

THE BUSINESS GUIDE TO ABU DHABI

General Background

Abu Dhabi, capital of the United Arab Emirates (UAE), is one of the wealthiest economies in the Middle East and North Africa (MENA). Arguably, Abu Dhabi is also one of the Gulf markets which is most committed to enhancing its competitiveness and boosting productivity across sectors. Its economic performance has been healthy in the past decade, and offers significant growth prospects.

S&P estimates GDP per capita in the Emirate to be around \$109,000 in 2013. GDP growth stood at a record 30 percent in 2011, followed by a slowdown to 5 percent in 2012, which although considerably lower is still very healthy compared to the 3 percent world GDP growth average in 2012. The very strong growth in 2011 was driven by surging oil prices as a direct result of the Arab Spring affecting the MENA region. Growth is expected to remain healthy in 2013 as Abu Dhabi continues to implement the government's economic vision.

The capital city of the UAE has engaged on a positive and careful path for growth since the late 1970s, investing in its human and financial capital, and adamantly diversifying its economy away from oil revenues. Unlike Dubai, Abu Dhabi has taken a conservative approach to growth, and managed to sidestep the 2009 downturn and maintain a healthier performance while others went bankrupt.

The Emirate has been contributing around 60 percent of the UAE's GDP, while its population only accounts for 34 percent of the total UAE population according to the Statistics Center of Abu Dhabi (SCAD). That is largely thanks to its bigger oil reserves, but can be sustained through an efficient diversification plan.

Economic Vision 2030

The Emirate's commitment to economic growth and strategies to achieving this growth are outlined in the Abu Dhabi Economic Vision 2030 (ADV 2030). The objectives of the Vision, affecting the entire business environment of the Emirate are highlighted as the following:

- Building an open, efficient, effective and globally integrated business environment
- Adopting a disciplined fiscal policy that is responsive to economic cycles
- Establishing a resilient monetary and financial market environment with manageable levels of inflation
- Driving significant improvement in the efficiency of the labor market
- Developing a sufficient and resilient infrastructure capable of supporting anticipated economic growth

- Developing a highly skilled, highly productive work force
- Enabling financial markets to become the key financiers of economic sectors and projects.

The Abu Dhabi Department of Economic Development (ADDED) is in charge of implementing the economic vision with the assistance of other key influential authorities. A new entity was established under the ADDED in 2011: the Competitiveness Office of Abu Dhabi, with a mission to "enhance the global competitiveness of Abu Dhabi, its enterprises, and private businesses by advocating policies, leading initiatives, and creating a shared understanding and awareness among its stakeholders."

This same office published the first Competitiveness Report of Abu Dhabi in 2013, in which the performance of Abu Dhabi is measured against three major benchmark markets that are relevant in light of their economic structure, their level of development, aspired growth and achievements in the past years. The chosen benchmarks were Norway, Singapore and Alberta in Canada.

The report estimates Abu Dhabi's total GDP inclusive of oil and gas sectors in 2011 to have reached close to \$215 billion and just above \$100 billion excluding oil and gas. By comparison, the best performing benchmark, Norway, posted close to \$400 bn inclusive of oil and gas, and above \$300 bn excluding oil and gas this same year.

According to the 2012–2013 Global Competitiveness Report (GCI), the UAE is ranked third most competitive economy in the region after Qatar and Saudi Arabia, and 24th in the world, gaining three places in the GCI compared to the previous year.

Economic Structure

Diversification

Abu Dhabi's economic environment is in continuous transformation as it works towards implementing the economic vision set by the government. The target is that by 2030, Abu Dhabi's non-oil GDP will account for 64 percent of total GDP.

Investments and expansion plans across sectors will help achieve diversification. The sectors earmarked as priorities include:

- Energy – Oil & Gas
- Petrochemicals
- Metals

- Aviation, Aerospace and Defense
- Pharmaceuticals, Biotechnology and Life Sciences
- Tourism
- Healthcare Equipment and Services
- Transportation, Trade and Logistics
- Education
- Media
- Financial Services
- Telecommunication Services

Abu Dhabi is heavily reliant on resource-based industries. Oil and gas industries have been instrumental in terms of providing the means to invest in transport and communications infrastructure, commercial, industrial and real estate developments ultimately attracting foreign workers, businesses and investors in the past decades. Oil and gas therefore remain on top of the agenda for economic development.

Manufacturing related industries like petrochemicals and metals follow in the long list of priorities. According to the ADDED's Abu Dhabi Economic Report 2012, the manufacturing sectors growth rate doubled from 11 percent in 2010 to 22 percent in 2012, marking a successful attempt to stimulate these. In 2012, manufacturing accounted for just about 5 percent of the total economic output in Abu Dhabi with half of this percentage being attributed to the high-tech industry. This sector represents a key competitive advantage in light of its potential to create a strong industrial base, help increase exports and create jobs for the highly skilled.

According to the Abu Dhabi Competitiveness Report, the petrochemicals sector, including chemicals and plastics account for nearly 40 percent of the value added output in Abu Dhabi's manufacturing sector, and it is the most important one in high-tech going forward.

Current Structure

According to the latest available data in 2011, construction still leads with 24.3 percent share of the total non-oil GDP, followed by government services and industry. That said, the faster growing sectors were industry, transport and storage, and financial services to a lesser extent. This highlights a move towards more service oriented, knowledge-based sectors which is likely to have carried on over the past two years.

Non-Oil GDP by Economic Activity – 2011			
Sector	Share from Total GDP (Non-Oil)	Growth Rate (2011/2010)	5 Year CAGR (2207-2011)
Construction	24.3%	0.2%	11.5%
Government Services	%12.3	%8.6	%15.1
Industry	12.1%	21.5%	2.8%
Financial Services	%7.5	%13.6	%11.7
Trade	9.2%	4.2%	3.8%
Real Estate	8.4%	11.0%	11.7%
Communications	%0.9	%0.2	%6.9
Transport & Storage	%11.1	%22.4	%6.2
Professional Services	%4.1	%2.1	%5.6
Water & Electricity	%5.0	%10.5	%4.8
Tourism	2.0%	3.5%	6.9%
Agriculture	1.4%	0.9%	2.0%
Others	1.2%	8.4%	6.6%

Source: Statistics Center Abu Dhabi (SCAD)

Tourism is also high up on the Emirate's diversification plans, and although it only accounts for a small share of non-oil GDP, it is expected to grow fast during the forecast period, with a targeted 2.5 million arrivals to the city itself in 2013. Abu Dhabi is bringing to the UAE a brand new Louvre Museum and the Guggenheim, as

well as developing its education sector as it is already home to a branch of the INSEAD, and the Paris Sorbonne as well. This will contribute to larger numbers of visitors, and influx of expatriates living and working in Abu Dhabi.

