different methods as listed below.

- Incorporating a Limited Liability Company (LLC).
- Establishing a branch office of a foreign company.
- Establishing a company or office in a free trade zone.
- Establishing a civil company.

#### **Incorporating a Limited Liability Company (LLC)**

A foreign company can conduct business through an LLC. This is a common method of operating a business in the UAE across all sectors. An LLC is required to have a UAE national as a shareholder with a minimum of 51% of the shares. Therefore, a foreign company can own up to a maximum of 49%. However, the UAE Foreign Direct Investment Law came into effect in 2018 that provides an increased level of foreign ownership for certain industries. In March 2020, the UAE Cabinet passed a resolution approving a list of activities comprising 122 economic activities across three broad sectors: services (52 activities), manufacturing (51 activities), and agriculture (19 activities) that are eligible for 100% ownership.

#### **Establishing a Branch Office of a Foreign Company**

Unlike the case with a local Limited Liability Company, a branch office can be established with 100% non-UAE national ownership and has the same legal identity as its parent company and conducts business under the name of its parent company. While each emirate has its own licensing rules for branch offices, this type of entity can carry out a variety of activities, as approved by the Department of Economic Development of the relevant emirate, although branches are more apt to be licensed for services rather than trading activities. Branch offices are regarded as fully-fledged businesses permitted to perform contracts or conduct other activities as specified in its license. The general characteristics of a branch office are as follows:

- Although the branch can be completely foreign owned, there is a requirement that a UAE national party be appointed to act as the branch's local service agent.
- The local service agent must be a UAE national or a company wholly owned by UAE nationals. The arrangement between the company wishing to set up a branch and the local service agent will be set out in an agency agreement prepared in Arabic and English and signed before a local notary public.
- A branch office does not have limited liability. Its exposure to liability extends generally to the company that established it.
- There are no minimum capital requirements for a branch, although the foreign company is required to provide a standard form bank guarantee from a local bank in the amount of AED 50,000 (\$13,600) and to provide details of its own capitalization and good standing, together with its two most recent sets of annual audited accounts.
- The branch must carry on business activities which its parent company is authorized to undertake, and which must be approved in advance by the relevant authorities. It is important to note that approval for the issuance of a license for a branch depends on the type of activity the branch is proposing to conduct.
- Free Zone companies have been permitted to set up branches in the UAE on essentially the same terms and under the same procedures that apply to foreign companies since 2011.
- The branch must be under the control of a manager, who need not be a UAE national. In the case of some free zones however, the manager may be required to be locally resident.

- A branch must obtain a certificate of registration from the UAE Ministry of Economy in the emirate in which it operates and a license from the Department of Economic Development of that emirate.
- Upon issuance of its license, the branch must register with the UAE Ministry of Labor and the UAE Department of Immigration to be able to sponsor its own employees or invitees. The branch may also open local bank accounts and post boxes.

A representative office is another option available to foreign companies. The function of a representative office is limited to promoting its parent company's activities. This means that a representative office is only permitted to perform such activities as gathering information, soliciting orders, and marketing projects to be performed by the company's head office. This type of office is also limited in the number of employees that it sponsors (usually three to four employees). As with branch offices, representative offices require the appointment of a service agent who is a UAE national and who provides the parent company with services such as obtaining permits and licenses. Also, like branch offices, representative offices are required to submit a bank guarantee as part of their registration process.

#### Establishing a Company or Office in a Free Trade Zone

Foreign companies can also establish a formal presence in one or more of the UAE's free zones. A free zone is an economic area created in one of the seven UAE emirates, established to be governed by rules and regulations that are generally different from those governing "onshore" UAE. More precisely, federal criminal law applies to the free zones while federal civil law (such as the Commercial Companies Law and the Commercial Transactions Law) applies only to the extent the free zone has not developed its own laws or regulations on the matter. In many respects, the free zones are almost like foreign countries, territorially located within the UAE.

Free zones allow for up to 100% foreign ownership and may be subject to reduced or different trade barriers, tariffs, and quotas. Free zone companies may only operate within the boundaries of the free zone in which they are formed and licensed or outside the UAE and are limited to performing solely those activities listed in their license(s). Generally, free zones are designated by the government to cover a specific commercial sector. Different types of licenses that can be issued in a free zone include: General Trading License, Trading License, Industrial License, Service License, and National Industrial License. A non-comprehensive list of UAE free trade zones is provided at the end of this section.

The UAE also has specialized economic zones, such as those established by ZonesCorp in Abu Dhabi, which offer investment incentives such as certain reductions on infrastructure costs, administrative support, simplified approvals processes, and residential cities for workers. Companies situated in specialized economic zones are subject to the requirements of the UAE Commercial Companies Law, including the requirement for 51% UAE ownership.

Following the introduction of the Regulations for Jebel Ali Free Zone (JAFZA) Offshore Companies in 2003, foreign companies can establish JAFZA offshore companies, with benefits similar to other international offshore jurisdictions. Ras Al Khaimah has allowed the establishment of offshore companies since 2006.

UAE free zones include:

#### Abu Dhabi

- Abu Dhabi Global Market (ADGM)
- Twofour54 Media Free Zone
- Masdar City Free Zone
- Abu Dhabi Airport Free Zone
- Khalifa Port and Industrial Zone (KIZAD)

#### Dubai

- Jebel Ali Free Zone (JAFZ)
- Dubai Airport Free Zone (DAFZ)

- Dubai Internet City (DIC)
- Dubai Media City (DMC)
- Dubai Gold and Diamond Park (DGDP)
- Dubai Cars & Automotive Zone
- Dubai Health Care City (DHCC)
- Dubai International Financial Centre (DIFC)
- Dubai Maritime City
- Dubai Logistics City
- Dubai Knowledge Village
- Dubai Outsource Zone (DOZ)
- Dubai Techno Park (DTP)
- Dubai Silicon Oasis Authority (DSOA)
- Dubai Studio City (DSC)
- Dubai Textile City (DTC)
- Dubai Flower Centre (DFC)
- Dubai Carpet Free Zone
- Jumeirah Lakes Towers Free Zone (JLT)

#### Sharjah

- Sharjah Airport Free Zone (SAIF Zone)
- Hamriyah Free Zone (HFZ)

#### Ras Al Khaimah

- Ras Al Khaimah Free Trade Zone (RAKFTZ)
- Ras Al Khaimah Media Free Zone
- Ras Al Khaimah Investment Authority (RAKIA)
- RAK Maritime City

#### Fujairah

- Fujairah Free Zone (FFZ)
- Fujairah Creative City

#### Ajman

- Ajman Free Zone (AFZ)

#### Umm Al Quwain

- Ahmed Bin Rashid Free Zone

#### Establishing a Civil Company

In the case of professional bodies, it may be possible depending upon the circumstances and location of the business, to establish a formal presence in the UAE through the establishment of a “civil company” under the provisions of Federal Law No. 5 of 1985, as amended (the Civil Code). These entities are establishments which are sole traders operating under a license. Civil companies are usually not intended to trade (e.g., engage in the purchase and sale of goods, contracting, transport, banking and finance, and other similar transactions) and are in practice used only by certain professions. Civil companies are not companies in the traditional commercial sense since they do not have limited liability – liability for their operation devolves to the individual constituent professional members.

## Franchising

Franchise brands expanded in the UAE across a variety of sectors in recent years, including restaurants, food and beverage, fashion retail, convenience stores, beauty, healthcare, education. A combination of factors has spurred this growth, including: low-tax environment, world-class infrastructure, improved intellectual property legislation, UAE government efforts to diversify the economy, a growing population with a sizeable proportion of expatriates, changing consumption patterns, increasing penetration of international franchise and retail players, a large number of high net-worth individuals with a propensity for leisure and consumer spending, an increasing number of business and leisure visitors, and the country's positioning as a popular shopping destination.

COVID-19 is having significant implications on retail franchising. The UAE closed hotel facilities, shopping malls, dine-in facilities at restaurants, and sport facilities from March until June or July 2020 depending on the Emirate's specific policies in place. Governments in many of the Emirates (and some of the UAE free zones) implemented policies to support businesses, such as halting rental property evictions and granting concessions in terms of visa fees and municipality fees. Some of the larger institutional landlords established rent "relief funds" to support retailers within their shopping malls.

Lower oil prices and geopolitical tensions also triggered an economic slowdown in the region impacting the franchising sector. Franchisors tended to take a more conservative approach to the market. As an example, luxury department stores Macy's and Bloomingdale's decided to pull out of Al Maryah's Central Mall. The Macy's store – scheduled to be spread across four floors – was going to be the brand's first store outside the United States. The Bloomingdale's store was also expected to be bigger than the one on [Dubai Mall](#).

In addition, Dubai Entertainments PJSC indicated in February 2019 that the Six Flags theme park in Dubai had been put on hold as the financing for the project was [no longer available](#).

The Abu Dhabi Chamber of Commerce and Industry established Emirates Development in 2017 in a bid to boost franchising and also offer franchisors the opportunity to look at new promising sectors beyond the traditional food and beverage sector (i.e. healthcare, banking, household equipment, pet services, play care, etc.). The Abu Dhabi Chamber periodically hosts free-of-charge awareness workshops for franchisees and Emiratis looking to invest in international franchises.

