

**DOING INTERNATIONAL  
BUSINESS  
UNITED  
ARAB  
EMIRATES**



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# FOREWORD

This Doing International Business 2022 is commissioned by the Construction Industry Development Board (CIDB) for the benefit of Malaysian construction and infrastructure industry players who have interest to pursue construction opportunities and projects in the UAE. This report should serve as a valuable guide prior to embarking on any ventures in said country. The scopes covered in this report have been agreed with CIDB and should not be taken as a comprehensive or absolute due to the limitation on public data availability.

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We have endeavoured to validate the information with relevant sources based on sound judgement as of May 2022.

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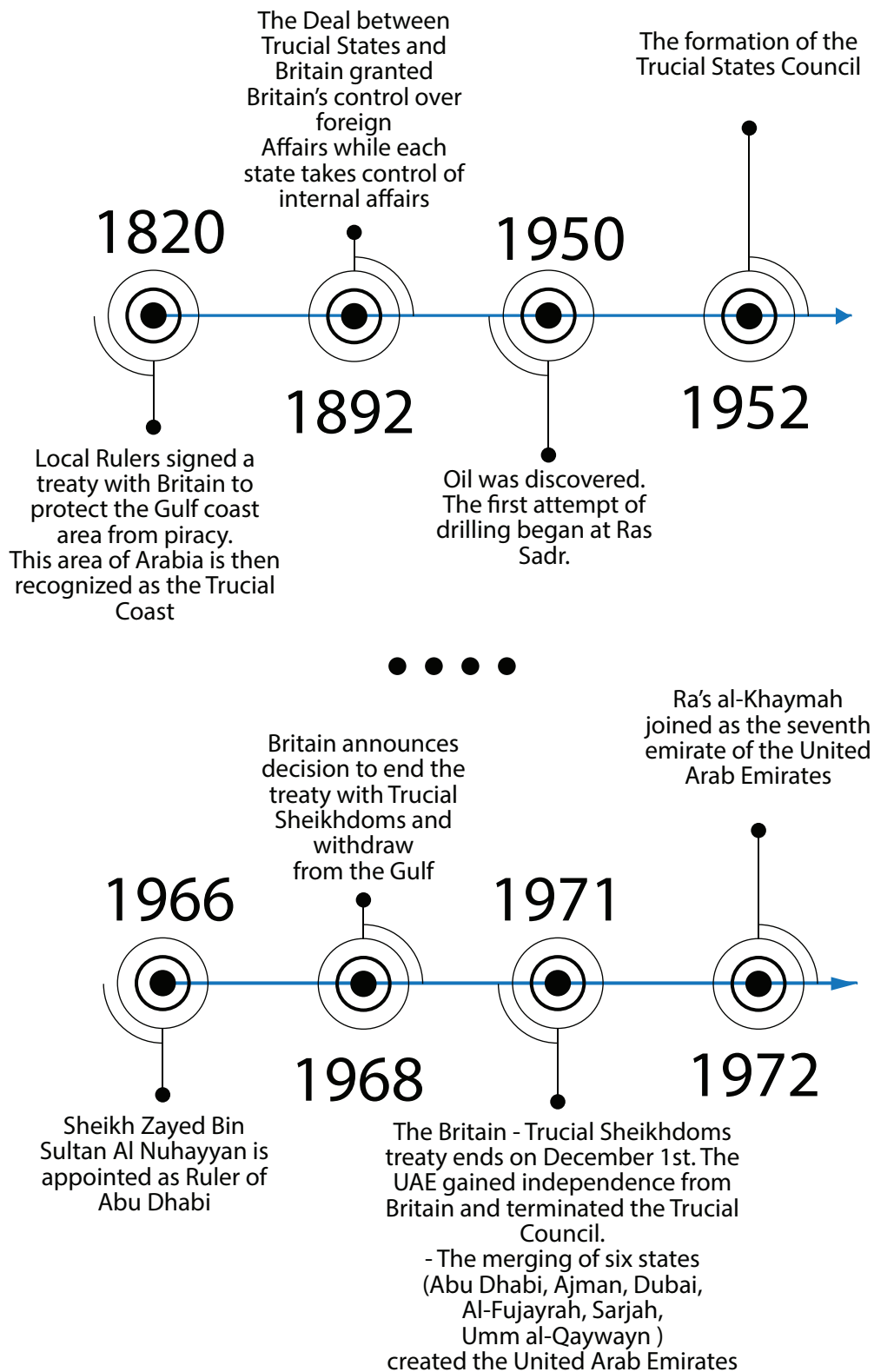
## 1. EXECUTIVE SUMMARY

The United Arab Emirates (UAE) is situated in the southwestern region of Asia, overlooking the Arabian Gulf. The country is made up of seven emirates: Abu Dhabi, Ajman, Dubai, Al-Fujayrah, Sarjah, Umm al-Qaywayn and Ra's al-Khaymah. Out of the seven, Abu Dhabi serves as the capital city. Each emirate is governed by its individual ruler. Collectively, all seven rulers comprise The Federal Supreme Council.



Recognized as one of the wealthiest and most sophisticated modern cities to date, the United Arab Emirates pride in their telecommunication advancements capable of providing higher standards of living. With a population estimate of over 9.8 million, the UAE are predominantly inhabited by Arabs with a variation of tribes dominating each emirate. The Arabic language is recognised as the official language, while Islam is the official religion of the emirates.



## 1.1 Brief History



## 1.2 General Overview

Indicators	United Arab Emirates	Malaysia
Flag		
Establishment	<p>2nd Dec 1971 UAE gained independence from Britain, the merging of six emirates of UAE</p> <p>10th Feb 1972 Ra's al-Khaymah joins as the seventh emirate of UAE</p>	<p>31st Aug 1957 Independence from the British Empire proclaimed for the Federation of Malaya</p> <p>16th Sept 1963 Proclamation of Malaysia</p>
Population	10,126,500 (June 2022) www.worldometers.info	33,186,000 (June 2022) www.worldometers.info
Land Area	83,600 km <sup>2</sup>	30,803km <sup>2</sup>
Population Density	99/km <sup>2</sup>	92/km <sup>2</sup>
Exchange Rate	1 USD = 3.6730 AED (June 2022)	1 USD = 4.39 MYR (June 2022)
Government	Federal Constitutional Monarchy	Federal Parliamentary, Constitutional Monarchy
Head of State	President, Khalifa bin Zayed Al Nahyan	Monarch, Yang di-Pertuan Agong Sultan Abdullah
Head of Government	President, Khalifa bin Zayed Al Nahyan	Prime Minister, Ismail Sabri bin Yaakob
GDP (Nominal)	USD 400.00 Billion (2021)	USD 359.00 Billion (2021)
GDP per Capita	USD 41,324.00 (2021)	USD 12,500.00 (2021)
Top 5 Export Markets	<ol style="list-style-type: none"> <li>1. India</li> <li>2. Japan</li> <li>3. China</li> <li>4. Saudi Arabia</li> <li>5. Oman</li> </ol>	<ol style="list-style-type: none"> <li>1. Singapore</li> <li>2. China</li> <li>3. United States</li> <li>4. Hong Kong</li> <li>5. Japan</li> </ol>
Top 5 Import Markets	<ol style="list-style-type: none"> <li>1. China</li> <li>2. India</li> <li>3. United States</li> <li>4. United Kingdom</li> <li>5. Germany</li> </ol>	<ol style="list-style-type: none"> <li>1. China</li> <li>2. Singapore</li> <li>3. United States</li> <li>4. Japan</li> <li>5. Thailand</li> </ol>



## 2. ECONOMIC OVERVIEW



## 2.1 Current Global Positioning

In the context of economic growth, there are multiple achievements in which the UAE takes pride of. According to the World Bank database, the UAE ranks in the 28th position out of 192 countries for the global GDP ranking, with one of the highest per income capita levels in the world and the lowest unemployment rate recorded to date.

In 2019, the country has recorded a mild growth of 1.3% despite the slow pace of global economic growth and weak energy demands. However, with the COVID-19 outbreak impacting the global economy in 2020, it is expected that the country will endure a fall of -3.5% of the said year. The UAE is forecasted to undergo a post-pandemic economic recovery in 2021 with a GDP rate increased to 3.3%. With Expo 2020 postponed to a suitable time frame, the country remains hopeful for the global event to stimulate its state of economy.

Main Indicators	2018	2019	2020	2021	2022(e)
<b>GDP (billions USD)</b>	414.18	405.77	414.02	400.00	426.00
<b>GDP (Constant Prices, Annual % Change)</b>	1.7	1.3	-3.5	3.1	2.6
<b>GDP per Capita (million USD)</b>	39,709.00	37,750.00	37,375.00	41,324.00	37,384.00
<b>General Government Gross Debt (in % of GDP)</b>	19.141	20.135	20.328	20.184	20.184
<b>Inflation Rate (%)</b>	3.1	-1.9	-1.0	1.3	1.3
<b>Current Account (billions USD)</b>	37.85	36.59	29.46	20.45	20.45
<b>Current Account (in % of GDP)</b>	10.0	7.4	1.5	4.1	4.1

