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COUNTRY
REPORT



United Arab
Emirates

January 2018

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1. General information

1.1 Geography

- Area: 83,600 km²

1.2 Population

- Total Population: 9,269,612
- Population of main cities: Dubai (2,173,344); Abu Dhabi (1,031,875); Al Ain (435,994); Ras al Khaimah (224,000); Fujairah (82,915)
- Ethnic Origins: 6.5% Emirati; 58.5% South Asian (Bangladeshi, Pakistani, Sri Lankan, Indian); 16.5% other Asians (Filipinos, Iranians); 8.5% Western expatriates.
- Religion: Official religion: Islam.
Muslims: 76%; Christians: 9%; other (mainly Hindus and Buddhists): 15%

1.3 Language

- Official Language: Arabic.
- Other Languages Spoken: Persian, Urdu and Hindi in relation with expatriate communities.
- Business Language: English

1.4 Government

- Federation uniting seven emirates: Abu Dhabi, Ajman, Dubai, Fujairah, Ras al-Khaimah, Sharjah and Umm al-Qaiwain.

Each Emirate is governed by an Emir and has its own administration. Every Emir manages his Emirate's resources autonomously.

The Supreme Council of Emirs is the highest authority of the UAE; it holds legislative and executive powers.

- Current Political Leaders: President: Sheikh Khalifa bin Zayed Al Nahayan
- Prime Minister: Sheikh Mohammed bin Rashid Al Maktoum

2. Economy

2.1 General Overview

Benefiting from its political stability in a tumultuous region, the United Arab Emirates (UAE) has shown a certain resilience with regards to the falling oil prices.

While economic growth has been declining steadily, reaching 2.3% of GDP in 2016, the situation of each Emirate is very different.

The country's GDP is dominated by the economic strength of Abu Dhabi (60%), especially its hydrocarbon production and control over the vast majority of national savings.

Dubai contributes a quarter of the country's GDP and functions as the commercial platform of the Emirates, especially with its well-developed port and airport infrastructure.

Economic growth of the UAE is expected to reach 2.5% in 2017. In the long term, the country's economy is expected to receive a boost from its hosting of the World Expo 2020.

The healthy banking sector and tourism revenues have helped soften the impact of falling oil prices, which reflects the economic diversification of the UAE (the oil sector represents only 30% of GDP).

However, since 2015, the UAE has faced a significant deficit due to the decline in oil revenues. The deficit deepened in 2016, but the expected slight rise in oil prices should soften this trend in 2017.

In 2016, public spending was directed towards the development of the water and energy sectors, and a major housing program was undertaken. This trend will continue in 2017. In addition, a three-year development plan for 2017-2021 focuses on education and on reducing the pressure on public infrastructure, while the population is growing rapidly.

The Government is also trying to limit public expenditure. To cope with the government deficit, the seven Emirates used their financial reserves and issued bonds on international markets.

As of October 2016, the central banks of the Emirates had USD 81 billion in financial reserves. Since 2015, the authorities have initiated a series of measures, such as the reform of energy subsidies, which includes a deregulation of domestic oil prices and an increase in tariffs for electricity and water. Additional fiscal measures are under consideration, such as the introduction of business taxation and the 2018 VAT.

The Government of Abu Dhabi, whose revenues were most affected by the low oil prices, has prioritized investment projects, while Dubai is attempting to stimulate activity through investments related to the preparation of Expo 2020 (especially the extension of the urban transport network).

Although Dubai's debt has been successfully restructured, the threat of a new real estate bubble and overcapacity remains present. Abu Dhabi is focusing on diversifying its economy and developing alternative energy sources. In 2017, it is expected to launch a fleet of nuclear power plants and massively invest in renewable energies (the 'Masdar' project costing USD 22 billion). Because it is aware of the finite nature of its oil resources, the UAE has launched a policy of economic diversification in order to reduce its dependency on hydrocarbons. Dubai is primarily trying to develop its tourism sector.

The UAE has one of the highest per capita income levels in the world and a highly developed welfare system. It also has one of the lowest rates of unemployment in the Middle East (3.6%) and depends heavily on foreign labor (more than 85% of the workforce). A policy of 'Emiratization' has been launched to encourage employment of the local workforce.

