



U.S. Department of State FY 2000 Country Commercial Guide: United Arab Emirates

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CHAPTER I. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at the U.A.E.'s commercial environment, using economic, political and market analysis. The CCG's were established by recommendation of the trade promotion coordinating committee, a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country commercial guides are prepared annually at U.S. embassies through the combined efforts of several U.S. government agencies.

While the United Arab Emirates remains one of the most dynamic economies in the Gulf region, the sharp fall in oil prices experienced during 1998 hurt both the local economy and U.S. exports. After rising in 1996 and 1997, U.S. exports to the U.A.E. fell by 10 percent in 1998 to 2.3 billion dollars. This decline has continued into 1999 with first quarter figures down a further 10 percent from last year.

Some sectors of the local economy, such as shipping, oil field services, textiles and consumer electronics, are suffering badly. Others, such as construction materials, furniture, computers, transportation equipment and machinery continue to grow. Abu Dhabi's economy continues to be dominated by government-financed infrastructure and petrochemical projects. Dubai continues to emerge as a regional center for trade, transportation and tourism.

American exports to the U.A.E. are led by machinery, vehicles, electrical equipment and in some years aircraft. Cosmetics, tobacco, steel, furniture, plastic and food products are also important U.S. exports.

While the United States remains the single largest exporter to the U.A.E. the combined exports of E.C members are significantly larger. European firms continue to win a major portion of construction, telecommunications, power, water and defense

projects. Japan remains highly competitive in telecommunications, vehicles and to a lesser extent heavy industrial machinery. Other East Asian producers dominate in consumer goods.

AGRICULTURAL EXECUTIVE SUMMARY:

High value U.S. food products with strong market potential in the U.A.E. include frozen poultry parts, chilled and frozen beef, fresh apples, pears and carrots, almonds, breakfast cereals, honey, processed cheeses, condiments such as dressings, dips, hot sauces and mayonnaise, snack foods, juices and processed fruits and vegetables. In addition, growth in the local food processing industry is driving demand for semi-processed products such as beverage bases, vegetable oils, raw peanuts and almonds, specialty flours and a variety of other food ingredients.

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD-ROM or via the Internet. Please contact STAT-USA at 1-800-STAT-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at [HTTP://WWW.STATE.GOV](http://www.state.gov) and [HTTP://WWW.MAC.DOC.GOV](http://www.mac.doc.gov). They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country specific commercial information should contact the U.W. Department of Commerce, Trade Information Center by phone at 1-800-USA-Trad(e) or by fax at (202) 482-4473.

CHAPTER II. ECONOMIC TRENDS AND OUTLOOK

The United Arab Emirates (UAE) is a federation of seven emirates located on the Arabian Peninsula. The UAE has a coastline and seaports inside as well as outside the Strait of Hormuz, which is the entrance to the Arabian Gulf. The seven emirates are Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Qaiwain, Fujairah, and Ras Al Khaimah. The total area of the UAE is about the size of Maine, with a population of approximately 2.6 million, of which approximately 80% are expatriates. Each emirate has its own ruler and retains a high degree of autonomy within the federal system. The president of the UAE is chosen by the Supreme Council, which is composed of the rulers of the seven emirates. The Abu Dhabi ruler, Shaikh Zayid Bin Sultan Al Nahyan, has been president of the UAE since the country's foundation in 1971. In addition to the Supreme Council, the federal structure includes a Council of Ministers, a Federal Judiciary, and the Federal National Council (FNC), a consultative body which consists of 40 members representing the seven emirates. The FNC does not have the power to legislate, but it can summon ministers, and it performs an oversight function. There are no political parties or elections in the UAE.

A high degree of political and economic power resides in the individual emirates. Under the UAE constitution, each ruler retains control over natural resources, including oil, within his emirate, and regulates commercial activity. Because hydrocarbon reserves, and thus revenues, are not equally distributed, wealth, political and economic power, and the level of economic development are disproportionate among the seven emirates. Abu Dhabi, the nation's second largest commercial center and largest oil producer, is the wealthiest and most powerful emirate, followed by Dubai, the federation's commercial center and second largest oil producer. The other emirates, with no oil to speak of, rely heavily on federal funds.

The terrain is mostly sand desert, barren mountains, and salt flats. Before the exploitation of petroleum deposits, beginning in the 1960's, the UAE had a subsistence economy, which consisted of fishing, dates, livestock, small-scale trading, and pearling. Now, the UAE is a prosperous country of global economic significance. According to preliminary data, 1998 nominal GDP totaled 170 billion dirhams (about 46 billion US dollars). Per capita GDP in 1998 was roughly USD 16,800.

GDP has historically been highly dependent on oil prices, and has therefore followed a roller coaster pattern over the past twenty years, soaring during the 1970's and declining precipitously during the 1980's. These swings in national income have caused the authorities to look for ways to diversify the economy, particularly in Dubai, where oil reserves are dwindling. These attempts at diversification have met with considerable success. Government spending of past, present, and future oil revenues along with proceeds of overseas investments derived from oil revenues remains the engine that powers the economy. Oil revenues provide approximately 70-80 percent of fiscal revenue and account for roughly 30 percent of export earnings.

As a result of sustained low oil prices throughout 1998, UAE GDP in 1998 declined by 5.8 percent, according to preliminary Central Bank statistics published in the UAE press. If these figures are accurate, they demonstrate the success of UAEG efforts to diversify the economy. In 1997, it was officially reported that the oil sector of the economy accounted for 30 percent of GDP, the lowest in the GCC. In 1998 oil revenues declined by a whopping 31 percent, from \$14.6 billion to \$ 10.1 billion. As a result in the decline in 1998 oil prices and revenues, however, that figure dropped to 21.7 percent in 1998. The non-oil sector of the economy compensated to a great extent for the drop in oil, with non-oil sector GDP reportedly growing by 4.7 percent I 1998.

The UAE is in better financial condition than its immediate neighbors, with the second largest economy in the Gulf Cooperation Council (GCC). The government is not delaying payments to contractors or borrowing from foreign commercial banks to pay its

debts. The UAE's 1999 budget is expanding-not contracting-reflecting both UAEG optimism for the future and greater degree to which overseas investment income and economic diversification have enabled it to withstand oil shocks. In stark contrast to its GCC neighbors, which have scaled back government expenditure due to declining oil revenues and concerns over ballooning fiscal deficits, the UAE's 1999 federal budget actually calls for an increase in expenditure of 7.1 percent.

The UAE maintains an extensive cradle-to-grave welfare system for UAE nationals, comprised of numerous subsidies, grants, loans, and free services. Most nationals with jobs are employed by the government. The government also provides many subsidized services for foreigners, who constitute around 80 percent of the population. While some efforts have been made to increase fees charged for some services, such as health, water, and electricity, the increases do not cover costs, and nationals still receive many services free of charge. Government officials have discussed privatization of government-owned industries and the establishment of a stock market in previous years. Federal Government steps toward privatization have been tentative although the Emirate of Abu Dhabi's planned privatization of the power/water sector is an ambitious initiative. Observers believe that a stock market will receive approval within a year. The unemployment rate appears to be holding steady. Observers have noted that unemployment among UAE nationals may be an issue in the future, and Emiratization of the U.A.E. economy remains a national objective.

Economic analysis in the UAE is difficult because of the unwillingness of the federal and emirate governments and their semi-autonomous entities to publish comprehensive and accurate statistics in a timely manner (for example, as of July 1999, the UAEG has not yet released comprehensive statistical data for 1998). Similarly, private sector institutions, including banks and foreign oil companies, are not allowed to disseminate statistics to the public. Information on oil and gas pricing, overseas investments, and government budgets is generally only available from external sources. Despite criticisms from the IMF concerning the lack of reliable data, no steps have been taken to remedy this problem.

Principal Growth Sectors

Agriculture

Principal Growth Sectors: Vegetable oils, beverage bases, breakfast cereals, poultry parts, fresh apples and pears, honey, frozen vegetables and snack foods.

The Oil Sector

The UAE has nearly 98 billion barrels of proven oil reserves, or about 9.8 percent of total proven world oil reserves, and 5.8 trillion cubic meters of proven natural gas reserves, approximately 4.6 percent of total world proven natural gas reserves. The UAE is thus the fourth largest gas reserve country in the world after Russia, Iran, and Qatar. The majority of the oil and gas reserves are located in the emirate of Abu Dhabi, which holds 94 and 92 percent, respectively. U.A.E. oil production at the end in 1999 is near the level of the U.A.E.'s OPEC quota of 2.1 million barrels per day. Because of sagging oil prices, however, the U.A.E. has on several occasions in the last 18 months and in cooperation with its OPEC neighbors voluntarily agreed to reduce oil production. Capacity is much higher. While Dubai produces at maximum capacity, Abu Dhabi is nearing completion of a 5.0 billion dollar capacity expansion program that will take Abu Dhabi capacity to 2.6 mmbd. Oil's share of GDP has declined from 44.2 percent in 1990 to 21.7 in 1998. In 1998 the value of oil exports declined by 27.3 percent, the value of gas exports by 23.5 percent, and the value of petroleum derivatives by 14 percent.

Nevertheless, there is considerable growth potential in this sector. In Abu Dhabi, the government is considering whether to expand capacity further. It may do so, depending on its assessment of future market trends. U.A.E. oil experts believe that oil prices currently not all time lower will rebound strongly later in 1998. The U.A.E. has finally, after years of consideration, decided to go ahead with two major downstream projects, petrochemicals and refinery expansion. The rationale for both of these projects is that Abu Dhabi needs to add value to its basic product in order to increase income from it. It cannot hope to earn significantly more from oil by producing more, even though it has the capacity to do so, as long as it adheres to an OPEC quota, unless the price goes up.

There are two major refineries in the UAE, both located in Abu Dhabi and both owned by the Abu Dhabi National Oil Company (ADNOC), with a combined capacity of about 215,000 barrels per day (b/d). ADNOC has decided to expand the larger of the two, located in the Ruwais Industrial area, by adding facilities to process an additional 130,000 b/d of condensate, a new crude oil unit to double distillation capacity to 270,000 b/d, expansion of residual oil conversion facilities, including a new 40,000 b/d hydrocracker and a 36,000 b/d visbreaker, and other upgrading work. In June 1996, ADNOC signed a joint venture deal with Borealis, a Norwegian-Finnish firm, to construct a 450,000 ton-per-year polyethylene plant near the existing natural gas liquid (NGL) fractionation plant in Ruwais. The plant will cost an estimated 800 million dollars and will be owned 60 percent by ADNOC and 40 percent by Borealis. The petrochemical plant will use as feedstock the

ethane that the NGL plant produces as a by-product. The ethane is currently either flared or reinjected. The only existing petrochemical facility is a joint venture fertilizer plant that produces ammonia and urea. It is also located in Ruwais. The authorities have said that following the establishment of the first petrochemical plant, others will be built, with local private sector participation.

Abu Dhabi also is in the process of increasing income from its enormous gas reserves. Abu Dhabi is the largest producer and exporter of liquefied natural gas (LNG) in the country. In 1994 it doubled the capacity of its LNG plant on Das Island, run by the Abu Dhabi Gas Liquefaction Company, to five million tons per year.

LNG is believed to account for about five percent of total UAE (not just Abu Dhabi) export earnings. In addition, the completion of the Onshore Gas Development (OGD) scheme will mean an additional 130,000 b/d of condensate production that does not count against an OPEC quota. Part of the refinery expansion project mentioned above will include facilities to process this condensate. In 1998 Abu Dhabi finalized a deal to supply 300 -800 mcf/d of natural gas to Dubai. Dubai, whose gas needs are urgent, continues to negotiate with other potential suppliers as well.

The UAE Offsets Group (UOG) has also begun to expand into the natural gas distribution business. Under the UOG's 'Dolphin' Project, Qatari offshore gas will be piped to Abu Dhabi, then onward to Dubai, Oman and (presumably) to South Asia. This extremely ambitious project is still in the planning stages, but the UOG has already signed Memoranda of Agreement or Principle with all major players, and has begun to explore the project with companies.

The Non Oil Sector

Several factors have contributed to the growth of the non-oil sector in recent years, which experienced 4.7 percent growth in 1998. These have included government investments in electricity, water, and other infrastructure; development of financial services; and strong demand for re-exports. An open economic system, free movement of capital, and financial stability have also helped. Government support through provision of incentives and subsidies, along with the high level of government expenditure, have also played an important role.

As a portion of GDP, the largest contributors after oil 21.7 percent in 1998 are, in descending order, wholesale and retail services (12%), government services (11.6%), business (10.7%), and construction (9.6%).

Government Role in the Economy

The UAE has a mixed economy, with the most productive assets owned by the governments of the individual emirates. Considerable scope is given to private enterprise; however, the legal regime favors UAE nationals over foreigners. In both Abu Dhabi and Dubai, international oil companies maintain equity interests in their operations.

U.A.E. Federal government steps toward privatization have been tentative. Abu Dhabi Emirate, however, has recently announced an ambitious initiative to begin privatization in the emirates's power and water sector. In April 1997 the Abu Dhabi government gave the go-ahead for Power and Desalination projects to be carried out as independent power projects (IPP), which would significantly widen investment opportunities for domestic and foreign investors.

