How to do business in the UAE

Job market
The job market of the UAE is vibrant, and it continues to grow. Economic liberty, infrastructure, enhanced legal and regulatory framework, in addition to political, economic and social stability, have contributed to the increasing level of foreign investment and provide a business-friendly environment that attracts new investment opportunities and increases investors’ appetite to invest in the UAE.

Furthermore, the establishment of free zones, flexibility and efficiency of the banking sector, and sustained political stability make the UAE a model among the world in attracting FDI. Foreign Direct Investment plays a major role in supporting economic growth in the UAE, as it is one of the important factors in achieving a competitive global economic centre.

Policy makers in the UAE consider FDI inows as an index of the success of their international business regimes. Most FDI in the UAE comes from non-Arab nations, the top six countries – the China, USA, India, Germany, Japan and the UK – contributing a combined value of over US$320 billion in 2014.


Labour market
The UAE recognises that sustainable development is only possible through the provision of employment for both nationals and expatriates alike. However, construction activities do not fully create sustainable employment in the long run, neither does oil, which is a depletable resource. For this reason, the UAE is actively pursuing a diversification strategy into manufactured industries and services over the short and medium term.

Employment and labour laws The UAE values the expatriate labour force that has helped in building the country, and does not distinguish between employers or workers on the basis of nationality or otherwise. The constitution expressly provides: “foreigners present in the UAE are entitled to the rights and freedoms and are subject to the correlative duties provided for under the respective international instruments or under conventions and treaties to which the UAE is a party”.

The UAE is convinced that trade liberalisation necessitates countervailing protection of vulnerable groups, facilitation of social dialogue and empowerment where needed, to strike a balance among competing interests of the various stakeholders. Although the labour law does not yet recognise the right of workers to organise and form trade
unions, The Ministry of Labour (MOL) does protect workers’ rights which are enshrined in the labour law.

The MOL has strengthened workers’ protection measures and revamped all of its procedures in order to make prompt fulfillment of workers’ rights by employers a precondition for entitlement to the services provided to employers by the ministry. The UAE Government is giving special attention to Labour Laws and efforts are being undertaken to improve the conditions of workers. Resolving conflicts and disputes between employers and workers is an important function of the MOL, and new approaches and mechanisms are being introduced to achieve this goal.

Monitoring of working hours, health and safety standards, medical care and other core labour standards are conducted through the following:

- Field inspection of places of work in accordance with the ILO Convention 81/1947 ratified by the UAE. These inspections are random in full conformity with the ILO standards

- Decentralised worker friendly individual grievances complaint system

- Collective labour disputes resolution system

**Labour laws** Preventative and pre-emptive measures: MOL undertakes administrative measures to prevent violations occurring through a system of an electronic track record of offending employers, holding performance bonds against employers, and compulsory audited reporting of monthly payment of wages and field inspection.

Resolution of individual grievances: MOL provides a labour relations tribunal in each one of its 11 labour UAE offices endowed with the task of receiving individual complaints by workers and employers and amicably settling them. The tribunal has the power to summon parties, hear the case of the complainant and the defendant and issue its decision.

Resolution of collective labour disputes: MOL provides a mechanism for settlement of collective labour disputes in each one of its labour offices in the UAE.

Litigation in the labour courts of the UAE: If either party does not accept the decision of the above-mentioned labour tribunal, the tribunal will refer the matter to the labour court which eventually issues a judicially binding judgement. Not a single company in violation of the core labour standards can avoid the penalties prescribed by the law. Please see: www.mol.gov.ae/Pages-EN/rulelabour.aspx

**Human resources (Tanmia)** The Emiratisation policy was introduced in 1998 by the National Human Resource Development and Employment Authority (Tanmia). This policy is an economic partnership between the government and the private sector and aims to increase the number of nationals employed in private sector activities. The
targeted sectors were selected based on two principal criteria: The economic health of the industry and its importance to the country, and the availability of skilled jobs for nationals.

In 1998, Cabinet Decree No. 10 was introduced requiring all banks, including foreign bank branches, to achieve 4% annual increases in their number of UAE national staff from 1 January 1999. According to the authorities, banks have since made noticeable progress in recruiting UAE nationals, although not as many as required by the quota. In general, about half of the UAE national job seekers registered with Tanmia that subsequently secured jobs in the private sector were recruited by the banking sector.

In 2001, the government recommended that 5% of the employees of all insurance companies, including foreign companies, should be UAE nationals, and that the number of national employees should increase annually by 2%, this was made mandatory by a Cabinet Resolution in 2003. In 2004, a Council of Ministers’ Resolution imposed a requirement of 2% UAE national staff of "trade sector" that employ more than 50 workers.