Main Indicators	2014	2015	2016	2017	2018 (e)
GDP (billions USD)	401.96	370.30e	371.35e	407.21e	435.70
GDP (Constant Prices, Annual % Change)	3.1	3.8e	2.7e	1.5e	4.4
GDP per Capita (USD)	43,213e	38,650e	37,678e	40,162e	41,772
Inflation Rate (%)	2.3	4.1e	1.8e	2.8e	3.7

Table 1: Main Economic Indicators. Source: IMF – World Economic Outlook Database, 2017

Strengths

- Regional co-operation through the GCC.
- Abundance of natural resources (hydrocarbons).
- Large asset holdings and investments held overseas.
- Net creditor status.
- Actively diversifying economy.
- Strong financial hub thanks to the Abu Dhabi sovereign wealth fund
- Relatively liberal business and trading environment.
- Solid fiscal and current accounts sound, despite some short-term effects from current weaker oil prices.

Weaknesses

- Despite diversification (including further developments in the transport and travel sectors), the economy overall is affected by the international oil and gas markets.
- High dependence on global and regional markets and events.
- Fixed exchange rate peg to the USD limits independence of monetary policy.
- Speculative flows (stock market, real estate etc.) provide some concern of asset bubbles.
- Data provision is poor for a high income economy.
- High external debt burden

2.2 Structure of the Economy

Agriculture contributes to approximately 1% of GDP. The exploitation of raw materials accounts for approximately 36% of GDP. The United Arab Emirates is the world's 3rd largest oil producer with significant reserves. Presently, its oil and gas reserves are estimated to last approximately 100 years at the current rate of consumption.

Manufacturing activities have seen an unprecedented growth in the last five years, particularly in sectors such as metal processing, furniture, industrial preparation of food stuffs, aluminum production, construction materials, fertilizers, the petrochemical industry, fiberglass and real estate.

The tertiary sector (especially international trade, air transport, tourism and financial activities) contributes up to 44.5% of GDP.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector (in % of Total Employment)	4.3	24.3	71.2
Value Added (in % of GDP)	n/a	n/a	n/a
Value Added (Annual % Change)	4.3	4.3	3.0

Table 2: Economic Activity by Sector. Source: World Bank, 2016

2.3 Taxation

- Tax Rate For Foreign Companies: None
- Capital Gains Taxation: None
- Other Corporate Taxes: Most Emirates impose a municipality tax on properties, mostly by reference to the annual rental value. For example, in the Emirate of Dubai, the municipality tax on property is currently imposed at 5% of the annual rental value for tenants or at 5% of the specified rental index for property owners.

3. Consumer Behavior

Price is a strong factor in the consumption choices of Emirati consumers, but other considerations like product quality, after-sales service and degree of innovation are important as well.

Using Arabic-language packaging constitutes an advantage on the domestic market.

Further, it is essential to be sensitive to local traditions and religious beliefs.

There are substantial differences between the consumption profiles of high and low-income populations; price is the determining factor for low-income consumers, but is comparatively less important in the affluent segments of the population.

In general, the UAE has a relatively young population, which enjoys a high standard of living.

Consumers are very interested in new technologies and products, especially in the field of mobile phones and information technology.

The image of brands is also important, particularly for clothing and luxury products.

Distribution of the Population By Age Bracket in %	
Under 5:	6.6%
6 to 14:	12.6%
16 to 24:	11.9%
25 to 69:	68.4%
Over 70:	0.6%
Over 80:	0.2%

Table 3: Distribution of the Population. Source: United Nations, latest available data.