Note: (e) = Estimate

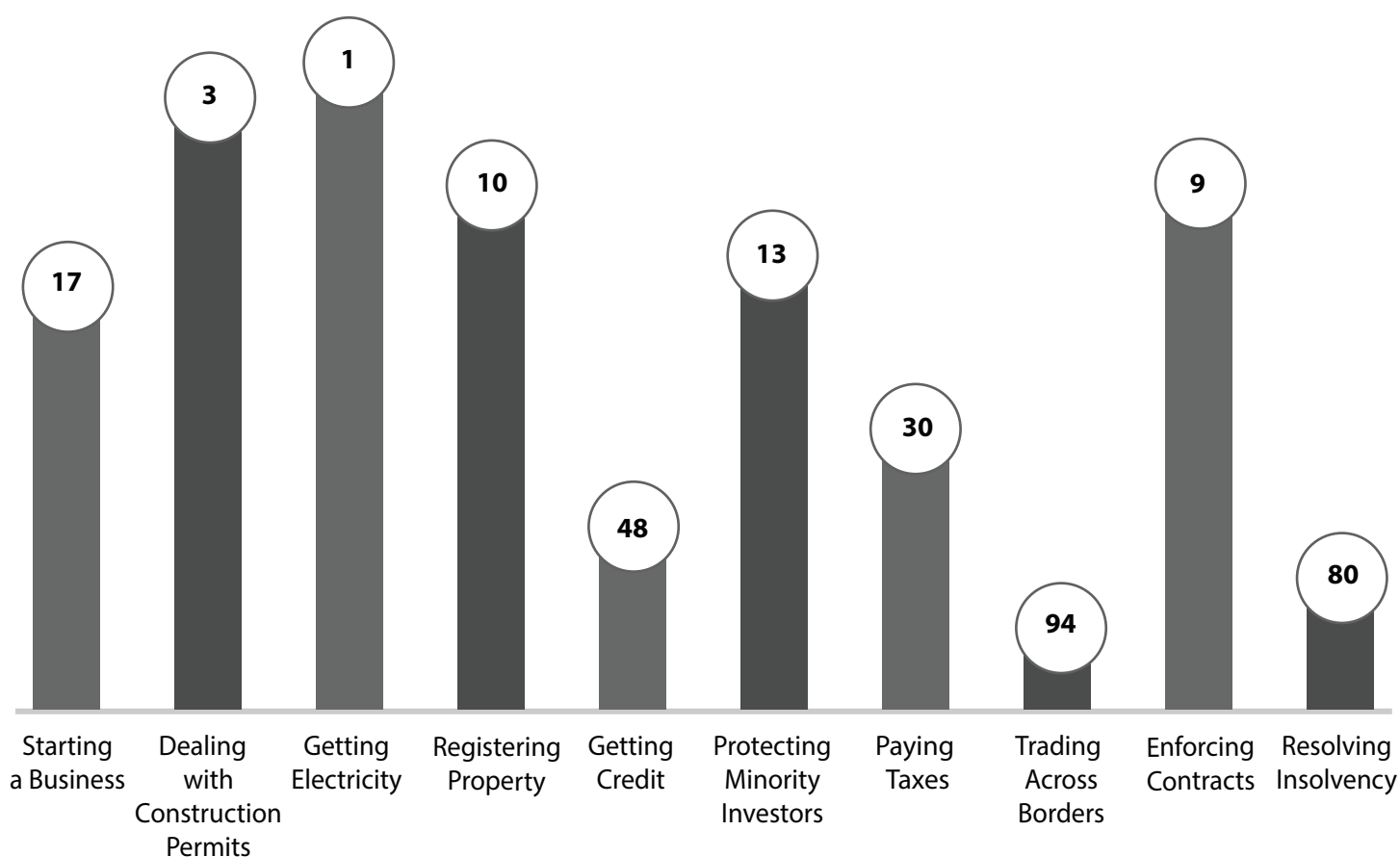
Source: IMF - World Economic Outlook Database - Latest available data

## 2.2 Doing Business Ranking

As of 2021, the UAE has secured the 13th position in the Global Doing Business Ranking with the following scores:

Region	Middle East & North Africa
Income Category	High income
Population	10,126,500 (June 2022)
City Covered	Dubai
DB Rank	13
DB Score	80.9

### 2.2.1 Rankings on Doing Business Topics



**Numbers on chart represents ranking out of 190 economies**

*Source: Doing Business & World Bank*

## Doing Business Opportunities in the UAE

Free trade zones spread across the UAE are among the most appealing locations for business practices. Free trade zones include zero taxes, convenient geographical positionings, 100% ownership to business without requiring local sponsors, minimal exposure to risks for foreign investments.

The UAE remains within the top 30 largest economies in the world within the past decade, enabling foreign investments while sustaining a healthy balance between international and local business opportunities.

Most of the workforce in the Emirates are highly-skilled expatriates. Most are well compensated with tax-free salaries along with top-of-the-line healthcare and education facilities for families.

Low or no taxes are levied towards foreign companies.

## Doing Business Challenges in the UAE

Investments will require a local sponsor of up to 51% of the business with the exception that the location is within a free trade zones.

A degree of inherent risks are expected due to geopolitical concerns.

## Banking Options for Foreign Market

There are a selection of account types in offer by UAE banks for foreign investors:

- Foreign currency accounts can be held by residents domestically and abroad. Accounts in domestic currency (AED) can be held in domestic banks' overseas affiliates and are freely convertible into foreign currency.
- Non-resident bank accounts denominated in domestic currency (AED) are permitted in the UAE, as are accounts in foreign currencies belonging to non-resident banks and financial, industrial and trade companies. Non-resident accounts in domestic currency (AED) are freely convertible into foreign currency.

### 2.2.2 Bank Rates

As of June 2022, the UAE short term interest rates according to the Central Bank of United Arab Emirates are displayed as follows:

Last	Previous	Min	Max	Unit	Frequency	Range
▼ 0.41 June 2022	▼ 0.58 June 2022	0.61 June 2022	2.92 June 2022	% pa	Monthly	Oct 2019 - June 2022

Source: Central Bank of UAE



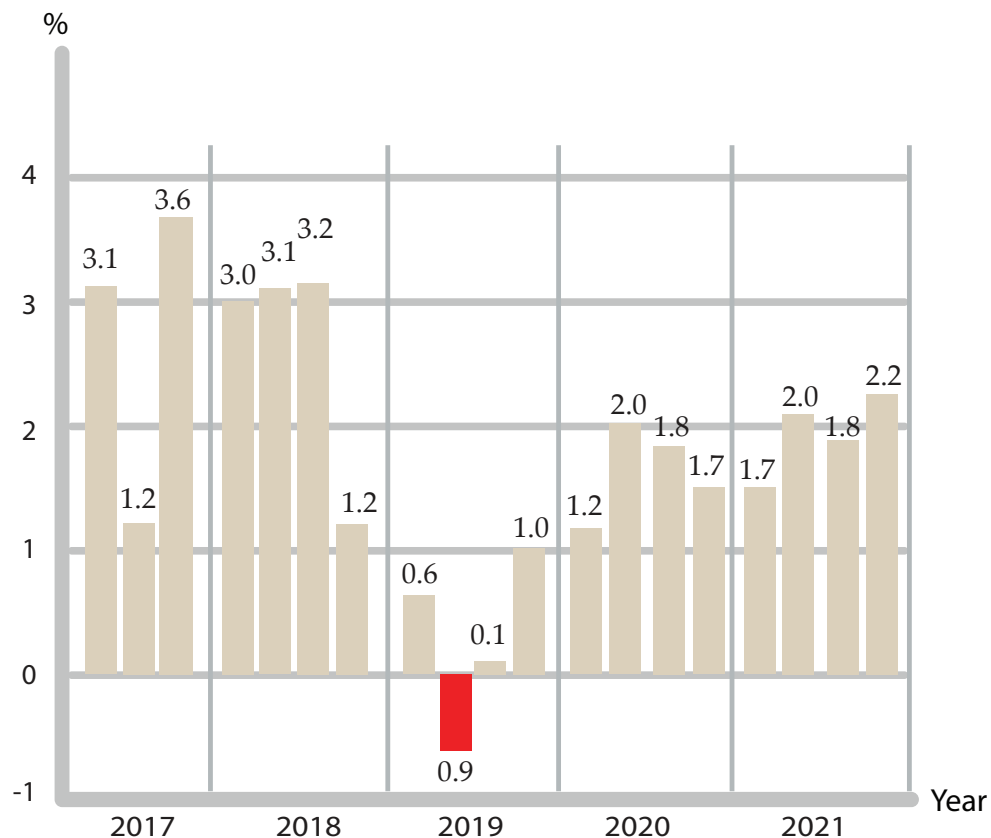
## 2.3 Employment Rate

One of the greatest contributors to the UAE's employment rate to date is the tourism sector. Between 2007 and 2017, the employment rate has skyrocketed by 119% due to the sector's direct contribution to GDP which has increased by 138%. The hospitality sector has provided close to 570,000 jobs, which is 4.8% of total employment within the 10-year duration.

However, with the UAE's strategic plans to excel in the digital economy, the younger generation will play a key role in actively contributing towards research and development, expanding tech literacy and offering IT specific qualifications.

This will potentially create more job opportunities in the future, as digital services are becoming more popularized in the UAE. The country anticipates Expo 2020 to instigate a large scale of job opportunities in various sectors, despite its inevitable delay to October 2021.

### Employment Rate Snapshot



Source : Central Bank of The United Arab Emirates

### 3. POLITICAL OUTLOOK



### 3.1 Summary of General Political Conduct

<b>Current Political Leader</b>	<p>Khalifa bin Zayid Al-Nuhayyan (2004-current) Position : President of UAE</p> <p>Muhammad bin Rashid Al-Maktum (2006-current) Position : Prime Minister, Vice-President of UAE</p>
<b>Current Main Political Party</b>	NIL
<b>Executive Power</b>	<p>Each Emirate is governed under the administration of its respective rulers, the Emir</p> <p>Each Emir manages their Emirates resources and governance</p> <p>All seven rulers compose the Federal Supreme Council, which holds the highest authority in the UAE</p>
<b>Legislative Power</b>	<p>The Federal Supreme Council consists of 40 members (20 elected, 20 appointed by Emirate rulers)</p> <p>Council is held for consultations</p>

### 3.2 Current Political Climate In The UAE

In a general overview, the political climate of the UAE is relatively stable. In 2017, a series of issues broke out between the UAE and Qatar involving aircraft interceptions. The UAE decided to cut diplomatic ties to Qatar, which leads to a ban of shipping of goods to and from the two countries in early 2019. Since then, recent developments indicate both parties are mutually neutral and normalisation is on a slow and steady move.