Foreign Trade

Very high oil prices inflated Abu Dhabi's trade surplus in 2011 to \$83 bn, compared to \$59 bn in 2010, representing 40 percent growth. But while this growth was unusual due to significant hikes in oil prices, Abu Dhabi's foreign trade has nonetheless grown in recent years, stimulated by a number of positive factors such as strong GDP growth, a stable currency, easy import and export procedures, as well as economic and political stability amidst a region in turmoil.

Some of the key factors having a positive influence on trade in Abu Dhabi include:

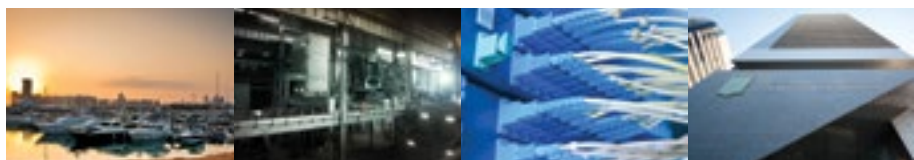
- **Trading with Large Markets:** The UAE negotiated free trade agreements with the US and Australia first, targeting larger nations rather than smaller ones from the early beginnings of its global trading. This has allowed the Emirates to lead the region in terms of free trade policy development, and boosted its trade relations with the rest of the world.
- **Fiscal Strengths:** Abu Dhabi is home to the largest sovereign wealth fund in the world, the Abu Dhabi Investment Authority (ADIA) which contributes to making trade with Abu Dhabi easy and attractive. The Emirate does not run large fiscal deficits, and does not have elevated public debts nor does it have high unemployment. Its strong fiscal position is therefore ideal to finance development projects and achieve long-term growth targets.
- **Location:** Abu Dhabi's ideal location allows the Emirate to carry out all trade-related activities by linking shipping routes and facilitating goods transportation between the East and the West.
- **Trade Incentives:** Abu Dhabi offers incentive packages to local and international investors in different economic sectors. The incentives include the exemption of companies and individuals from all types of income and corporate taxes, non-existence of any restrictions on capital or profit repatriation, limitation of customs tariffs to just 5 percent, full tax exemption on all intermediate and capital goods used in production and 100 percent foreign ownership in Free Zones.

As of 2011, Saudi Arabia was the leading non-oil trade partner of Abu Dhabi accounting for 11 percent or \$4.4 bn in value. The United States came second, with approximately \$3.7 bn, or close to 9.5 percent of total trade, followed by South Korea, Japan, Germany, Italy and France.

Energy Markets

Abu Dhabi's National Oil Company (ADNOC) was established in 1971 and is a 100 percent government owned holding company. Hydrocarbon policies and the ADNOC are both under direct supervision of the Supreme Petroleum Council (SPC) established in 1988 in Abu Dhabi to help issue resolutions and follow-up on petroleum affairs in the Emirate.

In parallel with ambitious diversification plans, Abu Dhabi continues to expand its energy sector, and is raising output capacity to remain a leader in oil production and export and to limit its import needs as well, by satisfying local demand.



In 2013, Abu Dhabi National Oil Company (ADNOC) said it would raise output capacity to 3.5 mn barrels a day (bpd) by 2017, compared to the current 2.8 million bpd. Some of the new production will supply additional units at ADNOC's refinery in Ruwais. The company plans to double processing capacity at this plant to 800,000 bpd by the end of 2014.

Renewable Energy

The renewable or future energy sector is eyed for development by the Emirate in light of its promising outlook at a global level. This type of energy is also set to further entrench Abu Dhabi's strong positioning as a global and regional energy hub.

The ADV 2030 and other policies provide guidance and set clear objectives for the development of the sector. Abu Dhabi is also set to lead the UAE's Green Growth Strategy announced at the World Future Energy Summit in 2013.

There are several initiatives in the renewable energies sector, which include the Masdar Initiative, and also some significant solar energy projects including Shams 1 and other global activities. The most important one is Masdar, which is shaping the future of energy in Abu Dhabi.

Abu Dhabi Future Energy Company (Masdar)

Mubadala Development Company, which supports diversification efforts in Abu Dhabi by investing in the required infrastructure and new economic sectors created the Abu Dhabi Future Energy Company – Masdar in 2006.

Masdar is a fivefold project that comprises the Masdar Institute, Masdar Capital, Masdar Carbon, Masdar Power and Masdar City all of which will serve the same purpose of developing and integrating full renewable and clean energy. Authorities joining hands with Mubadala on this project include the Abu Dhabi National Oil Company, Abu Dhabi Water and Electricity Authority, Abu Dhabi Education Council, and Environmental Agency Abu Dhabi.

Masdar City is the flagship project of the initiative and set to be the first zero-carbon and zero-waste city in the world, also housing the International Renewable Energy Agency (IRENA) headquarters. The city envisages an integrated "Green Community" for an expected population of 40,000.

Masdar Institute, designed and built by Foster + Partners in cooperation with MIT (the Massachusetts Institute of Technology) saw its first generation of student graduate in 2011. A massive wind tower was established at the institute in a first step towards the development of a system of wind towers replacing traditional cooling systems by 2016. The institute is developing laboratory infrastructure and research and development facilities in a bid to develop advanced material for air and aerospace equipment as well.

Masdar Capital has two funds, one is the Masdar Clean Technology and the other one is the Deutsche Bank Masdar Clean Tech Fund both of which were established to promote and commercialize renewable technologies.

Masdar Power has a portfolio of renewable power generation projects topping \$5 bn. Masdra Carbon manages projects for the reduction of carbon emissions through energy efficiency, recovery of waste and heat carbon dioxide and carbon capture and storage.

Business Laws

Foreign Investment Law

A new foreign investment law was drafted in a bid to enhance the country's investment appeal and climate. The law eliminates much of the red tape and regulatory or administrative obstacles to attract more foreign and Arab direct investment. The law also deals with the advantages, tax exemptions and guarantees for foreign investors, as well as their rights and obligations.

Commercial Company law

A Federal Law issued in 1984 regulates the commercial companies in Abu Dhabi and the UAE. One of the latest and important amendments to this law was issued in 2009 by H.H. Sheikh Khalifa, abolishing the minimum capital requirement of AED 150,000 (\$40,838) for setting up a limited liability company (LLC) in the UAE. This facilitated the market entry of small to medium-sized enterprises (SMEs) and is a key incentive for entrepreneurship in Abu Dhabi as well.

The law currently still requires that the nationality of every company in the country including Abu Dhabi, is Emirati. That said the Ministry of Economy of the UAE is working on a new investment law to be enacted by the end of 2013, allowing foreigners full ownership of companies in industries that could potentially benefit the economy. Companies established in the Free Zones which are governed by special rules and regulations related to special economic zones abide by a different set of regulations.

Another new amendment to this law makes it mandatory for all companies in the country to develop a general framework for corporate governance to ensure the protection of shareholder rights, achieve transparency, disclose financial data and improve the efficiency and integrity of the company's board of directors.

