



DOING BUSINESS IN THE UNITED ARAB EMIRATES





Kingdom of the Netherlands

INTRODUCTION

Since the discovery of oil in the United Arab Emirates (UAE) more than 40 years ago, the country has undergone a profound transformation to a modern state with a high standard of living. This growth was for a large extent driven by income from oil and gas resources. Today the UAE is more than an economy based on oil and gas. Successful efforts at economic diversification in trade, logistics, banking, tourism, real estate and manufacturing have significantly reduced the portion of GDP based on oil and gas output. The diversified growth environment that is being created in the UAE provides abundant business opportunities. The UAE's liberal climate towards foreign cooperation, investment and modernisation has prompted extensive diplomatic and commercial relations with other countries.

With its prime geographical location at the crossroads of the major Western and Eastern economies, its established and efficient air and sea connections and developed infrastructure, the UAE is an exciting prospect for any business looking to establish a foothold, or expand, in the MENA region or wider Africa and Asia.

In 2012, mutual trade between the Netherlands and the UAE was worth more than 3,2 billion euros according to figures from Statistics Netherlands (CBS). Total trade between the Netherlands and the Gulf region (Qatar, UAE, Saudi Arabia, Oman, Kuwait and Bahrain) was worth over 14 billion euros. While the Kingdom of Saudi Arabia is the Netherlands' biggest trading partner in the Gulf region (6.9 billion euros), the UAE is the largest export market (nearly 2.4 billion euros). More than 40 per cent of all the Dutch exports to the Gulf go to the UAE.

Trade potential with the Gulf region is increasing and in terms of BRIC comparison the trade between the Netherlands and the Gulf region combined in 2012 was more than 1,5 time bigger than the trade with Brazil and 2,25 times bigger than the trade between the Netherlands and India.

Although the UAE comprises seven emirates, it is Abu Dhabi and Dubai that are better known due to their established infrastructure and business environment, however the other emirates offer opportunities too. Sharjah for instance is recognized for its concentration of heavy industries, while Fujairah has multibillion-dollar developments in offshore oil and gas storage, and Ras Al Khaimah established a free trade zone with certain benefits.

Due to the many opportunities in a variety of sectors as well as the region an estimated 200 Dutch companies are active in the UAE, such as Shell, Unilever, Philips, Akzo Nobel, Friesland Campina, Arcadis, Van Oord, Boskalis, ABN AMRO as well as a good number of SMEs.

This booklet provides insight on trade and investment opportunities in order to assist Dutch entrepreneurs who consider entering this market. The embassy in Abu Dhabi and the consulate general in Dubai are available to advise you.

Embassy of the Kingdom of the Netherlands - Abu Dhabi

Consulate General of the Kingdom of the Netherlands - Dubai

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I

THE UNITED ARAB EMIRATES (UAE)**a. General introduction**

The United Arab Emirates, a country in the Middle East, is a federation of seven emirates, Abu Dhabi, Dubai, Sharjah, Ras al Khaimah, Fujairah, Umm Al Quwain, and Ajman. The country was founded in 1971 and since the discovery of oil in the UAE more than 40 years ago the country has undergone a profound transformation to a modern state with a high standard of living and the cities as major economic players. Total GDP of the country was USD 377 billion in 2012, while economic growth is quite stable at 4 per cent.

The federal constitution of the UAE was permanently accepted in 1996 and provides for an allocation of powers between the federal government and the government of each emirate. The ruler of Abu Dhabi is also the president of the UAE. The ruler of Dubai is prime minister. Abu Dhabi and Dubai are the most prosperous of the seven emirates and determine to a large extent the foreign and economic policy of the UAE.

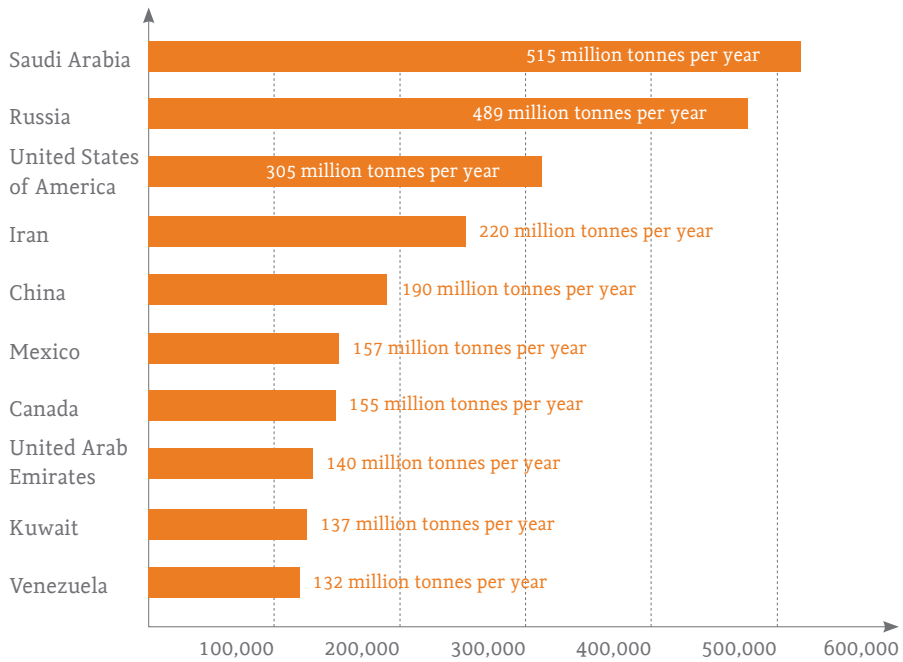
The country has an open economy with a high per capita income and a sizable annual trade surplus (4.5 per cent of GDP), making it one of the richest countries in the world. Local population is about 0.95 million, whereas expatriate population is 7.31 million. The UAE is the world's eighth largest oil producer.

Table 1: General Information United Arab Emirates

Official Name	United Arab Emirates
Capital	Abu Dhabi
Government Type	Federal, Presidential, Absolute Monarchy
Population*	8.26 million
Land Area	83,600 km ²
Languages	Arabic (official), English (business)
GDP Per Capita	USD 45,642 (2012)
Year of Independence	1971

* both UAE nationals and expatriates

Table 2: Top oil producing countries



Source: World Energy Council 2013

The UAE government realised the importance of culture, history, and traditions and has worked to preserve this integral part of daily life. On the federal level, the UAE is pursuing its 2021 Vision, which aims to place innovation, research, science and technology at the centre of a knowledge-based, highly productive and competitive economy by the time of the federation's golden jubilee.



b. Abu Dhabi, Dubai and the other five emirates

Table 3: The 7 Arab Emirates

Emirate	Population* (2010)	Total land area (km ²)
Abu Dhabi	404,546	67,340
Dubai	168,029	3,885
Sharjah	153,365	2,590
Ras al Khaimah	97,529	1,684
Fujairah	64,860	1,165
Umm Al Quwain	17,482	777
Ajman	42,186	259

Source: www.uaestatistics.gov.ae

* UAE nationals

Abu Dhabi is the largest of the seven emirates that make up the UAE and covers around four fifths of the country's total land area. Over the past 40 years Abu Dhabi has grown into a major economic power in the Middle East. At the end of 2011 the UAE was home to nearly 6 per cent of the world's proven oil reserves, and of these Abu Dhabi holds around 95 per cent. In 2012 58 per cent of Abu Dhabi's GDP was comprised by the hydrocarbons industry.