Household Final Consumption Expenditure	2014	2015	2016
Household Final Consumption Expenditure (Million USD, Constant Price 2000)	211,370	183,598	205,042
Household Final Consumption Expenditure (Annual Growth, %)	9.8	-13.1	11.7
Household Final Consumption Expenditure per Capita (USD, Constant Price 2000)	23,302	20,056	22,120
Household Final Consumption Expenditure (% of GDP)	57.4	57.1	58.5

Table 4. Household Final Consumption Expenditure. Source: World Bank, 2016

Consumption Expenditure By Product Category as % of Total Expenditure	2008
Food products, beverages and tobacco	14.8%
Clothing and Footwear	6.7%
Housing	36.1%
Home furnishings	7.4%
Health and illness insurance	1.9%
Transport and communication	14.9%
Education and entertainment	10.3%
Others	8.2%

Table 5: Consumption Expenditure by Product Category.
 Source: Zawya on-line journal, Banco Santander

4. Trade Relations

The United Arab Emirates is among the world's most dynamic markets in terms of foreign trade. It is one of the world's 16 largest exporters and 20 largest importers of commodities.

In 2016, trade represented 205% of the GDP.

The United Arab Emirates has a structurally positive trade balance, but the surplus has been decreasing due to declining oil prices. Thanks to the development of non-oil exports, the UAE should be able to retain its trade surplus.

The UAE is considered a central business hub of the Gulf countries, Iran, South Asia and East Africa.

Its main trade partners are Japan, India, Iran, South Korea and Thailand. The main products exported by the country are crude oil, natural gas, dried fish and dates.

Its main suppliers are India, China, the United States, Germany and Japan.

The United Arab Emirates mainly imports machinery, transport equipment, chemical products and food stuffs.

Foreign Trade Indicators	2012	2013	2014	2015	2016
Imports of Goods (<i>million USD</i>)	226,000	239,000	250,000	230,000	225,000
Exports of Goods (<i>million USD</i>)	349,000	379,000	375,000	265,000	265,900
Imports of Services (<i>million USD</i>)	62,301	61,157	63,744	65,650	83,213
Exports of Services (<i>million USD</i>)	15,276	20,422	22,982	26,358	63,417
Imports of Goods and Services (<i>Annual % Change</i>)	9.0	7.5	7.4	-6.0	11.3
Exports of Goods and Services (<i>Annual % Change</i>)	17.5	6.1	1.8	5.2	6.5
Imports of Goods and Services (<i>in % of GDP</i>)	85.3	85.2	89.0	96.0	101.4
Exports of Goods and Services (<i>in % of GDP</i>)	100.3	100.5	99.1	100.4	103.8
Foreign Trade (<i>in % of GDP</i>)	185.6	185.8	188.1	196.4	205.3

Table 6: Foreign Trade Indicators. Source: World Bank 2016

Main Customers (% of Exports)	2014
Saudi Arabia	4.1%
India	3.4%
Oman	1.6%
Switzerland	1.5%
Kuwait	1.4%
Hong Kong	1.3%
Belgium	1.3%
Qatar	1.2%
Egypt	1.0%
United Kingdom	0.9%

Table 7: Main Customers. Source: Comtrade, Latest Available Data

Main Suppliers (% of Imports)	2014
China	15.1%
United States	8.0%
India	7.4%
Germany	4.7%
Japan	4.7%
South Korea	3.3%
United Kingdom	3.1%
Vietnam	2.7%
Switzerland	2.6%
Italy	2.5%

Table 8: Main Suppliers. Source: Comtrade, Latest Available Data

333.4 bn USD of products exported in 2015	
Petroleum oils and oils obtained from bituminous...	10.1%
Gold, incl. gold plated with platinum, unwrought...	4.9%
Petroleum oils and oils obtained from bituminous...	4.2%
Diamonds, whether or not worked, but not mounted...	3.7%
Articles of jewelry and parts thereof, of...	3.3%
Motor cars and other motor vehicles principally...	1.7%
Unwrought aluminum	1.4%
Transmission apparatus for radio-telephony,...	1.4%
Petroleum gas and other gaseous hydrocarbons	1.3%
Polymers of ethylene, in primary forms	0.5%

Table 9: Top 10 Exported Goods. Source: Comtrade, Latest Available Data

287.0 bn USD of products imported in 2015	
Gold, incl. gold plated with platinum, unwrought...	8.9%
Motor cars and other motor vehicles principally...	4.8%
Diamonds, whether or not worked, but not mounted...	4.0%
Transmission apparatus for radio-telephony,...	2.8%
Articles of jewelry and parts thereof, of...	2.5%
Powered aircraft e.g. helicopters and airplanes;...	2.0%
Turbo-jets, turbo-propellers and other gas...	1.4%
Parts of aircraft and spacecraft of heading 8801...	1.0%
Automatic data processing machines and units...	1.0%
Taps, cocks, valves and similar appliances for...	0.7%

Table 10: Top 10 Imported Goods. Source: Comtrade, Latest Available Data

5. Greece – UAE Bilateral Relations

The UAE market offers opportunities for exports of construction and building materials, chemicals, food and drink products and pharmaceuticals.