The MOL’s new Emiratisation plan is meant to strengthen the recruitment of UAE nationals in certain jobs rather than in economic sectors. The new rules are applicable to all private companies. Tanmia also offers training programmes for UAE nationals to ensure that they have adequate skills to be hired by the private sector. In addition, the authorities of certain emirates have also developed programmes to encourage entrepreneurship among nationals through the creation of small and medium-sized enterprises (SMEs). These programmes offer a simplified application process,

**Labour contracts** The rules and procedures adopted for the licences to recruit foreign labour to work in the UAE are applied in all the emirates. The MOL issues a model form of dual-language labour contract in Arabic and English which is widely used, but other forms of contract are enforceable, provided they comply with the Labour Law. End-of-service gratuities are equivalent to 21 calendar days' pay for every year of the first five years of service and 30 calendar days for every year of service over the five years. The total gratuity should not exceed two years’ wages. Employees are entitled to pro-rata amounts for service periods of less than a full year, provided they have completed one year in continuous service.

**Employment contracts** When a worker arrives in the UAE, he or she should have an employment contract agreed with the locally-based hiring establishment. The contract should be written in Arabic and may also be in English. The employment contract should be produced in three copies, one should be kept with the worker, another with the employer and the third with the competent labour department. The employee should keep a copy available throughout the contract term. The employment contract should state the nature and the date of starting work, location, term, duration and salary. The competent labour department should review and certify the employment contract.
**Labour card** The following conditions are applicable: The employer should obtain a labour card for the recruited worker within 60 days of the latter’s arrival in the UAE. Failure to do so will result in a penalty fine. In this case, the worker would have carried out his or her work in breach of the law and the regulations of the employment of foreign labour. In such circumstances, workers are advised by the MOL to notify the competent labour department to take the necessary action against the employer.

The worker should be medically fit to perform the work they were hired for and should not be suffering from any disease. This should be proven by medical certificate for each worker, issued by a competent medical practitioner in the UAE as per the relevant instructions.

The card is valid for two years (three years in the free zones) and renewable for similar periods, with the consent of the employer and the worker. It should be renewed within 60 days from the date of expiry. The card may not be renewed after the lapse of this period unless the employer submits an acceptable justification to the MOL. In this case, the MOL will levy prescribed fines for the delay in renewing the card. The worker may not continue to work after the expiry of their labour card.

As the worker is the one who would suffer from the non-renewal of their labour card, they should request the employer to renew it, as long as the labour relationship is continuing. If the employer does not respond, the worker is advised to notify the competent labour department to take the necessary action against the employer.

The employer undertakes to pay the fees due on the employment contract and the labour card as well as any fines in the case of failure to obtain or renew the labour card within the defined period. All workers should carry their labour cards when they move around in the UAE.

**Labour cities** Dubai Industrial City (DIC) and the emirate of Abu Dhabi both have residential city projects conceived to address the large demand for workers’ accommodation, providing affordable, self-contained accommodation with full commercial and leisure facilities within easy access of production centres, thereby further attracting investments and the requisite workforce for continued development and growth.

The following documents are available at the Ministry of Labour website: www.mol.gov.ae:

- General directives
- Work permits
- Employment contracts & labour cards
- Private recruitment agencies
- Work hours leaves
- Compensation for work injuries & professional diseases
- Labour disputes
- Termination of the employment contract
- End of service benefits
- Transfer of sponsorship
- Repatriation

What to consider when doing business

**Entering the market** Economic activity in the UAE is regulated by each individual emirate as well as by the federal government. Dubai has taken the lead in constructing/developing a relatively unrestricted environment in which to do business. Competition is very keen in established sectors. Breaking into an existing market means newcomers have to work hard to capture a share. Newcomers need to find competitive advantages, for example, better quality, faster delivery, lower prices or newer designs.

Other opportunities exist alongside notable joint public / private stock companies. An example is Dubai Investments, a public joint stock company, which has developed a 3,180 hectare industrial park on the outskirts of Dubai. The company has interests in the manufacturing of consumer goods, communications, light industry, high technology and environmentally friendly acquisitions. Their core business is investment in viable projects that have the potential for growth across all economic sectors.

**Selling in the UAE**

The majority of local governments and federal ministries based in Dubai are required to purchase through local agents, who may also assist in marketing and sales, although it is still possible for a company outside the UAE to sell directly to contractors. Generally, price is the most important factor in promoting sales, although it is evident that product quality and after-sales service are also important selling factors in the UAE market. Advertising and participation in sales promotions and trade exhibitions is often helpful for raising consumer awareness and gaining market share, but effectiveness will vary according to product.