A taskforce of players from both the public and private sectors published a long-term plan for the transformation of Abu Dhabi's economy: Economic Vision 2030. Three public entities took the lead in the development process: the Department of Planning and Economy, the Abu Dhabi Council for Economic Development and the General Secretariat of the Executive Council.

The plan aims to reduce the oil and gas sector's contribution to the GDP to 36 per cent (by 2030) while further diversifying its economy creating business opportunities in other expanding sectors; develop its social and human resources; improve and expand upon the emirate's infrastructure and transport networks; improve environmental sustainability; and optimize government operations. The implementation of Economic Vision 2030 creates numerous opportunities for local and international investors in many sectors.

Dubai is the best known emirate of the seven. It's a commercial capital city, even though its oil reserves have almost been depleted and thus earlier diversification towards tourism, services, and international trade was imperative. Dubai's Strategic Plan 2015 is a plan set up in 2007 with the help of the Executive Council and is the leading drive towards this diversification.

While Abu Dhabi has a strong focus on oil and gas and further diversification of its economy, Dubai is more entrepreneurial and focused on trade with many free zones offering 100 per cent foreign ownership.

Did you know.....

that the skyscraper Capital Gate in Abu Dhabi is the furthest leaning building in the world? It is also known as The Leaning Tower of Abu Dhabi, and was built to lean 18° westwards.

Did you know.....

that the Burj Khalifa (opened early 2010 in Dubai) is the tallest man-made structure in the world? It is 829.8 m tall and has 163 floors.

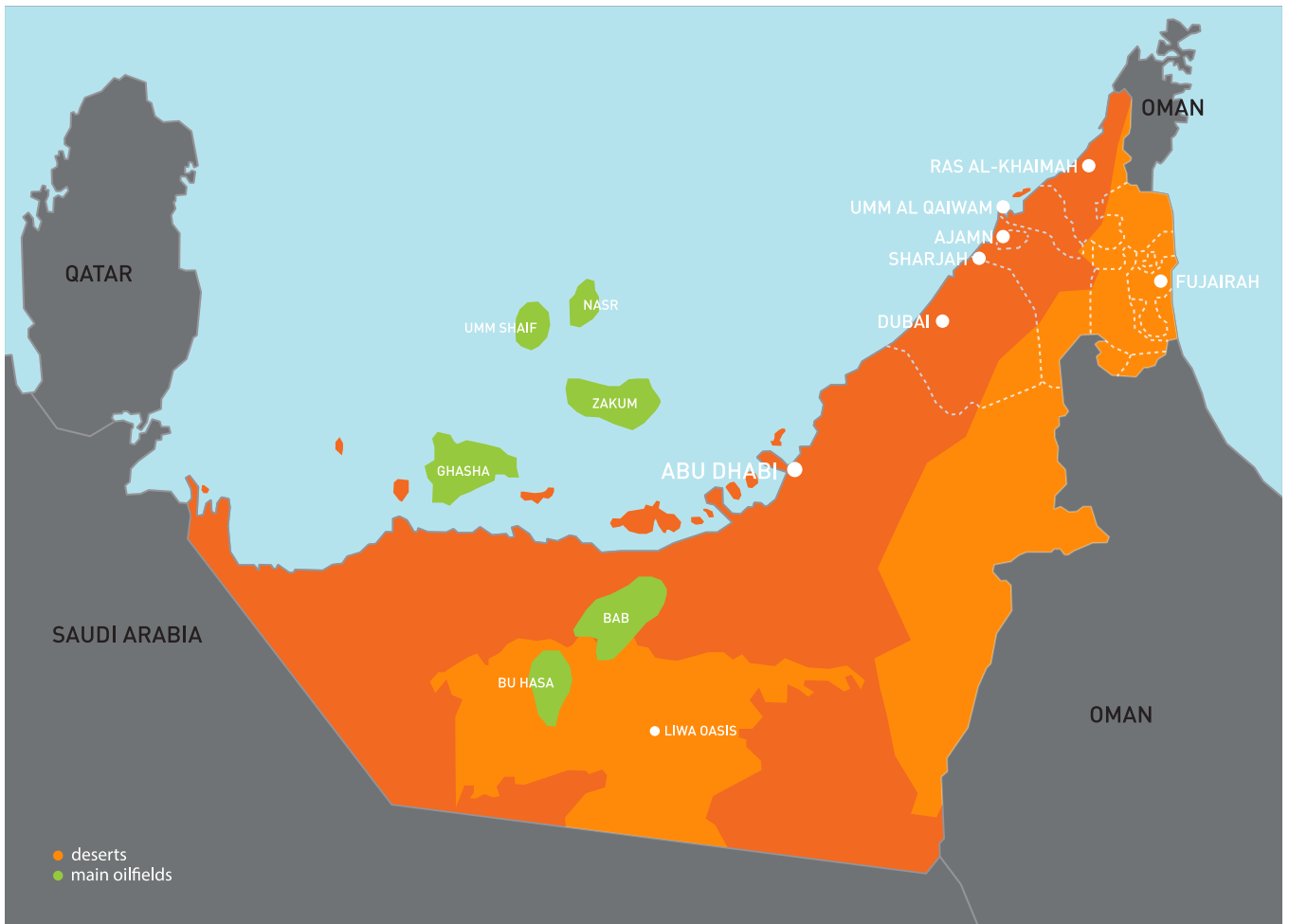
Sharjah is the third largest of the seven emirates. It's capital is a city of learning and the arts, as confirmed by its 1998 UNESCO designation as the Cultural Capital of the Arab World and Capital of Islamic Culture 2014.

Ras al Khaimah has the largest rock quarry in the Gulf, as well as high-quality deposits of limestone and clay, which underpin the emirate's cement and ceramics industry. It is also home to some agriculture, with the plains around Didgaga producing fruit, vegetables, milk and poultry for the local market.

Fujairah is the only emirate that is almost totally mountainous. Consequently, it boasts a higher than average yearly rainfall, allowing farmers in the region to produce one crop every year.

Umm Al Quwain, the emirate with the smallest population, connects heritage conservation, dating back as far as 5,000 years ago, to economic value, which helps enhance the tourism income.

Ajman, the smallest of the seven emirates in land area, has experienced massive development and a construction boom in recent years.



Did you know....

that the UAE population is relatively young? For example, more than 50 per cent of the Abu Dhabi population is under the age of 29?