However, the Greek exporters have to keep in mind that the local market is increasingly competitive in most sectors.

EXPORTS TO UAE	2015	2016
FOOD & LIVE ANIMALS	16.591.407	19.556.101
BEVERAGES & TOBACCO	2.940.008	1.473.955
CRUDE MATERIALS, INEDIBLE	6.220.819	5.168.160
MINERAL FUELS, LUBRICANTS	73.751.095	53.707.340
ANIMAL & VEGETABLE OILS, FATS	1.445.673	1.273.147
CHEMICALS & RELATED PRODUCTS	12.815.896	12.102.779
MANUFACTURED GOODS	46.873.482	58.062.850
MACHINERY & TRANSPORT EQUIPMENT	37.964.074	43.223.466
MISCELLANEOUS MANUFACTURED ARTICLES	69.747.679	40.442.867
OTHER COMMODITIES	1.370.977	6.876.339
TOTAL	269.721.110	241.887.004

Table 11: Greek Exports to UAE. Source: Eurostat

6. Growth Sectors in the UAE Economy

6.1 Infrastructure

The United Arab Emirates will be one of the best performing construction markets globally in the short term, driven by elevated investment inflows associated with the Expo 2020 in Dubai. Over the longer term, construction sector will be supported by an anticipated rise in the price of oil, a positive economic outlook and ambitious economic diversification plans.

Strengths

- An active real estate market and government-supported infrastructure spending in transport and utilities will continue to provide construction growth opportunities.
- Comparatively clear regulatory environment and the governing of private investments in infrastructure create a favorable investment climate.
- State-owned utilities are willing to take on majority equity stakes in projects and provide government guarantees in a bid to attract investors.

Weaknesses

- Project finance operations are onerous, while the credit markets remain wary of the UAE, particularly Dubai.
- Many projects, especially megaprojects are announced, but relatively few ever come to full realization.
- Reliance on migrant labor - skilled and unskilled - increases costs.

Opportunities

- Dubai has been awarded the 2020 World Expo, which itself will create opportunities and also catalyze activity in other areas.
- The UAE is becoming a hub for renewables and green technologies, with Masdar spearheading new ventures.
- The real estate markets in Dubai and now Abu Dhabi have returned to positive growth.
- The UAE is one of the best-insulated markets when it comes to government-financed infrastructure in a lower oil price environment.
- Dubai's public-private partnership law passed in 2015 should stimulate greater private sector involvement in its construction market.
- The opening of Iran's economy will provide opportunities for Dubai port operators to tap into its significant consumption base.

Threats

- An increasingly assertive foreign policy could make the UAE a target for the increasingly prevalent Islamic State group.
- The GCC is experiencing rapid growth, increasing prices for building materials and labor.

Indicator	2016	2017f	2018f	2019f	2020f	2021f
Construction industry value, AEDbn	132.20	142.81	159.95	179.95	189.48	201.50
Construction Industry Value, Real Growth, % y-o-y	3.04	5.83	8.90	9.70	2.60	3.74
Construction Industry Value, % of GDP	10.3	10.7	11.3	12.0	11.8	11.9

Table 12. Construction Industry Value Source: UAE National Bureau of Statistics

6.2 Food & Drink

Ongoing rises in disposable incomes combined with increasing adoption of Westernized consumption patterns will drive industry growth, particularly for premium food and drink products.

Strengths

- The UAE's business environment is among the region's most favorable for doing business.
- The UAE is forecast to achieve strong private consumption growth, with limited inflationary pressures.
- The mass grocery retail sector has received significant investment in recent years, with a well-developed hypermarket segment.

