

January 2021



United Arab Emirates

Guide to doing business

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United Arab Emirates

British Centres for Business are headquartered in Dubai where they were established in 2013 through a joint British – Dubai Government programme to boost trade and investment between the UK and UAE.

From Dubai they cover the Middle East market and have an extensive network throughout the region, supplemented by partners in markets such as North Africa and India. The BCB works with companies, specifically in relation to export development, growing business in new markets and expanding corporate footprints in Middle East and North Africa. They bring their local expertise, networks and flexible resources to help businesses grow. BCB help identify opportunities and support export growth in the region by providing a full range of services, starting from research and market assessment, market-entry and growth strategy development, through to B2B lead generation and full in-market representation. This report was written by British Centres for Business, a key strategic partner to Santander UK Corporate & Commercial.






Overview

The UAE is a federation of seven Emirates; Abu Dhabi, Dubai, Ajman, Fujairah, Ras al Khaimah, Sharjah and Umm al Quwain. Abu Dhabi is the capital which includes Abu Dhabi city as well as the Western Regions, including Al Ain, together making it the largest Emirate in the UAE. Dubai is the most popular Emirate from a trade and commerce perspective. A large proportion of the UAE population (more than half) lives in Dubai, Sharjah and Abu Dhabi.

Abu Dhabi President, Sheikh Khalifa bin Zayed, who has a reputation as a pro-Western moderniser, was named as president by the UAE Federal Council in November 2004, shortly after the death of his father, Sheikh Zayed Bin-Sultan Al Nahyan. The UAE Vice President, Sheikh Mohammed Bin Rashid Al Maktoum also doubles as the ruler of Dubai. He is known internationally as a dynamic visionary with a can-do attitude who places much emphasis on innovation and setting Dubai as a global leader in many fields, whether it is Smart Government, transport and infrastructure or world-class tourism and leisure facilities. On the next page are the rulers in each of the UAE Emirates.

In the last few years, the UAE government has focused on diversification from oil due to the decline of its oil reserve and the global fluctuation/decline in oil prices. This diversification has always been the case for Dubai, which does not have an oil reserve. Abu Dhabi, where most of the UAE's oil reserves are concentrated, is also actively following a policy of economic diversification.

The UAE has a diverse and multi-cultural population represented by various religious groups. Local Emiratis make up about 20% of the country's population. The other major ethnic groups are Arab and Iranian (20%), South Asians (50%), Filipino, Western expatriates etc.

	Emirates	Name
	Ruler of Abu Dhabi President	H.H Sheikh Khalifa bin Zayed Al Nahyan
	Ruler of Dubai Vice President and Prime Minister	H.H Sheikh Mohammed bin Rashid Al Maktoum
	Ruler of Sharjah	H.H Dr. Sheikh Sultan bin Mohamed AL-Qasimi
	Ruler of Ras al Khaimah	H.H Sheikh Saud bin Saqr al Qasimi
	Ruler of Fujairah	H.H Sheikh Hamad bin Mohammed Al Sharqi
	Ruler of Umm al Qaiwain	H.H Sheikh Saud bin Rashid Al Mu'alla
	Ruler of Ajman	H.H Sheikh Humaid bin Rashid Al Nuaimi

The Impact of COVID-19

The UAE economy was on a growth trajectory before the COVID-19 pandemic struck. Like the rest of the world, this resulted in an unprecedented economic crisis as oil prices declined, cutting the UAE's revenues significantly. At the same time, the non-oil economy suffered from severe declines in trade, tourism, aviation, construction, chemical and logistics sectors. According to World Bank, the UAE's real GDP is likely to have fallen by approximately 4.5% in 2020, before picking up a growth rate of 1.4% in 2021. The UAE's economic recovery is expected to be gradual with the EXPO 2020 playing a significant role.

The impact of the pandemic varies per sector, with some experiencing considerable growth. The image below outlines the impact of COVID-19 on different sectors in the UAE.

