

## DOING BUSINESS IN ABU DHABI



### **Introduction**

Dubai is the commercial hub of the United Arab Emirates that gets all the attention. Some 60 miles away, the nation's political capital of Abu Dhabi cannot be overlooked. Welcome to Abu Dhabi, the capital of the [United Arab Emirates](#) and the richest city on earth!. The emirate's 420,000 citizens, who sit on one-tenth of the planet's oil and have almost \$1 trillion invested abroad, are worth about \$17 million apiece. Abu Dhabi plays a large role in the world economy. Abu Dhabi's [sovereign wealth fund](#), the [Abu Dhabi Investment Authority](#) (ADIA), currently estimated at [US\\$ 875 billion](#), is the world's wealthiest sovereign fund, in terms of total asset value.

Abu Dhabi city is a modern city with broad boulevards, tall office and apartment buildings, and busy shops. Principal thoroughfares are The Corniche, Airport Road, Sheikh Zayed Street, Hamdan Street and Khalifa Street. Abu Dhabi city is known in the region for its greenery; the former desert strip today includes numerous parks and gardens.

#### **i) Robust Economy**

Abu Dhabi is the wealthiest emirate of the UAE in terms of [Gross Domestic Product \(GDP\)](#) and [per capita income](#). Soaring oil prices and the government's economic diversification raised Abu Dhabi's gross domestic product (GDP) 21.8 per cent last year to more than Dh400 billion, up from Dh341 billion in 2006. Under such sustained economic growth, average GDP per capita income rose to US\$ 71,200, in 2007, the second highest rate in the world.

In May 2008, the Department of Planning and Economy unveiled its five-year strategic plan designed to expand Abu Dhabi's industrial base, boost GDP growth and attract foreign investment. The government will spend an estimated \$200bn on the new infrastructure needed to support the diversification programme over the coming five years. Major development projects are under way in the real estate sector as state-owned and mixed state-private real estate companies, such as Aldar and Sorouh, are moving ahead with large-scale projects intended to add to the emirate's attractions as a cultural, tourism and business destination. While the private sector is being encouraged to take over the provision of public services, major government firms are looking to expand abroad.

#### **ii) Political Stability**

Hereditary rule in the emirate of Abu Dhabi ensures that its economic agenda are broadly insulated from fickle political issues. It's geographic location away from the Middle East hotspots like Iraq, Israel and

Lebanon and its forward-looking economic policies have won the confidence of its Middle Eastern neighbours as well as those of numerous Western countries. Long-time investors in Abu Dhabi include multinational companies which are headquartered in the US, Germany, Canada, UK, France, Switzerland and Australia, amongst others. Furthermore, respect of law prevails among residents resulting in near zero crime rates.

**iii) Virtually Tax Free Business Environment**

Corporate taxes are reserved only for branches of foreign banks and oil-producing companies in Abu Dhabi. A negligible 5% tariff is imposed on goods imported from non-Gulf Cooperation Council (GCC) countries, although tobacco and alcohol products are subject to 50% customs duties. Special economic zones altogether offer 100% tax exemptions.

**iv) Proximity to Growth Regions**

One of the most strategic advantages that Abu Dhabi offers investors is its proximity to the world's fastest growing regions namely, Asia, Europe and Africa. Collectively these regions comprise over 3.2 billion people with a collective GDP in excess of \$18 trillion, thus, forming an explosive reservoir of economic and trading activities, featuring the world's most populous and growth-hungry economies – China and India - as well as other oil-rich countries such as Russia.

**v) Intellectual Property Protection**

The UAE has existing laws that protect against infringement of intellectual property, as well as patents and trademark. The country is also a member of international bodies, treaties and conventions that protect the same, namely, World Intellectual Property Organization (WIPO), World Trade Organization, Paris Convention, Patent Cooperation Treaty (PCT), WIPO Copyright Treaty, WIPO Performances and Phonograms Treaty (WPPT) and the Rome Convention.

**vi) Infrastructure**

Communications infrastructure such as mobile and fixed telephone as well as Internet access is on par, if not better, than the world's biggest international business hubs. The emirate's logistics infrastructure is undergoing a massive upgrade designed to create one of the world's biggest and most efficient cargo handling centres.

**vii) 100% Repatriation of Profit and Capital**

The newly-formed industrial clusters in Abu Dhabi's special economic zones ensure zero-risk in the repatriation of capital and profits, besides 100% business ownership and tax holidays.

**viii) Multi-national Human Capital**

Investors immensely benefit from an abundant supply of human resource skills, courtesy of professionals migrating to the emirate from nearly every country in the globe as well as the increasing number of UAE nationals that are joining the private sector.

**ix) Transparent Government Services**

Corruption hardly exists in Abu Dhabi as it contradicts Islamic traditions. The Abu Dhabi Chamber of Commerce and Industry provides new entrants with helpful information and guidance.

**x) Relative Low Cost of Doing Business**

One of the most common types of business entities in Abu Dhabi is the limited liability company, where the prescribed fixed capital is only \$41,000. Labour cost in the emirate is also relatively inexpensive compared elsewhere.