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REPORT BY THE SECRETARIAT

UNITED ARAB EMIRATES

Revision

This report, prepared for the third Trade Policy Review of the United Arab Emirates, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from the United Arab Emirates on its trade policies and practices.

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Document WT/TPR/G/338 contains the policy statement submitted by the United Arab Emirates.

Note: This report was drafted in English.

CONTENTS

CHARTS

TABLES

BOX

APPENDIX TABLES

SUMMARY

1. The United Arab Emirates is a federation of seven emirates: Abu Dhabi; Dubai; Sharjah; Fujairah; Umm al-Quwatin; Ajman; and Ras al-Khaimah. As a federation, responsibility for policy, laws, and administration is shared among the federal authorities and the individual emirates. Furthermore, as a member of the Cooperation Council for the Arab States of the Gulf (GCC), laws and policies in some areas, including customs procedures and tariffs, are developed and applied at the GCC level.

2. Between 2010 and 2014, real GDP growth averaged 4.5% annually. The growth rate declined to 3.1% in 2015. Since 2012 growth has been led by the non-hydrocarbon sectors reflecting the successful diversification of the economy. GDP per capita also increased in real terms reaching US$43,400 in 2015. Although the UAE has diversified the economy, the hydrocarbon sector remains very important: crude oil and gas contributed 34% to GDP, manufacturing 9%, and services 57%. Within services, financial services (13.8% of GDP, including imputed bank services), wholesale and retail trade (11.3% of GDP), and real estate and business services (10.3%) are the main contributors.

3. After years of fiscal surpluses, the fall in oil prices that started in 2014 has affected Government revenues which declined considerably in 2015, as such, the UAE as a whole expected a fiscal deficit of 3% of GDP in 2015. Consequently, a fiscal consolidation programme was introduced to control public spending. Nevertheless, the UAE has some room for manoeuvre as total public debt was about 14% of GDP in 2015, and the UAE has foreign exchange reserves equivalent to over 7 months of imports. Furthermore, individual emirates have sovereign wealth funds of varying magnitude.

4. Trade is critically important to the UAE with total trade in goods and services equivalent to nearly 176% of GDP in 2015. The surplus in trade-in-goods is partly offset by a large deficit in trade-in-services. Balance of payments data indicates that the total value of goods exports fell in 2014 to US$371 billion as oil and natural gas exports fell to US$112 billion and are expected to have fallen further to US$75 billion in 2015. Nevertheless, the UAE continues to run a current account surplus.

5. Trade, investment and development policy in the UAE is focused on diversification of the economy, with a particular emphasis on improving competiveness and high technology sectors. Free zones and economic specialized zones are important facets of the UAE economy and the Government's growth strategy. The main advantages for investment are no corporate or personal income taxes, exemptions from customs duties, and exemptions from several domestic regulations that apply within the customs territory, including Emiratization. In addition, foreign ownership is not limited to 49%, as it is within the customs territory. Currently, about two-thirds of exports of non-oil products are from free zones.

6. At the Federal level, the Ministry of Economy is responsible for trade policy and development of the national economy. As a member of the GCC, the UAE applies the Common Customs Law, the common external tariff, the Unified Guide for Customs Procedures at First Points of Entry, the Common Law on Anti-dumping and Countervailing Measures, and other common rules relating to trade. Also through the GCC, the UAE is a party to free trade agreements with the EFTA states and Singapore and negotiations on trade agreements with several other countries.

7. Under the GCC common external tariff, the tariff on most products is either duty free or 5%. A tariff of 100% or a minimum specific duty is applied to tobacco products. Although nearly all tariffs are below their bound rate, there are 19 tariff lines with a minimum specific duty and, therefore, the *ad valorem* equivalent could be greater than the 200% bound duty. Prohibited products include live swine and other products prohibited on security, health and safety grounds. Restricted products include pig meat products and alcoholic beverages which require import licences and, in most cases, the tariff on these products is 200%.

8. The customs authorities of each emirate are responsible for applying the GCC Common Customs Law, and the Unified Guide for Customs Procedures. Dubai Customs and the General Administration of Customs in Abu Dhabi have electronic systems for customs declarations. The UAE intends to begin implementing an authorized economic operator (AEO) programme by launching a pilot programme with Dubai Customs.

9. Trading (importing and/or exporting), in the UAE requires a trading licence and a trader code which is available from the customs department of each emirate and is valid throughout the UAE. To qualify for a licence the applicant must be a UAE national or a company established in the UAE that is 51% owned by UAE nationals. Distribution of imported goods may only be undertaken by trade agencies which must be owned by UAE nationals or by companies wholly owned by UAE nationals. Free zones are exempt from these licensing requirements.

10. In September 2015, the UAE notified the WTO that the GCC Common Law on Anti-dumping and Countervailing Measures of 2003 had been ratified and that a Federal law was being prepared which would incorporate the 2010 amended GCC Common Law.

11. As a member of the GCC, the UAE is a member of the Gulf Standardization Organization (GSO) and most of the standards published by the Emirates Authority for Standardization and Metrology (ESMA) are based on GCC standards. According to the authorities, about 77% of standards conform to international standards and, in the absence of an international standard, the national standards of another countries may be used as a basis for a UAE standard. In 2014, an automated system for conformity assessment was introduced by the ESMA with plans to introduce online systems for certification and accreditation of conformity assessment bodies.

12. Imports of all live animals and animal products (except food products of animal origin) and fodder need an import permit issued by the MOEW. Additionally, all live animals and animal products as well as all plants and plant products are subject to quarantine requirements and need to be accompanied by health certificates. The draft GCC Guide for Control on Imported Foods was issued in 2015. The Guide describes principles and regulatory requirements to be applied by the importing countries. Application of the Guide is to be on a trial basis until 1 June 2016.

13. Implementing regulations for the Competition Law were issued in October 2014 which provided details on the processes and procedures for the Law's implementation. However, the UAE Cabinet has yet to determine thresholds for the *de minimis* exemption and market share thresholds to define dominant position and economic concentration. In general, prices are decided by market forces and price monitoring is largely to improve consumer awareness. However, the Ministry of Health publishes prices for about 8,000 pharmaceutical products. Price controls also apply to telecommunications services, and to electricity and water.

14. The UAE is not a party to the Agreement on Government Procurement. Federal laws apply to procurement by most federal agencies while at the emirate level, local laws apply. However, a new government procurement law is expected to come into force in 2016. Under the current federal law, price preferences of 10% are given to companies with up to Dh 10 million in capital and 51% owned by UAE or GCC nationals.

15. State involvement continues to be prevalent in many sectors such as oil and gas production, air and maritime transport and facilities, telecommunications, and financial services. Ownership structures also tend to be complicated, with government owned holding companies, individual emirates and sovereign wealth funds all having stakes. The authorities contend that the Government owned entities are run on purely commercial grounds and are provided no preferential treatment. Some of these companies (Emirates Airlines, Etihad Airways, DP World and Dnata) are market leaders in their field. Furthermore, state investment, both domestically and internationally, through sovereign wealth funds is sizeable. According to the authorities, the reasons for such widespread state ownership range from revenue and strategic reasons to pushing the government agenda on diversification and development.

16. The decline in oil prices since 2014 affected the UAE, with revenues and export receipts falling. However, due to its successful diversification strategy, the UAE is managing to weather the storm while maintaining growth and investment. The UAE continues to pursue a strategy of diversification concentrating of high technology sector and high growth sectors such as the Islamic economy. To be able to benefit fully from its efforts the UAE may need to speed up reforms such as the full implementation of the Competition Policy Law, easing of restrictions on foreign investment including the requirement of majority ownership by UAE nationals and further improving the business environment.

1 ECONOMIC ENVIRONMENT

1.1. In the aftermath of the global financial crisis, the UAE economy has proved to be resilient. As a result of prudent macroeconomic management, the economy has been able to post positive economic growth. Between 2010 and 2014, real GDP grew at an average annual growth rate of 4.52%, and is expected to be around 3% in 2015 (Table 1.1).[1] Growth was initially driven by the hydrocarbon sector, which grew by an average annual rate of 6% between 2010 and 2012. However, since 2012, growth has been led by the non-hydrocarbon sector, which grew at an average annual rate of 5.6% between 2012 and 2014. Within the non-hydrocarbon sector, growth was driven by construction, retail and wholesale trade, tourism, and manufacturing. Construction growth was due to housing and infrastructure projects as well as landmark tourism projects. Manufacturing growth came about due to investments in free trade zones and further development of industry clusters, particularly in the construction materials sector, in food processing, and in the manufacturing of aluminium and petrochemicals (Table 1.2). As a result of the growth, GDP per capita rose from US$34,600 in 2010 to US$43,400 in 2015. Trade continues to play a very important role in the UAE economy; trade in goods and services as a proportion of GDP rose from 151% in 2010 to over 176% in 2014.

Table 1.1 Selected macroeconomic indicators, 2010-15

	2010	2011	2012	2013[a]	2014[a]	2015[a]
National accounts						
Real GDP, annual percentage change	1.6	5.2	6.9	4.3	4.6	3.1
Real hydrocarbon GDP	3.8	6.6	7.6	2.9	4.0	3.2
Real non-hydrocarbon GDP	0.7	4.1	7.1	5.0	4.8	3.7
GDP by type of expenditure, constant 2007 prices (% change)						
Final consumption expenditure	8.8	1.9	-11.5	5.3	0.3	..
Government expenditure	-9.5	2.5	1.2	1.4	3.7	..
Private expenditure	12.2	1.8	-13.4	6.0	-0.3	..
Gross fixed capital formation	-9.6	1.8	13.2	8.3	3.6	..
Government	-36.5	4.9	7.4	7.2	3.4	..
Public sector	-2.6	0.9	12.4	10.7	3.8	..
Private sector	-2.2	1.4	15.1	7.5	3.6	..
Change in stocks	-8.1	-1.9	-30.8	1.2	8.9	..
Export of goods and services	0.5	20.7	17.0	4.5	8.2	..
less: imports of goods and services	2.1	18.8	5.2	6.5	6.1	..
less: indirect taxes (net)	4.1	147.6	3.6	5.1	0.7	..
Monetary indicators						
Exchange rate (Dh per US$, period average)	3.67	3.67	3.67	3.67	3.67	3.67
Nominal effective exchange rate (2010=100)	100.0	96.8	101.3	103.2	105.1	114.9
Real effective exchange rate (2010=100)	100.0	99.6	94.9	94.5	96.1	107.5
Consumer price index (index, 2007=100)	115.0	116.0	116.8	117.99	120.84	125.8
Broad money (annual percent change)[b]	6.2	5.0	4.4	22.5	8.0	5.5
Money and quasi money M3 (Dh billion)	985.2	1,001.4	1,083.1	1,219.9	1,332.0	1,363.6
Consolidated general government finances (Dh billion)						
Total revenue	..	..	379.2	412.1	380.7	286.9
Taxes	..	..	302.3	319.1	279.9	188.4
Social contributions	..	..	2.7	5.1	5.3	5.5
Expenditures	..	..	327.9	373.8	414.6	411.1
Expenses	..	..	356.6	401.0	446.1	..
Compensation of employees	..	..	41.0	42.1	47.5	48.6
Use of goods and services	..	..	40.4	43.2	49.5	55.3
Consumption of fixed capital	..	..	3.5	3.3	3.8	3.8

[1] IMF Country Report No. 15/219.

	2010	2011	2012	2013[a]	2014[a]	2015[a]
Interest	..	..	4.3	5.9	4.1	3.1
Subsidies	..	..	8.5	10.1	12.1	13.0
Grants	..	..	2.6	21.6	21.9	11.3
Social benefits	..	..	50.0	52.4	61.4	56.7
Other expenses	..	..	146.4	161.6	174.4	184.5
Net acquisition of non-financial assets	..	..	31.2	33.5	39.9	34.8
Memorandum items						
External debt (% of GDP)[c]	48.2	39.6	38.7	44.4	49.1	..
Gross official reserves (US$ billion)[d]	32.8	37.2	47.1	68.2	78.5	94.0
Population (thousands)	8,264	8,152	8,768	9,031	9,302	9,581

.. Not available.

a Preliminary data. GDP growth for 2015 is estimated based on the "Economic Composite Indicator" designed by the Research and Statistics Department of the Central Bank. Missing data are not available.

b Due to changes in economic sector classifications in bank report forms during 2013, the annual percentage change for broad money for the year 2013 is exaggerated on account of the inclusion of government-related entities deposits in M2, starting in 2013.

c Foreign liabilities of the banking system are only due to incomplete coverage of debt raised by non-banks in the international markets.

d Excludes foreign assets of sovereign wealth funds.

Source: Federal Competitiveness and Statistics Authority for GDP, Bank for International Settlements (BIS) for nominal and real effective exchange rates, and Central Bank of the UAE for balance of payments and monetary data. Consolidated government revenues do not include ADNOC transfers and government income.

Table 1.2 GDP and employment, 2010-15

	2010	2011	2012	2013[a]	2014[a]	2015[a]
Gross domestic product						
Gross domestic product (Dh billion)	1,051	1,280	1,371	1,422	1,467	1,529
Gross domestic product (US$ billion)	286	349	373	387	399	416
Real GDP (Dh billion)	941	990	1,059	1,104	1,155	1,191
GDP per capita (thousands US$)	34.6	..	..	..	..	43.4
GDP by economic activity, constant 2007 prices (% change)						
Non-financial corporations sector	1.8	5.7	6.4	3.3	3.8	..
Agriculture, livestock and fishing	-10.5	0.2	-5.5	-0.3	0.3	..
Mining and quarrying	3.8	6.6	7.2	3.1	4.0	..
Crude oil and natural gas	3.8	6.6	7.6	2.9	4.0	..
Quarrying	5.1	-2.1	-26.6	37.5	5.8	..
Manufacturing industries	2.6	9.7	5.6	1.2	3.2	..
Electricity, gas and water	3.0	11.8	15.2	2.1	4.8	..
Construction	-0.7	-1.8	5.5	3.4	7.3	..
Wholesale retail trade and repairing services	1.8	0.6	0.3	4.9	5.6	..
Restaurants and hotels	-0.2	8.0	5.4	8.9	5.6	..
Transport, storage and communication	0.7	4.6	5.0	2.6	4.7	..
Transport, storage and other communication	0.6	4.1	5.4	2.3	5.2	..
Telecommunication	1.0	5.9	4.1	3.2	3.6	..
Real estate and business services	-0.2	11.1	12.1	3.7	-1.4	..
Social and personal services	2.0	17.8	6.4	4.6	0.2	..
Financial corporations sector	-6.4	2.7	3.0	19.5	12.5	..
Financial service activities and auxiliary activities	..	..	..	21.4	13.9	..
Insurance, reinsurance and auxiliary activities	..	..	..	14.6	8.6	..
Government services sector	12.7	3.9	13.5	11.3	10.9	..
Domestic services of households	6.2	-1.7	16.4	20.0	9.8	..
less: imputed bank services	3.4	9.3	-0.8	15.6	10.6	..
Share of main sectors in current GDP (%)						
Non-financial corporations sector	91.8	93.1	92.7	91.7	90.7	..
Agriculture, livestock and fishing	0.9	0.7	0.7	0.7	0.7	..
Mining and quarrying	31.8	39.5	39.5	37.6	34.6	..
Crude oil and natural gas	31.6	39.3	39.3	37.3	34.3	..
Quarrying	0.2	0.2	0.2	0.2	0.2	..
Manufacturing industries	9.0	8.7	8.9	8.8	9.0	..
Electricity, gas and water	2.4	2.3	2.5	2.4	2.5	..

	2010	2011	2012	2013[a]	2014[a]	2015[a]
Construction	11.6	9.5	8.8	8.8	9.0	..
Wholesale retail trade and repairing services	12.6	10.6	10.5	10.8	11.3	..
Restaurants and hotels	2.1	2.0	2.0	2.1	2.2	..
Transport, storage and communication	8.5	7.9	7.8	8.1	8.7	..
Transport, storage and other communication	6.0	5.8	5.8	6.0	6.4	..
Telecommunication	2.5	2.1	2.0	2.1	2.2	..
Real estate and business services	10.7	9.5	9.7	9.9	10.3	..
Social and personal services	2.2	2.3	2.4	2.5	2.5	..
Financial corporations sector	7.0	6.2	6.4	7.5	8.3	..
Financial service activities and auxiliary activities	..	..	4.8	5.8	6.6	..
Insurance, reinsurance and auxiliary activities	..	..	1.5	1.6	1.7	..
Government services sector	5.4	4.7	5.0	5.4	6.0	..
Domestic services of households	0.4	0.4	0.4	0.5	0.5	..
less: imputed bank services	4.8	4.4	4.4	5.0	5.5	..
GDP by type of expenditure (% of current GDP)						
Final consumption expenditure	67.3	59.3	51.5	52.3	55.6	..
Government expenditure	8.6	7.3	6.9	6.8	7.5	..
Private expenditure	58.8	52.0	44.7	45.4	48.1	..
Gross fixed capital formation	25.0	21.7	22.5	22.6	23.7	..
Government	3.7	3.6	3.6	3.6	3.7	..
Public sector	6.3	5.4	5.4	5.7	6.3	..
Private sector	14.9	12.8	13.5	13.4	13.8	..
Change in stocks	1.2	1.0	0.6	0.6	0.6	..
Export of goods and services	78.8	90.3	100.6	101.3	98.0	..
less: imports of goods and services	72.2	72.3	75.3	76.8	77.9	..
less: indirect taxes (net)	1.0	2.1	2.1	2.1	2.0	..
Employment						
Unemployment rate	..	..	..	..	..	..
Distribution of workforce by economic sectors						
Non-financial corporations sector	79.7	..	..	..	..	..
Agriculture, livestock and fishing	4.7	..	..	..	..	..
Mining and quarrying	1.3	..	..	..	..	..
Crude oil and natural gas	1.1	..	..	..	..	..
Quarrying	0.2	..	..	..	..	..
Manufacturing industries	11.3	..	..	..	..	..
Electricity, gas and water	1.2	..	..	..	..	..
Construction	23.2	..	..	..	..	..
Wholesale retail trade and repairing services	19.5	..	..	..	..	..
Restaurants and hotels	4.3	..	..	..	..	..
Transport, storage and communication	6.3	..	..	..	..	..
Transport, storage and other communication	6.0	..	..	..	..	..
Telecommunication	0.3	..	..	..	..	..
Real estate and business services	4.0	..	..	..	..	..
Social and personal services	3.9	..	..	..	..	..
Financial corporations sector	1.5	..	..	..	..	..
Government services sector	10.8	..	..	..	..	..
Domestic services of households	8.1	..	..	..	..	..

.. Not available.

a Preliminary data.

Source: Federal Competitiveness and Statistics Authority.

1.2. Future risks to growth arise from persistent lower oil prices, which will result in lower export revenues and fiscal pressures. Furthermore, the appreciation in the real effective exchange rate would in all likelihood negatively impact the current account and competitiveness of the UAE. However, the authorities maintain that there is no evidence of this being the case.

1.3. The authorities are cognizant of the above challenges. In this regard, a fiscal consolidation plan has been put in place (section 1.2). Additionally, the authorities are in the process of drafting a new Foreign Investment Law, which would allow 100% foreign ownership in specific sectors outside the free zones. However, efforts to strengthen and improve the business environment need to continue, particularly in the area of enforcing contracts and resolving insolvencies.

Furthermore, as envisaged by the Government, transitioning towards a knowledge-driven economy through better quality of education, promotion of innovation and use of new technologies, would contribute to raising productivity and diversifying the economy; thus sustaining growth. In this respect, the Government has started to implement initiatives in alternative energy, Islamic economy, and space and aerospace.

1.4. Improving SME access to financing is important for inclusive growth. In this regard, progress has been made in SME finance through the issuance of a new SME Law and the establishment of financial infrastructure, such as a credit bureau and credit registry. Other initiatives which have been put in place over the past few years include using public funds to facilitate access to credit, fostering financial literacy, and helping business incubation.

1.1 Fiscal Policy

1.5. In 2014, consolidated government revenues (i.e. the Federal Government, and the Governments of the seven emirates) declined by 5%. The decline came about due to a fall in local government tax revenues, which are comprised of fees paid by hotels and restaurants, fees on profits of foreign banks, and royalties on oil and natural gas. Furthermore, with oil prices continuing to slide, government revenues decreased by 21% during the first nine months of 2015, compared to the same period of 2014, due mainly to a decline in taxes of 30.3%. These revenues, however, do not include important transfers from Abu Dhabi National Oil Company (ADNOC) and government investment income.

1.6. The authorities continued to pursue an expansionary fiscal policy, with total expenditures rising by nearly 11% in 2014. Expenditure growth was fuelled by local government public spending with a view to continue funding planned spending programmes and refrain from reducing capital spending which would have had a detrimental impact on non-hydrocarbon real growth. Consequently, the fiscal surplus declined from nearly 11% of GDP in 2012 to 5% of GDP in 2014. However, during the first nine months of 2015 expenditures decreased by 13.9% reflecting the start of a fiscal consolidation plan by the Government. With weakening oil prices the fiscal balance is expected to have been a deficit of 3% of GDP in 2015.

1.7. As a result of the fiscal surpluses up to 2014, gross general government debt declined from nearly 22% of GDP in 2012 to approximately 14% of GDP in 2014.

1.8. To mitigate the impact of the decline in international oil prices, the authorities have embarked on a fiscal consolidation programme. Under the plan, the authorities envisage a consolidation of 2.8% of non-oil GDP in 2015 and of a total of 13.5% of non-oil GDP by 2020. The authorities plan to achieve their target through expenditure cuts by:

- controlling public wage bill growth (stabilizing the size per capita and limiting wage increases to correspond to productivity gains);
- continuing reductions in energy and water subsidies and other transfers, while protecting those in need[2];
- lowering capital transfers to Abu Dhabi government related entities; and
- stabilizing other expenses in real terms.

1.9. Further gains can be realized if the authorities choose to implement revenue enhancing measures such as the broadening of the corporate income and excise taxes and introducing a VAT.

1.2 Monetary and Exchange Policy

1.10. Monetary policy is formulated and conducted by the Central Bank of the UAE (CBUAE). The Central Bank is also responsible for the formulation and implementation of banking and credit policies, so as to ensure the stability of the currency and the growth of the national economy of the UAE in a balanced manner. The CBUAE has authority over the banking and financial sectors,

[2] Abu Dhabi increased water and electricity tariffs by 170% and 40%, respectively, in January 2015. With lower oil prices, implicit subsidies on petroleum products are estimated to have almost disappeared. Implicit subsidies on natural gas are still high.

except for the financial institutions operating in the Dubai International Financial Centre (DIFC). The UAE has a fixed exchange rate regime, whereby the domestic currency, the UAE dirham (Dh) is pegged (since November 1997) to the U.S. dollar at an exchange rate of Dh 3.6725/US$1. The UAE's exchange system is free of restrictions on payments and transfers for international transactions, except for certain restrictions under terrorist financing provisions, taken in accordance with UN resolutions. Hence, the CBUAE has to keep enough reserves to maintain the currency's peg to the U.S. dollar. As a result, monetary policy is focused on maintaining the peg. As per Union Law No. 10 of 1980 concerning the Central Bank, the Monetary System and Organization of Banking, the CBUAE also acts as banker of last resort to the Government and the financial sector, and as the Government's financial advisor.

1.11. Under the provisions of Union Law No. 10 of 1980, the CBUAE may use a number of instruments to attain its monetary objectives. The fixed peg of the dirham to the U.S. dollar, however, means that local interest rates must be aligned to those of the dollar across the maturity curve. The main instruments used by the CBUAE to regulate domestic liquidity are:

- the minimum reserve requirement;
- US$/Dh swaps for dirham liquidity;
- advances and overdraft facility for banks;
- prudential regulations;
- issuance by the CBUAE of certificates of deposit and repo facilities on certificates of deposit (CDs); and
- liquidity support facilities made available to commercial banks since the advent of the international crisis.

1.12. During the review period, the CBUAE maintained an accommodative monetary policy, while customer deposits at banks continued to grow thanks to available liquidity and growth in non-resident deposits. Following the fall in oil prices which started in June 2014 and continued into the second half of 2015, however, domestic deposits slowed down leading to an increase in total customer deposits in the order of 3.5% in 2015, while domestic credit remained resilient, increasing by 8.1%.

1.13. On the exchange front, U.S. dollar appreciation resulted in the REER appreciating by 3.3% in 2014, and by 9% in Q1 2015 compared to the average 2014 level.

1.14. Inflation, as measured by the consumer price index, rose from 0.7% in 2012 to 4.1% in 2015. The increase has come on the back of rising rents (housing represents nearly 40% of the consumer price basket) and, to a lesser extent, on the removal of subsides on fuel.

1.3 Balance of Payments

1.15. The balance of UAE merchandise trade declined in 2014, falling to US$131 billion, from US$144 billion in 2013 (Table 1.3). Explaining part of the decline was a 13.8% decrease in the value of hydrocarbon exports. This was partly offset by a sizeable increase in the value of non-hydrocarbon exports, resulting in a milder 0.9% contraction in the value of total exports. The weakening merchandise trade balance was also attributed to a 4.3% increase in the value of imports.

1.16. The services trade deficit, consisting of travel, transport, freight, insurance and government services, widened in 2014. The deficit increased from US$49.3 billion in 2013 to US$50.8 billion in 2014. The softening trade balance, in conjunction with a widening balance of transfers deficit, resulted in a decline of the current account surplus. In 2014, the current account surplus fell to 13.7% of GDP.

1.17. With regard to the financial account, the deficit widened in 2014 to US$52.4 billion. Accounting for this widening was an increase in the net outflow of private capital. Public sector capital outflows increased. Consequently, the surplus of the overall balance of payments reached 2.3% of GDP in 2014, a decline from 5.1% in 2013. As a result, net foreign assets of the Central

Bank increased during the same period. Foreign assets of the Central Bank provided cover for 7.1 months of imports (net of re-exports) in 2014, up from 6.6 months in 2013.

Table 1.3 Balance of payments, 2010-14

(US$ billion)

	2010	2011	2012	2013	2014[a]
Current account balance	7.2	50.9	79.6	71.4	54.6
Trade balance	49	106.6	141.7	144.2	130.9
Exports	213.5	302	359.7	374.2	370.7
Oil and oil products	66.8	107.5	112.7	116.4	98.9
Natural gas	7.9	12	13.6	13	12.7
Non-hydrocarbon	51	70.9	100	104.1	112.4
Re-exports[b]	87.9	119.6	133.4	140.7	146.7
Imports (f.o.b.)	-164.6	-195.4	-218	-230	-239.8
Imports by emirates	-114	-137.9	-143.3	-146	-147.3
Free zones	-54.8	-60.3	-68.7	-77.9	-86.6
Natural gas	..	..	-6	-6.1	-5.9
Income, net	-0.1	0.1	0.3	0.2	0.3
Banking system (net)	-1.3	-1.4	-1.4	-1.6	-1.6
Private non-banks (net)	-1.6	-1.7	-1.5	-1.8	-1.9
Government	6	6.8	7.4	8.1	8.2
Official debt service (interest)	-0.9	-1.1	-1.1	-1.3	-1.4
Foreign partners – oil	-2.3	-2.6	-3	-3.3	-3.1
Foreign partners – gas	0	0	0	0	0
Services, net	-30.4	-43.7	-47.2	-49.3	-50.8
Credits	11.7	12.8	16.1	18.2	20.6
Debits	-42.1	-56.5	-63.2	-67.4	-71.4
Transfers, net	-11.3	-12	-15.2	-23.7	-25.7
Private (incl. remittances)	-10.6	-11.2	-14.4	-17.9	-19.3
Official	-0.7	-0.8	-0.8	-5.8	-6.4
Capital account balance	0	0	0	0	0
Financial account balance	5	-29.7	-45.9	-49.5	-52.4
Private capital	7.7	0.8	-14.6	-17.1	-19.8
Direct investment, net	3.5	5.5	1.4	1.7	3.9
Portfolio flows, net	1	0.7	1	1.1	1.2
Commercial banks	-1.3	0.7	-8.7	-12.4	-17.4
Private non-banks and other[c]	4.6	-6.2	-8.3	-7.5	-7.6
Official capital[d]	-2.7	-30.5	-31.3	-32.4	-32.6
Errors and omissions	-4.9	-16.7	-23.6	-2	7.1
Overall balance	7.3	4.5	10	19.9	9.3
Change in Central Bank reserves	-7.3	-4.5	-10	-19.9	-9.3
Memorandum items:					
Current account (% of GDP)	2.5	14.7	21.3	18.4	13.7
Gross reserves of the Central Bank (US$ billion)	32.8	37.2	47.1	68.2	78.5

.. Not available.

a Preliminary data.
b Not separately compiled for the years 2010-11; estimated at 40 to 70% of emirates imports.
c Estimate based on UNCTAD World Investment Report.
d Including estimated changes in SWF net external assets.

Source: IMF, Article IV Consultations 2013, 2014 and 2015.

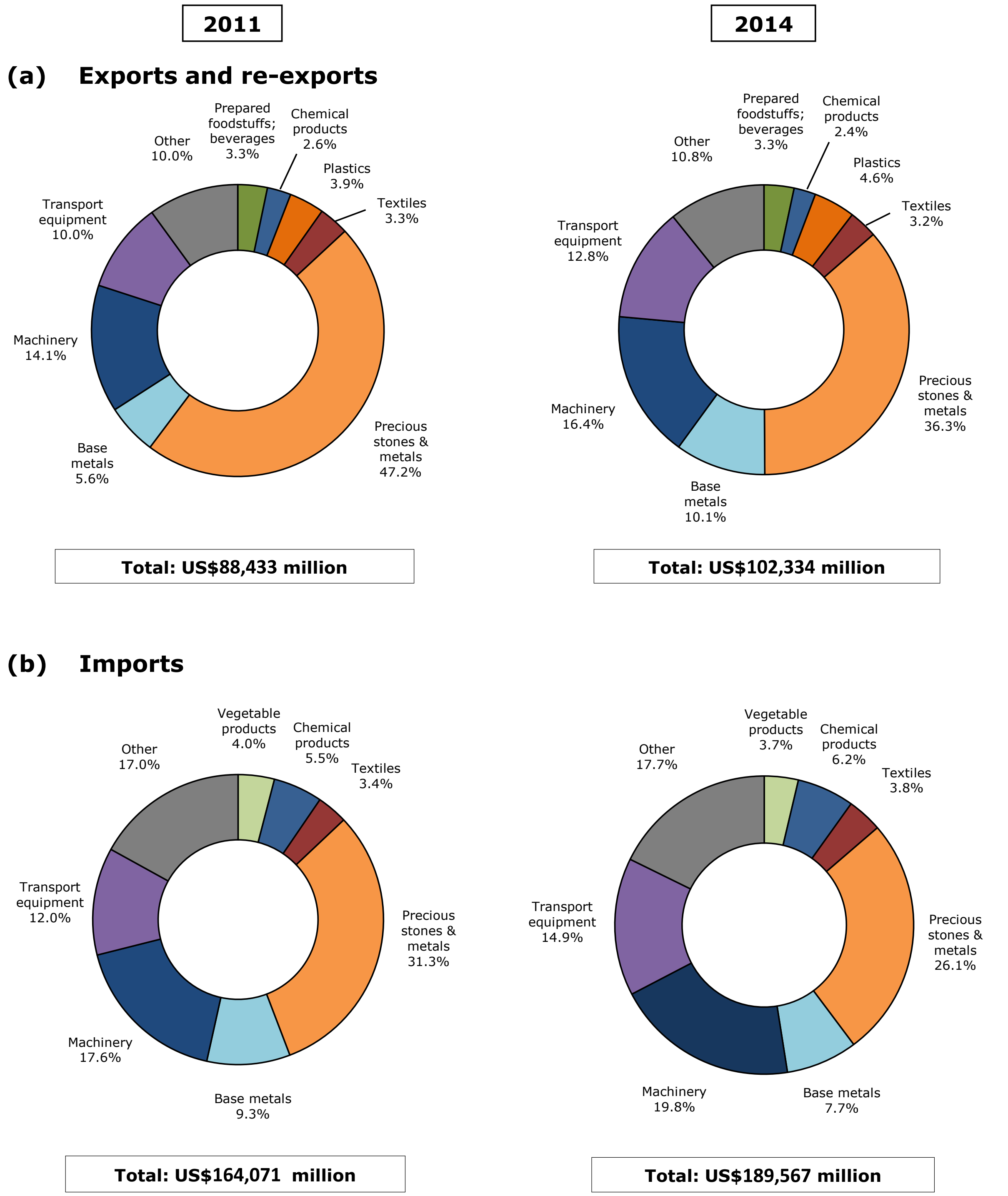
1.4 Developments in Trade

1.4.1 Composition of trade

1.18. Since trade data from UN Comtrade was not available, the Secretariat used data provided by the authorities at the HS 4-digit level and the IMF. There are certain discrepancies with the balance of payments data due to different methodologies used. Furthermore, comprehensive trade data was not available, hence free zone trade, non-oil trade and trade in oil, oil products and gas are discussed separately.

1.19. Total non-oil exports and re-exports increased from US$88.4 billion in 2011 to US$102.3 billion in 2014 (Chart 1.1 and Table A1.1). Within non-oil exports, the share of aluminium, vehicles and machinery has increased substantially. In contrast, the share of precious stones and metals has decreased.

Chart 1.1 Non-oil direct trade by main HS Sections, 2011 and 2014



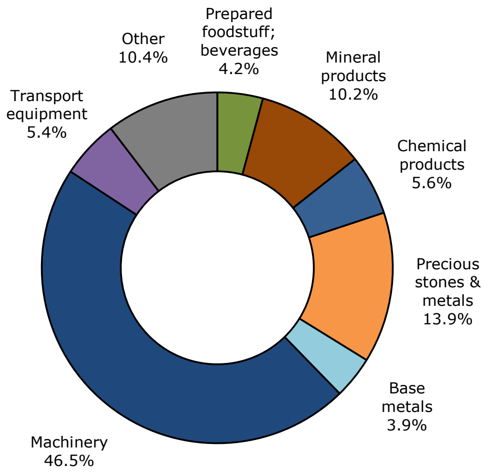
Source: WTO Secretariat estimates, based on data provided by the UAE authorities.

1.20. Non-oil free zone exports and re-exports rose from US$39.8 billion in 2011 to US$64.7 billion in 2014. Within this category, the share of machinery, particularly electrical machinery, rose considerably as did the share of vehicles. On the other hand, the shares of mineral products and precious stones and metals have decreased (Chart 1.2 and Table A1.3).

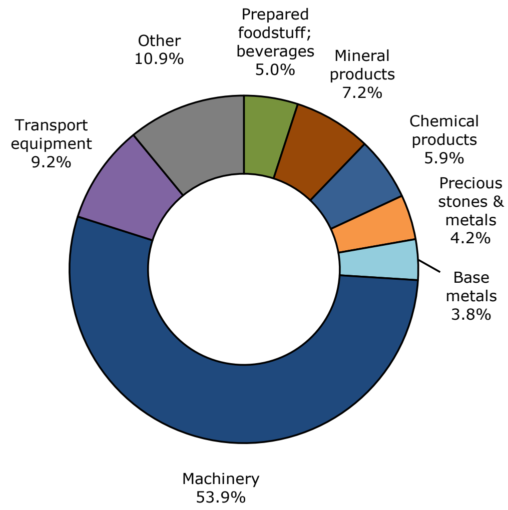
Chart 1.2 Non-oil free zones trade by main HS Sections, 2011 and 2014.

2011	2014

(a) Exports and re-exports

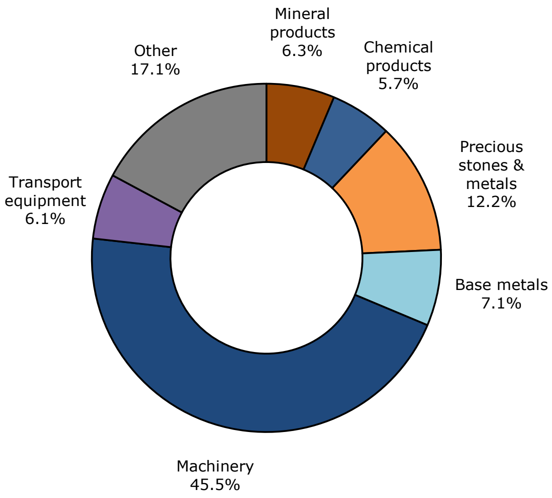


Total: US$39,800 million

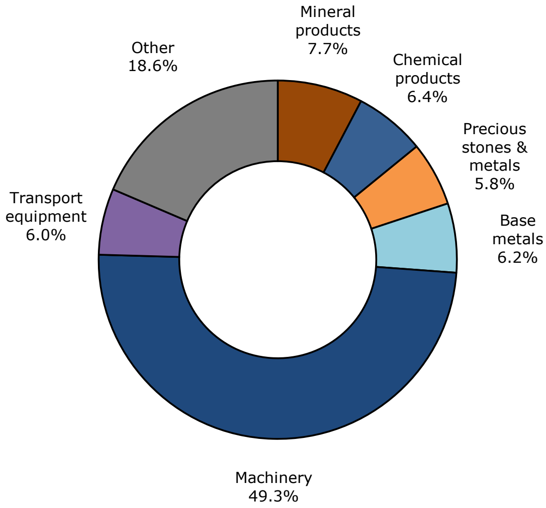


Total: US$64,703 million

(b) Imports



Total: US$60,284 million



Total: US$80,436 million

Source: WTO Secretariat estimates, based on data provided by the UAE authorities.

1.21. Exports of oil, oil products and gas were approximately US$112 billion in 2014 after being nearly US$130 billion a year earlier. They were expected to decrease further to US$70 billion in 2015. The decline has come about due to the fall in the international price of oil.

1.22. Non-oil imports rose from US$164.1 billion in 2011 to approximately US$190 billion in 2014 (Chart 1.1 and Table A1.2). The shares of machinery, transport equipment and chemical products rose, while those of precious stones and metals and base metals declined.

1.23. Over the same period free zone imports rose from US$60.3 billion to over US$80 billion (Chart 1.2 and Table A1.4). The shares of machinery and chemicals rose, while those of precious stones and metals and base metals declined.

1.4.2 Direction of trade

1.24. Hong Kong, China was the largest export destination for non-oil goods from the UAE, followed by India and the EU-28. The shares of both Hong Kong, China and India declined markedly, especially India (Chart 1.3 and Table A1.5). On the other hand, the share of the EU-28 and the Middle East as a whole increased significantly.

1.25. Exports from the free zones were concentrated in the Middle East, with Saudi Arabia, Iraq and Iran being the three largest destinations (Chart 1.4 and Table A1.7). During the period under review, the shares of Saudi Arabia and Iraq declined, while that of Iran rose many fold.

1.26. In 2014, the UAE's largest source of imports was the EU-28 followed by China and the U.S. The shares of all three increased during the period under review. However the share of imports from India declined considerably (Chart 1.3 and Table A1.6).

1.27. China was the largest importer into free zones followed by the EU-28 and Viet Nam. The shares of China and Viet Nam rose. In contrast, the shares of the EU-28, U.S. and India experienced a decline (Chart 1.4 and Table A1.8).