II

THE UAE AND THE NETHERLANDS

The UAE's liberal climate towards foreign cooperation, investment and modernisation has prompted extensive diplomatic and commercial relations with other countries. It plays a significant role in OPEC and the UN, and is one of the founding members of the Gulf Cooperation Council (GCC). The GCC is a political and economic union of Arab states bordering the Gulf, namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates, established in 1981.

Table 4: Ranking of the ease of starting a business in the Middle East

Country	Ease of Doing Business Rank
UAE	23
Saudi Arabia	26
The Netherlands	28
Bahrain	46
Oman	47
Qatar	48
Kuwait	104

Source: The World Bank, online Doing Business database (2013)

a. Advantages & Disadvantages

Opportunities to do business in the UAE are not withheld by global economic difficulties or regional instabilities in the Middle East and North Africa and the economy proves to be resilient. The country's currency, the dirham, being pegged to the dollar, is secure and freely convertible. There are no restrictions on profit transfer or capital repatriation and financial risk is minimal. There are no corporate or personal taxes and bilateral investment treaties are in place. Import duties are less than four per cent for virtually all goods. Through the millions of blue collar workers from India, Pakistan, Philippines and Nepal labour costs are competitive. In addition to these factors, the location of the UAE is strategic and accessible for major regional markets, it is often seen as a gateway to other GCC countries. The infrastructure is well developed and the working environment is stable.

Possible disadvantages can be found in the long-term challenges of the dependence on the oil and gas industry or the growing inflation pressures. Overcoming differences in business culture can also be a challenge, for example the patience that is needed in building relations, signing agreements and expecting payments.

b. Regulations

Import and Export

As a member of the World Trade Organization (WTO) and as a party to various regional free trade agreements throughout the GCC, the UAE has low rates of tariffs. Import duties are normally charged on products imported into the UAE (outside of the free zones), at rates, which can vary according to the nature of the import. There are no duties or tariffs on exports.

Taxation

The UAE does not generally have any currency exchange controls and restrictions on the remittance of funds. There is no federal corporate or income tax levied in the UAE (except on oil companies and foreign banks). There is currently no value added tax or sales tax in the UAE, although the imposition of a GCC-wide value added tax has been widely discussed for the last several years.

Legal entity

To do business in the UAE, it is important to comply with the federal laws governing business activity. In order to conduct business in the UAE, a foreign investor is required to establish a formal legal presence within the country. There are different options to do so. Some of the most common options are establishing a company in one of the free zones or join forces with a local business partner.

In a free zone no local partner is required and there is a 100 per cent tax exemption, as long as the foreign company works within the free zone and exports products outside the UAE.

Establishing a legal entity with a local business partner has entering the UAE markets as main advantage. Also working with government and semi-government organisations and companies is possible. There are no tax exemptions.

c. Growing industries & Strong markets

The strategies created by Abu Dhabi's Economic Vision 2030, Dubai's Strategic Plan 2015 and the UAE's 2021 Vision are made to attract foreign capital into the industrial and other export-oriented sectors, including heavy industry, transport, petrochemicals, tourism, information technology, telecommunications, renewable energy, aviation and oil and gas services. In order to realise the expansion of these sectors and support economic diversification, the government has invested heavily in infrastructure and other development projects.

Oil & Gas

The UAE's 97.8 billion barrels of proven oil reserves are expected to be able to maintain production at current rates for around 80 years. The goal is to boost oil output to 3.5 million barrels per day (bpd) by 2018. Advanced and innovative techniques are being deployed to recover ever-greater quantities of oil and gas.

Non-hydrocarbons

With the diversification away from hydrocarbons as a priority, the government has targeted a number of segments for expansion, including petrochemicals, aluminium and steel, both via direct government action and public-private partnerships. Meanwhile, expanding retail demand has prompted an uptick in the construction of shopping centres, including several new high-profile projects.

Construction

The UAE's construction sector currently returns to near-full capacity. The government remains the main driver of real estate projects and is reactivating a number of major development projects that were put on hold after the burst of the real estate bubble in 2009. But it also encourages private players. Several major transport infrastructure projects, including the USD 6.8 billion expansion for Abu Dhabi International Airport, the expansion of Dubai International Airport and the development of the new Al Maktoum Airport in Dubai, are currently on the way.

Information technology

The private sector accounts for an increasing portion of ICT spending, as the trend towards outsourcing gathers pace. Telecom firms continue to invest in the country's physical infrastructure, which ranks among the most advanced in the world, and the market exhibits a high penetration rate. Dubai is actively introducing E-Government/Smart government using three major tracks: activating all eServices via smartphone apps; creating new mGovernment services and inviting government entities to devise unified mobile strategies for transformation into smart government.

Did you know.....

that at one time, about 30,000 cranes (24 per cent of the world's total 125,000 construction cranes), were operating in Dubai.



Dubai International Airport, © Nadezhda1906

Research & Development

In 2012 the Abu Dhabi Technology Development Committee (TDC) launched a new initiative to encourage innovation and knowledge based economic development. Known as Takamul – which means “integration” in Arabic – the programme offers financial support and legal guidance to local start-ups, entrepreneurs, and other technology based research and development (R&D) organisations.

Banking

Despite challenges in recent years, UAE banks have maintained profitability and are expecting further growth in lending, with the top five banks recording significant and continued expansion. The sector is set to remain strong as the government emphasises strategic development and regulation to target current vulnerabilities, which will make for improved efficiency and security.

d. Services of the Netherlands embassy and consulate general

The Netherlands Government in the UAE is represented by the Embassy of the Kingdom of the Netherlands in Abu Dhabi, and the Consulate General of the Kingdom of the Netherlands in Dubai. Furthermore, the Economic Network in the Gulf Region comprises of the Embassies of the Kingdom of the Netherlands in Riyadh (Saudi Arabia), Muscat (Oman), Doha (Qatar) and Kuwait City (Kuwait). The network offers a number of products and services that can help you prepare and establish your business. These services focus on providing market information, identifying potential partners and advising you in setting up a business in the UAE.

Trade requests

Do you have a trade request about doing business in the UAE? The embassy and consulate general are more than happy to assist you. Besides offering concrete answers to your questions relating exporting and investing abroad, we can also assist you in efforts to discover potential market opportunities.

Business partner scan and matchmaking

A business partner scan gives you an overview of potential business partners in your target market. These partners can be agents or distributors, but also manufacturing partners. The network looks for parties that meet your specified criteria and are interested to work with you. Further information on: www.rvo.nl/onderwerpen/hoi/netwerkpartners-zoeken/internationale-zakenpartners/zakenpartnersscan (in Dutch).

Company check

The embassy and consulate general can run a company check at the request of Dutch companies about a potential business partner. The check verifies if the company is legally registered with a local authority.

Trade missions and delegations

Trade missions, delegations and joint submissions for exhibitions are organised from the Netherlands to the Gulf Region. In Abu Dhabi and Dubai several trade fairs take place that can be of great interest to Dutch businesses. The embassy and the consulate general can provide you with the right information, advise you in participating and help you to meet potential local partners.

