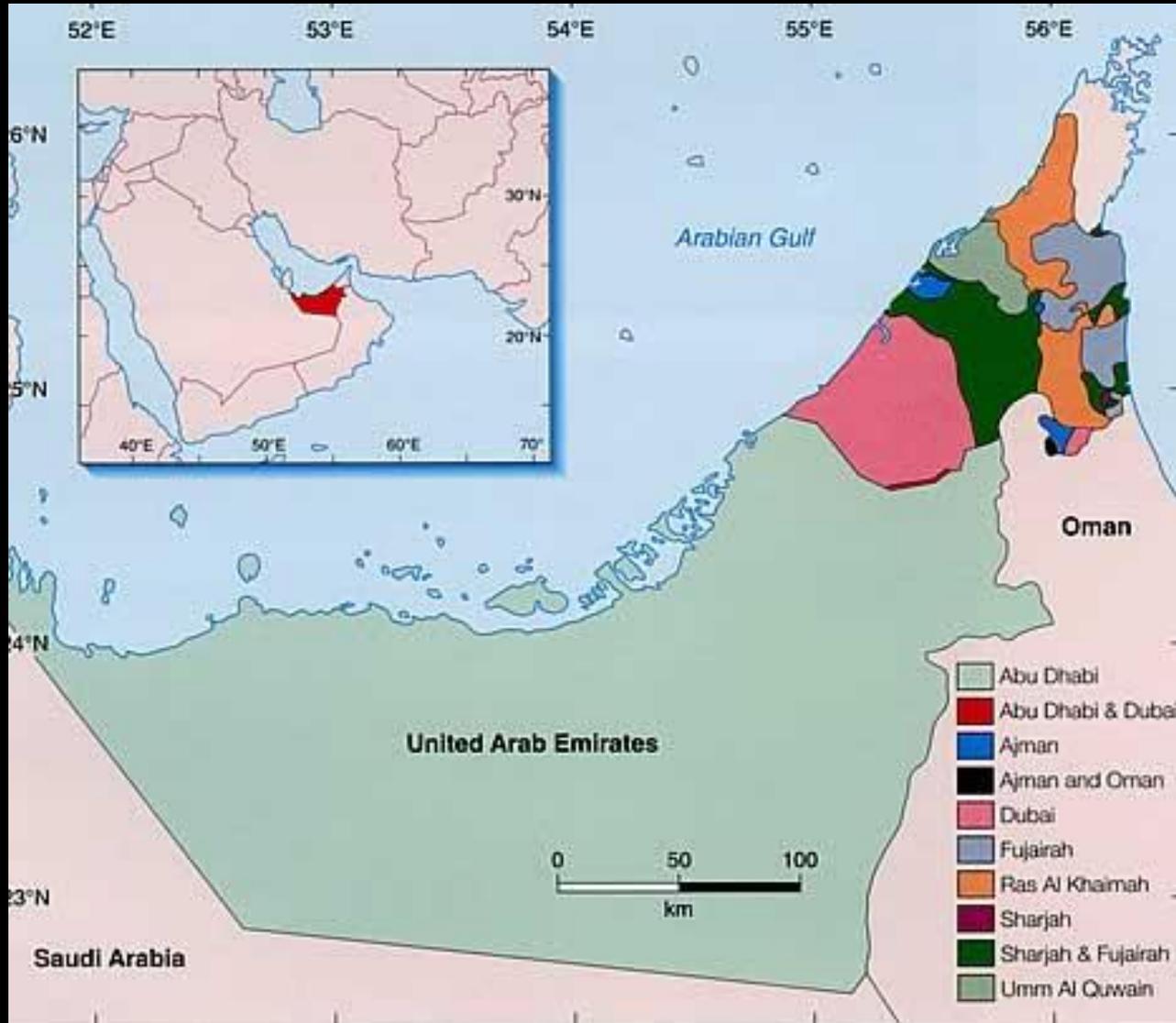


# Doing Business in the United Arab Emirates

# Dawlat al Imarat al Arabiyya al Muttahida



# History

- The United Arab Emirates were bound by truce (Trucial States) to Great Britain until WWII.
- The seven Emirates formed a federation in 1971 and have since worked closely together to build a stable economy and political climate.