In the fall of 1998 the contractor for the UAE's first IPP, with an estimated value of USD 750 million, was awarded to an American firm. In March 1998 the Abu Dhabi Water and Electricity Authority (ADWEA), a new entity tasked with operating and managing the power and water sectors in Abu Dhabi, was established. The former power/water monopoly, the Water and Electricity department, has been abolished. The Abu Dhabi government has divided the industry into three sectors; generation (includes power and desalinated water production); transmission; and distribution. Generation and transmission will be privatized, while transmission will remain under the control of Abu Dhabi authorities. The estimated commercial value of planned power and water sector development projects in Abu Dhabi is \$8.4 billion.

The U.A.E. federal government's draft bill to establish a regulated and official stock market is nearing completion and implementation. The law is expected to receive final UAEG approval by the end of 1999. Currently, shares in the U.A.E. are traded informally. Two exchanges - one each in Abu Dhabi and Dubai, and linked electronically - are planned. The Dubai exchange is likely to come on line before the stock market law and regulatory body become operational, and will need to be folded into new regulatory structure. One of the primary issues of contention surrounding creation of a UAE stock exchange has been disagreement over foreign participation. A few mutual funds now permit limited foreign ownership of shares, providing the first opportunity for foreigners to invest in the UAE equities market.

Some banks are privately owned. They represent one of the few types of commercial establishment in which stock is sold to the public. Only U.A.E. nationals are permitted to own stock in U.A.E. joint stock companies. Foreigners are permitted to own up to 49 percent of a limited liability partnerships. The remaining 51 percent must be owned by U.A.E. nationals. Foreign companies can market their products in the U.A.E. either through these LLC's or through 100 percent U.A.E.-national-owned distributorship.

Foreign contractors or service business require U.A.E. national sponsors, one for each emirate in which they business. Foreign ownership of land is presently extremely restricted.

The U.A.E. federal government is attempting to establish a legal framework covering all aspects of doing business in the U.A.E.. The most recent additions to this edifice were the intellectual property rights protection laws, passed in 1992 but not enforced until 1994, and the commercial code, passed in 1993 and containing for the first time in the U.A.E. provisions for bankruptcy.

There are no restrictions on the import or export of either the U.A.E. dirham or foreign currencies, by foreigners or U.A.E. nationals, with the exception of Israeli currency and the currencies of those countries subject to United Nations sanctions.

Since 1981, the U.A.E. dirham has been pegged to the US dollar at an exchange rate of 3.671 in an effort to stabilize the dirham and control inflation. Periodically there are calls to peg the dirham to a basket of currencies.

The government sector includes the accounts of the federal government as well as the accounts of the seven individual emirate governments. Only the federal budget, a small part of the total, is published. In general, UAE fiscal deficits amount to a whopping 10-12 percent of GDP. Outside observers and U.A.E. government sources had projected continued fiscal deficits for the next several years, assuming current policies remain unchanged.

There is no income tax in the U.A.E. Foreign banks pay a 20 percent tax on their profits. Foreign oil companies with equity in concessions pay taxes and royalties on their proceeds. There are no consumption taxes. A 4% customs duty is imposed on almost all imports except tobacco products and alcoholic beverages. According to federal Law no.2 of 1998 customs duties were increased from 50% to 70% of imported tobacco items. This will continue to increase to 80% on July 1, 1998, and will be 90% on July 1999, reaching 100% on July 1, 2000. However, like other items imported for re export, tobacco products imported for re export purposes are tax exempt. The period given for the importer to re-export the items which are imported for re-export has been reduced from one year to six months. There is no minimum wage.

Balance of Payments Situation

1998 balance of payments data is not yet available. In 1997, the U.A.E. ran a current account surplus of 6 billion dollars. This represented 12.5 percent of GDP. Due to lower oil prices, however the current account surplus was expected to be lower in 1998, probably in the area of 3 billion dollars.

Total exports in 1998 were expected to increase by 7 percent. In 1997 the United States provided 11.0 percent of U.A.E. imports, up from 8.2 percent in 1995. The U.A.E. ranks among American's top 10 trading partner in terms of trade balance.

The U.A.E. maintains a booming re-export trade. In 1997, 30 percent of all exports were re-exports. Traditional re-export markets are the GCC states and Iran, but Iran has sharply restricted imports in an attempt to come to grips with a deteriorating economy and mounting debts. U.A.E. traders have therefore aggressively sought out new markets in such areas as Russia, the newly independent states of central Asia, and South Africa.

A serious problem affecting compilation of the U.A.E.'s balance of payments statistics is that the government does not provide statistics for many transactions. The major gaps are workers' remittances, investment income, oil and gas export revenues, foreign direct investment transactions, and capital transactions.

Infrastructure Situation

The U.A.E. has a fairly well developed and modern infrastructure. Land transportation is by road. An asphalt highway network links all main cities. Authorities in Abu Dhabi and Dubai are busily engaged in widening existing roads and replacing worn stretches. There is no rail system in the U.A.E., nor any domestic air transportation network, despite the fact that all the emirates have modern airports. A private commuter seaplane between Abu Dhabi's and Dubai's central business districts began operation in 1996 and provided the only domestic commercial air travel service in the country until service was suspended in early 1997.

All emirates have modern seaports. The port of Jebel Ali in Dubai is the largest manmade port in the world. Goods are imported for the most part by sea and distributed by truck within the U.A.E. and to nearby locations in neighboring GCC countries. As part of its drive to diversify its economy away from oil to regional trade, Dubai has developed free zones at the two main seaports and it's international airport to handle re-export cargo with considerable expertise and precision. Given that international shippers operating between Europe and the Far East prefer to make only one stop in the Gulf, Dubai has managed to secure the lion's share of the business of unloading, breaking down, and reloading cargo for onward shipment. Dubai's physical facilities and sheer expertise in this area make its ports the preferred stops for most shippers on these routes. Dubai aggressively seeks out new re-export markets, and, though it still depends on its traditional re-export markets of Iran and the GCC, it has developed trade ties with the newly independent Central Asian states of the former Soviet Union and South Africa. Cargo unloaded at Dubai and ferried across the gulf to Iranian ports is then brought to markets in

central Asia via Iranian road and rail lines. Dubai's cargo village at its international airport handles more air cargo than any other airport in the region, much of it coming into Dubai by sea from the far east or the subcontinent and then going out by air to Europe.

Other ports in the region, including in the U.A.E., have noticed Dubai's success and are seeking to take some of the re-export business for themselves. While they may never be able to match Dubai for volume, efficiency and expertise, Khor Fakkan and Fujairah, both in the U.A.E., possess something Dubai does not -- they are located on the Gulf of Oman outside the entrance to the Arabian Gulf. An international cargo ship can cut 24 hours off the sailing time from Europe to the Far East by not joining the queue to pass through the busy straits, not to mention the savings from lower insurance rates for not entering the Gulf.

A number of new free zones are in the planning stages or are currently under construction. The most important of these is Abu Dhabi's Saadiyat Island Free Zone, an estimated USD 3 Billion project, which is expected to concentrate on bulk commodity trading rather than manufacturing. Saadiyat is envisioned as a delivery and storage center for 67 basic commodities, including precious metal, gems, oil, grains, and ores. The free zone is planned to have, inter alia, extensive warehouse facilities, a stock exchange, a futures exchange, and an offshore banking unit.

The U.A.E. has well-developed water and electricity utilities but will soon run out of capacity to meet increasing demand. Overall, the growth in water demand is greater than for power. Both Abu Dhabi and Dubai expect to double electric power output between 1997 and 2010. The commercial value of the U.A.E.'s planned water and power projects is USD 8.425 billion. Expansion projects are currently underway, and the government is considering project alternatives.

The federal and emirate governments continue to construct facilities to generate electricity, using either gas (which the U.A.E. has in abundance) turbines, with steam turbines added to make them combined cycle units, or steam turbines in conjunction with gas-fired boilers. In many plants, flash distillers are added to the turbine units to produce desalinated sea water using the waste heat from the turbines or boilers.

1996 U.A.E total installed electrical capacity was 7466mw. Abu Dhabi emirate had 45% of capacity, while Dubai's share was 26%. Abu Dhabi emirate is expected to double power output and population by 2010. Seasonal demand fluctuates greatly for power (demand is much higher in summer because of air conditioning needs), but is flatter for water. Current configurations of the power/diesel plants result in a problem balancing power and water production from summer to winter. Plans are underway to establish

an electricity grid linking the seven emirates. After that is done, the U.A.E. and Omani grids will be linked as a step toward a GCC-wide electricity grid.

Per capita electricity consumption in Abu Dhabi in 1996 was 13,433 kW, while per capita water consumption was 82, 861 gallons much used in desert agriculture), one of the highest worldwide. The U.A.E. has the highest per capita consumption of desalinated water in the world. Ground water levels have dropped significantly as a result of over-consumption; wells have gone dry, and remaining ground water has become unusable in spots because of increased salinity from salt leeching into underground reservoirs. Per capita renewable water resources in the U.A.E. declined from 3000 cubic meters per year in 1960 to 189 in 1990. Desalination plants are believed to provide more than three-quarters of non-agricultural water in the U.A.E.

CHAPTER III: POLITICAL ENVIRONMENT:

Nature of Bilateral Relations with the United States:

Relations between the U.A.E. and the United States are friendly and strong, based on a shared commitment to the security and stability of the Gulf region. The two countries have similar viewpoints on many international issues. The U.A.E. has supported the Middle East peace process; supports demands for Iraqi compliance with UN Security Council resolutions and support NATO actions in the Balkans. It views with concern Iran's support for terrorism and efforts to acquire weapons of mass destruction. The U.A.E. has joined the US and other countries in providing assistance to the Palestinians and the Bosnian Federation. The UAE was one of the first countries to respond to the Kosovo refugee crisis, and has been one of the major contributors of aid to the refugees. UAE forces rebuilt Kukes air field in Albania so it could serve as a central receiving point for aid. The UAE runs a major refugee camp in the Balkan, and has set up a large field hospital. The substantial trade between the U.S. and UAE, the large number of U.A.E. students in American Universities, and the sizable and growing American business community in the U.A.E. contribute to increasingly close ties.

Major Political Issues Affecting Business Climate:

The U.A.E., especially the northern emirates of Dubai and Sharjah, have significant trade with Iran, despite an ongoing dispute with the Iranian government over three islands in the Gulf (Abu Musa and the Greater and Lesser Tunbs.) The U.A.E., however, seeks to resolve this dispute by peaceful means. In 1994, the U.A.E. joined the other GCC states in declaring an end to the secondary and tertiary aspects of the Arab boycott against Israel, and it is taking steps to implement this decision. Unlike some other Arab

countries (e.g.: Oman and Qatar), however, the U.A.E. has not established direct links with Israel.

Political System:

The U.A.E. is a confederation of seven autonomous emirates, each headed by its own ruling family. The seven emirs (rulers) of the emirates collectively form the Supreme Federal Council, which is chaired by a President. Since independence from the UK and the foundation of the U.A.E. in 1971, the President has been the Ruler of Abu Dhabi, Sheikh Zayid bin Sultan Al Nahyan. Each emirate has completely independent control over its own resources and maintains its own legal system, subject to ultimate review at the federal level. There are no elected government bodies in the U.A.E., but an advisory Federal National Council, whose 40 members are appointed by the seven emirs, openly discusses national issues. The U.A.E. is a member of the Gulf Cooperation Council and the Arab League.

CHAPTER IV: MARKETING U.S. PRODUCTS AND SERVICES

A. Distribution and Sales Channels:

U.S. exporters do business in the U.A.E. by: selling directly to the end-user; selling through an informal, nonexclusive re-seller arrangement; selling through an agent/distributor; establishing a company presence through a joint venture; or by authorizing a local firm to sell its products via licensing or franchising arrangements. Re-seller arrangements avoid the legal problems associated with U.A.E. federal agency laws, and they are suitable for products where local promotion and after-sales service are not factors. While re-seller relationships are common because they offer low-risk arrangements, they are also a passive, reactive form of marketing with very limited growth and profit potential. Aggressive, proactive, and growth oriented marketing programs select alternative methods to penetrate the U.A.E. market.

Distribution and Sales Channels - Agriculture

There are numerous food importers, many of whom are also wholesalers, distributors, and retailers. Four to five companies dominate the retail food sector. Many fruit and vegetable importers also import eggs.

Dubai is a major transshipment center for a variety of food products. It is estimated that about 60 percent of total U.A.E. food imports are re-exported to other destinations, primarily other Gulf countries, India, Africa and, increasingly, the CIS.

B. Use of Agents/Distributors: Finding a Partner:

A foreign company can market its products within the country by appointment of a commercial agent subject to the provisions of the Commercial Agency Law No. 18 of 1981.

U.A.E. law does not distinguish between an agent and distributor, referring to both as commercial agents. All agents must be registered with the Ministry of Economy and Commerce. Selection of the right agent is probably the most important decision that the exporter can make. Agents may not be terminated, except with sufficient cause as determined by a government committee that has usually ruled in favor of the local agent. In most cases, compensation to a terminated agent is required even if the committee rules for the foreign firm. Only U.A.E. nationals or companies wholly owned by U.A.E. nationals can register with the Ministry of Economy and Commerce as local agents.

The terms and conditions of agency contracts vary greatly. Commissions and other forms of compensation typically depend on the amount of work required of the agent, and sales volume. The agent's responsibilities and performance measures should be clearly defined. Agents may be appointed on a project basis, with the relationship restricted to that project and terminated automatically upon reward or completion.