The period from September to June sees a variety of trade exhibitions and conferences in a broad range of sectors including information technology, education, interior design,
construction and health. Exhibitions and trade fairs are also held in Sharjah, Ras Al Khaimah and Fujairah.

**Channels of distribution and sale** There are three main methods of exporting to Dubai and the Northern Emirates. It is up to individual companies to choose the method of export that best suits the characteristics of their product or service following careful assessment of potential sales in the market place. These methods are:

1) **Direct trade** International manufacturers and exporters may conduct business with the country by concluding transactions directly with importers and traders who are already established in the market. This type of trade is best suited to low volume trade or to test the market and should not otherwise be used as a permanent arrangement.

To do business in the UAE, it is necessary to comply with the federal laws governing business activity. It is essential to obtain the correct authorisation and licences prior to conducting trade within the UAE. In addition it is important to be properly advised as to the requirements which apply in each particular Emirate.

In the private sector, there is nothing to prevent a foreign principal from supplying its customers directly in the UAE. If the foreign principal therefore already has an established customer base in the country it may not be necessary to appoint an agent. If however the foreign principal's potential business is substantial or no established client base exists, it may be appropriate to appoint an agent.

As far as the public sector is concerned, most governmental ministries and public sector organisations will only deal through an agent. If an agent is to be appointed then the foreign principal must comply with the various requirements laid down by law. Perhaps the most fundamental requirement is that only UAE citizens, or companies which are wholly owned by UAE citizens, are permitted to conduct the business of a registered agent.

2) **Commercial agencies** A foreign company wishing to supply goods to Dubai and the Northern Emirates can do so without establishing a physical presence by appointing a commercial agent and distributor to represent their interests in the UAE. There are regulation governing the appointment of commercial agents, representatives, and distributors, defining a commercial agency as any arrangement whereby a foreign company is represented by an agent to “distribute, sell, offer, or provide goods or services within the UAE for a commission or profit”.

The Commercial Code Federal Law no. (18) of 1993 augments the Commercial Agencies Law and establishes the regulatory framework for the various types of commercial agencies permitted. The most common type of agency is the contracts agency, whereby the agent undertakes on a permanent basis and in a specific area of activity, the instigation and negotiation of the conclusion of deals, to the advantage of the principal and in return for payment. Distributor contracts are treated like contracts agencies when they involve one agent as the sole agency.
Primary requirements of commercial agencies:

- Commercial agents must be UAE nationals or companies incorporated in the UAE and owned entirely by UAE nationals;

- Commercial agents must be registered with the UAE Ministry of Economy;

- The agency agreement must be registered in order for the agent to avail itself of the protections afforded under the law and to have the agency relationship recognised under UAE law;

- Commercial agents are entitled to an exclusive territory encompassing at least one emirate for the specified products;

- Unless otherwise agreed, commercial agents are entitled to receive commissions on sales of the products in their designated territory irrespective of whether such sales are made by or through the agent;

- Commercial agents are entitled to prevent products subject to their agency from being imported into the UAE if the agent is not the consignee.

It is therefore not possible for foreign nationals or a company incorporated in the UAE which has any foreign participation to conduct these activities. For the avoidance of doubt, other GCC nationals or companies incorporated in other GCC states cannot act as agents in the UAE either alone or in partnership with a UAE national or company.

The UAE is a federal country and it may be necessary to appoint more than one representative in order to cover the whole market effectively. Alternatively a sole agent may be appointed. In practice, many overseas companies appoint several agents to cover defined areas of the country (and the region) and may have separate agreements for separate products. Any commercial agency agreement needs to be drawn up with great care specifying the products and territories to be covered by the agent.

The Commercial Agencies Law was amended in 2006. Under the new law the provision prohibiting a principle from refusing to renew an agency agreement without justified cause has been deleted. In reality it may still be extremely difficult to terminate a commercial agency agreement without facing a claim for compensation from the agent unless it is terminated with the written agreement of both parties. However, article 8 also now states that a principle may register a different agent if the term of the agreement has expired. Under the new law either the principle or the agent may claim compensation if termination of the agency causes damage to either of the parties.

The British Embassy recommends that UK companies should seek legal advice before entering into a written agreement.
3) Setting up a presence in Dubai

Apart from the obvious distinct advantages of having a physical presence in the market place, one important consideration is that businessmen in the Middle East prefer to meet, in person, those they may wish to do business with. It is important to invest time in building relationships with potential customers or partners.