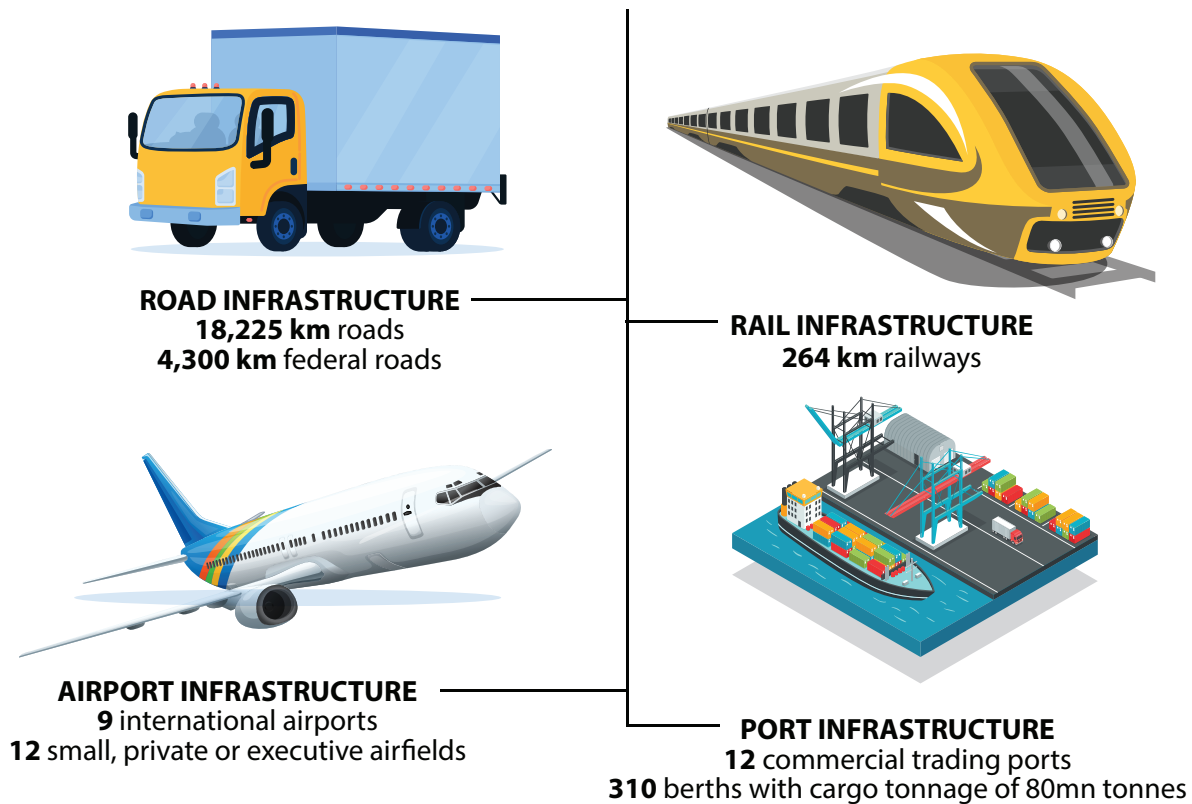
Another key political issue surrounding the UAE is the country's involvement in the Yemen war. The UAE's commitment to the Yemen war within the span of a decade has created a diplomatic rift between the nation and Iran. The Emirates continue to maintain good relations with Iran despite differences.

## **5. UAE CONSTRUCTION INDUSTRY BACKGROUND**





## 4.1 Sector Snapshot



### ENERGY INFRASTRUCTURE

**138,381 GWh** electricity generation, of which from RES: 5,559 GWh

**1,331 mbbl/d** refining capacity

**871 mbbl/d** refinery throughput

### ENERGY INFRASTRUCTURE KEY

#### PLAYERS' REVENUES

1. Abu Dhabi National Energy Company: AED24,040 billion
2. Dana Gas: AED855.8 billion
3. Total Lubricants Blending U.A.E. Company Limited: AED103.3 billion
4. Atlantic Grease and Lubricants FZC: AED77.5 billion
5. Imo Industrial Machine Trading: AED40.7 billion

### TRANSPORT INFRASTRUCTURE & SERVICES KEY PLAYERS' REVENUES

1. Dubai National Air Travel Agency (Dnata): AED14.2 billion
2. Emirates Transport: AED6.2 billion
3. Aramex: AED5.7 billion
4. National Marine Dredging Company: AED3.8 billion
5. Middle East Airlines Data Airliban SAL: AED3.3 billion

*Note: Data for 2020.*

*Source: TDRA, CEIC, BP, International Union of Railways, EMIS Company Database, Emirates News Agency*

## 4.2 UAE Infrastructure

The road infrastructure of the United Arab Emirates (UAE) has seen remarkable growth. In August 2021, Hassan Mohammed Al Mansouri, Under-Secretary of Infrastructure and Transport Affairs at the Ministry of Energy and Infrastructure, announced that the government has built over 29 federal roads in the last 20 years, expanding the country's federal road network to 4,300 km at end-2020. Among the most recent projects were the E84 Sheikh Khalifa road, the E64 Al Watan road and the Dubai-Hatta road, which were commissioned in July 2021, following an investment of AED 1.9bn. Additionally, in 2020, Abu Dhabi's Department of Municipal Affairs completed over 150 road infrastructure projects, including the construction and modernisation of tunnels, streets, bridges, car parks, pedestrian paths and bicycle path.

The UAE started the development of its rail infrastructure in 2009, when the state-run company Etihad Rail was created to build and operate the national passenger and cargo railway network. In January 2016, the first phase of the Etihad Rail's rail network was commissioned with a length of 264 km. It is used to transport granulated sulphur from the gas fields at Shah and Habshan to the port of Ruwais. The first section of the second phase of Etihad Rail's rail network, which extends over 139 km, was completed in September 2021. It has a length of 139 km and connects the existing rail line with Al Ghuwaifat, a town near the border with Saudi Arabia. The remaining sections, which will connect the UAE with Qatar, Kuwait, Bahrain and Oman, are expected to be commissioned by 2024. Once completed, Etihad Rail's rail network will stretch 1,200 km and transport about 16 million passengers and 50 million tonnes of cargo. The total project is valued at AED 40 billion.

In terms of port infrastructure, the AED1 billion expansion of the Fujairah Port was completed and open for operation in June 2021. The project increased the capacity of the port to 1.3mn tonnes of general cargo and 720,000 TEUs per year.

Additionally, the state-run port operator Abu Dhabi Ports completed the second phase of the expansion of the Delma Port in December 2020. The project will allow the entry in the port of vessels with multipurpose capabilities, such as landing craft vessels, passenger ferries, fishing boats and tourist boats.

In 2020, the UAE generated 138,381 GWh of electricity, of which 4% came from renewable energy sources (RES). Nevertheless, under the UAE Energy Strategy 2050, the country aims to increase the share of RES to 44% in the energy mix by 2050 and reduce the carbon footprint of power generation by 70%. As part of this strategy, the country also plans to increase the share of electricity generation from nuclear power. In August 2020, the first unit of the Barakah nuclear power plant, the first nuclear power station in the Arabian Peninsula, started producing electricity. Once fully operational, the plant will have a capacity of 5,600 MW and meet up to 25% of the domestic electricity demand.

*Source: CEIC, TDRA, Emirates News Agency, Zawya, The National, Seatrade Maritime, The Siasat Daily, Railway Technology, Khaleej Times*



## 4.3 Market Size

The UAE construction market has shown to grow robustly in the past decade. Projects of various sectors such as commercial, industrial, infrastructure, utilities and residential constructions are expected to multiply in coming years due to several contributing factors:

- Construction activities in Dubai that center around Expo 2020 are one of the major industry growth drivers for the UAE over the past two years.
- In the forecast period of 2019-2024, the UAE is estimated to register a compound annual growth rate (CAGR) between 5.5% to 8.8%.
- Between 2015-2019, the residential construction industry boosts in value terms at a compound annual growth rate (CAGR) of 6.7%.
- Government initiatives such as the Sheikh Zayed Housing Program, Dubai Tourism Strategy 2020, The Energy Strategy 2050, The National Strategy for Higher Education 2030, Strategic Plan 2021, and Sharjah Tourism 2021 are playing a major role as industry boosters, with the rise of investments in energy, transport and social infrastructure in coming years in support of said initiatives.

## 4.4 Leading Sector

### 4.4.1 Oil & Gas

The UAE is undoubtedly a major contributor to the global oil industry, with oil reserves containing an estimate of 98.6 billion barrels in total, while Dubai has an approximate amount of 4 billion barrels. The Zakum oil field in Abu Dhabi produces 66 billion barrels of oil, making it the 3rd largest oil host in the Middle East. The Abu Dhabi National Oil Company (ADNOC) plays a key role as the largest oil producer in the UAE, as well as the 12th largest oil production company in the world. With the oil and gas sector dominating the UAE's economy, all infrastructure developments catering towards oil production are quintessential to the sector's growth.

### 4.4.2 Residential

Recognised as the largest market in the UAE construction industry to date, the residential sector has been blooming consistently throughout the decade. In 2018, the residential sector contributed up to 33.1% of the industry's total value and it is forecasted that the percentage will remain consistent up to 2023.

Such output is expected to sustain the government's effort to balance out real estate demand and supply. The government is continuously pushing towards increasing housing stock, with the aim to expand up to 652,000 units by the end of 2021.

