



Doing Business in The United Arab Emirates

The Gulf region (Saudi Arabia, United Arab Emirates, Qatar, Oman, Kuwait and Bahrein) has experienced high economic growth in recent decades, due largely to their vast oil and gas reserves. Trade between the Netherlands and the Gulf States has increased remarkably and Dutch business have built up an excellent reputation. In 2016, the export of goods from the Netherlands to the Gulf reached €6,4 billion. Diversification efforts in the Gulf countries – aimed at reducing dependence on oil and gas and increasing the share of the private sector in the economy – offer new opportunities for Dutch companies in the areas of agriculture and horticulture, (renewable) energy, transport and logistics, aviation and health care.

Founded in 1971, the United Arab Emirates (UAE) is a federation of seven emirates: Abu Dhabi, Dubai, Sharjah, Ras Al Khaimah, Fujairah, Umm Al Quwain and Ajman. The UAE had a gross domestic product (GDP) of USD 374 billion in 2016. The local population is about 1.2 million whereas the expatriate population is approximately 8.2 million. The UAE is the world's 8th largest oil and gas producer and also has some of the largest oil and gas reserves. It is a member of the Organisation of the Petroleum Exporting Countries (OPEC).

Each emirate offers a unique set of possibilities and consideration should be given to the different opportunities available before setting up a business in the UAE.

Since the discovery of oil in the UAE almost sixty years ago, the country has undergone a profound transformation into a modern state with a high standard of living. This growth has been largely driven by income generated from oil and gas

resources. Today, successful efforts at economic diversification include trade, logistics, banking, tourism, real estate and manufacturing which has significantly reduced the proportion of GDP based on oil and gas output.

Relations between the Netherlands and the UAE are historically strong and are supported by the continued cooperation between the two countries. The UAE ranks as one of the twenty-five most important export markets for the Netherlands and, after Turkey, the most important trading partner in the Middle East and North Africa (MENA) region. The value of bilateral trade between the Netherlands and the UAE hit EUR 3.8 billion in 2015. Foreign Direct Investment (FDI) in the UAE by Dutch companies is worth over EUR 1.6 billion and almost 40% of all Dutch exports to the Gulf region are destined for the UAE.

The UAE offers multiple business and investment opportunities. This is a result of a variety of factors including its unique

geographical location, current legal framework, taxation policies, economic stability, a strong banking system and a highly developed infrastructure.

Setting up a business in the UAE is relatively easy: the UAE ranks 26th in the “Ease of Doing Business” index of the World Bank (2016). There are a number of economic free zones in the country that allow 100% foreign ownership and a select few have a 0% taxation policy. Having recognized that the UAE market needs to diversify away from oil and gas, the UAE government has opted to create a solid legal foundation, allowing for sustained economic stability and growth as well as assuring freedom and security to the different participants when commercializing goods and services.

Due to the many opportunities in key sectors such as agrofood, healthcare, water, energy, aviation, (transport), logistics, creative industries and the many opportunities related to the Dubai World Expo 2020, there are over 200 Dutch firms based in the UAE. A significant number of them are small and medium-sized enterprises (SMEs).

The oil and gas sector

The oil and gas sector still accounts for at least 40% of the UAE’s total GDP. The UAE has the world’s 7th largest proven oil reserves with 97.8 billion barrels (2015). It also holds the 7th largest proven reserves of natural gas in the world. The UAE plans to increase its oil production by 300,000 barrels per day (BPD) to a total of 3.5 million BPD in 2018. Although the country is a member of the Gas Exporting Countries Forum, domestic demand draws heavily on the UAE’s natural gas resources. The UAE currently both imports and exports liquefied natural gas (LNG).

The renewables sector

This renewable sector is growing rapidly. A target of 24% of the UAE’s total energy supply must come from renewable sources by 2021. This policy is mainly driven by increasing natural gas prices and decreasing renewable energy costs. Both Dubai and Abu Dhabi have ambitious renewable energy targets. As an illustration, Abu Dhabi’s energy targets include 7% of total capacity from renewable sources by 2020 and 15% ten years later in 2030. By 2050 Abu Dhabi aims to have 44% of its energy supply coming from renewables, including 38% from green gas. Researchers predict that in 2030, 90% of the UAE’s renewable energy will come from solar resources.