Market entry and start-up considerations

Under federal legislation, the principal relevant options available for conducting business in the UAE are:

- participation in a local company or other commercial entity
- establishment of a branch office
- establishment of a branch or subsidiary in one of the Free Zones of the UAE
- appointment of a commercial agent or distributor

Of the above options, the most appropriate will usually depend upon the nature of the activities proposed to be undertaken and it may be that a combination of the options outlined is appropriate for your particular business.

Establishment of a local company or other commercial entity

There is no such thing as an "off the shelf" company in the UAE. Every commercial entity must be specifically established. This process may be document-intensive and time consuming. The most common commercial entity used by foreign companies is the Limited Liability Company (LLC) – see detail later in this guide. Legal support is advisable as to all aspects of establishing a UAE company or other commercial entity including, for example, its capitalisation and level of foreign participation. Foreign participation is generally limited to no more than 49% (although there are contractual ways in which to mitigate the effects of a minority ownership of shares) and general partners in any of the partnerships listed above must be UAE nationals.

Establishment of a branch office

The scope of activities permitted to be undertaken by branch offices varies from emirate to emirate, although generally a broad range of activities can be undertaken to the extent that the parent company is duly licensed to carry out such activities and subject to statutory limitations concerning certain activities, such as trading which may not be conducted under a branch office structure. A foreign company establishing a branch office in one of the emirates must register with the Ministry of Economy in addition to the local business licence issued by the government of the relevant emirate. Furthermore, the applicant company is now required to deposit a bank guarantee in the sum of AED 50,000 to the Ministry of Economy. The branch office must also be sponsored by a UAE national or by a locally registered company wholly owned by UAE nationals. The sponsor is known as the
National Agent. A formal National Agency Agreement is required, in which the National Agent undertakes to sponsor and assist the foreign company, usually in return for a fee. It is not advisable for a National Agency Agreement to be signed without legal advice having been taken. In certain businesses, the permission of a particular authority is required, for example the Municipality in Dubai as regards engineering consultancy and the Central Bank as regards finance.

**Using the free zones of the UAE** The UAE has free zones in most of the individual emirates. Dubai also has a number of specialist free zones, including Jebel Ali Free Zone, Dubai Airport Free Zone, Dubai Multi Commodities Centre, Dubai Technology and Media Free Zone and Dubai Healthcare City. These innovative free zones offer a variety of valuable benefits to businesses and a degree of flexibility, including:

- 100% foreign ownership through branches, single or multiple shareholder companies (known as FZE, FZCO or FZ-LLC)
- no National Agent required for branch offices of foreign companies
- no customs duties on imports and re-exports (except re-exports into onshore UAE)
- special assistance in obtaining work permits for staff
- guaranteed exemptions from all types of taxes

Details of the incentives and facilities available, together with registration, minimum capitalisation and other requirements vary between free zones, and specific legal advice should be taken. See also, the Free Zones section in this guide.

**Customs and regulations**

**FCAUAE application** The Federal Customs Authority of the UAE launched the "FCAUAE" smartphone/tablet application in August 2014, specifically designed for smart government services as part of its 2014-16 Strategy. The launching of this innovative new application is part of an initiative launched by His Highness Mohammed bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai, to transform the UAE Government into a smart government before the end of 2015.

The Authority’s new smart application will provide quick services for strategic partners in the customs sector, and aims at simplifying and facilitating the various services anywhere and at any time. It will also allow customers access to information, the submission of services application forms, as well as follow up on progress during normal work hours via smartphone.

The application offers customers and partners a wide variety of information services related to customs, including: The terms of the unified customs tariff for Gulf
Cooperation Council States, customs procedures unified guidelines, inspection and preview procedures unified guidelines in the UAE, passenger to/from UAE guidelines, the unified fees for all services offered at the country’s different customs ports, and the customs clearance mechanism.

What sets this application apart from other applications is that it provides an interactive service that enables customers and partners to access the locations of more than 60 customs ports in the UAE, by linking with Google’s GPS system. As a result, it will become easier for customers to set a direct route to their desired port, in addition to providing the port search option based on the emirate and port type (land, sea, and air).

**Green Customs** In its new 2014-16 strategy, the FCA is adopting a new innovative green customs initiative to enhance the customs departments and their partners’ abilities to detect and control illicit trade in environment-unfriendly goods.