### 4.4.3 Tourism

Since the early 2000's, the UAE has committed towards promoting tourism in an attempt to diversify their economy. This results in a burst of tourism activities that is witnessed to this day. In 2018, Dubai has earned the title of the Most Visited City by foreign tourists. The tourism board of Dubai tallied a total of 15.79 million visitors in 2017, with an estimate of 20 million visitors by the year 2020.

The Sharjah Tourism Vision 2021 initiative is also a key contributor for the boost of tourism construction within the UAE borders. Similarly, most tourism-centred government initiatives will require major developments in the long run. Iconic skyscrapers, man-made islands and cultural hubs are among the key developments that spread across the UAE.

## 4.5 Market Definition

The construction market is defined as the value of work put in place annually, for both: residential and non-residential construction. The non-residential construction includes six key construction sectors:

1. Commercial & leisure
2. Energy & utilities
3. Industrial
4. Infrastructure
5. Institutional and
6. Residential

The residential construction market is defined as the value of work put in place annually for residential buildings.

Market value is defined in general as the total output value of construction activity in any given time period, including costs related to construction materials, equipment and services for new construction, refurbishment, repair and maintenance and demolition. All market data and forecasts are represented in nominal terms (i.e., without adjustment for inflation) and all currency conversions used in the creation of this report have been calculated using constant 2020 annual average exchange rates.

Forecast figures presented in this report are calculated using crisis scenarios for the industry. The length of the pandemic and restrictions introduced by various countries are still difficult to predict. Many governments had introduced the national lockdowns and temporarily banned sales of products that are deemed "non-essential". This has resulted in issues and delays within the supply chain. As the length of the pandemic and its impact on this market is not certain, the data used in this report has been modeled taking forecast impacts on national economics into consideration.

## 4.6 Market Analysis

The value of the Emirati construction industry declined by 2.5% in 2020, as a result of the COVID-19 pandemic. The industry is set to follow a strong growth trajectory during the forecast period given that the macroeconomic environment will continue to improve.

The Emirati construction industry has been heavily affected by the COVID-19 pandemic and its widespread disruption to economic activity. Lockdown measures dampened economic activity during 2020, and construction, which is particularly vulnerable to economic shocks, was significantly impacted, with construction projects being halted or canceled amid uncertainty and lack of investment.

Planned projects, particularly in the commercial and industrial buildings sectors were delayed or cancelled as firms reviewed their expansion plans. Accordingly, the value of the Emirati non-residential segment declined by 3.2% in 2020.

Construction activity in the residential segment was relatively more resilient, with its value down by 1.3%. People spending more time at home resulted in increased demand for home improvements, mitigating to some extent the decline in new residential projects.

Pending construction works were also disrupted by the shortage of building materials and equipment as a result of a widespread supply chain disruption due to labor shortages and reduced production capacity across key sectors of the value chain such as the heavy machinery, metals & mining, and wood industries. Additionally, increased freight costs, along with logistics disruptions and delays in the transboundary movement of goods due to containment measures, further inflated costs of building materials.



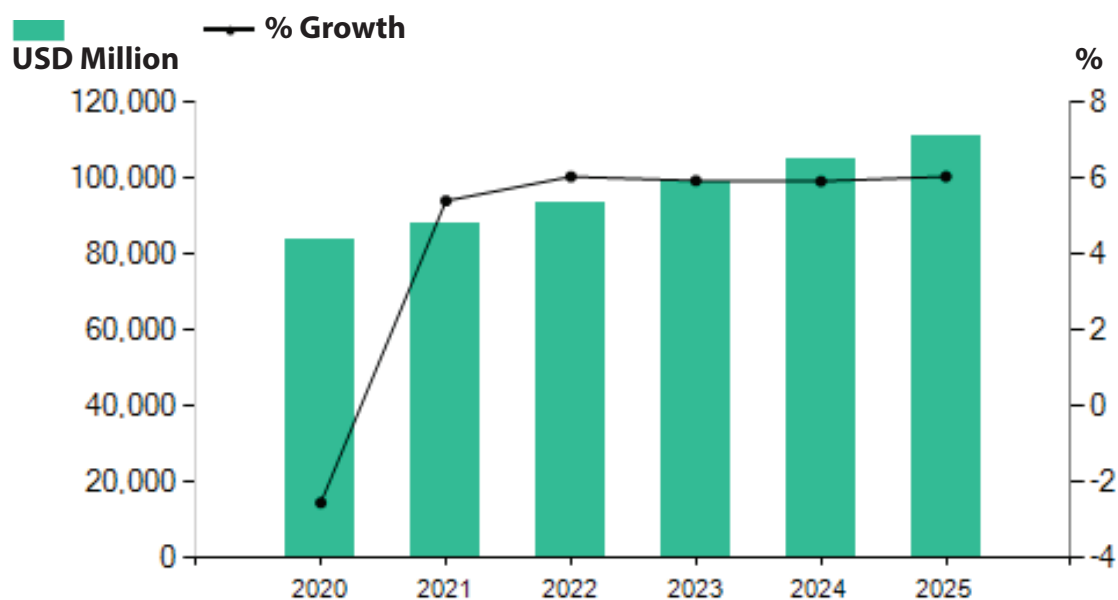
## 4.7 Market Value Forecast

- The Emirati construction industry shrank by 2.5% in 2020 to reach a value of \$83,600.7 million.
- The compound annual growth rate of the industry in the period 2016–2020 was 1.8%.
- In 2025, the Emirati construction industry is forecast to have a value of \$111,247.9 million, an increase of 33.1% since 2020.
- The compound annual growth rate of the industry in the period 2020–2025 is predicted to be 5.9%.

**United Arab Emirates construction industry value forecast: USD (million), 2020–2025**

Year	USD million	% Growth
2020	83,600.7	2.5%
2021	88,129.1	5.4%
2022	93,464.6	6.1%
2023	99,022.0	5.9%
2024	104,893.7	5.9%
2025	111,247.9	6.1%
CAGR: 2020–2025		5.9%

**United Arab Emirates construction industry value forecast: USD million, 2020–2025**



## 4.8 Industry Players in UAE

No.	Company	Profile
1	<b>Arabtec Construction LLC</b>	Completed over 241 projects with a total of 20,000 villas and 31 high rise towers erected since 1975
2	<b>Al Jaber LEGT Engineering and Contracting (ALEC)</b>	Focuses on civil and electromechanical contracting for commercial buildings, offshore and infrastructure projects
3	<b>Al Naboodah Construction Group LLC</b>	<ul style="list-style-type: none"><li>• Top holdings company for civil contracting, primarily transportation infrastructure</li><li>• Specialise in deep drainage and complex services installations</li></ul>
4	<b>Al Futtaim</b>	Main activity involves civil and electromechanical contracting for infrastructure developments and buildings, along with real estate property management

Source : [constructionplacements.com](http://constructionplacements.com)



## 5. STARTING BUSINESS IN UAE



## 5.1 Starting a Business - Procedure

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>APPLIES TO WOMEN ONLY: Obtain husband's approval to leave the marriage home</b></p> <p><i>Agency: Home</i></p> <p>As per Personal Status law, art. 71 and 72 the wife must seek her husband's consent to leave the marital home. A wife may lose her maintenance if she refuses to move to the marital home, or leaves the home, or prevents her husband from entering the marital home, or refuses to travel with her husband, all without legitimate excuses (Art. 71). The law also requires a wife to be obedient to her husband, maintain the house and its belongings, and breastfeed infant children unless there is an impediment. A woman may be considered disobedient, with few exceptions, if she decides to engage in activities without her husband's consent.</p>	1 day	No charge
2	<p><b>Reserve a company name, notarize MoA and Apply for registration at the Department of Economic Development (DED)</b></p> <p><i>Agency: Department of Economic Development</i></p> <p>To obtain a general trading license and register an LLC, the entrepreneur must complete an online application using the Instant License service. This application is launched through the e-services website of the Dubai Department of Economic Development. Upon completion of the online application, the entrepreneur automatically receives an establishment card reference number from the Ministry of Human Resources and Emiratization. The entrepreneur is also automatically registered for membership at the Dubai Chamber of Commerce and Industry.</p> <p>The entrepreneur must carry out the following steps in the Instant License application:</p> <ol style="list-style-type: none"> <li>1) Select legal form</li> <li>2) Select business activities</li> <li>3) Add the partners according to the legal form, and identify the following points: <ul style="list-style-type: none"> <li>- Partners' share in the Capital</li> <li>- Distribution of profits and losses between the partners</li> </ul> </li> </ol>	Less than one day (online procedure)	See procedure details

Source : [businessteacher.org](http://businessteacher.org)

## 5.1 Starting a Business - Procedure

No.	Procedures	Time to Complete	Associated Costs
2	<p>4) Reserve a new trade name through the following ways:</p> <ul style="list-style-type: none"> <li>- Reserve a new trade name</li> <li>- Use an automatically generated trade name which consists of the trade name reservation number</li> </ul> <p>5) Add the value of the Capital in the commercial register data of the Company, and the rest of the fields will be filled automatically</p> <p>6) An option will be shown to issue an electronic memorandum of association within the available electronic service, and the customer may choose this option or just skip it.</p> <p>7) A payment voucher shall be issued</p> <p>8) Pay the fees</p> <p>Through the Instant License service, entrepreneurs have the option to sign an electronic memorandum of association in the same application. They can also skip this step, in which case they must provide a notarized MoA when it is time to renew their license after the first year.</p> <p>Entrepreneurs do not need to have a company lease or location during the first year. However, when it is time to renew the license a year later, they need to submit a document proving they have a location and a lease contract.</p> <p>The following fees must be paid as part of the Instant License application:</p> <p>1) Department of Economic Development fees:</p> <ul style="list-style-type: none"> <li>AED 600 (commercial license) +</li> <li>AED 100 (preliminary approval) +</li> <li>AED 600 (trade name reservation) +</li> <li>AED 2,000 (foreign name containing numbers) +</li> <li>AED 15,000 (general trading license issuing) +</li> <li>AED 30 (government cultural) +</li> <li>AED 30 (Innovation Dirham) +</li> <li>AED 50 (administrative services) +</li> <li>AED 350 (trade name advertisement)</li> </ul>	Less than one day (online procedure)	See procedure details