1.5 Foreign Direct Investment

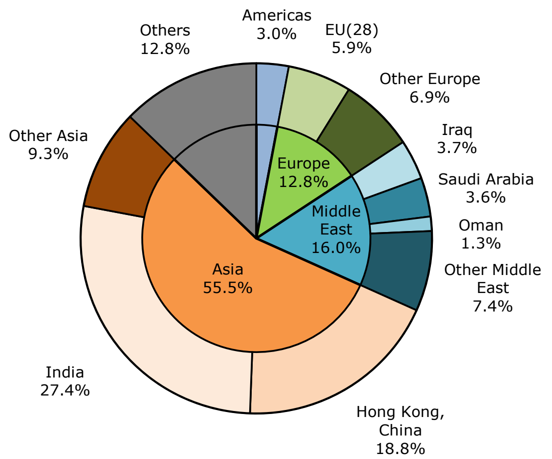
1.28. Between 2010 and 2013, FDI inflows into the UAE grew at a steady pace, reaching US$10.5 billion in 2013. In 2014, FDI inflows declined slightly to US$10.1 billion. As a result of the steady increase in investment, the stock of FDI stood at US$115.6 billion in 2014.

1.29. In 2013 (latest available data), the largest investor in the UAE was the United Kingdom, followed by India and France. Real estate, renting and business activities attracted the most investment followed by wholesale and retail trade, repair of motor vehicles and motorcycles, and financial intermediation. It is expected that inward FDI will increase with the promulgation of the new Investment Law.

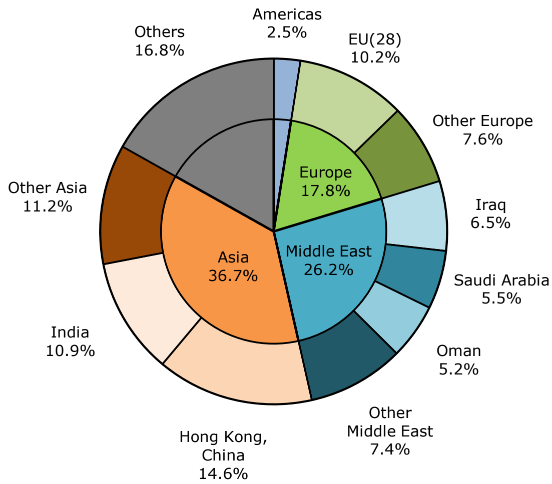
Chart 1.3 Non-oil direct trade by main origin and destination, 2011 and 2014

2011 | **2014**

(a) Exports and re-exports

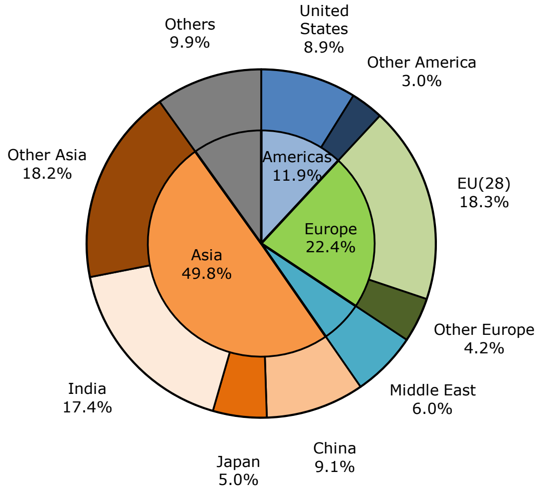


Total: US$88,433 million

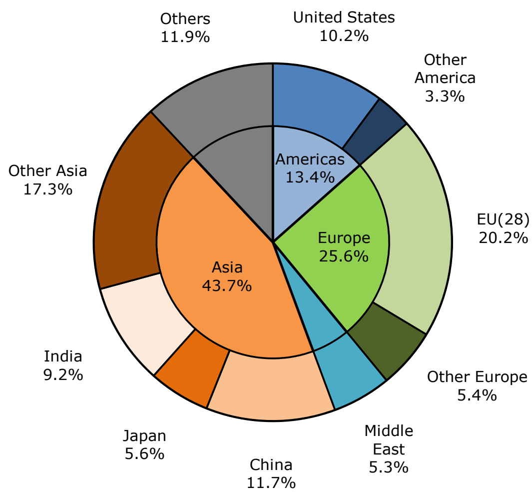


Total: US$102,334 million

(b) Imports



Total: US$164,071 million



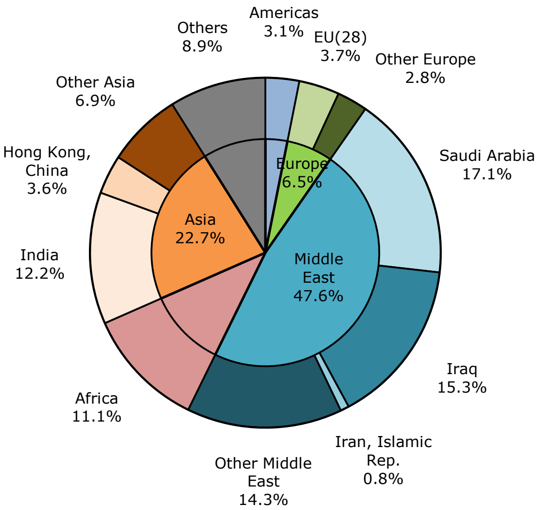
Total: US$189,567 million

Source: WTO Secretariat estimates, based on data provided by the UAE authorities.

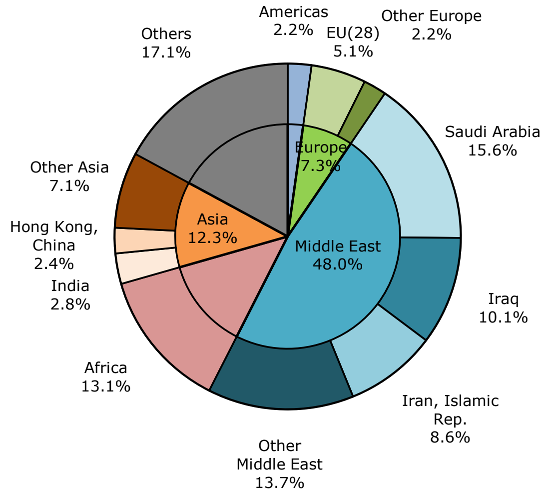
Chart 1.4 Non-oil free zones trade by main origin and destination, 2011 and 2014

2011 | **2014**

(a) Exports and re-exports

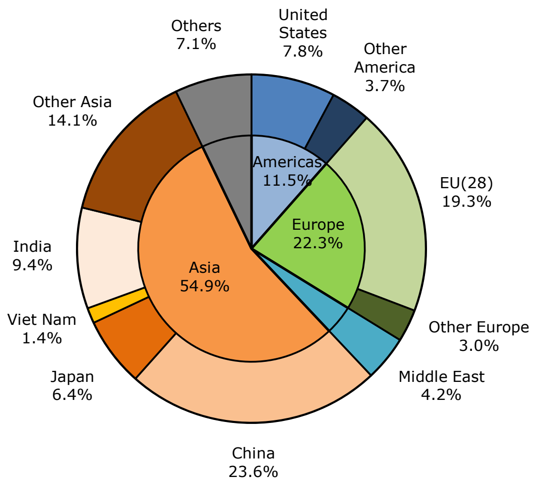


Total: US$39,800 million

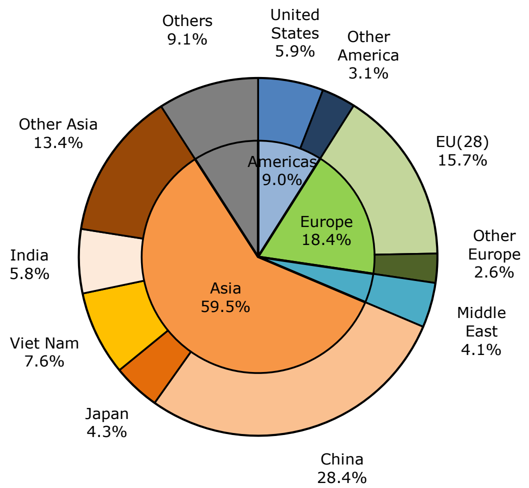


Total: US$64,703 million

(b) Imports



Total: US$60,284 million



Total: US$80,436 million

Source: WTO Secretariat estimates, based on data provided by the UAE authorities.

2 TRADE AND INVESTMENT REGIME

2.1 General Framework

2.1. The United Arab Emirates (UAE) is a federation of seven emirates: Abu Dhabi; Dubai; Sharjah; Fujairah; Umm al-Quwain; Ajman; and Ras al-Khaimah. There have been no changes in the political system of the country since the last TPR.[1] The Federal Constitution[2] states that the UAE has exclusive legislative and executive jurisdiction for foreign affairs, security and defence, nationality and immigration issues, education, public health, currency, postal, telephone and other communication services, air traffic control and licensing of aircraft, labour relations, banking, delimitation of territorial waters and extradition of criminals. Responsibilities that are not under the exclusive jurisdiction of the Federation are the responsibility of each emirate.[3]

2.2. The executive, legislative and judiciary functions in the UAE are executed by the five federal authorities: the Federal Supreme Council; the President; the Council of Ministers; the Federal National Council; and the Federal Judiciary.

2.3. The Federal Supreme Council (FSC) is the highest constitutional authority in the UAE and is composed of the rulers of each of the seven emirates. It is also the highest legislative and executive body. The FSC is responsible for formulating government policies at federal level, endorsing federal laws and sanctioning decrees, and ratifying treaties and international agreements. The FSC selects the President and the Vice President for terms of five years from among its members. The FSC is responsible for approving the appointment of the Prime Minister of the Federation, accepting his resignation, and requesting his resignation upon suggestion of the President of the Federation. Furthermore, the FSC approves the appointment of the President and the judges of the Federal Supreme Court, accepts their resignations, and dismisses them in the cases specified by the Constitution.

2.4. The President is the chief executive of the State, who has the right to convene and preside over meetings of the FSC. The President signs and promulgates laws, decrees and decisions sanctioned by the FSC. The President appoints the Prime Minister upon approval by the FSC, the Deputies of the Prime Minister and the ministers. Currently Sheikh Khalifa bin Zayed Al Nahyan, the ruler of Emirate of Abu Dhabi, is the President of the Federation.[4]

2.5. The Council of Ministers of the Federation is composed of the Prime Minister, the Deputies of the Prime Minister and the ministers. The Prime Minister and the ministers constitute the executive branch of the Federation. The Council of Ministers, among other tasks, is responsible for implementing the general policies of the Federation (both domestic and foreign), drawing up the annual budget and the final accounts, preparing draft decrees, issuing regulations necessary for the implementation of the federal laws, and supervising the implementation of laws, decrees, decisions and regulations. One of the key functions of the Council of Ministers is to initiate the drafting of federal laws and submit them to the Federal National Council (FNC) before submitting them to the President for presentation to the FSC. Sheikh Mohammed bin Rashid Al Maktoum, the Ruler of Emirate of Dubai, has been the Vice President and Prime Minister of the UAE since 2006.

2.6. The Federal National Council is a consultative council to the FSC. The Council is made up of 40 members. Half of the members are elected[5], while the other half are appointed by the rulers of the emirates for a four-year term with the possibility of renewal. The number of seats for each emirate depends on the population. The FNC reviews legislation and proposes amendments to it, but it does not have the authority to veto laws or to initiate new laws. The FNC has the power to summon and question any federal ministers. The last FNC election was held in October 2015.

[1] WTO document WT/TPR/S/262/Rev.1, 3 May 2012, Section II(2).

[2] Articles 120 and 121 of the Federal Constitution.

[3] Articles 116 and 122 of the Federal Constitution.

[4] Sheikh Khalifa bin Zayed Al Nahyan was elected as the President by members of the Supreme Council on 3 November 2004. The first President of the country was his father, Sheikh Zayed bin Sultan Al Nahyan (Ruler of Abu Dhabi), until his death in November 2004.

[5] The election process was established in 2006.

2.7. The Federal Judiciary is an independent body (under Article 94 of the Constitution). It includes the Courts of First Instance, Courts of Appeal, the Federal Supreme Court and the UAE Public Prosecutors.

2.8. The Constitution allows each of the seven emirates the right to choose either to participate in the federal judicial system or maintain its independent system. Four emirates (Sharjah, Ajman, Fujairah, and Umm Al-Quwain) follow the federal judicial system, while Abu Dhabi, Dubai and Ras al-Khaimah maintained their own independent system. Similar to the federal judicial system, Dubai also has Courts of First Instance, Courts of Appeal and a Court of Cassation – which is the supreme judicial body. Abu Dhabi, established a Commercial Court in May 2008 (the only one in the UAE) to respond to the needs of the expanding business sector in the emirate.[6]

2.9. The Federal Supreme Court is the highest federal judicial authority. The rulings of the Federal Supreme Court are final and binding on all. It is governed by a president and five judges, who are appointed by a decree issued by the President of the UAE after the approval of the FSC. It acts as an appellate court with respect to the decisions of the lower courts and at the same time ensures that the lower courts apply and interpret the law consistently. The judges are responsible for deciding if federal laws are constitutional; mediating between inter-emirate disputes; and trying cases involving cabinet and senior federal officials.

2.10. The Court of First Instance has general jurisdiction and includes the Civil Court, Criminal Court, and Shariah Court. The Shariah Courts handle cases related to divorce, inheritances, child custody, child abuse, and guardianship of minors. Following judgement by the Court of First Instance, parties have the right to appeal to the Court of Appeal on factual and/or legal grounds. Following judgement by the Court of Appeal, aggrieved parties have the right to appeal to the Court of Cassation.

2.11. Each emirate has a local executive council functioning in parallel and in coordination with the Federal Government. The emirates Abu Dhabi, Dubai, Ras al-Khaimah, Sharjah, Ajman and Umm al-Quwain have Executive Councils with different departments working like ministries. In addition, Abu Dhabi and Sharjah have a National Consultative Council which functions like the FNC. Other emirates use the diwan – the ruler's office, through which the concerns of citizens are submitted to their governments.

2.2 Trade Policy Objectives

2.12. As stated in the last review, the most important goal of the Government is to attain balanced and sustainable economic growth by creating a business-friendly environment through economic reforms, a sound foreign trade policy regime, development of national industries, innovation and R&D, promotion of exports, promotion of investment, regulation of competition, promotion of small and medium enterprises, protection of consumers and intellectual property rights, and diversification of the economy.[7]

2.13. The Government of the UAE seeks to attain sustainable development through the implementation of UAE Vision 2021.[8] Trade is one of the essential elements of the strategy. In line with the strategy, the following initiatives are pursued:

- diversification of the economy (including the diversification of income sources, investments in the non-oil sector, and expansion in trade infrastructure);
- creation of an enabling environment for trade and investment, in particular in the new economic sectors such as aerospace and technology;
- enhancement of competitiveness in foreign markets; and
- development and promotion of commercial diplomacy with other countries.

[6] For more information see emirate of Abu Dhabi – Judicial Department online information. Viewed at: www.adjd.ae.
[7] WTO document WT/TPR/S/262/Rev.1, 3 May 2012, Section II(3) and (4).
[8] UAE online information, "UAE Vision 2021". Viewed at: http://www.vision2021.ae/en/our-vision [November 2015].

2.14. Between 2012 and 2014, the non-hydrocarbon sector grew at an average annual rate of 5.6%, with the growth rates for: the manufacturing sector growth of 3.3%; electricity, gas and water of 7.2%; and transport, storage and communications of 4.1%.

2.15. Individual emirates create their own strategy within the framework of the overall federal plan, for example, Abu Dhabi developed its long-term plan – Economic Vision 2030.[9] Strategies at the emirates level are expected to work towards guaranteeing and enhancing the position of the UAE; for example, extensive investment in air and sea transport infrastructure (for both passengers and freight) at the emirates level would contribute to achieving the sustainable development goal of the UAE as a whole.

2.16. The main trade-related laws and regulations of the UAE are presented in Table 2.1.

Table 2.1 Main trade-related laws and regulations in the UAE

Area	Legislation
Tariff	- Common Customs Law for GCC States of 2002 - Federal Law No. 8 of 2015 on the Federal Customs Authority
Customs regulations; import and export procedures; rules of origin	- Common Customs Law for GCC States of 2002 - Unified Guide for Customs Procedures at First Points of Entry of 2015 - Decision of the Supreme Council of the GCC regulating the customs procedures for the establishment of the customs union, 21-22 December 2002
Commercial companies law	- Federal Company Law No. 2 of 2015
Regulation of commercial agencies (exclusive distribution rights)	- Federal Law No. 18 of 1981 concerning the organization of commercial agencies, as amended by Federal Acts No. 14 of 1988, No. 13 of 2006 and No. 2 of 2010
Commercial register	- Federal Law No. 5 of 1975
Trade	- Federal Law No. 13 of 2007 on Commodities Subject to Import and Export Control Procedures
Civil transactions (Civil Code)	- Federal Law No. 5 of 1985
Commercial transactions	- Federal Law No. 18 of 1993
Contingency trade measures	- Federal Decree No. 7 of 2005 promulgating the GCC Common Law on Anti-Dumping, Countervailing Measures and Safeguards
Government procurement	- UAE Federal Order No. 16 of 1975 (the public tenders law) - Ministerial Decision No. 20 of 2000 on Administration of Contracts System - Federal Law No. 7 of 1976 establishing the State Audit Institution - The Cabinet Resolution No. 32 of 2014 on procurement and warehouse management regulations at the Federal Government - The Resolution of the Ministerial Council for Services No. 85/4m/2 of 2015 adopting the GCC Common Rules giving preference in government procurements to national products of GCC Countries
Regulation of industrial affairs	- Federal Law No. 1 of 1979 organizing industrial affairs
Intellectual property rights	- Federal Law No. 7 of 2002 concerning copyrights and neighbouring rights as amended by Law No. 32 of 2006 - Federal Law No. 37 of 1992 on trademarks as amended by Law No. 8 of 2002 - Federal Law No. 17 of 2002 on the industrial regulation and protection of patents, industrial drawings and designs as amended by Law No. 31 of 2006
Pharmaceutical profession and pharmaceutical companies	- Federal Law No. 4 of 1983 on the Pharmaceutical Profession and Pharmaceutical companies

[9] The Government of Abu Dhabi, *The Abu Dhabi Economic Vision 2030*. Viewed at: https://www.ecouncil.ae/PublicationsEn/economic-vision-2030-full-versionEn.pdf [November 2015].

Area	Legislation
Financial services	- Federal Law No. 8 of 2004 regarding Financial Free Zones - Federal Law No. 10 of 1980 concerning the Central Bank, the monetary system and organization of banking - Federal Law No. 4 of 2000 (Stocks and Commodities Authority) - Federal Law No. 6 of 2010 regarding Credit Information
Insurance services	- Federal Insurance Law No. 6 of 2007
Telecommunications	- Federal Law by Decree No. 3 of 2003 regarding the organization of the telecommunication sector, the amended Federal Law of 1991, and the Executive Order of the Supreme Committee No. 3 of 2004
Postal services	- Federal Law No. 4 of 1985 and Federal Law No. 8 of 2001
Legal services	- Federal Law No. 23 of 1991 concerning the practice of the advocate profession and amending laws, respectively, No. 20 of 1997, and No. 5 of 2002
Information technology	- Federal Law No. 1 of 2006 concerning Electronic Transactions and E-Commerce
Consumer protection	- Federal Law No. 24 of 2006 concerning Consumer Protection

Source: Information provided by the UAE authorities.

2.17. In March 2013, the Ministry of Foreign Trade was dissolved through a presidential decree and its tasks, rights and obligations were transferred to the Ministry of Economy. The Ministry of Economy is now able to propose to the Government policies to enhance trade and promote exports to foreign markets. It builds contacts and negotiates treaties and agreements on trade with foreign countries, and monitors their implementation. The Ministry also represents the UAE in exhibitions and regional and international conferences related to foreign direct investment, and works to create an attractive investment environment. The ministry is also responsible for the development of the national economy, the creation of a pro-business environment that contributes to achieving balanced and sustainable development of the country, the enactment and modernization of economic legislation, the development of national industries and exports, the promotion of investment, the regulation of competition and the small and medium enterprises (SMEs) sector, the protection of consumer and intellectual property rights, and the implementation of policies to diversify the economy. H.E. Sultan bin Saeed Al Mansouri is the Minister of Economy.

2.18. The Federation of UAE Chambers of Commerce and Industry, which is the umbrella organization for all the Chambers of Commerce and Industry, represents the private sector in the trade policy formulation process. Each emirate has its individual Chamber of Commerce and Industry. The individual chambers of the emirates are important ports of call for those wishing to do business in the country. The mission of the chambers is to represent, support, and protect the interests of the business community in the emirates. The chambers act as a liaison between the business community and the Government, and provide services like company and trade registration, training, information sharing, and liaison with businesses from abroad. Furthermore, the chambers are assigned various activities such as conducting research, disseminating information related to commerce and industry, providing information on investment opportunities in the country, issuing and authenticating certificates of origin and other commercial documents, and overseeing qualities and standards of goods.

2.3 Trade Agreements and Arrangements

2.3.1 WTO

2.19. The UAE had been a contracting party to the GATT since 1994 and became a member of the World Trade Organization (WTO) in April 1996. The UAE is a party to the Information Technology Agreement. The UAE is neither a party nor an observer to the Government Procurement Agreement and (as at end-February 2016). The UAE ratified the Trade Facilitation Agreement under Decree No. 39 of 8 March 2016 and, at that date, was in the process of preparing the deposition of its instrument of acceptance to the WTO. The UAE has been involved in one dispute under the WTO Dispute Settlement Mechanism as a third party.[10]

2.20. In September 2015, the UAE notified[11] Federal Decree No. 7 of 2005, adopting the GCC Common law on anti-dumping, countervailing measures and safeguards, under Articles 32.6, 18.5 and 12.6 of the WTO Agreement on Subsidies and Countervailing Measures, the Agreement on the Implementation of Article VI of GATT 1994 (anti-dumping), and the Agreement on Safeguards respectively. The institution responsible for contingency trade remedies in the territory of the UAE is the Directorate of Anti-Dumping under the Ministry of Economy. At the end of February 2016, the UAE had never initiated or imposed any anti-dumping, countervailing or safeguards measures.[12] The GCC Common Law of 2003, as well as its amended version of 2010 and the Rules of Implementation, currently empowers the GCC technical secretariat to conduct trade remedy investigations and to apply trade remedy measures through the relevant committees, *inter alia*, the GCC Permanent Committee and the GCC Industrial Committee in all GCC members.

2.21. The UAE Ministry of Economy is currently preparing a Federal Law on anti-dumping, countervailing measures and safeguards in line with the 2010 amendments to the GCC Common Law. This law will be implemented and administered at the national level by the Directorate of Anti-Dumping in the Ministry of Economy. The Federal Law empowers the Directorate of Anti-dumping to operate both: (1) independently to conduct trade remedy investigations; and (2) in support of GCC investigations when the GCC Common Law and Rules of Implementation are applied.

2.22. UAE applies MFN treatment to all WTO Members except Israel. There is no discrimination between WTO Members and non-members in relation to GCC customs tariffs.

2.23. As reported in the last TPR, the WTO National Committee (NC) supports the UAE negotiating team at the current WTO negotiations as an advisory body. The NC represents various dominant players in the economic and trade sector of the country. The NC has five sub-committees (national technical teams), namely, market access for agriculture and non-agricultural products, intellectual property rights, protection of domestic production, trade in services, and trade facilitation and government procurement. The Committee is headed by the Minister of Economy. The NC presents the UAE's views and proposals on various issues under negotiations at the WTO with a view to maximizing trade gains and preserving its rights. The national technical team on trade facilitation presented to the NC the commitments of the UAE under category A of the trade facilitation agreement which was approved by the NC and the ministerial council. Category A commitments were notified to the WTO and issued in document WT/PCTF/N/ARE/1 dated 2 June 2015. After the ministerial conference in Bali the UAE Ministerial Council approved the Trade Facilitation Agreement which was ratified on 8 March 2016 under Decree No. 39.

2.24. In the current multilateral negotiations, NAMA and services liberalization are priority areas for the UAE. The UAE submitted a proposal to eliminate tariffs and non-tariff barriers on raw materials from earth (such as primary aluminium) and from plant extraction, which are used and processed by manufacturing industries.[13] In the area of services, the UAE submitted its initial offer.[14]

2.25. Notifications to the WTO by the UAE between March 2012 and November 2015 are listed in Table 2.2.

[10] Canada – Anti-Dumping Measures on Imports of Certain Carbon Steel Welded Pipe from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, Dispute DS482.

[11] Notification contained in document G/ADP/N/1/ARE/2, G/SCM/N/1/ARE/2, and G/SG/N/1/ARE/2, dated 28 September 2015.

[12] The UAE regularly notified the WTO relevant Committees under Article 25.11 of the Agreement on Subsidies and Countervailing Measures and 16.4 of the Anti-dumping Agreement that no countervailing or anti-dumping measures had been taken during the period under review.

[13] WTO documents TN/MA/W/37, 20 May 2003; TN/MA/W/37/Add.1, 28 May 2004; TN/MA/W/37/Add.2, 21 April 2005; TN/MA/W/37/Add.3, 16 May 2006; TN/MA/W/37/Add.4, 26 May 2006; TN/MA/W/37/Add.4/Rev.1, 3 May 2007; and TN/MA/W/37/Add.5, 25 July 2008. In addition, the UAE with Australia in TN/MA/W/37/Add.6, 23 March 2009, and TN/MA/W/37/Add.7, 7 January 2007.

[14] WTO document TN/S/O/ARE, 4 July 2005.

Table 2.2 Notifications to the WTO, March 2013-August 2015

WTO Agreement	Description of requirement	Most recent notification	Comment
Agreement on Agriculture			
	Domestic support	G/AG/N/ARE/7, 26.03.2015	Table DS:1 and supporting tables for 2002-13
		G/AG/N/ARE/8, 22.06.2015	Table DS:1 and supporting tables for 2014
	Export competition	G/AG/N/ARE/6, 23.01.2015	Table ES:1 for 2002-13
		G/AG/N/ARE/9, 22.06.2015	Table ES:1 for 2014
Agreement on Implementation of GATT Article VI (Anti-dumping)			
Article 16.4	Anti-dumping	G/ADP/N/252, 16.12.2013 G/ADP/N/244, 13.06.2013 G/ADP/N/265, 12.12.2014	No anti-dumping or countervailing measures have been taken during this period
Article 18.5	Anti-dumping	G/ADP/N/1/ARE/2, 28.09.2015	Legislation in preparation
Agreement on Subsidies and Countervailing Measures			
Article 32.6	Subsidies and countervailing measures	G/SCM/N/1/ARE/2, 28.09.2015	Legislation in preparation
Agreement on Safeguards			
Article 12.6	Safeguards	G/SG/N/1/ARE/2, 28.09.2015	Legislation in preparation
Agreement on Sanitary and Phytosanitary Measures			
Article 7, Annex B	Sanitary and Phytosanitary Measures	G/SPS/N/ARE/23-66 G/SPS/N/ARE/22/Add.1 G/SPS/N/ARE/25/Add.1 G/SPS/N/ARE/32/Corr.1	Emergency and regular measures
Agreement on Technical Barriers to Trade			
	Technical regulations, standards	G/TBT/N/ARE/96-294 G/TBT/N/ARE/198 and Corr.1 G/TBT/N/ARE/205 and Corr.1 G/TBT/N/ARE/209 and Corr.1	
Regional Trade Agreements			
Paragraph 4(a), Enabling Clause; Article V:7(a), GATS		WT/COMTD/N/45/Rev.1 S/C/N/807/Rev.1, 14.07.2015	GCC-Singapore RTA

Source: WTO Secretariat.

2.3.2 Regional and preferential agreements

2.3.2.1 Cooperation Council for the Arab States of the Gulf

2.26. The UAE is a founding member of the Cooperation Council for the Arab States of the Gulf (GCC).[15] The highest authority of the organization is the Supreme Council of the GCC, which is represented by the heads of the member States.[16]

2.27. GCC member States established a free trade area exempting from customs duties all goods originating from within the GCC. As indicated in the previous TPR, the UAE (as other GCC member States) applies the common external tariff of 5% on most products and operates common laws on

[15] The GCC was established as a political and economic union on 25 May 1981 in Abu Dhabi by the Kingdom of Bahrain, the State of Kuwait, Oman, Qatar, the Kingdom of Saudi Arabia and the United Arab Emirates. The Unified Economic Agreement between the countries of the GCC was signed on 11 November 1981 in Abu Dhabi. For more information see Cooperation Council for the Arab States of the Gulf online information. Viewed at: http://www.gcc-sg.org/eng/ [November 2015].

[16] For more information on the organizational structure of the GCC see the Cooperation Council for the Arab States of the Gulf online information, "The Organizational Structure". Viewed at: http://www.gcc-sg.org/eng/index2beb.html?action=Sec-Show&ID=2.

customs procedures and valuation. Each member State has the right to declare some products as prohibited and some as restricted (section 3.1.6).

2.28. In January 2008 the common services market was created. The GCC also has common legislation in several other areas including contingency measures, as well as SPS issues (including veterinary quarantine and plant quarantine), and standards and technical requirements.

2.3.2.2 Pan-Arab Free Trade Area Agreement (PAFTA)

2.29. The UAE is a member of PAFTA; the PAFTA agreement entered into force at the beginning of 1998.[17] The objective of the Agreement is to create an Arab Free Trade Area, also known as the Greater Arab Free Trade Area or the Pan-Arab Free Trade Area.[18] The aim was to form the free trade area by 2008 through gradual elimination of trade barriers and an annual reduction of customs duties by 10%.

2.30. To speed up the liberalization process, the elimination of all tariffs among the PAFTA members was enforced in 1 January 2015 with the exception of some products for reasons such as public health, safety and morals, and protection of the environment. The work on elimination of numerous non-tariff barriers, such as standards, customs and administrative procedures at the borders, and transit fees are being pursued. The implementation of the Agreement is under the responsibility of the Economic and Social Council of the League of Arab States which coordinates its economic integration.

2.3.3 Other agreements and arrangements

2.31. At the GCC Leaders' Summit in December 2005, it was announced that all agreements after this date would be negotiated as a group.[19] Since then, the GCC has concluded negotiations of free trade agreements with the European Free Trade Association (EFTA) States and Singapore. Negotiations with a number of other countries are ongoing.

2.3.3.1 EFTA-GCC Free Trade Agreement

2.32. The EFTA-GCC Free Trade Agreement entered into force on 1 July 2015.

2.33. The GCC-EFTA Free Trade Agreement covers a broad range of areas including trade in goods, trade in services, government procurement and competition. It was agreed that the GCC will eliminate most customs duties after the transitional period of five years. On services, the GCC members have taken commitments in 11 GATS sectors. Industrial goods, including fish and other marine products of GCC origin, benefit from duty-free access to the respective markets of the EFTA States as of the entry into force of the Agreement. The Agreement also provides for tariff concessions on processed agricultural products. Basic agricultural products are covered by bilateral agricultural agreements which form part of the FTA.

2.34. According to the authorities, the rules of origin are based on the European model and allow for a value-added rule to be used alternatively for almost all of the items which are not wholly obtained (section 3.1.3).

2.35. According to the authorities, the Chapter on trade in services has a similar structure to the WTO General Agreement on Trade in Services (GATS). It covers all four modes of supply of a service, as defined under the GATS, and addresses different services sectors. The Chapter deals with general disciplines, whereas more specific provisions for certain sectors or aspects are contained in Annexes (such as on Mutual Recognition, Movement of Persons, Financial Services and Telecom).

[17] WTO document WT/REG223/N/1 (Notification under Article XXIV of GATT), 20 November 2006.

[18] The 17 member States of PAFTA – Algeria, Kingdom of Bahrain, Egypt, Iraq, State of Kuwait, Lebanon, Libya, Morocco, Oman, State of Palestine, Qatar, Kingdom of Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates, and Yemen – signed the Pan-Arab Free Trade Area Agreement on 19 February 1997. The Agreement came into force on 1 January 1998.

[19] Two GCC members (Bahrain and Oman) have FTAs on an individual basis with the United States.

2.36. In the area of intellectual property rights (IPRs) and investment, the Parties essentially confirm the WTO TRIPS Agreement. They commit to concluding negotiations on an Annex related to IPRs not later than two years after the entry into force of the Agreement. In the meantime, a special consultation mechanism is foreseen in case of problems in the area of IPRs affecting trade conditions between the Parties. On investment, there are no specific provisions contained in the Agreement on Investment, but a side letter, forming part of the Agreement, sets forth the Parties' obligation to conduct negotiations on business establishment in non-services sectors within two years of the entry into force of the Agreement.

2.37. On government procurement (GP), the Parties agreed to mutually open their government procurement markets. The government entities included and the procurement thresholds are listed in annexes to the Agreement. The provisions of the Chapter on GP deal with the procedures to be followed by a government entity which is procuring goods, services and construction services above certain thresholds. According to the authorities, the Chapter has a similar structure to the WTO Government Procurement Agreement.

2.38. The Chapter on Dispute Settlement allows for the settlement of disputes arising under the Agreement between one or more EFTA States and the GCC to be settled amicably or through arbitration. Furthermore, the Agreement includes provisions on anti-dumping, state trading enterprises and subsidies, as well as sanitary and phytosanitary measures and technical regulations. [20]

2.3.3.2 GCC-Singapore Free Trade Agreement (GSFTA)

2.39. The GSFTA entered into force on 1 January 2015.[21] The Agreement covers trade in goods and services, customs procedures, technical regulations and standards, rules of origin, e-commerce, and government procurement.[22]

2.40. The GSFTA's Trade in Goods Chapter provides for immediate comprehensive tariff eliminations by Singapore for 100% of imports originating in the GCC. Since it is a reciprocal agreement, the GCC will also eliminate tariffs for 99% of imports originating in Singapore. The tariffs on the remaining 1% of Singapore originating imports will be removed 5 years after the entry into force of the Agreement. Goods shall be deemed originating goods of a Party if they are (a) wholly obtained or produced in the territory of the exporting Party; or (b) have attained a qualifying value added of not less than 35% based on the ex-works price. [23]

2.41. On services, the GSFTA builds on the commitments made by Singapore and the GCC countries at the multilateral level, in particular, the WTO General Agreement on Trade in Services (GATS). Specifically, Singapore and the GCC have committed to liberalize various services sectors beyond its WTO commitments. Broadly, the schedule of specific commitments include the following sectors: business services: professional services, computer and related services, rental and others; communication services; construction and related engineering services; distribution services; educational services; environmental services; financial services; health related and social services; tourism; recreational, cultural and sporting services; and transport services.[24]

2.3.3.3 Negotiations

2.42. The GCC is currently negotiating free trade agreements with Australia, China, the EU, India, Japan, the Republic of Korea, MERCOSUR, New Zealand, Pakistan, and Turkey.

[20] For more information see EFTA online information. Viewed at: http://www.efta.int/free-trade/free-trade-agreements/gcc.
[21] For more information see Singapore Government online information. Viewed at: http://www.fta.gov.sg/fta_C_gsfta.asp?hl=49.
[22] WTO documents WT/COMTD/N/45/Rev.1 and S/C/N/807/Rev.1, 14 July 2015 – Notification under of the Enabling Clause, Paragraph 4(a) and GATS, Article V:7(a).
[23] For more information see Singapore Government online information. Viewed at: http://www.fta.gov.sg/fta_C_gsfta.asp?hl=49.
[24] For more information see Singapore Government online information. Viewed at: http://www.fta.gov.sg/fta_C_gsfta.asp?hl=49.

2.43. As at end-November 2015, the UAE has signed 92 agreements on avoidance of double taxation with different countries (35 with European countries; 26 with Asian countries; 11 with Arab countries; 12 with African countries; and 8 with North and Latin American countries).

2.3.3.4 Other preferential arrangements

2.44. The UAE does not grant Generalized System of Preferences (GSP) treatment to any countries; while it is a beneficiary of GSP treatment provided by Australia and Turkey, as well as the Russian Federation, Belarus and Kazakhstan.[25]

2.4 Investment Regime

2.45. The Government of the UAE has developed an economic agenda that aims to enhance the role of the private sector, liberalize its economy, and diversify its product and export base. The UAE Vision 2021 focuses on the UAE becoming the economic and commercial capital for more than two billion people by transitioning to a knowledge-based economy, promoting innovation and research and development, strengthening the regulatory framework for key sectors, and encouraging high value-adding sectors. The aim is to improve the country's business environment and increase its attractiveness to foreign investment.

2.46. Vision 2021 also aims for the UAE to be among the best in the world in entrepreneurship as this plays a key role in unlocking the potential of nationals and enables them to be a driving force of the UAE's economic development through small and medium enterprises in the private sector. Furthermore, Vision 2021 also aims to instil an entrepreneurial culture in schools and universities to foster generations endowed with leadership, creativity, responsibility and ambition.

2.47. The Ministry of Economy works to unify and facilitate procedures for the registration and licensing of foreign investment projects. The Ministry established a comprehensive database on investment interests and submits periodic reports to the Federal Council of Ministers about the investment environment in the country. Officials monitor and assess the extent of foreign investment and the annual flow of investment.

2.48. There are four major federal laws affecting foreign investment in the UAE: the Companies Law, the Commercial Agencies Law, the Industry Law, and the Government Tenders Law. Although the legal framework in the UAE favours local over foreign investors, investment laws and regulations are being reconsidered and supplemented to make the investment regime more transparent and investor-friendly, including the introduction of a new Foreign Direct Investment Law.

2.49. On 1 July 2015, Federal Law No. 2 of 2015 concerning Commercial Companies entered into force. This Law replaced the Federal Companies Law No. 8 of 1984.[26] According to its Article 2, the objective of the Law is to contribute to the development of the working environment and capacities of the State and its integration into a global market and business environment, specifically, to raise the levels of company governance, supporting foreign investment, protection of shareholders and promotion of social responsibility of companies. The new law introduced several specific amendments. The amendments include:

- recognition of the concept of holding companies – all limited liability companies (LLCs) and joint-stock companies (JSCs) may now be established as holding companies in order to conduct their activities through relevant subsidiaries;
- recognition of the Companies Registrar – the Ministry of Economy shall issue a regulation setting out the activities and functions of the Companies Registrar;

[25] WTO Secretariat online information, "Preferential Trade Arrangements – United Arab Emirates". Viewed at: http://ptadb.wto.org//Country.aspx?code=784.

[26] For more information see PwC (2015), *Legal Insights from PwC Legal Middle East*, "New UAE Commercial Companies Law: Legal reforms to strengthen the legal and regulatory landscape of doing business in the UAE", May 2015. Viewed at: https://www.pwc.com/m1/en/tax/documents/new-commercial-company-law-in-uae.pdf.

- procedures for pledging shares – the new law allows shareholders in LLCs to pledge their shares, and such pledges must be made in accordance with the company's* memorandum;
- removal of the limit on the number of directors appointed to an LLC;
- expert valuation of shares in kind (i.e. non-cash);
- corporate governance;
- social responsibility;
- strategic partners;
- crimes resulting from violating the Companies Act and reconciliation;
- the acquisition of companies; and
- the requirement to rotate auditors nominated by the board of directors/managers and approved by the general assembly of the relevant companies every three years.

2.50. The new law applies to commercial companies established in the UAE, as well as to branch offices of foreign companies operating in the UAE. According to the new law, companies established in the UAE are required to have a minimum of 51% UAE national ownership. Exceptions apply to free zones, where 100% foreign ownership is allowed.

2.51. Foreign companies may also open branches or representative offices, where 100% foreign ownership is allowed. These branches and representatives can carry out only those activities for which they were licensed by each emirate. Branch offices of foreign companies are required to have a national agent which must be a UAE national or company with 100% national ownership. However, the UAE Government is considering relaxing the requirement of such restrictions in certain industry sectors under a new Foreign Investment Law.

