

United Arab Emirates

An overview on economy and business environment



The United Arab Emirates are in the Middle East, bordering the Gulf of Oman and the Persian Gulf, between Oman and Saudi Arabia. They are a constitutional federation of seven emirates: Abu Dhabi, Dubai, Sharjah, Ras Al Khaimah, Ajman, Umm Al Quwain and Fujairah. On 2 December 1971, the United Arab Emirates (UAE) was declared as an independent, sovereign and federal state. In less than 50 years - and thanks to large oil revenues - the country has grown from a sandy desert to a ultra-modern innovative centre. Now, it is one of the world's most advanced and wealthy states and one of the Middle East's major economic powers.

UAE has about 9.5 million inhabitants, 80% of which come from around the world as expatriate. Prior to the discovery of oil in the mid-20th century, the economy of the country was based primarily on fishing, seafaring and the pearl industry. When oil production and export began in the 1960s, the country's economy rapidly transformed. Today, the production of petroleum and natural gas contributes about one-third of the nation's GDP, which is on par with those of leading Western European nations.



The United Arab Emirates has a well-established infrastructure, stable political system, and one of the most liberal trade regimes in the Gulf region. It continues to be increasingly attractive to businesses from around the world as a place to do business and as a hub for the region and beyond.

After a restrained economic performance in 2017, partially due to cuts in oil output as part of OPEC agreements, the economy activity increased in 2018, with growth reaching 2.9%. Non-oil growth is expected to grow to 3.9% in 2019 on the back of increased investment and private sector credit, with overall growth standing at 3.7%. Over the medium term, the country's economy should receive a boost from being the host of the World Expo 2020.

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The UAE has also one of the highest per capita income levels in the world and a highly developed welfare system. At the same time it has one of the lowest rates of unemployment in the Middle East (1.7%) and depends heavily on foreign labour (more than 85% of the workforce). A policy of 'Emiratisation' has been launched to encourage employment of the local workforce. The UAE government aims to ensure that Emiratis comprise at least 5% of the private workforce by 2020 and the unemployment rate among nationals down to less than 1% by 2021. The latter continues to be considerably high compared to the rate among non-nationals (3.4% among UAE citizens against 0.5% as a whole in Dubai - Dubai Statistics Center). Unemployment among nationals varies also emirate by emirate and has the highest rate in Abu Dhabi.

Agriculture contributes to 0.76% of GDP and employs a mere 0.34% of the workforce, as most of the country is unsuitable for agriculture and animal husbandry. Fishing and date-growing are among the main agricultural activities.



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Manufacturing activities have experienced an exceptional growth in the last five years, particularly in sectors such as metal processing, furniture, industrial preparation of food stuffs, aluminium production, construction materials, fertilisers, the petrochemical industry, fibreglass and real estate. Industry now contributes to 43.6% of GDP and employs 38.7% of the workforce. The portion of GDP from oil and gas sector has gradually diminished leading UAE to a successful diversified economy. The United Arab Emirates is the world's 8th largest oil producer and its reserves are estimated to last approximately 100 years at the current rate of consumption.

The tertiary sector (especially international trade, air transport, tourism and financial activities) contributes up to 46.9% of GDP and employs 61% of the workforce. The top exports of the United Arab Emirates are crude and refined petroleum, gold, diamonds and gas. Its top imports are gold, pearls, jewellery, cars, diamonds and refined petroleum. The top export destinations are India, Japan, China, Oman and Switzerland. The top import origins are China, India, Germany, the United Kingdom, Turkey, Japan and South Korea.



The UAE investor friendly legislation, well established infrastructure, a favourable tax environment, make the UAE an ideal business location for foreign investors.

However foreign ownership restrictions were a great impediment to foreign direct investment in the Gulf region also because foreign ownership in most fields was limited to a 49% equity interest, with foreign investors required to partner with a local Emirati or GCC partner who would hold the remaining 51% interest. Full foreign ownership of companies was allowed only in designated free zones, designed to encourage foreign investment in designated industries, with their activities largely restricted to that free zone.

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The situation completely changed on 2 July 2019 with the decision of the Federal UAE Cabinet to permit up to 100% foreign ownership for 122 economic activities across 13 industry sectors in the UAE. The affected sectors comprise: transport and storage; agriculture; space; manufacturing; renewable energy; hospitality and food services; information and communication; professional, scientific and technical activities; administrative and support services; educational activities; healthcare; art and entertainment; and construction. That law stipulated that the cabinet would, by resolution, establish a 'Positive List' of areas in which increased foreign ownership would be permitted. The Foreign Investment Law also established a Negative List of fields in which increased foreign investment is not permitted (petroleum exploration and production; fisheries; investigation, security, military sectors, etc.)

UAE is an ideal place for foreign investor thanks to all the government incentives and facilitations. However these facilitations also include poor company information disclosure requirements. That means that it is difficult to get business information on UAE companies and only the most reliable business local providers like can help you to retrieve valuable information. On SkyMinder you can access the best local provider in the UAE giving you an excellent support in retrieving information on your commercial partners.

In the UAE there are more than 40 Free Trade Zones and company incorporated in these zones are not obliged to publicly disclose anything, except for the company name. A free zone is a designated area within the country in which businesses are subject to minimal or no taxation in order to boost economic activity. They are specifically designed to encourage foreign investment by allowing 100% ownership to expatriates and a variety of business incentives aimed at streamlining efficient business practices for companies set up within the free zone. In the UAE, free zones may be industry specific or may be attached to a port. Companies set up in free zones are treated as offshore companies. Free zones are best suited to companies that intend to use the UAE for regional manufacturing or as a distribution base with most their business outside the UAE.

All companies incorporated in the UAE do not have to disclose financial information, unless they are quoted on the stock exchange. In order to collect information that can be useful to give a credit appraisal on a company it is necessary to rely on expert local analysts who contact the company, make interviews and try to collect as much information as possible.

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Due to this complicated background, only local and trusted sources available on SkyMinder can be successful in compiling reports on UAE companies.

Most of the markets follow federal government system. There are two types of registration authorities, Free Zone (offshore) and Mainland registry. There is not regulatory obligation to file information publicly or get the accounts audited. Most of the information is sourced through data research and interviews.

One of the most complete products available on SkyMinder is the Credit Report. Credit reports available on SkyMinder include the following information:



Identification	SIC, product, historical changes
Location & Contacts	Registered & Operational Address, Contact numbers, Email, Type of premise, Premise ownership, Premise size, Employee count
Legal & Registration	Registration Number, Establishment & License expiry dates, Legal Form, Tax Registration Number
Ownership & Management	Name, holding details, nationality, Management contacts
Linkages	Name, Address, relationship
Company Operation	Purchase, Sales, payment terms, import/exports, Supplier/Customer details
Risk Scores and Compliance	Credit recommendation, adverse checks, certifications
Other	Banking details, Insurance provider, Auditors, Solicitors, Investigation comments

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On SkyMinder, it is also possible to order Due Diligence Field visit reports including: Media Checks, Compliance Checks, Site Pictures, Premise Observation, Neighbourhood Check.

SkyMinder also offer the possibility to focus on the search of a company ownership thanks to the KYC report including Identification details, Registration details, Owners and Related Companies.

Obviously, due to the country local law features the availability of each single details strictly depends on the type of company and on the willingness to cooperate during the interviews.

Sources: <https://capital.com/economy-of-the-uae>; <https://government.ae>; <https://santandertrade.com/>;
<https://tradingeconomics.com/united-arab-emirates/imports>;
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