Source : [businessteacher.org](http://businessteacher.org)

## 5.1 Starting a Business - Procedure

No.	Procedures	Time to Complete	Associated Costs
2	<p>2) Dubai Municipality fees: AED 3,000 (market) + AED 1,000 (public waste-related services) + AED 80 (service improvement)</p> <p>3) Dubai Chamber of Commerce fees: AED 1,200</p> <p>4) Ministry of Economy fees: AED 3,000</p> <p>5) Local trade license fees: AED 100</p> <p>6) Commercial License - Tejari fees: AED 200</p> <p>Total fees: AED 34,340</p>	Less than one day (online procedure)	See procedure details
3	<p><b>Register native workers with the Ministry of Human Resources and Emiratization and with the General Authority for Pension and Social Security</b></p> <p><i>Agency : Ministry of Human Resources and Emiratization</i></p> <p>According to Ministerial decree No 1215/2005, native workers must be registered with the Ministry of Human Resources and Emiratization and with the General Authority for Pension and Social Security</p> <p>The following documents are required for submission during this registration:</p> <ul style="list-style-type: none"> <li>- 3 copies of the employment contract</li> <li>- A copy of employer's passport</li> <li>- A copy of the trading license</li> <li>- A proof that the worker is a UAE citizen</li> </ul>	3 days	No charge

Source : [businessteacher.org](http://businessteacher.org)



## 5.2 Dealing with Construction Permits

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Hire a Consultant to supervise construction and undertake all the necessary pre-approvals</b>  <i>Agency: Private Firm</i>            BuildCo would hire an engineering consultant to undertake all required pre-approvals for the permitting process and supervise the construction</p>	1 day	AED 158,693
2	<p><b>Obtain soil test results</b>  <i>Agency: Dubai Municipality</i>            The consultant must verify soil test results on the following website:   <a href="http://login.dm.gov.ae">http://login.dm.gov.ae</a></p>	1 day	No charge
3	<p><b>Request and obtain all No Objection Certificates (NOCs), Civil Defense approval and building permit online from the Building Department of Dubai Municipality</b>  <i>Agency: Building Department of Dubai Municipality</i>            As of 2012, all No Objection Certificates (NOCs) can be applied for online through the Dubai Municipality portal at the same time as the building permit. NOCs are required from the following departments and are valid for 2 years:</p> <ul style="list-style-type: none"> <li>• Dubai Electricity and Water Authority (DEWA) on electrical wiring installation drawings</li> <li>• Dubai Electricity and Water Authority (DEWA) on water connection</li> <li>• Drainage and Irrigation Department of Dubai Municipality on drainage and sewage</li> <li>• Etisalat on phone connection</li> </ul> <p>BuildCo also submits the final drawings online at the Building Department of the Dubai Municipality for approval.</p> <p>As of May 2014, Dubai Municipality granted direct access for the Dubai Civil Defense Authority to the Building Permit Control System to review and grant approval for applicants. Therefore, it became possible to request and obtain the civil defense approval jointly with the request for the NOCs and building permit.</p>	25 days	AED 6,151

Source : [businessteacher.org](http://businessteacher.org)

## 5.2 Dealing with Construction Permits

No.	Procedures	Time to Complete	Associated Costs
4	<b>Receive special risks inspections (footings/foundation) during construction</b> <i>Agency: Dubai Municipality</i> For the case-study warehouse measured by Doing Business, Dubai Municipality performs 2 riskbased inspections at the stages of a) footings and b) frame erection	1 day	no charge
5	<b>Receive special risks inspections (frame erection) during construction</b> <i>Agency: Dubai Municipality</i> These standards include the foundations of architecture and civil engineering, housing and health facilities, and coordination sites and architecture, roads, economic & social studies & statistical studies fit with population densities and growth rates in Dubai.	1 day	no charge
6	<b>Receive inspection of the structure</b> <i>Agency: Dubai Municipality</i> BuildCo requests and receives an inspection from Dubai Municipality, who will verify that the structure was completed according to building standards.	1 day	no charge
7	<b>Receive unscheduled patrol inspection during construction</b> <i>Agency: Dubai Municipality</i> Patrol inspections are conducted without the prior knowledge or request of the customer. They are done to check/control the environmental effect of the project on its surroundings.	1 day	no charge
8	<b>Request and receive final joint inspection from Dubai Municipality and Dubai Civil Defense and Obtain the completion certificate</b> <i>Agency: Dubai Municipality</i> Dubai Municipality introduced a final joint inspection with the Civil Defense. This joint inspection takes place within 3 days of requesting it.	1 day	no charge
9	<b>Obtain final water connection from DEWA</b> <i>Agency: Dubai Electricity and Water Authority (DEWA).</i> This service helps the customers to obtain power and water connections to their various projects. Application for getting electricity / water can be submitted through the E-Services 'One Window' system.	14 days	AED 2,250

Source : [businessteacher.org](https://www.businessteacher.org)

### 5.3 Registering Property

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>The parties' submit the application at the Registration trustee's office</b>  <i>Agency : Registration trustee</i>            In October 2012, the Dubai Land Department started licensing companies to act in its behalf and use its system for property registration, among other services. As of August 2013, all transactions must be made through the 13 Registration trustees throughout Dubai. Moreover, in April, 2014, the United Arab Emirates enacted administrative decree 52. It launched a standard contract for property transfers making it possible for parties to process a transfer without the need to consult a legal expert.</p> <p>The parties have to present themselves at one of the registration trustee's office with the standard contract along with the following documents.</p> <ol style="list-style-type: none"> <li>1) Company Trade License (Original or Copy)</li> <li>2) Shareholder Certificate (Arabic &amp; English)</li> <li>3) Memorandum of the company (Arabic &amp; English)</li> <li>4) Board Resolution (Arabic &amp; English)</li> <li>5) Power of Attorney from Company (Arabic &amp; English)</li> <li>6) Passport copies of shareholders</li> </ol> <p>Parties then sign the contract and submit the application to one of the office's employees.</p>	1 day	AED 4,000 (Registration trustee fee of AED 2,000 if the registered / transferred property value less than AED 500,000)
2	<p><b>Register title at the Dubai Land Department</b>  <i>Agency : Land Department</i>            Once the documentation is submitted, the trustee proceeds to register the new owner on the Dubai Land Department. The offices have access to the Land Department system and registration is completed on the spot within a couple of hours.</p>	1 day	AED 10,000; (AED 10 for registering each square meter of land, with a minimum of AED 10,000)

Source : [businessteacher.org](http://businessteacher.org)

## 5.4 Paying Taxes

No.	Taxes	
1	<b>Value-added tax (VAT)</b>	<b>Answer</b>
	Does VAT exist?	Yes
	Does a VAT refund process exist per the case study?	Yes
	Restrictions on VAT refund process	None
	Percentage of cases exposed to a VAT audit (%)	75%-100%
	Is there a mandatory carry forward period?	No
	Time to comply with VAT refund (hours)	28
	Time to comply with VAT refund (hours)	21
2	<b>Corporate income tax audits</b>	<b>Answer</b>
	Corporate income tax audits	No
	Percentage of cases exposed to a corporate income tax audit (%)	Not applicable
	Time to comply with a corporate income tax correction (hours)	No
	Time to complete a corporate income tax correction (weeks)	No

Notes :

- Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.
- The hours for VAT include all the VAT and sales taxes applicable.
- The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.
- The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax correction and time to complete a corporate income tax correction.

## **6. CONSTRUCTION INDUSTRY ANALYSIS**



## 6.1 SWOT Analysis

Factor	Description
<b>Strengths</b>	<ul style="list-style-type: none"> <li>● The UAE is pushing for the construction industry to lead as the nation's economic booster in an attempt to curtail its dependency towards the oil and gas industry</li> <li>● The UAE's stable economic positioning and excellent doing business ranking favors foreign investments and businesses in the long run</li> <li>● Workforce within the industry are highly skilled and well compensated</li> <li>● Various government initiatives ranging from tourism to housing between the year 2020-2070 will open doors to future construction projects</li> </ul>
<b>Weakness</b>	<ul style="list-style-type: none"> <li>● The location of construction plays a key role in determining ownership rights, as businesses conducted within Mainland borders will require a local sponsor to take up 51% of ownership</li> <li>● Hiring foreign labourers are deemed expensive due to the cost of acquiring necessary visa and accommodation. A more cost-effective solution would be to hire local labours</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>● Government encourages more green construction activity, including government office buildings, hospitals and schools</li> <li>● Following up to Expo 2020, possible future initiatives will seek infrastructure development</li> </ul>
<b>Threats</b>	<ul style="list-style-type: none"> <li>● The government's response to the COVID-19 pandemic may not be adequate to contain risk for Expo 2020, leading to potential delays and drastic shifts in construction projects involved</li> <li>● Traveling limitations due to COVID-19 may deeply affect developments on construction and infrastructure</li> </ul>