Trade disputes

Trade disputes range from differences in interpretation of contracts and agreements, to liability for breach of local regulations and requirements. The embassy and the consulate general can assist and support in the process.

Other services

- Access to the broad network of the embassy and the consulate general
- Introduction to contacts at different levels
- Advice on lawyers and accountants
- Advice on the Orange Carpet visa procedure
- Holland promotion

Support tools

The embassy and consulate general work closely together with organisations and ministries in the Netherlands. For example with RVO, which has several tools to support Dutch companies with ambitions abroad, both starting and seasoned entrepreneurs. These instruments vary from providing specific information, to supporting starter projects, grants, loans and positioning in foreign markets. For further information check: www.rvo.nl

e. Tips & Useful links

Visit industry exhibitions

A good way to explore the opportunities in your sector or meet potential business partners is by visiting one of the many expos and trade fairs that are held in the UAE.

Some examples are:

ADIPEC:

the largest oil and gas show outside of North America, supported by the UAE Ministry of Energy and Abu Dhabi National Oil Company, www.adipec.com

World Future Energy Summit (WFES):

the world's foremost event dedicated to renewable energies, energy efficiency and clean technologies, www.worldfutureenergysummit.com.

International Water Summit (IWS):

a unique global platform for promoting water sustainability in arid regions, www.iwsabudhabi.com. The WFES and the IWS are both co-hosted by Masdar in Abu Dhabi.

Arab Health:

the largest healthcare exhibition and medical congress in the Middle East held in Dubai, organised by Informa, www.arabhealthonline.com.

Gulfood:

one of the largest annual food and hospitality trade shows in the world held in Dubai, www.gulfood.com.

Build relations

Relationship building and trust play a key role in success in doing business in the UAE. It is further advised to seek a legal counsel as well as spend a significant amount of time getting to know a potential business partner or client prior to entering into an agreement.

Useful links

IRO, Association of Dutch Suppliers in the Oil and Gas Industry:

promotes the interests of the Dutch supply and service companies in the upstream oil and gas industry, www.iro.nl.

Latham & Watkins LLP, "Doing Business in the United Arab Emirates" (pdf)

www.lw.com/upload/pubcontent/_pdf/pub2783_1.pdf

Benelux Business Council, www.beneluxbc.com/portal/

Netherlands Business Council Dubai, www.nbcdubai.com/

The World Bank, Doing Business, www.doingbusiness.org.

United Arab Emirates, National Bureau of Statistics,

www.uaestatistics.gov.ae/EnglishHome/tabid/96/Default.aspx

United Arab Emirates, Ministry of Economy, www.economy.gov.ae

UAE Free zones: www.uaefreezones.com

Table 5: Pros and Cons of Means to Set Up a Legal Presence in the UAE

MEANS	PROS	CONS
Incorporating a Limited Liability Company (under the Companies Law)	<ul style="list-style-type: none"> - Allows entity to conduct a broad range of activities in all of the UAE (other than the free zones). - Allows entity to conduct business with federal and local governmental bodies (without the involvement of a commercial agent or national agent). - Separate legal entity from its foreign owner. 	<ul style="list-style-type: none"> - At least 51% of the company's capital has to be owned by UAE nationals. However, the foreign owner may seek the following protections in the constitutional documents: <ul style="list-style-type: none"> • the right to appoint all of the directors; • the right to appoint the general manager; • the right to veto major decisions; • the right to all of the assets of the company on a winding up; and • the right to more than 49% of the profits. - Can take up to several months to set up. - Must employ a specified number of UAE nationals if employ more than 50 people and fall within the scope of the Emiritisation guidelines. - No general minimum capital requirement.
Opening a Branch Office	<ul style="list-style-type: none"> - Quicker than incorporating a local entity. - More activities permitted than for a representative office. 	<ul style="list-style-type: none"> - A branch office may only engage in activities that do not constitute "commercial business" – which typically means that branch offices are limited to professional activities (although an exception has developed in practice for branches engaged in the sale of products manufactured by its parent company). - Not a separate legal entity from the foreign owner. - Must engage a UAE national agent to act as a service agent who will handle sponsorship and government paperwork. - Limited to employing the number of foreigners permitted under its business licence.
Opening a Representative Office	<ul style="list-style-type: none"> - Quicker than incorporating a local entity. 	<ul style="list-style-type: none"> - May only handle marketing and administrative functions on behalf of a foreign parent. - Not a separate legal entity from the foreign owner. - Must engage a UAE national agent to act as a service agent who will handle sponsorship and government paperwork. - May only employ up to three or four foreigners.
Setting up a Free Zone Entity ³	<ul style="list-style-type: none"> - 100% foreign ownership permitted. - Geographical proximity to entities carrying out similar activities. - Commitment to zero taxes for a period of at least 15 years (renewable for an additional 15 years). - Full repatriation of profits and capital expressly permitted. - Sponsorship process for employees. 	<ul style="list-style-type: none"> - Generally, a free zone entity is permitted to conduct business solely within its relevant free zone and limited to performing solely those activities specified in its licence.⁴ - Each free zone authority is limited in the scope of activities it may authorise (e.g. only licences for media an IT services in the Dubai Media City, etc.) - Many free zones require an actual physical presence in the free zone (e.g. leasing office space and at least one employee). - It is difficult and expensive to obtain space in the popular free zones (e.g. DIFC, Sharjah Airport International Free Zone).

MEANS	PROS	CONS
Commercial Agency Relationship	- Does not require establishment of a physical presence in the UAE.	- Third party handles all aspects of the foreign business in the UAE. - Once a commercial agency contract is registered with the Ministry of Economy and Commerce: <ul style="list-style-type: none"> • exclusivity – registered commercial agents have the exclusive right to import the goods which are the subject matter of the agency; • commissions – registered commercial agents are entitled to receive commissions on the sales they make as well on sales made in the UAE by the principal or any other party; • termination – the principal may only terminate a registered commercial agent for 'material reasons'. Further, a principal may not refuse to renew a commercial agency agreement after its expiry date without the payment of compensation to the registered commercial agent.

Source: Latham & Watkins, "Doing Business in the United Arab Emirates"

1 A number of public statements have been made in the last few years about the proposed introduction of a new Companies Law, which will reduce the restrictions on foreign ownership. There is uncertainty as to when this law will be introduced and how it will change foreign ownership restrictions. In addition, a practice has developed whereby the 49% cap on foreign participation is not enforced in relation to companies which are wholly owned by GCC nationals.

2 There is no law with respect to the maximum amount of profits which a local entity may distribute to a foreign shareholder. However, as a matter of practice, the foreign shareholder may receive up to 85% of the profits of a company incorporated in Abu Dhabi, and the foreign shareholder may receive up to 80% of the profits of a company incorporated in Dubai.