Previously, the government only permitted UAE nationals or corporations wholly owned by UAE nationals or those with a UAE partner or sponsor to carry out operations. With hopes of attracting additional investors, the government is now permitting investors to establish their own businesses in the Emirates, without the need to have an Emirati partner or sponsor. However, the UAE government has published a list of company types that are not allowed to form under a 100% foreign ownership. This includes companies in the domains of: oil exploration and production, investigation, security, military, banking and financing, insurance, medical retail, pharmacies, pilgrimage and umrah services, certain recruitment activities, water and electricity provision, fishing and related services, post, telecommunication and other audio-visual services, road and air transport, printing, and publishing.

In addition to those changes, each of the UAE's seven emirates have different regulations regarding franchising and establishing a business. For example, Ajman has its own free trade zone, low electricity and leasing prices, and allows 100% foreign ownership of a business. Sometimes foreign companies explore options to launch in other emirates as a first step to take advantage of such benefits.

Aside from the key provisions that are normally incorporated into franchising agreements, companies should pay particular attention to the period, area specification, third-party transfer rule, dispute resolution mechanisms, and termination mechanisms. Companies should ensure agreements adequately protect intellectual property rights (IPR). In addition, companies must be sure to understand and pay special attention to Islamic dietary laws (halal meat/cosmetic products, prohibition of pork and alcohol content, etc.) as well as local dress and customs. Finally, companies must be aware of relevant trade barriers, such as the Arab League boycott of Israel which bans any goods

originating from Israel. A partner could potentially also request the company to sign a declaration that it has not and will not trade with Israel - however Section 999 of the U.S. Internal Revenue Code makes it unlawful for American companies to comply with such agreements.

Regarding protection of trademarks and other IP, it is recommended that companies register all trademarks with the Ministry of Economy in advance of entering the UAE market. Registration will provide first-to-file priority, establish registered user rights, and ensure that franchisees are preempted from registering the trademark in their own name. For more information about trademark registration, visit the websites of the governments of Abu Dhabi and [Dubai](#).

The UAE has no laws specifically governing franchising. As a result, general contract and commercial law are applicable to franchise agreements in the UAE. In addition, Sharia law applies to commercial transactions. All franchise agreements must be registered before a UAE court.

There are multiple laws which can apply to franchising relationships including the following:

- Federal Decree-Law No. (19) of 2018.
- Federal Law No. 18 of 1981 commercial agency law.
- Agencies (as amended by Law No. 14 of 1998) and Law No. 13 of 2006.
- Federal Law No. 5 of 1985 on Civil Transactions.
- Federal Law No. 18 of 1993 on Commercial Transactions.
- UAE intellectual property laws for trademarks, copyright and patents.
- Labor laws.
- Local Municipality rules in relation to names and signage.
- UAE general principles dealing with restraint of trade and assignment of the franchise back to the franchisor in the event of default.

For the Agency Law to apply, the following must be considered:

- The agent must be a UAE national or a company wholly owned by UAE nationals.
- The relationship must be exclusive.
- The relationship between the agent and principal must be registered with the UAE Ministry of Economy.

Helpful Tips for New-to-Market Franchisors:

- Conduct thorough due diligence to select the proper franchisee.
- Understand the UAE Commercial Agencies Law and other relevant laws.
- Consult with a local legal franchise expert.
- Carefully draft the franchise contract and operations manual for the franchisee specifying the manner in which the franchise is to be operated.
- Ensure the franchise agreement is prepared by a legal franchise expert, explicitly spells out the terms and operations of the franchise, and clearly states the rights and duties of the franchisor as well as the franchisee.
- Take steps to protect IP by registering it with the Ministry of Economy, including logos, trademarks, and business processes.

## Resources

Trade Shows

International Franchise Exhibition (IFE)

Date: October 2021

Venue: Abu Dhabi National Exhibition Center (ADNEC)

## [The Global Franchise Market \(TGFM\)](#)

Date: March 9-10, 2021

Venue: Dubai International Convention and Exhibition Center

## [Franchise Souq](#)

A leading online marketplace for franchisors aiming to promote brands to prospective franchisees.

### **Direct Marketing**

Direct selling in the UAE has existed for many years as a traditional model, catering to remote and desert areas, where water and other necessary items were directly supplied to consumers. In recent years, the financial sector and insurance companies have seen a boom in direct marketing for their services. The one-on-one contact sales sector has grown exponentially since the 2008 financial crisis, especially with stay-at-home mothers entering the direct selling workforce.

In prior years, direct marketing in the UAE largely occurred through one-on-one engagements and other personal contact arrangements. However, with the rapid adoption of the internet and mobile technologies in the UAE, computer-aided retailing and home-shopping have become increasingly popular. Also, with increased push for multimarket models, direct marketing companies are slowly seeing increased group engagements and “peer/buddy support”. A recent trend is that many companies, specifically in the consumer goods sector, have opted to market their products online by placing advertisements on social media platforms like Facebook, Instagram, Twitter, and YouTube reaching approximately 8.4 million social media users, which represents 96% of the total population in the UAE.

In order to cater to the many shoppers who prefer online shopping, major UAE retail groups such as, Carrefour, IKEA, Landmark, Lulu, and Sharaf DG have strengthened their connections with targeted consumers via direct marketing, using mobile messaging, promotional emails, interactive consumer websites, and online advertising for increased consumer awareness and retention.

The Department of Economic Development (DED) consented to the formation of the Direct Selling Association in UAE (DSA), an official member of the World Federation of Direct Selling Associations, in order to promote transparency and to regulate the sector. The Direct Selling Association represents 14 direct selling companies operating in the region.

Foreign companies are expected to conduct direct transactions only with importers and agents who are already established in the UAE market. Direct marketing by international companies is not encouraged by the UAE government even though many companies tend to lure UAE consumers through direct marketing from overseas. Such activities are not common and are mostly restricted to well reputed brands from verified sources. It is worth mentioning that such activities may be subject to UAE import levies and customs regulations. Also, in many cases, products imported from non-verified outside sources have resulted in unscrupulous suppliers with little or no control over product quality and uncertain service warranties.

### **Joint Ventures and Licensing**

A Joint Venture (JV) is a popular choice for foreign companies wanting to enter the UAE market or develop their existing operation beyond an agency or distribution arrangement. The JV agreement or contract of establishment regulates the obligations and respective entitlements of each of the JV partners. JVs are very common where it is impossible for a single contracting entity to execute the project alone, such as large projects where a local contractor and international contractor partner. JVs are one of the options available for foreign defense companies to fulfill their offset obligations. A JV is commonly formed either contractually or through the formation of a limited liability company under Federal Law No. 2 of 2015, the Commercial Companies Law.

Under the Commercial Companies Law foreigners cannot own more than 49% of a limited liability in the UAE outside any of the various free zones, unless the activity is listed on the UAE-approved positive list. A JV does not need a license. However, if a limited liability company is used to affect the JV, it may require licensing. Similarly, there is no need to publish the underlying JV agreement. The foreign partner deals with third parties under the name of the local partner who, unless the agreement is publicized, bears all liability. In practice, JVs are a suitable structure for companies working together on specific projects.

Choosing the right JV partners is key to the venture's ultimate success. The structures available to establish a JV in the UAE in which foreign equity participation is permitted are: public and private joint stock companies (JSC), a limited liability company (LLC), a limited partnership company (LPC), a share partnership company (SPC), and a joint venture company (JVC – also known as a contractual venture or consortium company).

The main considerations when choosing the structure of a JV entity, apart from tax considerations, are the designation of liability, management and governance structure, requirements for formation, and the distribution of profits and losses. The structure of the JV entity may restrict the positions foreign nationals can hold. In a JSC, the chairman, the vice chairman, and most of the board of directors must be UAE nationals. In the case of an SPC or an LPC, all general partners must be UAE nationals.

The chosen structure also impacts the required time to set up the JV entity. For an LLC, the registration and incorporation process will determine the time required for formation. In particular, the LLC must obtain approvals issued by other UAE government authorities depending on the activity of the LLC, and if one of the partners is a foreign entity, certain documents must be attested, legalized, and translated into Arabic. The registration and incorporation process is twofold for an LLC: a submission of documents to receive initial approval, followed by a subsequent submission of documents to receive final approval.

When contracting with a partner to form a JV, it is important to understand that unless the existence of the JV is disclosed, the only legal recourse that a foreign enterprise may have is against the partner with whom they have had dealings. The partner who actively conducts the business enters its name into the Commercial Register to obtain a trade license and is liable to the third party. If the existence of the JV is disclosed to the third party, the non-active partners also become liable, in which case the partnership is deemed a general partnership.

Licensing of manufacturing processes is also a growing market, especially considering the UAE's desire to increase the quality and diversity of local manufacturing. The total market for industrial licenses remains relatively small due to the limited manufacturing done in the UAE where industrial zones such as Jebel Ali and Khalifa Industrial Zone Abu Dhabi (KIZAD) hope to attract manufacturers by offering a range of incentives from free-zone status to the ability to use foreign nationals for 100% of their workforce, as well as some of the region's cheapest utility costs.