Source : *businessteacher.org*



## 6.2 PASTLE Analysis

Factor	Description
<b>Political Factor</b>	<ul style="list-style-type: none"> <li>● Involvement with the Yemen war has severed relations with Iran. Although in recent years, the UAE has taken a number of initiatives to minimise the tension with Iran</li> <li>● Political freedom is limited in the UAE as The Supreme Council holds the most power</li> </ul>
<b>Economical Factor</b>	<ul style="list-style-type: none"> <li>● Remains as one of the richest countries in the world for per capita income due to its rich natural resources and economic diversification</li> <li>● UAE economy remains heavily dependant towards oil and gas industry, a major weakness the country has yet to overcome</li> </ul>
<b>Social Factor</b>	<ul style="list-style-type: none"> <li>● Conservative social practices are heavily embedded in their lifestyle</li> <li>● Wealth gap among society is very apparent as the richest 1% of the population holds half of the country's wealth</li> <li>● Cost of living in major cities (Abu Dhabi and Dubai) are excessively high</li> </ul>
<b>Technology Factor</b>	<ul style="list-style-type: none"> <li>● Government initiative Smart Dubai 2021 aims to convert Dubai into a smart city, increasing usage of smart technological solutions</li> <li>● The UAE is currently the most attractive ICT market in the Middle East</li> <li>● An estimate of 1,000 government services will be smart-enabled, with over 2,000 wi-fi hotspots to be installed in the next coming years</li> <li>● UAE is currently leaning towards a digitally-enabled workforce to safely conduct high-risk tasks on construction sites including the usage of unmanned aerial vehicles (UAV), industrial robots, an a variety of intelligent tools</li> </ul>

Source : [businessteacher.org](https://www.businessteacher.org)

## 7. MAJOR INFRASTRUCTURE DEVELOPMENT AND KEY PROJECTS

The UAE Government wants to ensure sustainable development while preserving the environment, and to achieve a perfect balance between economic and social development. It aims to develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

**Government spending on construction activities is expected to support market growth in the UAE.**

Several government initiatives such as the Energy Strategy 2050, the Sheikh Zayed Housing Program, and the Dubai Tourism Strategy are expected to support the growth of the construction sector in the UAE over the next four to eight quarters. Moreover, the government is also focusing on the development of smart cities, digitization of up to 1,000 government services, and installation of 2,000 Wi-Fi hotspots in the country. The liberal trade policies of the government are also attracting foreign investors, thereby propelling the growth of the construction market in the country.

**The commercial infrastructure sector is expected to assist the growth of the industry in the UAE**

Over the last decade or so, the UAE has emerged as one of the most popular tourist destinations, and the country intends to keep it that way. For instance, in the commercial infrastructure space, Abu Dhabi is planning to attract almost 8 million tourists annually by 2030 under the Abu Dhabi Plan 2030.

For serving the huge inflow of tourists, the government is planning to boost investment in the commercial infrastructure space from the short to medium-term perspective. Furthermore, the country is also hoping to expand its retail and office space to four million square meters by 2030. All of these factors are expected to support the growth of the commercial infrastructure sector in the UAE in the near term.

Moreover, nearly 160 hotel construction projects with more than 45,700 rooms are in the pipeline. This will subsequently assist the overall construction industry in the next four to eight quarters in the country.



## 7.1 Construction Overview

Based on a BNC Projects Journal published data, there are over 15,000 projects in line with an estimated worth of USD791 billion across the UAE, including an estimated USD202.8 billion of projects that vary in stages of completion, from concept to tender. The numbers have positioned the UAE as the second largest project pipeline after Saudia Arabia, with a leading project sum of USD827 billion, in estimation.

The total construction projects comprises 57% of the total development, followed by oil and gas projects which takes up 24%, while infrastructure makes up 19% for overall ongoing projects. For the upcoming USD306 billion of projects, urban projects make up 42%, infrastructure 38%, oil and gas 20%.

The total construction project pipeline in the UAE stands at AED4.7 trillion, including mega projects with a value above USD25 million. The pipeline, which includes all projects from pre-planning to execution, is dominated by late-stage projects.

The UAE remains optimistic towards stimulating the private sector and building momentum for the construction market, as heavy public investments in infrastructure began to increase in recent years. This is highlighted as one of the key solutions for the UAE to break its economic dependency from the oil and gas industry.

### 7.1.1 Residential Construction

Residential construction remains the largest segment in both Dubai and the UAE. In 2018, 33.1% of total construction activity across the UAE was residential, with a total of 5,098 buildings completed by the year end. The sector is largely driven by the government's effort to increase housing stock. Moving into the first quarter of 2019, Dubai's residential stock has increased up to 530,000 units with over 9800 residential units completed and an additional 50,000 units completed by the year end. Key projects such as Seven City in Jumeirah Lake Towers, Azizi Riviera in Meydan and Al Habtoor City are expected to contribute towards meeting housing demands in the next few years.

### Sheikh Zayed Housing Programme

The government-led initiative was launched to meet housing needs and demands of Emirati citizens over the course of 5 years (2020-2025). A sum of 17,873 sustainable, affordable and high-quality housing will be provided under the estimated cost of AED17.32 billion by several developers in various areas. It is stated that by the year end of 2021, a total of 14,000 residential units will be completed.

### 7.1.2 Tourism Construction

As the UAE's tourism sector is growing robustly, a surge of tourism infrastructure developments occur within the span of a decade. The trend of man-made islands is one of the unique tourism development initiatives that places the Emirates on the map, as the nation has the resources and financial means to support such elaborate projects.

In hindsight, the UAE has allocated funds for a total of 18 cultural projects and museums, 24 theme parks, 88 retail buildings, 17 convention centres, 7 theatres and 15 sports venues altogether in an attempt to gather more tourists from across the globe.

### Sharjah Tourism Vision 2021

Initiated by Sharjah Commerce and Tourism Development Authority (SCTDA), the Sharjah Tourism Vision for 2021 creates various demands for Tourism projects. Some existing tourism and hospitality projects in development include Al Majaz Waterfront, Al Montazah, Al Noor Island, Al Qasba, Flag Island, Heart of Sharjah, and several other Eco-tourism projects in the making.

## 7.1.2 Tourism Construction

### Active Tourism Projects in Dubai

As the core tourist attractions in the UAE, it is expected of Dubai to undergo multiple billion-dollar tourism developments within the decade. Among the notable projects that remains active as of July 2020 are as follows:

Tourism Project	Function	Highlights
<b>Burj Jumeirah</b>	Commercial Building	<ul style="list-style-type: none"> <li>● Developed by Dubai Holdings</li> <li>● To launch in 2021</li> </ul>
<b>Heart of Europe (The World Islands)</b>	Man-made Island	<ul style="list-style-type: none"> <li>● Developed by Kleindienst Group</li> </ul>
<b>Mall of the World</b>	Shopping Complex	<ul style="list-style-type: none"> <li>● To hold record as the Largest Shopping Mall in the World</li> </ul>
<b>Marsa Al-Arab</b>	Theme Park	<ul style="list-style-type: none"> <li>● Launched in 2020</li> <li>● Entertainment and family hub that is divided by two man-made islands, one for the theme park and another to host luxury villas and a private marina</li> </ul>
<b>Six Flags Dubai</b>	Theme Park	<ul style="list-style-type: none"> <li>● Area of 3.5 million sq.ft.</li> <li>● Estimated cost is AED 2.6 billion</li> </ul>
<b>Mall of the World</b>	Man-made Island / Waterfront	<ul style="list-style-type: none"> <li>● Home to the Ain Dubia, soon to be the largest observation wheel in the world</li> <li>● Host to 200 retail and dining outlets, residents, a marina and two five-star hotels.</li> </ul>



## 7.2 Transportation Infrastructure Overview

The UAE thrives in developing top-of-the-line transportation infrastructure that receives international praise. Development projects for roads, ports and airports are lined up in preparation for Expo 2020, which will be held in Dubai.

The Dubai Government has allocated 16% of its USD15.5 billion budget for 2019 for infrastructure, an estimate of USD2.5 billion, to reflect the emirate's concern for the gradual implementation of the Expo 2020 projects. The UAE has also allocated USD2.8 billion for the 2020 Dubai Metro's Route in Abu Dhabi, including the USD3 billion Midfield Terminal.

### 7.2.1 Airports

The airports of the United Arab Emirates consists of two international airports:

#### **International airports**

1. Abu Dhabi International Airport
2. Al Ain International Airport

#### **Domestic airports**

1. Sir Bani Yas Airport (Sir Bani Yas Island)
2. Dalma Airport (Dalma Island)
3. Al Bateen Executive Airport

All existing facilities are operated by Abu Dhabi Airport Corporation (ADAC).

#### **Al Maktoum International Airport (Expansion)**

Dubai's Al Maktoum International Airport began its operations for cargo shipment in 2010, which later led to its grand opening for flight passengers in the year 2013. An expansion project worth US\$36 billion was announced in 2016, claiming the new expansion will have the capacity of over 160 million passengers and 12 million tons of cargo. The expansion was expected to complete by 2025, however, the project was put on hold in 2018 until further notice.

### 7.2.2 Ports

#### **Jebel Ali Port Expansion**

Located in Dubai, the Jebel Ali Port is treasured by the UAE as a key location that connects land and sea. Its initial capacity is at 18 million TEU (twenty-foot equivalent units). The addition of Terminal 3 (T3) in 2017 has increased its capacity by an extra 1.3 million TEU. Terminal 4 (T4) was then announced as the latest expansion project for Jebel Ali Port that is scheduled in 2018. With the T4 expansion, the UAE is capable of meeting higher capacity and larger demands in anticipation of trade activities that lead-up to Expo 2020.

### 7.2.3 Road Networks

The UAE has made extensive plans on road networks infrastructure. An estimated total of AED 6 billion is allocated for the developments of road infrastructure and several federal buildings scattered across the nation. As of August 2019, it is announced by the Rapid Transit Authority (RTA) that phases three and four of road projects will be inaugurated in 2020. Over 22km of new road and bridges will be included, with an additional 11km roads and 4km bridges to be completed by Oct 2020 in the fifth and sixth phase.