Responding to the health crisis and managing economic damage remains a top priority to the UAE government. In the short term, the UAE's domestic market is weak due to decreased demand, the decline in tourism coupled with an exodus of unemployed workers, and cuts in government spending. Although these factors limit the attractiveness of the UAE market, its position as a premier business hub in the Middle East remains unchallenged.

NEGATIVE IMPACT



Aviation



Textile



Chemicals



Luxury Retail



Personal Services



Construction Real Estate



Automotive



Travel and Hospitality



HORECA

LIMITED IMPACT



Logistics



Utilities



Traditional media Entertainment



Pharmaceuticals



IT Services

POSITIVE IMPACT



Digital services



Telecom and Internet providers



Digital media



Digital payment portals



Food



eRetail and Home deliveries



Healthcare



Education

UAE government support for businesses and the economy

Federal level

The UAE government increased its stimulus package to GBP 26.1 billion to help offset the impact of the pandemic on the economy. The measures include a renewable six-month suspension of work permit fees and reduction of labour and other charges to cut the cost of doing business, support small businesses and accelerate significant infrastructure projects.

Emirates level – Dubai

Launched under the directives of Sheikh Mohammed Bin Rashid Al Maktoum, the Dubai stimulus plan contains 15 initiatives, which aim to reduce costs of doing business and simplify business procedures, especially in the commercial, retail, external trade, tourism, and energy sectors. Below are some of the initiatives:

- Refund of 20% of the customs fee imposed on imported products sold in Dubai.
- A 90% reduction of fees imposed on submission of customs documents.
- Freeze on the 2.5% market fees levied on all facilities operating in Dubai.
- Cancellation of 25% down payment required for requesting instalment-based payment of government fees for obtaining and renewing licenses.
- Permission to renew commercial licenses without mandatory renewal of lease contracts. Reduction of municipality fees imposed on sales at hotels from 7% to 3.5%.
- Exemption from fees charged to companies for postponement and cancellation of tourism and sports events scheduled for 2020.
- Freeze on the fees for classification/rating of hotels.
- Freeze on the fees charged for the sale of tickets, issuance of permits and other government fees related to entertainment and business events.
- Reduction in water and electricity bills by 10%.

Emirates level – Abu Dhabi

Abu Dhabi Executive Council announced 15 initiatives focused on supporting SME's and easing the availability of loans to local companies. Some of the key initiatives include:

- Allocation of GBP 0.6 billion to the SME credit guarantee scheme managed by the Abu Dhabi Investment.
- Office to stimulate financing by local banks and enable SMEs to navigate the current market environment.
- Allocation of GBP 0.2 billion to establish a market maker fund aimed at enhancing liquidity and sustaining the balance between supply and demand for stocks.
- Establish a new committee to review lending options to support local companies.
- Exemption to all commercial and industrial activities from Tawtheeq fees until the end of this year.
- Suspension of real estate registration fees until the end of this year.
- Reduction of industrial land leasing fees by 25% on new contracts.
- Waiver of certain commercial and industrial penalties.
- Suspension of bid bonds and exempting startups from performance guarantees for projects up to GBP 10.5 million.
- Settlement of all approved government payables and invoices within 15 working days.
- Suspension of tourism and municipality fees for the tourism and entertainment sectors until the end of this year.
- Rebate of up to 20% on rental values for restaurants, tourism and entertainment sectors.
- Allocation of GBP 1 billion in water and electricity subsidies.
- Reduction in electricity connection fees for startups until the end of this year.
- Exemption to commercial vehicles from annual registration fees until the end of this year.
- Exemption to all vehicles from road toll tariffs until the end of this year.

UAE Trade Events

The UAE is home to several global trade events and exhibitions, which attract many international companies and serve as a great way to learn about the regional markets. Main events include Gulfood, The Retail Summit, Arab Health Medlab.

Expo 2020

The World Expo (Expo 2020 Dubai) was postponed due to the pandemic and will be held in Dubai from 1 October 2021 to 31 March 2022. The UK Pavilion for Expo 2020 is under construction and will underscore the progressive trade relationship between the two countries. Here is a view of the UK's Pavillion.