Recently the UAE approved a positive list setting out the economic sectors in which more than 49% ownership will be permitted. The positive list includes 122 economic activities across 13 sectors.

### **Express Delivery**

Express delivery shipping rates from the United States to the UAE depend on a few factors:

- Package weight.
- Delivery options (overnight, urgent, etc.).
- Carrier (FedEx, UPS, USPS, DHL, etc.).
- Package content (some restricted or regulated items may require additional paperwork to clear customs).
- Delivery address.

Packages can be delivered to the UAE in as little as 2-4 business days. Before shipment from the United States to the UAE, the shipper must confirm the products are [legally allowed to be transported](#). Additional information can be found at the [Government of Dubai's customs website](#) or the [UAE's Federal Customs Authority website](#).

The Federal Customs Authority implements customs policies, executes customs related laws and legislation, and represents the UAE in and out of the country. Local customs departments do the executive work and draw the customs policies for each Emirate in compliance with the Common Customs Law. Customs clearance is conducted by the Customs Authority in the individual Emirate where the package is received.

### **Due Diligence**

Before signing any commercial agreements or commencing business activities in the UAE, U.S. companies should conduct in-depth research and due diligence. U.S. companies should seek competent professional legal advice on how to structure any agreement document. Depending on the agreement, the contract should specify such items as the performance measures for the local agent, the length of the contract, and listing of projects and other detailed matters covered by the contract.

The U.S. Commercial Service in the UAE can assist companies with performing due diligence through its International Company Profile (ICP) service, which comes in two forms; partial and full. The ICP helps U.S. companies evaluate potential business partners by offering a detailed report on UAE companies. A full ICP provides the most in-depth information related to a local entity's ownership and management structure, business activities, foreign companies represented, reputation in the local market, and a specialist's opinion on the relative strength of a local firm and its reliability.

### **eCommerce**

The UAE is the eCommerce leader among Gulf Cooperation Council (GCC) states and grew by 50% in 2018 and the market is forecast to be worth \$27.1 billion by 2022. The UAE Ministry of Economy (MoE) estimates that e-commerce constitutes 10% of total sales in the UAE, and that 90% of the UAE population has internet or mobile phone access, which has played an active role in enabling the growth of eCommerce in the region.

Amazon.com acquired Souq.com, the largest domestic online merchant, giving the global operator a large share of sales in the UAE. Traditional store-based retailers are rising to the eCommerce challenge by improving the online shopping experience for their customers. The product categories that produce the most revenue in online sales in the region are consumer electronics, computers, fashion accessories, women's apparel, cosmetics and perfumes. The most important factors for online shoppers in the UAE were price, customer service, and ease of use. Other major in-country purchases include travel related expenses for cabs, airline tickets, and hotels. Mohamed Alabbar, Chairman of Emaar, launched Noon.com in 2017 as a regional competitor to Amazon. In 2018, Noon announced its partnership with eBay to bring U.S. products to the region.

According to Forbes Middle East, online sales in the Middle East account for only 2% of overall retail sales, showing the huge untapped potential for eCommerce players. Traditional brick-and-mortar retailers are now focusing on providing their customers with an additional online retail platform to augment their revenues. For instance, Carrefour and Lulu Group, two of the largest retailers in the Middle East, launched online shopping portals in the UAE.

Growth in eCommerce is also being driven by increased trust in online commerce. E-government services are migrating to online platforms, where they are integrated with online payment platforms to provide citizens and residents faster and more effective public services. This includes services such as utility billing, traffic services, licensing, visa issuance, etc. The Dubai Free Zones Council (DFZC) announced new eCommerce regulations for free zones that will enable greater foreign direct investment (FDI) in the eCommerce sector in Dubai. DFZC's initiative will primarily focus on encouraging the adoption of eCommerce in cooperation with Dubai authorities. Joint teams



and workshops will support adoption and generate proposals. It will also examine mechanisms for adopting blockchain technology to enhance transparency and speed up the completion and automation of procedures.

Retailers realize that language and localization are extremely important factors to be considered when entering the UAE e-commerce market. Luxury brands have launched Arabic language sites to attract local customers who have avoided e-shopping due to language barriers. Many online shoppers in the Middle East now use cross-border eCommerce shopping. Online shoppers in the UAE made 58% of their online purchases from overseas vendors due to the gateway security, along with reliable and free shipping methods. Products and brand reviews on social media platforms influence e-shopping behavior. E-commerce players can leverage social media to increase sales.

Although eCommerce in the Middle East is potentially highly lucrative, in part because of the region's young and tech-savvy population, there are barriers that remain in the UAE's eCommerce market. These include the prevalence of cash on delivery over other electronic payment methods, consumer wariness of the safety of e-commerce system, security concerns, inadequate logistics, a lack of a unified address system which creates challenges for last-mile delivery, and the inability to touch and test products before purchasing them.

The [Telecommunications Regulatory Authority \(TRA\)](#) is the primary regulatory body responsible for regulating electronic transactions and commerce in the UAE.

In addition, Intellectual Property Rights and ownership are key considerations for the eCommerce market. Please contact our Intellectual Property Rights Attaché ([Peter.Mehravari@trade.gov](mailto:Peter.Mehravari@trade.gov)) for IPR information.

## **Selling Factors and Techniques**

Even with increasing social media, direct marketing, and online shopping, the commercial tradition of the UAE is that of the middleman or trader acting as a conduit for goods from large manufacturers to consumers largely in South Asia, the Gulf, and East Africa. The UAE still serves those traditional markets along with those of North, South, West, and Central Africa, and the rest of the Middle East. However, the COVID-19 pandemic brought changes to the prevailing selling practices and increased the number of emerging channels for sales and distribution such as online retail, delivery services, and take-away services.

Culturally, the UAE is relatively less conservative than some other Gulf States. English is widely spoken but sensitivity to local traditions and Islamic beliefs remains essential. The use of Arabic in packaging and advertising is both desirable and effective (and sometimes mandatory) in marketing consumer goods.

The UAE business style emphasizes personal relationships and integrity, though there continues to be growing emphasis on quality, after-sales service, maintenance requirements, and cost. Because the personal relationships emblematic of the UAE business environment take time to nurture, U.S. firms are advised to invest time in the market with a local presence or, at the very least, frequently make contacts and visits. Face-to-face contact and participating in local trade events is essential.

U.S. products and services have an excellent reputation for advanced technology, quality, and durability. However, American companies face tough competition from European and Asian companies in the UAE that generally have a larger presence in the region and offer lower prices. For many products, providing after-sales maintenance services is essential, and in such cases U.S. companies should consider establishing a presence in the UAE or appointing a trained service agent. U.S. firms should seek a local sponsor, agent, or partner with sufficient access and influence in relevant business circles.

For U.S. firms selling to traders, the dominant business model in the UAE, there is no substitute for being price competitive, and even more so since COVID-19 and the recent fall in oil prices. Government procurement also places

heavy emphasis on selection of the low bidder and bidders with a presence in the UAE market, as long as the lowest price bidder is compliant with all technical and vending specifications.

As mentioned in previous sections, companies continue to report an increasing number of business disputes. Those include but are not limited to unclear tenders, challenges with in-country value, as well as slow or non-payment issues. While the payment process has never been streamlined with the UAE government, there has been a reported overall lack of responsiveness to queries surrounding payments.

### **Trade Promotion and Advertising**

The UAE, and Dubai in particular, serves as the commercial center for the region. From late September through May, the UAE hosts many well-attended trade exhibitions and conferences. These trade events attract an impressive number of exhibitors from the region and around the world, providing all international firms the opportunity to research the local market and evaluate the potential of their products or services before making a business decision.

Advertising plays a significant role in sales promotion. About 40% of the UAE's population is native Arabic speaking, and Arabic serves as the official language of the nation. However, given the diverse population of the UAE and the large number of non-Arabic speaking residents, English serves as the *business language* of the UAE. Although the language of business is English, Arabic is the official language and is required for all governmental documentation. In addition, combined English and Arabic usage is common on signage and for many publications. English-only promotional literature is acceptable, but those that are in both English and Arabic have a decided edge. Arabic speakers in key decision-making positions appreciate the extra effort and sensitivity to their culture that bilingual publications imply. Arabic labeling for consumer products, especially foodstuffs, is an important requirement and an advantage in competitive marketing. Moreover, all foods and products claiming to be halal (often a prerequisite when selling to the 76% of Muslims making up the UAE) must bear the Halal National Mark and have certification to be sold.

There are several Arabic and English language daily newspapers and weekly and monthly magazines that are effective for consumer market promotion. Third-country language publications are also available. Below is a list of English and Arabic newspapers in the UAE. The mostly widely circulated English-Arabic newspapers are *Gulf News*, *the National*, and *Khaleej Times*. The Emirates News Agency ([WAM](#)) is the official news agency of the UAE. It provides daily news coverage of official and other events throughout the country. It is also a reference for UAE news for all mass media.