2.52. The hydrocarbon sector is also excluded from the provisions of the Federal Companies Law. Furthermore, some companies are exempted from the provisions of the Law, including:

- companies operating in certain oil, gas or power sectors in which the federal or local government directly or indirectly holds 25%;
- companies excluded by resolution of the Federal Cabinet; and
- companies wholly owned by federal or local government and companies held in full by such companies.[27]

2.53. The provisions of the Commercial Agencies Law require that foreign principals distribute their products in the UAE only through exclusive commercial agents that can be UAE nationals or companies wholly owned by UAE nationals. The foreign entity can appoint one agent for the entire UAE or for a particular emirate or group of emirates (section 3.1.1).

2.54. The Federal Industry Law stipulates that industrial projects must have 51% UAE national ownership. The law also requires projects to be managed by a UAE national or have a board of directors with a majority of UAE nationals. There are some exemptions from the law, and, as is the case with the Federal Companies Law, these exemptions are provided for projects related to the extraction and refining of oil, natural gas, and other raw materials.

2.55. The Federal Law No. 1 of 1979 on organizing industrial affairs and governing investment in the industrial sector (excluding those for free zones) provides for incentives for industrial companies. However, the only incentive actually provided to industrial companies is the right to import all materials included in the industrial project's licence duty free.

[27] For more information see PwC (2015), *Legal Insights from PwC Legal Middle East*, "New UAE Commercial Companies Law: Legal reforms to strengthen the legal and regulatory landscape of doing business in the UAE", May 2015. Viewed at: https://www.pwc.com/m1/en/tax/documents/new-commercial-company-law-in-uae.pdf.

2.56. There have been no changes to the land ownership regime since the last TPR. Ownership of land is restricted to UAE nationals, although there are exceptions which vary from emirate to emirate. For example, in Abu Dhabi, under the relevant law[28] and its amendments, GCC nationals may only own land in special "investment areas" (of which there are currently 3 in Abu Dhabi) and non-UAE nationals may own floors of buildings in any investment zones. According to a special resolution[29], non-UAE natural or juristic persons have the right to own, buy, sell, rent, mortgage and invest in investment areas. They may hold "mustaha" rights for up to 50 years (subject for renewal for a similar duration) and sign usufruct (similar to lease) contracts for up to 99 years in properties located inside investment areas. Both the right of usufruct and mustaha are essentially forms of long-term lease with the primary difference being that the right of mustaha includes the right to build or develop upon the property of another, whereas the right of usufruct does not.

2.57. In Dubai, under the relevant law[30], GCC and other non-UAE nationals have a right to own freehold or leasehold property. However, this policy does not give non-GCC property owners permanent residence visas or an automatic right to work in the emirate. They are only allowed to hold an interest over land in the form of freehold or leasehold interest for 99 years in designated areas, of which there are currently more than 30 in Dubai. Other emirates apply different specific regulations on property ownership.

2.58. According to the authorities, if the investor acquires a property with a value over Dh 1 million, the investor will be entitled to a residency visa for 6 months subject to renewal provided that they retain the property.

2.59. Among others, a new draft Insolvency Law was approved by the Cabinet in July 2015. This law will help to unlock more foreign investment by reducing uncertainty in the existing federal bankruptcy laws. One of the key elements in the new draft law is the decriminalizing of the bouncing of cheques, which will provide greater encouragement to entrepreneurial businesses, by affording them greater protection in the case of business failure.[31] The draft will be referred to the Federal National Council for approval.

2.60. In February 2012, the UAE Government issued the Competition Law No. 4 of 2012 with the aim of providing a comprehensive regime covering merger controls, prohibitions on restrictive agreements, and prohibitions on abuse of a dominant market position.

2.61. In June 2014, the FNC approved the Federal Law No. 2 of 2014 on Small and Medium-Sized Enterprises. As stated by the authorities, the law supports Emirati-owned small and medium enterprises and will play a significant role in promoting sustainable economic development to facilitate the promotion and development of these enterprises. According to the law, federal departments have to award at least 10% of their purchases of goods and services to small and medium enterprises. Government-related firms, in which the Federal Government holds stakes of more than 25%, must also ensure at least 5% of their contracts are with SMEs. The law categorizes SMEs, establishes a dedicated council and determines incentives to be offered to small business owners of small and medium-sized enterprises. Emirati entrepreneurs falling under the small and medium classification will benefit from a number of incentives offered by the council, including credit and funding facilities, financing, marketing and reduced licensing costs. Emirati business owners will also benefit from land grants for industrial or agricultural purposes and receive support for promoting their companies at exhibitions around the world. The law also includes additional benefits to inventors, patent owners and companies that invest in research and development.[32] However, the law still lacks a specific definition of what constitutes an SME.

2.62. In June 2015 the UAE Government announced the limited opening of telecoms operator "Etisalat" to foreign investors. These new regulations allow for legal persons, including institutions,

[28] Law No. 19 of 2005, as amended, including by Law No. 3 of 2015.
[29] No. 64 of 2010.
[30] Property Law No. 7 of 2006.
[31] For more information see The Economist Intelligence Unit, *2015 Country Report*, August 2015. Viewed at: www.eiu.com.
[32] For more information see U.S. Department of State, *2014 Investment Climate Statement*. Viewed at: http://www.state.gov/documents/organization/227510.pdf.

in the UAE, or UAE government agencies, or other legal persons, to own shares in Etisalat. Also, non-national individuals and entities may own up to 20% of Etisalat Group's shares.[33]

2.63. In September 2015, the UAE announced that from early 2016 labour reforms would be enforced. As a result, a new system will be created under which workers' contracts will be lodged with the labour ministry rather than with employers. The new provisions will allow foreign workers to terminate their contracts and change employer.[34] The new system will also stop so-called "substitution", under which foreign workers sign one contract before they leave their home country and are compelled to renegotiate wages when they arrive in the UAE.[35]

2.64. As at end-November 2015, 43 of the 55 agreements related to encouragement and protection of investment[36] had entered into force.[37] The UAE is a member of the Multilateral Investment Guarantee Agency. There are no restrictions on investments abroad by UAE nationals.

2.65. On government procurement, the Cabinet issued Resolution No. 32 of 2014 concerning the procurement and warehouse management regulations at the federal level. The resolution streamlines purchasing procedures and accounting methods of federal entities to ensure efficiency and effectiveness of the procurement process.

[33] For more information see The Economist Intelligence Unit, *2015 Country Report*, August 2015. Viewed at: www.eiu.com.

[34] Before, there was a practice called "kafala", which regulates the entry and residence of workers, and also requires that workers seek permission from employers to change jobs.

[35] See *Al-Jazeera*, "UAE announces labour reforms to protect foreign workers", 29 September 2015. Viewed at: http://www.aljazeera.com/news/2015/09/uae-announces-labour-reforms-protect-foreign-workers-150929143336000.html.

[36] The UAE has agreements with Algeria, Armenia, Austria, Azerbaijan, Bangladesh, Belarus, Belgium, Benin, China, Comoros, Czech Republic, Egypt, Estonia, Finland, France, Germany, Guinea, Greece, India, Italy, Jordan, Kenya, Republic of Korea, Kyrgyz Republic, Lebanon, Malaysia, Mongolia, Montenegro, Morocco, Netherlands, Pakistan, Poland, Portugal, Romania, Russian Federation, Serbia, Singapore, Sudan, Sweden, Switzerland, Syria, Tajikistan, Thailand, Tunisia, Turkey, Turkmenistan, Ukraine, United Kingdom, Uzbekistan, Viet Nam, Yemen.

[37] Agreements with the following 7 countries are not in force: Benin, Netherlands, Greece, Kenya, Kyrgyz Republic, Thailand, Comoro Islands.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures Directly Affecting Imports

3.1.1 Customs procedures and requirements

3.1. The legal basis for customs procedures in the UAE is the Common Customs Law for GCC States of 2002 and the amended Federal Law No. 8 of 2015 on the Federal Customs Authority (FCA) which replaced Law No. 1 of 2003. Under the new law, the Board of Directors was replaced by the Commissioner of Customs with the same jurisdiction as the Board. The Commissioner of Customs has a ministerial-grade position and reports directly to the Cabinet of Ministers. As under the previous legislation, the FCA remains responsible for developing customs policy, proposing legislation, and applying customs procedures, and it has the authority to set risk management rules and charges for customs services.[1] The new law applies from 28 January 2016. In addition to the FCA, each emirate has its own customs department and the FCA works in cooperation with them in developing policy and legislation, and in applying customs procedures. In 2015, the Customs Affairs Department of the GCC Secretariat published the GCC Unified Guide for Customs Procedures at First Points of Entry to facilitate customs operations in the GCC member States.[2] According to the authorities, the guide is compatible with the International Convention on the Simplification and Harmonization of Customs Procedures (the Revised Kyoto Convention).

3.2. The UAE is a member of the World Customs Organization (since 1979), and a contracting party to the Revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures (since 2010), the International Convention on the Harmonized Commodity Description and Coding System (since 2002), and the Istanbul Convention on Temporary Admission (since 2010).[3] The UAE notified its category A commitments under the Agreement on Trade Facilitation on 2 June 2015[4] and ratified it on 8 March 2016.

3.3. The UAE has customs cooperation agreements with several trading partners, including: Pakistan (2006); Algeria (2007); Azerbaijan (2011); India (2012); Kazakhstan (2012); Argentina (2013); Armenia (2013); Maldives (2014); the Republic of Korea (2015); Morocco (2015); and the Netherlands (2015).[5]

3.4. In 2015, the UAE was ranked 101st out of 189 economies in terms of ease of trading across borders with an average of six documents and 109 hours needed for importing and a cost of US$961 for a container.[6] However, as the authorities pointed out, the ranking for trading across borders is based on exporting plastics and articles thereof (HS 39) to India, and importing parts and accessories of motor vehicles (HS 8708) from Japan, neither of which are very representative of trade in the UAE. Other indicators rank the UAE more highly: the World Bank Logistics Performance Index for 2014 ranks the UAE as 20th out of 150 economies for logistics generally and for customs specifically[7]; the World Economic Forum's Burden of Customs Procedures ranks the UAE as third out of 140 economies[8]; and the IMD customs authorities indicator ranks the UAE 7th out of 61 economies.[9]

3.5. Importing into, or exporting from, the UAE customs territory requires a trading licence and a trader code which is available from the customs department of each emirate and which applies

[1] *WAM*, "President issues amended law on Federal Customs Authority", 30 July 2015. Viewed at: http://www.wam.ae/en/home.html [September 2015].

[2] GCC Secretariat (2015), *Unified Guide for Customs Procedures at First Points of Entry into the Member States of the Cooperation Council for the Arab States of the Gulf (GCC)*, GCC Secretariat-General, Division of Economic Affairs, Customs Affairs Department. Viewed at: http://sites.gcc-sg.org/DLibrary/index-eng.php [September 2015].

[3] WCO online information. Viewed at: http://www.wcoomd.org/en/about-us.aspx [September 2015].

[4] WTO document WT/PCTF/N/ARE/1, 2 June 2015.

[5] FCA online information. Viewed at: https://www.fca.gov.ae/en/HomeRightMenu/Pages/BilateralAgreements.aspx?SelectedTab=41 [September 2015].

[6] World Bank (2015), *Doing Business 2015*, 12th edition, Washington.

[7] World Bank (2014), *Connecting to Compete, Trade Logistics in the Global Economy, The Logistics Performance Index and Its Indicators*, 4th edition, Washington.

[8] World Economic Forum (2015), *The Global Competitiveness Report 2015-2016*, Switzerland, p. 357.

[9] IMF (2015), *World Competitiveness Yearbook 2015*.

throughout the UAE. To qualify for a licence the applicant must be a UAE national or a company established in the UAE that is 51% owned by UAE nationals. Distribution of imported goods may only be undertaken by trade agencies which must be owned by UAE nationals or by companies wholly owned by UAE nationals. Trade agencies are required to register with the Registry of Commercial Agents in the Ministry of Economy. Under the Agency Laws of the UAE[10], a distribution agreement between a foreign supplier and a local agency which is registered, or which could be registered, with the Registry of Commercial Agents, may provide the local agent with exclusive rights to import and/or distribute the goods in the area specified under the agreement. Such a distribution agreement may only be terminated if the foreign supplier or importer can present "a material reason justifying its termination or non-renewal". Cases for termination go first to the Commercial Agencies Committee and may be appealed to the courts.[11]

3.6. No licence is required for trading from or to the free zones.[12] Goods that are imported and exported to and from free zones follow the same procedures as goods imported or exported into or from the customs territory of the UAE.

3.7. Under the Common Customs Law of the GCC, natural and legal citizens of the GCC States have the right to exercise the profession of customs clearance on obtaining a licence from the customs administration of their State. Furthermore, since 1 January 2015, the Unified Guide for Customs Procedures and the single point of entry principle apply to imports into the GCC. Therefore, goods entering any port in the GCC States should be subject to the same import procedures, including payments of tariffs, and, once cleared, are free for circulation throughout the GCC States.[13]

3.8. According to the authorities, under the Unified Guide, the documents to be attached to the single customs declaration for imports are the original invoice and original certificate of origin. No documents are required for goods in transit. Additional documents may be required by other government agencies, such as a halal slaughter certificate from an approved Islamic Centre in the country of origin required for an import permit issued by the Ministry of Environment and Water (sections 3.1.6, 3.3.1, and 3.3.2).

3.9. Although customs procedures must follow the GCC Guidelines, the customs department of each emirate is responsible for applying the law and different customs systems are used. In 2011, Dubai Customs launched the domestically developed electronic declaration system, Mirsal 2, which allows for the electronic presentation and clearance of documents on a 24/7 basis. The system includes risk assessment systems linked with domestic and regional authorities and international organizations.[14] The General Administration of Customs in Abu Dhabi has a fully operational electronic customs declaration system (Dhabi) in all customs centres in the emirate. The electronic system includes electronic payment, archiving of declarations, approval of declarations, and authorizations.

3.10. Since 2014, the Federal Customs Authority's Unified Customs Gateway has worked as an interface between the customs administrations of the emirates and other regulating government authorities. The main system has two sub-systems: the circular system automates correspondence on prohibited and restricted goods from the relevant government authorities to the local customs administrations; and the authorization system works to regulate and manage the issuing of export and import permits from the responsible authorities.

3.11. In the GCC, goods are inspected and examined based on risk assessment and, under Law No. 8 of 2015 on the FCA, the FCA is to prepare, unify, and adopt customs risk management criteria and develop joint regulations to manage risks. In most circumstances, inspections take

[10] Federal Law No. 18 of 1981, as amended by Law No. 14 of 1988, Law No. 13 of 2006, and Law No. 2 of 2010

[11] WTO document WT/TPR/S/262/Rev.1, 3 May 2012, section 3, paragraph 13; and Culver, M., O'Connor, J. (2014), *Distributing products in the UAE – beware the sting in the tail*, CMS Cameron McKenna. Viewed at: http://www.lexology.com/library/detail.aspx?g=d900e5e7-aa4f-41c4-b206-65186d5f7922 [November 2015].

[12] WTO document WT/TPR/S/262/Rev.1, 3 May 2012, section 3, paragraph 12.

[13] GCC Secretariat (2012), *Process of the Customs Union of the Cooperation Council for the Arab States of the Gulf 2002-2012*, p. 20.

[14] Dubai Customs (2012), *Client Guide Mirsal 2*, 29 October. Viewed at: http://www.dubaicustoms.gov.ae/en/Publications/Publications/DC_M2Brochure_En.pdf [September 2015].

place in the presence of the owner of the goods or her/his representative although this is not required where the customs official suspects the presence of prohibited goods.

3.12. Since 2007, the General Administration of Customs in Abu Dhabi has operated a Golden Card programme for import and export companies that meet specified criteria such as a good compliance record. Under the programme, qualified operators can avail of simplified import procedures. As at 1 November 2014, there were 44 participants in the programme. According to the authorities, in 2016, the UAE will begin implementing an Authorized Economic Operator (AEO) programme by launching a pilot programme to be implemented by Dubai Customs in coordination with the FCA. The experience of Dubai Customs will then be used as a benchmark in order to implement the programme on the federal level by the other customs administrations.

3.13. The Common Customs Law of the GCC States applies specific provisions to imports of goods in transit, destined for warehouses, into free zones, and for re-export:

- goods in transit are not liable for import duties subject to providing a bank guarantee or refundable deposit equal to the customs duties plus charges. Transit is prohibited for goods subject to import prohibition or restriction, and goods infringing intellectual property rights;

- a warehouse for imported goods may be established by the customs authorities and may be located outside the customs area. Goods imported and stored in a customs warehouse are not liable for payment of import duties unless released onto the domestic market. A bank guarantee or refundable deposit equal to the customs duties is required. Goods may be stored in a customs warehouse for up to 365 days after which the customs duties should be paid;

- goods imported into free zones and duty-free shops are not deemed to have entered the customs territory and are not liable for customs duties. However, goods imported into the customs territory from a free zone or duty-free shop are treated as foreign goods regardless of any local raw material they may contain; and

- a customs department may permit temporary admission of goods for up to six months (or up to three years for capital goods) including: heavy machinery and equipment for completion of projects or conducting experiments or tests related to such projects; goods for completion of processing; temporary imports for playgrounds, theatres, exhibitions, etc.; machinery and equipment imported for repair; containers and packing importing for refiling; animals admitted for grazing; and commercial samples for exhibitions.

3.14. Imports of specific goods require prior approval from the appropriate government agency before they may be imported. These goods include: all alcoholic beverages; pork and pork products; tobacco and tobacco products; recordings; telecommunications equipment; foodstuffs; feedstuffs; animals and their products; fireworks; and arms, ammunition, and explosives.

3.1.2 Customs valuation

3.15. The UAE notified the WTO that it had "confirmed all legal, organizational and administrative obligations relating to implementation of Article VII of GATT 1994 and completely accomplished" its implementation.[15] Under the Common Customs Law of the GCC States, the customs value of imported goods is, in order of priority: the transaction value; the transaction value of identical goods; the transaction value of similar goods; the deductive value; the computed value; and the flexible method. The UAE invoked Annex III, paragraph 3 of the Agreement on Customs Valuation and an importer may request the application of the computed value method before the deductive value method.[16]

3.16. In cases where the customs authority finds the value of goods is greater than the declared value, customs duties are applied on the basis of the customs authority's finding and a fine may be levied. The importer may appeal a customs valuation to the valuation committee of the local

[15] WTO document G/VAL/N/4/ARE/1, 15 September 2014.
[16] WTO document G/VAL/2/Rev.24, 27 April 2007.

customs administration within 15 days of the registration of the customs declaration and from there to the courts. Goods may be released during a dispute over customs valuation, with possible retention of samples for reference and payment of a deposit equivalent to the duties and charges.

3.1.3 Rules of origin

3.17. According to the notification by the UAE to the WTO, the "United Arab Emirates does not have any non-preferential ruling of general application relating to rules of origin."[17] A certificate of origin from the original exporter is required for all imports.

3.18. To meet the origin criteria goods must be wholly obtained in a given country or have undergone substantial transformation there; substantial transformation is based on the criteria of change of tariff classification, value added, and/or manufacturing or processing operations[18]:

- for goods to qualify as being of GCC origin, the criteria are being wholly obtained or having undergone substantial transformation with 40% local value added in plants owned 51% or more by GCC nationals; and

- for goods to qualify as being of PAFTA origin, the criteria are substantial transformation with at least 40% value added or at least 20% value added for assembly operations.

3.19. The rules or origin under the GCC-EFTA trade agreement are set out in Annex IV to the Agreement under which products must either be wholly obtained or meet other criteria which depend on the product concerned.[19] Under the GCC-Singapore trade agreement, the rules of origin state that goods must be wholly obtained, have obtained value added of at least 35%, or meet product-specific rules as set out in Annex 3 to the Agreement.[20]

3.1.4 Tariffs

3.1.4.1 Applied MFN tariff

3.20. The UAE applies the GCC common external tariff (CET) with most of the 7,231 tariff lines (8-digit level) subject to a 5% tariff and most of the remaining tariff lines duty free. Under the CET, each GCC member has the right to declare some products as prohibited and some as restricted (section 3.1.6 , Table 3.4 and Table 3.5). Imports of about 0.4% of tariff lines are prohibited and about 0.8% are restricted, although the exact number varies based on circulars from various government agencies. Applied MFN tariffs on nearly all products are either duty free or 5%. There are 19 tariff lines for tobacco products with a tariff of 100% or a minimum weight-based specific duty (the statistics set out below assume that the 100% duty is applied to these 19 tariff lines) (Table 3.1, and Table 3.2).

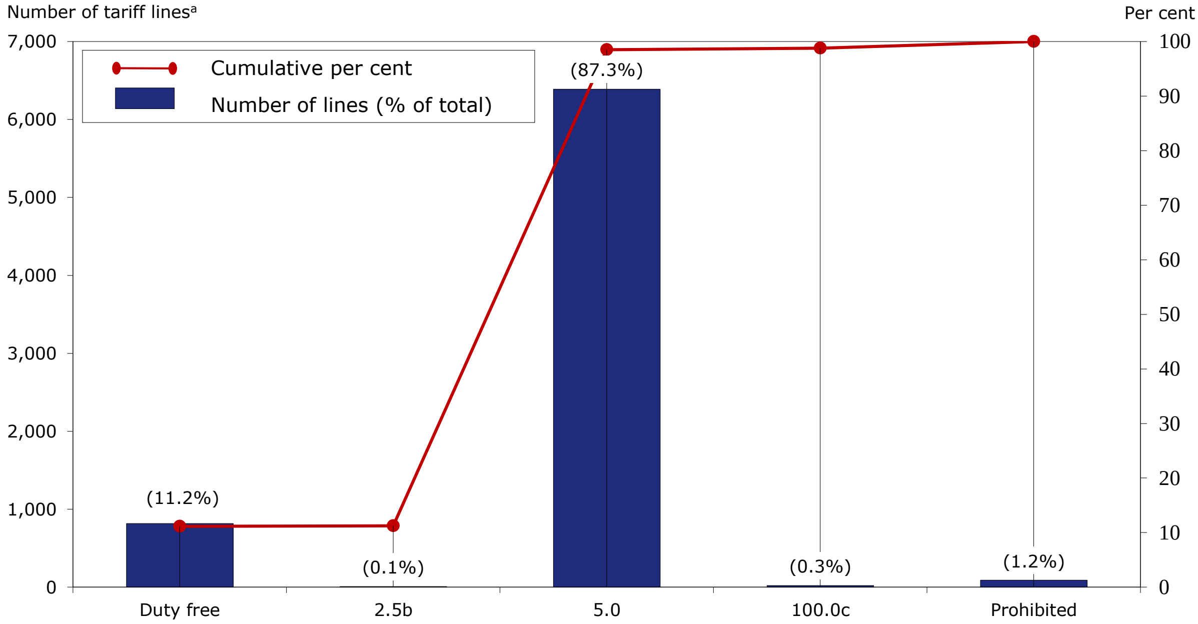
[17] WTO document G/RO/N/17, 10 April 1997.

[18] Dubai Customs (2014), *Rules of Origin*, Second edition. Viewed at: http://www.dubaicustoms.gov.ae/en/Publications/Pages/default.aspx [September 2015].

[19] EFTA online information. Viewed at: http://www.efta.int/free-trade/free-trade-agreements/gcc [February 2016].

[20] Singapore Government online information. Viewed at: http://www.fta.gov.sg/fta_C_gsfta.asp?hl=49 [February 2016].

Chart 3.1 Frequency distribution of MFN tariff rates, 2015



a The total number of *ad valorem* lines is 7,214, 18 non-*ad valorem* lines, and 89 prohibited lines.
b The result of sub-line averages of 5% and 0% (ITA Agreement).
c Includes 2 lines with an *ad valorem* rate of 100%, and 18 lines where 100% is the *ad valorem* component of the mixed duty.

Source: WTO Secretariat calculations, based on data provided by the UAE authorities.

3.21. The overall average tariff in 2015 was 4.7%, slightly lower than the average of 4.9% in 2011, due to the increase in the number of duty-free tariff lines rather than any changes in MFN applied duties. There are no tariff quotas and few tariff peaks.

Table 3.1 Tariff structure in the UAE, 2011 and 2015

	MFN applied 2011	MFN applied 2015
Total number of tariff lines (No.)	7,101	7,321
Non-*ad valorem* tariffs (% of all tariff lines)	0.3	0.3
Non-*ad valorem* with no AVEs (% of all tariff lines)	0.3	0.3
Lines subject to tariff quotas (% of all tariff lines)	0.0	0.0
Duty-free tariff lines (% of all tariff lines)	9.4	11.2
Dutiable lines tariff average rate (%)	5.3	5.3
Simple average tariff (%)	4.9	4.7
Domestic tariff "peaks" (% of all tariff lines)[a]	0.5	0.3
International tariff "peaks" (% of all tariff lines)[b]	0.5	0.3
Overall standard deviation	5.7	5.3
Nuisance applied rates (% of tariff lines)[c]	0.0	0.0
Bound tariff lines (% of all tariff lines)	100.0	100.0

a Domestic tariff peaks are defined as those exceeding three times the overall average applied rate.
b International tariff peaks are defined as those exceeding 15%.
c Nuisance rates are greater than 0% but inferior or equal to 2%.

Source: WTO Secretariat calculations, based on data provided by the UAE authorities.

3.22. The average agricultural tariff, at 5.5%, is slightly higher than the overall average of 4.7%, due to the concentration of tariff peaks on beverages, spirits, and tobacco. Apart from this category of products, there is little variation in tariffs from one product group to another with standard deviations for other product groups ranging from 0 to 2.5 (Table 3.2).

Table 3.2 Summary analysis of 2015 applied and bound MFN tariffs

Description	No. of lines	Average %	Duty free % of lines	Range %	Standard deviation	Final bound average[a] %
Total	**7,321**	**4.7**	**11.2**	**0 - 100**	**5.3**	**14.3**
HS 01-24	1,376	5.1	25.1	0 - 100	12.0	24.7
HS 25-97	5,945	4.6	7.9	0 - 5	1.4	12.6
By WTO category						
WTO agriculture	1,197	5.5	22.3	0 - 100	12.9	25.5
- Animals and products thereof	157	2.7	40.1	0 - 5	2.5	35.3
- Dairy products	35	5.0	0.0	5 - 5	0.0	15.0
- Fruit, vegetables and plants	359	3.7	25.3	0 - 5	2.2	15.0
- Coffee and tea	38	3.6	26.3	0 - 5	2.2	15.0
- Cereals and preparations	184	3.5	29.9	0 - 5	2.3	15.0
- Oil seeds, fats and oils and their products	101	4.8	4.0	0 - 5	1.0	20.1
- Sugars and confectionary	40	3.3	32.5	0 - 5	2.4	15.0
- Beverages, spirits and tobacco	85	32.9	1.2	0 - 100	43.3	119.6
- Cotton	5	5.0	0.0	5 - 5	0.0	15.0
- Other agricultural products n.e.s.	193	4.2	15.5	0 - 5	1.8	15.0
WTO non-agriculture (incl. petroleum)	6,124	4.5	9.0	0 - 5	1.4	12.6
- WTO non-agriculture (excl. petroleum)	6,089	4.5	9.0	0 - 5	1.4	12.6
- - Fish and fishery products	265	3.5	29.4	0 - 5	2.3	15.0
- - Minerals and metals	1,202	4.9	2.2	0 - 5	0.7	14.8
- - Chemicals and photographic supplies	1,275	4.5	9.5	0 - 5	1.5	7.1
- - Wood, pulp, paper and furniture	431	4.5	9.3	0 - 5	1.5	12.1
- - Textiles	717	5.0	0.6	0 - 5	0.4	14.9
- - Clothing	254	5.0	0.0	5 - 5	0.0	15.0
- - Leather, rubber, footwear and travel goods	212	5.0	0.0	5 - 5	0.0	15.0
- - Non-electric machinery	641	4.2	16.1	0 - 5	1.8	13.2
- - Electric machinery	315	3.3	33.0	0 - 5	2.3	11.4
- - Transport equipment	233	4.4	11.2	0 - 5	1.6	13.9
- - Non-agriculture articles n.e.s.	544	4.5	8.8	0 - 5	1.4	13.1
- Petroleum	35	5.0	0.0	5 - 5	0.0	15.0
By HS Section						
01 Live animals & products	438	3.3	32.6	0 - 5	2.4	22.3
02 Vegetable products	461	3.0	39.7	0 - 5	2.5	15.0
03 Fats & oils	63	5.0	0.0	5 - 5	0.0	23.2
04 Prepared food etc.	414	9.8	4.6	0 - 100	21.4	40.9
05 Minerals	211	5.0	0.0	5 - 5	0.0	15.0
06 Chemicals & products	1,216	4.5	10.3	0 - 5	1.5	7.0
07 Plastics & rubber	272	5.0	0.0	5 - 5	0.0	11.7
08 Hides & skins	86	5.0	0.0	5 - 5	0.0	15.0
09 Wood & articles	190	4.9	1.6	0 - 5	0.6	15.0
10 Pulp, paper etc.	195	4.1	19.0	0 - 5	2.0	10.0
11 Textile & articles	944	5.0	0.0	5 - 5	0.0	15.0
12 Footwear, headgear	74	5.0	0.0	5 - 5	0.0	15.0
13 Articles of stone	229	4.9	1.3	0 - 5	0.6	14.9
14 Precious stones, etc.	65	3.2	35.4	0 - 5	2.4	15.0
15 Base metals & products	737	5.0	0.0	5 - 5	0.0	15.0
16 Machinery	949	3.8	22.8	0 - 5	2.1	12.3
17 Transport equipment	245	4.4	11.0	0 - 5	1.6	13.6
18 Precision equipment	286	4.3	13.3	0 - 5	1.7	13.1
19 Arms and ammunition	23	5.0	0.0	5 - 5	0.0	15.0
20 Miscellaneous manufacturing	212	5.0	0.0	5 - 5	0.0	14.6
21 Works of art, etc.	11	5.0	0.0	5 - 5	0.0	15.0

a Bound rates are provided in HS2007 classification and applied rates in HS2012; therefore there is a difference between the number of lines included in the calculation.

Source: WTO Secretariat calculations, based on data provided by the UAE authorities.

3.23. In all cases, the applied MFN tariff is less than the bound tariff. However, the 19 tariff lines subject to an applied tariff of 100% or a minimum specific duty are bound at 200% and the application of the specific duty could lead to an *ad valorem* equivalent greater than the bound rate (Table 3.3).

Table 3.3 Tariff lines with mixed MFN tariff, 2015

HS	Description	Applied MFN duty	Bound duty
24011000	Tobacco, not stemmed/stripped	100% *ad valorem*, minimum Dh 20 per gross kg	200
24012000	Tobacco, partly or wholly stemmed/stripped	100% *ad valorem,* minimum Dh 20 per gross kg	200
24013010	Tobacco refuse, partly or wholly stemmed/stripped	100% *ad valorem,* minimum Dh 20 per gross kg	200
24013090	Tobacco refuse, other	100% *ad valorem*, minimum Dh 20 per gross kg	200
24021000	Cigars, cheroots and cigarillos, containing tobacco	100% *ad valorem*, minimum Dh 150 per kg in direct package	200
24022000	Cigarettes containing tobacco	100% *ad valorem*, minimum Dh 100 per 1000 cigarettes	200
24029010	Cigars of tobacco substitutes (not containing tobacco or nicotine)	100% *ad valorem*, minimum Dh 150 per kg in direct package	200
24029020	Cigarettes of tobacco substitutes (not containing tobacco or nicotine)	100% *ad valorem*, minimum Dh 100 per 1000 cigarettes	200
24031100	Water pipe tobacco specified in Subheading Note 1 to this Chapter	100% *ad valorem*, minimum Dh 6 per gross kg	200
24031910	Chopped or pressed tobacco for smoking (cigarettes)	100% *ad valorem*, minimum Dh 40 per net kg	200
24031920	Chopped or pressed tobacco for pipes	100% *ad valorem*, minimum Dh 40 per net kg	200
24031930	Chopped or pressed tunbac for retail sale	100% *ad valorem*, minimum Dh 40 per net kg	200
24031990	Other smoking tobacco	100% *ad valorem*, minimum Dh 40 per net kg	200
24039100	"Homogenized" or "reconstituted" tobacco	100% *ad valorem*, minimum Dh 40 per net kg	200
24039910	Pressed or liquored tobacco for making snuff	100% *ad valorem*, minimum Dh 40 per net kg	200
24039921	Chewable and sniffing preparations (shamma and suwaika) containing tobacco	Prohibited	200
24039929	Other	100% ad valorem, minimum Dh 40 per net kg	200
24039930	Snuff	100% *ad valorem*, minimum Dh 40 per net kg	200
24039940	Jirak	100% *ad valorem*, minimum Dh 6 per gross kg	200
24039990	Other tobacco	100% *ad valorem*, minimum Dh 40 per net kg	200

Source: WTO Secretariat calculations, based on data provided by the UAE authorities.

3.1.4.2 Bound tariffs

3.24. The UAE has bound all tariff lines in the WTO. Bound rates are all *ad valorem,* range from zero to 200%, and have a simple average of 14.3% (Table 3.2). Most tariff lines (74% of lines) are bound at 15%. The highest bound rates of 200% apply to swine meat, alcoholic beverages, and tobacco products.

3.1.4.3 Preferential tariffs

3.25. The United Arab Emirates is a member of the Gulf Cooperation Council (GCC) along with the Kingdom of Bahrain, the State of Kuwait, Oman, Qatar, and the Kingdom of Saudi Arabia. All goods meeting GCC rules of origin may enter the UAE duty free. Each member can issue its own list of prohibited and restricted goods. Goods produced in free trade zones within the GCC are taxed at the applied MFN tariff. Goods entering one GCC member State are allowed to be transported to any other member State without further inspection or duty payments. Prohibited goods may not enter or transit a GCC member State in which they are prohibited.

3.26. The UAE is a member of the Pan-Arab Free Trade Area (PAFTA) (section 2.3.2.2). Under the PAFTA Agreement all customs duties on goods originating from members were eliminated on 1 January 2005.

3.27. With regard to imports from Singapore, 6,750 lines have been duty free since 1 April 2015. For imports from EFTA States, 6,535 lines have been duty free since 1 July 2015.

3.1.5 Other charges affecting imports

3.28. Apart from customs duties and charges related to legalization of documents, no other duties or charges are applied to imports.

3.1.6 Import prohibitions, restrictions, and licensing

3.29. Under the GCC Common Customs Law, each GCC State may determine a list of prohibited and/or restricted products. Imports that are prohibited in one or more GCC member State and permitted in another may not transit through the States in which they are prohibited.

3.30. The main domestic legislation on import prohibitions is Law No. 13 of 2007 regarding Commodities that are Subject to Import and Export Control Procedures, as amended. Under this law imports may be prohibited on grounds of public safety, public health, environment, natural resources, and national security or for reasons related to the UAE foreign policy. Under Law No. 15 of 1972, imports of all goods from Israel or bearing Israeli marks or logos are prohibited. Cabinet Decree No. 299/3 of 2009 established the Committee for Goods and Material Subject to Import and Export Control. The list of strategic goods and materials subject to import control is based on several international arrangements, including the Wassenaar Arrangement on Export Control for Conventional Arms and Dual-Use Goods and Technologies, the International Atomic Energy Agency, the Biological and Toxin Weapons Convention, the Missile Technology Control Regime, and the Organisation for the Prohibition of Chemical Weapons. The Executive Office of the Committee is responsible for issuing import permits for goods on the list of strategic commodities while the importers must be licensed by the relevant government agency to practice an activity relating to the import of such materials.

3.31. The UAE is a signatory to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the Basel Convention on Hazardous Wastes, the Rotterdam Convention on Trade in Hazardous Chemicals, the Montreal Protocol on Substances that Deplete the Ozone Layer, and the Kimberley Process Certification Scheme. Goods prohibited from entering the UAE are listed in Table 3.4.

Table 3.4 Prohibited goods

HS code	Product description	Authority
01031000	Purebred breeding animals, live swine	Ministry of Environment and Water
01039100	Other, weighing less than 50 kg	Ministry of Environment and Water
01039200	Other, weighing 50 kg or more	Ministry of Environment and Water
05071000	Ivory; ivory powder and waste	Ministry of Environment and Water
09082100	Mace, neither crushed nor ground	Ministry of Interior
09082200	Mace, crushed or ground	Ministry of Interior
12079100	Poppy seeds	Ministry of Interior
12079910	Poppy	Ministry of Interior
12079920	Hemp seeds	Ministry of Interior
12113000	Coca leaf	Ministry of Interior
12114000	Poppy straw	Ministry of Interior
12119020	Black poppy	Ministry of Interior
12119060	Hemp	Ministry of Interior
13021100	Opium	Ministry of Interior
13021910	Hashish	Ministry of Interior
24039921	Chewable and sniffing preparation (Shamma and Suwaika) containing tobacco	Ministry of Interior
25241000	Crocidolite	Ministry of Interior
25249000	Asbestos, other	Ministry of Interior
29399110	Cocaine	Ministry of Interior
40121100	Retreated tyres, of kind used on motor cars (including station wagons and racing cars)	Emirates Authority for Standardization and Metrology
40121200	Retreated tyres, of a kind used on buses or lorries	Emirates Authority for Standardization and Metrology
40121300	Retreated tyres, of a kind used on buses aircraft	Emirates Authority for Standardization and Metrology
40121900	Other retreated tyres	Emirates Authority for Standardization and Metrology
40122000	Used pneumatic tyres	Emirates Authority for Standardization and Metrology

HS code	Product description	Authority
68114000	Articles of asbestos-cement, of cellulose fibre-cement or the like, containing asbestos	Federal Environment Authority
68128000	Fabricated asbestos fibres, mixtures with a basis of asbestos or with a basis of asbestos and magnesium carbonate, articles of such mixtures, of crocidolite	Federal Environment Authority
68129300	Compressed asbestos fibre jointing, in sheets or rolls	Federal Environment Authority
68132000	Friction material and articles thereof containing asbestos	Federal Environment Authority
85437030	Electronic cigarettes	General Secretariat of Municipalities

Source: Information provided by the UAE authorities.

3.32. Import restrictions are applied to some goods for safety, health, public morals, or security reasons (Table 3.5). Imports of restricted goods are permitted, subject to additional import requirements, such as veterinary or plant health certificates, or subject to limits such as those applying to alcohol and cigarettes.