Establishing the geographic territory of an agent is critical. U.A.E. law automatically awards exclusivity to the agent in the geographic area covered by the agreement. An agent must have a presence and be licensed to operate in each emirate he does business in. There is no blanket license for the whole of the U.A.E. Consequently, U.S. exporters seeking U.A.E.-wide coverage must appoint a separate agent for each emirate, or appoint a master agent with offices or sub-agents in each emirate. Virtually all of the most successful trading houses fall into the later category.

C. Franchising:

The U.A.E. market is poised for considerable growth during the next five years. Currently, franchises are operating in fast foods; dine-in restaurants and clubs; auto leasing; apparel; soft drink bottling; beauty products; hotels; toys; photography; jewelry; vending machines; dry cleaning; furniture; hardware; office supplies; natural health products; publications; and sporting goods. The largest segment is the fast food franchise group which is highly sought after by local companies. Most of the major U.S. fast food companies are already established in the market. However, the industry is currently going through a restructuring with several major franchises being sold to new owners. These changes are seen as a positive change from weaker to stronger management, and not a reflection of weakness in the market. There remains considerable potential for franchises of

all kinds.

There is no special legislation for franchises in the U.A.E. General contract and commercial laws apply to franchise agreements. U.A.E. law mandates that only U.A.E. citizens or corporations wholly owned by U.A.E. citizens are allowed to conduct retail operations, the most common type of franchise. U.S. businesses must work through a local partner as licensee, or enter into a joint venture. Franchisees usually prefer to own 100 percent of the franchise themselves. In other cases, the franchisee enters into a joint venture with the franchiser to operate all outlets as "company owned" stores employing local managers.

As with other types of business operations in the U.A.E., the selection of the local partner is critical. One common practice used by franchisers that, in many cases, has caused considerable problems and significant lost sales is the selection of a master distributor to cover the entire Gulf through the use of sub-distributors in each country. Each market is different and requires qualified local partners to exploit its opportunities. Master distributors, when operating outside their primary market, even with a local agent, often do not service these secondary markets sufficiently, and lack the local influence to solve problems that may arise. In the U.A.E., an additional concern must be the ability of franchisees to conduct business in each separate emirate. U.S. franchisers are strongly urged to consider the above factors before appointment of any franchisee.

D. Direct Marketing:

Other than for large orders, usually related to private or public project procurement or large businesses for their own use, the direct sale to the end-user approach is suitable only for infrequent, low volume exports. For most exporters seeking a high volume, fast turnover sales network, a more aggressive campaign executed through local distributors has been the best marketing strategy.

E. Joint Ventures/Licensing:

There are distinct advantages in maintaining a local presence in the U.A.E. Local businessmen and government officials prefer to deal with someone they know and trust. Personal relationships are much more important to doing business in the Middle East than they are in the United States. In addition, local firms are closer to the local and regional market, customers, contacts, and other elements affecting business.

In general, U.A.E. law requires that all companies be licensed and at least 51 percent owned by U.A.E. nationals. There are exceptions to this rule, the most relevant for U.S. firms being those for firms operating within free zones, professional or

artisan companies, and branches or representative offices. Each of these exemptions allows 100 percent foreign ownership, but with restrictions on the allowable scope of business activities.

While joint ventures with foreign firms require local majority ownership, profit and loss distribution can be prescribed. There is no need to license the joint venture or publish the terms of agreement. The foreign partner deals with third parties under the name of the local venture.

Banks, insurance, and financial companies must be run as public share holding companies. This requires a minimum capitalization of Dhs. 10 million (US\$ 2.725 million); the chairman and majority of directors being U.A.E. nationals; and a more restrictive distribution of profit than allowable under a joint venture. However, foreign banks, insurance and financial companies can establish a presence in the U.A.E. by operating a branch or representative office. This option allows 100 percent foreign ownership, but, in general, limits business activities to offshore operations.

Licensing of manufacturing processes is a growing market, especially with the U.A.E.'s desire to increase the quality and diversity of local production. However, the total market for industrial licenses remains relatively small due to the limited amount of manufacturing done in the U.A.E.

The majority of licensing is done for the fabricating and/or marketing of trademarked items. Licensees of U.S. sports logos, universities, animated characters, etc., are servicing a very active market with one of the world's highest disposable incomes.

Licenses to sell U.S. branded products (an authorized dealer), as distinct from a standard distribution arrangement, or U.S. logos/names/characters on a non-U.S. product, are becoming very sought after, especially in the apparel market. Licensing is often the best way to rapidly and effectively meet the current demand, especially among young consumers, for American styles.

F. Steps to Establishing an Office:

In the U.A.E., economic activity is regulated by the individual emirates, as well as the federal government. The exact requirements that a U.S. firm setting up an office will face will depend mostly on the nature of the business the firm is engaged in, its level of involvement in the U.A.E., and the emirate where it locates. This last item is usually the least important, in terms of procedure, because the laws are very similar among emirates.

First, firms will need a local sponsor, both for the firm and for its resident employees. A sponsor must be a U.A.E. citizen, or

institution, such as a free zone. The sponsor can be involved in the business, or simply a service sponsor providing, for a fee, legally required administrative functions.

Second, firms are required to be licensed by the emirate of domicile before beginning business activities. In general, individual emirates will issue: Trade Licenses covering all kinds of trading activity; Professional Licenses covering professions and services; Industrial Licenses for industrial and manufacturing activities; and Vocational Licenses for craftsmen and artisans. Licenses for some categories of business require approval from certain federal ministries and other authorities: for example, banks and financial institutions from the Central Bank of the U.A.E., insurance companies and related agencies from the Ministry of Economy and Commerce, manufacturing from the Ministry of Finance and Industry, and pharmaceutical and medical products from the Ministry of Health. More detailed procedures apply to businesses engaged in oil and gas production and related industries.

In addition to the required licenses, all firms must be registered with the chamber of commerce in each of the emirates where the business is licensed to operate. In the U.A.E., chambers are part of the government and membership is mandatory.

Firms must decide on the purpose of the office it wishes to establish, as this will determine ownership requirements. For firms conducting regional marketing or administrative functions, a representational office, allowing 100 percent ownership, may be best. For firms conducting offshore services, a branch office, also allowing 100 percent ownership, is suggested. Establishing an office in any of the free trade zones available in the U.A.E., regardless of activity, allows 100 percent ownership. While the above options allow maximum ownership, they restrict activities allowed in the U.A.E. market itself.

The foreign company which opens a (representative, branch, regional) office in the U.A.E. may conduct promotional activities for the products and services provided by the parent company, and facilitate contacts between the company and its U.A.E. clients. However, the office is not licensed to conduct business operations or marketing directly in whatever manner, such as obtaining credit facilities, submitting offers and participating in local government tenders, within the country. The following documents are required to establish a branch office in the U.A.E.:

1. Articles of association of the company.
2. Certificate of incorporation.
3. A resolution of the board of directors of the company to a) set up the office and practice activities in the U.A.E., b) power of attorney authorizing the representative to establish an office and submit the required applications to the local government

authorities.

4. The last two audited balance sheets of the foreign company together with the auditor's report, or any other documents which proves the sound financial position of the company.

5. A copy of the national agent/sponsor agreement duly authenticated.

6. Photocopies of the passport of the national agent/sponsor.

7. A valid lease agreement of the company's office premises.

All the above mentioned documents should be notarized and authenticated by the concerned governmental authorities.

U.S. firms wishes to establish an office to directly conduct business in this market, U.A.E. law requires a joint venture with U.A.E. nationals owning a minimum of 51 percent of the venture. Current exceptions to this rule include professional or artisan companies where 100 percent foreign ownership is permitted.

G. Selling Factors/Techniques:

The commercial tradition of the U.A.E. is that of the middleman or trader acting as a conduit for goods from large manufacturers to South Asia, the Gulf, and East Africa. Today, with Dubai as the hub, the U.A.E. services those markets and North Africa, South Africa, West Africa, Central Africa, the rest of the Middle East, and the newly independent states of Central Asia. International trade customs (predating letters of credit and international bank financing) traditionally required merchants trusting business associates from other tribes and ethnic groups with items of value over an extended period of time and distance, fostering a business style that put a very high premium on personal relationships and perceptions of integrity. Thus price and personal relationships are the key determinants in the U.A.E. market.

Traditional approaches to business are beginning to change. One of these changes is a more sophisticated understanding of long-term value, as opposed to initial purchase price. There is a growing emphasis on quality, after-sales service, and maintenance requirements and costs. As traditional family businesses get larger and more complex there is a layering effect that separates the top echelon from all but the most important business decisions. The many expatriate managers of these firms are not part of this traditional business world and bring with them more modern concepts of management.

This new trend, of the impersonal businessman/consumer, has changed some of the business style, but does not yet represent the dominant practice. Personal relationships, particularly when U.A.E. nationals are involved, still predominate. Since these relationships take time to nurture, U.S. firms are advised to invest time in the market with, preferably, a local presence, or at least very frequent trips. This is not an activity that can be done long-distance. Face-to-face contact is essential. In addition, U.S. firms should seek a local sponsor, agent, or

partner with sufficient access and influence in those circles most important to that particular business.

In addition to personal relationships, price remains most often the dominant buying factor. For U.S. firms selling to traders, which is the dominant business type in the U.A.E., there is no substitute for price. Government procurement also places heavy emphasis on selection of the low bidder, as long as the lowest price bidder is compliant with all technical specifications.

Even though the U.A.E. is relatively less conservative than other Arab states, and English is widely spoken, sensitivity to local traditions and Islamic beliefs is essential, and the use of Arabic in packaging and advertising is both desirable and effective in the marketing of consumer goods.

H. Advertising and Trade Promotion:

The U.A.E., in particular Dubai, serves as the commercial center for the region. From late September through May, with the exception of the holy month of Ramadan, the U.A.E. hosts an almost continuous and growing series of well attended major trade exhibitions and conferences. U.S. firms new to this region are advised to consider participation in one of these shows as an excellent method of market evaluation and initial penetration.

Advertising plays a significant role in sales promotion. The language of business is English. Only about 30 percent of the population are native Arabic speakers from the U.A.E. or other Arab states. The balance of the population is a mixture of South and East Asians, Iranians, and European/North Americans. However, Arabic is the official language and required for all governmental documentation. In addition, dual English/Arabic usage is common on sign age and for many publications. English-only promotional literature is acceptable, but those that are in both English and Arabic have a decided edge as Arabic speakers in key decision making positions appreciate the extra effort and sensitivity to their culture that bilingual publications imply. Arabic labeling for consumer products, especially foodstuffs, is an important advantage in competitive marketing.

There are four major English language daily newspapers and several weekly and monthly English language magazines that are effective consumer market vehicles. There are also Arabic and third country language publications available. Radio and television broadcasts are primarily in English, Arabic, Hindi and Urdu. The U.A.E. and other Gulf states are Islamic nations and have a different perspective on certain issues than non-Islamic states. U.S. firms are strongly urged to consider cultural sensitivities in any promotional activity.

It is important to stress quality since U.S. foods tend to be

higher priced than products from other origins. Gulf consumers recognize the high quality of U.S. food products and are willing to pay a premium for such products.

List of Newspapers:

English Newspapers

Gulf News
P.O. Box 6519, Dubai, U.A.E.
Tel. 971-4-447100, Fax. 971-4-441627
Contact Mr. Francis Matthew, Chief Editor

Khaleej Times
P.O. Box 11243, Dubai, U.A.E.
Tel. 971-4-382400, Fax. 971-4-382238
Contact: Mr. Nihal Singh, Chief Editor

The Gulf Today
P.O. Box 30, Sharjah, U.A.E.
Tel. 971-6-5591919, Fax. 971-6-5532737
Contact: Mr. Dilip Vavek Anad, Chief Editor

Arabic Newspapers

Al Khaleej
P.O. Box 30, Sharjah, U.A.E.
Tel. 971-6-5598777, Fax. 971-6-5599336
Contact: Mr. Ghassan Tahboub, Managing Editor

Al Bayan
P.O. Box 2710, Dubai, U.A.E.
Tel. 971-4-444400, Fax. 971-4-445257
Contact: Mr. Khaled Mohammed, Editor

Al Ittihad
P.O. Box 791, Abu Dhabi, U.A.E.
Tel. 971-2-455555, Fax. 971-2-451653
Contact: Mr. Sultan Al Katbi Managing Editor

Al Fajer
P.O. Box 505, Abu Dhabi, U.A.E.
Tel. 971-2-488300, Fax. 971-2-484326
Contact: Mr. Obeid Al Mazroui, Chief Editor

I. Pricing Products:

For consumer goods, price is the primary buying factor for the middle and lower classes. These market segments are served through small stores and shops in traditional souks, or markets.

Retailers in this category operate under razor- thin margins, 1 or 2 percent is common, and rely on volume. Since the population of the U.A.E. is small, approximately 2.4 million, the volume is supplemented by the more than one million business and tourist visitors that come to the U.A.E. each year. At the other end of the scale is the very large number of U.A.E. nationals, expatriate residents, and visitors that have considerable purchasing power. For this group price is not a primary buying factor and retail margins are exceptionally high. This segment is serviced through specialty shops. U.S. exporters must be ready to use pricing aggressively to encourage market acceptance of their products main features.

The average importer markup on food products is about 10-15 percent. Retail food prices are generally 20-25 percent above import/wholesale prices.