English Publications	Arabic Publications
7 Days (Dubai)	Akhbar Al Arab (Abu Dhabi)
Emirates Business 24/7 (Dubai)	Al Arabia (Dubai)
Gulf in the Media (Dubai)	Al Bayan (Dubai)
Gulf News (Dubai)	Al-Ittihad (Abu Dhabi)
Khaleej Times (Dubai)	Al-Khaleej (Sharjah)
The Gulf Today (Dubai)	CNBC Arabia (Dubai)
The National (Abu Dhabi)	Emarat Al Youm (Dubai)
XPRESS (Dubai)	WAM (Emirates News Agency)

By law, the National Media Council, which is appointed by the President, licenses all publications and issues press credentials to editors. Laws also govern press content and proscribed subjects. The National Media Council reviews and censors all imported media for content. This includes establishments in free zones such as Dubai Media City (DMC), twofour54 in Abu Dhabi, and RAK Media City in Ras Al Khaimah. These free zones are intended to attract media and marketing services, business and information services, news media, multimedia and internet, broadcasters, music companies, and production firms. In addition to tax benefits, companies operating in these free zones have been guaranteed that the government will not censor their news and information content, provided certain relatively liberal guidelines of taste and propriety are met. The content should not criticize leadership in the region, disparage religion, foment religious or ethnic hatred, or invade a person's privacy. U.S. firms are strongly urged to consider cultural sensitivities in all promotional activities. Online advertising is increasingly prevalent throughout the nation and serves as the second-largest advertising medium in terms of revenue after newspapers. Social media has played a significant role in online advertising. UAE residents spend an estimated 3 hours and 11 minutes a day on social media, the highest average in the MENA region and 6<sup>th</sup> highest globally. This is largely due to the UAE's significant 173% mobile penetration rate, which is the largest globally. Radio and television broadcasts are primarily in Arabic, English, Hindi, and Urdu and can also be considered as a medium for advertising.

## Resources

### Key Websites

[Digital dilemma: the future on advertising - Arabianbusiness](#)

[Revealed: How much time UAE residents spend on social media](#)

[UAE Leads the World in Mobile Penetration Rate](#)

[Middle East: United Arab Emirates — The World Factbook - Central Intelligence Agency](#)

[Global Shea Alliance](#)

## Pricing

For consumer goods, price is the main consideration for middle and lower-income groups in the UAE. These market segments are served through small shops (referred to as "B-Category" stores) in traditional souks or markets, also known as baqalas. Retailers in this category operate under relatively lower margins and rely on fast-selling brands. The UAE Government has promulgated consumer protection laws to monitor the prices of consumer goods, advocate for healthy competition, and fight monopoly and commercial fraudulence in this sector.

At the other end of the spectrum are the segments of the society with high purchasing power, made up of largely of UAE nationals, white collar workers, businesspeople, and tourists. For this group, pricing is not always the primary buying factor and such retail outlets generally retain a high margin. These segments are serviced through Western-style malls and specialty shops (referred to as "Modern Trade Outlets").

The UAE is home to some of the largest malls in the world, providing air-conditioned comforts in a harsh climate include dining and entertainment as well as shopping establishments. U.S. exporters must be ready to use pricing aggressively to encourage market acceptance of their products while keeping in mind various pricing factors, namely, listing fees (applicable per SKU's), annual rebate (percent), non-return Fee (percent), and annual promotional commitment (\$ or percent), etc.

Once products are listed and depending on product categories, local agents frequently have to negotiate space charges and need to appoint merchandisers for maintaining shelf space in stores and to ensure product facing. U.S. companies entering the market must be mindful of such costs, which may add approximately 25% to product costs, depending on turnover volume. The retail chain would then add another 20-25% profit margin to recover their costs.

The 5% VAT has been in effect since 2018 on most categories of goods with limited exceptions including basic food items, healthcare, and education. While there is no VAT on exports in the UAE, there is a 5% VAT on imports and domestic supplies with some exemptions.

As a stable economy with minimal inflation, fluctuation of prices are generally not accepted by major retail stores unless substantiated with valid rationale. Even with circumstantial evidence for price increases, retail chains often insist on verification that such changes have been incorporated by their competitors before accepting any change.

American companies may leverage UAE consumer perception of higher quality and higher transport costs for products from the United States., enabling pricing relatively higher than Indian, Chinese, Korean, and Japanese suppliers (which are competing against each other in this market). European companies are known to offer quality products as well and are tough competitors when the Euro currency is relatively low. The strength of the Euro versus the Dollar (though in decline), and the peg of the AED to the Dollar (\$1 = AED 3.67), which offers pricing and exchange consistency for buyers, currently favors U.S. products and services.

### **Sales, Service, and Customer Support**

Doing business in the UAE is increasingly competitive, which may present a variety of challenges. Given increased competition and availability of quality products, providing need-based customer support and after sales service is of paramount importance. Having satisfied consumers who keep returning and recommending others is critical to business success.

#### **Key Factors**

- Product availability and display. Companies selling through supermarkets and hypermarkets must be prepared to engage merchandisers to ensure prominent shelving displays and to optimize inventory reordering.
- Appointed local UAE agents must be willing to undertake annual category management planning with retailers and participate in their national promotions and campaigns for greater product awareness and visibility.
- Training of agent staff to ensure timely after-sales service is also of prime importance.

The principle of ‘consumer sovereignty’ is applicable in the UAE.

According to the [Consumer Protection Law](#), UAE consumers are granted the following rights:

- Right to Safety: to be protected from products, production processes, and services that may cause harm to health and safety.
- Right to Know: to know accurate information concerning the goods and services (ex: origin of products, expiry date, ingredients of food items, etc.).
- Right to Choose: to have multiple options of items and services at competitive prices and quality.
- Right to Representation: to express opinions to develop the goods, services, prices, and availability.
- Right to Be Informed: to acquire knowledge and skill and awareness of consumer rights and responsibilities through continuous awareness programs.

In 2019, the UAE Cabinet approved a consumer protection law to align with the Unified Law on Consumer Protection of the Gulf Cooperation Council Countries (GCC). The new law aims to:

- Guarantee the protection of consumers and stability of prices.

- Ensure the delivery of goods and services according to production and distribution patterns tailored to the consumers' needs.
- Limit practices that may have a negative impact on consumers and control increase in prices.
- Encourage sustainable consumption.
- Provide adequate protection to consumers in the area of eCommerce.
- Regulate the work of suppliers, advertisers, and commercial agents regarding consumer protection.
- Provide the necessary conditions for creating a free market where consumers are granted the right to choose freely with fair prices.
- Encourage the creation of a code of ethics for producers and distributors of goods and services.

Consequently, companies wanting to do business in the UAE are advised to:

- Avoid misleading advertising and provide consumers accurate information. Establish clear policies regarding refunds, replacement, warranties for defective or damaged products and incomplete services.
- Display prices clearly in UAE currency (AED) for goods and services in Arabic in addition to any other language.
- Label the product condition visibly and clearly for sellers of used or repaired goods.
- Offer products with valid guarantees and warranties.
- Guarantee service quality for a period of time. If services are not carried out with due care, the service must be provided again for free or refunded.
- Ensure that employees knowledge is sufficient for the range of products and services offered.

The current business environment thus favors foreign companies that deal with local distributors with adequate parts inventory, regular maintenance capabilities. and after sale care.

### **Local Professional Services**

List of vetted [professional service providers](#), from our Business Service Provider program, including:

- [Accounting, Auditing and Tax Services](#) (1)
- [Advertising](#) (1)
- [Building and Construction Services](#) (1)
- [Business Administration Services](#) (2)
- [Business Associations](#) (1)
- [Business Consulting](#) (4)
- [Business Development](#) (2)
- [Car Services and Rentals](#) (1)
- [Distributors, Sales Agents and Importers](#) (1)
- [Engineering Services](#) (1)
- [Entertainment Services](#) (1)
- [Event Management, Conference Equipment and Facilitation](#) (4)
- [Export Management](#) (1)
- [Hospitals, Clinics and Health Services](#) (1)
- [Hotels and Meeting Facilities](#) (5)
- [Human Resources](#) (1)
- [Legal Services](#) (6)
- [Market Research](#) (2)
- [Marketing, Public Relations and Sales](#) (1)
- [Office Furniture](#) (1)
- [Other Business Services](#) (1)
- [Real Estate Services](#) (1)

- [Regional Economic Development](#) (1)
- [Relocation services](#) (1)
- [Restaurants and Catering](#) (1)
- [Security and Personal Safety](#) (1)
- [Telecommunications](#) (1)
- [Trade Show and Exhibition Services](#) (2)
- [Vetting/Due Diligence](#) (2)

### **Principal Business Associations**

#### [Abu Dhabi Chamber](#)

P.O. Box 662, Abu Dhabi, UAE  
 Tel: +971-2-621-4000, Fax: +971-2-621-5867  
 Email: [contact.us@adcci.gov.ae](mailto:contact.us@adcci.gov.ae)