The initiative is one of those launched by the UN Environment Program (UNEP) in June 2013 in coordination with the World Customs Organization (WCO), Interpol, and the UN Office on Drugs and Crime (UNODC), regulating sound procedures for handling and transporting hazardous chemicals and radiative materials and their waste, pathogenic animals and plants, genetically-modified organisms and those facing risk of extinction.

It is aimed at enhancing the abilities of customs officials and related authorities to monitor legal trade, and to detect and prohibit the illicit trade of goods that have an adverse impact on the public health, environment, GMF plants and animals and those likely to become extinct.

The initiative will also share information and data relating to chemical, biological and environmental safety, and targets the establishment of local, regional and international reference laboratories and others in the land, sea and air customs points to monitor and detect the environmental and biological impact of importing and exporting such goods.

The green customs project will build a database providing scientific references, state-of-the-art analysis, and the lab equipment required for monitoring, detecting and conducting chemical, biological and environmental analyses. The project will also increase awareness, general knowledge and education among the public about green customs, and international agreements and conventions in this field.

The FCA plan includes activating and updating a national database about chemicals according to latest international developments, forming and expanding special teams for fighting chemical fires and disasters in the civil defence system and developing a curriculum of chemicals in military and security academies and colleges, so that the alumni can have the knowledge required for dealing with such materials and related hazards. In addition, permanent scientific advisory committees will be formed to
conduct studies, propose solutions, offer scientific recommendations on handling chemicals, and to take part in developing emergency plans to overcome related hazards and risks.

**Customs duties** The UAE imposes 5% customs duty across-the-board on most categories of imports. Products brought into a free zone within the UAE are exempt from import duties. The UAE’s customs tariffs are based on the Customs Co-operation Council’s nomenclature system. Duties may be levied ad valorem or specific to the goods concerned.

Foodstuffs, medicines and goods destined for government or oil companies are generally exempt from duty. Customs duties are levied on the CIF value at the rate of 5%. Where permitted, the duty on alcoholic beverages is 50% and on tobacco products is 100%.

Sharjah, Ras Al Khaimah, Ajman, Fujairah and Umm Al Quwain customs duties are levied on the CIF value. In Sharjah, there are two free zones at Hamriya and the airport. Free zones are also operated in Ajman, Fujairah, Ras Al Khaimah and Umm Al Quwain.

The UK customs classification helpline (Tel: 01702 366 077) provides advice on customer classification numbers. The helpline is open from 09.00-16.30. Enquiries can also be e-mailed to: classification.tso@hmrc.gsi.gov.uk

The Arab-British Chamber of Commerce has a network of agent and sub-agent chambers of commerce throughout the UK that can help companies with enquiries about sending samples and temporary imports to Dubai and the Northern Emirates. Companies should contact their local chamber of commerce to find out where their local agent chamber is. The website of the British Chambers of Commerce has a search facility that allows enquirers to locate their local chamber.

**Additional taxes**

- Corporate income tax: the individual emirates issue corporate tax decrees although in practice, taxes have only been imposed on oil and gas producing companies and petrochemical producing companies at rates set out in their government concession agreements.

- Capital gains tax: capital gains are not subject to taxation.

- Social security taxes: the UAE does not impose social security taxes.

**Legislation and local regulations**
Commercial law

The Federal Commercial Code has been in effect since 1993 and is a wide-ranging law, which directly affects every commercial organisation conducting business in the UAE. The commercial code covers such matters as the regulation of commercial activities, including preparation of commercial contracts, and obligations and assumptions that will apply in the absence of express agreement to the contrary.

Enforcement of your commercial rights

The UAE has civil courts, which deal specifically with civil and commercial matters and are governed by strict rules of procedure. The courts of Dubai do not form part of the federal court system but do apply the federal Civil Procedures Code. Although contracts prepared in languages other than Arabic are enforceable before the courts, all pleadings and supporting documentation must be prepared in or translated into Arabic. There is a right of appeal against judgments in given circumstances.

Specific legal advice should be taken on the potential length and cost of any action prior to commencing proceedings in the UAE. In addition, arbitration should be considered as an alternative means of dispute resolution. The Chambers of Commerce in both Abu Dhabi and Dubai have established commercial arbitration centres. The UAE has now acceded to the 1958 New York Convention on the recognition and enforcement of foreign arbitral awards. This means that foreign arbitral awards should be more easily enforceable in the UAE.

Government contracts

Companies doing business with official bodies should note that there are strict regulations affecting government contracts. Also, government bodies operate various standard forms of contract, such as construction and consultancy contracts, which follow international practice but are adapted for local usage. Standard forms of contract also vary between the different emirates.