J. Sales Service/Customer Support:

The commercial and industrial markets are also very competitive. For these markets price is also a key purchase factor, but quality, durability, and after-sales service are increasingly becoming dominant determinants for purchases by government and business. The increasing emphasis on after-sales service favors those products backed by local distributors with adequate part stocks and routine maintenance capabilities. The training of qualified maintenance and repair personnel is a critical marketing factor when catering to the more sophisticated end of the market.

K. Selling to the Government:

Government buyers are either the federal or emirate governments. Federal purchases are administered through the respective agency in Abu Dhabi or Dubai. Purchases by the emirates are arranged by the relevant local authority, often with the assistance of a federal agency. For most civilian purchases, government entities will usually deal only with firms registered in the U.A.E., or the particular emirate, and will favor local products over imports. Only when a good or service of acceptable quality is not available locally will the procurement authority seek outside sources. It is common for bids not to go out on a public tender, but are sent to select firms that were prequalified with the organization in question.

There were two military procurement systems within the UAE Armed Forces under the Ministry of Defense: The Directorate of General Purchasing at the UAE Armed Forces General Headquarters (GHQ) in Abu Dhabi for national military elements (Land Forces, Air Force and Air Defense, Naval Forces) reporting to GHQ, and the procurement department of Dubai's Central Military Command. In 1997. The later was merged with the UAE Armed Forces General Headquarters (GHQ) in Abu Dhabi to form one UAE procurement system. GHQ procurement rules allow the use of agents but in large

weapons procurement, may in some cases limit the use of agents, and in sales over U.S. \$10 million requires the foreign principal to invest in offset ventures for 60 percent of the value of the contract.

For all types of government procurement and projects, U.S. firms are encouraged to seek a presence in the U.A.E., and get their goods/services prequalified to bid. Competition in the public sector is very strong. Besides some very large military procurement projects, governments in the U.A.E. are investing heavily in infrastructure projects such as roads, power generation and distribution systems, desalination facilities, sewage systems, public housing, recreational facilities, hospitals and other medical facilities and services, schools, athletic facilities, refineries and other hydrocarbon facilities, airports, government buildings, and many other areas. U.S. goods and services enjoy an outstanding reputation for quality, but, with the exception of hydrocarbon-related industries, are under represented in this market.

L. Protecting Your Product from Copyright Infringement:

The U.A.E. was a major center for the production, sale, and export of pirated and counterfeit products. However, during the last five years the U.A.E. government has passed new IPR laws and stepped up enforcement actions aimed at reducing or eliminating such practices, and bringing its IPR regime up to international standards. While there has been considerable improvement in the overall IPR situation, particularly in copyright enforcement for computer software and audio and video recordings, there remain important IPR issues yet to be addressed. This is particularly true in the patent area, especially for pharmaceuticals. It is significant that the U.A.E. has joined the World Trade Organization (WTO). Membership requires adherence to certain minimum standards of IPR protection, which should help sustain and expand the initiatives already taken. The U.A.E. remains on the U.S. Watch List administered by the U.S. Special Trade Representative because of its IPR deficiencies. U.S. firms wanting to register their trademarks, copyrights, or patents in the U.A.E. should contact local legal counsel for assistance.

M. Need for a Local Attorney:

The need for a local attorney will obviously be affected by the size, complexity, and nature of the business to be conducted. However, there are some general points that firms should consider before doing any type of business in the U.A.E. First, the legal system of the U.A.E. is very different from that of the U.S. Prior to the modern era, business was conducted according to the dictates of religious law (Sharia) and traditional custom. Codified law based on modern norms is new and still evolving, as are practices based on the law, such as court and other legal procedures. Second, where laws appear to govern certain practices

according to commonly accepted principles, terms and definitions are often at variance with usual interpretations. What the law says is one thing, what the law means is another thing. Third, the requirements of licensing, registration, sponsorship, immigration, and labor laws, the difficulty of termination of agency agreements, partnership requirements, and the preferences given to locals in dispute resolution, among other differences with the U.S. system, argues strongly for U.S. firms to consult local legal counsel. There are many law firms with experience in dealing with U.S. clients, and some U.S. attorneys experienced in the local market.

CHAPTER V: LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

NON AGRICULTURAL:

BEST PROSPECTS: RANK OF SECTOR	Rank
Defense Industry Equipment	1
Oil & Gasfield Machinery & Services	2
Architecture/Construction/Engineering Services	3
Telecommunications Equipment	4
Air-conditioning & Refrigeration	5
Computers & Peripherals	6
Automotive Parts and Service Equipment	7
Electrical Generation Equipment	8
Water Resources Equipment	9
Construction Equipment	10
Building Products	11
Furniture	12
Sporting Goods/Recreation Equipment	13
Cosmetics/Toiletries	14

Part 1. Title Line: Best Prospects - U.A.E.
Rank of sector: 1
Name of sector: Defense Industry Equipment
Three-letter ITA Industry sector code: DFN

Part 2. Narrative:

The two principal entities in the U.A.E. engaged in the procurement of defense equipment - the General Headquarters of the U.A.E. Armed Forces (GHQ) in Abu Dhabi and the Central Military Command (CMC) in Dubai - have merged into one entity. Now the GHQ is the sole entity in charge of procuring military equipment and supplies to the U.A.E. Armed Forces which includes the Land Forces, the Air Force & Air Defense, the Navy Forces, and Special Operations Group.

In order for U.S. firms to do business with the GHQ, they should pre-register their interest with the GHQ. Only pre-qualified companies are invited to bid on tenders.

On May 12, 1998, Abu Dhabi Crown Prince Sheikh Khalifa Bin Zayed Al-Nahyan agreed with U.S. President Clinton, in Washington on a \$6 billion deal for the provision of eighty Lockheed Martin F-16 fighters. The final contract is yet to be signed and the differences on the issue of control codes need to be resolved. A sale of this size to the GHQ will generate massive offset inflow to the U.A.E., thus creating investment and business opportunities for international companies. The European consortium's Eurofighter EF-2000 Typhoon and France's Dassault Aviation Rafale B were fierce competitors for the deal. The U.A.E. Air Force is also looking at constructing two new airbases to accommodate the new fighters and to acquire the necessary command and control systems.

The U.A.E. Navy has undertaken an ambitious three-phase expansion plan named 'Liwa Project' to modernize and upgrade its aging fleet. The first phase of the project includes the acquisition of six ocean capable patrol boats (OCPB). Phase two of the Liwa Project includes the acquisition of six small frigates or corvettes. Liwa III calls for the purchase of up to 200 fast intercept craft (FIC) for the Navy and the Coast Guards. A bid was announced at the end of last year for the supply of six 65-meter Ocean capable patrol crafts worth about USD 600 million. These new vessels will be supported by six 50-meter Baniyas Class TNC-45 fast attack patrol boats, the first of which was recently delivered by pre-offset Abu Dhabi Ship Building Company (ADSB). (N.B. Newport News (USA) owns 40% percent stake of ADSB). The U.A.E. is also considering to expand its naval base facilities to serve up to 100 fast attack craft which are programmed under the third phase of Liwa Program. Plans are underway for the construction of two new naval bases along with command and control headquarters. The proposed location for the first Naval base is

between Khorfakan and Fujairah Port (Northern Emirates). Other planned procurement include maritime patrol aircraft (MPA), armored personnel carriers, heavy equipment transporters, field medical hospital equipment, and expansion of command, control and communications (C3) systems.

Three major defense trade events are held every other year in the U.A.E. The Dubai Air show, the International Defense Exhibition (IDEX), and the Triple International Defense Exhibition (TRIDEX). The first two events are the largest and they are certified by the U.S. Department of Commerce. Dubai 2000 will be held November 14-18, 1999 followed by TRIDEX 2000 to be held March 5-9, 2000. IDEX 2001 is scheduled for March 2001. The sole U.S. company soon to be certified by the USDOC for organizing TRIDEX 2000 and IDEX 2001 is the Association of the United States Army (AUSA).

The U.A.E. Armed Forces imposes offsets obligations on international defense contractors who make sales in excess of \$10 million. (N.B. Further details on offset regulations are available at the Commercial Office in Abu Dhabi). Major competitors include companies from France, U.K., Germany, Italy, Russia, Spain, and South Africa.

The U.A.E. is part of the GCC unified defense program named 'Hizam Al-Ta'awon' (Cooperation Belt) for the provision of an early warning defense and communication system network among the GCC Higher Military Commands. Offers from U.S. and European companies are being evaluated for this project. A Special Forces program called 'Dir'u Al-Jazira' (Peninsula Shield) was established by the GCC countries and conducts regular live munitions training.

In 1998, the U.S. market share of defense contracts was 87 percent. The GHQ rules for military procurement are applied. The most promising subsectors within this sector, with the estimated 1999 total market sizes of each:

- o Defense Electronics 250
- o CCC Communications 250
- o Military Telecommunications 125

Part 3 Data table:

	1997	1998	1999
Total market size	1,875	6,875	3,600
Total local production	0	0	0
Total exports*	0	0	0
Total imports	1,875	6,875	3,600
Total imports from U.S.	562	6,000	500

The above statistics are unofficial estimates.

Exchange rates used US\$ 3.673

*NOTE: Reexports indicated where total imports exceed market size. All figures are estimates in millions of USD.

Part 1. Title Line: Best Prospects- U.A.E.
Rank of sector: 2
Name of sector: Oil and Gas-Field Machinery & Services
Three-letter ITA industry sector code: OGM

Part 2. Narrative:

Despite the volatility of oil prices, the U.A.E. has continued steady on its course of increasing its petroleum and gas production capacity. Oil production, currently set at 2.1 million barrels a day (mbd), is just within the OPEC quota, so the development of the U.A.E.'s gas fields allows further increases of exports and revenues, as gas is not subject to OPEC quotas. Gas demands is expected to double within the next ten years to more than 2,000 million cf/d - mainly as a result of increased demand from the power sector and the planned expansion of downstream industries.

Approximately \$14 billion has been allocated for the expansion and modernization of the oil/gas and pipeline industry and facilities which will continue over the next decade. This is an indication of the market potential for state-of-the art equipment and supplies and services.

The procurement of gas equipment and services relies on three factors, the approval of new projects, the routine replacement of existing machinery and continued demand of after sales service and the supply of spare parts. Demand for gas field services and equipment is expected to increase by about 10% a year.

The following projects will require oil and gas field machinery and services:

- \$54 million Sila Gas Pipeline project for ADNOC consisting of a 100 km pipeline to provide gas from Jebel Dhanna to the new Sila Desalination Plant
- \$270 million Base Oil Refinery project for Hinduja Group
- Lube Base Oil Refinery for ADNOC to be based in Ruwais and use Murban oil as feedstock(Bechtel is the consultant)
- North Abu Dhabi Oil Field Development for ADCO to develop the recently discovered Al Da'biyah oil fields. This field is under a 5-year further appraisal and delineation program in order to test certain development scenarios towards determining the full development of the field
- Abu Dhabi Qatari Gas Project for the UAE Offset Group
- Northern Oman Sharjah Gas Pipeline for Amoco & Occidental to carry gas from the Northern Omani gas-field to the Sajaa plant in Sharjah
- Iran - Dubai Dry Gas Pipeline for the Dubai Government to carry

gas from Iran's Siri C and D fields to Dugas in Jebel Ali

- Upgrading Of the Bu Hasa Field for ADCO so as to boost production capacity from 200,000 bdp to 680,000 bpd
- \$100 million Habshan - Ruwais Sulfur Pipeline for ADNOC-Atheer consisting of a 100 km pipeline to transport the sulfur produced at the onshore fields. At present the sulfur is transported by road at the rate of 78 truck trips per day
- Ruwais Refinery Continuous Catalyst Regenerator (CCR) and Isomerisation Unit for ADNOC (Fluor Daniel is the consultant)
- Ruwais Refinery Process Units for ADNOC (Fluor Daniel is the consultant)
- Upgrade of Ruwais Fractionation Plant for GASCO calling for upgrading of the instrumentation system from conventional to Distributed Control System (DCS) thereby removing the existing bottleneck at the plant
- \$108 million Abu Dhabi - Dubai Gas Pipeline for ADNOC consisting of a 165 km long 42" diameter subsea pipeline from the Khuff gas field to Taweelah and a 180 km 42" diameter onshore pipeline from Taweela to Dubai Gas in Jebel Ali
- \$22 million Zayed Military Gas Pipeline for ADNOC consisting of a 23 km long 6-inch pipeline from Maqta-Al Ain to the Sheikh Zayed Military Camp
- \$136 million Urban Natural Gas Distribution network for domestic natural gas. Key element of the system will be to utilize natural gas to power large building and industrial air-conditioning requirements especially during peak summer power demand season.

Although U.S. suppliers dominate this industry, competitors from Europe such as IFP, B.P., Technip, John Brown Engineering, and Japanese firms including Mitsui Corp., Chiyoda, and Mitsubishi is intense.

In 1998 the U.S. market share was 38%.

There are no regulatory/demand issues affecting the market.

The most promising subsectors within this sector, with the estimated 1999 total market size of each:

o Liquid Natural Gas Equipment	100
o Drilling Equipment: oil and Gas	150
o Petrochemical Equipment	90
o Services: Oil and Gas	100

Part 3. Data table:

	1997	1998	1999
Total market size	670	730	803
Total local production	0	0	0

Total exports*	56	62	67
Total imports	726	792	870
Total imports from U.S.	254	277	304

The above statistics are unofficial estimates.

Exchange rates used US\$ 3.673

NOTE: Reexports indicated where total imports exceed market size. All figures are estimates in millions of USD.