#### American Chamber of Commerce Abu Dhabi (AmCham Abu Dhabi)

P.O. Box 43710, Abu Dhabi, UAE  
 Tel: +971-2-631-3604, Fax: +971-2-633-0489  
 Email: [director@amchamabudhabi.org](mailto:director@amchamabudhabi.org)

#### American Chamber of Commerce Dubai (AmCham Dubai)

P.O. Box 74648, Dubai, UAE  
 Tel: +971-4-242-0020  
 Email: [info@amchamdubai.org](mailto:info@amchamdubai.org)

#### [Ajman Chamber of Commerce and Industry](#)

P.O. Box 662, Ajman, UAE  
 Tel: +971-800-70, Fax: +971-6-747-1222  
 Email: [info@ajmanchamber.ae](mailto:info@ajmanchamber.ae)

#### [Dubai Chamber](#)

P.O. Box 1457, Dubai, UAE  
 Tel: +971-4-228-0000, Fax: +971-4-202-8888  
 Email: [info.member@dubaichamber.com](mailto:info.member@dubaichamber.com)

#### Federation of UAE Chambers of Commerce and Industry

P.O. Box 3014, Abu Dhabi, UAE  
 Tel: +971-2-621-4144, Fax: +971-2-633-9210  
 Email: [info@fcciuae.ae](mailto:info@fcciuae.ae)

#### Fujairah Chamber of Commerce and Industry

P.O. Box 738, Fujairah, UAE  
 Tel: +971-9-223-0000, Fax: +971-9-222-1464  
 Email: [chamber@fujccci.ae](mailto:chamber@fujccci.ae)

#### [Gulf Petrochemicals and Chemicals Association](#)

P.O. Box 123055, Dubai, UAE  
 Tel: +971-4-451-0666, Fax: +971-4-451-0777  
 Email: [info@gpca.org.ae](mailto:info@gpca.org.ae)

#### [National U.S.-Arab Chamber of Commerce](#)

1201 15th Street NW, Suite 200  
 Washington, D.C. 20005  
 Tel: (202) 289-5920, Fax: (202) 289-5938

Email: [info@nusacc.org](mailto:info@nusacc.org)

Ras Al Khaimah Chamber of Commerce and Industry  
P.O. Box 87, Ras Al Khaimah, UAE  
Tel: +971-7-226-0000, Fax: +971-7-226-0112  
Email: [info@rakchamber.ae](mailto:info@rakchamber.ae)

[Sharjah Chamber of Commerce and Industry](#)  
P.O. Box 580, Sharjah, UAE  
Tel: +971-6-530-2222, Fax: +971-6-530-2226  
Email: [scci@sharjah.gov.ae](mailto:scci@sharjah.gov.ae)

Umm Al Quwain Chamber of Commerce and Industry  
P.O. Box 436, Umm Al Quwain, UAE  
Tel: +971-6-765-1111, Fax: +971-6-765-5055  
Email: [uaqccil@eim.ae](mailto:uaqccil@eim.ae)

[U.S.-UAE Business Council](#)  
2001 K Street, NW Suite 201 North  
Washington DC 20006  
Tel: (202) 863-7285, Fax: (202) 863-7289  
Email: [info@usuaebusiness.org](mailto:info@usuaebusiness.org)

## **Limitations on Selling U.S. Products and Services**

### **Establishing an Office**

Ownership restrictions may pose a challenge for American companies wishing to do business in the UAE.

Companies that are seeking to open an office and operate from the UAE with a physical presence and employees are required to obtain a company license, either 1) in a Free Trade Zone with 100% business ownership, requiring the appointment of a local service agent to sell products in the UAE; or, 2) open an office within the UAE mainland, requiring 51% local UAE shareholder or investment in one of the 122 approved categories and do business anywhere in the country.

### **Finding a Distributor**

American companies looking to do business in the UAE without establishing an office can do so through a local agent or distributor who will act as their representative. However, finding the right distributor might be time-consuming and tedious especially due to UAE Commercial Agency and Transaction Law intricacies and related dispute resolution mechanisms.

### **Federal Laws and Individual Emirate Rules**

Each emirate retains certain local regulatory powers. This includes commercial activities such as the issuance of trade licenses and the incorporation of corporate entities, where the activity is not already regulated under federal legislation. The interaction of federal laws, individual emirate laws, and free zone laws can be complex and confusing. U.S. companies are advised to seek experienced professional advice before embarking on any significant business venture.

### **Language Barrier**

Business and government contracts must be in Arabic or Arabic and English. In cases of inconsistency or ambiguity in terms contained in English documents, the Arabic document would prevail. This may be challenging for foreign companies as they are dependent upon local support for translation work and documentation.

Work week and time difference:

The UAE follows a Sunday to Thursday work week, providing a 3-day (Tuesday-Thursday) timeframe to work with American counterparts based in the United States.

Comply with UAE Safety Law

The Emirates Authority for Standardization and Metrology (ESMA) is responsible for implementation of the Product Safety Law, in coordination with UAE customs authorities. The law is applicable to all products sold in the UAE market, both manufactured locally or imported into the country, including free zones.

This may put pressure on foreign companies as they need to ensure that their products comply with any applicable standards issued by ESMA, or by a foreign regulator that has been approved by ESMA. Companies not meeting the criteria must file with ESMA for a risk assessment for their product.

IP Regulations

The UAE is home to over 45 free trade zones, and more are under construction. For foreign companies, free trade zones may pose challenges with the enforcement of IP rights since control procedures and administrative authority may differ from one to another. Also, free zones may provide space for storage of goods confiscated in the mainland for breach of IP rights, instead of destruction, further complicating jurisdictional oversight.

Consequently, any action for infringement in a free trade zone would require verification of the enforcement authority within that free zone in question and then identification to determine if processes are in place for logging complaints. American companies entering the UAE market are therefore advised to seek IPR registration guidance to avoid ambiguities and complications.

## **Trade Financing**

### **Methods of Payment**

The UAE may be a challenging place for American firms to do business, especially if they are unfamiliar with banking practices in the region. Payment recovery tends to be slower than in the United States and Europe. Payment delays of many months and sometimes years are not uncommon.

Trade financing has become increasingly common in the UAE, and most local and international banks offer services to small and medium-sized enterprises, allowing them to trade with local and international markets. Commercial Letters of Credit (LCs) are extensively used as a means of payment in overseas trade. The most commonly used types of LCs include: Sight, Deferred Payment, and Revolving. Provisions of the Commercial Transactions Law (CTL) are complementary to the parties' intentions and who often elect to be governed instead by International Chamber of Commerce (ICC) Uniform Custom and Practice for Documentary Credit. According to the CTL, in absence of any clear indication, the LC is considered to be irrevocable in contrast to international standards.

Checks are an important payment instrument in the UAE for transactions of large amounts. The Image Check Clearing System (ICCS) has accelerated check processing since it was introduced in 2008. Bounced checks are considered a criminal offense and can be punished by prison sentences.

Electronic fund transfers are widely used in the UAE. The Central Bank operates the UAE Funds Transfer System (UAEFT) the only real-time gross settlement (RTGS) system serving retail and large value payments. It also introduced the International Bank Account Numbers (IBAN) system for use by all bank customers in the country in November 2011. The system is designed to minimize the risk of errors during cross-border transactions.



The Central Bank launched the UAE SWITCH scheme in 1996, which now connects the ATMs of all but 3 small foreign banks. The scheme allows cardholders to withdraw cash from any of the 4,500 ATMs in the UAE, and through its connection to GCCNET, allows cardholders to obtain service at ATMs throughout the Gulf region.

VISA and MasterCard credit cards are widely accepted by businesses and government services. American Express, Diners, and Discover are less widely accepted. Small establishments often only accept cash. The Central Bank mandated that all cards issued in the UAE must comply with EMV standards (the MasterCard-Visa-Europay global standard for chip-secured credit cards) in 2016. Almost all backend systems, point of sale (POS) terminals, and more than 80% of cards in use are currently compliant.

Various digital payments initiatives have emerged in the last few years (the government's Mobile Wallet, Etisalat Wallet, Beam Wallet, NOL cards, Apple Pay, Google Pay and Samsung Pay), but they are not very widely used yet. In 2017, the UAE Central Bank issued the "e-Payment Regulation" to facilitate the adoption of digital payments and regulating its infrastructure. It is still unclear if virtual currencies are prohibited in the UAE.

The three major global credit rating agencies (S&P, Fitch, and Moody's) have a regional presence in the UAE and rate most sovereigns (local and federal governments) with the notable exception of the government of Dubai and some of its GREs. The Chambers of Commerce of Dubai and Abu Dhabi also offer customized credit reporting to their members. The government owned Al Etihad Credit Bureau started operations in 2016 and began providing financial institutions with credit scores. Many international trade credit insurers and trade credit risk management providers are also present in the UAE.

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at <https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters>.

### **Foreign Exchange Controls**

The Emirati currency, the Dirham (AED, sometimes abbreviated Dhs), has been pegged to the U.S. dollar since 1980. The mid-point between the official buying and selling rate for the dirham has been fixed at AED 3.6725 per 1 USD since 1997. The government believe this promotes stability and confidence in the currency. Interest rates in the UAE tend to parallel those in the United States.