The creative industry sector

The creative industry sector in the UAE represents many design, arts and culture subsectors. The architecture and interior design markets, for instance, are directly linked to numerous ambitious real estate development plans. The UAE is also constructing an increasing number of museums, with Louvre Abu Dhabi expected to open its doors in late 2017. Other industries like media, entertainment, music and gaming are clustered together with successful start-up hubs like DTEC in Dubai and Twofour54 in Abu Dhabi quickly expanding their client base. Design and fashion are also closely linked to one another in both retail and creative communities in the UAE.

The water sector

The water sector is a historically important sector for the UAE since the nation’s establishment in 1971. Water demand in the hyper arid country is projected to grow by 30% in 2030 with an average annual rainfall of less than 100 mm. The UAE’s groundwater recharge rate is less than 4% of the annual water used and it has no reliable perennial surface water resources. Therefore, the UAE is investing heavily in cutting edge technologies to improve efficiency and to reduce the environmental impact of the desalination process.

The agriculture and food sector

The agriculture and food sector offers opportunities for both exporters and innovators. The UAE is the second largest food producer in the GCC as its production accounts for 12.1% of the total GCC production. However, the UAE also accounts for 20% of the total food consumption of the region. This shows the UAE’s heavy reliance on imports to meet its domestic requirements. Furthermore, the challenging circumstances for agricultural production create a need for innovative solutions.

The aviation sector

The aviation sector is one of the main drivers behind the diversification of the economy. The UAE government is investing heavily in the development of the aerospace sector. UAE companies and state agencies will invest over USD 136 billion in the aviation industry over the next decade to diversify the economy further and make the country a global transport hub, according to the Ministry of Economy.

The healthcare sector

The healthcare sector is one of the fastest developing industries in the UAE. The rapidly growing and aging population, rising patient expectations, continued economic growth as well as lifestyle induced chronic diseases and injuries are likely to be the

drivers for healthcare infrastructure. The UAE is increasingly looking to private businesses to share investments and speed up processes. The total expenditure on health as a percentage of GDP is still relatively low in the UAE (3.6%) compared to the Netherlands (10.9%).

The transport and logistics sector

The transport and logistics sector is set to grow significantly due to a vast number of planned large scale projects as Dubai prepares for the World Expo 2020. The UAE is projected to be one of the most interesting rail markets in the MENA region with metro lines and light railways planned and extensive mainline freight and passenger networks being developed with ports like Jebel Ali, Khor Fakkan and Khalifa Port expanding capacity.

The UAE is also investing heavily in its maritime infrastructure since the country is well positioned to take advantage of a significant shift in worldwide trade patterns. As western purchasing power has declined, Asian economies increasingly target the emerging markets of Africa and the Middle East. Meanwhile, China's and India's growth are creating a demand surge for African commodities.

Education

Education is a new, extremely competitive and quickly expanding market. The UAE federal government has determined that the UAE education system is one of their top priorities for investment and has allocated 24% of its budget to education for the next few years. Opportunities arise in the demand for vocational and occupational education in key industries. Other interesting opportunities can be found in initiatives to improve staff competencies, integration of technologies in organisations and major educational programmes backed by companies like Masdar and Abu Dhabi National Oil Company (ADNOC).

Do's and don'ts in de UAE

The UAE is a global business centre, new business should nonetheless have some awareness of Arabic culture and the business etiquette that may be prevalent in an Arabian business environment. In the Arab world, a large part of business is conducted on the basis of personal relationships and mutual trust.

Working hours

The official weekend in the UAE falls on Friday and Saturday. Some smaller private companies only close their operations on a Friday. The working hours for government offices generally are 7.30 a.m. to 3.00 p.m. Private offices tend to keep longer

hours, adopting either a "straight shift" (for example from 9.00 a.m. to 5.00 p.m.) or a "split shift" (for example from 8.00-12.00 a.m. and 4.00-8.00 p.m.). During Ramadan, working hours are shortened by two to three hours with most of the work accomplished in the early hours of the morning or much later in the evening after the day's fast is broken (at sunset).

Cultural norms

Good manners and courtesy are prized attributes. Although one should always be on time for a meeting, know that being punctual is not considered particularly important in the Arab world and people may be kept waiting before and during a meeting. As the meeting commences, greet the most senior person first.