Part 1. Title Line: Best Prospects- U.A.E.
Rank of sector: 3
Name of sector: Architecture/Construction/Engineering Services
Three-letter ITA Industry sector code: ACE

Part 2. Narrative:

With a drop in oil prices to record lows that have only recently started to recover, Government spending in the construction sector is expected to take a dramatic down turn in the next two to three years. The domestic housing market is in decline with a number of vacant properties. Abu Dhabi Municipality and Town Planning Department's focus has moved from buildings to industry and infrastructure and recently stopped issuing permits for the construction of commercial buildings. However, this measure does not apply to the construction of residential buildings.

In the private sector, the hotel industry remains buoyant with several new hotels or refurbishment's planned. Dubai will also remain a vibrant business center with several new projects either planned or ongoing.

Current and future projects include:
(In the Emirate of Abu Dhabi)

- \$3 billion free trade zone on Saadiyat island to develop a new port, storage facilities, an airport and commodities trading exchange, and a six kilometer bridge to link the island to the mainland. \$2 billion will be spent on construction.
- \$330 million expansion of the Abu Dhabi and Al Ain Airports
- \$43 million Khalifa Park in Abu Dhabi for Abu Dhabi Municipality that would encompass a Disneyland like fun-city, a 5000-seat theatre and concert hall
- \$20 million 5-Star Hotel on Al Futaisi Island for Sheikh Hamed Bin Hamdan Al Nahyan (Al Halami Group)
- \$68 million Futaisi Island Development for Sheikh Hamed Bin Hamdan Al Nahyan
- \$81 million New Abu Dhabi Shopping Center for Abu Dhabi's PWD
- New 18-hole Golf Course in Al Ain for Al Ain Municipality
- \$210 million New 880-bed Al Ain Hospital for Al Ain Public Works
- Two Modern Pediatric Hospitals In Abu Dhabi & Al Ain for the Ministry of Health
- \$95 million Edutainment Complex and Arabian Odyssey Theme Park
- \$41 million ADMA-OPCO / ADGAS HQ Expansion for ADNOC by adding a new 20-storey tower
- \$97 million Abu Dhabi Shipyard for Abu Dhabi Ship Building to incorporate four ship assembly halls
- \$68 million 22-24 floor tower building for the New Headquarters of Abu Dhabi Investment Authority

- \$121 million TV & Broadcasting Studio for Abu Dhabi's PWD
- \$97 million New 880-bed Hospital in Al Ain for the Ministry of Health
- \$54 million National Museum in Al Ain for Abu Dhabi's PWD incorporating lecture rooms, library and a study
- \$272 million Abu Dhabi trade center development which includes a shopping mall and office complex, three cinemas, restaurants, sports and leisure complex and underground parking areas
- \$95 million container terminal at Mina Zayed
- \$70 million, 25-storey, oil company headquarters for Abu Dhabi National Oil Company
- \$27.2 million, 18-storey headquarters building for Emirates Telecommunications Corporation (Etisalat) in Al Ain
- \$543 million development of an industrial city in Mussafah area which covers a 1,380-hectare industrial area including utility buildings, offices, a police station and a clinic. Industries to be set up there include a \$100 million steel plant and a \$120 million shipyard, together with several other ventures to be set up through the U.A.E. Offset Group. International Bechtel (US) has been preparing the master plan

Dubai:

- \$300 million Dubai "Emirates Hills" residential gated community project with two 18 hole golf courses, club house and leisure center, adjacent to the existing Emirates Golf Club.
- New Dubai Airport in Jebel Ali for Dubai Municipality
- \$408 million Business Park in Jebel Ali for Dubai Investment Park Development Company
- \$20 million Hatta Leisure Resort for the Al Habtoor Group
- \$162 million New Dubai Zoo for Dubai Municipality to be located in Al Mushrif
- \$73 million Central Fruit & Fish Market in Dubai for the Dubai Municipality and its relocation to Al Aweer
- New Race Course in Dubai near Al Nasr Club for Dubai Municipality
- \$135 million Al Maktoum Health Project for the Department of Health which includes the construction of a 200-bed hospital
- \$500 million Four New Hotels in Dubai for the Starwood Hotels Group to include one Westin, one Luxury Collection, and two Sheratons
- A 20-storey twin-tower in Dubai for Emmar Properties Headquarters
- \$4.3 billion Westside Marina Project for Emaar Properties covering an area of 1.1 million square meters

Sharjah and Northern Emirates:

- \$135 Ajman Free Zone Expansion for the Ajman Free Zone Authority (AFZA)

All Government major projects require international construction management firms to supervise work execution; U.S. companies enjoy an excellent reputation for such services. There are no regulatory/demand issues affecting the market.

Government laws call for pre-registration and pre-qualification. Strong competition comes from local, European, Korean and Canadian firms. US firms represented in the market include Bechtel, Brown & Root, Leo Daly, Pritchard Corp., TAMS, Stanley Corp, CRSS etc.

In 1998, the U.S. market share was 18 percent.

The most promising sub-sectors within this sector, with the estimated 1999 total market size of each in millions of U.S. dollars:

o Petrochemical engineering Services	95
o Civil engineering services	50
o Port Development	12
o Hotel A/C/E/ services	10

Part 3. Data table:

	1997	1998	1999
Total market sales	178	203	221
Sales by local firms	45	50	53
Sales by Foreign owned firms	133	153	168
Sales by US owned firms	35	37	39

The above statistics are unofficial estimates.

Exchange rates used US\$ 3.673

*NOTE: Re-exports indicated where total imports exceed market size.

Part One. Title Line: Best Prospects- U.A.E.

Rank of Sector: 4

Name of sector: Telecommunications Equipment

Three-letter ITA Industry sector code: TEL

Part 2. Narrative:

The development of the telecommunication sector is a government priority and it is one of the fastest growing areas in the economy. The U.A.E. has achieved an advanced stage of telecommunication services in accordance with the highest international telecommunication standards. Digital telecommunication networks have replaced the old networks. Under the Thuraya project, awarded last year to Hughes Space and Communications (USA) for almost USD 2 billion, two Satellites will be launched to provide enhanced GSM telecommunication and television services. Etisalat will begin operating its a geo-stationary regional mobile satellite system in September 2000. Emirates Telecommunications Corporation (ETISALAT), UAE's local telephone company, is a quasi-state company 60 percent owned by the U.A.E. Government and 40 percent by individual U.A.E. nationals, and is the second most valuable quoted company in the Middle East.

Etisalat presently operates 985,000 lines nation wide telephone system with an expansion capacity to exceed one million lines by mid next year. The availability rate for telephone lines per capita exceeds 30 percent of the total residents number. This year, the number of U.A.E. mobile subscribers is reported at 685,000, up from 312,734 in early 1998. Etisalat has awarded Motorola a USD 27 million contract to expand the current GSM network in Sharjah and the Northern Emirates. Most of Etisalat's services range from advanced satellite and fiber-optic based global communication systems to GSM and other up-to-date applications. ISDN lines are now in use in the UAE in conjunction with the visual telephone system. Etisalat is in the process of introducing the Asymmetric Digital Subscriber Line (ASDL), and the cable television network system.

Etisalat recently enhanced its internet service with the addition of 45 megabit a second to the network and plans to make the U.A.E. a regional hub for internet services. The hub will serve countries in the Middle East and Southeast and Central Asia.

Siemens (Germany) and Alcatel (France) have been awarded the Sharjah Cable Television network project which is planned to service ten thousand members in Abu Dhabi and another ten thousand members in Dubai. This is a \$6-\$8 million pilot cable TV project (leading to an entire project of \$100 million) throughout the U.A.E. This is the initial step for a federal wide cable television company. Etisalat will be utilizing its existing fiber optic and coaxial cable for the project. Etisalat will create a new subsidiary in which it will be a major shareholder, with paid

in capital of \$218 million. Shares of the company will be offered to U.A.E. Nationals through an initial public offering. Plans are also in hand to launch a second Arabic satellite channel in Dubai by 2000. The satellite channel will use ArabSat 11 to broadcast, using disk server technology. Subscribers will also be able to connect to the service via internet.

In 1998 the U.S. market share was 17 percent. There are no regulatory/demand issues affecting the market.

The most promising sub-sectors within this sector, with the estimated 1997 total market size of each:

o Cable TV	100
o Mobile Communication services	120
o Fiber optic transmission equipment	25
o Packet Switching systems	30

Other end users of telecommunication equipment include Abu Dhabi National Oil Company (ADNOC), Dubai Petroleum Company, Ministry of Interior and the U.A.E. Armed Forces/GHQ.

Part 3. Data Table:

	1997	1998	1999
Total market size	177	204	235
Total local production	0	0	0
Total exports*	23	26	30
Total imports	200	230	265
Total imports from U.S.	28	32	37

The above statistics are unofficial estimates.

Exchange rates used US\$ 3.673

All figures are estimates in millions of U.S. dollars.

*NOTE: Re-exports indicated where total imports exceed market size.

Government laws call for pre-registration and pre-qualification. Strong competition comes from local, European and Japanese firms.

Part 1. Title Line: Best Prospects - UAE

Rank of Sector: 5

Name of Sector: Air conditioning & Refrigeration

ITA Industry Code: ACR

Narrative:

The United Arab Emirates (U.A.E.) combines three distinctive characteristics which makes it a key market for air conditioning equipment: high per capita income; extremely hot and humid climatic conditions; and relatively low electricity cost. In addition, the boom in the construction industry, caused by rapid economic and population growth, has created a strong and growing market demand.

The nature of the UAE climate made air conditioning a necessity, rather than luxury. The trend in the 1990s has been towards more complex centrally packaged, air-cooled water chillers. The growth in size sophistication of the U.A.E. market has resulted in the establishment of a major local manufacturer of central air-conditioning equipment.

Use of CFC (Chlorofluorocarbons) is not prohibited but there is a tendency to replace it by nonhazardous chemicals that will not affect the ozone layer in the atmosphere. Although the U.A.E. has been granted a 10-year exemption from complying with the Montreal Protocol, which requires signatory countries to implement a complete phase-out of ozone depleting substances, the U.A.E. has plans to achieve that goal by year 2001. Awareness among air conditioning consulting firms is growing. CFC-free central air conditioning systems are now specified by local consultants in major air conditioning contracts in the U.A.E.

The U.A.E. market is very receptive to U.S. central air conditioning equipment, because of their reputation for high quality, safety, brand recognition, and low maintenance requirements.

The most promising subsectors within this sector, with the estimated 1999 total market size of each in millions of U.S. dollars:

o Central Air conditioning		96
o Mini Split Air conditioning	28	
o Window Air conditioning		50
o Cold Storage Equipment	60	

	1997	1998	1999
A: Total Market Size	234	248	264
B: Total Local Production	26	28	30
C: Total Exports*	62	65	68

D: Total Imports	270	285	302
E: Imports From U.S.A.	81	91	99

Exchange Rate: USD 1 = Dhs. 3.673

The above statistics are unofficial estimates in millions of U.S. dollars.

*NOTE: Re-exports indicated where total imports exceed market size.

Part 1. Title Line: Best Prospects - U.A.E.

Rank of Sector: 6

Name of Sector: Computers/Peripherals

ITA Industry Code: CPT

Part 2. Narrative:

Computer utilization is on the rise with current computer users moving toward upgraded and higher capacity computers. Government offices and businesses are shifting from mainframes to more flexible, faster and cheaper micro computers or personal computers in networking environments.

Computer companies/dealers continuously offer special promotional bargains to gain or keep their market share. With the drop in prices for reputable brand names, computers of U.S. origin have become more affordable, thereby making it more attractive to persons who wish to buy quality products. The recorded market share of 21.8 percent in 1997 for U.S. imports into the U.A.E. does not reflect the true picture as U.S. computer branded products are also imported from factories located in third world countries. U.S. computer manufacturers are looked upon as market leaders and will maintain their edge to the extent that they continue to be able to introduce state-of-the-art technology and products at competitive prices. Local industry sources are of the opinion that since the arrival of the Internet into the U.A.E. the home-P.C. market has increased and is expected to increase even further. Computer assembly plants operating in the Free Zone manufacture Acer and Supra brands. Products brought into the U.A.E. from the Jebel Ali Free Zone are considered as imports.

Major competitors are Japan, U.K., Netherlands, Taiwan and Singapore. There are no import restrictions for the computer industry. Customs duty is 4 percent. U.S. companies would need to obtain approval from the U.S. Bureau of Export Controls before exporting certain high-end sophisticated computer equipment to the U.A.E.

The most promising subsectors within this sector, with the estimated 1999 total market size of each in millions of US dollars:

o Personal Computers	58.7
o Computer Monitors	45.7
o Printers, computer	45.7
o LAN equipment	26.1
o Modems	26.1
o Multimedia upgrades	26.1
o OCS/Scanners	26.1
o CD-ROM Drives	22.8
o Network Adapters	16.3
o File Servers	13.0

Part 3. Data table:

	1997	1998	1999
A. Total Market Size	269.6	296.5	326.2
B. Total Local Production	0.0	0.0	0.0
C. Total Exports*	145.1	159.7	175.6
D. Total Imports	414.7	456.2	501.8
E. Imports from the U.S.	90.0	99.0	108.9

Exchange Rate: USD 1 = Dhs. 3.673

The above statistics are unofficial estimates in millions of U.S. dollars.