There are no currency restrictions in the UAE and residents and non-residents are entitled to hold fully convertible offshore or onshore bank accounts in the UAE or overseas in dirhams or in foreign currency.

### **U.S. Banks and Local Correspondent Banks**

Citibank is the only U.S. bank established onshore in the UAE that offers full banking services. To service international clientele, J.P. Morgan Chase, Bank of America, Citigroup, Bank of New York Mellon, and Perella Weinberg Partners Group have licensed onshore representative offices.

Citibank, Morgan Stanley, Bank of America, Merrill Lynch, J.P. Morgan Chase, Goldman Sachs, Northern Trust, and Perella Weinberg have an offshore presence offering financial services.

A number of UAE banks either have branches in the United States or correspond with certain American banks to cater to the needs of their local and international clientele.

U.S. government trade financing resources are available to U.S. firms seeking to do business in UAE. Assistance from the U.S. Export-Import Bank (EXIM) is available for direct loans and loan guarantees to U.S. firms exporting to the UAE. The Small Business Administration's (SBA) Office of International Trade also provides loans on a smaller scale, with a focus on new-to-export firms. The Overseas Private Investment Corporation (OPIC) is not authorized to operate in UAE due to ongoing compliance issues in the UAE regarding prevailing international labor standards. In 2013, the Dubai Economic Council (DEC), inked a \$5 billion memorandum of understanding (MOU) with EXIM to

support the procurement of U.S. goods and services by DEC's members and customers for a variety of Dubai infrastructure projects.

### **Securities and Commodities Markets**

Emirates Securities and Commodities Authority (SCA) is the governing body for all the stock exchanges, securities and commodities listed in the UAE except for the ones that are in the financial free zones.

The Dubai International Financial Centre (DIFC) is a financial free zone that opened in 2004 under the regulatory authority of an independent body, the Dubai Financial Services Authority (DFSA).

Similar to DIFC, the emirate of Abu Dhabi launched the operations of the Abu Dhabi Global Market (ADGM) in October 2015. This new financial center is also regulated by its own independent body, the Financial Services Regulatory Authority (FSRA).

The Dubai Financial Market (DFM) and the Abu Dhabi Securities Exchange (ADX) that opened in 2000 are regulated by the SCA. The SCA electronically links both bourses in what it calls the Emirates Securities Market (ESM). They are the most prominent stock exchanges in the country. More than 200 stocks and a dozen of sukuk and bonds are listed in the DFM and ADX combined.

The Dubai Gold and Commodities Exchange (DGEX), founded in 2005 in the Dubai Multi Commodities Centre (DMCC) as the region's first commodity derivatives exchange, is also regulated by the SCA.

In 2005, Nasdaq Dubai stock exchange opened in DIFC under DFSA's regulatory authority. After years of low trading volumes, all clearing, trading, settlement, and custody functions for Nasdaq Dubai equities have migrated and are being outsourced to the DFM's systems. To date, only 8 stocks are listed in Nasdaq Dubai, and most other securities traded are sukuk and bonds.

### **Protecting Intellectual Property**

- The UAE was placed on the United States Trade Representative's (USTR) 2018 Special 301 Report as a Watch List country for failing provide adequate and effective protection and enforcement of Intellectual Property Rights (IPR) –
- The UAE remained on the list in 2019 and again in 2020.
- Effective implementation of IP-related laws and regulations has
- Long-standing concerns about combating the sale and transshipment of counterfeit goods and the
- Delay in establishment of collective management organizations, as well Recent policy changes may weaken IP protection for pharmaceutical products.

**IPR Enforcement:** Enforcement of IPR takes place generally at the emirate-level. However, more effective coordinated cooperation is required with the different emirates and customs to control the transshipment of counterfeit goods, especially in the Free Trade Zones in the UAE. In Dubai, for example, the Dubai Police, Dubai Customs, and the Dubai Department of Economic Development (DED) share the power to search for and seize counterfeit products. Dubai Customs has authority to do so at the emirate's borders and in free trade zones, while Dubai Police's and DED's authority only applies to in- market and non-free trade zone areas. Each emirate works with individual stakeholders regarding counterfeits of its brands, and the government publicly reports only the largest seizures of counterfeit goods. A 2014 law combating commercial fraud strengthened the UAE's legal framework for IPR protection and enforcement, but inconsistent implementation of the law has heightened concerns about whether or not an adequate distinction has been made between defective or substandard goods (which may be returned to their point of origin) and counterfeit goods (which must be destroyed to prevent resale).

While some UAE enforcement authorities seize and destroy counterfeit goods, significant copyright piracy and

trademark infringement concerns remain. The 2019 Notorious Markets List included two physical marketplaces in the UAE, Ajman China Mall and Deira Markets in Dubai, for hosting a significant number of stores/stalls selling a broad range of probable counterfeit goods, including appliances, communication and acoustic equipment, building materials, machinery, footwear, and designer handbags. In addition to serving purchasers in the UAE, these marketplaces also operate as gateways to distribute counterfeit goods to other markets in the region, North Africa, and Europe.

Lack of IP enforcement actions within Free Trade Zones (FTZs) is a major concern. Enforcement authorities reportedly do not regularly investigate and take enforcement actions in FTZs against sellers or shippers of counterfeit goods, nor do they consistently seize counterfeit goods on their own initiative or destroy or otherwise prevent seized goods from being re-exported to their points of origin or transshipped to other destinations.. U.S. rights holders continue to raise concerns over the lack of IP prosecutions; a lack of permanent staff solely dedicated to counterfeit enforcement; a lack of enforcement action without specific, written complaints from rights holders; and a lack of transparency and available information related to raids and seizures of pirated and counterfeit goods.

**Copyright:** Copyrights are protected under Federal Law. The UAE is also a member of several WIPO-administered Treaties, including the Berne Convention, the Rome Convention, the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. The UAE has generally been responsive when encountering pirated physical CDs, DVDs, and software. However, the UAE also has yet to grant the necessary operating licenses to establish collecting management organizations to allow copyright licensing and royalty payments, reflecting a longstanding concern from U.S. industry.

**Pharmaceutical Products:** Starting in April 2017, UAE officials allowed domestic manufacture of generic versions of pharmaceutical products still under patent protection in the United States. The UAE claimed that measures providing exclusive marketing rights for pharmaceutical products in the UAE based on country of origin patent protection – the Decree 404 system – were no longer valid. The Decree 404 system provided important IP protection for innovative products that is not available through other mechanisms in the UAE’s intellectual property and regulatory systems. This action demonstrated a lack of predictability and transparency in how regulatory data or clinical trial data is protected in UAE. The result of this ongoing concern has been a sense of instability and confusion amongst stakeholders, including U.S. and foreign firms across innovative and generic pharmaceutical industries.

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For additional information, visit [Stopfakes.gov website](http://Stopfakes.gov) or [contact ITA’s Office of Intellectual Property Rights Director, Stevan Mitchell at Stevan.Mitchell@trade.gov.](mailto:Stevan.Mitchell@trade.gov)

## Resources

[Wipolex](#)

[USTR](#)

## Selling to the Public Sector

There are many opportunities to sell to the public sector in the UAE. Commercial Advocacy, via the Advocacy Center at the U.S. Department of Commerce, is available to U.S. companies to level the playing field on public sector procurements. Please contact us for additional information.

The UAE has a two-tier government with federal and emirate levels. Each emirate has specific provisions regulating government procurement activities. Public sector work is generally awarded on the basis of Federal Regulation of Conditions of Purchases, Tenders and Contracts, Financial Order No. 16 of 1975 (the “Public Tenders Law”), which prescribes minimum standards in relation to government procurement across the UAE. Public defense contracts have their own set of industry-specific rules.

For any types of government procurement project, U.S. firms must have a legal presence in the UAE and acquire their goods and services on a prequalified basis individually with the various government departments for procurement tenders. It is possible for bids to be sole sourced or to be awarded to select, pre-qualified contractors rather than to be competed via public tender at the discretion of the relevant governmental party, generally in the case of urgent need. Federal purchases are administered through the respective federal offices located in Abu Dhabi and/or Dubai. At an emirate level, purchases for goods and services are done directly by the institution depending on its needs.

For most civilian purchases, government entities prefer to deal with firms registered in the UAE, or in their particular emirate, and will favor local products over imports. Federal Law No. 2 of 2014 gives preference to Emirati entrepreneurs, and is designed to help Emirati small-and-medium-sized businesses secure more business.

Only when goods or services of desired quality are not available locally will the procurement authority seek outside sources. The government continues to limit direct procurements and require companies to make the arrangements for a local presence. Invitations to participate in government procurement tenders are usually sent only to the pre-qualified companies, and some are advertised in newspapers.