Real estate

Although the UAE Civil Code includes a number of provisions dealing with land ownership, leasing, co ownership of floors and apartments and the creation and operation of owners' associations, it does not address the underlying issue of the ownership of property by non-UAE nationals. It has therefore been left to each of the individual emirates to legislate on real estate matters. The Dubai property law provides the general rule that property ownership in the emirate shall be restricted to UAE and GCC nationals (and companies wholly owned by them), as well as public shareholding companies, and that other nationalities may be granted a right of property ownership on a freehold or 99 year leasehold basis, in 30 pre-designated areas. In 2007 laws were introduced requiring developers to establish escrow accounts designed to protect off plan purchasers, and concerning the multiple ownership of property.

Traditionally in Abu Dhabi, absolute ownership of land has been vested in the government of Abu Dhabi, which has tended only to grant rights in land to Abu Dhabi nationals and companies 100% owned by UAE nationals. However, GCC nationals have the right to own land and buildings in Abu Dhabi, and other expatriates the right to own buildings in certain designated "investment areas". Federally non-UAE and GCC nationals may also acquire a right of usufruct (effectively a lease) for up to 99 years, or
a right of musataha (the right to develop the land of another) for up to 50 years, each renewable by mutual consent. Generally, despite the introduction of a number of significant laws which have been passed in order to regulate property ownership and property related transactions in the UAE, there are still important issues which arise from the ownership of land, for example in relation to inheritance and rights of residence.

**Debt collection** In order to minimise the risk of accruing bad debts, exporters should take up credit references on UAE importers with whom they do business. Legal action can be both costly and lengthy and may not be worthwhile for relatively small debts.

Commercial, diplomatic or consular officers are not able to assist in the collection of debts but they may be prepared to offer advice on the best means of settling outstanding difficulties. British banks are able to advise on the different means of securing payment.

**Taxation** Certain emirates, including Abu Dhabi and Dubai, have promulgated income tax legislation but, in practice, it is only applied to companies in the oil, gas and related sectors, and branches of foreign banks. Customs duties are currently levied at a general rate of 5% within the GCC, in accordance with the GCC Customs Union. There is no direct personal taxation in the UAE. Most emirates levy various municipal taxes and indirect taxation through official fees is commonplace.

**Importing goods** Goods which have been manufactured in Israel may not be imported into the UAE. Pornographic material, ivory/rhino horns, cannabis, alcoholic beverages, fire-arms, fireworks, narcotics and opium are also strictly prohibited. British and Irish beef and related products may not be imported. All printed matter, films and tapes must be cleared by the Ministry of Information. Exports to the UAE are subject to pre-shipment inspection for those who want it. A full inspection service can be provided by SGS Group. See: www.ukenquiries@sgsgroup.com (Tel: 01276 697877).

Responding to tenders

**The UAE offset programme** Foreign tenderers for military (and some civil) supply and service contracts are required to pre-qualify, under the UAE offset programme, which includes signing an offset agreement with the UAE Offsets Group (UOG). The offset agreement will require a successful tenderer to earn credits by promoting economic activity in the UAE, through direct investment in projects and otherwise. It is strongly recommended that companies required to sign an offset agreement take appropriate legal and other professional advice on its implications. In 2008 UOG established Tawazun Holding, a wholly-owned subsidiary, to effect offset arrangements with individual participants. Tawazun Holding has already entered into a number of high-profile joint ventures.
Recruiting and retaining staff

**Employment legislation** There are legislative and other requirements governing the employment of Emirati and expatriate labour in the UAE. These impose certain rights and obligations on both the employer and the employee. To some extent, these differ as between expatriate employees who are brought into the country by their employer and those who are employed locally.

**Immigration** Sponsorship by a company of expatriate personnel and visitors to the UAE imposes obligations on that company, and its authorised representatives or managers, as to the conduct of such persons. There are various regulations concerning the issue, renewal and cancellation of visas and labour cards. Great care must be taken not to infringe such regulations and UAE-based employees must respect the customs and laws of the UAE.