3 In most free zones there are three permitted forms that a free zone entity can take: a free zone company, a free zone establishment and a free zone branch. A free zone establishment and a free zone company are required to have minimum capital of at least AED 500,000 in some free zones (and a higher threshold in others). Typically, a free zone company must have more than one owner whereas a free zone establishment may have a single owner. A branch has no minimum capital requirement, but is more limited in the types of activities that it may conduct as compared to the free zone establishment or free zone company.

4 Free zone entities with service licences have been known to provide services outside of their free zone. Free zone entities with trading or industrial licences generally require a local distributor or commercial agent to sell goods outside the free zone and within the UAE.

III

DOING BUSINESS IN THE UAE

In 2012, mutual trade between the Netherlands and the UAE was worth more than 3,2 billion euros according to figures from Statistics Netherlands (CBS). Total trade between the Netherlands and the Gulf Region (Qatar, UAE, Saudi Arabia, Oman, Kuwait and Bahrain) was worth over 14 billion euros. While the Kingdom of Saudi Arabia is the Netherlands' biggest trading partner in the Gulf Region (6.9 billion euros), the UAE is the largest export market (nearly 2.4 billion euros). More than 40 per cent of all the Dutch exports to the Gulf go to the UAE.

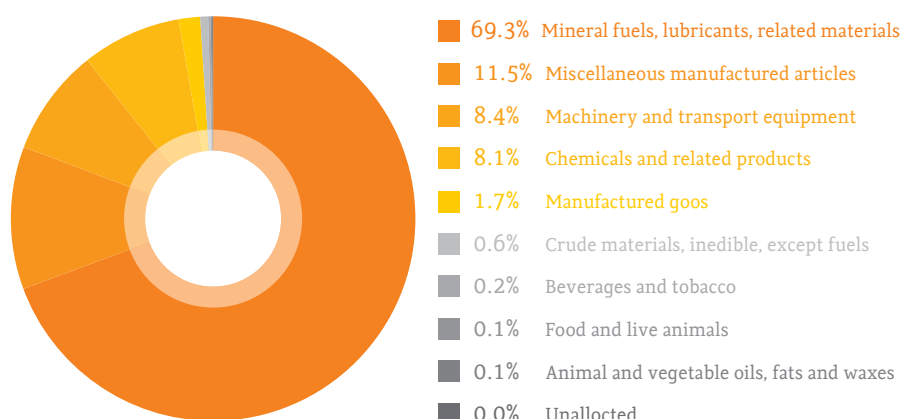
Trade potential with the Gulf Region is increasing and in terms of BRIC comparison the trade between the Netherlands and the GCC in 2012 was more than 1,5 time bigger than the trade with Brazil and 2,25 times bigger than the trade between the Netherlands and India.

Table 6: Total Import and Export per Country

Subjects	Import	Export	Trade relation	Trade balance
Periods	2012	2012	2012	2012
	1.000 €	1.000 €	1.000 €	1.000 €
Countries				
Bahrain	179555	140260	319815	-39295
Kuwait	2350015	391525	2741540	-1958490
Oman	62567	346570	409137	284003
Qatar	337424	361574	698998	24150
Saudi Arabia	4665561	2232984	6898545	-2432577
United Arab Emirates	864122	2373793	3237915	1509671
GCC	8459244	5846706	14305950	-2612538
Brazil	5643007	3082096	8725103	-2560911
Russia	20331943	7067907	27399850	-13264036
India	4480145	1915688	6395833	-2564457
China	31905540	7646530	39552070	-24259010

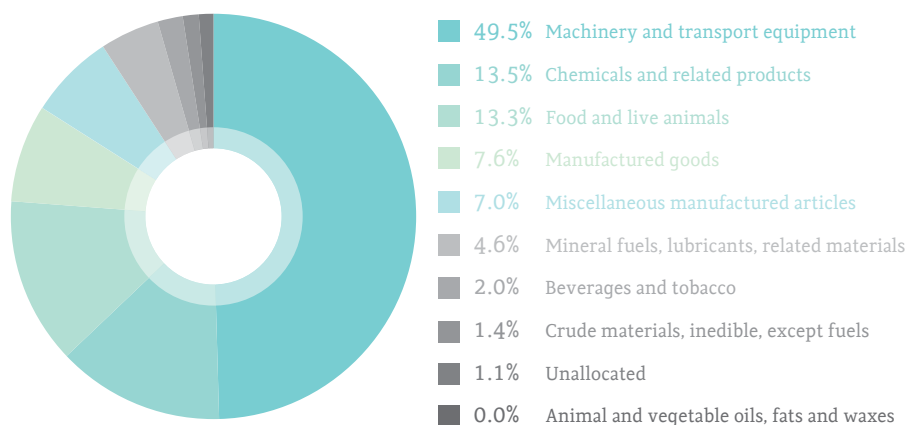
Source: Statistics Netherlands (CBS)

Chart 1: Breakdown of NL Imports from UAE (2012)



Source: Statistics Netherlands (CBS)

Chart 2: Breakdown of NL Exports to UAE (2012)



Source: Statistics Netherlands (CBS)



Cutter suction dredger Athena, © Van Oord

b. The Netherlands in the UAE

With excellent infrastructure, modern business practices and low barriers to market entry – by regional standards – the UAE is an interesting market for foreign companies. The country has emerged in recent years as one of the top markets for Dutch exports in the MENA region.

Due to the many opportunities in a variety of sectors Dutch companies are attracted to the country and currently an estimated 200 Dutch companies are based in the UAE. Multinationals such as Shell, Unilever, Philips, AkzoNobel, FrieslandCampina, VanOord, Boskalis, Vopak, Royal Haskoning DHV, ING and ABN AMRO have investments in the UAE, and petrochemical tie-ins such as TenCate as well as a host of small and medium sized enterprises. Standing out worldwide in a number of sectors, like water, agro-food, logistics and energy the Netherlands is one of the partners of choice to fulfil the UAE's growth ambitions.

The main sectors in which Dutch companies are active are the oil and gas industry, agriculture, aerospace, and dredging. Lucrative investment opportunities for Dutch investors exist in the UAE in renewable energy, innovative technologies, and green products and services. Moreover, the country is an ideal base for access to certain key markets in Asia and Africa.

c. The UAE in the Netherlands

The UAE has become active in the Netherlands through several strategic investments. The Netherlands works hard to attract Emirati investors. TAQA and DP World are the largest investors in the Netherlands from Abu Dhabi and Dubai respectively. Both companies have investments of about 1 billion euros in the Netherlands. DP World is investing in the latest Rotterdam port expansion (Tweede Maasvlakte) and TAQA develops a huge gas storage project (Bergermeer). Also Dubai fibreglass pipe manufacturer Future Pipe is investing in the Netherlands and Emirates Airlines has offices in Amsterdam.

IV

PROMISING SECTORS

According to the Ministry of Economy, the United Arab Emirates is regarded as one of the best thirteen international destinations for foreign direct investment. Several areas of investment are suggested by the Ministry: automotive industry, energy and renewable energy, aluminum industry, pharmaceutical industries, education and industry knowledge, biological and life sciences, aviation, petrochemical industry, information and communication, technology, electronics and engineering, financial services and industrial technology.