The UK Pavilion was inspired by the late British scientist Stephen Hawking, who asked how humanity could express itself to an extra-terrestrial civilisation. The pavilion explores everything from the commercialisation, to space and artificial intelligence.

A total of 25 million visitors are expected at the Expo, from over 190 participating countries. The Expo will take place on a 438-hectare site, connected to three international airports and a dedicated transport network. The three sub-themes of the Expo are Mobility, Sustainability and Opportunity.

It is expected that the total expenditure on the Expo will be GBP 6- 6.9 billion, whereas related developments around the Expo site could be as high as GBP 30.7 billion. A preferential procurement process will be followed for SMEs. This process will include provisions such as:

- No tender bonds
- Max 60 days pricing validity needed
- 50% upfront payment
- 30 days payment terms

The Expo aims to ensure that rules are followed within the supply chain, e.g. SME subcontractors to primary suppliers. All companies who wish to access and tender for procurement opportunities must register on the E-sourcing portal.

Trade between the UK and UAE

Overview

The UAE is the UK's largest export market in the Middle East and the 13th biggest globally. The UAE makes up 40% of GCC-UK trade. Exports to the UAE from the UK total more than GBP 10.5 billion with a trade surplus of more than GBP 4 billion. The UAE is also the biggest recipient of UK investment in the Middle East. Some of the significant areas of investment include education, energy, infrastructure, healthcare, renewables, financial and professional services.

According to the UK Office for National Statistics, the total bilateral trade reached GBP 10.37 billion in 2018. Trade between the two nations rose to £5.49 billion in the first half of 2019 up from GBP 5.11 billion in 2018. Some of UK's major exports to the UAE include food and beverages, consumer goods, mechanical power generators, and scientific products.

The UAE is home to more than 5,000 British companies, including BP, Shell, Rolls Royce, BAE Systems, Mott, McDonald, SERCO and Standard Chartered. There are about 800 commercial agencies, 4,800 British brands and more than 100,000 UK citizens living in the Gulf state.

The UAE continues to be an attractive destination to UK companies because of its advanced logistics setup and connections, and its ability to serve as a regional hub to other Middle Eastern countries, Africa and Asia.

Opportunities for UK businesses in the UAE

Some of the key strengths of the UAE market include:

- Its strategic geographical location – Dubai is regarded as a regional hub and the commercial capital for the Middle East, North Africa and beyond.
- UAE is the UK's largest export market in the region.
- Large expatriate population- the UAE has a large young expat population who are educated and well-travelled.

The UAE is considered a developing market with many opportunities across several sectors. Below are some identified opportunities for British businesses.

Information and Communications Technology

The UAE is at the heart of a digital revolution. Both the public and private actors are fully aware of the potential of digitalisation of their activities. Information Communications Technology (ICT) spending in the UAE reached GBP 3.1 billion in 2016, driven by growing demand for products and services within the country's public and private sectors. The wealth that the country possesses allows it to purchase new equipment and be at the forefront of technological development. The UAE government has also heavily invested in space science, life science, nuclear science, and ICT over the years.

The UAE is currently the most attractive ICT market in the Middle East and the first to have a minister of state dedicated to artificial intelligence. Some of the sectors with significant growth potential include cybersecurity, software, hardware, Internet of Things (IoT), artificial intelligence, big data and cloud services.

Current opportunities in ICT include:

- Retail, education, media and entertainment and public sector have experienced a significant push in the digitalisation of their operations and sales. This space is still at its infancy stage with much room for improvement.
- The UAE government have started digitalisation of citizen-centric services. The government are integrating services in the form of mobile apps and digital platforms that encourage paperless transactions and e-payment.
- The UAE healthcare development strategy, especially with the pandemic, is pushing for more reform in healthcare to introduce contactless and remote services such as virtual consultations.
- More 5G use cases across industries such as healthcare, supply chain, logistics, transportation, utilities, education. This will create opportunities for 5G infrastructure providers, telecoms, IoT platforms, cloud, and I.T. consulting providers.

