



DOING BUSINESS IN THE UAE

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Market profile

United Arab Emirates (UAE) is the most diversified economy in the Middle East and a member of the Gulf Cooperative Council (GCC). UAE serves as a regional business hub for GCC and Eastern Africa and offers easy business setup and modern infrastructure.

Economy and business structure

The country has experienced significant economic growth during the last two decades, with a GDP of \$104 billion in 2000 to \$509 billion in 2023, becoming the second-largest economy in the GCC after Saudi Arabia. Nowadays, the UAE is one of the world's richest countries, with GDP per capita almost 80% higher than the OECD average.

The UAE offers businesses a strong enabling environment: stable political and macroeconomic conditions, a future-oriented Government, good general infrastructure, and ICT infrastructure. Moreover, the country has recently made continuous and convincing improvements to its regulatory environment.

Key industries and their trends

The distribution of GDP according to economic activity shows that the various non-oil sectors accounted for 70% of GDP, while the oil sector accounted for 30% of real GDP. The share of oil and non-oil sectors varies; the oil sector is specifically strong in the Abu Dhabi Emirate, while Dubai has booming tourism and real estate markets as of 2022.

Major non-oil sectors include retail and services, tourism, construction and real estate, and other sectors supporting international trade.

In the past two decades, UAE's population has tripled, creating rising consumer demand in many sectors. Current drivers in the market include decarbonisation, food safety and security, and ongoing efforts to increase local production of goods.

ICT

The digitalisation of various industries is seen as one of the pillars of the UAE diversification efforts. UAE government set very ambitious goals to achieve global recognition for its digitalisation effort, e.g. the country is striving to be the first globally in many digital life indexes. Having invested billions in the past ten

FACTS

- Merchandise exports 402 BEUR in 2022
- Capital: Abu Dhabi
- Official language: Arabic (English widely used)
- Area: 83 600 sq km
- Population: 9.3 million

years, the country's infrastructure is world-class. Data is seen as the foundation of the strategy to create the smartest country in the world.

Government entities responsible for the strategy have been working to achieve the full potential that data offers. For example, several data centres have been established in the UAE during the past five years to cover the government's data needs. Also, the UAE recently launched the first data protection law. According to the digital economy strategy, the UAE intends to significantly increase its digital economy contribution to the national GDP from 4.3% in 2021 to over 20% by 2031.

Energy

In 2017, the UAE launched 'Energy Strategy 2050', which is considered the first unified energy strategy in the country that is based on supply and demand. The strategy aims to increase the contribution of clean energy in the total energy mix from 25 per cent to 50 per cent by 2050 and reduce the carbon footprint of power generation by 70 per cent, thus saving AED 700 billion by 2050. It also seeks to increase the consumption efficiency of individuals and corporations by 40 per cent. This enormous change creates huge opportunities for the Finnish industry operating in this sector. The country's energy strategy was updated in 2023 to include milestone targets in 2030 and other modifications. The projected investments in renewable energy by 2030 are estimated to be between AED 150 and 200 Billion.

Circular economy

The UAE government is committed to transforming its economy into a green one. In January 2021, the UAE Cabinet approved the UAE Circular Economy Policy and established the Circular Economy Council to implement the country's ambitious plans based on the UAE's National Vision 2021. The UAE Circular Policy is a comprehensive framework for determining the country's approach to achieving sustainable governance and the ideal use of natural resources by adopting consumption and production methods that ensure the quality of life for current and future generations.

The UAE is among the top water-scarce countries in the world, given its arid climate, limited freshwater resources and rapid population growth. Hence, the government has created the UAE Water Security Strategy 2036 to ensure access to water during both normal and emergency conditions.

Healthcare

Providing world-class healthcare is one of the main focus areas of the UAE Vision 2030, Abu Dhabi Economic Vision 2030, and UAE Vision 2021.

According to the 2022 World Index of Healthcare Innovation, the UAE is ranked among the top 20 countries in the world. On average, per capita, the UAE spends USD 1,200 on healthcare. By 2028, healthcare expenditures are expected to reach USD 26 billion, accounting for 5% of GDP. The medical device and digital health services market will reach over USD 530 million and 1.6 billion by 2025. The UAE continues to reinforce its standing as a regional healthcare hub.

Important things to consider when doing business in the UAE

Although Arabic is the official language, English is widely used in business transactions in the UAE. Other languages like Hindi, Urdu, Tagalog, and Russian are common among immigrants. Despite it is common for written correspondence to be in English, Arabic is often preferred within some public sector organisations.

The United Arab Emirates changed to a Monday-to-Friday working week starting 01.01.2022. However, Friday is often considered a half day, and especially in the public sector, the offices close before the Friday prayers. In the emirate of Sharjah, the public sector working week is Monday to Thursday only.

Face-to-face meetings are preferred as phone or emails are sometimes seen as impersonal.

Personal relationships are key to doing business.

Punctuality is not always a deeply rooted custom. Sometimes people are kept waiting before a meeting. Be patient, and do not take it as a lack of respect.

Better to avoid discussing politics.

UAE offers many different ways to set up your business. These include various "Free zones" for a business, which can be set up very quickly. However, opening a bank account can be a much more demanding task.

In 2023, the Government established a new corporate tax system of 0% for income up to AED 375,000 (approx. EUR 96,000). For incomes exceeding this, the new corporate tax is set to 9%, the lowest in the GCC. No personal income tax is in place. The VAT rate is 5%.

Market data sources and other useful links

Finnish Business Council in the UAE <http://www.fbcuae.fi/>

Steps to start up a business in UAE mainland <https://u.ae/en/information-and-services/business/steps-to-start-a-business-on-the-mainland>

Starting a business in a free zone <https://u.ae/en/information-and-services/business/starting-a-business-in-a-free-zone>

Ministry of Economy UAE <https://www.moec.gov.ae/en/home>

Abu Dhabi Chamber of Commerce <http://www.abudhabichamber.ae/>

Dubai Chamber of Commerce <https://www.dubaichamber.com/>