Agriculture & Food

Agriculture in the UAE contributes less than 1 per cent to the economy while using more than 60 per cent of the country's water. The amount of water available per person is continuing to decline and it is a major constraint to food production.

The country looks at maximising its water productivity by using alternative and non-conventional water resources such as treated wastewater and saline water in agriculture. The UAE also encourages farmers to adopt "smart farming" practices that are sustainable, techniques and crops that are economically viable and ecologically sound. Agricultural sustainability can be increased by relying more on "grey water" and by selecting crops that do well with little water and by more efficient methods such as hydroponics, drip irrigation - where every drop of water reaches its intended target, the roots of a plant - and other modern-day equivalents of the *falaj* system that provided reliable irrigation in this region for many centuries.

The Abu Dhabi Farmer's Service Centre (ADFSC) is an organisation whose remit is transforming the emirate's farming sector. The ADFSC's goals are to improve farming practices, produce higher yields of better-quality produce and ensure that farms have the potential to supply the local commercial market, and in doing so deliver a measure of food security.

Farmers are working with the government on ambitious new plans to cut agricultural water use in half to conserve water and ensure sustainability. Irrigation and water conservation are important aspects of both integrated pest management and protected agriculture. The Abu Dhabi Food Control Authority, established in 2005, is working to strengthen awareness about food safety, environmental protection and good agricultural practices through workshops for farmers and the general public.

Beside the challenges of a hostile climate, local farmers also face huge competition from imports, with as much as 90 per cent of produce consumed currently imported from abroad. Still, the government considers support for a domestic farming industry to be strategically important in order to protect against any sudden cut-off in supplies as a result of either political or natural causes. The most productive region in the UAE is Ras al-Khaimah, which receives underground water supplies from the nearby mountains of Oman and which enjoys the most plentiful rainfall.

Useful links:

UAE Ministry of Environment and Water, www.moew.gov.ae

Abu Dhabi Farmer's Service Centre (ADFSC), www.adfsc.ae

Abu Dhabi Food Control Authority, www.adfca.ae

Creative Design

The UAE has initiated various developments that are aimed at growing and positioning the local creative industry, including media & entertainment, luxury, design, and fashion sectors. These strategies and projects are set to boost local businesses in a rapidly expanding sector.

This is mainly based on a positive business climate with favourable growth forecasts, a strategic geographical position, high tourist numbers and investment spurred by the hosting of the World Expo 2020 in Dubai. Developers are hence allocating higher budgets for interiors, and architecture. Tourists account for 40 per cent of global luxury spend, and strong tourism numbers will foster steady growth in luxury spending. This is further aided by buyer sophistication in the UAE retail sector, with retail spend expected to hit USD 41 billion by 2015.

Specific initiatives include TwoFour54 and Saadiyat Island in Abu Dhabi and Dubai Design District, Dubai Design Days, Downtown Design, and a newly established Fashion Council in Dubai. In Abu Dhabi an important component of Saadiyat Island, a USD 27 billion development project, is its Cultural District. The cultural district will include a Frank Gehry-designed Guggenheim; the first branch of the Louvre outside of France; and the Zayed National Museum. It appears that a major goal of this district is to jump-start cultural tourism and to aid in the development of the local economy.

In Dubai, the new Design District (D3) by Tecom Investments is intended to act as an incubator for the region's design and fashion industry, and will offer a mix of studio spaces, showrooms, offices, a convention centre, shops and hotels. The idea is based on a ready-made creative hub. 'Cluster' developments are the specialty of Tecom Investments, which draws on the success of its Media City in Dubai, based on a similar principle.

Useful links:

twofour54 (Abu Dhabi), www.twofour54.com

Abu Dhabi Tourism & Culture Authority, www.tcaabudhabi.ae

Dubai Design District, www.dubaidesigndistrict.com

Design Days Dubai, www.designdaysdubai.ae

Downtown Design (Dubai), www.downtowndesign.com



Energy: Oil, Gas & Renewables

Oil & Gas

The UAE holds the world's sixth largest proven oil reserves and the seventh largest proven natural gas reserves. 94 per cent of the proven reserves are located in the emirate of Abu Dhabi. The Abu Dhabi National Oil Company (ADNOC), in partnerships with a few international oil companies, dominates production of the oil and gas resources.

ADNOC is one of the world's leading companies by oil reserves. The company operates two oil refineries, Ruwais and Umm Al Nar. As a fully integrated oil and gas company ADNOC operations fulfil every aspect of process in the petroleum industry.

Abu Dhabi's concession system allows foreign oil and gas producers to acquire equity in hydrocarbon resources from the emirate, always with ADNOC being the majority shareholder.

One of the key objectives of Abu Dhabi's long-term economic development plan (Economic Vision 2030) is to diversify the economy and reduce dependence on oil, targeting for it to comprise a 36 per cent share of GDP by 2030 (compared to the current 58 per cent). Abu Dhabi has been actively re-channelling its significant oil earnings into other sectors such that it will be able to reduce its dependence on hydrocarbons in the longer run.

TAQA, which means 'energy' in Arabic, is the Abu Dhabi National Energy Company, a government controlled energy holding company. It operates through its subsidiaries in energy and utility sectors. TAQA is the sixth-largest independent power producer in the world. Its power plants are located in the UAE, Morocco, Saudi Arabia, Ghana, India and the United States. With operations in the UK, the Netherlands, the United States and Canada, the oil and gas business includes exploration and production, gas storage and pipeline transportation. In total the company has investments in over 60 companies worldwide. In the Netherlands most people know TAQA because of the Bergermeer gas storage facility.

Did you know.....

that oil in the UAE was first discovered in the 1950s and the first cargo of crude oil was exported from Abu Dhabi in 1962?

Renewable energy

The UAE government is committed to the development of renewable energy sources. Abu Dhabi has taken steps to establish nuclear energy plants. Both renewable and nuclear energy could help meet future electricity demands without having to source new or additional supplies of natural gas. Abu Dhabi plans to generate 7 per cent of its power generation capacity from renewable sources by 2020.

Two of the projects included in the Abu Dhabi government's commitment to renewable energy are: the 100-MW Shams solar power plant, the largest concentrated solar power plant in operation in the world, and the Sir Bani Yas wind farm.

Dubai plans to generate 5 per cent of electricity from renewable sources by 2030. In November 2013 Dubai's 13MW solar photovoltaic plant was opened, the biggest to date in the region. The plant is the first move under the Dubai Integrated Energy Strategy 2030 plan to diversify away from oil and gas towards more renewables, clean coal and nuclear. The plan includes the creation of a giant 40 square kilometre solar park that eventually will have a capacity of 1GW. Gas will still account for 71 per cent of the nation's energy.