Opportunities for UK businesses in the UAE

Renewable Energy

The energy industry is organised around the government's strategic plan to diversify the economy. Here are some of the steps being taken to support renewable energy.

- UAE leaders recognised that the times call for new thinking on energy and that the country has much to gain by being its champion.
- Abu Dhabi has been home to the International Renewable Energy Agency's (IRENA) headquarters since 2009, which is the first intergovernmental organisation to have its headquarters in the Middle East. It has also hosted the annual World Future Energy Summit since 2008.
- The country was the fifth highest carbon dioxide emitter per capita in the world in 2014 (last data available) but is planning to generate most of its electrical energy from solar sources by 2050.

This strategic plan creates an opportunity for British companies operating solar energy; waste-to-energy and wind energy, and water treatment. Below are some of the identified opportunities in the renewable space.

- Sustainable water infrastructure development has become a key trend in the water market with technology supporting operational efficiency. UAE water treatment systems market is expected to post robust growth by 2023 due to high industrial activities in the country, generating a vast quantity of wastewater. Many companies offer various water and wastewater technologies in the region; many of the smaller companies do not have the necessary expertise in industrial processes and many plants end up not functioning.
- Supply chain disruption impacts many renewable projects in the UAE. As part of the plans there will be a significant push to optimise sourcing for a majority of components and services.
- Increasing need to digitise some of the grid activities to adapt to the demand variability. This digitisation could lead to increasing investment in analytics and control solutions as it will allow for better management of operations in the future through several tools.

Healthcare

Due to social distancing measures, lockdowns, and fear of catching an infection in hospitals, the healthcare sector is faced with:

- Cancellation of regular care
- Reduced visits to the Emergency Department
- Cancellation of surgeries

As a result there are a number of opportunities for improvement or transformation:

- The pandemic and associated supply chain disruptions highlight an urgent need for more local formulations and active pharmaceutical ingredient manufacturers in the country for lifesaving drugs, mainly sourced in China and India. A temporary ban on imports from China and India resulted in a drug shortage for the UAE. China currently provides many base ingredients for pharmaceutical producers within the UAE, and India is the world's biggest supplier of generic drugs, including paracetamol.
- As a result of the pandemic, there has been a significant surge for the demand for medical devices, including ventilators and patient monitoring kits.
- Online health services for diagnostics and medical prescriptions are underpenetrated in some part of the region, leading to significant challenges inpatient support during the lockdown.

Opportunities in E-health

- Online health services and virtual care solutions grew in double digits, with a substantial increase in the number of virtual consultations in 2020. Virtual hospitals could be a new focus on growth.
- A.I. to augment healthcare workflows and decision making. Exponential growth in the application of technologies such as A.I., Big Data, blockchain and Internet of Medical Things is expected over the next decade.
- Diagnostics through multiple technological solutions.
- Wearables to improve the patient experience with biosensors.

Routes to market entry

Selling remotely - leveraging e-commerce

There are several routes to entering the UAE market. The below gives a general idea of the various routes to enter the UAE market:

Selling remotely - leveraging e-commerce

The world is a much smaller place with the advent of social media and internet penetration across the globe. Internet penetration in the UAE was at 99% in 2019, with over 60% engaged in e-commerce purchases. UAE residents purchase products from different parts of the world and shipped into the country. Many foreign

businesses, especially Chinese companies, now sell directly to consumers by optimising their website search and consumer market targeting. Many of these websites are optimised to the region's currency, making it easier for consumers to make a purchase decision.

Also, shipping into the UAE for consumers is relatively easy as items for personal use brought into the country are exempted from customs tax and duties after being checked by the customs inspectors. However, a 5% customs tax will be imposed on goods if found by the customs inspectors to be in commercial quantities.