Weaknesses

- The UAE relies heavily on food and drink imports to meet domestic demand.
- Although fairly large by Gulf region standards, the UAE's small population is a deterrent to investors seeking long-term volume gains.
- In the retail segment, rising rentals will limit growth prospects for smaller retailers.

Opportunities

- Consumers in the UAE generally have high disposable incomes, especially among expats and tourists, providing significant opportunities for premium products across all food and drink categories.
- The UAE intends to play a leading role in the development of standards in the fast-growing halal food industry.
- Around 40% of grocery retail sales are still accounted for by independent outlets, indicating that the industry remains way off saturation.

Threats

- Any slowdown in the economy could affect the spending power of consumers, especially in Dubai.
- The introduction of excise duty on tobacco and sugary drinks from October 2017 poses a downside risk to demand in these categories.

- A number of factors could cause a decline in tourism, a major component of food and drink expenditure, such as a rise in intolerance or extremism. The alcoholic drinks segment would be the most affected.
- Opportunities for foreign retailers to enter the hypermarket or supermarket segment are fairly limited.

	2016e	2017f	2018f	2019f	2020f	2021f
Food, sales, AEDmn	92,685.2	100,602.6	107,509.0	114,878.6	123,053.8	130,865.5
Food, sales, AEDmn, % growth y-o-y	14.1	8.5	6.9	6.9	7.1	6.3
Bread, rice and cereals, sales, AEDmn	12,478.3	13,563.7	14,512.8	15,527.8	16,656.6	17,737.8
Bread, rice and cereals, sales, AEDmn, % growth y-o-y	14.3	8.7	7.0	7.0	7.3	6.5
Pasta products, sales, AEDmn	2,615.6	2,823.2	3,002.3	3,191.7	3,399.4	3,595.8
Pasta products, sales, AEDmn, % growth y-o-y	13.1	7.9	6.3	6.3	6.5	5.8
Baked goods, sales, AEDmn	1,250.4	1,359.7	1,455.4	1,557.7	1,671.6	1,780.8
Baked goods, sales, AEDmn, % growth y-o-y	14.4	8.7	7.0	7.0	7.3	6.5
Meat and Poultry, sales, AEDmn	22,719.2	24,599.7	26,233.1	27,968.8	29,885.9	31,709.5
Meat and Poultry, sales, AEDmn, % growth y-o-y	13.7	8.3	6.6	6.6	6.9	6.1
Fish and fish products, sales, AEDmn	8,047.2	8,778.3	9,421.2	10,112.5	10,885.4	11,629.9
Fish and fish products, sales, AEDmn, % growth y-o-y	14.9	9.1	7.3	7.3	7.6	6.8
Dairy, sales, AEDmn	12,169.8	13,308.5	14,313.4	15,397.6	16,614.1	17,790.1
Dairy, sales, AEDmn, % growth y-o-y	15.3	9.4	7.6	7.6	7.9	7.1
Oils and Fats, sales, AEDmn	2,816.0	3,133.6	3,419.8	3,734.3	4,094.0	4,448.3
Oils and Fats, sales, AEDmn, % growth y-o-y	18.4	11.3	9.1	9.2	9.6	8.7
Fresh and preserved fruit, sales, AEDmn	9,777.5	10,514.5	11,145.8	11,807.8	12,528.4	13,203.6
Fresh and preserved fruit, sales, AEDmn, % growth y-o-y	12.5	7.5	6.0	5.9	6.1	5.4

Fresh vegetables, sales, AEDmn	11,825.1	12,829.4	13,704.8	14,638.3	15,672.9	16,660.7
Fresh vegetables, sales, AEDmn, % growth y-o-y	14.0	8.5	6.8	6.8	7.1	6.3
Sugar and sugar products, sales, AEDmn	4,984.0	5,391.3	5,744.5	6,119.1	6,532.0	6,924.1
Sugar and sugar products, sales, AEDmn, % growth y-o-y	13.5	8.2	6.5	6.5	6.7	6.0
Other food products, sales, AEDmn	4,002.2	4,300.6	4,555.9	4,823.1	5,113.3	5,384.8
Other food products, sales, % growth y-o-y	12.4	7.5	5.9	5.9	6.0	5.3

Table 13. Food Sales Source: BMI, National statistics

6.3 Pharmaceuticals

The UAE's pharmaceutical and healthcare markets will continue to stimulate interest amongst generic and innovative drugmakers, positioning itself among the regional outperformers in the Middle East and North Africa alongside Saudi Arabia.