Table 3.5 Restricted goods

HS	Product description	Authority	Duty
02031100	Meat of swine, fresh, carcasses and half carcasses	Ministry of Environment and Water	200
02031200	Hams, shoulders and cuts thereof, with bone in	Ministry of Environment and Water	200
02031900	Meat of swine, fresh, other	Ministry of Environment and Water	200
02032100	Meat of swine, frozen, carcasses and half carcasses	Ministry of Environment and Water	200
02032200	Hams, shoulders and cuts thereof, with bone in	Ministry of Environment and Water	200
02032900	Meat of swine, frozen, other	Ministry of Environment and Water	200
02050090	Meat of asses, mules or hinnies, fresh, chilled or frozen	Ministry of Environment and Water	15
02063000	Edible offal, of swine, fresh or chilled	Ministry of Environment and Water	200
02064100	Livers of swine, frozen	Ministry of Environment and Water	15
02064900	Other of swine, frozen	Ministry of Environment and Water	15
02091000	Fat, free of lean meat, and poultry fat, of pigs	Ministry of Environment and Water	..
02101100	Meat of swine, hams, shoulders and cuts thereof, with bone in	Ministry of Environment and Water	200
02101200	Meat of swine, bellies (streaky) and cuts thereof	Ministry of Environment and Water	15
02101900	Other meat of swine	Ministry of Environment and Water	15
05021000	Pigs', hogs' or boars' bristles and hair and waste thereof	Ministry of Environment and Water	15
15011000	Lard	Ministry of Environment and Water	..
15012000	Other pig fat	Ministry of Environment and Water	..
15030011	Oleostearin, of pig	Ministry of Environment and Water	200
15030021	Oleomargarine, of pig	Ministry of Environment and Water	200
15030091	Other oil, of pig	Ministry of Environment and Water	200
15180011	Animal or vegetable fats and oils and their fractions, of pig	Ministry of Environment and Water	15
16010010	Sausages and similar products, of swine or animal blood	Ministry of Environment and Water	15
16024100	Hams and cuts thereof, of swine	Ministry of Environment and Water	200
16024200	Shoulders and cuts thereof, of swine	Ministry of Environment and Water	15
16024900	Other, including mixtures, of swine	Ministry of Environment and Water	15
16029030	Preparations of animal blood	Ministry of Environment and Water	15
17049080	White chocolate containing alcohol	Ministry of Interior	15
18063110	Other preparations of chocolate, containing alcohol	Ministry of Interior	15
18063210	Other preparations of chocolate, containing alcohol	Ministry of Interior	15
20082010	Pineapples, alcohol added	Ministry of Interior	15
20083010	Citrus fruit, alcohol added	Ministry of Interior	15
20084010	Pears, alcohol added	Ministry of Interior	15
20085010	Apricots, alcohol added	Ministry of Interior	15
20086010	Cherries, alcohol added	Ministry of Interior	15
20087010	Peaches, including nectarines, alcohol added	Ministry of Interior	15
20088010	Strawberries, alcohol added	Ministry of Interior	15
20089310	Cranberries, alcohol added	Ministry of Interior	..
20089710	Mixtures, alcohol added	Ministry of Interior	..
20089910	Other fruits, alcohol added	Ministry of Interior	15
22030000	Beer made from malt	Ministry of Interior	200

HS	Product description	Authority	Duty
22041000	Sparkling wine	Ministry of Interior	200
22042100	Other wine; grape must with fermentation prevented or arrested by the addition of alcohol, in containers holding 2 L or less	Ministry of Interior	200
22042900	Other wine; grape must with fermentation prevented or arrested by the addition of alcohol, other	Ministry of Interior	200
22043000	Other grape must	Ministry of Interior	200
22051000	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances, in containers holding 2 L or less	Ministry of Interior	200
22059000	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances, other	Ministry of Interior	200
22060000	Other fermented beverages (for example, cider, perry, mead); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included	Ministry of Interior	200
22072090	Other ethyl alcohol and other spirits, denatured, of any strength	Ministry of Interior	200
22082000	Spirits obtained by distilling grape wine or grape marc	Ministry of Interior	200
22083000	Whiskies	Ministry of Interior	200
22084000	Rum and other spirits obtained by distilling fermented sugar cane products	Ministry of Interior	200
22085000	Gin and Geneva	Ministry of Interior	200
22086000	Vodka	Ministry of Interior	200
22087000	Liqueurs and cordials	Ministry of Interior	200
22089090	Other undenatured ethyl alcoholic of an alcoholic strength by volume of less than 80% vol.	Ministry of Interior	200
23070010	Wine lees	Ministry of Interior	15
41033000	Other raw hides and skins, of swine	Ministry of Environment and Water	15
41063100	Tanned or crust hides and skins of swine, in the wet state (including wetblue)	Ministry of Environment and Water	15
41063200	Tanned or crust hides and skins of swine, in the dry state (crust)	Ministry of Environment and Water	15
41132000	Leather further prepared after tanning or crusting, of swine	Ministry of Environment and Water	15

.. Not available.

Source: WTO Secretariat based on data provided by the UAE authorities

3.33. Restricted goods are specific to the authority of the customs authority of each emirate and, therefore, may vary from one emirate to another. Thus Dubai Customs includes as restricted goods live animals and birds, weapons and ammunitions, medicines and medical equipment, fertilizers, fungicides, seedlings and seeds, communications systems, chemicals and radioactive substances, certain veterinary products, certain blood products, animal products, and new tyres.[21]

3.34. The UAE notified the WTO that it has no legislation on import licensing procedures[22] and that there are no import licensing requirements.[23]

3.1.7 Anti-dumping, countervailing, and safeguard measures

3.35. Since the last review, there have been no changes to the legal or institutional framework for contingency measures.[24] Federal Decree No. 7 of 2005 adopted the GCC Common Law on Anti-dumping and Countervailing Measures of 2003 and its Rules of Implementation of 2004. The Common Law was amended in 2010. In September 2015, the UAE notified the WTO that Federal Decree No. 7 of 2005 had ratified the Common Law on Anti-dumping and Countervailing Measures

[21] Dubai Customs online information. Viewed at: http://www.dubaitrade.ae/knowledge-centre/laws [February 2016].
[22] WTO document G/LIC/N/1/ARE/1, 18 April 1997.
[23] WTO document G/LIC/N/3/ARE/1, 25 April 2000.
[24] WTO document WT/TPR/S/262/Rev.1, 3 May 2012, section 3, paragraphs 54-56.

of 2003 and that a Federal law was being prepared which would incorporate the 2010 amended GCC Common Law.[25]

3.36. The UAE did not apply any contingency measures during the period under review nor have the authorities received any official requests for initiation of investigations for antidumping, countervailing duties, or safeguard measures. Furthermore, the GCC Common Law and the Rules of Implementation empower the relevant GCC Committees and the GCC Technical Secretariat to administer and implement the GCC Common Law. The UAE does not currently have a trade remedy law that can be applied independently from the GCC Common law (which was approved by the Federal Decree No. 7 of 2005) which can only be administered by the GCC Technical Secretariat and the relevant GCC Committees.

3.37. Under the Amended Common Law:

- the Ministerial Committee is the competent body for, *inter alia*, preparing the Rules of Implementation for the Common Law; and taking decisions to impose, amend, or suspend definitive contingency measures;

- the Permanent Committee of officials from the member States is responsible for, *inter alia*, imposing provisional measures and price undertakings; and making recommendations to the Ministerial Committee to impose or amend definitive measures; and

- the Bureau of the Technical Secretariat for Anti-injurious Practices in International Trade under the GCC Secretariat is responsible for, *inter alia*, implementing the decisions of the Ministerial and Permanent Committees; providing consultancy and technical support to GCC producers and exporters facing dumping, subsidy or safeguard investigations in other countries; receiving complaints; and conducting investigations.

3.38. Under the Rules of Implementation of the Amended Common Law, requests for investigations relating to contingency measures must be submitted in writing to the Bureau of the Technical Secretariat and must be made by an industry in the GCC, on behalf of an industry by a chamber of commerce and industry in a member State, or by a producers' union. In specific circumstances, the Permanent Committee may also initiate an investigation on its own initiative or upon request from a ministry in any of the member States, provided there is enough evidence to justify initiation of an investigation. Starting from the day after receiving a complaint, the Bureau has 30 working days to consider the case and prepare an initial report for the Permanent Committee with a recommendation to either reject or initiate an investigation. The Permanent Committee then has 15 working days either to reject the complaint, or to accept it and pass it back to the Technical Secretariat to begin the investigation. The complainant is to be notified within seven working days of the Permanent Committee's decision.

3.39. Under the Rules of Implementation, the Bureau is required to notify the Government of each country referred to in an anti-dumping or countervailing duty complaint before initiating an investigation. The Technical Secretariat is also required to invite the exporting country to consultations to clarify the facts and review the evidence in the complaint with the aim of reaching a mutually agreed solution.

3.40. Once the Permanent Committee has agreed to initiate an investigation, a notice must be published in the *Official Gazette* within 10 working days. For anti-dumping and countervailing investigations the Technical Secretariat is required to contact all known interested parties and representatives of the exporting countries. For safeguard investigations, interested parties are informed through the publication in the *Official Gazette* and notification to the WTO. Normally, the Technical Secretariat should make a preliminary determination within 180 days of initiating an investigation and a final report 180 days later. All interested parties have the right to comment and submit arguments within 15 days of disclosure of the preliminary determination.

3.41. The Permanent Committee has 30 working days after receiving a preliminary report to decide whether to terminate the investigation without imposing contingency measures, or to impose provisional measures and continue the investigation. In either case, the complainant must

[25] WTO documents G/ADP/N/1/ARE/2, G/SCM/N/1/ARE/2, and G/SG/N/1/ARE/2, 28 September 2015.

be notified and a notification published in the *Official Gazette*. Definitive measures may only be imposed by the Ministerial Committee acting on a proposal from the Permanent Committee.

3.2 Measures Directly Affecting Exports

3.2.1 Export procedures and requirements

3.42. The Common Customs Law of the GCC States and the GCC Unified Guide for Customs Procedures at First Points of Entry include provisions for exports. For exports from the GCC to the rest of the world, the only document required is the original invoice. In some cases, exports of goods on the restricted list may also require an export permit from the competent authority.

3.2.2 Export taxes, charges, and levies

3.43. According to the authorities, there are no export taxes, charges, or levies applied in the UAE apart from a tax on exports of scrap steel of Dh 250 per tonne, which was introduced in 2004. However, the authorities stated that steel scrap has been exported without payment of the tax and the Ministry of Economy, in collaboration with other federal authorities, is currently (as at end-September 2015) appraising the tax.

3.2.3 Export prohibitions, restrictions, and licensing

3.44. As for imports, under the Common Customs Law of the GCC States certain categories of goods may be subject to export prohibitions or restrictions. In the UAE, export prohibitions or restrictions are applied: on the grounds of public safety, public health, public morals, environment, natural resources, national security, and UAE foreign policy; and to comply with international treaties and conventions. Law No. 13 of 2007, as amended, provides the legal basis for export prohibitions and restrictions.

3.45. The UAE is not a participant in the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies, the Australia Group on chemical and biological weapons, or the Nuclear Suppliers Group, nor is it a partner in the Missile Technology Control Regime. The Federal Authority for Nuclear Regulation (FANR) and the Committee for Goods and Materials Subject to Import and Export Control has adopted the Nuclear Suppliers Group Guidelines for Nuclear Transfers in accordance with UAE laws.[26]

3.2.4 Export support and promotion

3.46. According to the notification to the WTO by the UAE in 2000, the UAE does not grant or maintain any subsidies within the meaning of Articles 1.1 and 2 of the Agreement on Subsidies and Countervailing Measures, or which operate directly or indirectly to increase exports from, or reduce imports into its territory within the meaning of Article XVI:1 of GATT 1994.[27] According to the authorities, the UAE does not provide any export subsidies. In notifications made in 2015 it notified the WTO that no export subsidies existed for agricultural products for 2002 to 2014.[28]

3.47. According to the authorities, Federal Law No. 1 of 1979 includes provisions relating to incentives for industrial companies but the only incentive generally available is the right to import duty-free material used in the manufacturing process and included in the industrial project's licence. The import duty exemption is available to all industrial establishments operating in the UAE with no restrictions or obligations relating to exports of outputs.

3.48. Dubai Exports, an agency of the Department of Economic Development, provides assistance to exporters through a number of services for member enterprises that provide trade information, branding advice, financial and foreign trade representation, and access to potential buyers. The services include the Export Assistance Programme (EAP) which is targeted at privately-owned small and medium-sized enterprises (which was put on hold in 2015 due to budgetary

[26] Federal Authority for Nuclear Regulation (2008), *Policy of the United Arab Emirates on the Evaluation and Potential Development of Peaceful Nuclear Energy*, p. 3.
[27] WTO documents G/SCM/N/38/ARE, G/SCM/N/48/ARE, and G/SCM/N/60/ARE, 18 April 2000.
[28] WTO documents G/AG/N/ARE/6, 23 January 2015 and G/AG/N/ARE/9, 22 June 2015.

constraints). For eligible products, the EAP provides support for eligible marketing activities which include marketing studies, market visits, exhibitions, and buyer visits. Eligible products are those that Dubai Exports agrees are of UAE origin with a minimum of 10% value added in the UAE. The grant payment may be up to one-third of eligible expenses.[29] Dubai Exports also runs an Export Academy, and an Export Resource Centre, and provides assistance for participation in international exhibitions, and trade missions.

3.2.5 Export finance, insurance, guarantees

3.49. The Emirates Industrial Bank (EIB) used to provide export credit facilities with loans of up to 80% of the value of the export contract for operations established in the UAE with at least 51% GCC ownership. In June 2015, under Federal Law No. 7 of 2011, the state-owned Emirates Development Bank took over the operations of the EIB and the Emirates Real Estate Bank to provide financing for housing, infrastructure, and SMEs.[30]

3.50. The Dubai Government-owned Export Credit Insurance Company of the Emirates (ECIE) provides a Comprehensive Short-Term Policy for trade credit insurance to companies based in the UAE that are engaged in manufacturing, value-added trading, and exports of services. The insurance policies cover a seller against the risk of non-payment:

- risks covered include commercial non-payment (such as insolvency and default) and political non-payment (government moratorium, war, non-transfer of funds, import licence cancellation);
- the policy protection package of the ECIE includes credit risk analysis, debt collection and recovery, and indemnification of up to 90% of insured invoices; and
- the product range includes short-term risk cover on an insurable turnover basis (i.e. all open credit sales), single buyer insurance and equity investment insurance, and medium/long-term risk cover up to a maximum of seven years.

3.51. Premiums are based on risk classification and the ECIE's total insured business volume was Dh 739.55 million in 2014 when it made a net profit of Dh 657,376.

3.52. In 2014, it was reported that Dubai was studying plans to establish a Dubai Exim Bank which would offer Shariah-compliant financing to promote trade while Abu Dhabi had, in 2010, also announced plans to set up an export credit agency.[31]

3.3 Measures Affecting Production and Trade

3.3.1 Standards and other technical requirements

3.53. The legal and institutional framework for standards has remained largely unchanged since the last review.[32] The Emirates Authority for Standardization and Metrology (ESMA), established under Law No. 28 of 2001, is the body responsible for standards and technical requirements in the UAE. The ESMA is chaired by the Ministry of Environment and Water (MOEW) and comprises representatives of the main parties involved in standardization in the UAE, such as the Federal Government, industrial sector, traders, laboratories, and calibration bodies. According to the authorities, the processes for establishing standards and technical requirements and the accreditation of conformity assessment bodies are based on international practices such as ISO/IEC 17011, and ISO/IEC Directives Parts 1 and 2.

3.54. The UAE is a member of the GCC's Gulf Standardization Organization (GSO), which helps to harmonize and promote coherence among the GCC member States regarding standardization and

[29] Dubai Exports online information. Viewed at: http://www.dedc.gov.ae/English/Pages/default.aspx [November 2015].

[30] WAM (2015), *Emirates Development Bank launches operations in Abu Dhabi*, 16 June.

[31] *The National*, "Dubai looks to boost trade flows with Sharia-compliant export credit agency", 19 March 2014. Viewed at: http://www.thenational.ae/business/industry-insights/economics/dubai-looks-to-boost-trade-flows-with-sharia-compliant-export-credit-agency [September 2015].

[32] WTO document WT/TPR/S/262/Rev.1, 3 May 2012, Chapter III (2)(ix).

related matters, such as conformity assessment procedures. GCC-wide standards may be proposed or initiated by a representing body of a member State, and are processed through one of the 12 technical committees of the GSO. A proposal requires support from at least two member States in order to be included in the GSO work programme. In general, GSO standards are based on international standards. Once the GSO standard is approved, each GCC member State may transpose it into a national standard through domestic legal procedures.

3.55. The ESMA is in charge of formulating, drafting and issuing standards on the federal level. Draft standards are prepared by the nine technical committees based on existing international and regional standards. Requests for standards may be made by the Government, representatives of industry, or consumers. The drafts are circulated for comments to the stakeholders in the relevant field, and comments must be provided within 60 days of circulation. Draft standards are also circulated abroad for comments if they are not based on an existing international standard. The comments are considered by the technical committees which may amend the draft as required. Once approved by the ESMA Board of Directors, a standard is numbered and published in the *Official Gazette*. The ESMA may also adopt international standards and technical regulations issued by binding resolutions of the Cabinet.

3.56. By the end of 2014, the ESMA had published 10,848 UAE standards mostly based on GCC standards. According to the authorities, at end-2015 about 77% of published standards are in conformity with international standards. In the absence of an international standard, the relevant standard in another country may be used as a basis, such as the American National Standards Institute or one of the European Standards Organizations.

3.57. The ESMA is a member of several international standards-related organizations including the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), the International Laboratory Accreditation Cooperation (ILAC), the GCC Standardization Organization (GSO), the Arab Industrial Development and Mining Organization (AIDMO), the International Organization of Legal Metrology (OIML), and the Standards and Metrology Institute for Islamic Countries (SMIIC).

3.58. All technical regulations of the UAE apply equally to locally produced and imported products. Regulated products are granted entry if they comply with the provisions of the applicable technical regulation and conformity assessment procedures. The procedure of devising technical regulations has not changed since last WTO Trade Policy Review of the UAE in 2012.[33] At end-2014, there were 793 technical regulations in place.

3.59. During 2012-2015 the UAE made 207 notifications to the WTO Committee on Technical Barriers to Trade under Article 10.6 of the TBT Agreement. Of these, three were corrigenda, and 28 were joint notifications made along with the other member States of the GCC plus Yemen. From 1 January 2016 to 29 February 2016, a further 5 TBT notifications were distributed on behalf of the UAE, the other GCC member States, and Yemen. The notifications by the UAE were mostly related to draft technical regulations distributed for comments. Comments by Members and other interested parties on these proposed measures are sent to the ESMA, which channels them to the appropriate technical Committee for consideration. In the period 2012-2015 in the TBT Committee, WTO Members raised two specific trade concerns with the UAE.[34]

3.60. In 2006 the UAE notified its acceptance of the WTO TBT Code of Good Practice for the Preparation, Adoption and Application of Standards with the ESMA being a national enquiry point.

3.61. In 2004, the ESMA started operating the Emirates National Accreditation System (ENAS) in accordance with Decision of Council of Ministers No. 22 of 1 June 2004. Conformity assessment bodies seeking accreditation may apply to the ESMA; the ENAS proceeds with assessment and accreditation procedures as per international practice and requirements. ESMA/ENAS is currently a member of the International Laboratory Accreditation Cooperation (ILAC) and operates in accordance with the international standard for accreditation bodies (ISO/IEC 17011). Since 2004 ESMA has been granting accreditation to conformity assessment bodies supporting different

[33] WTO document WT/TPR/S/262/Rev.1, 3 May 2012, Chapter III (2)(ix).
[34] WTO TBT Information Management System database: Conformity assessment procedures for automobile tyres (ID 368); and Control regulations for Halal products (ID 402).

industrial sectors through the country. At end-2015 the ESMA had accredited 73 testing and calibration laboratories, 38 inspection bodies, and 6 certification bodies.

3.62. An automated system of conformity assessment was introduced in early 2014 which takes about 8 days to process an application (provided all necessary documents are submitted, including approval from a certified conformity assessment body). At end-February 2016, about 80% of applications for conformity assessment were made through the automated system. The ESMA is also working on an online accreditation system for conformity assessment bodies and a certification system.

3.63. Specific labelling requirements in the UAE apply to toys, tobacco products, food, chemical products, industrial products, drinking water, textiles, and cosmetics. In addition, labels indicating energy efficiency are required for household electrical products. All labels must be in Arabic or in Arabic and English. Tobacco packages require a special health warning in Arabic.

3.64. Labelling and adjoining explanatory statements for food must be in Arabic, and, where another language is used, it must be alongside the Arabic. Mandatory labelling of pre-packaged foods must include: product name; a list of all ingredients declared in descending order of weight; and a list of food additives. Additionally, the label must contain the name and address of the manufacturer and packer (in cases where the packer is not a manufacturer), date of production, and instructions for storage. In cases where the food has been treated with ionizing radiation, there must be an indication of this next to the name of the food product and the international food irradiation symbol must be used. Meat products must also have a halal certificate.

3.3.2 Sanitary and phytosanitary requirements

3.65. During the review period, the institutional framework for sanitary and phytosanitary (SPS) measures remained largely unchanged. The Ministry of Environment and Water (MOEW) is responsible for SPS issues at the federal level in the UAE. Additionally, each emirate has its own agency responsible for applying rules adopted by the MOEW.[35]

3.66. During 2012-2015 the UEA made 47 notifications under the WTO Agreement on the Application of Sanitary and Phytosanitary Measures. Of these one was a corrigendum, two were addenda, and 29 were emergency notifications (most of which referred to poultry products, as well as live sheep and goats and their products). The 15 regular notifications referred to new legislation or amendments to existing legislation. An additional 3 notifications were distributed between 1 January and 29 February 2016, of which one was an emergency notification for live poultry and poultry products. No specific trade concerns were raised by other WTO Members concerning SPS measures in the UAE.[36]

3.67. Generally, the UAE federal regulations on SPS requirements are based on GCC standards. However, the UAE has extensive national legislation to regulate SPS measures. The main national laws are Federal Law No. 5 of 1979 on agricultural quarantine, as amended, Federal Law No. 6 of 1979 on veterinary quarantine, as amended, and Federal Law No. 10 of 2015 on food safety. All main federal laws, executive by-laws, and ministerial decrees with respect to SPS issues are available on the Ministry of Environment and Water's website.

3.68. All live animals and animal products (except food products of animal origin) and fodder need an import permit prior to importation issued by the MOEW. Additionally, all live animals and animal products as well as all plants and plant products are subject to quarantine measures and must be accompanied by a health certificate. Sperm for artificial insemination and hatching eggs may be imported only from countries that have been approved for exporting to the UAE, and must be accompanied by a health certificate stating that they are from animals free from disease. According to the authorities, country approval is based on OIE (World Organisation for Animal Health) country reports on animal health status. All shipments of food are visually inspected to ensure compliance with labelling and shelf-life regulations, while random samples are taken from some food consignments (depending on risk assessments) for laboratory tests to ensure compliance with UAE requirements.

[35] WTO document WT/TPR/S/262/Rev.1, 3 May 2012, Chapter III (2)(x).
[36] WTO SPS Information Management System database.

3.69. The GCC Guide for Control on Imported Foods was adopted in September 2014 by GCC Ministers in charge of food safety and issued as a draft in 2015. The Guide describes principles and regulatory requirements to be applied by the importing (GCC) countries in assuring the safety and suitability of shipments of imported food. Specific attestations for animal and plant health certification are also provided in the Guide. The Guide incorporates the Codex Alimentarius, OIE, and IPPC standards as international benchmarks where appropriate. Application of the Guide is to be on a trial basis until 1 June 2016.

3.70. There is ongoing work in GCC countries to harmonize all regulatory requirements for imported foods and provide a coordinated and efficient border inspection and clearance system. While regulatory requirements and procedures for imported foods are not as yet fully harmonized between the countries of the GCC, the Guide aims at contributing to the harmonization process.

3.71. In the period under review, the UAE concluded bilateral arrangements on SPS matters with the Republic of Korea, Ethiopia, Argentina, Uruguay, Poland, the Kingdom of Bahrain, Morocco, and Sultanate of Oman.

3.72. The UAE is a member the World Organization for Animal Health (OIE), the International Plant Protection Convention (IPPC), and the Codex Alimentarius.

3.3.3 State-owned enterprises and privatization

3.73. Government-related entities (GREs) have been a significant source of growth, development and diversification for the UAE economy and consititute a network of commercial corporations, financial institutions, and investment arms owned directly by the Governments of Dubai and Abu Dhabi organized and operated as large holding companies.

3.74. The natural resource endowments in the oil-rich UAE have decisively impacted the level of state ownership there. The oil industry, however, is not the only sector characterized by state dominance. State ownership encompasses nearly all other productive activities such as real estate, telecommunications, construction, manufacturing, electricity, transport, agribusiness, education, and health services. In 2009, the Government established the Emirates Competitiveness Council (ECC) to address issues related to improving the efficiency and governance of state-owned enterprises, recognizing that some of them are a fiscal burden while others are, or could be, a source of economic competitiveness. The ECC's other objectives include engaging with the private sector to identify and communicate its needs for improving competitiveness. The Dubai Government has also taken various measures since 2009 to improve the corporate governance in GREs. Many of these GREs are either listed or have been regular issuers of bonds and sukuks in the capital markets (DEWA, Emirates, Emaar, DP World, Nakheel, and JAFZA to name a few). These entities, as part of their investor relations, regularly disclose their financials, which include debt levels and asset positions, to lenders and bond holders.

3.75. Some GREs, such as Emirates National Oil Company (ENOC), are strategically important companies and important sources of fiscal revenue. In 2006, Mubadala Development Company established Masdar to develop renewable energy and sustainable technology industries. A number of GREs, such as Emirates Airlines and Etisalat, have in recent years emerged as internationally recognized brands. Some, but not all of these companies, operate in the same sectors and may compete against other state-owned firms (Emirates, Etihad and Fly Dubai in air transport or Etisalat and Du in telecommunications). According to the authorities, in many cases these companies, although state-owned, have full autonomy and are managed independently through their boards. In Dubai, GREs have been used as an engine for diversification and are present in a number of sectors, including construction, hospitality, transport, banking and telecommunications.

3.76. In 2012 the Central Bank required local financial institutions to limit their exposure to the Governments of the emirates in the federation and related entities to a maximum of 100% of their capital base, and their exposure to individual public sector borrowers to 25%. This measure was adopted as a reaction to the financial crisis, during which several GREs defaulted on loans, creating liquidity problems in the local banking market. In October 2012, the Government of Abu Dhabi issued a new decree requiring SOEs to apply for an explicit sovereign guarantee prior to issuing debt. Sectoral regulations also in some cases address governance structures and practices of GREs. The Government of Dubai also established a Supreme Fiscal Committee, which has the exclusive right to approve all government borrowings and guarantees. In addition, all GREs have to seek approval or exemption from the Supreme Fiscal Committee for their borrowing plans.

3.77. According to the IMF, GREs have strengthened their finances: in Dubai, the major debt restructurings from the 2008/9 crisis have been completed; several GREs made early repayments of upcoming maturities; and Dubai World agreed with its creditors to reschedule a large maturity due in 2018. However, total government and GRE debt in Dubai continued to be significant at 136% of Dubai GDP. In Abu Dhabi GREs have substantially reduced their debt.[37] Furthermore, according to the authorities, as a result of the measures taken since the financial crises the GREs are in a comfortable liquidity position because they have deleveraged their balance sheets through sales of non-core assets, raising fresh equity and long-term fixed rate debts in the bond and lending markets.

3.78. The authorities also stated that the commercial debt of state-owned companies should be distinguished from sovereign government debt. The Government's intervention in 2009 to restructure some of the debt of these companies and facilitate deferred payments was without any public guarantee or commitments. Furthermore, Law No. 3 of 2006 which established Dubai World, states that the entity has an independent legal status and is managed on a commercial basis (Article 3) while the Government is not responsible for its debts (Article 15).

3.3.4 Taxation and incentives

3.79. Apart from the oil sector, at the federal level, the UAE has no taxes on income, wealth, or capital gains for individuals or corporations, although the authorities noted a full federal-level tax regime is under study. Oil companies pay up to 55% tax on UAE-sourced taxable income and royalties on production. At the emirate level, the Abu Dhabi Income Tax Decree of 1965, the Dubai Income Ordinance of 1969 and the Dubai Income Tax Decree, and the Sharjah Income Tax Decree of 1968 stipulate that each corporate body doing business in the relevant emirate must pay corporation tax according to the following income scale, although in practice this applies only to oil and gas companies and branches of foreign banks:

- less than or equal to Dh 1 million at 0%;
- between Dh 1 million and 2 million at 10%;
- between Dh 2 million and 3 million at 20%;
- between Dh 3 million and 4 million at 30%;
- between Dh 4 million and 5 million at 40%; and
- greater than Dh 5 million at 55%.

3.80. Municipality service charges are levied on individuals living and working in the UAE. Service charge percentages vary among the emirates. In Dubai, a service charge of 5 to 10% is charged on food purchased in hotels and restaurants. Furthermore, hotels charge a 10 to 15% market fee per night on room rates. These charges are usually included in the customer’s bill, which the municipality collects from restaurants and hotels.

3.81. There are two options to establish a business in the UAE: outside or inside a free zone. The investment regime onshore favours local over foreign investors. All investment projects have to have 51% domestic capital meaning that these companies are allowed a maximum of 49% foreign ownership. Incentives are given to foreign investors in the free zones. Outside the free zones, no incentives are given, although the ability exists to purchase property as freehold in certain predesignated areas in Dubai, which would appear to be an incentive aimed at attracting foreign investment. As noted above, the Federal Government and the Governments of the individual emirates promote a business environment largely free of taxation and exchange controls.

3.82. With the rise of Dubai as a regional hub for many international companies, one of the most successful policies has been the development of offshore free zones. Free zones contain financial incentives to establish manufacturing industries in the UAE. These are primarily focused on

[37] IMF (2015), *United Arab Emirates – 2015 Article IV Consultation – Press Release and Staff Report*, IMF Country Report No. 15/219, Washington, August, p. 7.

exemption from all taxes and duties levied on profits or production. An estimated 80% of the UAE's non-oil exports originate from the free zones. The major incentives offered by the UAE free trade zones are:

- 100% foreign ownership with 100% repatriation of capital and profits;
- 0% corporate taxes for 50 years;
- no personal income taxes;
- exemptions from customs duties in the free zones (Article 78a of the GCC Customs Code);
- absence of currency restrictions; and
- exemption from licensing, agency, emiratization and other domestic regulations that apply in the customs territory.

3.83. Free zones play a considerable role in the UAE economy since two-thirds of the non-oil products are exported from them, in particular machines and electronic devices. The UAE is home to nearly 40 free zones and economic specialized zones, all of which offer incentives to expatriate workers and investors. The highest concentration of free zones and economic specialized zones is in Dubai with more than half of the total number of free zones (23, out of which 14 are free zones[38]), followed by Abu Dhabi (5). Specifically, free zone regulations permit 100% foreign ownership, compared to the 51% UAE citizen ownership required outside of free zones under federal law – as well as tax, salary, and customs incentives for foreign investment and industry.

3.84. Free zones have their own independent authority with responsibility for licensing and helping companies establish their business. Investors can register new companies in a free zone, or licensed branch or representative offices. Free zones have limited liability and are governed by the laws and regulations of free zones. Companies in free trade zones seeking to operate within the UAE may be governed by the new Commercial Companies Law, if the laws of the relevant free zone permit companies to operate outside of the free zones.

3.85. The most successful of the free zones is the Jebel Ali Free Zone (JAFZA) in Dubai, located 20 km south of Dubai city adjacent to the Jebel Ali Port. Over 6,000 companies representing 80 countries have set up businesses in JAFZA, including numerous Fortune 500 firms. The JAFZA managing authority authorizes five types of licence: a trading licence for specific activities; a general trading licence (to trade in multiple commodities allowable under the permitted activities); an industrial licence; a national industrial licence; and a service licence. The licences are valid while a company holds a current lease in the free zone authority and are renewable annually as long as the lease is in force. Entities licensed in the free zone can be in the form of a free zone company, a free zone establishment, or a branch of a local or foreign company. The licence is issued for any activity permitted by the free zone authority, including manufacturing. A JAFZA-licensed company can only operate in JAFZA or outside the UAE, but business can be undertaken and sales made in the UAE through or to a company holding a valid Dubai Economic Department licence. However, a JAFZA-licensed company can purchase goods or services from within the UAE.

3.86. A variety of innovative free zones have been established in Dubai since 2000, most notably the Dubai Creative Cluster free zone (previously known as TECOM – Technology, Electronic Commerce and Media free zone). The Dubai Creative Cluster houses both Internet City and Media City, two subdivisions which cater for the information technology and media sectors respectively. Dubai Creative Cluster offers a high bandwidth and state-of-the-art IT infrastructure. Other Dubai free zones include the Dubai Multi Commodities Centre (DMCC), with over 8,000 licensed businesses trading across a range of commodities including gold, diamonds, pearls, precious metals, and tea; and Dubai Healthcare City, specializing in medical products and services. In addition, Dubai International Financial Centre (DIFC) is an offshore financial centre, offering a

[38] Jebel Ali Free Zone, Gold and Diamond Park, Dubai Textile City, Dubai Auto Zone, Dubai Creative Clusters Authority (Dubai Internet City, Dubai Media City, Dubai Knowledge Village, Dubai International Academic City, Dubai Outsource Zone, Dubai Studio City, Dubai Science Park, International Media Production Zone, Dubai Design District), Dubai Airport Free Zone, Dubai Silicon Oasis, Meydan, Dubai Multi Commodities Centre, Dubai World Trade Centre, International Humanitarian City, Dubai Healthcare City, Dubai International Financial Centre, Dubai World Central.

platform for leading financial institutions and service providers. The DIFC was established as part of the vision to position Dubai as an international hub for financial services and as the regional gateway for capital and investment. Internet usage in the free zones is not censored as it is elsewhere in the UAE.

3.3.5 Competition policy and price controls

3.3.5.1 Competition policy

3.87. The legal basis for competition policy in the UAE is set out in Federal Law No. 4 of 2012 on regulating competition (the Competition Law), which took effect on 23 February 2013 with a six-month transition period for businesses to bring their practices into line with the new law, and its implementing regulations issued on 27 October 2014.

3.88. In addition to the Law on Competition there are several other laws affecting some aspects of competition or affecting competition within specific sectors. Federal Law No. 24 of 2006 on Consumer Protection focuses on consumer rights generally and established the Consumer Protection Department in the Ministry of Economy, with, *inter alia,* the responsibility to work towards "achieving the principle of fair competition and combating monopoly" (Article 4). Other laws affecting competition include Federal Laws: No. 4 of 1979 on the Suppression of Fraud and Deception in Commercial Transactions; No. 10 of 1980 on the Central Bank, the Monetary System, and Regulating the Banking Profession (as amended); No. 18 of 1931 Regulating Commercial Agencies (as amended); No. 8 of 1984 on Commercial Companies (as amended); No. 6 of 1985 on Banks, Financial Institutions, and Islamic Banking; and No. 3 of 2003 Regulating the Telecommunications Sector (as amended).

3.89. The Competition Law sets out the basic objectives of protecting and promoting competition and maintaining a competitive market governed by market mechanisms. The Law does not apply to:

- some sectors which are covered by sector-specific legislation or regulations, including: telecommunications; financial services; cultural activities; oil and gas; production and distribution of pharmaceuticals; postal services; production, distribution, and transmission of electricity and water; environmental services; and transport services;
- Acts undertaken by the federal and local governments, acts undertaken by enterprises acting upon the authority of federal or local government, including acts of enterprises owned or controlled by the Federal Government or local government in accordance with rules to be set by the Cabinet; and
- small and medium-sized enterprises.

3.90. Apart from these exclusions, the Law applies to all "enterprises and business sectors", where an enterprise is defined as: "Any natural or legal person practicing an economic activity, any person associated therewith, or any combination of these persons, regardless of its legal form".

3.91. Restrictive agreements (Article 5) and abuse of dominant position (Article 6) are prohibited and economic concentrations (Article 9) that may affect competition in the relevant market require prior approval from the Minister of Economy. The term economic concentration is broadly defined to include any act that results in the full or partial transfer of title, shares, assets or liability that enables an enterprise to have direct or indirect control of another enterprise or group of enterprises.

3.92. The Law provides for the formation of the Competition Regulation Committee in the Ministry of Economy with a mandate that includes responsibility to propose policy and legislation on competition, make recommendations on the implementation of the Law, and examine requests for reconsideration of decisions made by the Minister. The Committee is also responsible for recommending to the Minister the exclusion of certain restrictive agreements or practices relevant to a dominant position (Article 13). The Ministry's responsibilities include the implementation of policy, investigating alleged violations of the Competition Law, based on complaints received from the public or on its own initiative, and making recommendations to address alleged violations (Article 14).

3.93. The Competition Law also sets out the penalties for infringement which include fines for restrictive agreements or abuse of dominant position varying between Dh 0.5 and Dh 5.0 million, and fines for violations of the provisions on economic concentration varying between 2 and 5% of annual sales of goods or revenues from services that are in violation of the Competition Law or a fine of between Dh 0.5 and Dh 5.0 million if the sales or revenues cannot be determined.

3.94. Resolution of the Council of Ministers No. 37 of 2014 concerning the Executive Regulation of Federal Law No. 4 of 2012, which came into force on 27 October 2014, provides further details on the implementation of the Competition Law by setting out:

- the procedures an enterprise should follow in seeking an exclusion from restrictive agreements or practices relevant to dominant position, and in applying for approval for completing economic concentration operations;
- the process by which the Ministry of Economy considers these requests, including the Ministry's right to ask parties that may be affected by these requests to provide their opinions, and its consideration of legal and economic aspects;
    - if the request is related to restrictive agreements or abuse of dominant position practices, the Ministry's report is then sent to the Competition Regulation Committee which makes a recommendation to the Minister who may then approve, approve with conditions, or reject the request;
    - if the request is related to economic concentration, the Ministry's report is then sent directly to the Minister who may then approve, approve with conditions, or reject the request;
    - for all requests, if no decision is issued within 90 days (with a possible addition of another 45 days) of the Minister receiving the report regarding economic concentrations or the Ministry declaring that all the conditions related to the requests concerning restrictive agreements or abuse of dominant position practices are met, the request is deemed to have been accepted;
- the procedures by which any concerned party may make a complaint to the Ministry about a violation of the Competition Law, or by which the Ministry may, on its own initiative, carry out an investigation, and the procedure for the investigation, and the decision by the Minister; and
- the procedure for examination by the Committee of the requests regarding reconsideration of the decisions made by the Minister.

3.95. According to the law, the UAE Cabinet has responsibility for determining the various thresholds necessary for the implementation of the Law (the de minimis exception relating to restrictive agreements (Article 5.3); and markets shares relating to abuse of dominant position and economic concentration). As at end-February 2016, these thresholds had not been defined, although the authorities stated that a Cabinet decision defining them would be issued soon. According to the authorities, at end-February 2016, one formal investigation (on economic concentration) was under way, although the Competition Regulation Committee was also involved in responding to general queries requesting clarification of aspects of the Law and its implementing regulations from the private sector.

3.3.5.2 Price controls

3.96. The Law on Consumer Protection focuses on consumer rights generally through its provisions on labelling, price information, provider responsibilities, general conformity requirements, etc. It provides the legal basis for the Minister of Economy to apply price controls "in case of an extraordinary crisis or conditions on the market leading to an unnatural increase in prices" (Article 3). It also established the Consumer Protection Department in the Ministry of Economy and gave the Department responsibilities that include working towards "achieving the principle of fair competition and combating monopoly" (Article 4). However, in general, prices are decided by market forces in the UAE. The Consumer Protection Department does monitor prices but, according to reports, the objective is to improve consumer awareness and to ensure market forces are allowed to work.

3.97. The Ministry of Health publishes a list of prices for about 8,000 pharmaceutical products. The prices are decided through consultations between the Ministry and the pharmaceutical companies.

3.98. As part of its regulatory role, the Telecommunications Regulatory Authority (TRA), established under the Telecommunications Law, is responsible for policy and procedures relating to price controls in the sector. The policy for price control is set out in TRA's Regulatory Policy – Price Control, and the procedures by which price controls are decided is set out in the Regulatory Procedures – Price Control, both dated 23 September 2008. The documents cover all retail and wholesale prices under the oversight of the TRA, except interconnection services, and require notification and prior approval from service providers for any change in price and allow the TRA to amend, revoke, or suspend an existing approval should circumstances warrant such action. Interconnection prices are also set by the TRA for a range of interconnection services.

3.99. Price controls also apply in the electricity and water sector. In Abu Dhabi, under Law No. 2 of 1998, the Regulation and Supervision Bureau sets prices for the monopoly companies created for the purchase of water and electricity and their distribution, the electricity transmission system, and the collection, treatment, and disposal of sewage. In Dubai, the emirate-owned Dubai Electricity and Water Authority, which owns and operates electricity and water generation transmission and distribution networks and systems, sets the electricity and water tariff under the supervision of the Dubai Supreme Council of Energy and subject to the approval of the Dubai Executive Council.