## 7.2.4 Rail Networks

To further the Emirates' effort in increasing mobility, several rail networks projects has been announced and scheduled, namely:

Project Name	Estimated Completion	Notes
The Etihad Rail	2024	<ul style="list-style-type: none"><li>● Core rail network infrastructure of the UAE between 2020-2024.</li><li>● Project cost is estimated to be around AED40 billion</li><li>● A GCC railway network designed to connect the UAE with Saudi Arabia, Qatar, Kuwait, Bahrain and Oman</li></ul>
Dubai Metro Red Line Extension	Sept 2020	<ul style="list-style-type: none"><li>● Project cost is estimated to be AED11 billion</li><li>● Aimed to serve the Expo 2020 site while promoting new commercial and housing development opportunities</li><li>● Soon to be extended to Al Maktoum International Airport</li></ul>

The UAE has made extensive plans on road networks infrastructure. An estimated total of AED 6 billion is allocated for the developments of road infrastructure and several federal buildings scattered across the nation. As of August 2019, it is announced by the Regional Transportation Authority (RTA) that phases three and four of road projects will be inaugurated in 2020. Over 22km of new road and bridges will be included, with an additional 11km roads and 4km bridges to be completed by Oct 2020 in the fifth and sixth phase.



## 7.3 Energy and Utilities Infrastructure Overview

The UAE construction industry's growth will be driven by a government plan to increase the share of renewable energy in terms of total energy consumption, encouraging investment in renewable energy infrastructure. To reduce the country's reliance on fossil fuels to generate power and meet rising energy demand, the government is developing renewable energy infrastructure. The government aims to generate 44% of the country's total electricity needs through renewable sources by 2050, under the new UAE Energy Plan 2050.

### 7.3.1 Power Plants and Transmission Grids

#### Al Dhafra Solar Project

The Al Dhafra Solar Power Plant is a 2GW photovoltaic (PV) independent power producer (IPP) project located about 35km south of Abu Dhabi city. It is currently developed under a PPP scheme of two government-owned electricity companies, The Abu Dhabi National Energy Company (TAQA) and Masdar, and by two foreign shareholders: EDF Renewables (France) and Jinko Power (China). The overall construction will begin late 2020, with the goal of commissioning the plant somewhere in 2022. The project is aiming to generate electricity to provide for 160,000 houses.

### 7.3.2 Oil and Gas, Liquefied Natural Gas (LNG) and Refineries

#### Upper Zakum - Production Capacity Enhancement

The Upper Zakum oil field resides off the coast of Abu Dhabi, is one of the largest oil hosts in the Middle East. Its capacity is estimated to carry a total of 50 billion barrels of oil, with only 10% of its total capacity being processed in the span of 25 years of operation. The Zakum Development Company (ZADCO) aims to increase production from the field from 500,000 barrels per day to 750,000 barrels per day. This goal will require the construction of four artificial islands to serve as platforms for drilling, processing and distribution. The cost of the fourth installment of the expansion project is estimated at USD21.8 billion.

#### Abu Dhabi North West Development - Hail and Ghasha Sour Gas

Located offshore of Abu Dhabi, The Hail and Ghasha sour gas fields are currently under development by ADNOC with the set goal of increasing the UAE's domestic gas production by 18%. Simultaneously, ADNOC aims to increase sour gas production of up to 1.5 billion cubic feet per day with additional condensate. The development of said project consists of the construction of offshore islands, offshore facilities, wellhead platforms, subsea pipelines and onshore gas gathering terminals within the cost of USD \$15 billion. Project is set to launch in 2024.

### 7.3.3 Water

The construction of a dam in the valley of Wadi Naqab, Ras Al Khaimah, is an extensive project that was recently announced to help boost groundwater storage in agricultural areas and navigate flow of water to nearby residential neighbourhoods. The dam, measuring up to 22 metres high and 257 metres wide, holds a capacity of one million cubic meters. The project is valued at approximately AED26.9 million. Following up to the Wadi Naqab dam construction, the project will extend towards the development of water channels with regular and lined paths, along with lakes and barriers. This is to help absorb and store large amounts of rain water for the purpose of reducing water wastage.

## 8. MAJOR PROJECTS



## 8.1 Construction Project Summary

The tallest building in United Arab Emirates is Burj Khalifa, which rises 828 metres (2,717 ft) and contains 163 floors. The second tallest building in United Arab Emirates is the 414-metre (1,358 ft) Princess Tower, which also stands as the world's second tallest residential skyscraper after the 432 Park Avenue in New York City. The skyscrapers of United Arab Emirates are mostly located in Dubai, and Abu Dhabi.

However, Dubai has more highrises than Abu Dhabi. Dubai has 18 completed and topped-out buildings that rise at least 300 metres (984 ft) in height, which is more than any other city in the world.

### Number of Buildings Under Construction by Type (2019-2021)

Type of Building	2019	2020	2021
Private Villas	5,351	5,165	5,642
Investment Villas	4,341	3,732	3,855
Industrial	558	497	494
Public	823	816	810
Multi-Story	1,652	1,309	1,082
<b>Total</b>	<b>12,725</b>	<b>11,519</b>	<b>11,883</b>

Source : Dubai Statistics Center 2021



## 8.2 Key Projects with Malaysia Companies Involvement

No.	Company	Project Role	Project Title	Project Scope
1	Serba Dinamik Holdings Berhad	Contractor	Awarded the engineering, procurement and construction of innovation hub, academic campus, related facilities and IT infrastructure in Abu Dhabi	Mixed Development
2	Serba Dinamik Holdings Berhad	Contractor	(O&M) maintenance repair overhaul of pressure testing safety relief valve and other associated rotating equipment	Mechanical and Electrical
3	Serba Dinamik Holdings Berhad	Contractor	<ul style="list-style-type: none"> <li>• Maintenance, repair and overhaul, spare-part, manpower (with specialists included) and consultancy services for offshore and onshore compressor turbines and other Oil and Gas critical rotating equipment and inspection</li> <li>• Repair maintenance, spare part provider, manpower for static and unfired pressure vessels with SME (S, R, and U Stamps) certifications</li> </ul>	Oil and Gas
4	Wah Seong Corporation Berhad	Contractor	Contract by Basrah Gas Company for the design Packaging and sale of gas compressor packages and associated plant and site facilities to the company's indirect wholly-owned subsidiary, Wasco Engineering International LTD	Oil and Gas
5	MTD ACPI Engineering Berhad	Contractor	Contract for the supply of precast tunnel segment for Step Deep Tunnel Sewer T-01 Project in Abu Dhabi	Oil and Gas

Source : CIDB database

## 8.2 Key Projects with Malaysia Companies Involvement

No.	Company	Project Role	Project Title	Project Scope
6	Chulia Facilities Management Sdn. Bhd	Contractor	AMC for MEP, Minor Civil, Swimming pool cleaning and general cleaning works at Radio Tower villas, Jumeirah	Other
7	Eversendai Corporation Berhad	Contractor	(Project in Abu Dhabi awarded by Arabtec Construction that comprises of connection design, fabrication, supply, erection, painting and fireproofing of structural steel works	Other
8	Eversendai Corporation Berhad	Contractor	Address Tower Residence IL Primo (luxury high-end residential tower in Dubai	Commercial Building
9	Eversendai Corporation Berhad	Contractor	One Za'abeel mixed-used development, Dubai	Commercial Building
10	Eversendai Corporation Berhad	Contractor	Connection design, fabrication, supply, erection and fire protection application for structural works for Museum of the Future, Dubai	Other
11	Eversendai Corporation Berhad	Contractor	Museum of the Future, Dubai	Other
12	Eversendai Corporation Berhad	Contractor	YAS Mall, Abu Dhabi	Commercial Building
13	Eversendai Corporation Berhad	Contractor	Connection design, fabrication, supply, erection and fire protection application for structural steel of Tiara United Tower, Dubai	Other

Source : CIDB database

## 9. INDUSTRY FORECAST SCENARIO





## **9.1 UAE Construction Industry Forecast**

### **UAE Energy Strategy 2050**

UAE launched 'Energy Strategy 2050', which is considered the first unified energy strategy in the country that is based on supply and demand. The strategy aims to increase the contribution of clean energy in the total energy mix from 25 per cent to 50 per cent by 2050 and reduce carbon footprint of power generation by 70 percent, thus saving AED 700 billion by 2050. It also seeks to increase consumption efficiency of individuals and corporates by 40 per cent.

The UAE government aims to invest AED 600 billion by 2050 to meet the growing energy demand and ensure a sustainable growth for the country's economy.

### **Sharjah Tourism Vision 2021**

The Sharjah Commerce and Tourism Development Authority (SCTDA) has announced the Sharjah Tourism Vision 2021 initiative with the objective to boost Sharjah as the next leading family tourism destination, along with reaching an estimated total of 10 million tourists by 2021. This initiative is forecasted to open doors for a variety of tourism construction projects that meets eye to eye with Sharjah's identity and appeal as a cultural hub.

### **Abu Dhabi Economic Vision 2030**

Initiated by the Abu Dhabi Planning Council, an extensive urban structure framework plan was prepared to address the city's future development needs. The objective is to focus on urban development that will shape Abu Dhabi for the next quarter of the century. The demand for sustainable approach in residential, tourism and infrastructure developments is predicted to skyrocket in response to the urban development initiative.

### **Fujairah 2040**

Fujairah 2040 is an initiative that aims to cater to its population by enhancing its housing and transportation infrastructure facilities. Currently, The Fujairah Municipality has begun work on several infrastructure developments such as residential complexes, healthcare facilities, road improvements, building water barriers, and ports. The Fujairah seaport is estimated to attract bustling activities, and will soon open new terminals for oil, marine services, and an anchorage area for dry bulks and containers. Local and foreign construction contracts that cater to Fujairah's 2040 vision will increase in demand.