The government-owned entity Masdar spearheads Abu Dhabi's drive to become a model of sustainability regionally and worldwide. Masdar has three integrated business units and an independent, research-driven graduate university. The three business units consist of Masdar Capital, which invests in clean energy and sustainable technology companies; Masdar Clean Energy, which develops and invests in large-scale renewable power projects such as solar and wind farms; and Masdar City, a clean tech cluster and special economic zone that is under construction as a sustainable urban development.

Useful links:

Abu Dhabi National Oil Company (ADNOC), www.adco.ae

Abu Dhabi National Energy Company (TAQA), www.taqa.com

Masdar, www.masdar.ae

Shams solar power plant, www.shampower.ae

ADIPEC, www.adipec.com

The World Future Energy Summit (WFES), www.worldfutureenergysummit.com.



High Tech: Aviation & Aerospace

UAE companies and state agencies invest over USD 136 billion in the aviation industry over the next decade to diversify the economy and make the country a global transport hub, says the Minister of Economy.

The country is home to two major international airlines, Emirates, based in Dubai and founded in 1985, and Etihad Airways, based in Abu Dhabi and founded in 2004. Both have been seeing annual growth in passenger numbers running at the double-digit mark for the past years, and the onset of the world recession has done little to slow their growth. As such, both airlines have been expanding their fleets at breakneck speed. The UAE could become home to one of the largest airline industries in the world.

To cater for the strong passenger growth, both Abu Dhabi and Dubai's international airports are spending billions of dollars on new terminals and infrastructure. The UAE will strengthen its regional position as well as its prospects for making the country a major international travel hub.

Mubadala Development, a strategic investment company owned by the Abu Dhabi Government, spearheads the country's industrial plans for aviation. The company oversees plans to develop maintenance facilities for civilian and commercial aircraft, flight training, high-technology manufacturing for aircraft parts and research and development work.

The UAE seek to build up an aerospace and defense industry, in part to increase the country's own defense capacity, and the ambition also ties with Abu Dhabi's economic diversification strategy (Economic Vision 2030).

It makes sense from both a financial and a security point of view to develop the capacity to source requirements domestically. In Abu Dhabi's second city, Al Ain, is a mix of public and private investment envisaged to create a dedicated aerospace and aviation cluster, the Nibras Al Ain Aerospace Park.

Another breakthrough is that ADCOM Systems has succeeded in developing an advanced unmanned aircraft known as United 40, which can fly for 100 hours and can carry up to 10 air-to-ground missiles, prompting 10 countries, including the US and Russia to express their buying interest. The value of the deals is no less than USD 272 million. This will have economic and scientific consequences that are important for the future of advanced manufacturing in the country.

Useful links:

Mubadala Development, www.mubadala.com

Nibras Al Ain Aerospace Park,

www.mubadala.com/en/what-we-do/aerospace/nibras-al-ain-aerospace-park

ADCOM Systems, www.adcom-systems.com

Dubai Airshow, www.dubaiairshow.aero

Emirates Airline, www.emirates.com

Etihad Airways, www.etihad.com

Netherlands Aerospace Group (NAG), www.nag.aero

Did you know.....

that in November 2013 Emirates Airline made the largest ever aircraft order in civil aviation, 150 Boeing 777X and 50 Airbus A380, together worth an estimate of USD 99 billion.

Life Sciences & Health

The healthcare sector is among the priority sectors identified by the UAE government and, as a result, the UAE healthcare industry has displayed extraordinary growth and significant progress in the past few years. The UAE spent 3.8 per cent of GDP on healthcare in 2012, which is among the top 30 highest in the world.

The Ministry of Health is undertaking a multimillion-dollar program to expand health facilities and hospitals, medical centres, and trauma centres in the seven emirates. Among others, the development of the Cleveland Clinic Abu Dhabi (CCAD), which will have 360 beds, making it the fourth-largest hospital in Abu Dhabi in terms of bed capacity. CCAD is only one part of the government's plan, with the Executive Council having approved the building of six hospitals, a medical rehabilitation centre, a dialyses centre, four walk-in clinics, a disease prevention and screening centre, and a special needs centre.

The life expectancy at birth in the UAE is at 78.5 years. Cardiovascular disease is the principal cause of death, constituting 28 per cent of total deaths. Also, as the incidences of lifestyle diseases increase, the demand growth in quality healthcare can act as an incentive for private investors to establish multi-disciplinary hospitals and specialised centres for complex diseases.

Under federal law, every Emirati and expatriate in the country is covered by compulsory health insurance under a unified mandatory scheme. Recently the country has been benefiting from medical tourists from all over the GCC. In the UAE health services have higher standards than other Arab countries in the Gulf Region.

The medical devices market is projected to grow at an average annual rate of 8.3 per cent. Consumables and orthopaedic and prosthetic devices are expected to be the strongest performing categories, at over 9 per cent.

Opportunities for Dutch business

The Netherlands is strong in high-tech and innovative medical solutions and has a long tradition of R&D in healthcare, of integrating ICT solutions in healthcare and of innovative solutions for diagnostics and treatment. Moreover, the Netherlands has expertise in preventative medicine and revalidation. Due to the cost structure in the Netherlands the country has long and strong experience in minimising hospital stay, which might prove relevant in the development of the sector in the UAE.



Useful links:

Mabudala Healthcare, www.mubadala.com/en/what-we-do/healthcare

UAE Ministry of Health, www.moh.gov.ae

Health Authority Abu Dhabi (HAAD), www.haad.ae

Abu Dhabi Health Services Company (SEHA), www.seha.ae

Dubai Health Authority (DHA), www.dha.gov.ae

Arab Health Dubai (annual event), www.arabhealthonline.com

Transport & Logistics

The UAE is rapidly developing into one of the world's top logistics markets through investments in ports, airports, rail and free trade zones. Some of the major projects are:

Ports

Khalifa Port is a brand new deep-water port, inaugurated on 12-12-2012. It handles all of Abu Dhabi's container traffic. Khalifa Port is crucial to the Abu Dhabi Port Company's (ADPC) megaproject, which includes Khalifa Industrial Zone Abu Dhabi (KIZAD). According to the Government of Abu Dhabi the megaproject will create more than 100,000 jobs, contributing 15 per cent of the emirate's non-oil GDP by 2030.

The Jebel Ali Port is a deep-water port located in Dubai. The port lies in the Jebel Ali Free Zone, and is the biggest port and leading trade hub of the Middle East. The Jebel Ali Port is the 9th busiest port in the world. The port is operated by DP World, one of the world's largest port operators, which announced last year it plans to invest USD 850 million over the next three years to increase the port's capacity to 19 million TEU containers. Jebel Ali's contribution to the GDP of Dubai is believed to be more than 20 per cent.

Airports

Dubai has two major airports: Dubai International (DXB) and Dubai World Central – Al Maktoum International (DWC). DXB is ranked the second busiest airport in the world in terms of international passengers and serves more than 145 airlines flying to more than 260 destinations. DXB has a USD 7.8 billion expansion plan and opened a dedicated terminal there for emirates Airbus A380s early 2013.