3.100. In August 2015, subsidies for transport fuels were removed and a committee in the Ministry of Energy now determines retail prices for petrol and diesel based on the average price from several international sources with a margin for the two distribution companies (Abu Dhabi National Oil Company and Emirates National Oil Company). Each month, the Ministry of Energy publishes the prices for petrol and diesel that are controlled by the distribution companies and related to international prices.

3.3.6 Government procurement

3.101. The UAE is not a party to the WTO Plurilateral Agreement on Government Procurement or an observer in the Government Procurement Committee. As a federation, most public procurement is carried out at the level of the emirates – in 2014 total expenditure on goods and services by the Federal Government was Dh 17 billion, and Dh 37.4 billion by local governments.[39]

3.102. At the federal level, the principal legislation on government procurement is set out in Cabinet Resolution No. 32 of 2014 concerning the Procurement and Warehouse Management Regulations at the Federal Government which aims to ensure the efficiency and effectiveness of the procurement process through, *inter alia*, the development of the e-procurement system. The Resolution applies to the Federal Government, ministries, government agencies, and specific federal entities, including the General Authority for Civil Aviation, Emirates Real Estate Corporation, Federal Electricity and Water Authority, Emirates Securities and Commodities Authority, Insurance Authority, Emirates Post Group Holding, National Transport Authority, Telecommunications Regulatory Authority, UAE University, and Zayed University. The Regulation does not apply to the Ministry of Defence, the State Security Body, or to purchases of a military nature by the Ministry of Interior which are set out in separate legislation.[40]

3.103. In addition to the federal law, there are public procurement laws at the emirates level, such as the Law No. 6 of 2008 on Procurements, Tenders, Bids and Warehouses in Abu Dhabi and Law No. 6 of 1997 on Contracts of Government Departments (as amended by Law No. 8 of 2014) in Dubai.

[39] Central Bank of the UAE (2015), *Annual Report 2014*, Abu Dhabi, Table 2.8.

[40] Decree No. 12 of 1986 of the Deputy Supreme Commander of the Armed Forces (the Armed Forces Procurement Regulations).

3.104. The authorities noted that the Supreme Legislation Committee is preparing a new law on government procurement for the UAE which is expected to become law during 2016.

3.105. Responsibility for public procurement is with the federal entities to which Cabinet Resolution No. 32 of 2014 applies, each of which is required to have a Procurement Organizational Unit responsible for the procurement process, and a Procurement Committee, a Proposals Opening and Bids Receiving Committee, and an Inspection and Acceptance Committee responsible for oversight and different aspects of the process (Articles 8-10).

3.106. The primary objective of public procurement is value for money which is defined as the best combination of quality, cost, expected lifetime, or suitability to meet the needs of the federal entity concerned, and contracts are to be awarded based on the bid which offers the most economically advantageous bid and the lowest price (Article 6).

3.107. The Ministry of Finance is required to maintain a registry of suppliers with all data required for the procurement process. In order to be listed in the registry, a supplier must be a citizen of the UAE, a company registered in the UAE, or a branch of a foreign company operating in the free zones (provided it is registered in the UAE), and it must be licensed to practice commercial activities in the UAE (Article 49). The Procurement Organizational Unit in each federal entity is required to evaluate suppliers and remove them from the registry or classify them as qualified, approved, or listed suppliers (Articles 50-52).

3.108. A price preference of 10% of the public procurement is granted to companies with up to Dh 10 million in capital and at least 51% owned by UAE nationals or owned by GCC nationals, and companies receiving subsidies from the SME supporting funds (Article 59).

3.109. Procurement by the federal entity may be by one of several methods depending on the value and nature of the procurement (Table 3.6). In addition, in specific circumstances the Resolution allows for negotiation (Article 24), fast track procedures (Article 28), cases where a single bid is received, proposals are mostly from unregistered suppliers, or proposals are of higher specification than the request (Article 30), direct orders (Article 33), and flexible purchase (Article 34). The Resolution also makes provisions for purchase through loans (Article 35), and long term pricing agreements (Article 36).

Table 3.6 Selected procurement methods and criteria

Method	Criteria	Requests to	Submission period
Price quotation and purchase orders	Dh 10,000 to 55,000	3 registered suppliers	15 days from the day following the request of quotes
Limited procedure	Dh 55,000 to 3 million	Registered suppliers	40 days from 2nd day of sending request
Two-stage limited tender	Dh 55,000 to 3 million	All qualified suppliers (minimum 3)	1. Selection of qualified suppliers – 37 days from the day following the announcement of the selection process; and 2. Forty days from the day following the sending of the request for a proposal
General procedure (tenders)	Dh 3 million or more	General invitation through e-procurement and publications	60 days from 2nd day of sending details to suppliers who purchased the tender documents
Competition	Logos, stereographs, drawings and engineering sketches	General	n.a.
Competitive discussion	Dh 3 million or more and contract is multi-stage, overlaps with other projects, term is more than one year, or requires more than one supplier	Qualified and registered suppliers	37 days from the day following the sending of the announcement
Direct order	Single source, emergency, urgent need	Supplier	n.a.

n.a. Not applicable.

Source: Cabinet Resolution No. 32 of 2014 concerning the Procurement and Warehouse Management Regulations at the Federal Government, Articles 16-34.

3.110. Authority to approve contracts lies with the federal entity and depends on the procurement method and the value of the contract (Table 3.7).

Table 3.7 Public procurement thresholds for approval

Procurement method	Concerned Minister	Assistant Undersecretary of the Ministry or Director	Undersecretary of the Ministry or Director General
Tenders	Without upper limit	Dh 7 million	Dh 3 million
Limited tender	Without upper limit	Dh 3 million	Dh 1.5 million
Direct order	Without upper limit	Dh 1 million	Dh 0.5 million
Assigning order	Without upper limit	Dh 250,000	Dh 55,000

Source: Cabinet Resolution No. 32 of 2014 concerning the Procurement and Warehouse Management Regulations at the Federal Government, Articles 4.

3.111. The Resolution also aims to improve transparency through publication requirements and the development of the e-procurement system which is accessible to all registered suppliers.[41] All tenders, limited tenders, competitions and contracts of a value greater than Dh 55,000 for supply and service contracts, or Dh 100,000 for works contracts, must be announced through the e-procurement system "or any other method which the federal entity deems appropriate" (Article 37). At end-February 2016, 899 tenders had been executed in e-procurement mode.

3.112. The GCC-Singapore and GCC-EFTA trade agreements cover government procurement above the thresholds set out in these agreements (Table 3.8).

Table 3.8 Public procurement by the UAE Federal Government thresholds under regional trade agreements

(SDR)

Agreement	Goods	Services	Construction services
GCC-EFTA	147,400	147,400	6,438,400
GCC-Singapore	134,000	134,000	5,844,000

Source: Information provided by the UAE authorities.

3.3.7 Intellectual property rights

3.3.7.1 Overview

3.113. Since its last TPR in 2012, the UAE has not made any substantial changes to its intellectual property regime[42] and the UAE continues its harmonization efforts within the GCC.

3.114. The principle legislation on intellectual property rights is the Copyright Law[43], the Patent and Design Law[44], and the Trademarks Law.[45] In addition, at the GCC level, there are the GCC Unified Patent Law of 1992 (as amended) and the Unified Trademark Law of 2006.

3.115. The UAE is a member of WIPO (since 1974); the Paris Convention (1996); the Patent Cooperation Treaty (1999), the Berne Convention (2004); the Rome Convention (2004); the WIPO Copyright Treaty (2004); and the WIPO Performance and Phonograms Treaty (2005). In addition,

[41] United Arab Emirates eProcurement website. Viewed at: https://eprocurement.uaeu.ac.ae/.
[42] WTO document WT/TPR/S/262/Rev.1, 3 May 2012, Section III(4)(v).
[43] Copyrights and Neighboring Rights Law No. 7 of 2002, as amended by the Federal Law No. 32 of 2006.
[44] The Patent and Design Law No. 17 of 2002, as amended by the Federal Law No. 31 of 2006.
[45] Federal Law No. 37 of 1992 on Trademarks, as amended by Law No. 19 of 2000 and Law No. 8 of 2002.

as a member State of the GCC, the UAE is a party to the GCC patent system.[46] The UAE is not a member of the International Union for the Protection of New Varieties of Plants.

3.116. In February 2014, the Ministry of Economy signed a Memorandum of Understanding with the Korean Intellectual Property Office (KIPO) to promote IP awareness, undertake prior art search and substantive examination on patent applications in the UAE, to transfer knowledge on development and operating systems, and for the exchange of IP officials. The exchange of officials includes KIPO staff working as consultants in the UAE, and examiners from KIPO undertaking prior art search and substantive examination of patent and utility model applications in the UAE.

3.117. The Government institution responsible for intellectual property matters is the Ministry of Economy. The Federal Customs Authority and the customs authorities of the emirates deal with enforcement of IPRs at the border.

3.118. In April 2015, under Ministerial Resolution No. 9 of 2015, the Ministry of Economy increased fees for patent, copyright, and trademarks with effect from 29 May 2015. For trademarks, registration and renewal fees were increased from Dh 5,000 to 10,000, fees for filing a patent by a business were increased from Dh 790 to 2,000, and, for copyrights, the recordation fee for a business was increased from Dh 30 to 300 for a legal person and to Dh 100 for a natural person.

3.3.7.2 Patents

3.119. There have been no major changes in patent legislation in the UAE during the review period.[47] Patents are protected under the Federal Law No. 17 of 2002 on Regulating and Protecting Industrial Property for Patents, Designs and Industrial Drawings, as amended by Federal Law No. 31 of 2006 and the GCC Patent Law. Patents in the UAE operate under two international agreements and one regional agreement: the Paris Convention; the Patent Cooperation Treaty (PCT) system; and the Gulf Cooperation Council (GCC) patent system. The GCC patent system provides a mechanism for regional filings of patent applications within the GCC countries. The GCC is not part of the PCT system, so patent applications of local interest only may be filed through the GCC system.

3.120. The UAE grants patents to new inventions that meet the criteria of novelty, inventive concept and industrial applicability. All patent applications filed at the UAE Patent Office are subject to examination. Utility certificates may be granted to inventions capable of industrial exploitation that do not necessarily involve an inventive step as sophisticated as a patent. Unpublished know-how, industrial drawings, and industrial models are also protectable. Under the Patent Law no patent or utility certificate may be issued for: plant varieties[48], animal species, or biological methods of producing plants or animals (with exceptions for microbiological methods and their products); diagnostic methods, treatments, and surgical operations needed for humans and animals; scientific and mathematical principles, discoveries, and methods; guides, rules, or methods for business, mental activities, or to play games; or inventions that may lead to violation of public order or morals.

3.121. Patent protection for a UAE or GCC patent runs for 20 years from the original filing date while utility models and industrial designs are protected for 10 years from the original filing date. Any patent licence must be recorded with the Ministry of Economy. Failure to do so will mean the licence has no effect against third parties.

3.122. Following a sharp increase in the number of patent applications in the period 2000-07, applications fell in 2008, due to the global financial crisis. Since then the annual number of applications has stabilized at about 1,200-1,400. The majority of applications are national phase entries under the Patent Cooperation Treaty. The statistics on patent applications and patent grants in the UAE are in Table 3.9.

[46] For more information on membership in various IP-related treaties and agreements, see WIPO country statistics. Viewed at: http://www.wipo.int/wipolex/en/profile.jsp?code=AE [January 2015].
[47] WTO document WT/TPR/S/262/Rev.1, 3 May 2012, paras. 135-139.
[48] Plant varieties are covered by Federal Law No. 17 of 2009 on the Protection of New Plant Varieties.

Table 3.9 Patents applications and patent grants in the UAE (2011-14)

Year Applications	National applications	PCT national phase entries
2011	113	1,238
2012	98	1,253
2013	92	1,334
2014	88	1,383
Granted	**Patents**	**Industrial designs**
2011	100	150
2012	40	266
2013	63	215
2014	110	368

Source: Information provided by the UAE authorities.

3.3.7.3 Copyrights and related rights

3.123. There have been no changes to the copyright legislation in the UAE since the last review.[49] Under the provisions of Federal Law No. 7 of 2002 concerning Copyrights and Neighbouring Rights, as amended by the Federal Law No. 32 of 2006, copyright protection is granted to various types of literary, artistic, dramatic and musical work. It confers a right to prevent third parties from copying without consent and deals with infringing works.

3.124. Copyright arises automatically upon the creation of an original work in material form, provided it is not in a category that is excluded from protection, such as legal texts, news reports, and works in the public domain. Registration is not required to achieve protection but registration would facilitate the burden of proof in legal proceedings.

3.125. The protection of written works lasts for the lifetime of the author plus 50 years. Cinematographic works and works of corporate bodies are protected for 50 years from the date of publication. Works of applied art are protected for 25 years from the publication date and broadcasts are protected for 20 years from the date of first broadcast.

3.126. As the UAE is a party to the Berne Convention on the Protection of Literary and Artistic Works, any works created by nationals of other Berne Convention states are recognized in the UAE.

Table 3.10 Copyright works: registration requests and approvals, and registration requests from distributors, 2012-15

	2012	2013	2014	2015
Registration requests	736	645	567	583
Registration approvals	555	508	420	399
Registration requests by distributors of works	382	383	441	492

Source: Information provided by the UAE authorities.

3.3.7.4 Trademarks

3.127. Within the UAE, trademark legislation has not changed during the review period.[50] The Federal Law No. 37 of 1992 on Trademarks (as amended by Federal Laws No. 19 of 2000 and No. 8 of 2002) and its implementing regulations govern the protection of trade or service marks. A mark must be distinctive and not identical or confusingly similar to earlier marks.

3.128. Trademarks are registered with the UAE Trademark Office in one of the classes within the standard international classification of goods and services. The UAE does not permit applications

[49] WTO document WT/TPR/S/262/Rev.1, 3 May 2012, paras. 142-147.
[50] WTO document WT/TPR/S/262/Rev.1, 3 May 2012, paras. 148-153.

that cover multiple classes – so separate applications have to be filed for marks used across different classes.

3.129. Trademarks are granted for a ten-year initial term and can be renewed indefinitely for periods of ten years at a time. Trademarks that are not used for five consecutive years may be at risk of cancellation claims by third parties. Any trademark licence must be recorded with the Ministry of Economy. Failure to do so will mean the licence has no effect against third parties. However, the Law states that a trademark of international reputation may not be registered unless a request is made by its original owner, or someone acting on his/her behalf (Article 4).

3.130. The statistics on trademark applications and registrations in the UAE for the period of 2012-14 are in Table 3.11.

Table 3.11 Trademark applications and trademark registrations in the UAE (2012-14)

Year	Resident	Non-resident	Abroad
Trademark applications			
2012	4,130	12,668	6,883
2013	5,293	13,454	11,055
2014	6,464	13,915	12,294
Trademark registration			
2012	2,184	7,801	5,726
2013	2,570	10,766	8,210
2014	5,168	13,784	9,787

Source: WIPO Statistical Country Profiles.

3.131. The GCC Common Trademark Law was approved by the Supreme Council for the GCC member States in 2012 and the member States are to apply the law within six months from the date of approval of the Trade Cooperation Committee of the Executive Regulation. The implementing regulations for the Law were approved by the Commercial Cooperation Committee in September 2015. The UAE is in the process of ratifying and adopting the GCC Law. The Law aims to create a single set of regulations for trademark protection that applies uniformly across all the GCC States. However, it does not provide for unitary registration or a single enforcement system. The trademark offices of each GCC member State are to continue to receive applications and register trademarks. Therefore, registering a trademark in all six GCC States will require filling six separate national trademark applications.

3.132. Among its provisions the GCC Law provides for protection of well-known marks by prohibiting registration of marks that copy or translate a well-known mark or part thereof, including for different goods and services, if that might cause confusion or damage the owner's interests. It also provides for the presumption that the use of a similar or identical mark to a registered mark will lead to confusion, thus putting the burden of proof on the user of the similar or identical mark. Penalties for infringement under the GCC Law include the possibility of imprisonment and fines ranging from SAR 5,000 to SAR 1 million for first time offenders.[51]

3.3.7.5 Enforcement

3.133. In order to establish an environment that promotes innovation and encourages investment in IP-related areas, the UAE has implemented programmes to increase awareness regarding IP protection.

3.134. All major laws on patents and designs, copyrights, and trademarks include provisions that intend to prevent violations of intellectual property rights. Thus, various provisions of each of these laws lay down penalties for IPR violations that include monetary fines and prison sentences.

3.135. Customs is entitled to take measures at the border to prevent violations of IPRs both under the UAE's IPR laws and customs regulations. Customs authorities also have the right to seize and destroy illegal goods.

[51] Al Sultani, S., and Deans, R. (2014*), WIPO Magazine*, "GCC Trademark Law Coming Soon", September 2014.

3.136. Police departments in each emirate have Commercial Crimes Departments which carry out raids, and are equipped with laboratories to examine counterfeit goods and provide reports on the similarities and differences between genuine and counterfeit products.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture and Fisheries

4.1.1 Overview

4.1. Agriculture represents a small and declining part of the UAE economy and of employment, at less than 1% of GDP and less than 1% of total employment. In nominal terms, the contribution of agriculture, livestock, and fishing increased from Dh 8.9 billion in 2006 to Dh 9.9 billion in 2014, but in real terms it declined by an average of 3.7% per year over the same period. The number employed in agriculture has increased steadily since 2011 reaching 34,557 in 2014 – although this is only 0.8% of the workforce and practically all of them are expatriates.

4.2. Agricultural land may be owned by nationals of the UAE or other GCC member States only, although non-GCC nationals may own up to 49% of an agri-business.[1]

4.3. Statistics for the production of crops show a decline over the past few years with significant reductions in the production of fruit trees in 2009 and field crops in 2012, leading to a 60% drop in the value of production in 2013 compared to 2008 (Table 4.1). The decline in the area under fruit trees is largely due to a change in methodology in Abu Dhabi. The decline in field crops was the result of a policy change in Abu Dhabi to rationalize the use of irrigation water and restrict the cultivation of Rhodes grass (section 4.1.3). In value terms, the main field crops are Rhodes grass (despite a considerable reduction) and sorghum, the main vegetables are cucumbers and tomatoes, and the main fruits are dates.

Table 4.1 Crop production in the UAE, 2006-13

Year	Field crops			Vegetables			Fruit trees		
	Area 000 ha	Production 000 tonne	Value million Dh	Area 000 ha	Production 000 tonne	Value million Dh	Area 000 ha	Production 000 tonne	Value million Dh
2006	25.40	1,702.4	2,667.7	6.26	199.1	323.5	187.68	783.8	2,065.9
2007	22.75	1,986.6	3,097.9	3.90	148.5	238.6	187.58	790.1	2,101.4
2008	29.41	1,662.5	2,754.6	5.21	242.2	511.8	188.24	797.5	2,162.9
2009	28.22	1,573.7	2,595.2	4.79	172.1	334.1	36.57	278.6	1,111.2
2010	29.55	1,664.0	2,606.3	5.03	151.9	309.2	41.67	296.1	1,082.0
2011	22.56	744.6	1,110.5	5.02	148.8	333.2	43.40	262.8	1,076.9
2012	4.53	183.7	405.7	4.77	155.6	364.0	39.61	228.4	1,164.1
2013	4.63	153.6	342.0	3.94	119.2	283.6	39.75	250.1	1,455.4

Source: Federal Competitiveness and Statistics Authority. Viewed at: http://www.fcsa.gov.ae/EnglishHome/tabid/96/Default.aspx [January 2016].

4.4. In contrast to the production of crops, the number of livestock and the value of livestock production and animal products have increased over the past few years – except for the number of cattle on non-commercial farms, which has declined (Table 4.2 and Table 4.3). Although unit prices of milk, broiler meat, and eggs have increased slightly since 2010, most of the increase in the value of production of livestock and livestock products on commercial farms is the result of the increase in the quantity produced (Table 4.3).

Table 4.2 Livestock numbers in the UAE, 2006-13

Year	Cattle (non-commercial farms)	Sheep	Goats	Camels
2006	58,838	1,113,775	1,626,087	359,341
2007	61,927	1,172,325	1,707,838	378,227
2008	65,179	1,233,953	1,793,695	398,107
2009	76,502	1,475,036	1,940,908	457,131
2010	58,712	1,350,665	1,883,630	358,027
2011	58,776	1,386,828	1,899,554	363,807
2012	44,321	1,841,829	1,579,164	364,378

[1] WTO document WT/TPR/S/262/Rev.1, 3 May 2012, Chapter IV, para. 19.

Year	Cattle (non-commercial farms)	Sheep	Goats	Camels
2013	50,104	2,082,926	1,850,464	392,667

Source: Federal Competitiveness and Statistics Authority. Viewed at: http://www.fcsa.gov.ae/EnglishHome/tabid/96/Default.aspx [January 2016].

Table 4.3 Livestock and animal products on commercial farms in the UAE, 2010-14

Year	Cattle	Milk		New born calves		Broiler meat		Table eggs		Hatchery eggs	
	Number	Tonnes	000 Dh	Number	000 Dh	Tonnes	000 Dh	Million eggs	000 Dh	Million eggs	000 Dh
2010	27,408	106,272	240,667	10,062	23,392	47,148	488,168	616	253,645	28	28,621
2011	29,841	123,346	282,894	13,329	21,731	52,742	526,627	653	258,241	19	23,254
2012	34,396	142,352	325,252	17,383	22,132	45,884	526,624	729	310,049	..	..
2013	32,225	160,946	365,091	16,748	37,035	51,683	603,872	741	320,494	24	28,117
2014	35,485	170,930	410,414	17,195	38,250	51,772	591,767	849	356,667	37	52,666

.. Not available.

Source: Federal Competitiveness and Statistics Authority. Viewed at: http://www.fcsa.gov.ae/EnglishHome/tabid/96/Default.aspx [January 2016].

4.5. Among the emirates, Abu Dhabi is the most important agricultural producer with more livestock than the other emirates together and slightly more than one-third of the value of crop production. However, within crop production, Ras al-Khaimah produces over one-third of the value of vegetable and field crop production.

4.1.2 Trade

4.6. The UAE is a net importer of agriculture and fishery products, which made up about 9% of the value of total imports in 2014. Taking HS headings 1-24 as agricultural and fisheries trade, imports were over Dh 61 billion in 2014, while exports (not including re-exports) were Dh 11 billion. Both imports and exports of agriculture and fishery products increased during 2011-2014, although their share of total trade (excluding oil and re-exports) declined slightly (Table 4.4 and Table 4.5).

Table 4.4 Imports of fish and agricultural products, 2011-14

(Dh million)

		2011	2012	2013	2014	Top 3 suppliers
1	Live animals	618.0	646.0	876.0	989.0	Oman, India, Somalia
2	Meat and edible meat offal	5,003.0	5,420.7	5,775.1	5,840.4	Brazil, Australia, India
3	Fish, crustaceans, molluscs and aquatic invertebrates	1,338.7	1,547.6	1,609.9	2,115.3	India, Viet Nam, Pakistan
4	Dairy products, honey and edible products of animals	4,298.3	4,887.5	5,374.2	6,533.0	New Zealand, Saudi Arabia, Netherlands
5	Products of animal origin n.e.s.	12.3	15.4	20.0	14.5	United States, Brazil, Qatar
6	Live trees, plants and their parts	139.0	145.4	177.1	214.5	Netherlands, Kenya, Thailand
7	Edible vegetables, certain roots and tubers	3,595.4	3,206.1	3,598.3	3,781.8	India, Canada, China
8	Edible fruits, nuts, peel of citrus fruit and melons	5,243.4	5,769.7	6,674.2	7,618.1	United States, India, South Africa
9	Coffee, tea, mate and spices	3,078.9	2,903.9	3,172.6	3,540.9	Free zones, Viet Nam, India
10	Cereals	6,647.1	4,996.1	4,887.0	5,259.3	India, Pakistan, Canada
11	Products of the milling industry	286.9	346.2	358.6	388.4	India, Argentina, France
12	Oil seeds, industrial or medicinal plants and fodder	5,200.2	5,206.1	5,268.9	4,649.2	Spain, Canada, United States
13	Lac; gums, resins, vegetable saps and extracts	84.4	107.5	139.2	152.9	India, Turkmenistan, Lebanon
14	Vegetable plaiting materials and products n.e.s.	24.3	21.4	21.4	19.1	India, Oman, Pakistan
15	Animal or vegetable fats, oils and waxes	3,174.0	2,628.6	2,105.4	2,198.4	Indonesia, Malaysia, Saudi Arabia
16	Preparations of meat, fish, crustaceans and molluscs	748.8	908.9	946.2	1,045.5	Thailand, United States, Saudi Arabia
17	Sugars and sugar confectionery	1,656.0	2,274.8	1,885.8	1,494.6	Free zones, India, Thailand

		2011	2012	2013	2014	Top 3 suppliers
18	Cocoa and cocoa preparations	1,186.3	1,279.4	1,489.6	1,808.1	Netherlands, Switzerland, Malaysia
19	Preparations of cereals, flour starch or milk	2,062.3	2,360.9	2,728.4	2,997.3	Saudi Arabia, Australia, United States
20	Preparations of vegetables, fruit, nuts, etc.	1,567.0	1,662.1	1,775.2	2,120.2	Saudi Arabia, United States Netherlands
21	Miscellaneous edible preparations	2,297.5	2,547.0	2,422.0	2,628.8	Egypt, Turkey, France
22	Beverages, spirits and vinegar	1,455.0	1,597.4	1,676.8	2,296.5	France, Germany, Japan
23	Residues and waste of food industries: animal fodder	403.6	728.0	567.5	1,001.2	Argentina, Brazil, United States
24	Tobacco and manufactured tobacco substitutes	907.3	1,921.7	1,727.4	2,596.8	Bulgaria, Germany, Turkey,
	Total imports headings 1-24	**51,027.6**	**53,128.5**	**55,276.7**	**61,303.8**	
	% all imports	**10.5%**	**8.0%**	**8.1%**	**8.8%**	

Source: Federal Competitiveness and Statistics Authority. Viewed at: http://www.fcsa.gov.ae/EnglishHome/tabid/96/Default.aspx [January 2016].

Table 4.5 Exports (excluding re-exports) of fish and agricultural products, 2011-14

(Dh million)

		2011	2012	2013	2014	Top 3 destinations
1	Live animals	50.3	55.2	98.6	119.3	Qatar, Saudi Arabia, Oman
2	Meat and edible meat offal	7.0	19.2	31.7	28.0	Oman, Afghanistan, Iran
3	Fish, crustaceans, molluscs and aquatic invertebrates	173.4	245.4	258.9	273.4	Egypt, Viet Nam, Oman
4	Dairy product, honey and edible products of animals	949.8	917.3	1,010.1	1,071.7	Oman, Iraq, Yemen
5	Products of animal origin n.e.s.	0.5	0.2	2.4	2.7	Turkey, Oman, Lebanon
6	Live trees, plants and their parts	29.3	17.4	18.8	18.9	Qatar, Jordan, Somalia
7	Edible vegetables, certain roots and tubers	19.7	18.1	26.5	34.7	Oman, Afghanistan, Qatar
8	Edible fruits, nuts, peel of citrus fruit and melons	116.9	176.9	264.1	312.8	India, Oman, Morocco
9	Coffee, tea, mate and spices	24.1	184.3	391.3	355.2	Russian Federation, Ukraine, Iraq
10	Cereals	22.5	25.4	2.7	3.5	Qatar, free zones, Oman
11	Products of the milling industry	159.7	177.3	102.1	123.8	Somalia, India, Oman
12	Oil seeds, industrial or medicinal plants and fodder	35.5	1.8	5.5	6.9	Saudi Arabia, Kuwait, Pakistan
13	Lac; gums, resins, vegetable saps and extracts	16.4	5.3	4.3	33.8	China, Oman, Qatar
14	Vegetable plaiting materials and products n.e.s.	0.0	0.0	0.0	1.2	India, Nigeria, China
15	Animal or vegetable fats, oils and waxes	1,705.0	967.5	1,010.6	1,209.5	China, Oman, Iran
16	Preparations of meat, fish, crustaceans and molluscs	75.4	75.5	96.2	110.1	Oman, Saudi Arabia, Egypt
17	Sugars and sugar confectionery	1,964.9	1,545.9	2,005.0	1,570.4	Iraq, Ethiopia, Oman
18	Cocoa and cocoa preparations	980.3	1,247.5	1,318.9	1,261.9	Saudi Arabia, Egypt, Kuwait
19	Preparations of cereals, flour starch or milk	532.9	631.4	620.0	712.6	Saudi Arabia, Angola, Oman
20	Preparations of vegetables, fruit, nuts, etc.	913.7	829.8	701.0	904.7	Egypt, Oman, Iraq
21	Miscellaneous edible preparations	616.1	664.7	893.6	767.7	Afghanistan, Oman, Saudi Arabia
22	Beverages, spirits and vinegar	470.3	508.0	409.6	502.5	Oman, Iran, Libya
23	Residues and waste of food industries: animal fodder	453.6	611.0	776.8	886.2	Viet Nam, Thailand, China
24	Tobacco and manufactured tobacco substitutes	274.1	263.3	529.9	734.1	Oman, Iraq, Iran
	Total exports headings 1-24	**9,591.1**	**9,188.3**	**10,578.5**	**11,045.6**	
	% all non-oil exports (excluding re-exports)	**8.4%**	**5.4%**	**7.1%**	**8.4%**	

Source: Federal Competitiveness and Statistics Authority. Viewed at: http://www.fcsa.gov.ae/EnglishHome/tabid/96/Default.aspx [January 2016].

4.1.3 Policies

4.7. Since 2006, the Ministry of Environment and Water (MOEW) has been responsible for federal policies and preparing legislation on water security, food security, the protection of the environment, and biosecurity. The MOEW took over the functions and authorities of the Ministry of Agriculture and Fisheries, the Federal Environment Agency, and the General Secretariat of Municipalities. The basic policy objective is to improve food security through trade and domestic production while respecting the environment and improving water efficiency. It has been reported that the UAE is preparing an agricultural policy document for 2015-2030[2] which, at end-February 2016, was under preparation.

4.8. The MOEW encourages the use of modern technology in agriculture, including modern irrigation and hydroponics in order to conserve water while it also provides extension services to farmers in order to increase productivity. Organic farming is encouraged to improve environmental and economic sustainability and reduce the use of chemical inputs.

4.9. Since 2007, the Abu Dhabi Food Control Authority (ADFCA) has been responsible for developing agricultural policies in the emirate and the Abu Dhabi Farmers' Services Centre (ADFSC) is responsible for implementing the policy. Under the Agriculture and Food Safety Policy of 2012 policies for agricultural production are focused on: efficient use of land and water; assistance to producers to ensure environmental and economically sustainable production; and improving animal and plant health, including through protection of genetic resources. The policy also sets out, in general terms, common agricultural policies for research and development, social support, control of inputs, animal welfare, extension and training services, and compliance measures.

4.10. In Abu Dhabi, a farm entitled to use the Government marketing system is classed as a market farm and others as non-market farms. This classification is also used to determine the level and type of support for which farmers are eligible. Since August 2011, all farm owners in Abu Dhabi may become members of the ADFSC. There are 16,000 farmer members of the ADFSC, and, in practice, the ADFSC offers agricultural services to all 24,000 farmers in the emirate. The services provided include:

- a social support payment of Dh 90,000 annually, which is available to farms that have stopped marketing Rhodes grass. An additional assistance programme, which was stopped at the end of 2015, provided Dh 10,000 and was linked to a farmer signing the ADFSC date palm trees services contract. Beginning in 2016, the ADFCA and the ADFSC cancelled the date palm trees services contract and began using the funds for an additional assistance programme through which the ADFSC is implementing development programmes for the date palm sector for all farms in the emirate;

- discounts on inputs, veterinary products, and tools and equipment purchased at Famers' Services Centre outlets;

- access to the date palm services contract (which ended in 2016) at a reduced rate where the services contract provided a variety of services, including extension services, training, and pest control. Contract prices ranged from Dh 15 per tree, for less than 199 palm trees, to Dh 10 per tree, for more than 800 palm trees; and

- rebates based on the ADFSC's financial performance.

4.11. As shown in Table 4.1, the implementation of the policy to rationalize the consumption of irrigation water has resulted in a sharp reduction in the area under irrigation since 2010-2011 when cultivation of Rhodes grass was banned in market farms in the Western Region of Abu Dhabi and since the ban was extended to all market farms in the emirate in 2011-2012.

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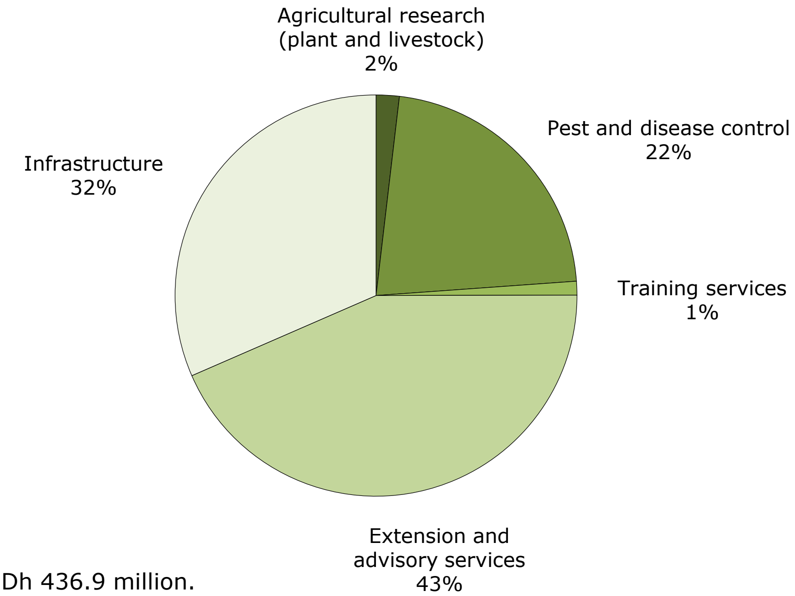
[2] Malek, C. (2015), "UAE's first agricultural policy to benefit farming sustainability and profitability", *The National*, 4 December. Viewed at: http://www.thenational.ae/uae/environment/uaes-first-agricultural-policy-to-benefit-farming-sustainability-and-profitability [January 2016].

4.12. The UAE has notified agricultural support to the WTO Committee on Agriculture for the years 2002 to 2014. According to the notifications, support to agriculture in the UAE has been exclusively in the Green Box since 2006. From 2007 to 2013, most support was for inspection services, followed by pest and disease control. However, the authorities stated that the notification for 2014 used a different methodology for calculating support levels and, therefore, it is not comparable to earlier years. In 2014, support for extension and advisory services was Dh 190 million, and for infrastructure Dh 138 million (Chart 4.1).

4.13. The average MFN tariff on agricultural tariff lines is 5.5% – which is higher than the overall average due mainly to the concentration of tariff peaks on beverages, spirits, and tobacco. In other agriculture categories, the tariff varies from 0 to 5%. Over 22% of all the 1,197 tariff lines for agricultural products are duty free (section 3.1.4). Agricultural goods from other GCC member States and nearly all agricultural goods from PAFTA may enter the UAE duty free.

Chart 4.1 Domestic support to agriculture, 2014



Total support: Dh 436.9 million.

Source: WTO notifications.

4.1.4 Fisheries

4.14. The fisheries sector employs only about 0.3% of the total workforce, or about 11,200 people, most of them expatriates. Practically all fisheries are artisanal, except for a small purse seine fishery operating from Sharjah. Fishing methods vary and include fixed and floating gillnets, hand trolling and drop lines, fixed stake nets and gargoor (cage traps).[3]

4.15. The capture side of fisheries is dominated by small boats with a total catch of 73,203 tonnes in 2013, down from 96,453 tonnes in 2007 (Table 4.6) and over 100,000 tonnes in the late 1990s and early 2000s.[4] However, it has been reported that actual catch is well below the levels indicated in the official statistics.[5] In 2010, there were about 6,000 boats. In both value and quantity terms, demersal fish are most important, followed by pelagic, and then molluscs and crustaceans.

[3] FAO (2012), *Report of the FAO Technical Workshop on a Spatial Planning Development Programme for Marine Capture Fisheries and Aquaculture,* Cairo, the Arab Republic of Egypt, 25-27 November 2012, p. 111. Viewed at: http://www.fao.org/docrep/018/i3362e/i3362e.pdf [January 2016].

[4] FAO online information, "Fisheries and Aquaculture Country Profiles: The United Arab Emirates". Viewed at: http://www.fao.org/fishery/facp/ARE/en [January 2016].

[5] Al-Abdulrazzak, D. and Pauly, D. (eds.) (2013), "Estimating total fish extractions in the United Arab Emirates: 1950-2010", *From dhows to trawlers: a recent history of fisheries in the Gulf countries, 1950 to 2010*, Fisheries Centre Research Reports 21(2), pp. 53-59, Fisheries Centre, University of British Columbia.

Table 4.6 Fisheries catch in the UAE, 2007-13

(Tonnes)

	Abu Dhabi	Dubai	Sharjah	Ajman	Umm al-Quwain	Ras al-Khaimah	Fujairah	Total	Value million Dh
2007	5,336	6,904	30,158	4,685	1,045	27,941	20,384	96,453	965
2008	5,362	6,551	18,059	5,150	4,996	18,755	15,203	74,076	1,290
2009	5,977	10,078	18,995	5,503	7,681	17,199	12,272	77,705	1,387
2010	6,333	8,948	18,487	5,892	6,649	17,898	15,403	79,610	1,421
2011	3,922	8,060	18,650	6,700	5,735	17,412	14,668	75,147	1,336
2012	4,399	11,830	16,894	6,360	5,490	16,673	11,082	72,728	1,185
2013	3,862	10,809	17,420	6,379	5,674	16,920	12,139	73,203	..

.. Not available

Source: Federal Competitiveness and Statistics Authority. Viewed at: http://www.fcsa.gov.ae/EnglishHome/tabid/96/Default.aspx [January 2016].

4.16. At the federal level, the Ministry of Environment and Water is responsible for developing policies and preparing legislation and the authorities in each emirate implement the policy and may have regulations applicable locally. The main focus of policy is sustainability through effort (restricted fishing seasons and reserve areas) and gear restrictions, and promoting aquaculture for both direct production and restocking. The UAE is a member of the Regional Commission for Fisheries (RECOFI) which seeks to promote the development, conservation, rational management and best utilization of living marine resources, as well as the sustainable development of aquaculture within its area of agreement.[6] The UAE has signed but not ratified the UN Convention on the Law of the Sea, and it has neither signed nor ratified the UN Fish Stock Agreement, or the FAO Compliance Agreement.

4.17. A comprehensive fisheries survey in 2002 noted a sharp decline in demersal catch and estimated that 71% of demersal species and 48% of pelagic species were overexploited.[7] The decline has been attributed to both overfishing and degradation of the coast.[8] In 2011, the GCC concluded a regional survey of demersal fish stocks in the region. When the results of this trawl survey were compared to the 2002 and 1978 surveys it was found that demersal stocks had declined by 88-94% from 1978 levels.

4.18. The UAE is a net importer of fish and fish products and imports have increased considerably, for HS heading 03: from Dh 1,339 million in 2011 to Dh 2,115 million in 2014. Exports have also increased, from Dh 173 million in 2011 to Dh 273 million in 2014. Applied tariffs on fish and fish products range from 0 to 5%, lower than the bound duty average of 15%.