Consolidator

British businesses can opt to work with a consolidator to sell into the UAE market. The consolidators usually have an office in the UK with a network of customers (usually retailers or partners) in the UAE. Consolidators can buy goods in smaller quantities from the supplier and sell across various channels. The method is common in the Food and Beverage sector.

The disadvantage of this approach is the inability of suppliers to monitor/determine where their products are sold. In the food space, several UAE supermarkets have tie-ups with consolidators in the UK, which makes it easier to import products to their stores.

Direct to retailers

Several UAE businesses buy goods directly from suppliers, then store and distribute in the UAE. These local companies must have a trading license to be able to import goods. Consequently, suppliers can target specific retailers to introduce their product.

The disadvantage to this is that the product is limited only to the retailer's stores and not sold in other channels in the market.



Commercial agent or distributor

Commercial agent

This is a common method of doing business in the UAE. Many foreign companies appoint a UAE company or individuals who represents the foreign agencies interest in the market. A commercial agent usually serves as a business development arm for their clients. In most cases, commercial agents do not hold stock of products

According to the UAE commercial law, commercial agents must be a UAE national or company. The commercial agents usually have the right to negotiate and conclude deals on behalf of the supplier or principal in return for an agreed payout.

The disadvantages of the commercial agent are the delivery time of products. Not having stock on hand could lead to a loss of some commercial deals that are time-sensitive.

Commercial distributor

A commercial distributor is also another common method of doing business in the UAE. A commercial distributor is appointed by a supplier or foreign entity to represent them in the local market. The main difference between a commercial agent and commercial distributor is the agreement type. Most distributors buy and stock the supplier's products in the warehouse, whereas a commercial agent doesn't stock products.

Many UAE local companies cannot import directly so prefer to buy from well-established local distributors who have the product readily available. Most commercial distributors can offer advice on the local market, product potential and detailed import regulations. Distributors can also manage the product registration process as required by the UAE government.

Some larger, well established local companies also provide marketing services working with the supplier/principals on advertising, product launches, public relations, events and exhibitions.

Business licensing

Licensing gives an individual or company permission to use intellectual property of the principal in the UAE. This could be in the form of a trademark, trade secret, patent, or copyrights.

The following are some of the popular licensing types:

- **A non-exclusive license** allows for multiple companies access to the principal's intellectual property. This method is common with tech companies, e.g. Microsoft or SAP.
- **An exclusive license** allows a single company rights to the principal's intellectual product. However, it may be limited to a particular country, region or specific products. Coca-Cola in the UAE is produced under Al Ahlia Beverages Company who has the rights for the country.

- **A patent license** allows another company to use the principals patented design, products, or process.
- **A trademark license** allows a licensee the rights to sell products or services under the control of the licensor to ensure quality is maintained for the brand/product/service.

Franchising

Franchising works best for companies with established brands who license out their business name, product, trademark, technique, philosophy, etc. for a percentage of the franchisee's income.

The franchisee takes on significant responsibilities in managing and running the outlet with minimal risk to the franchisor. Other benefits include lower cost and higher profits for Franchise, fast business expansion channel, global brand building.

The pitfall to this method includes poor quality franchisees which could distort the brand image, franchisees not declaring all income, and poor outlet performance.

The UAE has no specific legislation that governs franchising. The general contract and commercial laws apply here where only UAE national or corporations wholly-owned or sponsored by UAE citizens or businesses are allowed to own a business franchise. Companies located in the free zones are exempt.

In 2004, the UAE government launched a franchise association to catalyse the growth of small and medium-sized businesses. Several British brands have successfully entered this market using the franchise method, including Missguided, Costa Coffee, Pret a Manger and WHSmith.

Business set-up

Establishing a business is another route many companies take to capitalise on the growing market. This is an essential route if the foreign company intends to engage in long term contract with local companies or engage with the UAE government.

Note: The UAE government can only engage or contract with companies who have a local presence, except for specialist activities.

There are two main options to consider when considering establishing a new business here.