#### In-Country Value (ICV)

As part of its efforts to grow and diversify its economy through nurturing local and international partnerships and opportunities, improving knowledge transfer and creating job opportunities for UAE nationals in the private sector, the UAE has implemented an In-Country Value (ICV) system when evaluating commercial bids and inviting companies to participate in government-issued tenders. The Abu Dhabi National Oil Company (ADNOC) launched its own ICV program in 2018, mandating all suppliers to declare their ICV scores for consideration on tenders (ICV Certificate). ADNOC requires an annual third-party verification of the numbers of the ICV Certificate to be conducted. Senior-level officials have signaled ADNOC's ICV pilot program could be expanded across additional sectors, after purportedly retaining \$4.9 billion in Abu Dhabi's coffers in 2018. It is also important to mention that many of the emirates now ask for in-Emirate value (IEV), which sets more challenges for foreign companies.

Competition in the public sector is very strong. Aside from large military procurement projects, governments in the UAE invest heavily in infrastructure projects, such as roads, power generation and distribution systems, desalination facilities, sewage systems, public housing, recreational facilities, hospitals and other medical facilities and services, schools, national security projects, athletic facilities, refineries and other hydrocarbon facilities, airports, and government buildings.

The UAE partner of the U.S. company is usually responsible for registering the U.S. product or service with the UAE government. The following documents are usually required for the registration:

- Ministry of Economy Certificate
- Reference List
- Last 3 years audited bank statement
- ISO, or other relevant, certifications
- Quality and HSE manuals
- Questionnaire that will be provided by the U.S. company

Though the English language is widely used in the UAE, the ability to communicate in Arabic is mandatory when communicating with the government.

## **Financing of Projects**

### **Project Financing**

UAE publicly held corporations drive many major projects requiring project financing.

Mubadala Investment Company, the Abu Dhabi sovereign wealth fund created in the merger of Mubadala Development Company with International Petroleum Investment Company in 2017, has launched multiple projects in the UAE ranging from aerospace, renewable energy, petrochemicals, utilities, metals and mining, to healthcare, technology, real estate and infrastructure, finance, defense, and education. The three major holding companies wholly owned by the Emirate of Dubai: Dubai World, Dubai Holding, and Investment Corporation of Dubai, have launched projects in the UAE ranging from aerospace and air transport, maritime transport and logistics, real estate and urban development, investments and financial services, metals and construction material, to hospitality and leisure, retail, technology and communications, and energy and natural resources.

The development of projects requiring financing is broadening and the role of the private sector in large-scale projects is becoming more varied and important. Major international and local banks behind these projects are advising and arranging major parts of the financing using a variety of sophisticated instruments: bonds, sukuks (Islamic bonds), loans, syndicated loans, murabaha (Islamic loans), initial public offerings, etc. The proportion of financing and the transaction leadership is steadily shifting towards local and regional banks, including Islamic banks.

### **Participation in Tenders**

UAE government entities follow a relatively transparent system for tendering and awarding contracts. All invitations to bid are made public and are accompanied by a set of guidelines that bidders must follow. In order to be able to bid for government contracts, all bidders must register on the respective eProcurement system. For Federal entities, the Ministry of Finance (MoF) has an advanced procurement system for all federal entities through which it announces purchases related to MoF or other ministries and federal entities. Through this system, it also invites tenders and announces contracts.

To bid for contracts of local entities in Abu Dhabi, the Abu Dhabi government requires that contractors and suppliers must have an established presence in Abu Dhabi and must possess the licenses needed to carry on business activities in Abu Dhabi.

To bid for contracts of local entities in Dubai, the Dubai government utilizes the online eSupply portal operated by Dubai eGovernment and Tejari. The eSupply portal has created an official eSupply procurement portal for Dubai Government.

To bid for contracts in Sharjah, the Sharjah government follows a similar procedure to register contractors and issue contracts. The government bodies will verify the company that applied for registration and on successful verification, the company will appear in its 'list of approved suppliers'. This will entitle contractors to bid for tenders.

The UAE is not a signatory to the WTO Agreement on Government Procurement. Depending on the nature and scope of the work, government entities offer two types of tenders to select qualified vendors:

**Public Tenders:** Procurement and contracting processes in public tenders involve four main steps: announcement of tenders, evaluation of proposals, awarding contracts, and supplying items or performing work. Public tenders can be either global or local. Global tenders are open to suppliers and contractors from within the country and abroad and are advertised in the local as well as international media. Local tenders are restricted to suppliers and contractors within the country and are advertised in the local media only.

**Restricted Tenders:** For restricted tenders, calls for bids are sent only to suppliers and contractors (at least three) whose names are registered and are selected by the concerned entity. Except for public advertising, all the rules and procedures pertaining to public tenders apply to restricted tenders.

To be qualified to work with any government entity in the UAE, contractors and suppliers must register with the procuring entity by submitting a completed pre-qualification application form to the procurement department. Prior to that, they must have obtained all necessary licenses to practice the type of activity from the Department of Economic Development (DED), the Chamber of Commerce and Industry, and the competent authority in that Emirate. They should also be adequately staffed with qualified technical personnel having the necessary skills, equipment, workshops, and warehouses.

Since direct purchases from foreign suppliers are rare, it is important to work through a local agent or distributor that has the ability not only to supply and install goods but also provide proper and timely after-sales service.

Therefore, selecting a local partner can be a critical first step in operating in the UAE. A reputable agent with good contacts can provide timely information, which is often very important for foreign companies. In addition, in view of the increased importance of providing adequate after-sales service, choosing a competent agent who has the resources and ability to ‘qualify’ is of high importance. Not only do the local agents provide knowledge of the market, they greatly assist in managing technological and cultural differences, while sharing local marketing and sales support tools.

#### Employment

UAE federal law sets out preferences for hiring UAE nationals and for some administrative positions it requires that only UAE nationals be employed. If a non-free zone company has more than 50 employees, it must employ a minimum percentage of UAE nationals in accordance with the “Emiratization” policy of the UAE federal government. The Emiratization policy applies to both the public and the private sector, and both local and international companies operating in the UAE are subject to the Emiratization policy in the sectors for which such guidelines have been formulated.

#### Business Limitations

In the past in a number of the emirates, some American companies were asked to sign a document to show that they actively boycott Israel and are not doing any business there. This violates the U.S. Export Administration Act (50 U.S.C. §§2401-2420 (2000)) and Export Administration Regulations (15 C.F.R. Parts 730-774 (2014)).

For more information and help with trade barriers please contact:

International Trade Administration

Enforcement and Compliance

Phone: (202) 482-0063

Email: [ECCcommunications@trade.gov](mailto:ECCcommunications@trade.gov)

Website: <http://trade.gov/enforcement/>

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department’s International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult Advocacy for Foreign Government Contracts for additional information.

#### **Multilateral Development Banks and Financing Government Sales**

Price, payment terms, and financing can be significant factors in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#). The U.S.

Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

## **Business Travel**

### **Business Customs**

The UAE is a tolerant multi-cultural society with expatriates from over 150 countries forming over 80% of the population. While conservative, [the Emirati Muslim culture](#) welcomes foreigners. Both men and women work together in offices, and you will see women in high positions of responsibility at government bodies and private business. UAE nationals wear the traditional national dress and women usually dress conservatively and modestly. Western women traveling to the UAE for business should also dress conservatively.

As in many Middle Eastern countries, meetings can run late, and projects might experience postponements and extensions. Business visitors, however, are expected to be punctual for all appointments. It is important to respond to emails and other communications promptly.

In a meeting, the host will offer tea or coffee upon arrival. It is rude to refuse this beverage. If Arabic coffee is on offer, you will be handed a coffee cup which should be held in your right hand, and when the coffee is poured from an elegant coffee pot, you should accept at least one cupful. Your cup will be refilled at frequent intervals. If you do not want any more coffee, shake the cup slightly to show that you have had enough.

Formal greetings can take several minutes. It is considered impolite to begin addressing business topics without taking several minutes for small talk. Courtesy is more emphasized in the UAE than in typical U.S. business meetings and attention to titles is important. It is not customary to inquire about a man's wife. Business cards and gifts should be offered with the right, not left, hand. Never sit with the sole of your foot facing someone.

### **Travel Advisory**

There is no specific travel advisory in effect for the UAE. The current status is to exercise normal precautions. Travelers should check [the U.S. Department of State's Bureau of Consular Affairs](#) or the nearest U.S. Embassy or Consulate for an update.

### **Visa Requirements**

U.S. citizens holding valid passports that are valid for at least six months beyond the date of entry may obtain no-fee visitor visas at the port of entry if the duration of the stay is less than 30 days. This visa does not permit employment in the UAE. For longer stays, separate visas are required.

A medical exam, including an HIV/AIDS test, is required to obtain either work or residence permits, and testing must be performed after arrival. This is a requirement for all expatriates and their dependents living in the UAE. The test must be conducted in the UAE by the Preventive Medicine Unit of the UAE Ministry of Health. A U.S. HIV/AIDS test is not accepted.

The Government of the UAE requires residents, including U.S. citizens, to have a National Identification Card. Americans who are working or living in the UAE should visit the [Emirates Identity Authority](#) website for more information on card registration procedures and requirements.

For further information, travelers should visit the website of the [Embassy of the United Arab Emirates](#) in Washington D.C. or contact them at 3522 International Court, NW Suite #400, Washington, DC 20008 or by telephone at (202) 243-2400.