Documentation

The necessary documents required for import and export of goods to and from the UAE are as follows:

- Invoices – initiated by supplier
- Certificate of origin
- Bills of lading / airway bill

**Labelling and packaging regulations** Labelling in Arabic is required on all consumer products. Labels need to provide information including details of the manufacturer, product information, and standard quality disclosures. There are some products which must be clearly marked, stamped, branded or labelled so as to indicate the country of origin. Please contact the British Embassy in Abu Dhabi or Dubai for further information: enquiries@ukti.gsi.gov.uk

Additionally, many food products may also have to comply with hygiene and ingredients regulations. Labels on foodstuffs must have the following information:

- product and brand names
- production and expiration dates
- country of origin
- name of the manufacturer
- a comprehensive list of ingredients and additives
Getting your goods to the market

All the emirates have modern ports and warehouse facilities – the port of Jebel Ali in Dubai is DP World’s flagship terminal, the world’s largest man-made harbour, the biggest port in the Middle East, and the busiest container terminal between Asia and Europe. The majority of goods are imported by sea. Much is transferred by truck to neighbouring GCC countries or to smaller ships for onward movement to ports around the region.

In Dubai, Port Rashid and Jebel Ali Port are now amalgamated under the Dubai Ports World. Port Rashid is one of the busiest ports in the Gulf and has 35 berths.

The development of the free zones at Jebel Ali and Dubai International Airport has enabled Dubai to dominate the regional business of unloading, breaking down, and reloading cargo for onward shipment. Warehouse facilities provide storage for imports and there are no storage charges for the first 20 days.

Delivery dates Sea freight from the UK takes approximately 4-6 weeks, with airfreight taking 3-7 days. Goods requiring transfer from the ports will require extra time and this will need to be taken into account when calculating delivery time. Customs clearance can also add a week or two to delivery times.

The British International Freight Association's (BIFA) importer/exporter initiative aims to provide specialist help and assistance to companies who are new to exporting. This service, available through selected BIFA registered members, offers up to one day's free consultancy to advise companies on such matters as modes of transport, distribution methods, costing, documentation and payment terms.

Standards and technical regulation

Anti-dumping & countervailing As a signatory to the World Trade Organisation (WTO), the UAE can apply anti-dumping or countervailing duties to products which are sold in the UAE for less than they sell in the country of origin in order to gain market share or undermine an existing or emerging industry in the UAE. These additional duties are imposed on a temporary basis to counteract the effects of an unfairly low price or an unfair subsidy to the producer. An example of an unfair subsidy would be government grants, capital loans, favourable loan guarantees, export rebates, or tax incentives. These duties can only be imposed if the imported goods have caused, or are likely to cause, material harm to the UAE domestic market.

Intellectual property rights
Federal intellectual property (IP) laws have been in place in the United Arab Emirates since 1992 for the protection and enforcement of intellectual property rights. Further, in 2002, a major legislative overhaul resulted in amending/repealing the 1992 laws to meet international standards for intellectual property protection.

The UAE is a party to the following main intellectual property protection treaties:

- The Paris Convention – the protection of industrial property covering patents and trademarks
- Berne Convention – Literary and artistic works
- Patent Cooperation Treaty (PCT)
- Rome Convention – Performers, producers of phonograms and broadcasting organisations
- WIPO Copyright Treaty (WCT)
- WIPO Performances and Phonograms Treaty (WPPT)
- The agreement on trade-related aspects of intellectual property rights (TRIPS Agreement), which forms one of the main agreements of the World Trade Organization (WTO)

The basic elements of the intellectual property laws of the UAE are as follows:

- Trademarks – registration is valid for ten years as of the date of filing the application renewable for similar periods. A trademark can be infringed by manufacturing, sale and possession of counterfeit goods, as well as imitation, misleading practices, and fraudulent use of registered trademarks. Minimum fines of £935 can be levied and/or prison sentences can be imposed on the infringers. The court has authority to order seizure, confiscation and destruction infringing goods and the equipment/machinery used to commit infringement.

- Copyrights – the duration of protection is for the lifetime of the author plus 50 years after his death or 50 years from the date of publication in cases of cinematographic works, works of corporate bodies and works published for the first time after the death of the author. Copyrights infringement attracts a jail term and/or a fine of not less than £1,870. The court has authority to seize, confiscate and destroy infringing goods and the equipment/machinery used to commit infringement.

- Patents – a patent is valid for 20 years only with annuities payable during that time. The penalties stated in the law for violators of patent rights are fines of not less than £935 and/or imprisonment. The court has authority to order confiscation and destruction of the seizures, tools, or machines and removal of the violating material.
- Designs – registration of a design is valid for ten years only with annuities payable during that time. The infringement of design right attracts the punishment of a fine of not less than £935 and/or imprisonment. The court has authority to order confiscation and destruction of the seizures, tools, or machines and removal of the violating material.