Competition Law

The UAE's competition law came into effect in February 2013. It aims to rule out all practices that may have a negative impact on corporate efficiency and overall industry growth. This includes avoiding monopolies and any type of activity favoring market domination by any single player. The law is in line with the World Trade Organization's (WTO) recommendations on UAE trade policies.

It aims to prohibit and penalize anti-competitive agreements, and provides a framework for merger control and regulation. It creates an environment conducive of businesses to promote efficiency, competitiveness, consumer welfare and sustainable development in the country.

UAE Trademark Law

The UAE's trademark law was issued in 1992 by the late Sheikh Zayed bin Sultan Al Nahyan, and applies to all Emirates includ-

ing Abu Dhabi. It provides protection for registered trademarks in the UAE and aims to safeguard the interests of businesses and consumers. The law includes the definition of trademarks, signs that cannot be registered as trademarks, trademark registration and cancellation procedures, transfer of ownership and mortgage of trademarks, licensing others to use trademarks, penalties for trademark law infringement and general and transitory provisions. A trademark is defined as any of the following:

- Names
- Words
- Signatures
- Letters
- Figures
- Graphics
- Logos
- Titles
- Hallmarks
- Seals
- Pictures
- Patterns
- Announcements
- Packs

Any other signs or group of marks that are intended to be used to label or distinguish a product or service, or to indicate that they belong to any given entity are also included in this definition.

On the other hand, the trademark law does not allow the registration of the following as trademarks:

- Signs without any distinctive character or property or use common names of goods, products and services or the ordinary drawings or pictures of goods and products.
- Any signs that offend public morals or contrary to public order.
- Using or imitating public symbols, flags and other logos of the UAE or any Arab or international organization or any foreign country without authorization.
- Emblem of the Red Crescent or the Red Cross or any similar symbols or signs or their imitations.
- Signs which are identical or similar to symbols with absolutely religious character.
- Geographical names if their use can cause confusion about the origin or source of the goods, products or services.
- The name, title, image or logo of a third party unless he or his heirs agreed to their use in advance.
- Particulars of degrees of honor which do not prove that the applicant is legally entitled thereto.
- Signs which may mislead the public or contain false statements or descriptions about the origin or source of products or services, as well as marks that contain the fictitious, imitated or forged trade name.
- Trademarks owned by individuals or legal entities with which any deal is prohibited.
- Signs if the registration of which for some categories of products or services will result in undervaluation of other products or services distinguished by such signs.
- Trademarks which contain words or expression such as Concession, Concessionaire, Registered, Registered Drawing, Copyright, Imitation is Considered Forgery, or other similar words and phrases.
- National and foreign medals, coins or bank notes.
- Trademarks which are merely a translation of a renowned or al-

ready registered trade mark if the registration would confuse consumers about the products distinguished by the trade mark.

Protection of Intellectual Property

Abu Dhabi introduced stringent regulations to protect intellectual property rights and combat all types of commercial fraud which are often widespread in this part of the world. The UAE is among the leading 20 countries in the world in terms of intellectual property protection and the fight against piracy. In that effect, it is an exception in the Arab world, and the number one country across the region for protecting intellectual property. The law protects the rights of holders of intellectual works, inventions, designs patents, trademarks, and more, and penalizes commercial fraud.

Businesses, traders and consumers can all report offenses of counterfeiting and fraud to the commercial protection section in Department of Economic Development (DED). There is also a hotline for consumers at DED as well as a Ministry of Economy consumer protection hotline.

Consumer Protection

The Consumer Protection Section (CPS) at the DED is responsible for protecting consumers in Abu Dhabi and raising awareness of their rights and responsibilities. The purpose is to create a safe environment for consumers. Programs relevant to this initiative include the Commercial Fraud Exhibition and Gulf Consumer Protection day as well as many others. The CPS protects consumer rights to be safe from fraud and hazardous products and services, as well as to be informed about key facts that can help them make a purchasing decision. Consumers have the right to choose among a variety of products and the right to be heard, satisfied and compensated.

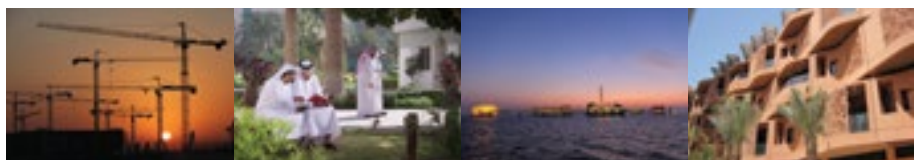
Consumers are also required to be aware of their rights and always verify the source of goods, as well as to look for the specifications of products they wish to purchase, to comply with health rules and follow instructions, not to purchase materials, products or goods from street vendors, not to be tempted by misleading advertisements, etc.

Investment in Land and Real Estate

The Real Estate Market

The real estate market was first opened up to foreign investors in 2005, when prices surged and continued to grow until they peaked in 2008, before the economic crisis. The property downturn that followed in the UAE also affected Abu Dhabi although to a lesser extent than Dubai. Prices in Abu Dhabi are now around 50 percent cheaper than they were prior to 2008. In recent months, the prices have risen again, as the first quarter of 2013 saw an increase of 8 percent year-on-year, according to Jones Lang LaSalle (JLL).

A report by JLL estimates prices within investment areas at AED 12,000 (\$3,350) per square meter (sqm) for villas and AED 9,900 (\$2,750) per sqm for apartments. According to JLL, rental yields, investment return and capital gain returns are far more attractive than many markets in Europe and the West, and exceed the global average as well.



Investing

The “Investment Areas” across Abu Dhabi include the following, some of which are just about to be launched; others have been around for a few years:

- Al Reem Island
- Al Raha Beach
- Saadiyat Island
- Lulu Island
- Al Sowwah Island
- Yas Island
- Seih Al Suderah
- Masdar City

Freehold ownership for foreigners and GCC nationals are allowed in these investment areas. Foreigners can only own buildings, floors and apartments in these same areas, but have no freehold ownership to the underlying land.

GCC nationals and their wholly owned legal entities have right to freehold ownership of land in the Investment Areas.

Foreign nationals from outside of the GCC have two options:

- Usufruct Leases which represents the right to use and exploit lands belonging to others for a period of 99 years
- Musataha Leases which represents the right to build and develop on lands belonging to others for up to 50 years

According to Article 4 of law number 19 on property ownership, amended in 2007, holders of a Usufruct or Musataha Lease for more than 10 years shall have the right, even without the consent of the landowner, to dispose of the property, including the right of mortgage. However, the landlord may not mortgage the property except with the consent of the holder of the lease. In both cases, the parties may agree otherwise.

For companies not wholly owned by UAE nationals, rights to real estate ownership would be restricted. However, title is ultimately granted by the ruler.