### **Currency**

The local currency is the UAE dirham (AED, but also sometimes abbreviated Dhs) which is divided into 100 fils. The dirham has been pegged to the USD at \$1: AED 3.675 since 1980.



Credit and debit cards are widely accepted. [Foreign currencies](#) and travelers checks can be exchanged in licensed exchange offices, banks, and hotels with a valid passport. Personal checks can be a bit trickier and many places won't accept them. If you are shopping in the souks (markets) or in smaller shops, local currency cash is the best option.

A well-structured and expansive network of local and international banks, strictly controlled by the UAE Central Bank, offers a full range of commercial and personal services. Transfers can be made easily and the dirham is freely convertible. Banking hours vary, but banks usually operate 8:00 a.m. to 4:00 p.m. Sunday through Thursday and until 1:00 p.m. on Saturdays. Some banks have small branches based in malls, which are open until later times.

Most banks operate ATMs, which accept a range of cards. Most ATMs, while linked to a specific bank, are part of a central network so that bank card transactions go through with only a nominal charge. Common systems accepted around the UAE include MasterCard, VISA, American Express, Cirrus, and Plus networks. ATMs can be found in shopping malls, major supermarkets, gas stations, and at the airport. Normally, international cards have competitive exchange rates and are far more convenient than traditional traveler's checks.

### Money Exchange

Currency exchange offices are available in the UAE and often offer rates superior to banks. They are often available in major malls and popular shopping districts. These offices normally operate Saturday to Thursday, from about 10:00 a.m. to 10:00 p.m., and on Friday evenings. Many hotels will also exchange money and travelers checks at standard rates.

### Telecommunications and Electronics

There are two [telecommunication providers in the UAE](#):

- [Etisalat](#) (Emirates Telecommunications Corporation).
- [Du](#) (Emirates Integrated Telecommunications Company).

Broadband and wireless connections are widely available at most hotels, malls, and airports.

Note: The UAE government restricts access to any content deemed “inappropriate” or “offensive” to the UAE's religious, cultural, political, and moral values. These include access to adult content, selected social, networking, and dating websites, some religious and political websites, VoIP provider websites, selected media sites, websites related to gambling, and also content that constitutes a risk from cyber attacks including hacking, spyware, and phishing. Use of a Virtual Private Networks (VPN) for access to blocked websites is illegal under the UAE Cybercrime Law No. 5, and VPN use could result in stern punishments, up to a life sentence or a fine of between \$13,500 to over \$800,000 depending on the severity and seriousness of the cybercrime.

The UAE has an extensive mobile phone network. Pay-as-you-go cards are available for visitors who do not wish to use their home services. Most hotels offer guests internet access and Wi-Fi hotspots are provided at almost all cafes and malls.

The UAE electrical supply is 220 volts. Sockets suitable for three-pin 13 amp plugs of British standard design are the norm.

### Transportation

Getting around the UAE is easy, and taxis are reasonably priced and plentiful. They can be flagged down at the roadside or booked by phone or the taxi apps available for both iOS and Android platforms.

Taxi 24-hour dispatch centers:

- [In Abu Dhabi](#) 600 535353
- [In Dubai](#) 800 88088

Many taxi drivers speak English, but are not always familiar with street names, so it helps to know exactly where you are going. Dubai has added Makani numbers to all buildings in Dubai, which uses unique coordinates to locate buildings. It's very helpful to ask for the Makani number of the building that you are going to. It is also helpful to take the phone number of your destination with you in case you get lost or the roads to your destination are under construction. When using a taxi, always ask for a receipt in case you leave something behind, and the call center will be able to identify the vehicle and call the driver.

Dedicated family taxis available in four-seat or seven-seat options provide services dedicated to women and those travelling with children under ten years old. They also run a fleet of specially adapted luxurious Mercedes minivans equipped with trained drivers and the latest accessibility technologies to provide wheelchair access and safe, secure, and convenient options. It is recommended to book such services in advance to ensure that specific requirements are met.

Ride share options are available. [Uber](#) operates a luxury chauffeur-driven service where passengers are charged by credit card and use a downloadable app to place orders. [Careem](#) (acquired by Uber) operates in Abu Dhabi, Dubai, and Sharjah. Careem is integrated with the Roads and Transportation Authority and standard taxis can also be ordered using this service. Prices are comparable but may fluctuate depending on demand for services.

All taxi companies service the airport in addition to specially registered airport taxis. The journey into town from the airport generally cost approximately \$30 (AED 80-100).

## Language

Arabic is the official language, although English is widely spoken, and all roads and shop signs and restaurant menus are in both languages. Arabic can be a difficult language for Westerners, but a few Arabic words thrown in will find a warm reception.

- Hi: Salam
- Good morning: Sabah el kheer
- Good evening: Masaa el kheer
- Welcome! Hello!: Marhaba
- How are you?: Kaifa alhal
- I'm fine, thanks: Ana bekhair, shukran
- Thank you (very much)!: Shukran (jazeelan)
- You're welcome! (for thank you): Afwan
- Goodbye: Ma'a salama

A mini Arabic phrase book is available at the [Abu Dhabi Tourism](#) website.

## Health

Health care services in Abu Dhabi and Dubai are widely available.

There are numerous private and publicly operated facilities that are open to expats and visitors, including outpatient clinics and hospital facilities. Although quality of care varies between hospitals and providers, major hospitals have modern equipment and are staffed by a mix of Western and non-Western trained personnel and are prepared to handle [health emergencies](#) for visitors. U.S. health providers including the Cleveland Clinic and Mayo Clinic have a presence in the UAE.

Many facilities have achieved certification with well-recognized organizations such as the Joint Commission International. However, the care of complex patients may not be well coordinated, communication between providers is not optimum, and the use of Electronic Medical Records (EMR), while increasing, is not

universal and can lead to redundancy or gaps in care. A strong primary care health system does not exist, and outpatient care is mostly specialty-based.

Many medications that are routinely available in the other regions, such as anti-depressants, psychiatric, pain, and hormonal medications are illegal without a proper prescription and have limited or no availability.

Most Western expatriates use private medical facilities and carry private health insurance. Some choose to return to their countries of origin for complex care, or to access providers with whom they feel more culturally comfortable. Significantly, for expats, health care is run as a business, and access to care is a privilege and not a right. Individuals without locally accepted insurance (including major U.S. insurance carriers) may be denied care even in emergencies if they are unable to provide up-front payment.

Public health services in the UAE have steadily improved. Clean water, healthy food supplies, and adequate housing are the norm. Childhood vaccination programs are well-established. There is a push to provide adequate and safe recreational venues to promote physical activity. There is adequate planning for disasters and trauma care. Pre-hospital care and ambulance services are catching up to western standards.

**Local Time, Business Hours, and Holidays**

Local Time: UTC/GMT+4 hours

Government offices open at 7:30 a.m. Sunday through Thursday and close at 2 p.m. for the day. Many local businesses often close from 1:00 p.m. until 4:30 or 5:00 p.m. and then reopen for several hours in the evening. Others operate straight through until 5:00 or 6:00 p.m. Visitors should plan appointments around these timings. Private UAE companies are closed on Fridays and Saturdays. Business meetings are rarely, if ever, held on Friday or Saturday, which is valued as family time.

Islamic holidays are based on a lunar calendar. The official holiday is typically confirmed before the actual holiday.

Listed below are the official U.S. holidays and the (estimated) UAE holidays for 2020:

Wednesday, January 1	New Year's Day
Sunday, January 19	Birthday of Martin Luther King Jr.
Sunday, February 16	Washington's Birthday
Saturday – Tuesday May 23 - 26	Eid Al Fitr
Sunday, May 24	Memorial Day
Sunday, July 5	Independence Day
Thursday, July 30	Arafat (Haj) Day*
Friday – Sunday July 31 – August 02	Eid Al Adha*

Thursday, August 20	Islamic New Year*
Sunday, September 06	Labor Day
Sunday, October 11	Columbus Day
Thursday, October 29	The Prophet's Birthday*
Wednesday, November 11	Veterans Day
Thursday, November 26	Thanksgiving Day
Tuesday, December 01	Commemoration Day
Wednesday, December 2	National Day*
Thursday, December 24	Christmas Day

\* Denotes UAE religious holidays. Dates for religious holidays are dependent upon the sighting of the moon and are likely to vary from the above estimated dates.

#### **Temporary Entry of Materials or Personal Belongings**

The [ATA Carnet](#) is an international customs document, issued by an authorized Chamber of Commerce that permits duty-free and tax-free temporary admission of goods into one or a number of foreign countries for up to one year. The initials “ATA” are an acronym of the French and English words “Admission Temporaire / Temporary Admission”. ATA Carnet covers almost everything like commercial samples, professional equipment, and goods for use at trade fairs, shows, exhibitions, events.

## **Investment Climate Statement (ICS)**

The U.S. Department of State's Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

- These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State's [Investment Climate Statement](#) website.

## **Political Environment**

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State [Countries & Areas](#) website.

<https://www.state.gov/countries-areas/united-arab-emirates/>