*NOTE: Reexports indicated where total imports exceed market size.

Part 1. Title Line: Best Prospects - U.A.E.
Rank of Sector: 7
Name of Sector: Automotive Parts and Service Equipment
Three-letter ITA Industry sector code: APS

Part 2. Narrative:

With per capita income among the highest in the world, the automotive sector has traditionally fared well in this small but lucrative market. Most well known brand names are already represented in this highly competitive market. Local companies are increasingly interested in joint ventures/licensing agreements to manufacture in the U.A.E. items such as spark plugs, shock absorbers, air/oil/fuel filters etc. for the regional market. There is minimal manufacturing of auto spare parts in the U.A.E. Local industry sources estimated that the U.S. retained its market share of approximately 18 percent in 1998. There are no regulatory/demand issues impacting the market. Customs duty is 4 percent.

The most promising subsectors within this sector, with the estimated 1999 total market size of each in millions of US dollars:

o Automotive Engine Parts	100.5
o Automotive Repair Maintenance Equipment	30.1
o Automotive Accessories	20.1
o Motor Vehicles H/V/A/C Equipment	15.1
o Automotive Electronic Parts	10.0

Part 3. Data Table:

	1997	1998	1999
A. Total Market Size	202.6	208.7	215.3
B. Total Local Production	0.0	0.0	2.7
C. Total Exports*	179.7	185.1	193.0
D. Total Imports	382.3	393.8	405.6
E. Imports from the U.S.	38.0	39.4	40.6

Exchange Rate: USD 1 = Dhs. 3.673

The above statistics are unofficial estimates in millions of US\$

*NOTE: Reexports indicated where total imports exceed market size.

Part 1. Title Line: Best Prospects- U.A.E.

Rank of sector: 8
Name of sector: Electric Power Systems
Three-letter ITA Industry sector code: ELP

Part 2. Narrative:

U.A.E.'s current power production is estimated at 6000 Mega Watt with a projected annual demand growth of 10 percent. Gas is heavily used for electrical generation in the U.A.E. due to its availability and low price. Gas turbines and gas operated steam turbines are widely used in power generation plants. Last year Abu Dhabi government launched the power privatization scheme as a model to be followed by other emirates. Privatization of the power sector is believed to be economically feasible. It will reduce government's capital expenditures incurred for the expansion and maintenance of power projects, as well as reduce federal subsidies. In Abu Dhabi the cost of generating one kilowatt hour is 7 cents while the selling price is 4 cents to non-U.A.E. nationals and commercial offices, and two cents to U.A.E. nationals. The annual figure for Government subsidies for this sector is estimated at USD 271.7 million. The Abu Dhabi Water and Electricity Authority (ADWEA), established earlier this year, is in charge of handling all Independent Power Projects (IPP) in Abu Dhabi. The Taweelah A2 (IPP) expansion project, the first in line on a B.O.O. basis, was awarded last year to CMS Energy (USA). The project will increase the current power plant's capacity by 480 MW.

In 1998, U.S. market share for power generation equipment in the U.A.E. was reported at 30 percent. Lots of attractive opportunities are available for U.S. power equipment manufacturers and power plant management companies to participate in forthcoming B.O.O. projects. A major power project for the construction of a power plant in Al Dhabia in Abu Dhabi is being considered. The final location and production capacity are yet to be determined.

The U.A.E. is involved in a GCC plan to construct a unified power grid. The first phase of the project connects Saudi Arabia, Kuwait, Bahrain, and Qatar, while the second phase incorporates Oman and the U.A.E. in the overall grid. Execution of this plan is dependent on the construction of a unified power grid in each country. The U.A.E. has started the construction of its four-phase unified grid connecting all emirates. Actually, the first phase of the project has been completed, thus interconnecting all power stations in the western coast with the central region stations.

There are no constraints on the import of power generation equipment in the U.A.E.. A 4 percent tax applies to power generation equipment imported for sale in the country.

Part 1. Title Line: Best Prospects - U.A.E.
Rank of sector: 9
Name of sector: Water Resources Equipment
Three-letter ITA industry sector code: WRE

Part 2: Narrative:

The privatization of the water sector goes hand in hand with that of the power sector especially that power and water generation in the U.A.E. are co-linked at the same plant. The U.A.E. has spent \$2 billion for the development of power and water desalination sector over the past two years. With privatization plans ahead, the U.A.E. government is expected to reduce its budget allocations for the power and water desalination projects, thus giving a bigger role for the private sector. Total demand for water in the U.A.E. is estimated at 400 MGPd. The Ministry of Water and Electricity estimates an annual growth of 12 percent in demand for water till year 2001.

Current water desalination capacity in Abu Dhabi alone is reported at 196 MGPd. The Taweelah A2 power and water desalination project was awarded last year to CMS Energy in joint venture with Siemens (Germany) and a Korean company in Abu Dhabi under the newly adopted privatization scheme. The project will increase the current Taweelah A2 water desalination capacity by 50 MGPd. The final phase Taweelah C Power/Water Desalination plant will add 40 MGPd of desalinated water by year. Almost 20% of all water consumed is used for agricultural purposes especially that the U.A.E. is focusing more on developing its agricultural sector. By year 2015, water consumption forecast exceeds 600 million GPD of which Abu Dhabi's share could reach 250 million GPD. Overall, capacity to produce water will double in the U.A.E. during the next 5 years, including new opportunities for Independent International Power Producers to invest in B-O-O (build-own-operate) projects worth billions of dollars. The application of Reverse Osmosis technology have encountered several problems in the U.A.E. due to the high temperature and salination rates in summer, which causes the closure of the membranes, thus suspends desalination operation. Multi-Stage Flash and Multi-Electric desalination technologies are becoming widely used in the U.A.E.. U.S. companies with RO technology should exert an effort to update U.A.E. officials at the Ministry of Water and Electricity on technological developments made to overcome those problems. Wastewater treatment systems are in great demand now but because of religious considerations, waste water cannot be used either for human consumption or agricultural crop production. It's principal use is in municipal decorative and ornamental agriculture and golf courses.

U.S. companies face tough competition from French, Italian, British, German and Japanese companies.

In 1998 the U.S. market share was 28 percent.
There are no regulatory/demand issues affecting the market.

The most promising subsectors within this sector, with the

estimated 1999 total market size of each:

o Desalination equipment	350
o Irrigation Equipment	100
o Water supply/Dist. Systems	220

Part 3. Data table:

	1997	1998	1999
Total market size	627	750	840
Total local production	0	0	0
Total exports*	67	67	67
Total imports	689	817	907
Total imports from U.S.	175	210	252

The above statistics are unofficial estimates.
Exchange rates used US\$ 3.673

*NOTE: Reexports indicated where total imports exceed market size. All figures are estimates in millions of U.S. Dollars.

Part 1. Title Line: Best Prospects - UAE

Rank of Sector: 10
Name of Sector: Construction Equipment
ITA Industry Code: CON

Part 2. Narrative:

The construction sector of the U.A.E. is one of the most active sectors of the economy. The current boom in construction and renovation activity, fueled by rapid economic and population growth, will create a strong growing market demand for construction equipment. The U.A.E. will spend well over USD four billion for civil work projects over the next five years. Projects include construction of new high-rise commercial/residential buildings, houses, hotels, beach resorts, hospitals, schools, roads, public parks, shopping malls, and two major airport expansions.

All construction equipment demand is met through imports. U.S. market share is expected to increase during the next three years. U.S. manufacturers and exporters enjoy an excellent reputation for product quality and durability. There are no significant trade barriers to the importation and sale of construction equipment in the UAE. Custom duties are four percent.

The most promising subsectors within this sector, with the estimated 1999 total market size of each in millions of U.S. dollars:

O Heavy Construction Machinery			151
O Road Construction Machinery		137	
O Earth Moving Machinery		122	
	1997	1998	1999
A: Total Market Size	382	404	424
B: Total Local Production	0	0	0
C: Total Exports*	113	120	126
D: Total Imports	499	524	550
E: Imports From U.S.A.	174	199	209

Exchange Rate: USD 1 = Dhs. 3.673

The above statistics are unofficial estimates in millions of U.S. dollars.

*NOTE: Re-exports indicated where total imports exceed market size.

Part 1. Title Line: Best Prospects - UAE

Rank of Sector: 11

Name of Sector: Building Products

ITA Industry Code: BLD

Part 2. Narrative:

The U.A.E. import market of building products is influenced largely by the level of construction activity in the country.

Local market demand for building products is growing rapidly as public and private sectors are floating tenders for the construction of diversified commercial, residential, and institutional buildings. Major current civil construction projects include: Abu Dhabi Airport Expansion, Adnoc Headquarters, Ruwais Housing Program, Abu Dhabi Trade Center, The West Site Marina Development, Dubai Investment Park, Dubai Airport Expansion, Emirates Towers, Sharjah Tower and Exhibition Complex, two new Etisalat Towers, and several other resort hotels are currently under construction.

Local importers and distributors of building products indicated that U.S. manufacturers/suppliers have an excellent reputation for supplying quality-engineered products and foresee an increase in the U.S. market share. The primary reason for this expected growth is due to the satisfaction among end-users with the quality of U.S. building products. There are no significant trade barriers to the importation and sale of building products in the UAE. Custom duties are four percent.

The most promising subsectors within this sector, with the estimated 1999 total market size of each in millions of U.S. dollars:

o Plumbing Products	218		
o Wood & Wood Products		185	
o Architectural Glass		183	
o Electrical Products		151	
o Ceramic Products		135	

	1997	1998	1999
A: Total Market Size	1,411	1,518	1,568
B: Total Local Production	200	210	220
C: Total Exports*	302	326	335
D: Total Imports	1,513	1,634	1,683
E: Imports From U.S.A.	181	195	200

Exchange Rate: USD 1 = Dhs. 3.673

The above statistics are unofficial estimates in millions of U.S. dollars.

*NOTE: Re-exports indicated where total imports exceed market size.

Part 1. Title Line: Best Prospects - U.A.E.

Rank of Sector: 12

Name of Sector: Furniture

ITA Industry Code: FUR

Part 2. Narrative

The United Arab Emirates (U.A.E.) furniture market has witnessed a remarkable growth during the last five years. The average annual growth rate over the next three years is estimated to be between 12-14 percent. A growing population means increasing requirements of both office and residential space, implying a higher demand for furniture. Improving standards of living and high disposable incomes lead to larger living spaces and frequent replacement of furniture. In addition, the fast growth in tourism is boosting construction of hotels and leisure facilities. Dubai attracted well over two million visitors in 1998. A large number of hotels were built during the past two years and a few more are still under construction. In addition, a number of resort hotels are currently under construction and several other hotels are in the process of expanding/renovating their existing facilities.

The most promising subsectors within this sector, with the estimated 1999 total market size of each in millions of US dollars:

o Household furniture	262
o Office furniture	55
o Medical/hospital furniture	20

Part 3. Data Table:

	1997	1998	1999
A. Total Market Size	249	291	348
B. Total Local Production	67	71	73
C. Total Exports*	52	60	66
D. Total Imports	234	280	341
E. Imports from the U.S.	29	35	39

Exchange Rate: USD 1 = Dhs. 3.673

The above statistics are unofficial estimates in millions of U.S. dollars.

*NOTE: Reexports indicated where total imports exceed market size.

Part 1. Title Line: Best Prospects - U.A.E.

Rank of Sector: 13

Name of Sector: Sporting Goods/Recreation Equipment
ITA Industry Code: SPT

Part 2. Narrative

The U.A.E. follows Saudi Arabia as the second most important consumer market among GCC countries. With a high per capita income (\$17,500) and competitive worldwide salaries it presents a very attractive market for the leisure/recreational industry. The large resident expatriate population (80% of total population) has a significant influence on the demand for sporting goods.

In recent years, both the public and private sector have begun to build and operate large scale recreational facilities/theme parks in the U.A.E. Three water/theme parks are in the planning stage. Opportunities for further development and expansion exist especially for theme park equipment. All the centers/parks will be supplied with imported equipment. Actual value figures for recreational equipment is not reflected below as it usually gets noted under construction activities by the local statistics office.

Innovative new products and increased promotional activity characterize this highly competitive market.

Major competitors are Germany, China, Japan and the U.K.

Customs duty is 4 percent.

The most promising subsectors within this sector, with the estimated 1999 total market size of each in millions of US dollars:

o Video games	18.0
o Fitness Equipment	18.0
o Amusement park/Outdoor playground equipment	9.4
o Racquet Sports and Accessories	7.8
o Golf Equipment	4.3
o Playing cards	2.3
o Soft playgrounds	1.9
o Fishing Equipment	1.5
o Hunting/Shooting Equipment	1.0

Part 3. Data Table:

1997 1998 1999

A.	Total Market Size	85.6	89.9	94.3
B.	Total Local Production	0.0	0.0	0.0
C.	Total Exports*	48.1	50.5	53.1
D.	Total Imports	133.7	140.4	147.4
E.	Imports from the U.S.	21.1	22.6	24.2

Exchange Rate: USD 1 = Dhs. 3.673

The above statistics are unofficial estimates in millions of U.S. dollars.

*NOTE: Reexports indicated where total imports exceed market size.

Part 1. Title Line: Best Prospects - U.A.E.

Rank of Sector: 14

Name of Sector: Cosmetics/Toiletries

ITA Industry Code: COS

Deeba

Part 2. Narrative

Innovative new product formulations and increased promotional activity characterize this highly competitive market. Opportunities for further development and expansion exist especially for hypo-allergenic and therapeutic skin care products.