UAE Freezones

The UAE has several freezones where companies can set up across the country. Some of these zones are sector-specific like the healthcare city or the media city. Generally, these freezones allows for 100% ownership by a foreign entity without the need for a local sponsor. In a freezone, companies can opt to set up as a representative office, branch office or a limited liability company. Below are some advantages of a freezone setup.

- 100% ownership of businesses
- 0% corporate and income tax rate
- No customs duties on imports and exports
- 100% repatriation of the profits from the business

The disadvantage of setting up in a freezone is that the business activities are limited to the freezone.

UAE mainland/onshore setup

The mainland setup allows a foreign entity to set up a presence onshore without any restriction their business activities. According to the UAE law, a mainland company requires a local partner or a local service agent with a 51:49 share capital split with the local partner owning the majority shares. Although, there are certain industries that permit 100% foreign ownership in the mainland, including agriculture, construction and engineering, healthcare, hospitality and food services, manufacturing, shipping, transport and storage.

Advantages

- The freedom to choose any premises
- Ability to conduct a wide range of business activities
- The freedom to trade anywhere in the UAE or outside the country

Business setup through the British Centres for Business (BCB) Incubator service

The BCB provides trade advisory services and incubator-style market-entry support to help British companies explore and expand into the market.

With the close support of the UAE authorities, we have developed a unique structure that allows UK companies a quick, cost-effective and low-hassle set up and licensing path to establish a corporate presence in the UAE.

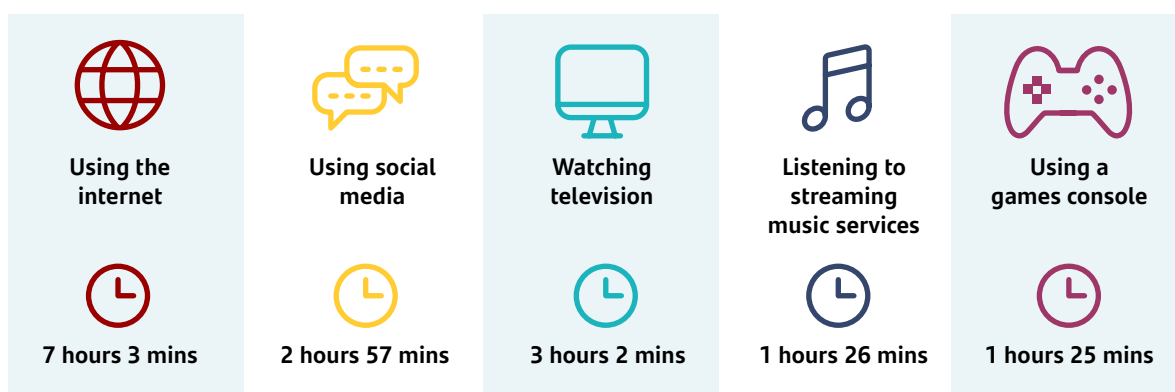
British firms benefit from the BCB's full support to get your business underway in the Middle East. For more information on business setup, visit their website.