# 10. BUSINESS ENVIRONMENT OUTLOOK



## 10.1 Accounting in UAE

<b>Accounting Regulation Body</b>	UAE Ministry of Economy
<b>Tax Year</b>	1st January - 31st December
<b>Accounting Standards and Requirements</b>	<ul style="list-style-type: none"> <li>• Financial statements are required for all companies listed on the UAE stock exchanges and for banks</li> <li>• Financial Statements must be prepared on an annual basis</li> <li>• Companies must provide an annual activity report audited by an auditor of the Ministry of Finance (for trading companies) or Ministry of Industry (industrial companies) before the renewal of company license</li> <li>• All companies listed on the stock exchange must submit their accounts to the Emirates Securities and Commodities Market Authority.</li> <li>• The accounts comprise of quarterly income statements, balance sheets and an annually audited income statement.</li> </ul>
<b>Professional Bodies of Accountancy</b>	UAE National Accountants and Auditors Association (UAE AAA)
<b>Professional Bodies of Auditing</b>	The State Audit Institution of the United Arab Emirates

Source : [www.nordeatrade.com](http://www.nordeatrade.com)

## 10.2 Standard of the UAE

<b>National Standards Organization</b>	Available on the Website of the Emirates Authority for Standardisation and Metrology (ESMA)
<b>Online Consultation</b>	The acquirement of norms and standards are a paid service, technical guides can be placed for order on the ESMA website
<b>Organizations of Certification</b>	Emirates Authority for Standardisation and Metrology (ESMA)

Source : [www.nordeatrade.com](http://www.nordeatrade.com)

## 10.3 Business Practices of UAE

<b>Language</b>	Arabic, Persian and English
<b>Basic Etiquette</b>	<ul style="list-style-type: none"> <li>● Friday is the day of rest and the day of Friday Prayers</li> <li>● Customary greeting is "As-salam alaikum"</li> <li>● Some buildings may insist on removing shoes, always follow suit of hosts and locals accordingly in such cases</li> <li>● Most men will shake hands among each other as a sign of greeting, however, women will wait for the hand to be offered by men before greeting. It is common that women might refrain from contact and greet verbally instead.</li> <li>● Gesture and eat with using the right hand, as the left hand is deemed inappropriate</li> </ul>
<b>Dress Code</b>	<ul style="list-style-type: none"> <li>● National Standards of Modesty (mostly long sleeves and high necklines, long and concealed clothing for women)</li> <li>● Traditional and Native clothing is not advised</li> </ul>
<b>Operational Hours</b>	<ul style="list-style-type: none"> <li>● Workdays begin from Sunday - Thursday</li> <li>● Weekends begin from Friday - Saturday</li> <li>● Administration : Sat - Wed 7:30AM - 1:30PM, Thur 7:30AM - 12:00PM</li> <li>● Banks : Sat - Wed 8:00AM - 1:00PM, Thur 8:00AM - 12PM</li> <li>● Shops : Sat -Thur 10AM - 1PM then 5PM-10PM, Fri 5PM -10PM</li> <li>● Oil Companies : Sat- Wed 7:30AM - 2:30PM</li> <li>● Private Companies : All Day 8:00AM - 1:00PM, Sat - Wed 8:00AM - 1:00PM then 4:00PM - 7:00PM</li> </ul>
<b>Closing Periods for Companies</b>	<ul style="list-style-type: none"> <li>● Eid ul Fitr (3 Days)</li> <li>● Eid ul Adha (4 Days)</li> <li>● Ramadhan (business activities slows down due to the fasting month)</li> <li>● August (hottest season of the year and vacation season for locals. slowing down of business activities is expected)</li> </ul>

Source : [www.nordeatrade.com](http://www.nordeatrade.com)

## 10.4 Tax in the UAE

Consumption Taxes		Corporate Taxes	
Nature of tax	VAT (value-added tax)	Company Tax	0% (No taxes levied by the Federal Government on income or wealth of companies and individuals)
Reduced Tax Rate	Goods and services exported outside the VAT-implementing GCC member states, international transportation, the supply or import of investment precious metals, the supply of crude oil and natural gas, the first supply of residential real estate, buildings specifically designed to be used by charity organisations, healthcare and education sectors are generally zero-rated.	Capital Gains Taxation  Main Allowable Tax Deductions and Tax Credits	Not subjected to tax in general, with the exception that capital gains are derived from a company that is taxable based on income tax or banking tax decrees  Deductions are determined based on accounting principles and the tax decrees of the various Emirates. In general, deductions are not that significant as most companies in the United Arab Emirates are not subject to taxation on income (except for upstream oil and gas companies and branches of foreign banks operating in the country)
Other Consumption Taxes	Carbonated beverages (50%), tobacco and electronic smoking devices and tools (100%), energy drinks (100%)	Resources and Reference	UAE Federal Tax Authority

Source : [www.nordeatrade.com](http://www.nordeatrade.com)

# 11. COVID-19 GUIDELINE FOR UAE



## 11.1 COVID-19 Impact on the UAE

As of July 2020, the global COVID-19 pandemic has affected the Emirates dramatically in all sectors and industries. In the case of unprecedented times, the UAE's Ministry of Health and Prevention (MOHAP) is in the process of configuring a comprehensive practice of preventative measures in attempt to minimise risk exposure, as the nature of the COVID-19 virus is still relatively new and unfamiliar

In the light of the upcoming Expo 2020 and other government initiatives for tourism, the construction sector is deemed as vital for the UAE, especially Dubai. In a cognitive effort to aid the construction industry, the Dubai Development Authority (DDA) has taken crucial steps to mitigate the impact of COVID-19 towards the industry and its workforce:

### 1. The Digitalisation of Engineering Services and Procurement:

- Digital portals are now made accessible to process all engineering services
- Licensing and registration services can be applied and submitted electronically
- In the few cases where notarised documents are required, it is now permissible for the following documents to be submitted within 60 days of completion of the service

### 2. The practice of virtual inspections of sites:

- Construction sites may now be inspected at various stages of completion via video calls and without requiring the inspectors to be physically present

### 3. Enabling temporary changes to employment terms (under the UAE Ministry of Human Resource and Emiratization (MoHRE):

- Health and safety precautionary measures must be implemented at workplace
- Allowing employees to adhere to remote working
- Mandate regular temperature checks
- Allowing construction companies to establish labour accommodation in construction sites to minimize work commute (with the key exception that the accommodation has ample of space to practice social distancing)

### 4. Planning and Development Stimulus Initiative:

- Validity period for construction permits will be extended by an additional three months without any charges to be incurred
- Payment for Final Building Permit fees will be split into four installments instead of a singular payment
- Zoning exemption fees are now payable within 12 months instead of 6 months
- All payment dates for fines issued by the Planning and Development Department will be postponed for three months

## 11.2 COVID-19 Health and Safety Guidelines for the UAE

To ensure a safe working environment for all parties, the Standard Operating Procedure (SOP) conducted by the UAE construction sector is based on the standards set by the World Health Organisation (WHO) as follows :

- Providing hand washing facilities, regularly restocking antibacterial soap and checking and cleaning the associated facilities
- Providing additional hand sanitiser stations around the working environment;
- Communicating the hand washing protocols and other WHO advice through signage
- Provide gloves and masks to employees regularly
- Encourage social distancing;
- Consider screening visitors, such as with temperature checks
- Consider restricting access to essential personnel only

For more information on the national health and safety guidelines along with the latest updates on COVID-19 in the UAE, visit the following site below.

<https://www.mohap.gov.ae/en/>





## 12. KEY LEARNINGS FOR MALAYSIAN PLAYERS



As the construction sector grows increasingly promising, supported by the boost of foreign investments, business opportunities are abundant in the UAE. Establishing a construction company in the country begins with selecting between two key areas, Mainland areas and Free Trade Zone areas. The difference between Mainland Companies and Free Trade Zone Companies are comparable as follows:

Factor	Mainland Company	Free Trade Zone Company
Ownership	Upon establishment of business, 51% of the shares will be acquired by a local sponsor  Foreign business owners are only entitled to 49% of the shares	Foreign business owners will acquire 100% of business shares, no local sponsors required
Cost	High	Medium
Capital Requirement	May vary depending on the legal form of business	Determined by the Emirate of where the company is established
Office Requirement	A minimum office space of 200sq.ft is mandatory	No minimum office space required
Government Authorities Requirement	Company setup will require permission from Department of Economic Development (DED), Ministry of Labour (MIL), Ministry of Interior (MOI), and Dubai Municipality	Does not require any approval from authorities, company setup rules of approval only dependent within its jurisdiction

Source : [flyingcolour.net](http://flyingcolour.net)

## 12.1 Industry Regulator

### 1. Department of Economic Development (DED)

The Department of Economic Development governs all bodies of business within the UAE, procures commercial licenses and rights to conduct any business activities in the UAE. To form a company, obtaining a commercial license is mandatory.

### 2. Dubai Municipality

Provides the supervision of urban planning and construction activities within Dubai. This government body is responsible for issuing building licenses, civil work permits and the G+1 permit as required for the Free Trade Zones.

## 12.2 Local Requirements

Commercial License  
 Building License (for Mainland) OR G+1 Permit (for free trade zones)  
 Environmental License  
 Civil Work Permit  
 Approval by Drainage and irrigation department  
 Approval by Water and electricity department  
 Approval by Building Department  
 Approval by Dubai Civil Defence Authority

## 13. Glossary

### 1. The World Bank

<https://data.worldbank.org>

### 2. The United Arab Emirates' Government portal

<https://u.ae/en#/>

### 3. Construction Placement

<https://www.constructionplacements.com>

### 4. Arabian Business

<https://www.arabianbusiness.com>

### 5. Statista

<https://www.arabianbusiness.com>

### 6. Prnewswire

<https://www.prnewswire.com>

### 7. MEED - Middle East Business Intelligence

<https://www.meed.com>

### 8. Flying Colour

<https://www.flyingcolour.net>

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