Ownership in all other areas is still restricted to UAE nationals only. UAE nationals and their wholly owned legal entities have right to freehold ownership anywhere in Abu Dhabi.

Buying and Selling

The buying and selling process in Abu Dhabi is simple, with off-plan buying requiring a deposit of five percent to 15 percent depending on the contract. As for the resale of existing real estate, it is generally carried out via an agent and guided by a Memorandum of Understanding that specifies handover conditions and cancellation fees. Transfer fees do not exceed two to three percent. Investors can resell properties before the purchasing process is complete and after they have settled at least 20 percent of the total value.

A. Financial Services

Financial “Free Zone”

Abu Dhabi announced in 2013 the creation of a new financial Free Zone having its own legal system. Global Marketplace Abu Dhabi

(GMAD) will be established on Al Maryah Island late in 2013. The GMAD will, to a certain extent, compete with Dubai’s International Financial Center (DIFC) as its legal structure is similar. Yet GMAD is different than the DIFC, in the sense that it will operate as a trading platform supported by the Emirate’s wealthy banks and financial institutions which are not active in Dubai.

The GMAD will be composed of the following main authorities:

- The Global Marketplace Courts
 - Companies registry
 - The Financial Services Regulations Bureau
- Companies licensed in the GMAD will be able to provide a wide range of financial and banking services. These will include:
- Short, medium and long-term secured and unsecured loans
 - Business, commercial and investment banking
 - Private finance
 - Brokerage
 - Trading in securities, commodities and derivatives
 - Islamic finance and Islamic banking

GMAD offers incentives including 50 year “zero taxation” for investors, free-zone authorities, companies and their employees. This includes income tax relating to activities taking place within GMAD, and any transfer of assets, profits or wages to any destination outside the marketplace in any currency.

Traditional Banking Sector

The Abu Dhabi banking sector is well established and includes domestic as well as international banks. There are 22 banks as of 2013, and the five leading groups are the National Bank of Abu Dhabi (NBAD), Abu Dhabi Commercial Bank, United National Bank, and Abu Dhabi Islamic Bank. There are also global players which include BNP Paribas, ABN Amro Bank, Barclay’s Bank, Citibank, Banque du Caire, HSBC and Standard Chartered, among many others.

The largest bank in the Emirate, NBAD, saw a 16.8 percent increase in profit, from \$1 bn in 2011 to \$1.1 bn in 2012. Meanwhile, Abu Dhabi Commercial Bank, the second largest in the Emirate reported a net profit of \$765 mn in 2012 compared with \$829 mn in 2011. But excluding the non recurring gain, ADCB’s net profit for was up 62 percent in 2012 over 2011.

The banking sector is regulated by the UAE’s Central Bank, which has been strategically revising rules and regulations since the game changing downturn that affected mostly Dubai in 2009 and 2010, in order to secure sustainable growth.

Islamic Banking

Islamic banking is an increasingly attractive banking system in the region, which is generating some significant income for banks delivering Shari’a compliant banking services. Abu Dhabi is the capital of an Islamic state, where the Muslim religion is predominant in the legislative environment. Around 75 percent of consumers in the UAE are Muslim, many of whom abide by the principles and regulations of Shari’a law. Islamic banking somehow carries the noble cause of contributing to the elimination of exploitation and to the establishment of a just society. The main guiding principles set by Shari’a law in areas of interest to banking are the following:

- The use of interest for loans of money is banned as a form of usury
- Investing in businesses that provide goods or services that are in opposition to Islamic values is forbidden

The UAE was a pioneer in developing Islamic banking services, with the Dubai Islamic Bank being the world's first full-service Islamic bank when it was established in 1975. Dubai continues to lead as a hub for Islamic banking in the UAE, although Abu Dhabi is quickly catching on.

Abu Dhabi Islamic Bank (ADIB) was established in 1997 as a Public Joint Stock Company and began operating in November 1998. The bank is the only fully-fledged Islamic bank in Abu Dhabi, where all contracts, operations and transactions are carried out in accordance with Islamic Shari'a principles. All other banks offer some Islamic banking services, but none is an Islamic bank in essence. ADIB is experiencing strong growth and expected to go global soon.

All five leading banks have some form of Shari'a compliant services. The NBAD is the most advanced in this context. The bank plans to triple its Islamic banking revenue by introducing sharia-compliant services in Egypt, Oman and Malaysia.

Abu Dhabi Investment Authority (ADIA)

The Abu Dhabi Investment Authority (ADIA) is 100 percent owned by the Emirate of Abu Dhabi. ADIA's "sole mission" as detailed in its 2012 Annual Review, is "to invest funds on behalf of the Government of the Emirate of Abu Dhabi, to make available the necessary financial resources to secure and maintain the future welfare of the Emirate." ADIA basically manages Abu Dhabi's excess oil reserves, estimated at \$500 bn. Its assets are estimated at \$627 bn by the Sovereign Wealth Fund Institute.

ADIA's role in helping to diversify the Emirate's economy is important, as it secures the needed funding to inject in new and promising sectors of the economy that have the potential to grow further. ADIA is currently invested in more than 240 different funds.

Abu Dhabi Securities Exchange

Abu Dhabi Securities Exchange (ADX) was established in 2000 as the authority in charge of trading shares for UAE based companies. Its board of directors is made up of seven members nominated by "Amiri Decree." They stay in office for a term of three years. There are 67 companies across four sectors listed on the ADX.

There are trading locations across the UAE in Abu Dhabi, Al Ain, Fujairah, Sharjah, and Ras Al Khaimah. The Dubai Financial Market (DFM) is another trading authority which handles shares of other public UAE companies. The ADX has more companies listed than the DFM but trading volume in Dubai is generally much higher.

Stock markets in the UAE rallied to record highs in June 2013 amidst a revised status by the MSCI index compiler, promoting the country to "emerging markets" status. This should see an influx of funds and investments into the ADX and DFM in the short to mid-term.

The Abu Dhabi Securities Exchange lists its responsibilities as the following:

- To provide opportunities to invest savings and funds in securities in order to benefit the national economy

- To ensuring the soundness and accuracy of transactions and the interaction between demand and supply in order to determine prices
- To protect investors through establishing fair and proper dealing principles between various investors
- To impose stringent controls over securities transactions to ensure sound and conduct procedure
- To develop investment awareness by conducting studies and issuing recommendations in order to ensure that savings are invested in productive sectors and to ensure the financial and economic stability
- To develop trading methods in order to ensure liquidity and stability of prices of Securities listed on the market

Abu Dhabi Free Zones

The most attractive option for foreign businesses is to establish their organizations as part of one of the Free Zones in Abu Dhabi. The Free Zones are initiatives by the government to help create an environment that is conducive to entrepreneurship and can help diversify the economy in a most efficient way. Business creation in these zones is easy and free of bureaucratic barriers. The Free Zones are an integral part of the Economic Vision 2030, whereby they aim to achieve growth prospects and encourage business creation.