4.19. The main legislation for fisheries is Federal Law No. 23 of 1999[9] and Ministerial Resolution No. 302 of 2001[10] which required each emirate to establish a fishing regulation committee with responsibility for issuing fishing licences to fishermen, maintaining a register and issuing licences for fishing vessels and fishing equipment. The Law also provides the legal basis for subsidiary legislation on effort, catch, and gear restrictions and explicitly prohibits:

- all kinds of trawling nets, bottom set nets, nets made from nylon, and drift nets (Article 26) and fishing with explosives or chemicals (Article 34); and

[6] RECOFI members are Bahrain, Iraq, the Islamic Republic of Iran, Kuwait, Oman, Qatar, the Kingdom of Saudi Arabia, and the United Arab Emirates.

[7] Al Abdessalaam, T.Z. (2007), *Marine Environment Conservation and Management Programmes in the Emirate of Abu Dhabi,* presentation by the Environment Agency – Abu Dhabi.

[8] FAO (2012), *Report of the FAO Technical Workshop on a Spatial Planning Development Programme for Marine Capture Fisheries and Aquaculture,* Cairo, the Arab Republic of Egypt, 25-27 November 2012, pp. 11-112. Viewed at: http://www.fao.org/docrep/018/i3362e/i3362e.pdf [January 2016].

[9] Federal Law No. 23 of 1999 regarding the Exploitation, Protection and Development of Living Aquatic Resources in the waters of the state of the United Arab Emirates. Viewed at: http://faolex.fao.org/ [January 2016].

[10] Ministerial Resolution No. 302 of 2001 issuing the Implementing Regulation for Federal Law No. 23 of 1999 on the exploitation, protection and development of living aquatic resources in the United Arab Emirates. Viewed at: http://faolex.fao.org/ (Arabic only) [January 2016].

- capture of sea turtles, fishing for sea mammals, or, except for research and with official permission, extraction of oysters, sponges, or coral (Article 28).

4.20. Under the Law, licences for fishing and fishing boats may be granted only to citizens of the UAE or corporate bodies owned by such citizens (Article 4) and a fishing boat may not sail without its owner or a UAE citizen acting on his behalf on board (Article 31).

4.21. The MOEW has issued several resolutions restricting fishing over the past few years, including:

- Cabinet Resolution No. 18 of 2012 which covers the administrative sanctions, penalties and fines that regulate activities related to the fishing industry;
- Ministerial Decree No. 372 of 2013 on a temporary ban on registration of new fishing boats;
- Ministerial Decree No. 706 of 2013 on new regulations on manufacturing, importing, and the use of traps (gargoor);
- Ministerial Decree No. 500 of 2014 which is intended to bring fishing and trading of sharks into line with CITES[11] (according to the FAO, the UAE had been the eighth largest exporter of shark fins[12]);
- Ministerial Resolution No. 501 of 2015 setting out effort restrictions for *lethrinus nebulosus* (spangled emperor) and *siganus canaliculatus* (white spotted spinefoot);
- Ministerial Resolution No. 656 of 2014 and Ministerial Decree No. 574 of 2015 restricting the use of fishing nets; and
- Ministerial Decree No. 580 of 2015, on the prevention of fishing, selling, and marketing of fish below the specified minimum lengths.

4.22. In addition to the production of fish and other seafood products, the focus of aquaculture is to support the rebuilding of wild stocks and the long-term future of fish capture. In 1984 the Marine Environment Research Department (MERD) was established in Umm al-Quwain which, *inter alia*, produces fingerlings of local species for release into coastal waters under sponsored governmental policy.[13]

4.23. The most recent notification on subsidies from the UAE was in February 2016, when it was stated that the "UAE does not grant or maintain within its territory any subsidy within the meaning of Article 1.1 and 2 of the Agreement on Subsidies and Countervailing Measures, or which operates directly or indirectly to increase exports from or reduce imports into its territory within the meaning of Article XVI:1 of the GATT 1994".[14] In 2010, it was reported that 581 registered fishermen were entitled to a fuel allowance of between Dh 500 and Dh 800 per month with a total cost of Dh 3.8 million per year from the Mohammed bin Rashid Al Maktoum Charity and Humanitarian Foundation and the Dubai Islamic Bank.[15] The authorities noted that this subsidy was only provided for one year (2010). The Government of the UAE provides extension support to traditional fishermen and a limited amount of subsidies in the form of boat engines, which does not exceed Dh 4.5 million annually, in order to preserve traditional fishing.

[11] Ministerial Decree No. 500 of 2014 on regulating the Fishing and Trading of Sharks. Viewed at: http://faolex.fao.org/ [January 2016].

[12] FAO (2014), *Report of the Eighth Meeting of the RECOFI Working Group on Fisheries Management, Cairo, Egypt, 8-10 December 2014*, FIPI/R1108 (En), p. 47.

[13] FAO online information - *National Aquaculture Sector Overview - United Arab Emirates*. Viewed at: http://www.fao.org/fishery/countrysector/naso_uae/en [January 2016].

[14] WTO document G/SCM/N/284/ARE, 23 February 2016.

[15] Todorova, V. (2010), "Hundreds of struggling fishermen share Dh3.8m fuel subsidy", *The National*, 7 May. Viewed at: http://www.thenational.ae/news/uae-news/hundreds-of-struggling-fishermen-share-dh3-8m-fuel-subsidy.

4.2 Industry

4.24. Industry (including mining, manufacturing, construction and power) contributed an estimated 56.5% of GDP in 2013, according to official estimates, and engaged 37.5% of the working population in 2008.

4.25. Since the UAE was formed in 1971, the diversification of the economy away from petroleum has been a clearly stated government policy. Industrial development has been manned largely by immigrant labour. In addition to the growing hydrocarbon economy, the UAE is becoming one of the world's most important financial centres and a major trading centre in the Middle East. Investments in non-energy sectors, such as infrastructure and technology, along with a rapidly recovering real estate sector, continue to provide the UAE with insurance against oil price declines and global economic stagnation.

4.2.1 Hydrocarbon sector

4.26. Petroleum production continues to be the most important industry in the UAE, with IMF balance of payments data indicating that exports of crude petroleum and related products contributed 32.5% of total export revenues in 2013. Despite the fact that the UAE's economy is more diversified than before, the hydrocarbon sector still represents a core pillar of the economy accounting for around 38.3% of GDP. The UAE has the seventh-largest proven oil and natural gas reserves in the world, standing at 97.8 billion barrels, i.e. around 6.6 % of the world's total proven reserves with most of the reserves located in Abu Dhabi (approximately 94% of the UAE's total). The other six emirates combined account for just 6% of the UAE's crude oil reserves, led by Dubai with approximately 4 billion barrels.

4.27. The UAE exported US$98.3 billion of crude oil in 2013, of which about 95% went to the Asian market, in particular Japan. Oil production is operated by Abu Dhabi National Oil Company (ADNOC), a state-owned company, working with a few international oil companies such as BP, Shell, Total, ExxonMobil and Occidental Petroleum under long-term concession agreements. Abu Dhabi's 75-year-old onshore concessions expired in 2014 and three joint venture partners have been selected.

4.28. Beyond the large oil reserves, the UAE has also the seventh-biggest natural gas reserves in the world. Like oil, natural gas reserves are mostly located in Abu Dhabi (94%). It is furthermore the sixteenth-biggest natural gas producer in the world. Notwithstanding, rising domestic demand for subsidized energy and electricity over the past decade has caused the UAE to become a net importer of natural gas since 2008. While most of the UAE's natural gas is exported to Japan, and the rest to North America, other Asian economies, and Europe. Imports are mostly from Qatar via the Dolphin Gas Project's export pipeline.

4.2.1.1 Regulation of the oil sector

4.29. Each of the seven emirates is responsible for regulating the oil industry within its borders, creating a mix of production-sharing arrangements and service contracts. In Abu Dhabi, the Supreme Petroleum Council (SPC) sets Abu Dhabi's petroleum-related objectives and policies. Given Abu Dhabi's status as the central player in the UAE's oil industry, the SPC is the most important entity in the country when it comes to establishing oil policy. The Abu Dhabi National Oil Company (ADNOC) – which operates 17 subsidiaries throughout the oil, natural gas, and petrochemical sector – leads the day-to-day operations and implementation of SPC directives, and it is the key shareholder in nearly all upstream activity in Abu Dhabi. ADNOC's subsidiaries engage in oil and natural gas exploration, processing and distribution, among other activities.

4.30. Abu Dhabi bases contract structures on long-term, production-sharing agreements (PSAs) between the state-run ADNOC and private actors (primarily large international oil companies) with the State holding a majority share in all projects. With the exceptions of Dubai and Sharjah – which have service contracts to manage their declining reserves – the smaller emirates all use PSAs similar to those found in Abu Dhabi.

4.31. The Dubai Supreme Council of Energy (DSCE) oversees Dubai's energy-policy development and coordination. The DSCE includes representatives from several key entities, including the

Emirates National Oil Company (ENOC), the Dubai Petroleum Establishment (DPE), and the Dubai Nuclear Energy Committee (DNEC). The DSCE seeks to ensure that Dubai's economy has adequate and sustainable access to energy resources. The other emirates have small oil and natural gas sectors, but details on their structures are limited.

4.2.1.2 Regulation of the gas sector

4.32. Natural gas production and regulation are the responsibilities of the individual emirates and are often carried out under the same leadership as their oil sectors. ADNOC leads Abu Dhabi's natural gas sector through its subsidiaries. Another important company in Abu Dhabi's natural gas sector is Abu Dhabi Gas Liquefaction Limited (ADGAS), which controls the production and export of Abu Dhabi's liquefied natural gas (LNG) and liquefied petroleum gas (LPG). The third major participant in Abu Dhabi's natural gas industry is the Abu Dhabi Gas Development Company Limited (Al Hosn Gas), which is responsible for the development of the sour-gas reservoirs in the emirate's large Shah field. Al Hosn Gas is a joint venture between ADNOC and Occidental Petroleum Company.

4.33. Led by the ENOC group – a state-owned entity made up of dozens of subsidiaries – Dubai's natural gas sector operates similarly to its counterpart in Abu Dhabi. The Dubai Supply Authority (Dusup) oversees engineering, construction, management, and operation of Dubai's natural gas handling and storage infrastructure.

4.34. To help meet the growing demand for natural gas, the UAE boosted imports from neighbouring Qatar via a pipeline, which runs from Qatar to Oman via the UAE and is one of the principal points of entry for the UAE's natural gas imports. In addition to the imports from Qatar, Dubai and Abu Dhabi both engage in LNG trading; the former as an importer and the latter as an exporter. The UAE is a member of the Gas Exporting Countries Forum (GECF).

4.35. The UAE continues to levy a corporate tax on companies in oil and gas activities which is regulated by the individual emirates. In Abu Dhabi, the tax is applied in accordance with the Abu Dhabi Income Tax Decree of 1965 and ranges between 55% and 85% depending on production.

4.36. The major heavy industries in the UAE are related to hydrocarbons, and activities are concentrated in the Jebel Ali Free Zone in the Emirate of Dubai and the Jebel Dhanna-Ruwais industrial zone, Abu Dhabi Industrial City, and Al Ain Industrial City in the Emirate of Abu Dhabi. The most important products are: liquefied petroleum gas, distillate fuel oils and jet fuels. There are two petroleum refineries in Abu Dhabi, and the emirate has "downstream" interests abroad.

4.2.2 Non-hydrocarbon manufacturing sector

4.37. Although the UAE remains highly dependent on oil, which represents approximately 75% of total government revenues, the Government has embarked on a major economic diversification programme from oil to services and manufacturing. The UAE Vision 2021 focuses on transitioning to a knowledge-based economy, promoting innovation and research and development, strengthening the regulatory framework for key sectors and encouraging high value adding sectors. The aim being to sustain the drive toward economic diversification and development that is less reliant on oil.

4.38. The Government is expected to continue to pursue its diversification programme through large-scale investment in industrial sectors that are assessed to have a high potential for growth such as electrical machinery and apparatus, rubber and plastic products, fabricated metal products, chemicals and chemical products, and renewable energy. According to the authorities, a recent study by the Ministry of Economy showed that machinery, plastics, and rubbers have a high potential for the chemicals sector.

4.39. Manufacturing contributed 14% of GDP in 2014, according to official estimates, and employed 427,000 people. The most important activities in the non-hydrocarbons manufacturing sector are: aluminium, steel, and chemicals. The UAE's other important industries are food, beverages and tobacco; mineral products; metal products; equipment; paper products; textiles and clothing; and wood products (Table 4.7). Investment in the industrial sector was

Dh 120 million in 2012; Dh 121 million in 2013; Dh 125 million in 2014; and Dh 127 million in 2015.

Table 4.7 Top five manufacturing sectors for investment and employment, 2013 and 2014

Investment Dh million			Workforce '000		
Industry	**2013**	**2014**		**2013**	**2014**
Food and beverage industry	39.0	39.2	Metallurgy and metallurgical products	90.1	91.1
Basic metal industries	31.3	31.3	Basic metal industries	77	78.1
Metallurgy and metallurgical products	15.3	18.6	Food and beverage industry	39.1	40.2
Petroleum refining industry	8.5	8.6	Wood and wood products	30.7	31.9
Chemicals and chemicals products	6.9	6.9	Plastics and rubber products	28.7	31.9
Other industries	20.0	20.3	Other industries	154.5	157.2
Total	**121.3**	**125.1**	**Total**	**420.4**	**427.8**

Source: Information provided by the UAE authorities.

4.40. The UAE is recognized as an international trading hub and the largest re-export hub in the region. Dubai is the premier trading hub for precious metals accounting for around 25% of the global physical gold trade. The UAE is also the largest re-exporting destination for food products (meat processing, dairy products, vegetable oils, sugar refineries, bakeries, desserts, bottled water, etc.) within the GCC countries.

4.41. The UAE's manufacturing sector is governed by Federal Law No. 1 of 1979 organizing industrial affairs. The Law applies to all industrial projects in the UAE with the exception of those pertaining to oil and gas extraction and refining; mineral raw materials refining; and projects with a fixed capital of less than Dh 250,000 or employing less than ten people. Foreign ownership is limited to 49%, and senior management and at least 25% of employees must be UAE citizens.

4.42. The Ministry of Economy is the federal authority in charge of implementing the Law as well as formulating and implementing policies on manufacturing. An industrial licence, issued by the Ministry of Economy, is required to undertake any industrial activity in the UAE. All licensed industrial projects are granted a customs exemption on all materials included in the project, such as raw materials, machinery, etc. The emirates and the Council of Ministers may provide various incentives schemes; but the authorities stated that these provisions are not applied, except for the import duty exemption mentioned above.

4.43. The UAE's largest industrial conglomerate is the state-owned SENAAT - General Holding Corporation (SENAAT-GHC) which is an important party in implementing the industrial diversification policy of Abu Dhabi. The UAE general policy approach in manufacturing, as in other policy areas, has two levels: the federal level and the emirate level. As a consequence, each emirate holds a majority stake or is the sole shareholder in some key manufacturing companies. In Abu Dhabi, the Government has direct investments in several enterprises including Mubadala, the International Petroleum Investment Company, and SENAAT-GHC, and through ADNOC it has investments in others including Borouge, and Fertil. However, it relies on the Higher Corporation for Specialized Economic Zones (ZonesCorp) and Khalifa Industrial Zone (KIZAD) to develop and promote investment in manufacturing in the emirate.

4.44. In late 2010 the first phase of the Khalifa Industrial Zone Abu Dhabi (KIZAD) project was launched by the Abu Dhabi Ports Co. The venture aims to be one of the largest integrated industrial zones in the world and would offer full foreign ownership for investors. New industrial development projects approved by the Government in January 2012 included the construction of two new industrial zones in Ruwais and Medinat Zayed, and major investment in automobile-manufacturing.

4.45. In November 2013, the Abu Dhabi Government issued a local law establishing the Industrial Development Bureau (IDB) as a specialized entity to develop and regulate the industrial sector in line with the emirate's industrial strategy.

4.46. Dubai is developing Dubai Industrial City, a new manufacturing zone that will focus on six industrial sectors: machinery and mechanical equipment; transport equipment and parts; base metals; chemicals; food and beverages; and mineral products. The Mubadala Development Company and the Investment Corporation of Dubai announced in June 2013 the creation of Emirates Global Aluminium – a jointly held, equal-ownership company to integrate the businesses of DUBAL and Emirates Aluminium.

4.47. MFN applied tariffs on manufactured goods, except for agricultural food are generally at 5%, with a few exceptions, which are zero-rated. For example, imports of pharmaceutical products are duty free. Imports of all inputs are also duty free. The average MFN tariff rate in 2011 for non-agricultural products (WTO definition) was 4.6%.

4.3 Services

4.3.1 Financial services

4.48. The main components of the financial sector in the UAE are the banking sector, capital markets, and the insurance sector. The banking sector, which includes financial investment companies and money changers is regulated and supervised by the UAE Central Bank. The UAE has three stock exchanges: the Dubai Financial Market (DFM), the Abu Dhabi Securities Exchange (ADX), and NASDAQ Dubai. The Emirates Securities and Commodities Authority (SCA) is in charge of regulating the DFM and the ADX, while the Dubai Financial Services Authority (DFSA) regulates NASDAQ Dubai. The insurance sector is supervised by the Insurance Authority, which is a part of the Ministry of Economy. The financial sector is of considerable importance to the UAE economy, contributing over 8% of GDP and employing over 40,000 people in 2015.

4.49. As part of its GATS commitments, the UAE made commitments on banking and other financial services (excluding insurance), with the exception of settlement and clearing services for financial assets (Table 4.11).[16]

Table 4.8 UAE WTO financial services commitments

<table>
<tr><th></th><th colspan="4">Limitations on market access
Mode</th><th colspan="4">Limitations on national treatment
Mode</th></tr>
<tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>1</td><td>2</td><td>3</td><td>4</td></tr>
<tr><td colspan="9">7 FINANCIAL SERVICES</td></tr>
<tr><td>7.B Banking and other financial services (excluding insurance)

(not including settlement and clearing services for financial assets)</td><td>None</td><td>None</td><td>i) No limits for establishment of representative offices
ii) Unbound new licences for operating bank branches
iii) Unbound for expansion of activities of existing financial entities</td><td>Unbound, except as indicated in the horizontal section</td><td>None</td><td>None</td><td>None</td><td>Unbound, except as indicated in the horizontal section</td></tr>
<tr><td colspan="9">HORIZONTAL SECTION</td></tr>
<tr><td colspan="9">Mode 3</td></tr>
<tr><td colspan="9">Market access: Commercial presence for all sectors will be through either (i) a representative office or (ii) an incorporation as a company with maximum foreign equity participation of 49% subject to UAE law.
National Treatment: (i) Acquisition of land and real estate is not permitted to foreigners or to companies in which foreign nationals have a shareholding.
(ii) Foreign nationals or companies with foreign shareholdings may be required to pay direct taxes on income derived from work or operations in the UAE, whereas local services suppliers or local UAE companies may not be required to pay similar taxes keeping in view the provisions of paragraph (d) of Article XIV.
(iii) Government subsidized services may only be extended to UAE nationals.</td></tr>
</table>

[16] WTO document GATS/SC/121, 2 April 1996.

	Limitations on market access Mode	Limitations on national treatment Mode
Mode 4		
Market access: Unbound except for measures concerning entry and temporary stay of natural persons who fall into one of the following categories: (i) Business visitors: persons not based in the territory of the UAE and receiving no remuneration from a source within the UAE, who visit the UAE on behalf of a service supplier for business negotiations (and not for selling services directly to the public) or for doing preparatory work for establishing commercial presence in the UAE. Entry for persons in this category shall not be for more than ninety days. (ii) Intra-corporate transferees: managers, executives and specialists (as defined below) who have been in the employment of a juridical person of another Member outside the UAE, for a period of not less than one year prior to the date of application for entry into the UAE and are being transferred to a branch or affiliate in the UAE of the aforesaid juridical person. Entry will be subject to the following conditions: a) The number of managers, executives and specialists shall be limited to 50% of the total number of managers, executives and specialists of each service supplier. b) Their entry shall be for a period of one year subject to renewal for two additional years with a maximum of three years. c) Their stay in the UAE will be subject to UAE labour and immigration laws.		

Note: Mode 1: Cross-border supply.
Mode 2: Consumption abroad.
Mode 3: Commercial presence.
Mode 4: Presence of natural persons.

Source: WTO, World Bank I-TIP online database.

4.50. Schedule. Cross-border supply of insurance services is not possible for companies located abroad. All assets and risks in the UAE must be insured domestically. Maximum foreign ownership of domestic insurance companies is set by law at 49%. Representative offices may not engage in business or act as agents.

4.3.1.1 Banking

4.3.1.1.1 Structure

4.51. At the end of 2015, the banking sector consisted of 23 national banks with 897 branches, 26 foreign banks with 112 branches, 2 investment banks, 8 wholesale banks, 122 representative offices, 26 finance companies, 25 investment companies and one investment/finance company. Additionally, there were 12 monetary and financial brokers and 141 companies undertaking money changing and transfer business.

4.52. The 2008 financial crisis had an adverse impact on the UAE economy, with the financial sector being hit particularly hard. The banking sector's recovery and consolidation started in 2009 and continued during the period under review. Total gross assets rose from Dh 1,735 billion in September 2011 to over Dh 2,474 billion at the end of 2015, while bank deposits increased from Dh 1,067 billion to Dh 1,472 billion over the same period.

4.53. Furthermore, during the review period, gross lending also rose to Dh 1,485 billion in 2015, while non-performing loans (NPL) as a proportion of total loans declined to 6.2% from a high of 8.4% in December 2013. Provisioning for NPLs was 110% in December 2015 compared with 92% in December 2013. Aggregate net profit of the banking sector was around Dh 36 billion in 2015. Furthermore, net return on assets (ROA) and net return on equity (ROE) have gradually increased since 2012, reaching 1.5% and 11.8% respectively as of the end of 2015. The increase can be attributed to the economic recovery in the UAE which resulted in higher profits, lower NPLs, and the improvement in asset utilization and capital allocation. Banks in the UAE continue to be well capitalized, with the capital adequacy ratio being over 18% and Tier 1 capital ratio being in excess of 16% in 2015; both ratios are considerably higher than the regulatory requirement of 12% and 8% respectively.

4.54. The Islamic financial services industry (Box 4.1) in the UAE consists of 44 institutions, these include: full-fledged Islamic banks, Islamic windows within conventional banks, finance companies and investment companies. There were eight Islamic banks in the UAE as at the end of 2015. Subject to the Central Bank’s approval, conventional institutions are permitted to operate Islamic windows. There were also 13 Islamic finance companies and one Islamic investment company. Fully-fledged Islamic banks represented more than three quarters of total Islamic banking financing and deposits. This was followed by Islamic windows within conventional banks and Islamic finance companies.

Box 4.1 Islamic banking

Islamic banking entails a financial system that is consistent with Shariah (Islamic Law). Under Shariah, the collection and payment of interest are prohibited, as are trading in financial risk (perceived as a form of gambling) and investment in businesses considered haram (forbidden) such as those involving alcohol and pork.

However, Islamic banking does allow gains on capital, and banking activity is guided by four basic principles:

- risk-sharing: the terms of financial transactions need to reflect a symmetrical risk/return distribution each participant to the transaction may face;
- materiality: a financial transaction needs to have a "material finality", i.e. it must be directly or indirectly linked to a real economic transaction;
- no exploitation: a financial transaction should not lead to the exploitation of any party to the transaction; and
- no financing of haram activities.

Islamic financial instruments take the form of contracts between providers and users of funds to manage risk.

In order to ensure compliance with Shariah law, Islamic banks, Islamic finance companies and banking institutions that offer Islamic financial products and services are required to establish Shariah advisory committees/consultants to advise them and to ensure that the operations and activities of the bank comply with Shariah principles.

Taking these principles into account, the main Shariah-compliant financial instruments prevalent today are:

- The Mudarabah (profit sharing) is a contract, with one party providing 100% of the capital and the other party providing its specialized knowledge to invest the capital and manage the investment project. Profits generated are shared between the parties according to a pre-agreed ratio. If there is a loss, the first partner "rabb-ul-mal" will lose his capital, and the other party "mudarib" will lose the time and effort invested in the project.
- Murabaḥah refers to the sale of goods (such as real estate, commodities, or a vehicle) where the purchase and selling price, other costs, and the profit margin are clearly stated at the time of the sale agreement. Murabahah has become "the most prevalent" Islamic financing mechanism. Murabahah works as finance when the lender/buyer pays the bank/seller for the good over a period of time, compensating the bank/seller for the time value of its money in the form of "profit" not interest. With a fixed rate of profit determined by the profit margin for the purchase of a real asset, this is a fixed-income loan. The bank is not compensated for the time value of money outside of the contracted term (i.e. the bank cannot charge additional profit on late payments); however, the asset remains as a mortgage with the bank until the default is settled.
- Istisna (manufacturing finance) is a process where payments are made in stages to facilitate the work of manufacturing/processing/construction. An instalment of Istisna, for example, may enable a construction company to finance construction of sections of a building or help manufacturers pay for an order of raw materials.
- Ijarah means lease, rent or wage. Generally, the ijarah concept refers to selling the benefit of use or service for a fixed price or wage. Under this concept, the bank makes available to the customer the use of service of assets/equipment such as plant, office automation, motor vehicles for a fixed period and price.
- Musharakah (joint venture) is a relationship between two or more parties that contribute capital to a business and divide the net profit and loss pro rata. This is often used in investment projects, letters of credit, and the purchase or real estate or property. In the case of real estate or property, the bank assesses an imputed rent and will share it as agreed in advance. All providers of capital are entitled to participate in management, but not necessarily required to do so. The profit is distributed among the partners in pre-agreed ratios, while the loss is borne by each partner strictly in proportion to respective capital contributions. This concept is distinct from fixed-income investing (i.e. issuance of loans).
- Wakalah is agency contract where the customer (principal) appoints the bank as an agent (Wakil) to carry out business on their behalf.
- Sukuk (Islamic bonds) – a major difference between conventional bonds and sukuk is that the structure of sukuk removes interest-based elements which are replaced by an asset-based income structure using most typically ijarah or wakalah contracts. According to data published by the Islamic Financial Services Board, total outstanding sukuk as of the end of 2014 was US$294 billion.

As of 2014, Islamic banking assets were in excess of US$1.5 trillion, which is more than 1% of global banking assets. Furthermore, Islamic banking has been growing much faster than conventional banking, although from a much lower base. Between 2009 and 2013, Islamic banking assets grew at an average annual rate of 18% and were expected to grow at an average annual rate of 20% between 2014 and 2020.

Source: UAE authorities, Islamic Financial Services Board, and WTO Secretariat.

4.55. The review period saw significant growth in the Islamic banking segment. Islamic bank assets have grown at a compound annual growth rate (CAGR) of 10.8% (conventional banks: 8.4%) between 2009 and 2014, and reached Dh 464 billion as at the end of December 2015, which is nearly 19% of the total assets of the banking sector. Financing by Islamic entities increased by nearly 16% reaching Dh 266 billion, thereby increasing their share of total bank loans and advances from 20% at the end of 2013 to 22.2% at the end of 2014.

4.56. Overall, the Islamic banking sector is well capitalized. However, the capital adequacy ratio (CAR) of full-fledged Islamic banks declined to 15.7% at the end of December 2015 (from 17.6% at end-December 2013) and the Tier 1 capital ratio declined to 14.9% (from 16.7% at end-December 2013). This is due to the continuous absorption of write-offs and non-performing financing (loans) accumulated in the balance sheets after the financial crisis year 2008-09. However, regulatory capital held by Islamic banks still exceeded the minimum regulatory requirements.

4.57. Profitability weakened after a major correction in the property market in 2008, but registered strong growth from 2010 onwards. The return on assets for Islamic banks increased to 1.5% as at end-December 2015, up from 0.7% in December 2009. Similarly, the return on equity increased from 5.2% as at end-December 2009 to 13.6% as at end-December 2015. This robust growth in financing and investment activity in real estate in 2014 has helped Islamic banks generate considerable growth and profitability.

4.3.1.1.2 Regulation

4.58. The main legislation governing the banking sector continues to be the Union Law No. 10 of 1980 concerning the Central Bank, the Monetary System and Organization of Banking. Under the provisions of the Law, there are six principal categories of banking institutions in the UAE: commercial banks, investment banks, wholesale banks, financial institutions, financial and monetary intermediaries, and representative offices, each of which must be licensed by the Central Bank.

4.59. Foreign banks operating in the UAE are also regulated by the Central Bank and must open branches in the UAE. They are required to obtain a licence from the Central Bank and furthermore they are subject to a maximum of eight branches in the UAE. Subsidiaries of foreign banks are not allowed, but foreign banks are allowed to open representative offices. Foreign banks are treated the same as domestic banks with respect to paid-up capital requirements. All commercial banks, including branches of foreign banks, are required to have a minimum paid-up capital of Dh 40 million, or 10% of risk-weighted assets in the UAE, whichever is greater. However, national treatment is not applied as regards the taxation of profits. Foreign banks are subject to a 20% tax on profits, which is not applied to national banks.

4.60. Financial investment companies are regulated by Central Bank Resolution No. 164/8/94, of 18 April 1995. This resolution defines financial investment companies as those conducting one or more of the following businesses: (a) opening investment accounts and managing portfolios on behalf of others, whether individuals or companies; (b) preparing feasibility studies for projects and marketing allotments and stocks of shareholding companies; (c) establishing and/or managing investment trust funds; (d) establishing and/or managing other investment funds and acting as trustee of funds entrusted to it by a trust to manage on behalf of a beneficiary; or (e) underwriting companies' capital and participating in syndicated loans. A financial investment company must be a juridical person with a minimum capital of Dh 25 million, subject to increase according to the business the company intends to undertake. The resolution also requires national shareholding of at least 51% of the paid-up capital.[17]

4.61. In 2010, the Central Bank implemented a series of regulatory measures to help mitigate future financial crises. They include, *inter alia*: an increase of the minimum capital-adequacy ratio to 12%; a moratorium on new licences for commercial banks; a limit on the number of branches (only eight) permitted to licensed foreign banks; new provisioning rules requiring banks to classify loans as being in default, and make provisions accordingly, after 90 days of delinquency, instead of the previous 6 months (introduced in November 2010); a limit on personal loans to 20 times the

[17] Central Bank online information. Viewed at: http://www.centralbank.ae/en/index.php?option=com_content&view=article&id=134&Itemid=99.

monthly salary or income of a borrower, with a maximum repayment period of four years; and restrictions on processing fees for loans and debit and credit cards.

4.62. Islamic banks are governed by Federal Law No. 6 of 1985 regarding Islamic Banks, Financial Institutions and Investment Companies and regulated by the Central Bank. The capital adequacy ratio requirements for Islamic banks are the same as for ordinary banks. Islamic banks must take the form of joint-stock companies and may engage in any banking operation. The UAE has eight Islamic banks offering Shariah-compliant products and services such as: sukuks (Islamic bonds) and ijarah transactions, which are used in property purchasing deals.

4.63. Foreign banks pay a 20% local emirate tax on profits, governed by specific legislation in each emirate. There are no restrictions on the presence of foreign senior staff in foreign banks. A minimum of 10% of the total staff employed by all banks in the UAE must be UAE nationals (excluding auxiliary staff) as per Central Bank regulations. Additionally, in accordance with Council of Ministers Decree No. 10 of 1998, all banks are to increase the number of UAE-national staff by 4% annually, although reportedly this has not been achieved due to lack of domestic workforce.

4.64. During the period under review, the Central Bank carried out a full self-analysis of the regulatory and supervisory oversight framework in place for banks. As a result, a formal work plan has been established to address any gaps identified. The main issues being addressed are:

- Liquidity: with a view to enhancing the prudential liquidity framework for banks operating in the UAE, the Central Bank issued new liquidity regulations (Notice No. 147/2015) in the second quarter of 2015. Under these regulations all banks operating in the UAE are required to hold a minimum level of liquid assets. The regulations take account of the direction of the reforms under the Basel III liquidity framework set out by the Basel Committee on Banking Supervision and provide a path for banks approved by the Central Bank to progress to the Basel III standards of liquidity measurement.

- Capital: the Central Bank is revising the regulatory capital requirements for banks operating in the UAE. The new capital regime will be aligned with the Basel III capital framework and will include requirements for enhanced capital in terms of quality and quantity, the introduction of capital buffers and the application of a new leverage ratio. The definition of capital will also change with an increased emphasis on paid-up capital, retained earnings and disclosed reserves. In accordance with Basel III, the timeframe for full implementation of the new capital regime is late 2018. The Central Bank is in the process of preparing a detailed work plan and in 2016 will begin the process of engaging with banks towards implementing the new capital rules.

- Corporate governance, risk management and audit: the Central Bank is in the process of reviewing and upgrading its regulations on corporate governance, risk management, internal control, and financial reporting/external audit. The objective is to ensure that the financial institutions' approach to governance and the control and management of risk is in line with leading international practice. It is intended that the roll-out of these new regulations will commence in 2016.

4.3.1.2 Insurance

4.65. The insurance sector in the UAE comprises 34 national insurance companies and 26 foreign insurance companies. Eleven national companies and two foreign companies offer complete insurance services (life, property, liability and operation of fund formation). There are 20 national firms and 17 foreign firms that offer property and liability insurance only; two national companies and eight foreign companies offer life assurance and operation of fund formation services and there is only one national firm providing export credit insurance. Furthermore, there are 11 firms that offer "cooperative" (takaful) insurance services.

4.66. Additionally, the sector also includes insurance agents, insurance brokers, insurance consultants, loss adjusters and actuaries.

4.67. Underwritten premiums in 2014 amounted to Dh 33.5 billion, which was an increase of 13.5% over the previous year. This translates into a relatively low penetration rate of approximately 2.3% of GDP. Total underwritten premiums of property and liability insurance increased from Dh 22.5 billion in 2013 to Dh 24.9 billion in 2014, of which the share of national companies was 75.1%. Total underwritten premiums of life assurance and operations of fund formation amounted to Dh 8.6 billion in 2014, of which foreign companies were responsible for 81.4%.

4.3.1.2.1 Regulation

4.68. The insurance industry is governed by the Federal Insurance Law (No. 6 of 2007). The law is administered by the Insurance Authority, which is an autonomous and independent entity chaired by the Minister of Economy. The Insurance Authority is also the regulator of the sector. Responsibilities of the Insurance Authority include *inter alia*: formulating and issuing regulations for the insurance industry; approving and granting licences for insurance companies and brokers as well as other stakeholders; determining policies and procedures related to solvency margins, accounting policies, investment rules and reinsurance standards; and implementing a code of conduct for the insurance industry.

4.69. Domestic and foreign insurance companies wishing to establish in an emirate must apply to the Insurance Authority for licensing. Conditions for the granting of licences are set out in Articles 19 and 20 of the Insurance Law No. 6 of 2007. They include: economic needs criteria, such as domestic demand for the classes of insurance offered by the applicant; whether the applicant will introduce new classes of insurance coverage; and the appointment of a minimum number of UAE nationals as staff.[18] Eligible foreign insurance companies that meet licensing conditions may open a branch in the UAE or appoint a local insurance agent.

4.70. National companies and foreign branches must have minimum fully paid-up capital of Dh 100 million, and must deposit, with a local bank, a guarantee of Dh 6 million for non-life insurance and Dh 4 million for life insurance. Combined life and non-life, or non-insurance-related operations are not allowed. According to the Insurance Law, as of 2016, all insurance companies (new and existing) will be required to carry out life and non-life insurance separately. Furthermore, an application to open a foreign branch must specify the expected new product to be introduced in the local market. The general manager, authorized manager, and senior employees of an insurance company must have suitable qualifications and experience in the insurance business. The manager of a foreign branch must be a resident of the UAE. An application to open a foreign branch must specify the expected overall volume of retention within the UAE market.

4.71. No taxes or stamp duty are levied on insurance companies at federal or emirate level.

4.72. The UAE made no specific commitments in its GATS Schedule regarding insurance services. The cross-border supply of insurance services is not permitted for companies located abroad. All assets and risks in the UAE must be insured domestically by a company registered in the UAE; this may be a domestic company, a local branch of a foreign company or an agency. However, UAE-based companies may insure risks located abroad. Foreign participation in the capital of a domestic firm is limited to 25% of the capital.

4.73. Representative offices may not engage in insurance business or act as insurance agents. This does not apply to reinsurance services, for which commercial presence is not required: UAE insurance companies may reinsure their risks at the international reinsurance markets. Insurance agents must be UAE natural persons or UAE legal entities.

4.74. With a view to protecting the rights of policy holders and shareholders, the Insurance Authority issued Decision No. 25 of 2014 Pertinent to Financial Regulations for Traditional Insurance Companies[19] and Decision No. 26 of 2014 Pertinent to Financial Regulations for Takaful

[18] To be granted a licence, the foreign company must commit to engage at least 15% UAE nationals. The authorities stated that this would be converted to a points system in 2017.

[19] UAE Insurance Authority online information. Viewed at: http://www.ia.gov.ae/en/Documents/Financial%20Regulations%20for%20Insurance%20 Companies.pdf.

Insurance Companies[20], which regulate the financial, technical, investment, and accounting operations of Traditional and Takaful insurers operating in the UAE.

4.75. In addition to protecting the rights of policyholders and shareholders of insurance companies, these regulations also aim at protecting insurance companies from potential risks they may encounter through proactively ensuring the solvency of insurance companies and the integrity of their financial procedures. They are also intended to enhance the technical principles and rules needed to promote the establishment of modern and advanced regulatory principles for the UAE insurance market as per the best international practices. As such, particular attention has been paid to the general requirements and rules for investment, limits on certain investments and requirements pertaining to the solvency margin and the minimum guarantee fund.[21]

4.3.1.3 Capital markets

4.3.1.3.1 Structure

4.76. The UAE has three stock exchanges: the Dubai Financial Market (DFM), the Abu Dhabi Securities Exchange (ADX), and NASDAQ Dubai. NASDAQ Dubai is part of the Dubai International Financial Centre (DIFC) free zone; whereas the DFM and ADX are both "onshore" stock exchanges. In addition to these equity and bond exchanges, the UAE has the Dubai Gold and Commodities Exchange (DCGX), on which financial derivatives are traded, and the Dubai Mercantile Exchange (DME).

4.77. The Dubai Financial Market (DFM) was established as an independent public institution by Ministry of Economy Resolution No. 14 of 2000. It operates as a secondary market for the trading of securities issued by public joint-stock companies, bonds issued by the Federal Government or any of the local governments and public institutions in the country, and units of investment funds and any other financial instruments, local or foreign, that are accepted by the Market.

4.78. The Abu Dhabi Securities Exchange (ADX) was established on 15 November 2000 by (Abu Dhabi) Law No. 3 of 2000. It trades mainly in shares of UAE companies. There are trading locations in Abu Dhabi, Al Ain, Fujairah, Sharjah, and Ras al-Khaimah.

4.79. Both the ADX and DFM are eligible for trading transactions of listed companies' shares. Therefore, the Securities and Commodities Authority has linked both markets to create the Emirates Securities Market (ESM). Furthermore, the SCA issues on a daily basis the ESM index, which is considered to be the official index of the UAE capital market.

4.80. In the aftermath of the global financial crisis of 2008, the ESM fell sharply but since then the market has recovered and the recovery continued during the review period. The ESM index rose from 2,561.21 points in 2012 to 4,580.13 points in 2014. Over the same period, market capitalization nearly doubled from Dh 379 billion to Dh 728 billion, traded volume rose from approximately 57 billion shares to nearly 218 billion shares, traded value rose from nearly Dh 71 billion to Dh 526 billion, and the number of listed companies increased from 123 to 125. Additionally, between 2012 and 2014 net foreign investment in the market rose from Dh 1.5 billion to Dh 8.5 billion and foreign investors accounted for over 40% of the trading value in 2014. Banks accounted for more than half the market capitalization in 2014 followed by real estate and telecommunications.