The new airport Dubai World Central – Al Maktoum International (DWC) opened in 2010 with cargo operations, passenger operations followed in October 2013. DWC will eventually become the world's largest airport with five parallel runways and a capacity of 160 million passengers and 12 million tonnes of cargo per year.

Abu Dhabi International Airport is the second largest airport of the UAE, serving close to 15 million passengers in 2012. Upon completion in 2017, the new Midfield Terminal will increase the airport's passenger capacity to more than 20 million per year, with options to increase this capacity to 40 or even 50 million.

The expansion master plan also includes a third runway, a new Air Traffic Control centre, enhanced cargo and maintenance facilities, and other commercial developments immediately next to and north of the existing airport. The project provides a home base for the UAE's national carrier, Etihad Airways, which will be a major user of new cargo facilities with an ultimate handling capacity of around two million tons of freight per year.

Rail

The UAE is investing more than USD 22.4 billion in five different railway projects overseen by the National Transport Authority: Etihad Rail, Abu Dhabi Metro, Abu Dhabi Light Rail, Dubai Metro and Al Sufouh Tramway projects.

Upon completion of the Etihad Rail network, which will cater to both freight and passengers, it will span 1200 kilometres across the UAE. The network will also form a vital part of the GCC railway network.

Construction of Stage One is well underway and the first freight trains run from Habshan to Ruwais. Tendering for Stage Two is in progress, which will connect the railway to Mussafah, Khalifa and Jebel Ali ports and will extend the railway to the Saudi and Omani borders. The entire network should be operational by 2018 and will cost more than USD 10 billion.

Useful links:

Khalifa Port, by Abu Dhabi Ports Company, www.adpc.ae

Jebel Ali Port, by DP World, www.dpworld.ae

Khalifa Industrial Zone Abu Dhabi (Kizad), www.kizad.com

Dubai International Airport (DWC), www.dubaiairport.com

Dubai World Central – Al Maktoum International Airport (DWC), www.dwc.ae

Abu Dhabi International Airport, www.abudhabiairport.ae

National Transport Authority, www.nta.gov.ae

Etihad Rail, www.etihadrail.ae

Water: Management & Technology

The UAE has the highest usage of water in the world and the lowest amount of renewable water. There are no rivers, little rain and the groundwater is for the most part not renewable. The region is forced to focus on unconventional ways to supply requirements. Groundwater supplies could be exhausted very soon, and its conservation is a strategic government priority.

Rising water salinity in the Gulf, as a result of decades of salt dumping by desalination plants producing freshwater for human consumption, adds to the complexity of the challenge. As a result, the idea of reusing treated sewage water is gaining ground. But, according to experts treated water in the UAE is often left unused and dumped. Limitation of distribution channels stands in the way of a direct demand and supply mechanism, causing a proportional part of the treated wastewater to go to waste.

Moreover, treated sewage water cannot be used for every purpose. Typical clients are golf courses, public parks, palaces, cooling plants. One of the reasons for the dumped water is that you cannot store treated wastewater for a very long time, not longer than a day. Bacteria will build in it. Another part of the solution lies in individual recycling, where small sewage treatment plants turn wastewater into water that can be used for irrigation.

In the UAE seawater desalination requires about 10 times more energy than pumping water from wells. In effect, large amounts of oil and gas are being used to generate cheap water supplies instead of earning export revenue.

The majority of the large-scale production companies are privately operated and partly owned (40 per cent) by foreign investors. Most production companies combine the generation of electricity and desalination of water. The majority of the production sites is located along the coast and uses the 'combined cycle method' to produce electricity. The waste steam from the turbines is passed to a desalination unit, which uses thermal desalination techniques to produce water.

A handful of projects in the region have started to explore the use of renewable energy sources to produce drinking water, but they are costly, few in number and mostly still at the early testing stage. The government is looking for bankable, commercially viable technologies that can compete in the free market.

There is widespread realisation on political level that water management is required for further successful development of the country. Replacement of the current resources is an important strategy and the UAE need policy-making for water and soil usage.

Opportunities for Dutch business

Opportunities can be found in water resource management and technology innovations that focus on water saving and reuse of wastewater. There are opportunities in the agricultural sector for Dutch businesses that focus on water-saving technologies and improved irrigation techniques.

Other opportunities for Dutch companies exist in wastewater treatment. Instead of disposing the substantial surplus of treated wastewater into the Gulf, it can be put to productive use for many industrial uses. Dutch companies are known as Europe's leading experts in wastewater treatment and hold close ties to high performing universities in the Netherlands.

There are little incentives for the UAE citizens to change their high-water consuming behaviour since they pay a low water tariff. The government realises that smart innovations can help them reduce the countries water usage and is willing to invest in water saving innovations. Here lie great opportunities for Dutch businesses.

The Netherlands holds extensive knowledge of cost-effective desalination technologies. The increased reliance on desalination plants in the UAE provides an opportunity for Dutch companies to assist the government and export their knowledge.

Useful links:

International Water Summit (IWS), www.iwsabudhabi.com

Dubai Electricity and Water Authority (DEWA), www.dewa.gov.ae

Abu Dhabi Water and Electricity Authority (ADWEA), www.adwea.ae

Federal Electricity & Water Authority (FEWA), www.fewa.gov.ae



NETHERLANDS ECONOMIC NETWORK IN THE GULF REGION

Embassy of the Kingdom of the Netherlands

Al Masood Tower, 6th floor
Sheikh Hamdan Street
Abu Dhabi, United Arab Emirates
T. (+971) 2 695 8000
E. abu@minbuza.nl
W. uae.nlembassy.org

Consulate General of the Kingdom of the Netherlands

Al Habtoor Business Tower, 31st floor
Dubai Marina,
Dubai, United Arab Emirates
T. (+971) 4 4407600
E. dba@minbuza.nl
W. uae.nlembassy.org

NFIA Dubai

Consulate General of the Netherlands
Al Habtoor Business Tower, 31st floor
Dubai Marina
Dubai, United Arab Emirates
T. (+971) 4 4407600
E. info@nfia-gulfregion.com
W. www.nfia-gulfregion.com

Embassy of the Kingdom of the Netherlands

Block 6, Street 11, House 7
Jabriya
Kuwait
T. (+965) 2531 2650
E. kwe@minbuza.nl
W. kuwait.nlembassy.org

Embassy of the Kingdom of the Netherlands

Way 3017, Villa 1366
Shatti Al Qurum,
Muscat, Oman
T. (+968) 24603706 / 719
E. mus@minbuza.nl
W. oman.nlembassy.org

Embassy of the Kingdom of the Netherlands

Al Mirqab Tower, 6th floor
Al Dafna,
Doha, Qatar
T. (+974) 4495 4700
E. doh@minbuza.nl
W. qatar.nlembassy.org

Embassy of the Kingdom of the Netherlands

Abdullah Hizaf Asehmi Street
(Diplomatic Quarter)
11693 Riyadh, Saudi Arabia
T. (+966) 11 4880011
E. riy@minbuza.nl
W. saudi-arabia.nlembassy.org