Each zone has its Free Zone Authority (FZA) in charge of issuing operating licenses and assisting companies in the process of creation. Investors can register their businesses as:

- Free Zone Establishment (FZE)
- Free Zone Company (FZCO)
- Freelance License
- Branch of the foreign company
- Branch of a UAE company

Free Zone Establishments and Companies are considered Limited Liability Companies (LLCs), and are subject to the relevant laws and regulations of the Free Zone where it is established.

Among the general incentives offered by Free Zones:

- Investments incentives
- 100% foreign company ownership
- 100% repatriation of capital and profits
- 100% foreign ownership
- 100% exemption from corporate and personal income taxes
- Low-cost operational environment
- Exemption from import and export taxes

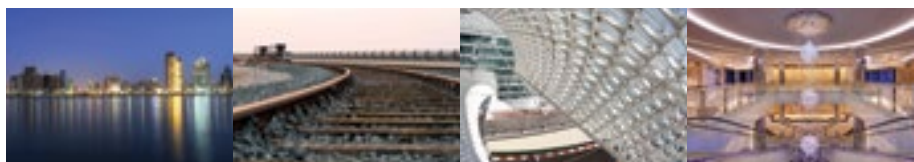
Most of the Free Zones issue the following types of licenses:

- Trading license
- Industrial license
- Service license
- National industrial license

The Free Zones in Abu Dhabi mainly operate in areas like logistics, media and light, medium and heavy industries.

Khalifa Industrial Zone Abu Dhabi (Kizad)

Kizad is the industrial Free Zone spreading over 417 square kilometers offering facilities to businesses and transport infrastructure linking them to different continents by sea, air, roads and rail. Kizad expects to contribute to the creation of over 100,000 jobs in Abu



Dhabi. In addition, it is projected to contribute approximately 15 percent of the Emirate's non-oil GDP. Kizad estimates that 60 to 80 percent of the goods manufactured in the city will be exported. More than 40 companies have signed up to lease land in Kizad as of 2013, some of which include Al Braik Investment, Al Batha Trading and Industry Group, and Mulk Holding.

Kizad's aims to diversify Abu Dhabi's industrial sectors by enabling industries identified as priorities and including:

- Aluminum
- Steel
- Engineered Metal Products
- Petrochemicals and Chemicals
- Pharmaceuticals and Healthcare Equipment
- Food
- Paper, Print and Packaging
- Trade and Logistics
- Mixed Use and others

twofour54

twofour54 or the Abu Dhabi Media Zone Authority was set up to boost Arabic media and entertainment, and to position Abu Dhabi as a regional hub of television content creation for broadcast, film, music, digital media, gaming and publishing industries.

The twofour54 system is based on three key business pillars:

- **Tadreeb:** The training academy supporting young talent via collaborations with leading international media outlets and companies, to provide courses to media professionals and college graduates with majors in media-related topics such as social media, TV production trainings, etc.
- **Ibtikar:** Provides funding and support for innovative ideas. Young entrepreneurs are encouraged to apply to the creative lab community which can provide funding to great ideas.
- **Intaj:** Production facilities including studios, equipment and technical support for television and film production, post-production, broadcast services and more.

twofour54 also offers business enabler services through Tawasol, the one stop-shop providing government services, customs clearance, flight arrangements and others.

There are already more than 160 companies based at twofour54 including CNN, the Financial Times and Sky News Arabia. twofour54 has trained over 3,000 delegates since its establishment.

Masdar City Free Zone and Science and Technology Park

Masdar City is an eco-friendly development, set to become a global leader in sustainable living. The city will run on clean and renewable energy, and is home to "clean-tech" industries. It is spread over six square kilometers and is located near Abu Dhabi International Airport and 17 kilometers from downtown Abu Dhabi. A phased construction has begun with full completion expected in 2025.

In addition to the common incentives offered by all Free Zones, Masdar City offers the following:

- Quick and easy set-up with a one-stop shop for registration, government relations and visa processing
- Residential areas and business clusters

- Launching point into local, regional and international markets
- Critical mass of sector knowledge and talent
- Research and Development Hub partnering with Masdar Institute of Science and Technology
- Highly cost-effective licensing and office space
- Proximity to Abu Dhabi International Airport, Khalifa City, Yas Island and 40 minutes from Dubai

Abu Dhabi Airport Free Zone

The Abu Dhabi Airport Free Zone is being developed by Skycity, a subsidiary of Abu Dhabi Airports Company (ADAC). The zone is a 12 square kilometer development near the airport, offering infrastructure and multiple facilities to a broad range of aviation related industries including:

- Aerospace and Aviation
- Maintenance, Repair and Overhaul (MRO)
- Airport Services
- Airline Services
- Aircraft Interiors
- Cargo Freight and Logistics
- Consultancy
- Technology and ICT
- Transportation
- Warehousing and Distribution
- Marketing and Events
- Regional Headquarters
- Knowledge and Development

In addition to the common incentives offered by all Free Zones, the ADAC offers the following:

- One-stop-shop administration services
- Fast and efficient cargo clearance services
- International freight forwarders and logistics services
- Online customer service
- Land with easy access to airport apron
- On-site customs inspection
- 24 hours access to facility

Legal Structures and Registration

Commercial Companies Law number 8 of 1984, defines the legal structures of companies in Abu Dhabi.

Generally speaking, 51 percent participation by UAE nationals is required in companies until the new law allowing full ownership is finalized at the end of 2013. The following cases are exception to the current law:

- Cases in which the law specifically requires 100% local ownership
- Free Trade Zones where 100% foreign ownership is permitted
- Activities open to 100% GCC ownership
- Where wholly owned GCC companies enter into partnership with UAE nationals
- In respect of foreign companies registering branches or a representative office in Dubai.
- Professional or artisan companies where 100% foreign ownership is permitted.

General Partnership Company

The General Partnership is a company formed by two or more partners who are jointly liable to the extent of all their assets for the company's

liabilities. Liability is therefore not limited to cash or shares of the partners' capital contribution to the company. The company's ownership is confined to UAE nationals only. In a General Partnership, the partners intention should be working together in order to realize a profit. The name of a General Partnership should consist of the names of all partners or it may only be confined to the name of one or more of the partners with an addition indicating the existence of a company.

Partnership in Commendams

Partnership in Commendams is a legal structure that applies to UAE nationals only. This type of company consists of one joint partner or more who is liable with all his/her assets and another in-commendams partner or more who are not liable to the firm except for the value of shares.

Joint Venture Company

The Joint Venture Company entails two or more partners agreeing by contract to share the profits or losses of one or more commercial enterprises, which will be carried on in the name of one of the partners. According to the law, the association is restricted to the relationship between the partners but does not operate in respect of others. Should the Joint Venture be disclosed to third parties, all the partners are liable to the third party.