Demographic trends indicate an aging population which offers potential further growth for anti-aging products. U.S. market share for the U.A.E. in 1997 was 27.4 percent. Companies offering natural cosmetic/toiletry products comparable to the Body Shop, U.K. have excellent potential in the U.A.E.

Major competitors are France, U.K., Germany, Italy and Spain.

Customs duty is 4 percent.

Cosmetic creams which offer recuperative or restorative skin care must be approved by the Ministry of Health before market entry into the U.A.E.

The most promising subsectors within this sector, with the estimated 1999 total market size of each in millions of US dollars:

o Cosmetics	89.8
o Perfumes	74.9
o Skin Care Products	53.2
o Hair care Products	45.2
o Cosmetics & Toiletries - Men	37.5

Part 3. Data Table:

	1997	1998	1999
A. Total Market Size	286.0	308.1	332.7
B. Total Local Production	18.8	19.4	19.9
C. Total Exports*	85.0	91.7	98.0
D. Total Imports	352.2	380.4	410.8
E. Imports from the U.S.	43.5	48.7	54.6

Exchange Rate: USD 1 = Dhs. 3.673

The above statistics are unofficial estimates in millions of U.S. dollars.

*NOTE: Reexports indicated where total imports exceed market size.

BEST AGRICULTURAL PROSPECTS:

Name of Sector: Horticultural and Tropical Products

PS&D Commodity Heading: Apples, Fresh

Comments: Because of their high quality, demand for U.S. red apples is very strong, particularly for the HRI sector. In fact, the UAE is one of the top 10 markets in the world for U.S. apples.

Iran is currently the principal apple supplier to the UAE, providing mostly golden varieties. Chile and France are other major suppliers.

Data Table	1997	1998	1999 (1,000 MT)	
A. Total Market Size		50	51	53
B. Total Local Production		0	0	0
C. Total Exports		48	50	35
D. Total Imports		98	101	88
E. Total Imports from U.S.		24	25	20

Name of Sector: Oilseeds and Products

PS&D Commodity Heading: Corn Oil

Comments: The U.S. is currently the principal corn oil supplier to the UAE. Most oil is shipped in bulk for further processing and packaging in local plants. There is also growing demand for sunflower seed and soybean oil.

Data Table	1997	1998	1999 (1,000 MT)	
A. Total Market Size		20	22	22
B. Total Local Production		0	0	0
C. Total Exports		5	8	7
D. Total Imports		25	30	29
E. Total Imports from U.S.		17	23	20

CHAPTER VI. TRADE REGULATIONS AND STANDARDS

Trade Barriers, Including Tariffs, Non-Tariff Barriers, and Import

Taxes

The UAE maintains a free exchange and liberal trade system. The Gulf Cooperation Council (GCC), grouping the UAE, Saudi Arabia, Kuwait, Bahrain, Qatar, and Oman has been discussing a common external tariff for some years. In a step toward establishing a common external tariff, the UAE in 1994 took the decision to raise its import duties from one to four percent. This has been reversed to 0% on food except pork (4%). However, over 75 percent of imports still enter duty free. GCC talks on establishing a current external tariff continue.

Each emirate operates its own customs authority, but tariffs and general policies are coordinated through a national committee. Only firms with the appropriate trade license can engage in importation. Documentation requirements follow international standards and delays in custom clearance have been infrequent. The competition for business between the port facilities of the different emirates has kept user rates to a minimum and put a premium on services. There are no duties on exports. For religious and security reasons, there are various restrictions on import of alcohol, tobacco, firearms, and pork products.

The UAE maintains non-tariff barriers to trade and investment, in the form of restrictive agency/sponsorship/distributorship requirements, lack of adequate intellectual property rights protection, and restrictive shelf-life requirements for food stuffs.

In order to do business in the UAE outside of one of the free zones (see below), a foreign business must have a UAE national sponsor, agent, or distributor. Once chosen, sponsors, agents, or distributors have exclusive rights for non food products only. Agency law does not pertain to food products. They cannot be easily replaced without their agreement. Government tendering is not conducted according to generally accepted international standards. Retendering is the norm, often as many as three or four times. To bid on federal projects, a supplier or contractor must either be a UAE national or a company in which at least 51 percent of the share capital is owned by UAE nationals. Federal tenders are required to be accompanied by a bid bond in the form of an unconditional bank guarantee for five percent of the value of the bid.

The U.A.E has no requirement that a portion of any government tender be subcontracted to local firms. There is a ten percent price preference on procurement and tenders. The UAE requires a company to be registered in order to be invited to receive government tender documents. To be registered, a company must have 51 percent UAE ownership. However, these rules do not apply on major project awards or defense contracts, where there is no local company able to provide the goods or services required.

The UAE is on the USTR's Special 301 Watch List because of deficiencies in the protection of Intellectual Property Rights (IPR). In April 1999, the USTR recognized that the U.A.E. had made significant strides in reducing copyright piracy and limited progress on trademark protection. However the report cited inadequate progress towards the enactment of a new patent law. The UAE joined the World Trade Organization (WTO) in 1996. The three UAE IPR laws do not conform with GATT TRIPS standards and will need to conform with WTO standards. The UAE has recently joined the Paris Convention for the Protection of Industrial Property, the first treaty for the protection of IPR to which the UAE has acceded. It is also a member of the World Intellectual Property Organization (WIPO). While the U.A.E. has made great strides in combating computer software piracy, the lack of product patent protection for pharmaceuticals remains a significant problem.

Agricultural Trade Barriers

There are few trade barriers facing imported food products. Shelf life requirements and the need for production and expiry dates, perhaps pose the greatest problems for U.S. suppliers. There are no import duties levied on food products.

Customs Valuation:

Maximum duty in the U.A.E. is 4 percent for most goods, with 4% on pork, duties of 50 percent levied on alcohol and 80 percent on tobacco products. Many essential items, including foodstuffs and pharmaceuticals, are allowed duty free status. The duty on tobacco will increase to 100% in 2000.

Import Licenses:

All food imports including beef and poultry products require a health certificate from the country of origin and a halal slaughter certificate issued by an approved Islamic center in the country of origin.

Export Controls:

All goods exported or reexported from the U.A.E. must have proper documentation issued by the Ministry of Economy and Commerce and the various Chambers of Commerce in the respective individual emirates. U.S. firms seeking to export or reexport goods from the U.A.E. should consult the appropriate legal authorities for specific guidelines.

Import/Export Documentation:

Standard trade documentation, including certificates of origin, bills of lading, commercial invoice and various government/embassy attestations must be presented for all imports and exports. A Guide to Doing Business in the U.A.E. which details documentation requirements is available from all U.S. Department of Commerce

District Offices, the Department in Washington, and the U.S. Commercial Offices in Abu Dhabi and Dubai. In addition the ATO publishes a Food Exporters Guide for doing business in the GCC-5

Temporary Entry:

Goods may be imported duty free and stored in any of several free zones in the U.A.E.. Goods which enter the U.A.E. from these free zones must pay the (minimal) duty noted previously. There is no provision for duty free entry of parts or components which are intended for manufacture of products which are subsequently exported. In practice, as duties are already so low, this has not been a major impediment to manufacturing industries in the U.A.E.

Labeling:

Food labels must contain product and brand names, production and expiry dates, country of origin, name of the manufacturer, net weight in metric units, and a list of ingredients and additives in descending order of proportion. All fats and oils used as ingredients must be specifically identified on the label. Arabic labeling is now also required but not enforced.

Prohibited Imports

Irradiated food products are prohibited. Imports of alcohol and pork products are strictly regulated.

Standards

The UAE's Standards and Measurements Department of the Ministry of Finance and Industry is responsible for formulating and enforcing UAE/GCC standards. However, both the national and emirate governments, as well as professional associations, are reviewing standards requirements. This is particularly true for the construction industry. Currently, government agencies and private firms stipulate the standards required on a project-by-project basis. This allows for a wide range of acceptable product performance, makes health and safety monitoring difficult, and permits the use of low quality products and manipulation of tender specifications. A U.A.E. company first qualified for ISO 9000 certification in 1993. Since then, more have received the designation, and the EU is funding a standards center in the U.A.E. to implement ISO 9000 certification.

Membership in Free Trade Arrangements

The UAE is a member of the Gulf Cooperation Council (GCC). In 1981, the GCC issued the Unified Economic Agreement, a plan for complete economic integration among the six member states (Saudi Arabia, Kuwait, the UAE, Bahrain, Qatar, and Oman). In practice, the provisions of this agreement have not been implemented.

Under the agreement, all agricultural, animal, industrial, and natural resource products from member states are exempt from

duties and other charges when traded among member states. To qualify as a GCC national product, the value added in a GCC member state must not be less than 40 percent of the final value, and produced in a factory with at least 51 percent local ownership, unless 100 percent is owned by GCC nationals, and licensed by the respective Ministry of Finance and Industry. All intra-GCC shipments claiming this exemption must be accompanied by a duly authenticated certificate of origin.

The GCC has been conducting talks with the European Community on the subject of establishing a free trade agreement between the respective blocks for a number of years, but so far with little progress. The GCC also conducts economic dialogues with Japan and the U.S.

CHAPTER VII. INVESTMENT CLIMATE

Openness to Foreign Investment

The laws and regulations governing foreign investment in the UAE are evolving but are expected to remain conducive to foreign investment. The regulatory and legal framework favors local over foreign investors. There is no national treatment for investors in the UAE. Foreign ownership of land and stocks is extremely restricted. Therefore, it is recommended that potential investors consult a local attorney to obtain the most current investment information at an early stage of planning.

Regulation of the establishment and conduct of business in the UAE is shared at the federal and emirate levels. In general, foreign companies which undertake business activities in the UAE or make their products available in the UAE have either entered into a joint venture with UAE nationals for the establishment of limited liability companies, appointed commercial agents, or set up branch offices. Except for companies located in the free zones, at least 51 percent of a business establishment must be owned by a UAE national. A business engaged in importing and distributing a product must be either a 100 percent UAE owned agency/distributorship or a 51 percent (UAE) - 49 percent (foreign) limited liability company (LLC). Subsidies for manufacturing firms are only available to those with at least a 51 percent local ownership.

In 1995, the government offered 40 percent of the equity of the Emirates General Petroleum Company for sale to the private sector.

No new upstream investment in the oil and gas sector is being accepted by Abu Dhabi authorities, although this is the sector in which there is the most interest on the part of potential foreign investors. Ninety percent of residential and commercial construction in Abu Dhabi is funded by the emirate government. Severe restrictions on land ownership and transfer of land exist

in Abu Dhabi and Dubai.

U.A.E. federal government steps toward privatization have been tentative. Abu Dhabi Emirate, however, has recently announced an ambitious initiative to begin privatization in the emirate's power and water sector. In April 1997 the Abu Dhabi government gave the go ahead for Power and Desalination projects to be carried out as independent power projects (IPP), which would significantly widen investment opportunities for domestic and foreign investors.

In the fall of 1998 the contract for the UAE's first IPP, with an estimated value of USD 750 million, was awarded to an American firm. In March 1998 the Abu Dhabi Water and Electricity Authority (ADWEA), a new entity tasked with operating and managing the power and water sectors in Abu Dhabi, was established. The former power/water monopoly, the Water and Electricity Department has been abolished. The Abu Dhabi government has divided the industry into three sectors: Generation (includes power and desalinated water production); Transmission; and Distribution. Generation and Transmission will be privatized, while Distribution will remain under the control of Abu Dhabi authorities. The estimated commercial value of planned power and water sector development projects in Abu Dhabi is \$8.4 billion.

The U.A.E. federal government's draft bill to establish a regulated and official stock market is nearing completion and implementation. The law is expected to receive final UAEG approval by the end of 1999. Currently, shares in the U.A.E. are traded informally. Two exchanges - one each in Abu Dhabi and Dubai, and linked electronically are planned. The Dubai exchange is likely to come on line before the stock market law and regulatory body become operational, and will need to be folded into the new regulatory structure. One of the primary issues of contention surrounding creation of a U.A.E. exchange has been disagreement over foreign participation. A few mutual funds now permit limited foreign ownership of shares, providing the first opportunity for foreigners to invest in the U.A.E. equities market.

The Abu Dhabi authorities in the late 1980's instituted an offset program. Under it, defense sales contractors are required to invest an amount which will generate a profit equal to an agreed upon portion of their contract in the UAE. The amount is subject to negotiation with the UAE offset committee, which must approve each investment project. The projects generally must show the required profit after seven years. The contractor may not own more than 49 percent of the project. The remaining 51 percent must be held by UAE nationals. As of June 1999 there are 25 offset ventures, offset projects cover full spectrum of economic activity, including, inter alia, advertising, fish farming, air conditioning, language centers, shipbuilding, aircraft

maintenance, leasing, medical services, and even polo grounds. The two largest offset ventures are a \$135 million air conditioning company (Tabreed), a giant offsets projects, and the \$135 million Oasis International leasing company, a British Aerospace offsets venture which recently announced plans to purchase six Airbus Aircraft and re-lease them to Gulf Air. A backlog of offset obligations has accumulated, as the UAE Armed Forces continues to make purchases.