Marketing and media in the UAE

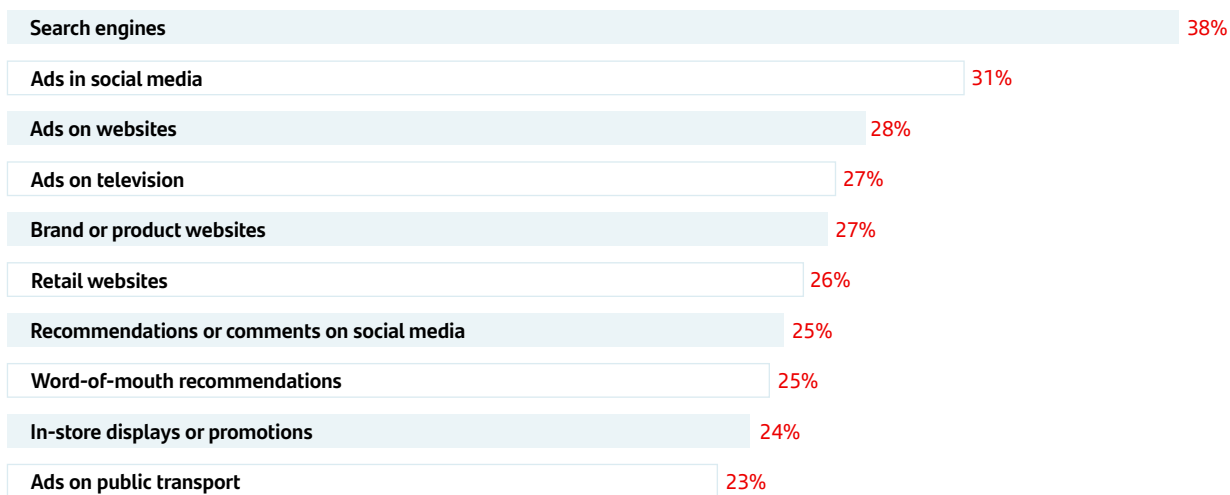
Overview

The UAE media landscape is monitored by the National Media Council (NMC). NMC monitors the media and advertising contents, including social media across the UAE. Information on the UAE media standards and regulations can be found here.

Digital Marketing: A large majority of people in the UAE spent an average of 7 hours per day online in 2019. Consequently, digital marketing is a popular tool for marketing for many local businesses. The below shows a cross-section of time spent by UAE consumers in 2019.



According to a Hootsuite report, the primary sources of new brand discovery are search engines at 38%, and social media at 31%.



Import duties and tax

Overview

The UAE benefits from its strategic location, which has positioned the country as a premier market for imports, exports and re-exports. The country's robust airline network makes it an excellent transit point with access to more than 2 billion people within 4 hours travelling time.

The UAE government has invested heavily in their airline network for both local and international flight as well as state of the art airport and logistics centres. Many international organisations have taken advantage of the country's infrastructure by setting up a regional hub in the UAE to manage their logistics and re-export to the UAE and other Middle Eastern markets.

UAE Custom Duty

Importing into the UAE mainland/onshore attract a 5% customs duty for most products. Below are the excise taxes associated with certain products:

- 50% on carbonated drinks
- 100% on tobacco products
- 100% on energy drinks
- 100% on electronic smoking devices
- 100% on liquids used in such machines and tools
- 50% on any product with added sugar or other sweeteners.

The customs duty payable is calculated on the total shipping value, which includes the cost of the imported goods, the cost of freight and the cost of insurance (CIF).

Customs exemptions

The following are exempt from customs charges:

- Goods imported into a freezone: Importers can bring in goods into a freezone or trade within a freezone at no import duty to the importer. However, a customs duty will be applicable if the exporter sells onshore or mainland.
- Items for personal use or household items: Personal use items brought into the country by non-resident UAE nationals or by expatriates arriving in the country for first-time residency are often exempted from customs duties. This exemption is subject to terms and conditions decided by the Director-General of Customs. To be exempted from customs duties, the personal effects and items in possession must be non-commercial. They must conform to the conditions and controls outlined in the executive bylaws.
- GCC good or products: Goods or commodities produced within the GCC countries are exempted from customs duties. The goods are transported under a local invoice and a customs declaration for customs and statistical purposes.
- Diplomatic Exemptions: Imports of diplomatic and consular corps, international organisations and heads and members of the diplomatic and consular corps accredited by the government are exempted from customs duties on a reciprocity basis following international agreements, laws and orders in force.
- Military Exemption: Military exemptions apply to imports for all sectors of armed forces and internal security forces, such as ammunition, arms, equipment, military means of transport and their spare parts and any other relevant materials.
- Charity Exemptions: It includes all needs of charity societies according to the regulations and conditions specified by the executive bylaws.
- Industrial Production Requirements: The terms and conditions by which merchandise may be exempted from customs duties or taxes vary according to the concerned party and the nature of the merchandise.
- National Goods: Goods that are marked for exemption as per the unified customs tariff of GCC.
- Merchandise returned to the country after being exported: Goods of national origin returned after their export, foreign goods returned after their proven re-export (within one year) and goods that have been temporarily exported for finishing or repair.