Public Shareholding Company (PJSC)

The Public Shareholding Company is a company with a capital divided into equal negotiable shares. Shareholders' liability is limited by the number of shares held by each.

These companies require a minimum paid up capital as follows:

- Regular company: AED 10 mn or \$2,725,000 with a nominal face value of AED 1-100.
 - Banking: AED 40 mn or \$10,900,000
 - Insurance and investment companies: AED 25 mn or \$6,812,500
- Requirements to set up a public joint stock company include:
- Due diligence survey
 - Founders' agreement
 - Brochure or invitation for public subscription
 - Business plan and feasibility study accompanied by an auditor's certificate
 - Memorandum and articles of association

A PJSC must have at least 10 founding members and its management should be vested in a board of directors consisting of a minimum of three to a maximum of 15 persons whose term of office may not exceed three years. The chairman and majority of the directors in a public shareholding company must be UAE nationals, as UAE nationals should hold at least 51 percent of the shares of the PJSC.

The founder members may only hold 35 percent of the share capital, as 65 percent is required to be offered to the public. The law stipulates that the companies engaged in banking, insurance or financial activities should be run as public share holding companies.

Private Shareholding Company

A Private Shareholding Company is incorporated by no less than three partners. Unlike public shareholding company, a private

shareholding company cannot issue public shares or offer the company for public subscription. The minimum share capital to form a private shareholding company is AED 2 mn or \$545,000.

A private shareholding company may be converted to a public shareholding company if the following applies:

- Nominal value of issued shares must be paid up in full
- The company must have been more than two financial years old
- The company must have been more than two financial years old
- The resolution calling for the conversion of the company is adopted by a majority of three quarters of the company's capital in the Extra-ordinary General Meeting

Limited Liability Company

A Limited Liability Company (LLC) can be formed by an association of at least two and a maximum of 50 partners. The company requires a maximum of 49 percent shareholding of expatriates and minimum 51 percent UAE nationals. An LCC is required to have a name derived from its objectives or from the name of one or more partners.

The minimum capital required to form an LLC is \$81,800, which has to be deposited in a bank, and blocked for approximately two weeks. LLCs have specific activities as per classifications made by the Department of Economic Development, and the company cannot have multiple activities except in General Trading where minimum capital requirement is \$818,000.

The LLC is not eligible for public subscription for the creation or increase of its capital or for obtaining loans needed thereby, nor for the issuance of negotiable stocks or shares.

Founders of a LLC need to draft a Memorandum of Association including the following:

- Name and objectives of the company and its head office
- Names of the partners, their nationalities, places of residence and addresses
- Amount of the capital, share of each partner and particulars of the corporeal shares, their amounts and names of subscribers therein if any
- Names and nationalities of the company directors, and names of the members of the
- Board of trustees in the cases where it is requirement by law to create such board
- Date of commencement and expiry of the company
- Methods of distribution of profits and loss
- Means of notices to be given by the company to the partners

Sole Proprietorship

Foreign investor may engage in given business activities without having a national partner and by maintaining 100 percent ownership in sole proprietorship. Activities include:

- Medical services
- Engineering consultancies
- Legal practice and consultancies
- Computer / IT consultancies

Branch or Representative Office

The Companies Law allows a foreign company to exercise its main activity in Abu Dhabi by opening a branch or a representative office.

The branch office is legally considered a part of the parent com-



pany. It is a regular, fully fledged business, allowed to conduct activities similar to those of the parent company, and to develop and implement contracts. The branch cannot however import products of its parent company, unless it is done via a local trade agent.

A representative office is limited to promoting its parent company's activities, with any actions related to these promotions subsequently performed by the company's head office. Representative offices cannot employ more than three to four people.

Foreign companies licensed to operate in Abu Dhabi may not start their activities before being registered in the Ministry's Register of Foreign Companies. That requires the appointment of a Service Agent who should be a national or a company fully owned by a national.

The Service Agent both for branches and representative offices is not permitted to own equity in or participate in the substantive management of the representative or branch office. In practice, service agents assist in providing services such as communications with government departments and administrative management. The fees are usually determined according to branch or representative office turnover.

Documentation required to register a branch or representative office include the contract agreement with a UAE services agent as a priority, as well as a number of documents including permissions and financials from the main company in its mother country.

Establishments by GCC Citizens

Gulf Cooperation Council (GCC) countries which include - aside from the UAE - Saudi Arabia, Oman, Qatar, Kuwait and Bahrain are allowed to conduct business in Abu Dhabi as long as they reside in the country and have a license to practice the business activity of interest in their own country of origin. They are allowed 100 percent ownership unlike foreign investors.

The only case in which 51 percent share is required to be owned by UAE nationals is when the investor is a juridical person wishing to conduct retail or wholesale trade.

Appointing a Commercial Agent (Exclusive Distributor)

According to the Abu Dhabi Chamber of Commerce, foreign companies that do not wish to acquire a license but still want to commercialize their products and services inside the Emirates may appoint a "commercial agent" in line with Federal Law Number 18 of 1981 Regulating Commercial Agencies and amending laws thereof.

A commercial agent may promote the company's products and services through exclusive sales or distribution networks within Abu Dhabi, if it is already operating in the Emirate. Companies are allowed to have one agent in Abu Dhabi, and one agent in each of the other Emirates, it can also choose to have one agent covering all of the UAE. Any agreement reached with agencies should be duly registered with the Ministry of Economy of the UAE.

Free Zone Company (FZE / FZC)

As seen earlier, Free Zones are ideal for foreigners wishing to retain 100 percent ownership with no local sponsor or partner. Companies in these zones can be incorporated as:

- Free Zone Establishment (FZE)
- Free Zone Company (FZCO)
- Freelance License
- Branch of the foreign company
- Branch of a UAE company

Some activities may require prior approval depending on the products or activity being offered.

Free Zone companies require a UAE company as a trade agent if trade within the UAE – outside of the trade zones – is required. A five percent custom duty is applicable if goods are exported to Abu Dhabi from the Free Zone.

Companies need to prepare comprehensive business plans after which the minimum capital mandated by the chosen Free Zone is to be deposited in a bank account in UAE. The company may be registered by an individual shareholder or corporate shareholder or both.

Import and Export

Custom Duties

The last custom duty law from 2003 imposed a five percent rate on goods imported from all non-GCC countries, although many product categories are exempt of duties. All products from GCC countries are exempted from customs duties. Products are considered as originating in a GCC country if the value added to such product in the said country is more than 40 percent of the value of the product in question and if the factory that manufactured the product is at least 51 percent owned by GCC nationals.