4.81. In 2013, the UAE markets were upgraded to "emerging market" status following the Annual Market Classification Review of Morgan Stanley Capital International (MSCI). The authorities stated

[20] UAE Insurance Authority online information. Viewed at: http://www.ia.gov.ae/en/Documents/Financial%20Regulations%20for%20Takaful%20Insurance%20Companies.pdf.

[21] The requirements of minimum subscribed and paid-up capital are set at Dh 100 million for insurance companies and Dh 250 million for reinsurance companies. The Minimum Guarantee Fund is set at no less than one-third of the Solvency Capital Requirement. The Minimum Guarantee Fund is calculated on the basis of the minimum amount required to be maintained to cover any class of insurance underwritten by the company, which includes a minimum limit and a percentage of the net earned premiums or an equivalent percentage, whichever is higher as determined by the Insurance Authority.

that this upgrade came as a result of international institutions' recognition of the UAE market's developed infrastructure, which meets international standards.

4.82. NASDAQ Dubai is located in the Dubai International Financial Centre (DIFC), a financial free zone. Financial institutions established in the DIFC benefit from: zero tax rate on income and profits; 100% foreign ownership; no restrictions on foreign exchange or capital/profit repatriation; operational support and business continuity facilities. The DIFC has its own court system, as well as an independent authority for arbitration to which disputes may be brought. Corporate capital in the DIFC is designated in U.S. dollars rather than UAE dirhams. Institutions wishing to offer regulated financial services must obtain approval from the Dubai Financial Services Authority (DFSA), the Centre's independent regulatory body.

4.83. NASDAQ Dubai lists regional and international shares, GDRS, sukuk, bonds, funds, and real estate investment trusts (REITs). Through the exchange, regional issuers can access regional and international investment. International issuers can access investment from the region through a primary or dual listing.

4.84. During 2014, the FTSE NASDAQ DUBAI UAE 20 Index rose 11% to reach 3,766 points at the end of the year. Furthermore, in 2014 the value of equities traded was nearly US$1.5 billion compared with US$633 million in 2013, while the volume of shares traded was 280 million, considerably higher than the 199 million in 2013. However, in 2015, the Index declined by 19%.

4.85. Additionally, in 2015 14 sukuks (Islamic bonds) with a nominal value of US$13.4 billion were listed on NASDAQ Dubai. At the end of the year the exchange's nominal sukuk value stood at US$34.06 billion, making NASDAQ Dubai the largest sukuk listing venue in the world.

4.3.1.3.2 Regulation

4.86. The Emirates Securities and Commodities Authority (SCA) is in charge of regulating the DFM and the ADX. The SCA is an independent body, chaired by the Minister of Economy, under Federal Law No. 4 of 2000. It is responsible for regulating the licensing, management, membership, and supervision of financial markets and brokerage firms. The SCA is the only agency legally authorized to approve the listing of securities. The SCA regulations allow foreign firms to list their securities in these markets after having satisfied certain requirements.

4.87. A broker seeking to operate on the DFM and ADX exchanges must:

- be a legal person incorporated within the State in accordance with the Commercial Companies Law or a branch of a foreign company, provided that its parent company conducts the same activity and is subject to the supervision of a regulatory authority which carries out functions similar to those of the Authority;

- have a paid capital of not less than Dh 3 million for a brokerage company (trading member) and Dh 10 million for a brokerage company (trading and clearing member); and

- provide a guarantee of not less than Dh 1 million for a brokerage company (trading member) and Dh 50 million for a brokerage company (trading and clearing member).

4.88. In 2014, the UAE second market was launched following the listing of shares of some private joint-stock companies. In 2014, the SCA made every effort to implement all of the initiatives and the first year activities of its new strategic plan (2014-2016) and gave special priority to the implementation and development of its electronic and smart services. Over the last few years, and in cooperation with the markets, the SCA has introduced several regulations to strengthen the practices in the capital markets to cope with the international standards. These include regulations for "The Market Maker", "Lending and Borrowing of Securities", "The Short Selling of Securities", "Liquidity Provider", "Cash Compensation of the Last Buyer for Settlement", and "The Margin Trading".

4.89. Additionally, the legislative system of the financial markets was reinforced by the issuance of 21 new regulations and decisions (3 regulations in 2013, 11 regulations in 2014, and

7 regulations in 2015), paving the way for the introduction of new investment tools to financial markets, such as application of extensible business reporting language (XBRL), investment management, accreditation of public companies and investment funds auditors, covered warrants, depository receipts, bonds, sukuk, debt securities, as well as the listing and trading of the shares of private joint-stock companies. This adds depth to the markets and diversifies the financial options open to investors.

4.90. NASDAQ Dubai has been granted a licence by the DFSA, which is the regulator of all financial and ancillary services conducted through the DIFC, to operate as an Authorized Market Institution (AMI) (under the DIFC Regulatory Law). The exchange is located in the Dubai International Financial Centre (DIFC), which has an independent commercial legal system based on English law.

4.91. The DFSA’s regulatory mandate covers asset management, banking and credit services, securities, collective investment funds, custody and trust services, commodities futures trading, Islamic finance, insurance, an international equities exchange, and an international commodities derivatives exchange. The DFSA is also responsible for the regulation and supervision of persons in the DIFC in relation to anti-money laundering, counter-terrorist financing, and sanctions compliance.

4.92. In fulfilling its mandate as the sole independent financial services regulator for the DIFC, the DFSA performs a number of functions. These include policy and rulemaking, authorization, recognition, supervision, enforcement, and national and international cooperation. The DFSA is also the regulator for anti-money laundering across the DIFC. In addition, the DFSA has been delegated authority under the Companies Law 2009 to undertake enforcement action under that Law. The rules made by the DFSA under the Regulatory Law 2004 for the purposes of the Markets Law of 2012, the Law Regulating Islamic Financial Business of 2004, the Trust Law of 2005, the Collective Investment Law of 2010, and the Investment Trust Law of 2006 cover the full range of financial and related activities undertaken in or from the DIFC. Generally, any legislation the DFSA proposes to make, or to submit to the President of the DIFC for enactment by the Ruler of Dubai, is made available to the public for consultation and the DFSA undertakes consultation with the industry as part of the policy development process. The DFSA also regulates exchanges and clearing houses in the DIFC and maintains the Official List of Securities and is also responsible for the approval of all issuer prospectuses.

4.93. Additionally, NASDAQ Dubai itself regulates a number of activities relating to its market through its Admission and Disclosure Standards and Business Rules.

4.3.2 Construction

4.3.2.1 Overview

4.94. Construction is important to the UAE economy, representing 9% of GDP and 33% of total employment in 2014. The majority of construction workers are not citizens of the UAE.

Table 4.9 Construction in the UAE, 2010-14

		2010	2011	2012	2013	2014
Total GDP	Dh million	1,050,516	1,279,962	1,371,421	1,421,963	1,466,985
of which						
Construction	Dh million	122,352	122,204	120,445	124,569	132,109
Total employment	'000	3,907.3	3,906.6	4,044.4	4,051.2	4,444.5
of which						
Construction						
Citizens	'000	2.3	2.5	2.6	2.3	2.8
Migrants	'000	1,599.1	1,532.0	1,504.0	1,379.8	1,478.3

Source: Federal Competitiveness and Statistics Authority online information. Viewed at: http://www.fcsa.gov.ae/EnglishHome/tabid/96/Default.aspx [January 2016].

4.95. As noted in the last report, the UAE is home to a number of well-known construction projects, including the Burj Khalifa, the tallest building in the world by EMAAR, the region's largest developer; Palm Jumeirah, the world's largest man-made island by Nakheel; Masdar, the world's first carbon-free city; the Dubai Mall, the world's largest shopping mall; and Ski Dubai, the world's first indoor ski resort. In addition, major residential projects have been built such as Jumeirah Lake Towers by Nakheel, Downtown Dubai by EMAAR, Al Raha Gardens by Aldar properties in Abu Dhabi, and Al Hamra Village in Ras al-Khaimah.[22]

4.96. To some extent, the continuing growth in the construction sector has been driven by public investment. For example, in Abu Dhabi, construction in Saadiyat Island's cultural district to meet the deadline announced for the opening of the Louvre Abu Dhabi Museum in 2015, the Zayed National Museum in 2016, and the Guggenheim Abu Dhabi Museum in 2017. In Dubai, infrastructure projects implemented in preparation for Expo 2020 are estimated to be about Dh 30 billion.[23]

4.97. In April 2014, it was estimated that the total value of construction projects was about US$727 billion with about one-third for mixed use, one-third for residential use, and the rest divided among commercial, hospitality and leisure, healthcare, cultural, and educational use.[24]

Table 4.10 Selected large construction projects under construction in the UAE in 2015

Source	Project	Main contractor	Client	Approximate value US$ million
a	Barakah Nuclear Power Plant 1-4	Korea Electric Power Corporation	Emirates Nuclear Energy Company	20,000
b	Upper Zakum Full Field	Petrofac	Zakum Development Co.	3,700
c	Ruwais Refinery Expansion Project:		Abu Dhabi Oil Refining Co. (Takreer)	9,600
	Package 1	SK Engineering and Construction		
	Package 2	GS Engineering and Construction		
	Package 3	Samsung Engineering		
	Package 4	Daewoo Engineering and Construction		
d	Abu Dhabi Airport: Midfield Terminal Complex	Arabtec, TAV, CCC	Abu Dhabi Airport Company	2,960
e	Dubai Metro		Dubai Roads and Transport Authority	14,352
e	Emirates Roads Master Plan		Dubai Roads and Transport Authority	12,000
e	Etihad Railway Network		Etihad Rail	11,000
e	Airport Expansion Project		Dubai Airport Authority	7,800
e	Abu Dhabi Metro		Musanada	7,000

Source: a World Nuclear Association online information. Viewed at: http://www.world-nuclear.org/info/Country-Profiles/Countries-T-Z/United-Arab-Emirates/.
b Petrofac online information. Viewed at: http://www.petrofac.com/regions/middle-east/projects/abu-dhabi-projects-overview.aspx.
c Hydrocarbons Technology online information. Viewed at: http://www.hydrocarbons-technology.com/projects/ruwais-refinery-expansion/.
d Abu Dhabi Airport online information. Viewed at: http://www.abudhabiairport.ae/english/airport-information/about-abu-dhabi-airport/midfield-terminal-complex-development.aspx.
e Alpen Capital Investment Banking (2015), *GCC Construction Industry*, 23 June. Viewed at: http://www.alpencapital.com/downloads/GCC_Construction_Industry_Report_June_2015.pdf.

[22] WTO document WT/TPR/S/262/Rev.1, 3 May 2012, para. 172.
[23] Central Bank of the UAE (2015), *Annual Report 2014*, Abu Dhabi, p. 19.
[24] Deloitte (2015), *Deloitte GCC Powers of Construction 2014: Construction sector overview*.

4.98. Several large construction companies are based in the UAE and operate throughout the Gulf region:

- Arabtec Holding PJSC, which has several subsidiaries including Arabtec Construction LLC, Arabtec Precast LLC, and Target Engineering Construction Company WII. In 2014, the group had revenues of Dh 8,293 million, operating profits before tax of Dh 126 million, and assets of Dh 14,345 million;
- Al Jaber LEGT Engineering and Contracting LLC (ALEC), which is a family-owned industrial group; and
- Emaar Properties PJSC which is 29.22% owned by the Government of Dubai, had in 2014 revenues of Dh 9,893 million, a net operating profit of Dh 3,350 million and total assets of Dh 74,179 million.[25]

4.3.2.2 WTO commitments

4.99. The GATS commitments for the UAE are listed in Table 4.11. These include reservations on market access for commercial presence which requires a representative office or incorporation under UAE law with a maximum foreign equity participation of 49%; and national treatment reservations preventing foreign nationals from acquiring real estate, allowing for differential taxation for foreign nationals or companies with foreign shareholdings, and including the possibility that subsidized services be extended to UAE nationals only.

Table 4.11 UAE WTO construction-related services commitments

	Limitations on market access Mode				Limitations on national treatment Mode			
	1	2	3	4	1	2	3	4
1 BUSINESS SERVICES								
1.D Architectural services 1.E Engineering services 1.G Urban planning and landscape architectural services	None	None	None	Unbound, except as indicated in the horizontal section	None	None	None, except as indicated in the horizontal section	Unbound, except as indicated in the horizontal section
3 CONSTRUCTION AND RELATED ENGINEERING SERVICES								
3.A General construction work for buildings 3.B General construction work for civil engineering 3.C Installation and assembly work 3.D Building completion and finishing work 3.E Other	None	None	None	Unbound, except as indicated in the horizontal section	None	None	None, except as indicated in the horizontal section	Unbound, except as indicated in the horizontal section
HORIZONTAL SECTION								
Mode 3								
Market access: Commercial presence for all sectors will be through either (i) a representative office or (ii) an incorporation as a company with maximum foreign equity participation of 49% subject to UAE law. National treatment: (i) Acquisition of land and real estate is not permitted to foreigners or to companies in which foreign nationals have a shareholding. (ii) Foreign nationals or companies with foreign shareholdings may be required to pay direct taxes on income derived from work or operations in the UAE, whereas local services suppliers or local UAE companies may not be required to pay similar taxes keeping in view the provisions of paragraph (d) of Article XIV. (iii) Government subsidized services may only be extended to UAE nationals.								

[25] GulfBase online information. Viewed at: http://www.gulfbase.com/ [January 2016].

	Limitations on market access Mode	Limitations on national treatment Mode
Mode 4		
Market access: Unbound except for measures concerning entry and temporary stay of natural persons who fall into one of the following categories: (i) Business visitors: persons not based in the territory of the UAE and receiving no remuneration from a source within the UAE, who visit the UAE on behalf of a service supplier for business negotiations (and not for selling services directly to the public) or for doing preparatory work for establishing commercial presence in the UAE. Entry for persons in this category shall not be for more than ninety days. (ii) Intra-corporate transferees: managers, executives and specialists (as defined below) who have been in the employment of a juridical person of another Member outside the UAE, for a period of not less than one year prior to the date of application for entry into the UAE and are being transferred to a branch or affiliate in the UAE of the aforesaid juridical person. Entry will be subject to the following conditions: a) The number of managers, executives and specialists shall be limited to 50% of the total number of managers, executives and specialists of each service supplier. b) Their entry shall be for a period of one year subject to renewal for two additional years with a maximum of three years. c) Their stay in the UAE will be subject to UAE labour and immigration laws.		

Note: Mode 1: Cross-border supply.
Mode 2: Consumption abroad.
Mode 3: Commercial presence.
Mode 4: Presence of natural persons.

Source: WTO, World Bank I-TIP online database.

4.3.2.3 Policies

4.100. For most construction projects, the client engages consultants for the design, supervision, and management of the project and, separately, a contractor for the construction. However, for large-scale projects, turnkey contracts are often used: either engineering, procurement, and construction (EPC) contracts or engineering, procurement, construction, and commissioning (EPCC) contracts. In most cases, the contracts are based on the International Federation of Consulting Engineers (FIDIC) forms.[26] However, public procurement contracts in Abu Dhabi usually require the use of the Abu Dhabi Government Conditions of Contract, and in Dubai the Roads and Transport Authority and the Dubai Municipality also have their own forms of contract. Furthermore, the nature of large-scale projects involving international companies may also require project-specific contracts.

4.101. As for any other type of business, to carry out construction work in the UAE a contractor must have commercial presence through incorporation in an emirate (with maximum foreign ownership of 49%) or a branch office. In both cases, a contractor's, consultant's, or industrial licence from the authorities in the emirate is required: a contractor's licence is required for construction related works; a consultant's licence for services such as project management, design, engineering, etc.; and an industrial licence is required for manufacturing. In some cases, such as EPC contracts, it may be necessary to have both a contractor's and consultant's licence. In addition, in Dubai, marketing of construction works or services requires incorporation as a local entity in Dubai. Other requirements may also apply depending on the activity of the enterprise, the emirate, the project, etc.[27]

4.102. In Abu Dhabi, the requirements for the classification of contractors are set out in Regulation No. 2 of 2009 concerning Contractor Classification in the Emirate of Abu Dhabi and Administrative Resolution No. 56 of 2010 concerning Instructions for Contractor Classification. The requirements for the classification of engineering consultancy offices are set out in Regulation No. 1 of 2009 concerning Engineering Consulting Office Classification in the Emirate of Abu Dhabi and Administrative Resolution No. 58 of 2010 concerning Instructions on Engineering Consultancy Offices Classification. The rules set out the classification of licences by type of work (e.g. road projects, building projects, grand civil projects, etc.), the staff and experience requirements for different specialties and categories of licence, and the minimum capital requirements for different categories of licence. The value of a contract in which a contractor may participate depends on the category of licence.

[26] See FIDIC online information. Viewed at: http://fidic.org/bookshop/about-bookshop/which-fidic-contract-should-i-use [January 2016].

[27] Mackenzie, A., Stevens, P., Sellrs, L. (Simmons and Simmons) (2015), *Construction and projects in the United Arab Emirates: overview*, Practical Law, Thomson Reuters. Viewed at: http://uk.practicallaw.com/resource/1-519-3663 [January 2016].

4.103. To be classified as an architect, civil engineer, or structural engineer it is essential to be part of an official registered corporation or organization and to be a member of the UAE Society of Engineers. The Society was formally organized under Ministerial Decree No. 33 of 1979 and it joined the Arab Engineers Federation in 1984, the World Federation of Engineering Organizations in 1985, and the Gulf Engineering Union in 1986.

4.104. Each emirate is responsible for building codes. The Abu Dhabi Building Codes were launched by the Department of Municipal Affairs in 2013 and applied to all projects in 2014. According to the authorities, the Building Codes are based on the International Building Code of the International Code Council which has been adapted to meet the specific requirements of Abu Dhabi. The adaptations were proposed by several committees consisting of representatives of the public and privates sectors and academia.[28] In Dubai, the Code of Construction and Safety Practice was published in 2008 and followed by other codes, including the Seismic Design Code for Dubai and the Dubai Wind Code. More recently the increased emphasis on environmental sustainability has resulted in the Green Building Regulations and Specifications and the Practice Code for Green Building in 2014.

4.3.3 Telecommunications

4.105. Regarding sector governance, the telecommunications sector is governed according to Federal Law by Decree No. 3 of 2003 regarding the Organization of the Telecommunications Sector, as amended (the Telecommunications Law). The UAE Cabinet approves and sets national policy and the Telecommunications Regulatory Authority (TRA), which was established by the Telecommunications Law as the independent regulator of the sector, is responsible for implementing the national policy.

4.106. The UAE made no commitments on telecommunications under the GATS.

4.107. Under the Telecommunications Law, the TRA's responsibilities include:

- ensuring that public telecommunications services are sufficient to satisfy the public demands for such services;
- promoting the interests of subscribers;
- ensuring that service providers meet quality of service standards;
- encouraging and promoting the development of the telecommunications and IT sectors; and
- promoting industry related training institutions, under which the TRA manages the ICT Fund, which it uses to provide scholarships for industry-related higher education and seed capital funding for UAE-grown industry-related ventures.

4.108. The Telecommunications Law provides that no person may supply telecommunications services to the public or conduct a regulated activity unless licensed to do so, and it also prevents the TRA from issuing licences to any entity having less than 51% local ownership.

4.109. Since its inception, the TRA has exercised its powers under the Telecommunications Law to develop a regulatory framework, which includes, but is not limited to: licences; interconnection regulations; competition safeguards; retail price controls; consumer protection regulations; a national spectrum allocation table; a national spectrum plan; a national numbering plan; type approval regulations; and quality of service standards.

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[28] Abu Dhabi eGovernment online information. Viewed at: https://www.abudhabi.ae/portal/public/en/business/business_startup_and_operationalisation/business_premises/gen_info73?docName=ADEGP_DF_285650_EN&_adf.ctrl-state=gq35w7dw7_4&_afrLoop=18957039114864224#! [January 2016].

Table 4.12 Licences issued by the TRA

Licence number	Licensee	Licensed services
1/2006	Emirates Telecommunications Corporation (Category 1 Licence)	Fixed telecommunications services International telecommunications services Internet service provider (ISP) VSAT services Satellite earth stations Ancillary services Digital cellular and mobile telecommunications services Maritime services Telegraph and telex services Paging services Cable television network services
2/2006	Emirates Integrated Technology Company (Category 1 Licence)	Fixed telecommunications services International telecommunications services Internet service provider (ISP) VSAT services Satellite earth stations Ancillary services Digital cellular and mobile telecommunications services
1/2009	Nedaa	Public access mobile radio
2/2010	Al Yah Satellite Communications Company	Satellite services
3/2010	Alyah Advanced Satellite Communications Services	Satellite services
4/2010	Star Satellite Communications Company	Satellite services and broadcasting satellite services
5/2011	Al Maisan Satellite Communications Company	Broadcasting satellite transmission services
6/2011	Media Zone Intaj FZ LLC	Satellite uplink – broadcasting
7/2013	Thuraya Telecommunications Company	Global mobile personal communications satellite (GMPCS)
8/2016	Inmarsat Communications Company	Satellite services

Source: Telecommunications Regulatory Authority.

4.110. Domestic services are provided predominantly by Emirates Telecommunications Corporation (trading as "Etisalat"), the former incumbent, and Emirates Integrated Technology Company (trading as "du"). Both are majority state-owned: Etisalat is 60% state-owned and 40% owned by public shareholders; and du is 39.5% owned by the Emirates Investment Authority, 19.75% by Mubadala Development Company, 19.5% by the Emirates Communications and Technology Company LLC and 21.25% by public shareholders. Neither licensee pays corporation tax, instead each pay royalties to the Federal Government based on a percentage of revenues and net profits arising from the provision of regulated activities.

4.111. As of November 2015, the UAE had around 18.12 million mobile subscriptions. This represents a mobile penetration rate of around 213%, and, by the end of Q3 of 2015, du had increased its market share to around 43%. Mobile number portability (MNP) was introduced in 2014 and, during the first three quarters of 2015, an average of 9,869 mobile subscriptions per month used MNP to switch their mobile services from one licensee to the other.

4.112. According to the authorities, price benchmarking studies indicate that the UAE's mobile pricing levels are reasonable, and in some instances low, by international and regional standards. For example, the AREGNET Price Benchmarking study compares prices of various "baskets" of mobile services and shows prices are lower than OECD average prices.

4.113. Regarding fixed-line services, in October 2015 the TRA issued a directive mandating the introduction of bitstream access services and in December 2015 sharing of passive infrastructure. Whilst nationwide competition in fixed-line services in still in its infancy, both Etisalat and du have gained new customers, whether by customers switching from one licensee to the other, or by customers taking additional services, in parallel, from a second supplier.

4.114. Subscriptions to triple-play services (broadband, home phone, and internet protocol TV) are common in the UAE and this makes meaningful international pricing comparisons for single-play services difficult. However, the triple-play subscriptions include unlimited national calls. Regarding voice over internet protocol (VoIP) services, VoIP is a regulated activity that only Etisalat and du are licensed to provide.

4.3.4 Transport

4.115. The transport sector is a key contributor to the UAE economy both in terms of its contribution to GDP and employment in the economy. According to the Federal Competitiveness and Statistics Authority, transport, storage, and communications contributed 6.4% to GDP and 7.8% to employment.[29]

4.116. Transport and logistics is a key feature of the UAE's growth and development policy. As such, during the review period the development and expansion of both maritime and air transport services has continued.

4.117. Each emirate has an independent transport policy. The Department of Transport (DoT) is responsible for all transport-related matters, including transport policy and development in Abu Dhabi. In Dubai, the Dubai Roads and Transport Authority regulates road and maritime transport, while the Dubai Civil Aviation Authority (DCAA) and Dubai Airports regulate air transport in the emirate. The DCAA, which was formed in 2007, is responsible for *inter alia*: defining the general policy for civil aviation in the emirate, regulating air transport in the emirate in line with federal legislation, implementing bilateral and multilateral air service agreements within the emirate, authorizing the scheduled and non-scheduled air operators licensed by the GCAA to operate air services to the airports in the emirate, and implementing environmental policies and consumer protection legislation within the emirate. Dubai Airport Corporation[30] and Dubai Air Navigation Services[31] were also established in 2007. The former is responsible for operating aerodromes in the Emirate of Dubai whilst the latter provides air navigation services within the Emirate of Dubai and the Northern Emirates. Additionally, at the federal level, the Federal Transport Authority (FTA) and the General Civil Aviation Authority are responsible for inter-emirate and international transport policy.[32]

4.118. The UAE has not included any transport sectors in its 1994 Schedule of GATS Commitments.[33]

4.3.4.1 Air transport

4.119. All activities related to civil aviation at the federal level in the UAE are managed by the General Civil Aviation Authority (GCAA), which is an autonomous body. The General Civil Aviation Authority Law (Federal Cabinet Decree Law No. 4 of 1996) was issued on 1 January 1996. Under the Law, the GCAA was established and mandated as the authority for the execution of the Civil Aviation Law in the United Arab Emirates. The GCAA is responsible for ensuring safety and security for the aviation sector through oversight and the development of regulations; and for providing navigation services, registration, and licensing services for the UAE aviation industry. Additionally, the GCAA proposes general air transport policy guidelines and relevant legislation to the Council of Ministers, and enforces international agreements and conventions. The aviation authorities at emirate level are involved with operational matters at their respective airports. They represent the interests of the stakeholders in each emirate in air services agreements (ASA), through participation in preparatory meetings, work committees, and exchanges of views with the GCAA. For example, Abu Dhabi's DoT secures traffic rights in coordination with the GCAA. Carriers

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[29] FCSA online information. Viewed at: http://www.fcsa.gov.ae/ReportsByDepartmentEnglish/tabid/104/Default.aspx?MenuId=1 [March 2016].

[30] Established by Law No. 23 of 2007.

[31] Established by Law No. 22 of 2007.

[32] The FTA, which replaced the Ministry of Transport under Federal Law No. 1 of 2006, is in charge of setting general policies and regulations related to inter-emirate and international land (road and railway) transport and international maritime transport. The GCAA was set up in 1996 and is in charge of air transport in the UAE.

[33] WTO document GATS/SC/121, 2 April 1996.

wishing to conduct commercial air transport in the UAE must obtain an Air Operator Certificate from the GCAA.

4.120. Cabotage operations, of cargo and passengers, are limited to national airlines. Foreign companies may provide certain services, including: freighter and charter passenger services; maintenance, repair and overhaul (MRO); aircraft leasing; and parts manufacturing. The UAE has bilateral air services agreements with 158 countries, including 88 open skies agreements (Table A4.1). Based on the traffic rights specified in the respective air services agreements, airlines decide their own capacity (frequency and aircraft type), subject to approval by the authorities. The UAE is a signatory to the IATA air services agreement. Under this non-binding multilateral agreement, airlines may merge across borders, acquire airlines in other countries, or tap into international equity markets or private equity investors.

4.121. Over the past couple of decades the UAE has become an international air transport hub. Two of the largest international airlines are based in the UAE. The Emirates airlines corporation, established by Law No. 2 of 1985 of the Emirate of Dubai, is currently the third-largest international carrier in the world based on scheduled passenger-kilometres flown, the fifth-largest airline in the world in terms of revenue and the fourth-largest airline in the world in terms of international passengers carried. Emirates is a wholly owned subsidiary of the Government of Dubai through its investment arm, the Investment Corporation of Dubai. During the period under review (2012-15), the airline grew at an average annual rate of approximately 15% in terms of revenue. In 2015, the airline had a turnover of over US$24 billion and paid the Dubai Government US$708 million in dividend. There were no details available of any preferential treatment the airline receives, including of fuel prices, sovereign loan guarantees or preferential treatment at Dubai airport.

4.122. Etihad Airways was established by Royal (Amiri) Decree in July 2003. It is the flag carrier of Abu Dhabi and the second-largest airline of the United Arab Emirates. The airline is wholly owned by the Government of Abu Dhabi and is based at Abu Dhabi International Airport. In 2014, the airline had a turnover of US$7.6 billion, profits of US$257 million and over 17,000 employees. Furthermore, the airline carried nearly 15 million passengers in a fleet of 110 aircraft. Additionally, Etihad Airways has been acquiring equity stakes in other airlines; these include Air Serbia (49%), Air Seychelles (40%), Air Berlin (29.21%), Alitalia (49%), Darwin Airline (33.3%), Jet Airways (24%) and Virgin Australia (25%). There were no details available of any preferential treatment the airline receives, including of fuel prices, sovereign loan guarantees or preferential treatment at Dubai airport.

4.123. Additionally, two budget carriers are also based in the UAE; these are Air Arabia and Fly Dubai. Air Arabia was formed by an Emiree Decree No. 2/2003 in 2003. Today, it is a publicly listed company with the Government of Sharjah being the biggest shareholder. Air Arabia operates out of Sharjah International Airport, and Ras al-Khaimah International Airport. Dubai Aviation Corporation (trading as Flydubai) is wholly owned by the Dubai Government. It was established by Law No. 11 of 2008. It is based at Dubai Airport.

4.124. The UAE has seven national airports; the largest of these are the Dubai International Airport, Dubai World Central (DWC) and Abu Dhabi International Airport.

4.125. Dubai International is the world's busiest airport in terms of international passenger traffic and the sixth-busiest airport in the world in terms of total passenger traffic, it is also the third-busiest cargo airport in the world. In 2014, the airport handled 70.5 million passengers and 2.37 million tonnes of cargo and registered 357,339 aircraft movements. As of January 2015, there are over 8,000 weekly flights operated by 140 airlines to over 270 destinations. The airport is owned by the Government of Dubai and operated by Dubai Airports Company, which is wholly state-owned.

4.126. Dubai International is an important contributor to the Dubai economy. Over 100,000 people are employed at the airport and it contributes nearly US$27 billion to the economy, which represents around 27% of Dubai's GDP and 21% of the employment in Dubai. It is predicted that by 2020, the economic contribution of Dubai's aviation sector will rise to 37.5% of the city's GDP and, by 2030, the economic impact of aviation is projected to grow to US$88.1

billion and support 1.95 million jobs in Dubai or 44.7% of the GDP and 35.1% of the total employment.[34]

4.127. The airport revealed its future plans in May 2011, which involve construction of a new concourse, which is expected to bring the total capacity of the airport to over 90 million passengers and will open in 2016. Also the cargo mega terminal, which will have the capacity to handle 3 million additional tonnes of cargo a year, is expected to be operational in 2018.

4.128. Ground handling services at Dubai International Airport are provided by dnata Ground Handling Services while ground handling for Emirates is handled by its Airport Services Department. In Dubai, Emirates provides in-house aircraft maintenance facilities through its engineering unit called Emirates Engineering.

4.129. Dnata, which is a part of The Emirates Group and wholly state-owned, is one of the largest suppliers of combined air services in the world offering aircraft ground handling, cargo, travel, and flight catering services across six continents. In 2015, dnata employed over 32,000 employees across 75 countries and operated out of 127 airports across six continents and servicing over 150 airlines. However, it is not clear if any support or preferential treatment is provided to dnata, as this information was not made available to the Secretariat.

4.130. Additionally, the development of DWC is under way. The airport is also owned by the Government of Dubai and is operated by Dubai Airports Company. The airport officially opened on 27 June 2010 and mainly handles cargo flights. As of December 2014, only a handful of airlines operate passenger services out of Al Maktoum International Airport. The project was originally expected to be fully operational by 2017; however, due to the global financial crisis, the project is not expected to be completed until 2027. Once completed, the airport is expected to have an annual capacity of 16 million tonnes of freight and 240 million passengers.

4.131. Abu Dhabi International Airport is located in the Emirate of Abu Dhabi, the capital of the United Arab Emirates. In 2014, the airport served around 20 million passengers, and 32 airlines offered service to 99 destinations in 55 countries. The airport is owned and operated by the Abu Dhabi Airports Company. The Abu Dhabi Airports Company, through its subsidiaries, owns and operates airports and check-in facilities. It offers aviation-related services, such as airline development and cargo. Ground handling services are provided by Etihad Airways. The company also provides commercial services, including retail, catering, property management, hospitality, and information and communication services, and airline marketing services. It serves airlines, operators, and other businesses. However, it is not clear if any support or preferential treatment is provided to Etihad, as this information was not made available to the Secretariat.

4.132. Development work has started on a new passenger terminal, the main building and centrepiece of the new airport, which will be situated between the two runways and known as the Midfield Terminal. Upon completion in 2017, the Midfield Terminal will increase the airport's passenger capacity to more than 30 million per year, with options for this to double in capacity to 60 million. The expansion master plan projects also include a third parallel runway, a new air traffic control centre, and enhanced cargo and maintenance facilities.

4.133. Etihad Airways Engineering, formerly known as Abu Dhabi Aircraft Technologies (ADAT), was acquired by Etihad Aviation Group in 2014. It provides line, light and heavy maintenance services. ADAT was part of the Mubadala Development Company, wholly owned by the Government of the Emirate of Abu Dhabi.

4.134. Sharjah International Airport, the UAE's oldest airport, is an important cargo hub and transhipment point in the region, especially for intermodal cargo arriving by sea and air-freighted onwards. The airport has achieved a milestone of over 10 million passengers in 2015. It serves 23 passenger and cargo carriers offering scheduled services to over 120 destinations. Sharjah International Airport is managed and operated by the Sharjah Airport Authority. Sharjah Aviation Services is the official ground handling service provider; it provides various facilities, including customer services and ramp and cargo handling, to various airlines. Being a major hub for cargo

[34] Oxford Economics, *Quantifying the Economic Impact of Aviation in Dubai*, November 2014.

operations, the airport has also attracted several international freight forwarders and cargo agents to undertake operations to/from Sharjah International Airport.

4.3.4.2 Maritime transport

4.135. The UAE has more than 15 commercial ports, these include container handling facilities, oil terminals, industrial ports and fishing ports. The main commercial cargo ports are Khalifa Port in Abu Dhabi, Jebel Ali Port in Dubai and Khorfakkan container terminal in Sharjah. Additionally Zayed Port in Abu Dhabi and Rashid Port in Dubai cater to luxury cruise ships. In 2015, the commercial fleet under the UAE flag totalled 306 ships and nearly 192 thousand gross tonnes.[35] The UAE's ports export mainly oil and gas, but also raw materials and finished goods. Imports consist of intermediate and consumer goods, as well as a significant re-export trade within the Gulf region, East Africa, and the Indian subcontinent.

4.136. At the federal level, maritime transport is governed by UAE Federal Law No. 26 of 1981 as amended in 1988 (known as the UAE Maritime Code). The Code governs and regulates all maritime practices in the UAE. The FTA is the regulatory authority. As such, the FTA is responsible for *inter alia:* vessel registration and ownership; crew issues and maritime insurance; safe operation of vessels; pilotage and towage; and marine accidents salvage. The law is applicable to all the emirates and is based on maritime principles set out in international conventions. The FTA also manages the ship registry and seafarers licensing, issues navigational licences, monitors compliance with international standards, and levies fees. Furthermore, the FTA is also in charge of all security, seaworthiness, and communications aspects of marine navigation, as well as compliance with international standards. Additionally, several relevant ministerial decrees or local laws regulate registration of vessels, crewing, classification of vessels, restrictions with regard to activities undertaken by foreign flag vessels, and other port activities.

4.137. The regulation of port and shipping services is shared between the FTA and the respective port authority of each emirate (ports are owned by the respective governments of the emirates).

4.138. The UAE is a signatory to the following international treaties and conventions: IMO Convention and amendments; SOLAS Convention 1974; SOLAS Protocol 1978; Load Lines Convention 1966; Tonnage Convention 1969; COLREG Convention 1972; STCW Convention 1978; SAR Convention 1979; INMARSAT Convention 1976; INMARSAT Operating Agreement 1976; London Convention 1972; Intervention Convention 1969; CLC Convention 1969; CLC Protocol 1976; CLC Protocol 1992; Fund Convention 1971; Fund Protocol 1992; LLMC Convention 1976; and Salvage Convention 1989.

4.139. At the time of the last review, registering a vessel in the UAE under a UAE flag required that the vessel be at least 51% owned by a UAE national or a company with its management based in the UAE. Only ships registered in the UAE may conduct cargo or passenger cabotage operations.

4.140. Foreign flag vessels are permitted to operate in UAE territorial waters, mainly in the context of offshore projects. Foreign flag vessels must have a contract with one of the federal or local governments to operate in UAE waters, and may not carry out cabotage on their own account. Crews working on ships servicing the territorial waters must have residency visas. Foreign companies must obtain approval from the FTA in the form of a licence. In addition, foreign ships must not be older than 25 years.

4.141. DP World, which is majority owned by the Government of Dubai, is the operator of the Jebel Ali Port in Dubai. Jebel Ali Port is the ninth-largest container port in the world with a capacity of over 19 million TEUs. Expansions currently under way will increase capacity to over 22 million TEUs by 2018. DP World has a portfolio of 65 marine terminals globally, including Fujairah Container Terminal in the UAE.

4.142. Abu Dhabi Ports, which is a wholly state-owned company, is the developer and manager of ports and industrial zones in Abu Dhabi. As such, it is the owner of the state-of-the-art Khalifa Port, which is operated by Abu Dhabi Terminals. Khalifa Port started operations in 2012. The port

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[35] Information provided by the authorities.

handles general cargo and all of Abu Dhabi's container traffic (which was shifted from Port Zayed). The port currently has an annual container capacity of 2.5 million TEU and 12 million tons of general cargo. It is envisaged that when all development phases are completed (by 2030), the port would have a container capacity of 15 million TEU and 35 million tons of general cargo.

4.143. The main ports in Sharjah are Port Khalid, Al Hamariah Port, and Khorfakkan, on the east coast. Sharjah's ports are regulated and run by the Sharjah Port Authority (Sharjah's Department of Seaports and Customs). Port operations are governed by the (Sharjah) Port Act of 1977. In 1976, the Authority established the company Gulftainer to manage and operate the container terminals in Port Khalid and Khorfakkan.

4.3.5 Tourism

4.144. Highlighted by the Government under the UAE Vision 2021 as a key sector, tourism is of growing importance to the UAE economy. Travel and tourism directly contributed Dh 61.6 billion to GDP in 2014 (4.1% of GDP), which is forecasted to increase by 4.1% per year in the period 2015-2025 to reach Dh 96.9 billion (4.5% of GDP) by 2025 according to the World Travel and Tourism Council (WTTC). The total contribution of travel and tourism to GDP in 2014 was Dh 126.7 billion (8.4%).[36]

4.145. The UAE made commitments in its GATS Schedule under hotels and restaurants and travel guide services with no limitations under cross-border supply, consumption abroad, or commercial presence, while presence of natural persons was unbound except for horizontal commitments (Table 4.13).

