



DOING BUSINESS IN THE UNITED ARAB EMIRATES

The United Arab Emirates (UAE) is a federation of seven emirates located on the Arabian Peninsula. The seven emirates are Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Qaiwan, Fujairah and Ras Al Khaimah. This federation was founded in 1971 and is an active member of the Gulf Cooperative Council (GCC), which includes Saudi Arabia, Kuwait, Oman, Qatar, and Bahrain. The prosperity of the UAE is based in large part on the country's vast oil and gas reserves, most of which lie in the largest emirate, Abu Dhabi. The UAE has nearly eight percent of the world's proven oil reserves and five percent of proven gas reserves. It is one of the wealthiest nations in the world with per capita GDP in 2012 approaching \$50,000.

The UAE, particularly the emirate of Dubai, has long been recognized as the commercial and business hub of the Middle East and beyond. It has developed a leading role in business services, including finance, and has effectively created a logistics hub between east and west. It is home to the busiest man-made port in the world, Jebel Ali, which will be joined in 2012 by Abu Dhabi's new Port Khalifa. The UAE is home to two of the fastest growing airlines in the world, Emirates and Etihad. The country has no corporate taxes (with the exception of banks and foreign oil companies that have concessions in UAE oilfields), no income taxes, and a relatively low import duty of five percent on most products.

The United States and the United Arab Emirates have a strong bilateral relationship, based on a joint commitment to the security and stability of the Gulf region. Over the past decade, the commercial relationship has grown to become one of the pillars of the relationship. U.S. exports have grown from \$2.3 billion in 2000 to \$15.9 billion in 2011, making the UAE the top market in the Middle East/North Africa region for US American goods. This upward trend in bilateral trade growth accelerated significantly in 2011, with U.S. exports increasing by 36% and UAE exports to the United States growing by 113%.

With a \$300 billion a year economy and excellent infrastructure, the UAE affords an excellent location for U.S. companies to conduct business in the region. The presence of almost 1,000 American firms in the UAE underlines this fact. Many U.S. companies, drawn by strong logistics and transport industries, use the UAE as a regional headquarters from which to conduct business throughout the Middle East, North Africa and parts of Asia. The global economic crisis has had an impact on the UAE. Dubai has been especially hard hit due to the impact of a real estate slump and lack of oil resources to cushion the blow. Real estate prices in Dubai have fallen at least 50% since mid-2008. Abu Dhabi's highly publicized December 2009 financial support for Dubai, following the latter's November debt standstill announcement illustrates a shift in some of the economic balance of power and market dynamism from Dubai to Abu Dhabi. Abu Dhabi, fueled by oil wealth and ambition to become a diversified regional economic hub, is undertaking expansions in many sectors, including nuclear energy, alternative energy, urban development and transport and tourism.

During the past year, Dubai has begun to regain some of its luster as a business center. While it will need some time to work out its debt problems and over-supply of real estate, Dubai still has on-going investment in physical infrastructure (roads, subways, airports, ports, etc.), and more importantly retains its role as a leading logistics and business service provider. In fact it is this role as a logistics hub for the movement of both goods and people that has made the UAE, with only 5 million people, one of the world's largest markets for civil aircraft. There are also good prospects in sectors such as healthcare, information technology and educational services among others.

The UAE is integrated into the world economy and international economic institutions, holding membership in the World Trade Organization and being a signatory to the General Agreement on Tariffs and Trade (GATT), the General Agreement on Trade in Service (GATS), and the Agreement on Trade-Related Aspects of Intellectual Property (TRIPS).

The UAE, although an attractive market for a wide variety of products, has its challenges. Foreign companies find it difficult to legally dismiss a non-performing local agent without protracted litigation, and it is difficult, if not impossible, to sell without a local agent. Delays in payments have become a significant problem for many firms operating in the UAE. The US Embassy strongly advises companies wanting to do business in the UAE to seek competent legal counsel while exploring the market and to get to become well acquainted with their prospective client or business partner prior to entering into an agreement.

Although oil and gas production will remain the backbone of the UAE economy for years to come, the non-oil sector of the economy is expanding rapidly. Major growth areas include: aircraft & parts, security and safety equipment; IT equipment and services; medical equipment, services and supplies; architecture, construction, and engineering services; building products; air conditioning and refrigeration equipment; environmental and pollution control equipment. Water and power projects continue to offer opportunity due to the UAE's growing demand for water and electricity.

A rapidly developing nation, the UAE is a leading trading center. Competition is strong in this highly cosmopolitan market. High product quality, reliability, training, and after-sale service continue to be attractive features for US exports. American goods and services find a ready market here providing they bring a technological edge or new feature.

US companies seeking general export information, assistance, or country-specific commercial information should contact their nearest US Export Assistance Center, the US Department of Commerce's Trade Information Center at 1-800-USA-TRADE (1-800-872-8723), or visit: <http://export.gov/uae> or: www.buyusa.gov/uae