Patented medicines will maintain a leading share of the overall pharmaceutical market, however, generic drug penetration will grow as local production increases and cost-containment remains high on the UAE government agenda.

Regional economic and political instabilities will remain of interest to investors as any potential spillover effects have the potential to weaken the business and operating climate in the UAE.

Strengths

- One of the more developed markets in the Middle East, with strong healthcare infrastructure.
- Strong patented drug market, largely as a result of the country's traditional wealth and a preference for the latest medicines.
- Local manufacturing industry activity has increased notably over the past few years, with a strong focus on regional and global exports.

Weaknesses

- Although improving, domestic patent law is below international standards.
- Concerns over the prevalence of counterfeit drugs, which enter the country through major ports, such as Dubai.
- Small local manufacturing sector, focused on cheap, basic medicines. Market is reliant on imports, in particular at the hi-tech end of the scale.
- Disparate regulations between different parts of the Emirates, such as in terms of health insurance for employees, complicate the provision of services.

Opportunities

- Dubai Expo 2020.
- Increase in population numbers, including expatriates, feeding through to significantly higher healthcare expenditure.
- Substantial investment in the healthcare sector, with large projects, such as the Dubai Healthcare City and DuBiotech, encouraging foreign direct investment (FDI).
- Rising demand for medical tourism.
- An increasingly Westernized disease profile, with non-communicable diseases, such as diabetes, featuring strongly.
- Drug approval times are moving in line with that of developed markets.

Threats

- A regional drug price harmonization, as proposed by the Gulf Cooperation Council, will affect margins. An expansion of government cost-containment measures - most notably the implementation of extensive price cuts - is threatening to slow market development.
- Oil price volatilities could result in a reduction in government industry investment, which could slow pharmaceutical market growth.
- Overreliance on imported raw materials.

	2015	2016	2017f	2018f	2019f	2020f	2021f
Pharmaceutical sales, USDbn	2.407	2.617	2.842	3.076	3.321	3.578	3.844
Pharmaceutical sales, % of GDP	0.65	0.67	0.70	0.71	0.73	0.74	0.75
Pharmaceutical sales, % of health expenditure	15.7	16.3	16.8	17.2	17.6	17.9	18.1
Health spending, USDbn	15.336	16.104	16.960	17.887	18.907	20.033	21.277

Table 14. Pharmaceutical Sales Source: WHO, National Sources, BMI

6.4 Freight, Transport, and Shipping

The short- and medium-term outlook for the UAE remains positive with indicators pointing towards healthy trade and economic growth this year and to 2021.

The government's efforts to move the economy away from hydrocarbon export-based growth towards developing new service sectors will provide steady growth momentum as new industries such as tourism, IT, healthcare and smart technology stimulate economic and financial activity.

Upside risk to freight comes from improving trade prospects between the UAE and a number of crucial trade partners.

Strengths

- The UAE is strategically placed in the Gulf, a key source of sea, air and land transport connections.

- Dubai's port of Jebel Ali is the largest container-handling facility between Rotterdam and Singapore.
- The UAE's logistics industry is set to become one of the largest in the world.
- Emirates and Etihad airlines continue to have significant market shares and expansive global reach with new fleets and strong connections.

Weaknesses

- With a small population, domestic demand is unlikely to reach the levels of markets with larger populations, such as Egypt.
- The UAE's freight transport sector is, as a transshipment hub, exposed to global trade fluctuations.

Opportunities

- Significant fleet investments by UAE airlines, such as Emirates and Etihad, have given them a competitive edge at a time when many global airlines are struggling to survive.
- The creation of a GCC rail network will boost freight business in the region, to the UAE's advantage.
- Expansions at the maritime facilities of Khalifa and Jebel Ali will enable the UAE to remain ahead of regional competition in terms of ports.
- Cosco Shipbuilding Co. will build and operate a new container terminal at Port of Khalifa, more than doubling the facility's handling capacity.
- The Dubai World Central logistics platform is attracting many new logistics firms to the country.
- A new LNG terminal in Fujairah will enable LNG imports to bypass the Strait of Hormuz and increase shipping activity.