Exemptions of custom duties apply to the following:

- Imports exempted in the Unified Customs Tariff of the GCC Member States
- Imports for the diplomatic and consular bodies and international organizations, heads and members of the diplomatic and consular missions approved by the country according to the international agreements, laws and practices
- Imports by all sectors of the Armed Forces and the Internal Security Forces such as ammunition, arms etc.
- Imports of philanthropic societies or charities, according to the conditions set forth in the Rules of Implementation of the Law.
- Returned goods of national origin that were exported to outside of the country as well as the foreign goods returned to the country which are proved to have been previously re-exported to outside of the country and the goods temporarily exported for completion of processing or repair.

Personal Items

Personal items and household items imported by expatriates and foreigners for their first time residence are exempted from customs taxes and duties as long as they are non-commercial by nature and conform to the conditions and controls set forth in the executive bylaws. For imports outside of first time residency, residing

foreigners are allowed to import personal belongings in limited quantities by paying a five percent customs tariff.

Passengers are allowed to carry personal luggage and gifts up to AED 3,000 (\$840) without having to pay customs duties.

Passengers carrying a cash amount or traveler's check with a value exceeding AED 40,000 (\$10,809) or its equivalent in foreign currency should declare the amount and stipulate its purpose.

Import Procedures

Customs clearance procedures can be carried out directly by a representative of the corporation or by delegating an authorized customs clearing agent as long as importers hold a valid residency in the UAE, and a trade license in the case of imports of large amounts and value. The following documents are required:

- Delivery Permit from the forwarding agent showing the name of the owner of goods or the clearing agent or delivery order from the shipping agent
- Bill of lading (by air or sea) which includes the details of goods being imported
- Packing list which includes details of the package contents
- Original Certificate of Origin showing the country of production or manufacturing attested by the Abu Dhabi Chamber of Commerce and Industry (excluding goods imported from GCC countries)
- Original invoice showing the total quantity and description of goods and preferential value of each item
- Copy of trade license
- Statistical statement if the goods are meant to be moved to their final destination in one of the GCC countries

Export Procedure

No duties apply on exports, but goods need to be declared and procedures apply. Export procedures in Abu Dhabi vary depending on the nature and quantity of merchandise. All personal goods and non-commercial goods are allowed for export without prior authorization. Any other export items require initial approval by authorities in charge, and all fish and sheep related products are prohibited from being exported. The following documents are required for all export purposes:

- Original invoice
- Packing list
- Bill of lading
- Original Certificate of Origin

Taxation

Corporate Taxation

The tax free environment of the UAE is one of the key competitive dimensions of the country and a government policy aimed at boosting the business setting and facilitating entrepreneurship. There is no tax law imposed by the national government but rather Income Tax Decrees issued individually by each Emirate. While the Abu Dhabi Income Tax Decree stipulates that tax is to be imposed on all taxable income of corporations, in practice it is only applied to two types of organizations.

According to Abu Dhabi's Tax Decree Number 4 of 1972, every chargeable person who conducts trade or business, including service or product delivery is subject taxation of up to 55 percent as follows:

Income Brackets (AED)		Rate %
0 - 1,000,000		Exempt
1,000,000 - 2,000,000		10
2,000,000 - 3,000,000		20
3,000,000 - 4,000,000		30
4,000,000 - 5,000,000		40
5,000,000 +		55

A "chargeable person" is defined by the law as any corporate institution, or each and every branch thereof, carrying on trade or business of any type during an income tax year through a permanent establishment situated in Abu Dhabi whether directly or through the agency of another body corporate. According to the law: "Two or more such branches of a body corporate so carrying on trade shall each be treated as separate chargeable persons. The fact that a body corporate has a secondary body corporate carrying on trade or business through a permanent establishment in the Emirate shall not in itself constitute that parent body corporate as a chargeable person."

Carrying on trade or business is defined as the following:

- Selling goods or rights in Abu Dhabi
- Operating any manufacturing, industrial or commercial enterprise in Abu Dhabi
- Letting any property located in Abu Dhabi
- Delivering services in the Emirate

In practice, taxes are only imposed on the following:

- Corporate taxes on oil and gas producing companies at rates specified in relevant government concession agreements which are confidential. Oil companies also pay royalties on production.
- Branches of foreign banks, for which specific tax decrees are imposed, or fixed in agreements with the Rulers of Abu Dhabi. The fees income of banks shall be calculated by reference to their audited financial statements.

Pension Fund Contributions

While there are no payroll taxes per se in Abu Dhabi, a contribution to the Retirement and Pension Fund (ADRPBF) is levied on UAE and GCC nationals employed in both public and private sectors. These are eligible for retirement pensions and their employers are responsible for registering them with ADRPBF within 10 days of the date that the employee commenced work.

The total levied amount is 26 percent and contributions are deducted from salaries as follows:

- 5% from the employee
- 15% from the employer
- 6% from Government

The employer is responsible for collecting employee contributions to be provided to the fund. The Government pays its contribution directly to the fund.

Property Tax

Property taxes are charged upon renewing or seeking a new business license. These generally vary from five to 10 percent of the applicant's annual office rent and five percent of the annual rental of the residence of the license holder.

Double Taxation

Double taxation treaties apply for the UAE as a whole including Abu Dhabi, and these are designed to attract investments and



facilitate business prospect for foreigners and foreign companies established in countries where taxation policies are aggressive. Double taxation treaties reduce any additional potential tax burden levied against foreign companies and citizens established in Abu Dhabi and who forward their profits to their home countries.

Any dividend and income paid by a Abu Dhabi based or any other UAE company to a company established in a country which has a double taxation treaty with the UAE may not be taxable by the foreign parent corporation even if it has not been taxed in Abu Dhabi. Agreements formed in this context include:

- Agreements on taxation depending on the income resulting from air transport
- Agreements on avoidance of double taxation on income and profits resulting from international air transport
- Agreements on avoidance of double taxation on income and capital and evasion of taxes
- Agreements on avoidance of double the taxation on income and capital

The following taxes do not exist in the UAE including Abu Dhabi:

- Personal income tax
- Payroll tax
- Dividend distribution tax
- Estate tax
- Fringe benefits' tax

Employment and Immigration

Labor Law

The Federal UAE Labor Law was developed in 1980, and last amended in 1986. The law outlines all key areas affecting an employer's relationship with all staff, from contracts to employee entitlements including working hours, holidays, leaves, end of service gratuity, compensation, dispute settlement, disciplinary rules, safety and protection, labor inspection, and much more.

Employment Contracts

All employment contracts are written in Arabic and may be written in English as well. Contracts include the following information:

- Starting date
- Type of employment
- Location
- Terms and conditions
- Duration
- Salary

Copies of all employment contracts are archived by the Ministry of Labor (MOL) in the case of any employment disputes, end of service and other areas that require the government's intervention. If no contract is issued by the Ministry of Labor, workers can prove their employment at any given company via legal evidence including internal contract concluded between the two parties, appointment letters, payroll or book of attendance, if any of those are available.

Work Permits

As per the labor law, non-UAE nationals can seek employment in Abu Dhabi only after approval of the Labor Department and having ac-

quired a work permit in accordance with the procedures dictated by the Ministry of Labor and Social Affairs.