# PESTLE Analysis

- **Political**
  - Each Emirate has its own governmental institution.
  - The ruling family of each Emirate is a member of the Supreme Council, which is responsible for policy-making and electing the president and vice president for five-year terms.
- **Economic**
  - Wealth is based on oil and gas exports (Abu Dhabi)
  - The government increased spending for infrastructure and job creation, and there is a greater opportunity for private sector investment.
  - Lately there has been a surge in real estate and shares prices and consumer inflation is elevated.
- **Social**
  - Islam plays a large role in business
  - Women are seen as equals and are protected by rights and privileges laid down by Islam
- **Technological**
  - Telephones (land line and cell), radio broadcast stations, television, internet
- **Legal**
  - Court proceedings in the UAE are time-consuming.
  - There are no juries; only a single judge or a three-judge panel (depending on the case) hears cases.
  - All evidence submitted to the court must be in Arabic.
- **Environmental**
  - Arid/tropical, sandy desert, and coastal areas.

# SWOT Analysis

- Strengths
  - Free Trade Zones, relative ease of business start up
- Weaknesses
  - One needs a network of people in order to expand opportunities
  - Trust must be gained before any business transaction occurs
- Opportunities
  - Large export market
  - Trade missions
- Threats
  - Sandstorms and dust storms occur frequently.





## Political structure, infrastructure, economy, currency, and hot sectors

- The UAE is a Federation comprised of seven separate emirates.
- Each emirate retains a high amount of political and economic independence within the federal system.
- Each emirate has control over its own natural resources and regulates its commercial activity.
- The central government makes laws dealing only with defense, foreign policy, communications, and immigration. Between the seven emirates they serve as members of the Supreme Council of the Union (SCU) and elect a President from among themselves.
- The UAE's currency is the dirham.
- The principal growth sectors are energy production and manufacturing.



## Political structure, infrastructure, economy, currency, hot sectors continued

- Recently, the Emirate of Dubai has started to look for other sources of revenue. High-class tourism and international finance are the new sectors starting to be developed. Also, the Dubai International Financial Centre was announced, which offers 100% foreign ownership, no tax, freehold land and office space and a tailor-made financial regulatory system with laws taken from best practice in other leading financial centers like New York, London, and Singapore.
- Many of the worlds leading companies have now set up in Dubai. Dubai is known for it's 2 palm islands, the World islands, Dubai Marina, Jumeirah Lake Towers, and other developments that offer villas, high rise apartments, and office space.



# Economy

- United Arab Emirates is now the second-richest country in the Muslim world. This is because the UAE claims the world's third largest proven oil deposits.
- The GDP per capita fell by 42% in the 1980s, but successful diversification helped to provide a positive growth of 48% in the 1990s.
- Immigrants make up a large percentage of the UAE's workforce.
- The UAE government wants to preserve its traditional forms of art and culture. However, change is also apparent.



# Business

- The United States Department of State has noted widespread instances of blue collar labor abuse throughout the United Arab Emirates businesses.
- It is a common practice for managers and employers in the UAE to hold employees' passports for the duration of their employment contract.
- The UAE government has been criticized by many human rights agencies. One of them, the Human Rights Watch, has criticized the government for not acting when discrimination against Asian workers in the emirate is present.



# Entering the Market

- A local sponsor or service agent
- Trade license
- Register with the local Chamber of Commerce and Industry, the Economic Development Department, and with the Minister of Finance
- Annual renewal of the trade license
- Company can function only within the emirate where the license was granted
- Separate license must be obtained to open a branch in other emirates
- **Free Trade Zones**
  - 100% foreign ownership is allowed with no recruitment or sponsorship problems
  - Corporate tax and customs duty exemption on imported raw materials and equipment
  - No levy on exports and imports
  - The Free Zone Authority gives a questionnaire to assess the company's requirements and whether it can be met.
  - Once the company submits the questionnaire, it will be given a license application, a list of invoices required for planning, consumer request for electricity and Form B for environmental concerns (if applicable).