Threats

- The ongoing diplomatic and economic embargo placed on Qatar by regional neighbors including the UAE, could significantly hamper regional trade and economic activity if it persists for a protracted period of time.
- The Gulf region is both strategically important and high-risk, a potential geopolitical flashpoint in any confrontation between the US and Iran.
- Other Gulf ports are vying to become the Middle East's main transshipment hub, creating competition for Jebel Ali.

6.5 Power/Energy

After a slowdown from extremely strong growth to a period of relatively weak economic performance, the UAE's economy will pick up fresh momentum in 2018, to a real GDP growth rate of 2.8%, after 1.8% in 2017.

This supports the upbeat outlook for the trajectory of power generation and capacity.

A diversification of the energy mix, towards nuclear and solar, should reduce the contribution of thermal energy to the overall power mix from 99.3% in 2017, even as overall generation grows by an average of 4.4% per annum.

Strengths

- The state has invested large amounts in infrastructure and will continue to do so over the next 10 years.
- Positive macroeconomic fundamentals, coupled with the UAE's large investments in social and physical infrastructure and its population growth, are all key drivers in the power sector.
- Substantial oil and gas resources provide the basis for current generating capacity.
- Solar potential is vast, but largely untapped.
- The UAE has one of the most liberal trade regimes in the Gulf and attracts strong capital flows from across the region.
- The UAE is progressively diversifying its economy, reducing its vulnerability to oil price movements compared with other Gulf States.

Weaknesses

- Lack of diversification.
- Slow progress in the deregulation and privatization of the power industry.
- Artificially low tariffs in a highly regulated sector have led to a wasteful use of electricity.
- Due to the state's federal nature, regulations can vary considerably across the emirates.
- The regional economy is oil-dependent. This has historically been cyclical, which increases risks for long-term projects.
- Volatility in the region means the UAE's risk profile is, to some extent, affected by events elsewhere. US concerns about regional militant groups and Iranian nuclear ambitions could affect investor perceptions.

Opportunities

- The UAE is taking part in a USD1bn plan to build a regional power grid throughout the Gulf Cooperation Council.
- Significant fiscal buffers and plans to ramp up public spending will limit the impact of lower global oil prices on government investment in the power markets over the next two to three years.
- The UAE government aims to boost investment in clean energy technology over the next few years and attract AED367bn (USD100bn) of investment in alternative and sustainable energy projects by 2020.
- The UAE is currently working on plans to have four nuclear power reactors operational in Barakah by 2020 to generate 5.6GWh of electricity.
- Renewable energy sources (namely solar) are gaining significant momentum in an attempt to diversify the energy mix and ensure sustainability.

Threats

- Commodity price risk is high in the power generation sector because of dependence on gas and oil.

- Heavy subsidies on utilities and agriculture, and an outdated tax system, have contributed to persistent fiscal deficits in the past, although rising oil revenues have masked the problem in recent years.
- The state is bureaucratic relative to regional peers.

	2016e	2017f	2018f	2019f	2020f	2021f
Generation, Total, TWh	113.031	117.388	126.689	134.098	143.380	149.328
Consumption, Net Consumption, TWh	106.0	110.2	119.4	127.0	136.3	142.0
Capacity, Net, MW	30,771.3	34,209.7	36,490.8	40,420.6	43,461.9	45,251.8

Table 15. Power Forecast. Sources: EIA, UN Data, BMI

7. Business Culture and Communication

7.1 Dress Code

Men should wear a suit and tie, and to forgo flashy flashy jewelry. Women should opt for modest business attire.

7.2 Communication Tips

Gestures

Emiratis, in general, make liberal use of gestures, especially if they are enthusiastic about what they are saying. Men use gestures more than women. To greet with respect or sincerity, after shaking hands, place the right hand to the heart or chest. Failure to shake hands when meeting someone or saying goodbye is considered rude. When a Western man is introduced to an Emirati woman, it is the woman's choice whether to shake hands or not; she should be allowed to make the first move.