Facilitation of trade

**Market access** The UAE’s entry into the multilateral trading system, namely the World Trade Organization (WTO), and to regional agreements such as the Gulf Cooperation Council (GCC) and the Great Arab Free Trade Agreement (GAFTA), as well as in a number of other bilateral agreements including Free Trade Agreements (FTA) and Double Taxation Agreement (DTAs), is expected to boost the UAE’s attractiveness to foreign investors. It promises to open the UAE to international markets, but also increase policy transparency, improve governance, and offer greater business predictability. Foreign investors will certainly benefit from such a business environment, hence, Foreign Direct Investment (FDI) flows are likely to increase dramatically as a result.

**World Trade Organization** The UAE Government believes that an economy based on market factors, fair competition, free trade and economic openness are necessary conditions for increased competitiveness and productivity in the long run. Further, the UAE believes that it is essential to have a strengthened international trade system which is fully regulated, fulfils the aspirations of its members, and lays down the principles and rules for promoting international trade liberalisation. The UAE is a strong believer and advocate of the multilateral trading system, and joined the World Trade Organization (WTO) on April 10, 1996 to support its participation in international trade and to take advantage of new opportunities offered by the new international trading system.

As a result of being a WTO member, the UAE grants ‘Most Favoured Nation’ (MFN) treatment to all of its trading partners. The WTO agreement ratiﬁed and prevails over domestic legal instruments. The UAE’s MFN-applied tariff, based on the GCC Common External Tariff (CET), is low, at an average of some 5.1%, whereas most of the UAE’s applied tariffs (except on alcohol and tobacco) are zero or 5%.

The UAE has also developed national laws and regulations in line with WTO guidelines in a number of important areas including intellectual property, trade in goods, trade in services, trade remedy laws, and procedures managing trade. In the area of trade, the UAE is following legislative and regulatory developments recorded in the international arena, including the application of international standards and speciﬁcations that have become a major challenge for the development and diversiﬁcation of national exports, and through which national ﬁrms will play a role in international trade.
Membership of the WTO results in a number of positive medium- and long-term effects for the country, as it is the only global international organisation dealing with the rules of trade between nations. These include the gradual reduction of customs duties applied to exports to regional and global markets, and lately The UAE notified the WTO with its commitments under the newly born Trade Facilitation agreement. To this end, ongoing updates of UAE laws in line with best international practices, and allowing the UAE to play an active role in the multilateral trading negotiations.

**Regional agreements – Gulf Cooperation Council (GCC)** The GCC was created on May 25, 1981 by Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. The main objectives of the agreement are regional cooperation and integration in all economic, social, and cultural affairs, including trade, industry, investment, finance, transport, communications, and energy. Its specific objectives are to achieve a common market, with equal treatment of GCC citizens in each member country in respect of freedom of movement, work, residence, ownership of real estate, and movement of capital, as well as financial and monetary coordination including adoption of a common currency.

**Bilateral agreements – Free trade agreement** Since the UAE is a member of the GCC, it has negotiated with a number of countries a bilateral free trade agreement to enhance the UAE's position as a trade hub and investment destination. These countries include the European Union (EU), the MERCUSUR, Japan, China, South Korea, Australia, New Zealand, Pakistan, India and Turkey.

**Double taxation agreement** Double taxation agreements (DTAs) prevent those individuals and corporations from being susceptible to tax on the same item in the same time period. These agreements determine which of the two states concerned should levy tax in a particular case. Further, DTAs are intended to avoid double taxation of income and gains where a resident of one country has taxable income arising in the other country.

The government considers DTAs important to encourage FDI flows. These agreements promote trade in goods and services and the flow of capital, technology and persons. To this end, the UAE government is keen to work with other countries on DTAs in order to expedite investment opportunities in the UAE and other economic partners.

The UAE has signed an agreement with the OECD to harmonise taxation issues. In addition, the UAE has DTAs with various countries.

**How to invest in the UAE**

The UAE Commercial Companies Law, Federal Law No 8 of 1984 (as amended by Federal Law No 13 of 1988), governs the activities of foreign companies in the UAE.
Investment Promotion & Protection Agreements (IPPA)s are designed to encourage investor confidence by setting high standards of investor protection applicable in international law. Key elements include provisions for equal and non-discriminatory treatment of investors and their investments, compensation for expropriation, transfer of capital and returns and access to independent settlement of disputes.

Full details of the UK/United Arab Emirates IPPA, and contact points for any queries can be found on the FCO pages of the gov.uk website: www.gov.uk/fco

Major UK investors include BP, Shell, Rolls Royce, International Power, BAe Systems, WS Atkins, Mott MacDonald, Halcrow, Hyder, HSBC, RBS, Standard Chartered, Laing O’Rourke.

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