Table 4.13 UAE WTO tourism and travel-related services commitments

	Limitations on market access Mode				Limitations on national treatment Mode			
	1	2	3	4	1	2	3	4
9. Tourism and travel-related services								
9.A Hotels and restaurants (including catering) 9.C Travel guide services	None	None	None	Unbound except as indicated in the horizontal section	None	None	None	Unbound except as indicated in the horizontal section
HORIZONTAL SECTION								
Mode 3								
Market access: Commercial presence for all sectors will be through either (i) a representative office or (ii) an incorporation as a company with maximum foreign equity participation of 49% subject to UAE law. National treatment: (i) Acquisition of land and real estate is not permitted to foreigners or to companies in which foreign nationals have a shareholding. (ii) Foreign nationals or companies with foreign shareholdings may be required to pay direct taxes on income derived from work or operations in the UAE, whereas local services suppliers or local UAE companies may not be required to pay similar taxes keeping in view the provisions of paragraph (d) of Article XIV. (iii) Government subsidized services may only be extended to UAE nationals.								
Mode 4								
Market access: Unbound except for measures concerning entry and temporary stay of natural persons who fall into one of the following categories: (i) Business visitors: persons not based in the territory of the UAE and receiving no remuneration from a source within the UAE, who visit the UAE on behalf of a service supplier for business negotiations (and not for selling services directly to the public) or for doing preparatory work for establishing commercial presence in the UAE. Entry for persons in this category shall not be for more than ninety days. (ii) Intra-corporate transferees: managers, executives and specialists (as defined below) who have been in the employment of a juridical person of another Member outside the UAE, for a period of not less than one year prior to the date of application for entry into the UAE and are being transferred to a branch or affiliate in the UAE of the aforesaid juridical person. Entry will be subject to the following conditions: a) The number of managers, executives and specialists shall be limited to 50% of the total number of managers, executives and specialists of each service supplier. b) Their entry shall be for a period of one year subject to renewal for two additional years with a maximum of three years. c) Their stay in the UAE will be subject to UAE labour and immigration laws.								

Note: Mode 1: Cross-border supply.
Mode 2: Consumption abroad.
Mode 3: Commercial presence.
Mode 4: Presence of natural persons.

Source: WTO, World Bank I-TIP online database.

[36] WTTC (2015), *Travel & Tourism – Economic Impact 2015: United Arab Emirates*, London, p. 3.

4.146. The authorities stated that promotion of the UAE as a year-round destination is a strategic objective targeting a range of high-growth globally diversified markets to ensure limited exposure to geography-specific volatilities. In November 2013, Dubai won the right to host the 2020 World Expo, the first time that the exhibition will have been staged in the Middle East. The World Expo is expected to play an important role as the six-month event aiming to attract around 25 million visitors will not only serve Dubai's tourism and hospitality sector but could extend to the other emirates.

4.147. The Arab Spring of 2011 had a major positive impact on UAE tourism, leading to an unprecedented influx of tourists from the wider region. In 2015, Dubai attracted over 14.2 million overnight tourists in 2015 (an increase of 8% over 2014) and has around 670 hotel establishments offering over 98,000 hotel rooms. In 2015 Abu Dhabi attracted around 4 million visitors (an increase of 18% compared to 2012). Visitors to Dubai come from a variety of regions: 23% are from other GCC member States; 21% from Western Europe; 16% from South Asia; and 12% from the Middle East North Africa region.[37]

4.148. The development of tourist infrastructure and attractions is one of the Government's top priorities to diversify the economy. According to the Travel & Tourism Competitiveness Report 2015, the UAE continues to lead the MENA region at 24th out of 141 economies (up four places since 2013), attracting both leisure and business travellers, with a growing number of international fairs and exhibitions and increasingly diverse creative industries. The UAE provides a mix of demand generators in the corporate, MICE (meetings, incentives, conferences and exhibitions) and leisure sectors, including the hosting of major sporting events, such as the Formula One Grand Prix and Dubai Shopping Festival.[38]

4.149. One of the most important competitive advantages of the UAE is its location as an international hub for global air travel. The development of a number of landmark real estate developments has added to the attraction of the UAE as a destination for tourism with Burj Al Arab, Burj Khalifa, Yas Island, and Palm Jumeirah to name a few. Furthermore, the country has carried out effective marketing and branding campaigns and has adopted policy rules and regulations that are conducive to the development of the sector such as ongoing reforms to the visa regime.

4.150. In terms of regulation, each emirate develops and promotes tourism separately and, at the federal level, there are the National Council of Tourism and Antiquities (NCTA) and the Department of Naturalization, Residency and Ports Affairs (DNRPA). The NCTA started operations in 2009 with the objective of positioning the UAE as the best tourism destination on both the regional and international level. In 2014, the DNRPA announced that a new range of visas and entry permits that are significant for the cruise ship and medical travel segments would be introduced (Table 4.14).

[37] The origin of other visitors is: 8% from North and South East Asia; 7% from the Americas; 5% from Africa 5%; 5% from Russia-CIS-Eastern Europe; and 3% from Australasia.

[38] World Economic Forum online information. Viewed at: http://reports.weforum.org/travel-and-tourism-competitiveness-report-2015/ [March 2016].

Table 4.14 Regulatory reforms, 2014

Reform	Authority	Measures
Multi-entry cruise visas	UAE DNRPA	Dh 200 visa allowing visits to ports in UAE and Oman
Medical tourism visas	UAE DNRPA	Dh 500 for single trip Dh 1400 for multi-trip
New accommodation classifications	DTCM	University residences, holiday lets and youth hostels included
Hotel planning rules speeded up	DLD	All plans for hotels to be processed in 60 days
Tourism Dirham	DTCM	New Tourism Dirham was introduced for overnight stays, Dh 7-20 per room per night

Source: UAE Department of Naturalization, Residency and Ports Affairs (DNRPA); Dubai Department of Tourism and Commerce Management (DTCM); Dubai Land Department (DLD); and Oxford Business Group, *The Report: Dubai 2015*, p. 183. Viewed at: www.oxfordbusinessgroup.com/country/UAE:Dubai.

4.151. In Dubai, the UAE's most popular tourist destination, regulation of tourism rests with the Department of Tourism and Commerce Management (DTCM). In 2014, the DTCM introduced a Tourism Dirham, which is a fee charged to hotel guests for staying in hotels (Table 4.14). In Abu Dhabi, the tourism sector is regulated by the Abu Dhabi Tourism and Culture Authority which currently levies a 6% tourism fee on the accommodation sector in the emirate.

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5 APPENDIX TABLES

Table A1.1 Non-oil direct exports and re-exports by HS Sections and main chapters, 2011-14

(US$ million and %)

Description	2011	2012	2013	2014
Total	88,433	105,705	103,540	102,334
	(% of exports and re-exports)			
1 - Live animals; animal products	0.5	0.5	0.6	1.0
04. Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	0.4	0.3	0.4	0.4
01. Live animals	0.0	0.0	0.1	0.4
2 - Vegetable products	1.8	1.5	1.6	1.7
08. Edible fruit and nuts; peel of citrus fruit or melons	0.6	0.6	0.7	0.8
09. Coffee, tea, maté and spices	0.2	0.2	0.3	0.3
3 - Animal or vegetable fats and oils; prepared edible fats	0.6	0.3	0.3	0.3
4 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco	3.3	2.9	3.3	3.3
24. Tobacco and tobacco substitutes	0.7	0.8	0.9	0.9
17. Sugars and sugar confectionery	0.8	0.6	0.7	0.5
5 - Mineral products	2.1	1.9	2.3	2.3
27. Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	1.3	1.0	1.2	1.2
25. Salt; sulphur; earths and stone; plastering materials, lime and cement	0.8	0.9	1.0	1.1
6 - Products of the chemical or allied industries	2.6	2.1	2.2	2.4
33. Essential oils and resinoids; perfumery, cosmetic or toilet preparations	1.0	0.9	0.9	0.9
38. Miscellaneous chemical products	0.6	0.3	0.3	0.4
7 - Plastics and articles thereof; rubber and articles thereof	3.9	5.2	4.4	4.6
39. Plastics and articles thereof	2.6	4.0	3.2	3.5
40. Rubber and articles thereof	1.3	1.2	1.1	1.1
8 - Raw hides and skins, leather, furskins and articles thereof; travel goods, handbags; articles of animal gut	0.2	0.2	0.2	0.2
9 - Wood and articles of wood; wood charcoal; cork and articles of cork	0.3	0.3	0.3	0.3
10 - Pulp of wood or of other fibrous cellulosic material; paper and paperboard and articles thereof	0.7	0.8	1.2	1.2
49. Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	0.4	0.4	0.8	0.7
11 - Textiles and textile articles	3.3	2.6	3.0	3.2
54. Man-made filaments; strip and the like of man-made textile materials	1.2	0.9	1.0	1.0
61. Articles of apparel and clothing accessories, knitted or crocheted	0.6	0.5	0.8	0.8
62. Articles of apparel and clothing accessories, not knitted or crocheted	0.5	0.4	0.4	0.4
12 - Footwear, headgear, umbrellas; prepared feathers and articles; artificial flowers	0.3	0.2	0.3	0.3
13 - Articles of stone, plaster, cement, etc.; ceramic products; glass and glassware	1.7	1.2	1.5	1.3
69. Ceramic products	0.8	0.5	0.5	0.5
70. Glass and glassware	0.6	0.4	0.5	0.5
14 - Natural or cultured pearls, precious or semi-precious stones, precious metals	47.2	50.2	44.0	36.3
15 - Base metals and articles of base metal	5.6	6.7	8.0	10.1
76. Aluminium and articles thereof	1.3	1.8	2.1	4.1
73. Articles of iron or steel	1.3	1.6	1.6	2.0
72. Iron and steel	1.2	1.5	1.8	1.7
74. Copper and articles thereof	1.2	1.4	2.1	1.7
16 - Machinery and mechanical appliances; electrical equipment; television image and sound recorders	14.1	12.2	15.1	16.4
84. Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	7.5	6.7	8.7	9.1
85. Electrical machinery and equipment and parts thereof; sound	6.6	5.6	6.4	7.3

Description	2011	2012	2013	2014
recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles				
17 - Vehicles, aircraft, vessels and associated transport equipment	10.0	9.5	10.2	12.8
87. Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	7.1	7.7	7.4	10.1
88. Aircraft, spacecraft, and parts thereof	1.3	1.4	2.6	1.9
18 - Optical, photographic, precision, medical or surgical instruments; clocks and watched; musical instruments	0.7	0.7	0.8	0.9
19 - Arms and ammunition	0.0	0.0	0.0	0.0
20 - Miscellaneous manufactured articles	0.9	0.8	0.8	0.9
94. Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like; prefabricated buildings	0.6	0.5	0.5	0.6
21 - Works of art, collectors' pieces and antiques	0.0	0.1	0.1	0.2
Others	0.2	0.1	0.1	0.2

Source: WTO Secretariat estimates, based on data provided by the UAE authorities.

Table A1.2 Merchandise direct imports by HS Sections and main chapters, 2011-14

(US$ million and %)

Description	2011	2012	2013	2014
Total	164,071	181,699	186,476	189,567
	(% of imports)			
1 - Live animals; animal products	1.9	1.9	2.0	2.2
04. Dairy produce; birds' eggs; natural honey; edible products of animal origin.	0.7	0.7	0.8	0.9
02. Meat and edible meat offal.	0.8	0.8	0.8	0.8
2 - Vegetable products	4.0	3.4	3.5	3.7
08. Edible fruit and nuts; peel of citrus fruit or melons.	0.9	0.9	1.0	1.1
10. Cereals.	1.1	0.7	0.7	0.8
12. Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit.	0.9	0.8	0.8	0.7
3 - Animal or vegetable fats and oils; prepared edible fats	0.5	0.4	0.3	0.3
4 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco	2.0	2.3	2.2	2.6
19. Preparations of cereals, flour, starch or milk.	0.3	0.4	0.4	0.4
21. Miscellaneous edible preparations.	0.4	0.4	0.4	0.4
24. Tobacco and manufactured tobacco substitutes.	0.2	0.3	0.3	0.4
5 - Mineral products	2.4	2.0	2.4	2.1
27. Mineral fuels, mineral oils and products of their distillation.	1.7	1.5	1.5	1.5
6 - Products of the chemical or allied industries	5.5	5.2	5.5	6.2
33. Essential oils and resinoids; perfumery, cosmetic or toilet preparations.	1.3	1.2	1.3	1.4
30. Pharmaceutical products.	1.0	0.9	1.1	1.2
28. Inorganic chemicals; organic or inorganic compounds of precious metals.	1.1	1.0	0.9	1.2
38. Miscellaneous chemical products.	0.6	0.6	0.6	0.7
29. Organic chemicals.	0.7	0.6	0.7	0.7
7 - Plastics and articles thereof; rubber and articles thereof	2.9	2.8	2.7	3.0
39. Plastics and articles thereof.	2.1	2.0	2.0	2.2
8 - Raw hides and skins, leather, furskins and articles thereof; travel goods, handbags; articles of animal gut	0.5	0.5	0.6	0.6
42. Articles of leather; travel goods, handbags; articles of animal gut.	0.4	0.4	0.5	0.5
9 - Wood and articles of wood; wood charcoal; cork and articles of cork	0.6	0.6	0.5	0.6
44. Wood and articles of wood; wood charcoal.	0.5	0.5	0.5	0.5
10 - Pulp of wood or of other fibrous cellulosic material; paper and paperboard and articles thereof	0.9	0.9	0.8	0.8
48. Paper and paperboard; articles of paper pulp, of paper or of paperboard.	0.7	0.6	0.6	0.6
11 - Textiles and textile articles	3.4	3.4	3.5	3.8
61. Articles of apparel and clothing accessories, knitted or crocheted.	0.8	1.0	1.0	1.1
62. Articles of apparel and clothing accessories, not knitted or crocheted.	1.0	0.9	0.9	1.0
54. Man-made filaments.	0.6	0.5	0.5	0.5
12 - Footwear, headgear, umbrellas; prepared feathers and articles; artificial flowers	0.5	0.6	0.7	0.8
64. Footwear, gaiters and the like; parts of such articles.	0.5	0.5	0.6	0.7
13 - Articles of stone, plaster, cement, etc.; ceramic products; glass and glassware	1.2	1.0	0.9	1.0
14 - Natural or cultured pearls, precious or semi-precious stones, precious metals	31.3	31.8	32.7	26.1
15 - Base metals and articles of base metal	9.3	8.2	7.4	7.7
72. Iron and steel.	2.6	2.1	2.0	2.3
73. Articles of iron or steel.	3.6	3.1	2.3	2.2
74. Copper and articles thereof.	1.6	1.6	1.9	1.7
76. Aluminium and articles thereof.	0.7	0.6	0.6	0.7
16 - Machinery and mechanical appliances; electrical equipment; television image and sound recorders	17.6	17.4	17.0	19.8
84. Nuclear reactors, boilers, machinery and mechanical appliances.	10.4	10.9	10.0	11.2
85. Electrical machinery and equipment; sound recorders and reproducers.	7.2	6.6	7.0	8.6

Description	2011	2012	2013	2014
17 - Vehicles, aircraft, vessels and associated transport equipment	12.0	14.3	13.8	14.9
87. Vehicles other than railway or tramway rolling-stock, parts and accessories.	7.2	8.6	9.4	10.2
88. Aircraft, spacecraft, and parts thereof.	4.4	5.5	4.2	4.5
18 - Optical, photographic, precision, medical or surgical instruments; clocks and watched; musical instruments	1.7	1.7	1.7	1.9
90. Optical, photographic, cinematographic, measuring, precision, medical or surgical instruments and apparatus.	1.2	1.2	1.1	1.2
19 - Arms ans ammunition	0.1	0.0	0.0	0.0
20 - Miscellaneous manufactured articles	1.6	1.5	1.6	1.8
94. Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings.	1.1	1.1	1.0	1.2
21 - Works of art, collectors' pieces and antiques	0.0	0.0	0.0	0.1
Others	0.0	0.0	0.0	0.0

Source: WTO Secretariat estimates, based on data provided by the UAE authorities.

Table A1.3 Non-oil free zones exports and re-exports by HS Sections and main chapters, 2011-14

(US$ million and %)

Description	2011	2012	2013	2014
Total	39,800	53,744	63,032	64,703
	(% of exports and re-exports)			
1 - Live animals; animal products	0.1	0.1	0.1	0.2
04. Dairy produce; birds' eggs; natural honey; edible products of animal origin.	0.1	0.1	0.1	0.2
2 - Vegetable products	0.2	0.3	0.4	0.4
09. Coffee, tea, maté and spices.	0.1	0.2	0.3	0.3
08. Edible fruit and nuts; peel of citrus fruit or melons.	0.0	0.1	0.1	0.1
3 - Animal or vegetable fats and oils; prepared edible fats	0.1	0.1	0.1	0.1
4 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco	4.2	4.3	4.1	5.0
24. Tobacco and manufactured tobacco substitutes.	3.3	3.4	3.2	4.1
22. Beverages, spirits and vinegar	0.7	0.6	0.6	0.7
5 - Mineral products	10.2	8.8	6.5	7.2
27. Mineral fuels, mineral oils and products of their distillation.	10.1	8.8	6.4	7.1
6 - Products of the chemical or allied industries	5.6	5.4	5.5	5.9
33. Essential oils and resinoids; perfumery, cosmetic or toilet preparations.	1.9	1.8	1.8	2.0
30. Pharmaceutical products.	0.8	0.9	1.1	1.0
29. Organic chemicals.	0.8	0.8	0.9	0.7
7 - Plastics and articles thereof; rubber and articles thereof	2.1	2.1	1.9	1.9
39. Plastics and articles thereof.	1.4	1.3	1.2	1.1
8 - Raw hides and skins, leather, furskins and articles thereof; travel goods, handbags; articles of animal gut	0.3	0.3	0.3	0.3
42. Articles of leather; travel goods, handbags; articles of animal gut.	0.3	0.3	0.3	0.3
9 - Wood and articles of wood; wood charcoal; cork and articles of cork	0.0	0.0	0.1	0.0
10 - Pulp of wood or of other fibrous cellulosic material; paper and paperboard and articles thereof	0.2	0.2	0.3	0.4
11 - Textiles and textile articles	2.0	1.9	2.3	2.4
61. Articles of apparel and clothing accessories, knitted or crocheted.	0.6	0.6	0.8	0.9
62. Articles of apparel and clothing accessories, not knitted or crocheted.	0.8	0.7	0.8	0.8
63. Other made up textile articles.	0.3	0.2	0.2	0.3
12 - Footwear, headgear, umbrellas; prepared feathers and articles; artificial flowers	0.4	0.5	0.5	0.6
64. Footwear, gaiters and the like; parts of such articles.	0.4	0.5	0.5	0.6
13 - Articles of stone, plaster, cement, etc.; ceramic products; glass and glassware	0.7	0.6	0.5	0.5
70. Glass and glassware.	0.6	0.4	0.3	0.3
14 - Natural or cultured pearls, precious or semi-precious stones, precious metals	13.9	11.0	5.8	4.2
15 - Base metals and articles of base metal	3.9	4.3	5.2	3.8
73. Articles of iron or steel.	1.7	2.0	1.9	1.8
74. Copper and articles thereof.	0.6	0.5	0.7	0.6
16 - Machinery and mechanical appliances; electrical equipment; television image and sound recorders	46.5	49.9	55.1	53.9
85. Electrical machinery and equipment; sound recorders and reproducers.	28.4	32.2	38.2	35.8
84. Nuclear reactors, boilers, machinery and mechanical appliances.	18.2	17.7	16.9	18.1
17 - Vehicles, aircraft, vessels and associated transport equipment	5.4	5.2	7.1	9.2
87. Vehicles other than railway or tramway rolling-stock, parts and accessories.	4.9	3.7	5.6	7.4
89. Ships, boats and floating structures.	0.1	1.0	1.1	0.9
18 - Optical, photographic, precision, medical or surgical instruments; clocks and watched; musical instruments	3.1	3.7	3.0	2.9
90. Optical, photographic, cinematographic, measuring, precision, medical or surgical instruments and apparatus.	2.1	2.8	2.3	2.2

Description	2011	2012	2013	2014
19 - Arms ans ammunition	0.0	0.0	0.0	0.0
20 - Miscellaneous manufactured articles	1.1	1.2	1.2	1.1
95. Toys, games and sports requisites; parts and accessories thereof.	0.7	0.7	0.5	0.6
21 - Works of art, collectors' pieces and antiques	0.0	0.1	0.0	0.0
Others	0.0	0.0	0.0	0.0

Source: WTO Secretariat estimates, based on data provided by the UAE authorities.

Table A1.4 Merchandise free zones imports by HS Sections and main chapters, 2011-14

(US$ million and %)

Description	2011	2012	2013	2014
Total	**60,284**	**68,696**	**76,736**	**80,436**
	(% of imports)			
1 - Live ; animal products	0.1	0.2	0.2	0.3
04. Dairy produce; birds' eggs; natural honey; edible products of animal origin	0.1	0.1	0.1	0.2
2 - Vegetable products	0.6	0.7	0.8	0.6
09. Coffee, tea, maté and spices	0.2	0.3	0.3	0.2
10. Cereals	0.2	0.2	0.3	0.2
3 - Animal or vegetable fats and oils; prepared edible fats	0.2	0.1	0.1	0.1
4 - Prepared foodstuffs; beverages, spirits and vinegar; tobacco	3.7	3.6	3.2	4.0
24. Tobacco and manufactured tobacco substitutes	1.6	1.7	1.4	1.8
17. Sugars and sugar confectionery	1.3	1.1	0.8	1.1
22. Beverages, spirits and vinegar	0.6	0.6	0.6	0.7
5 - Mineral products	6.3	8.5	7.3	7.7
27. Mineral fuels, mineral oils and products of their distillation	6.2	8.4	7.1	7.6
6 - Products of the chemical or allied industries	5.7	5.6	6.4	6.4
30. Pharmaceutical products	1.2	1.2	2.0	1.7
33. Essential oils and resinoids; perfumery, cosmetic or toilet preparations	1.5	1.4	1.4	1.5
29. Organic chemicals	1.3	1.2	1.2	1.0
38. Miscellaneous chemical products	0.4	0.4	0.5	0.6
7 - Plastics and articles thereof; rubber and articles thereof	2.6	2.5	2.4	2.3
39. Plastics and articles thereof	1.4	1.4	1.4	1.3
8 - Raw hides and skins, leather, furskins and articles thereof; travel goods, handbags; articles of animal gut	0.4	0.5	0.5	0.6
42. Articles of leather; travel goods, handbags; articles of animal gut	0.4	0.5	0.5	0.6
9 - Wood and articles of wood; wood charcoal; cork and articles of cork	0.3	0.3	0.3	0.4
44. Wood and articles of wood; wood charcoal	0.3	0.3	0.3	0.4
10 - Pulp of wood or of other fibrous cellulosic material; paper and paperboard and articles thereof	0.6	0.5	0.6	0.6
48. Paper and paperboard; articles of paper pulp, of paper or of paperboard	0.5	0.4	0.5	0.5
11 - Textiles and textile articles	2.7	3.0	3.3	3.8
61. Articles of apparel and clothing accessories, knitted or crocheted.	1.0	1.1	1.2	1.5
62. Articles of apparel and clothing accessories, not knitted or crocheted.	0.9	1.1	1.2	1.2
63. Other made up textile articles.	0.2	0.3	0.3	0.6
52. Cotton.	0.2	0.2	0.2	0.2
12 - Footwear, headgear, umbrellas; prepared feathers and articles; artificial flowers	0.7	0.8	0.9	1.1
64. Footwear, gaiters and the like; parts of such articles.	0.7	0.8	0.9	1.0
13 - Articles of stone, plaster, cement, etc.; ceramic products; glass and glassware	0.7	0.6	0.6	0.6
70. Glass and glassware	0.6	0.5	0.4	0.3
14 - Natural or cultured pearls, precious or semi-precious stones, precious metals	12.2	10.5	7.8	5.8
15 - Base metals and articles of base metal	7.1	7.1	7.0	6.2
72. Iron and steel	2.3	2.1	1.8	2.1
73. Articles of iron or steel	2.3	2.5	2.1	1.7
74. Copper and articles thereof	0.9	0.9	0.9	0.8
76. Aluminium and articles thereof	0.6	0.5	0.4	0.5
16 - Machinery and mechanical appliances; electrical equipment; television image and sound recorders	45.5	44.6	48.0	49.3
85. Electrical machinery and equipment; sound recorders and reproducers	26.2	26.6	31.3	31.7
84. Nuclear reactors, boilers, machinery and mechanical appliances	19.2	18.0	16.7	17.6
17 - Vehicles, aircraft, vessels and associated transport equipment	6.1	6.1	6.8	6.0

Description	2011	2012	2013	2014
87. Vehicles other than railway or tramway rolling-stock, parts and accessories.	5.5	5.4	6.2	5.4
88. Aircraft, spacecraft, and parts thereof	0.5	0.7	0.6	0.6
18 - Optical, photographic, precision, medical or surgical instruments; clocks and watched; musical instruments	3.1	3.2	2.7	2.8
90. Optical, photographic, cinematographic, measuring, precision, medical or surgical instruments and apparatus.	2.3	2.4	1.9	1.9
91. Clocks and watches and parts thereof	0.8	0.8	0.8	0.8
19 - Arms ans ammunition	0.0	0.0	0.0	0.0
20 - Miscellaneous manufactured articles	1.4	1.3	1.1	1.4
95. Toys, games and sports requisites; parts and accessories thereof.	0.7	0.7	0.5	0.6
21 - Works of art, collectors' pieces and antiques	0.0	0.1	0.1	0.0
Others	0.0	0.0	0.0	0.0

Source: WTO Secretariat estimates, based on data provided by the UAE authorities.

Table A1.5 Non-oil direct exports and re-exports by trading partner, 2011-14

(US$ million and %)

Description	2011	2012	2013	2014
Total	**88,433**	**105,705**	**103,540**	**102,334**
	(% of exports and re-exports)			
America	3.0	1.6	2.3	2.5
United States	1.2	1.3	1.9	2.0
Other America	1.7	0.3	0.3	0.4
Canada	0.9	0.1	0.1	0.1
Brazil	0.6	0.0	0.1	0.1
Europe	12.8	25.9	17.4	17.8
EU(28)	5.9	6.6	8.8	10.2
Belgium	2.9	3.3	3.8	4.3
United Kingdom	0.8	1.4	2.6	2.4
The Netherlands	0.3	0.5	0.8	1.2
Italy	0.6	0.4	0.4	0.7
Germany	0.5	0.4	0.6	0.7
EFTA	5.5	16.3	3.3	4.8
Switzerland	5.5	16.2	3.3	4.5
Other Europe	1.4	3.1	5.2	2.8
Turkey	1.3	3.1	5.2	2.7
Commonwealth of Independent States (CIS)[a]	1.6	1.5	1.5	2.2
Russian Federation	0.4	0.3	0.3	0.7
Turkmenistan	0.3	0.4	0.4	0.4
Azerbaijan	0.2	0.3	0.2	0.3
Africa	8.6	8.4	8.9	10.8
Egypt	0.7	0.7	1.4	1.7
Angola	0.6	0.9	0.6	1.2
Libyan Arab Jamahiriya	0.3	1.1	1.0	0.9
Nigeria	0.4	0.4	0.5	0.7
Kenya	0.6	0.5	0.5	0.6
Ethiopia	0.9	0.4	0.2	0.6
United Republic of Tanzania	0.7	0.5	0.5	0.5
Sudan	0.5	0.4	0.4	0.5
Algeria	0.4	0.4	0.4	0.5
Middle East	16.0	18.1	22.2	26.2
Iraq	3.7	3.1	3.4	6.5
Saudi Arabia	3.6	3.9	5.5	5.5
Oman	1.3	4.0	4.8	5.2
Kuwait	2.5	2.0	2.6	2.9
Qatar	1.8	2.0	2.3	2.6
Bahrain	1.7	1.7	1.8	1.6
Lebanon	0.6	0.5	0.7	0.8
Asia	55.5	41.1	42.7	36.7
China	0.8	1.9	1.7	2.4
Japan	0.2	0.3	0.4	0.6
Other Asia	54.6	38.9	40.6	33.7
Hong Kong, China	18.8	14.1	15.9	14.6
India	27.4	17.6	15.8	10.9
Afghanistan	1.9	1.7	2.1	1.8
Singapore	1.5	1.7	2.6	1.3
Pakistan	0.9	0.7	0.6	0.7
Other	2.6	3.4	5.0	3.9

Description	2011	2012	2013	2014
Free Zones	0.0	0.0	4.9	3.8
Areas n.e.s	2.6	3.4	0.1	0.1

a Commonwealth of Indpendent States (CIS) includes, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

Source: WTO Secretariat estimates, based on data provided by the UAE authorities.

Table A1.6 Non-oil direct imports by trading partner, 2011-14

(US$ million and %)

Description	2011	2012	2013	2014
Total	**164,071**	**181,699**	**186,476**	**189,567**
	(% of imports)			
America	11.9	13.5	13.8	13.4
United States	8.9	10.2	10.4	10.2
Other America	3.0	3.3	3.4	3.3
Brazil	1.0	1.0	0.9	1.1
Canada	0.9	0.8	0.9	0.9
Mexico	0.3	0.4	0.5	0.5
Suriname	0.5	0.6	0.5	0.3
Europe	22.4	26.2	28.0	25.6
EU(28)	18.3	18.4	20.6	20.2
Germany	5.1	5.5	5.5	6.1
United Kingdom	3.6	3.1	5.4	3.5
Italy	3.3	3.5	2.9	3.1
Belgium	1.8	1.7	2.1	2.4
Spain	0.9	0.9	0.9	1.0
EFTA	2.7	3.0	5.1	3.5
Switzerland	2.5	2.8	4.9	3.4
Norway	0.1	0.1	0.2	0.1
Other Europe	1.5	4.9	2.4	1.9
Turkey	1.5	4.9	2.3	1.9
Commonwealth of Independent States (CIS)[a]	0.8	0.7	1.4	1.4
Russian Federation	0.5	0.5	1.0	1.1
Ukraine	0.2	0.2	0.2	0.2
Africa	7.8	8.9	8.6	9.0
Mali	0.3	0.8	1.2	1.3
Sudan	1.2	1.8	1.0	1.0
South Africa	0.6	0.5	0.7	0.9
Ghana	0.8	1.1	1.0	0.7
United Republic of Tanzania	0.6	0.7	0.6	0.5
Congo	0.1	0.2	0.4	0.5
Zambia	0.7	0.6	0.6	0.5
Middle East	6.0	6.6	5.5	5.3
Saudi Arabia	2.5	2.2	2.2	2.1
Oman	0.7	0.7	1.1	0.9
Iraq	0.8	1.8	0.4	0.5
Kuwait	0.5	0.5	0.6	0.5
Qatar	0.3	0.4	0.4	0.4
Bahrain	0.5	0.4	0.3	0.4
Asia	49.8	42.9	41.3	43.7
China	9.1	8.8	9.4	11.7
Japan	5.0	5.3	5.1	5.6
Other Asia	35.7	28.8	26.8	26.5
India	17.4	11.3	10.7	9.2
Korea, Rep. of	3.8	3.7	2.4	2.9
French Polynesia	2.7	2.2	2.2	2.5
Hong Kong, China	1.8	2.0	2.0	2.1
Malaysia	2.2	1.9	1.9	1.8
Thailand	1.5	1.3	1.6	1.5
Other	1.4	1.2	1.4	1.6

Description	2011	2012	2013	2014
Free Zones	0.0	0.0	1.3	1.5

a Commonwealth of Independent States (CIS) includes Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

Source: WTO Secretariat estimates, based on data provided by the UAE authorities.

Table A1.7 Non-oil free zones exports and re-exports by trading partner, 2011-14

(US$ million and %)

Description	2011	2012	2013	2014
Total	**39,800**	**53,744**	**63,032**	**64,703**
	(% of exports and re-exports)			
America	3.1	2.2	2.0	2.2
United States	2.4	1.6	1.4	1.6
Other America	0.7	0.6	0.6	0.6
Brazil	0.2	0.1	0.1	0.1
Argentina	0.0	0.0	0.0	0.1
Mexico	0.1	0.1	0.1	0.1
Europe	6.5	6.7	6.9	7.3
EU(28)	3.7	4.1	4.5	5.1
United Kingdom	1.0	0.8	1.5	1.7
The Netherlands	0.8	0.6	0.6	1.0
Belgium	0.1	0.8	0.6	0.6
Germany	0.6	0.6	0.5	0.6
France	0.2	0.2	0.2	0.2
EFTA	2.0	1.6	1.4	1.5
Switzerland	2.0	1.6	1.4	1.5
Other Europe	0.8	1.0	1.0	0.7
Turkey	0.8	1.0	1.0	0.6
Commonwealth of Independent States (CIS)[a]	3.3	2.9	2.5	2.3
Azerbaijan	0.5	0.6	0.5	0.5
Russian Federation	0.4	0.3	0.5	0.4
Turkmenistan	0.6	0.7	0.4	0.3
Uzbekistan	0.3	0.3	0.3	0.3
Africa	11.1	13.1	13.0	13.1
Egypt	3.1	2.7	2.5	3.0
Nigeria	1.0	1.0	1.2	1.1
Libyan Arab Jamahiriya	0.5	2.2	1.8	1.1
Kenya	1.0	1.3	0.9	0.9
South Africa	0.8	0.7	0.9	0.8
Angola	0.0	0.4	0.4	0.7
United Republic of Tanzania	0.8	0.7	0.9	0.7
Algeria	0.0	0.5	0.5	0.6
Middle East	47.6	48.8	49.2	48.0
Saudi Arabia	17.1	16.0	16.9	15.6
Iraq	15.3	11.3	9.9	10.1
Iran Islamic Rep.	0.8	7.7	8.9	8.6
Kuwait	4.5	4.0	3.4	3.8
Qatar	2.8	2.4	2.7	2.7
Lebanon	2.4	2.0	1.7	1.7
Jordan	1.5	1.5	1.7	1.5
Asia	22.7	19.4	15.7	12.3
China	0.4	0.4	0.4	0.6
Japan	0.2	0.1	0.1	0.1
Other Asia	22.0	18.8	15.2	11.6
India	12.2	8.8	4.5	2.8
Hong Kong, China	3.6	3.2	4.6	2.4
Pakistan	2.7	2.3	2.1	2.0
Afghanistan	0.1	1.5	1.1	1.4

Description	2011	2012	2013	2014
Singapore	1.5	1.4	1.1	0.8
Other	5.6	7.0	10.7	14.8
Free Zones	5.6	7.0	10.7	14.8

a Commonwealth of Independent States (CIS) includes Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

Source: WTO Secretariat estimates, based on data provided by the UAE authorities.

Table A1.8 Non-oil free zones imports by trading partner, 2011-14

(US$ million and %)

Description	2011	2012	2013	2014
Total	**60,284**	**68,696**	**76,736**	**80,436**
	(% of imports)			
America	11.5	10.5	11.7	9.0
United States	7.8	7.3	7.3	5.9
Other America	3.7	3.2	4.4	3.1
Brazil	1.6	1.3	1.4	1.5
Mexico	1.1	1.1	1.5	0.8
Canada	0.5	0.5	1.2	0.5
Europe	22.3	19.4	19.2	18.4
EU(28)	19.3	16.9	16.3	15.7
Germany	3.0	3.0	2.9	3.1
United Kingdom	3.5	2.6	3.6	3.1
France	2.5	2.7	2.6	2.4
Italy	2.0	2.0	2.1	1.8
The Netherlands	0.8	0.6	0.7	0.7
EFTA	2.3	1.4	2.1	1.6
Switzerland	2.1	1.2	1.8	1.5
Other Europe	0.7	1.1	0.9	1.0
Turkey	0.7	1.0	0.8	1.0
Commonwealth of Independent States (CIS)[a]	1.6	1.2	2.5	1.2
Russian Federation	0.9	0.5	1.5	0.7
Ukraine	0.3	0.4	0.4	0.2
Turkmenistan	0.0	0.1	0.1	0.1
Africa	2.6	2.7	3.6	3.0
South Africa	0.6	0.4	0.6	0.6
Angola	0.0	0.8	0.7	0.6
Egypt	0.2	0.1	0.2	0.5
Zambia	0.6	0.6	0.7	0.3
D.R. Congo	0.3	0.1	0.1	0.3
Middle East	4.2	6.6	4.8	4.1
Saudi Arabia	1.5	1.3	1.5	1.1
Qatar	0.2	0.4	0.3	0.9
Kuwait	0.7	0.4	0.4	0.8
Iran Islamic Rep.	0.9	3.3	1.8	0.4
Bahrain	0.0	0.2	0.3	0.4
Asia	54.9	54.6	57.0	59.5
China	23.6	23.2	24.3	28.4
Japan	6.4	5.9	5.9	4.3
Other Asia	24.9	25.6	26.7	26.8
Viet Nam	1.4	4.3	8.1	7.6
India	9.4	7.3	6.2	5.8
Korea, Rep. of	4.9	4.5	4.6	5.4
Malaysia	3.4	3.0	2.1	1.8
Thailand	1.7	1.9	1.7	1.6
Chinese Taipei	1.2	1.5	1.2	1.0
Other	2.9	5.1	1.2	4.9
Free Zones	2.9	5.1	1.2	4.9

a Commonwealth of Independent States (CIS) includes Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

Source: WTO Secretariat estimates, based on data provided by the UAE authorities.

Table A4.1 Status of ASAs with other countries

	Open Skies	Other Agreements
1.	Afghanistan	Algeria
2.	Albania	Argentina
3.	Azerbaijan	Armenia
4.	Barbados	Australia
5.	Benin	Austria
6.	Bosnia and Herzegovina	Bahamas
7.	Botswana	Bangladesh
8.	Brunei	Belarus
9.	Burkina Faso	Belgium
10.	Burundi	Brazil
11.	Cambodia	Bulgaria
12.	Cameroon	Canada
13.	Cape Verde	China
14.	Central African Republic	Colombia
15.	Chad	Cote d'Ivoire
16.	Chile	Croatia
17.	Comoros	Cuba
18.	Congo-Rep. of the Congo	Egypt
19	Costa Rica	France
20.	Curaçao	Germany
21.	Cyprus	Ghana
22.	Czech Republic	Hong Kong
23.	Damascus Agreement	Hungary
24.	Denmark	India
25.	Djibouti	Indonesia
26.	Dominican Republic	Iraq
27.	Ecuador	Ireland
28.	El Salvador	Italy
29.	Eritrea	Japan
30.	Estonia	Jordan
31.	Finland	Kazakhstan
32.	Gabon	Kenya
33.	Gambia	Kuwait
34.	Georgia	Libya
35.	Greece	Macau
36.	Guatemala	Madagascar
37.	Guinea-Equatorial Guinea	Malta
38.	Guinea-Rep. of Guinea-Bissau	Mexico
39.	Guinea-Rep of Guinea Conakry	Moldova
40.	Guyana	Mongolia
41.	Iceland	Montenegro
42.	Jamaica	Morocco
43.	Kosovo	Mozambique
44.	Kyrgyz Republic	Nepal
45.	Lao	Netherlands
46.	Latvia	Nigeria
47.	Lebanon	Pakistan
48.	Liberia	Philippines
49.	Lithuania	Poland
50.	Luxembourg	Portugal
51.	Macedonia	Qatar
52.	Malaysia	Romania
53.	Maldives	Russia
54.	Mali	Saudi Arabia
55.	Mauritania	Seychelles
56.	Myanmar	Slovenia
57.	Namibia	South Africa
58.	New Zealand	South Korea

	Open Skies	Other Agreements
59.	Nicaragua	Spain
60.	Niger	Sri Lanka
61.	North Korea	Switzerland
62.	Norway	Syria
63.	Oman	Tanzania
64.	Panama	Tunisia
65.	Paraguay	Turkey
66.	Peru	U.K.
67.	Rwanda	Ukraine
68.	Senegal	Uzbekistan
69.	Serbia	Venezuela
70.	Sierra Leone	Viet Nam
71.	Singapore	
72.	Saint Maarten	
73.	Slovak Republic	
74.	Somalia	
75.	South Sudan	
76.	Sudan	
77.	Swaziland	
78.	Sweden	
79.	Thailand	
80.	Togo	
81.	Turkmenistan	
82.	Uganda	
83.	Uruguay	
84.	USA	
85.	Vanuatu	
86.	Yemen	
87.	Zambia	
88.	Zimbabwe	
	88	**70**

Source: Information provided by the UAE authorities.