Do not shake hands firmly or pump your whole hand up-and-down. Also, realize that people shake hands and hold hands longer in greeting than in the West; allow your counterpart to withdraw first.

Touching

Emiratis will interpret your behavior negatively if you behave with too much familiarity toward a person of the opposite sex. Behaviors such as overly enthusiastic greetings, animated and joking conversations, and casual invitations to lunch can be easily misinterpreted. The public display of intimacy between men and women is strictly forbidden, including holding hands or linking arms or any gesture of affection such as kissing or prolonged touching.

Space

Emiratis of the same gender will typically stand very close to you when in a conversation. If you try to keep a greater distance, they may think you find their physical presence distasteful or that you are a particularly cold individual. When standing in conversation with someone, leaning against the wall or keeping hands in pockets is taken as a lack of respect

Other/General

Understand that a good personal relationship is the most important single factor in doing business successfully with Emiratis.

Emiratis will usually begin meetings inquiring about each other's health and personal activities.

Accept that verbal brevity will be highly disconcerting. If you are quiet, they will simply think something is wrong.

Loudness of voice, rising pitch and tone, even shouting, all denote sincerity in Arab discourse.

Emiratis place great value on hospitality. .

Learn that an Emirati is not likely to criticize your efforts openly. He is more likely to hint that changes are needed or respond with inaction. If phrased too bluntly, Emirati employees will feel that criticism of their work is a personal insult.

Emiratis implicitly mistrust people who are attempting to hurry or pressure them into a particular deal. They will evaluate the source of a proposal as much as the content. If you press for a specific time by which you want a decision, you may actually harm your chances for success.

Emiratis are very relaxed about the timing of events. While appointments are necessary, you might arrive to find several other business people present and several meetings occurring simultaneously.

Emiratis love to use flattery and profession of friendship; therefore you should not hesitate to praise their country, their arts, their dress and food.

Emiratis are used to dealing with foreigners and readily forgive them for not behaving like Arabs. The most important thing is to avoid saying or doing anything that they consider insulting or derogatory. This includes the use of alcohol, improper dress, and over-familiarity with the few women they allow you to meet, and challenging the basic concepts of Islam.

Muslims pray five times a day: at dawn (4:30-5:00 a.m.), around noon, in the afternoon between 2:00 and 4:00, at sunset, and one hour after sunset (never later than 9:00 p.m.). At prayer time everything stops. Plan your schedule around prayer times.

8. Useful Contacts

Greek Embassy in Abu Dhabi

Address: 31 Str., Al Muroor Area, P.O. Box 5483, Abu Dhabi *

Tel: (+971) (0) 24492550(+971) (0) 24492550

Fax: (+971) (0) 24492455

Emergency mobile number: +971503901820, +971503901820

E-mail: gremb.abd@mfa.gr, grembauh@emirates.net.ae

Web site: www.mfa.gr/abu

Head of Mission: Dionyssios Zois, Minister Plenipotentiary A'

Consular Office in Abu Dhabi

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Tel: (+971) (0) 24492550(+971) (0) 24492550

Fax: (+971) (0) 24493119

E-mail: grcon.abd@mfa.gr

Head of Consular Section: Georgios Kranias, Third Secretary

Commercial Section in Dubai (Hellenic Trade Center in Dubai)

Address: Al Maktoum Street, Al Reem Tower, 8th floor, Office 801, P.O.Box 7706, Dubai

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E-mail: athena@mofa.gov.ae

Head: Mohammed Mir Abdullah Al Raisi,

9. Sources

International Organizations

- OECD: Global Economic Outlook, Economic Surveys
- World Economic Forum: Global Competitiveness Reports
- IMF: Country Information
- International Trade Center
- UNCTAD
- The World Bank
- World Trade Organization: Trade Policy Reviews
- European Commission: Market Access Database, Eurostat
- Fitch Group: BMI Research
- The Economist Intelligence Unit
- Global Affairs Canada: Country Insights
- Euler Hermes: Economic Research, Country Reports

Financial Institutions

- Eurobank: Export Gate
- Rabobank: RaboResearch
- Banco Santander: Santander Trade

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