The hard-hitting approach to business relationships is generally not welcome, so once again, be patient. Be aware that what may seem like evasiveness on the part of a host may in fact be a cultural reluctance to directly refuse a request.



Language

Although Arabic is the official language, English is widely used in business transactions in the UAE. Consider printing business cards in English and Arabic and ensure all brochures and presentation materials are in full colour and of good quality.

Dress code

Dressing conservatively is appreciated. Men should wear a suit and women's business clothing should cover arms and legs to at least over the knee. It is not necessary for women to wear a headscarf.

How can we support your business?

The Embassy in Abu Dhabi and the Consulate General in Dubai offer numerous services that assist Dutch companies with establishing or expanding business in the UAE. Both the Consulate and the Embassy are part of the Dutch Economic

Government Network in the GCC which focuses on providing market insights, identifying potential business partners as well as advising on establishing a business in the GCC.

Business support instruments

Trade requests: the Embassy in Abu Dhabi and the Consulate General in Dubai can answer trade request regarding, but not limited to, questions about exporting to and investing in the UAE as well as requesting further information on potential business opportunities.

The Business Partner Scan: the Dutch Economic Network in the GCC can source reputable potential business contacts in the specified target market for a small fee. These business partners can include agents or distributors as well as manufacturing partners. If you would like to find out more about this service, contact abu-ea@minbuza.nl (Abu Dhabi) or dba-ea@minbuza.nl (Dubai).

Company verification: the Dutch Economic Network will verify that a company of interest is correctly registered with the corresponding local authority. Only requests from companies based in the Netherlands or with a clear link to the Netherlands will be processed.

Trade missions and delegations: the Netherlands regularly organises official trade missions, delegations and joint submissions for exhibitions for and in the Gulf region. The GCC has several trade fairs that may be of great interest. For further information on official trade missions and delegations refer to the trade mission agenda on www.rvo.nl. For an overview of all the events and exhibitions in the UAE visit www.hollandplusyou.com or www.eventseye.com.

Trade disputes: the Dutch Economic Network can provide a list of law firms that can support businesses during a trade dispute. Common trade disputes include different interpretations of contracts and agreements as well as liability disputes arising from breach of local regulations and requirements.

Orange Carpet visa procedure: this service aims to facilitate business opportunities and promote trade and investment between the GCC countries and the Netherlands. Dutch businesses that have an exclusive partnership with a GCC company or a business with an office in both a GCC country and the Netherlands can register for the Orange Carpet Visa procedure. To apply for an Orange Carpet visa, contact the relevant GCC country Dutch Economic Network representative.

Other services: the Embassy and Consulate offer Dutch firms access to business contacts through the Dutch Economic Network and Holland promotion.

Support tools: the Dutch Economic Network liaises with ministries and other organisations in the Netherlands. RVO.nl has several tools to support Dutch starts-ups and/or established businesses with international ambitions. For further information on these tools and to read about Dutch business success stories, visit www.rvo.nl.

Relevant links and contacts

Embassy of the Kingdom of the Netherlands in Abu Dhabi:
www.netherlandsworldwide.nl/countries/united-arab-emirates

UAE Ministry of Economy:
www.economy.ae

More information about doing business in the Gulf Region:
www.hollandplusyou.com

Netherlands Enterprise Agency:
www.rvo.nl

UAE statistics, National Statistics Bureau:
www.uaestatistics.gov.ae

Official name	United Arab Emirates
Government type	Constitutional Monarchy
Population	9,156,963 (2017 est.)
Area	83,600 km ²
Time difference	+ 3 hrs. (NL winter time), +2 hrs. (NL summer time)
Currency	UAE dirham
GDP growth rate	3,9 % (2015)
GDP per capita	\$40,864 (2016)
Trade volume	Export: \$298582 (million) – Import: \$230237 (million)
Inflation	-5,4%
Income level	\$40864 (GDP per capita)
Global Competitiveness Index	16 (out of 138)
Ease of Doing Business	26 (out of 190)
Global Corruption Index	24 (out of 176)
Main trading partners	United States, India and China
Major exports	To the Netherlands: mineral fuels, machines and logistic materials, industrial products
Major imports	From the Netherlands: machines and logistic materials, food and living animals, chemicals
Netherlands FDI in UAE	\$2457 (million)
Netherlands - UAE trade	Export volume to NL: \$10036 (million) - Import volume from NL: \$3545 (million)

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