Import requirements

The process below outlines the main procedure for import or export into the UAE. Import regulations to the UAE can change at any point. Therefore it is recommended that the import requirements are verified before sending any goods over. The below details apply both to selling both to freezones and onshore companies.

Responsibility of the importer

To ship or bring in products for commercial sales quantity into the UAE, the importer is required to have the following:

- Valid trading license: Not all local companies have the right to import products; hence it is essential to ensure that your importer has the necessary permits to process the import at the customs. The trade license must be issued by a recognised UAE licensing authority.
- Registered with the Customs department? the importer needs to be registered with the UAE customs authority to be able to clear any goods imported.
- For restricted goods or duty-exempted cargo, the importer should arrange for the necessary permits from the designated permit issuing authority.

Responsibility of the supplier/exporter

It is the responsibility of the supplier or exporter to supply the importer with the below original documents:

- Original bill of lading copies.
- The commercial invoice should be addressed to the importer detailing total quantity, goods description and the full value of each item.
- Detailed packing list per weight, method of packing and H.S. code for each article contained in the shipment.
- Certificate of origin approved by the country of origin's Chamber of Commerce.

Logistics

Overview

The UAE has very much cemented its position as the regional hub for global businesses to set up a base to service the Middle East, Africa and South Asian market (MEASA). As part of the country's economic diversification plans, UAE Vision 2021, Abu Dhabi Economic Vision 2030 and Dubai's Industrial Strategy 2030, the development of the logistics sector is seen as of strategic importance for the sustained long term success of the national economy.

The country has invested billions to build some of the most developed warehousing and transportation infrastructure. The infrastructure invested is strategically planned to provide full connectivity on land, sea and air thereby allowing for the efficient and quick transfer of goods in and out of key hubs such as Khalifa Port and Industrial Zone in Abu Dhabi, Jebel Ali, Dubai Airport, Dubai World Central and Dubai Logistics City.

The country's strategic location within 8 hours flight of two-third of the world's population has further contributed to the country's regional dominance in trade. From the UAE, companies can access 2.4 billion consumers in the MEASA region.

The UAE logistics space is a mixture of home-grown champions and a major presence from established international players. The logistics sector's gross output amounted to GBP 45.9 billion in 2018, with the sector's contribution to GDP expected to increase to 8% by 2021.

There are over 140 airlines directly connected to the UAE from over 260 destinations. On average, there are eight flights daily from London Heathrow Airport to the UAE (pre-covid times). Jebel Ali Port, one of the major seaports in the UAE, recorded 19.3 million TEU in 2018.

The delivery and transport sector accounted for the largest portion of total SME funding - 29% share of GBP 688 million - in 2018 in Dubai. The UAE logistics sectors also played a significant role in the UAE's booming e-commerce market.

The Logistics sector already contributes around 14% of Dubai's GDP. The UAE is home to many of the industry's global leaders across aviation, logistics, shipping & distribution as showcased below:

Summary

Key takeaways

- The UAE continues to be an attractive market for international companies.
- The UAE's economic recovery is expected to be gradual with the EXPO 2020 playing a significant role.
- The Expo 2020 will be held in Dubai from 1 October 2021 to 31 March 2022.
- There are potential growth opportunities across several industries in the UAE. Opportunities in ICT is growing.
- There are several routes to market into the UAE and choose the right channel is crucial.
- Digital marketing is one of the most effective marketing tools in the UAE.
- UAE has advanced logistics setup to support trade.

The contents inside this article are a guide. Please seek professional advice from your lawyer and/or tax adviser before doing business in the UAE market.

Contact us

If you would like to find out more get in touch:

Monika Gajek

UAE, Poland, Germany, CEE & Nordics Country Specialist

Monika.Gajek@santander.co.uk



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