Work permits may only be granted if the following is guaranteed:

- The employee has the professional competence of educational qualifications that are needed by the state
- The employee has lawfully entered the country and complies with the conditions stipulated by the residence regulations in force in Abu Dhabi

• None of the unemployed national workers who are registered with the Labor Section is qualified for the job

The types of work permits granted to foreigners in Abu Dhabi include:

- Regular work permit: Granted to non-UAE nationals upon approval of the Ministry of Labor and recruitment decision of companies
- Worker transfer permit: Allowing a citizen or resident already working in the UAE to move from one establishment to another
- Part-time work permit: Enables citizens or residents to take up jobs with fewer hours than normal working hours of full-time employees who undertake the same jobs at the establishment
- Work permit for dependents: Allows dependents who are sponsored by one of their family members to undertake a job
- Juvenile work permits: Allows citizens or residents aged between 15 and 18 years to work in an establishment under certain conditions

Residence Visa

A residence visa is required for any foreigner wishing to work, live or invest in the UAE, aside from GCC nationals. Formalities are to be completed by the sponsor of a person's entry permit at the General Directorate of Residence and Foreigners Affairs - Abu Dhabi (GDRFA). Visas are renewable every two years.

Employment Residence Visas are granted to foreign employees upon signing an employment contract, while Investor Residence Visas require the submission of an application signed and stamped by the investing company along with any required documents.

Probation

The probation period is set to a period of six months and cannot be extended beyond this agreed upon and lawful period. The probation period is optional and employers can dismiss employees during this period without prior notice.

Working Hours and Holidays

Article 65 of the labor law, sets the maximum number of working hours for adult workers to eight hours a day or 48 a week. Employers are not allowed to exceed the maximum number of working hours even based on an agreement with the worker. Employees may not be asked to make up for having worked fewer hours on a particular day by working more hours another day of the same week. In cases where the nature of work requires more weekly working hours, the additional time is paid for as overtime with a remuneration corresponding to normal working hours, plus an additional pay accounting for at least 25 percent of that remuneration. All extra hours given from 9 PM to 4 AM are entitled for regular additional pay, plus an increase of no less than 50 percent of that amount. Commercial enterprises, hotels, cafés or security related work may be increased to nine hours a day by an order from the Minister of Labor.

Paid holidays include the following:

- Islamic or Hijri New Year (1 day)
- Gregorian New Year (1 day)
- Isra (1 day)
- Miaraaja or Ascension day (1 day)
- Prophet Mohammad's Birthday (1 day)
- National Day (1 day)
- Eid Al-Fitr (2 days)
- Eid el Adha (3 days)
- Arafa Day (3 days)

Annual leave holidays are only allowed upon completing the initial six probation months as per the following guidelines:

- 6 months – 1 year employment: 2-3 days per month
- 1 year + employment: 30 day vacation

The annual leave days may be increased upon agreement between employer and employee. Unpaid holidays are granted for a one time pilgrimage leave of 30 days without pay.

Wage Protection

A Wage Protection System (WPS) was introduced to protect the rights of workers, and establish a higher level of trust between companies and their employees. It is basically geared towards securing on-time payment of employees' full salaries as per their contractual agreements. For this purpose, companies are required to transfer all employee salaries using the WPS. Companies failing to abide by the system are subject to fines, and likely to be refused work permits.

The system is an electronic salary transfer system allowing corporations to pay wages via banks, bureau de change, and financial institutions approved and authorized to provide the service.

Companies are free to select one or more agent among those licensed by the Central Bank for the transactions. Once the company's bank receives the employee salaries, it sends a notification to the WPS. The system then sends the workers' details and wages as well as the salary transfer instructions electronically to the Central Bank of the UAE, which in turn forwards these to the Ministry of Labor.

Emiratization

The UAE engaged on a path to create better employment opportunities for Emiratis across sectors, in line with the foreseen economic growth of the country. In Abu Dhabi, the "Abu Dhabi Tawteen Council" (ADTC) was created in 2005 in order to follow through with the Emiratization plans. The ADTC provides employment services to nationals including job seeker assessment, professional and career guidance, vocational training, career and skill development, occupational rehabilitation, and many more. Between 2005 and 2013, the ADTC helped create 4,211 jobs for Emiratis in Abu Dhabi.

Since the creation of the Emiratization program in 2005, the following new regulations have emerged regarding the employment of nationals:

- Commercial companies with 50 employees or more have to employ UAE nationals at an annual rate of two percent.
- The minimum wage for UAE nationals with post-secondary school certification working in the private sector stands at AED 5,000 (\$1,361) a month, for secondary certificate holders at AED 4,000 (\$1,089) and for others below secondary certificates at AED 3,000 (\$816).
- The termination of UAE nationals employed in the private sector

is considered unlawful unless the worker has violated the labor law. In addition, employers must notify the Ministry of Labor 30 days in advance in case of terminating a UAE national.

- A new classification of companies and establishment based on the number of UAE nationals employed was introduced. The classification offers incentives for companies that meet Emiratization targets. In Abu Dhabi, a Tawteen Program was launched in 2007 creating the Tawteen Leadership Academy, Career Guidance Counseling, Career Resources Centers, Entrepreneurship and Innovation, Vocational Awareness, Internships, Women in the Workplace and Ma'bar Al Najah, all geared towards empowering the local youth and professionals. Some key organizations in the public sector are great employers for nationals including the Abu Dhabi Tourism Authority, the Abu Dhabi Education Council (ADEC), the Abu Dhabi Retirement, Pension and Benefit Fund and the General Directorate of Abu Dhabi Police. The public sector accounts for 52 percent of Emiratization in Abu Dhabi.

Termination

Employment contract terminations require the employees' written confirmation. Termination of contracts that are limited by a given period of time (one year, two year, three year contracts) by the employer without a legal reason require employers to pay three months full salary compensations, or a salary for the remaining period if shorter than three months. Similarly, employees would have to compensate employers with 45 days salary or the remaining period of the contract if shorter. For unlimited contracts, a notice period of one month is required by both employer and employee, unless otherwise agreed upon at the beginning of the employment period.

In the case that employers terminate employment without granting a notice period, the full month's salary should be paid for. Employees have a right to leave without notice only in the case where the employer breached the contract and the law or assaulted the employee in any way.

In the case that the employee is dismissed after the probation period without any legal reason, or for reasons unrelated to performance at work, the dismissal is considered arbitrary.

End of Service Gratuity (EoSG) was introduced in 1980, granting expatriate employees having completed at least one year in their current employment, a payment at the end of their service. The gratuity is calculated on the basis of 21 days for each year of the first five years of service and 30 days for each additional year. The calculations take into consideration the last salary. The total end of service gratuity should not exceed the salary of two years.

Key Sources

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