Principal problems associated with the offsets program are a dearth of investment opportunities, difficulty in finding UAE national partners for the majority 51 percent, and difficulty in obtaining cooperation from emirate and federal bureaucracies for required permits, licenses, and other documentation needed to establish any new project. Recent published reports have suggested that defense contractors may satisfy their offset obligations by making a lump-sum payment to the offsets group. These payments likely provide the seed money for investment projects (electrical companies in Pakistan, Aluminum smelters in Africa, for example) which offsets group is undertaking in its own rights.

Foreign banks are required to pay a 20 percent income tax, although there is room to negotiate the actual payment of the tax.

Domestic banks pay no income tax. No other foreign companies pay income taxes to the UAE government. Neither foreign nor UAE nationals pay individual income or property taxes in the UAE.

There are no significant government financed and/or subsidized research and development programs in the UAE.

Visas, residence permits, and work permits are required of all foreigners in the UAE. U.S. citizens are eligible to receive ten year, multiple entry visas, authorizing stay up to six months per entry, with the possibility of a six-month extension.

Free Trade Zones

There are at present ten free zones in the U.A.E., at varying stages of development. Since U.A.E. tariffs are low and are not levied against many imports, the chief attraction of the free zones is the waiver of the requirement for majority local ownership. In the free zones, foreigners may own up to 100 percent of the equity in an enterprise. Most free zones also provide 100% import and export tax exemption, 100% exemption from commercial levies, 100% repatriation of capital and profits, multi year leases, easy access to sea and airports, buildings for lease, energy connections (often at subsidized prices), and assistance in labor recruitment. In addition, for a nominal fee the free zone authorities provide significant support services, such as sponsorship, worker housing, dining facilities, recruitment, and security.

The largest and most successful of the free zones is the Jebel Ali Free Zone (JAFZ) in Dubai. By the end of 1998 over 1300 companies, representing 80 countries, had set up shop in the JAFZ.

Within the JAFZ, three types of licenses are issued. The licenses are valid while a company holds a current lease from the free zone authority and are renewable annually as long as the lease is in force. They are the general license, the special license, and the national industrial license. The special license is issued to companies incorporated, or otherwise legally established, within the free zone or outside the U.A.E. In such cases, no other license is required, and the ownership of the company may be 100 percent foreign. The license is issued for any activity permitted by the free zone authority, including manufacturing. A company with a special license can operate only in the Jebel Ali Free Zone or outside the United Arab Emirates, but business can be undertaken and sales made in the U.A.E. through or to a company holding a valid Dubai Economic Department license. However, a company with a special license can, itself, purchase goods or services from within the U.A.E.

A number of new free zones are in the planning stages or are currently under construction. The most important of these is Abu Dhabi's Saadiyat Island Free Zone, an estimated USD 3 Billion project, which is expected to concentrate on bulk commodity trading rather than manufacturing. Saadiyat is envisioned as a delivery and storage center for 67 basic commodities, including precious metals, gems, oil, grains, and ores. The free zone is planned to have, Inter Alia, extensive warehouse facilities, a stock exchange, a futures exchange, and an offshore banking unit.

Conversion and Transfer Policies

There are no restrictions on the transfer of funds into or out of the UAE, except that the currency of Israel may not be bought or sold in the UAE. All other currencies are traded freely at market determined rates. No license is required to change money. The UAE dirham has been pegged to the dollar at 3.671 dirhams per dollar since 1980. Despite this, the authorities are under no pressure to adjust the peg, although periodically reports surface suggesting that Local Authorities may consider linking dirham to a basket of currencies, including the Euro.

Expropriation and Compensation

There have not been any expropriations in the UAE involving foreigners. There are no set rules governing compensation were expropriations to occur, and individual emirates would treat this differently. In practice, authorities in the UAE would not expropriate unless there were a compelling developmental or public interest need to do so, and in such cases compensation would be generous.

Dispute Settlement

There have been no significant investment disputes over the past few years involving U.S. or other foreign investors, but there have been several contractor disputes in the UAE. Most disputes have eventually been satisfactorily handled through arbitration. However, dispute resolution can be difficult and uncertain. Arbitration may commence by petition to the federal courts on the basis of mutual consent, a written arbitration agreement, independently by nomination of arbitrators, or through a referral to an appointing authority without recourse to judicial proceedings. Enforcing judgments has not always been easy, and judicial proceedings can often go on several years. The UAE is a member of the International Center for the Settlement of Investment Disputes.

In 1993 the Abu Dhabi Chamber of Commerce and Industry formed the Abu Dhabi Commercial Conciliation and Arbitration Center in an effort to accelerate commercial dispute resolution. The center is chaired by the president of the chamber, and the president of the chamber's customs and arbitration committee acts as the center's general secretary. The center has jurisdiction to conciliate or arbitrate commercial disputes. The center's executive regulations govern its conciliation and arbitration procedure. Referral by two adverse parties of a dispute to the center entails the parties acceptance of the finality of the center's decision. The proceedings of the center may be in Arabic or in any other language selected by the parties. The efficacy of the center depends in part on the willingness of local courts to grant rapid enforcement to the center's awards.

The Dubai Chamber of Commerce and Industry promulgated commercial conciliation and arbitration rules which appear to be quite flexible, in the judgment of western legal experts. The rules permit parties to agree to have conciliation or arbitration under the auspices of the chamber, but under other rules.

The UAE federal supreme court has held that a foreign arbitration clause in a registered commercial agency agreement is unenforceable as a matter of public policy. The decision was based on the commercial agencies law of 1981, which states that the courts of the UAE shall have jurisdiction over commercial agency disputes. The federal supreme court did not comment on the wisdom of registration of commercial agency agreements that contain clauses, such as foreign arbitration clauses, that could later be held unenforceable.

In 1971, the provisional constitution of the UAE (which was made permanent in 1997) established a federal court system while acknowledging the right of the individual emirates to maintain a court system of their own. The federal court system consists of federal courts of first instance, two federal courts of appeal and a federal supreme court. The court of first instance consists of civil, criminal, and shariah (Islamic religious) courts. The

shariah and civil legal systems exist concurrently for the most part. Commercial disputes involving foreign parties tend to come before the civil courts and major commercial disputes are ordinarily heard by a panel of three judges. All cases involving banks and financial institutions are required to be heard by civil courts and not by shariah courts.

In 1992, President Zayed issued a new code of civil procedure. The code contains new rules on arbitration, conciliation and amicable settlement of disputes. According to an analysis prepared by Western-trained attorneys, the new arbitration rules are similar to those recommended by the federation of the UAE Chambers of Commerce and Industry. The agreement of the parties to a dispute to refer it to arbitration is recognized and made enforceable. No party is now permitted to file a claim with a court if such party has already agreed to refer such claim to arbitration. Reference to arbitration may be made at any stage during litigation. The new code sets out in detail rules governing the qualification and disqualification of arbitrators and many other aspects of the arbitration process. The venue of arbitration is required to be within the UAE, and if not, the resultant award is to be treated like a foreign judgment. There are also rules to ensure the prompt enforcement of awards. The new code also introduced procedures to expedite certain business claims. Comprehensive rules were provided in connection with the various types of preventive and provisional remedies prior to the litigation process and upon the issuance of judgments, including attachment of property, confiscation of the defendant's passport and prohibitions on travel, as well as the detention of the defendant in certain instances.

Political Violence (as it may affect investments)

None

Performance Requirements/Incentives

Incentives are given to foreign investors in the free zones. Outside the free zones, no incentives are given.

Right to Private Ownership and Establishment

Except as detailed elsewhere in this report, there are no restrictions on the right of private entities to establish and own business enterprises and engage in all forms of remunerative activity.

Protection of Property Rights

Private property is protected and respected in the UAE.

The UAE remains on USTR's special 301 Watch List because of deficiencies in protection of Intellectual Property Rights (IPR). In April 1999, the USTR cited inadequate protection of computer software and pharmaceutical patents as reasons for maintaining the

UAE on the watch list.

In 1992 the UAE passed three laws pertaining to intellectual property: a copyright law, a trademark law, and a patent law. Enforcement efforts did not begin in earnest until 1994. As a result of government enforcement efforts, the UAE is largely clean of pirated sound recordings and films. While the government has also undertaken enforcement actions against local companies selling pirated computer software, U.S. industry remains concerned about reports of large-scale copying of business computer software by corporate end-users. Efforts to combat computer software piracy in the UAE have been successful; according to spring 1999 industry estimates, the rate of software piracy in the UAE declined 92% to 54% in the 1995-98 period, one of the largest drops worldwide. The U.A.E. is recognized as the regional leader in fighting computer software piracy.

The Ministry of Information is currently amending the copyright law to bring it up to international standards. UAE patent law provides process, not product, patent protection for pharmaceutical products. The Ministry of Finance and Industry has announced on several occasions that it was in the process of amending the patent law, but little tangible progress has so far been made and a local pharmaceutical manufacturer continues to produce patent protected products. In the spring of 1999, however, the ministry of finance redoubled its efforts to amend the patent law, with a view toward making the law trips-complaint by 2000 deadline. The UAE has joined the Paris Convention for the Protection of Industrial Property, the first treaty for the protection of IPR to which the UAE has acceded. It is also a member of the World Intellectual Property Organization (WIPO).

Corruption

As in many other countries, corruption is a concern for U.S. firms seeking to do business in the U.A.E. American firms are bound by the Foreign Corrupt Practices Act, a copy of which may be obtained from the Commercial Section of the U.S. Embassy.

Regulatory System

The federal commercial code, the last building block in the edifice of federal commercial legislation in the UAE, was promulgated on September 20, 1993. The commercial code devotes an entire chapter to bankruptcy, which is the first comprehensive legislation in the UAE on the subject of bankruptcy. Prior to enactment of the commercial code, creditors of bankrupt persons were often faced with a race to the courthouse with other creditors in order to obtain satisfaction of their claims. In the judgment of Western legal experts, however, the commercial code chapter on bankruptcy governs the procedures and effects of bankruptcy in the UAE and should provide a mechanism for the orderly evaluation and distribution of assets of a bankrupt entity.

The concept of a mortgage does not exist. With few exceptions, title to all land in Abu Dhabi, the largest emirate, resides in the ruler. Most construction, commercial and residential, is financed by a specialized agency of the government of Abu Dhabi. Commercial banks finance the remainder. Their collateral traditionally has been access to the rent stream of the building or the personal guarantee of the developer. In the past, developers unable to pay off bank loans simply walked away from the problem. The new commercial code's bankruptcy provisions seek to give lenders access to the assets of persons issuing personal guarantees. However, these provisions have not been tested in court.

The fundamental instrument by which all of the emirates regulate business activity is the requirement that any place of business must be properly licensed by the municipal authorities of an emirate. A license is not required unless a place of business is set up in the UAE. Therefore, foreign businesses exporting to the UAE but without a regular or continuing business presence in the UAE do not need a license. Licenses available include trade licenses, industrial licenses, service licenses, professional licenses, and construction licenses.

Several federal regulations govern business activities in the UAE outside free trade zones. Activities within the free zones are governed by special bylaws.

1. The federal companies law: the companies law applies to all commercial companies established in the UAE and to branch offices of foreign companies operating in the UAE. The following provisions are of particular importance:

A. Companies established in the UAE are required to have a minimum of 51 percent UAE national ownership. However, profits may be apportioned differently.

B. Branch offices of foreign companies are required to have a national agent unless the foreign company has established its office pursuant to an agreement with the federal or an emirate government.

C. All general partnership interest must be owned by UAE nationals.

D. Foreign shareholders may hold up to a 49 percent interest in limited liability companies.

There are seven types of local companies that may be organized under the companies law:

1. General partnership

2. Limited partnership
3. Share partnership
4. Joint venture company
5. Limited liability company
6. Publicly held company
7. Private shareholding company.

Among the forms of business activities under the companies law, the limited liability company is now considered to be the most suitable form of joint ventures between local and foreign entities.

2. The commercial agencies law: the commercial agencies law requires that foreign principals distribute their products in the UAE only through exclusive commercial agents that are either UAE nationals or companies wholly owned by UAE nationals. The foreign principal can appoint one agent for the entire UAE or for a particular emirate or group of emirates. The law provides that an agent may be terminated only by mutual agreement of the foreign principal and the local agent, notwithstanding the expiration of the term of the agency agreement.

3. The federal industries law: the industry law stipulates that industrial projects must have 51 percent UAE national ownership. The law also requires projects either to be managed by a UAE national or have a board of directors with a majority of UAE nationals. Exemptions from the law are provided for projects relating to extraction and refining of oil, natural gas, and other raw materials. Additionally, projects with a small capital investment or special projects governed by special laws or agreements are exempt from the industry law.

4. Government tenders law: under the tenders law, a supplier, contractor, or tenderer with respect to federal projects must either be a UAE national or a company in which at least 51 percent of the share capital is owned by UAE nationals. Therefore, foreign companies wishing to bid for a federal project must enter into a joint venture or agency arrangement with a UAE national or company. Federal tenders are required to be accompanied by a bid bond in the form of an unconditional bank guarantee for five percent of the value of the bid.

Bilateral Investment Agreements

The U.A.E. has bilateral investment agreements with a number of countries, including the UK. There is no bilateral investment treaty with the U.S. While the UAE has expressed general interest in the past in discussing a bilateral investment treaty with the United States, U.S. requirements of National treatment for foreign investors have proven problematic, particularly with regard to foreign ownership restrictions.

OPIC and Other Investment Insurance Programs

The U.S. and the UAE signed an agreement on investment guarantees (an OPIC agreement) in September 1991. In 1995 OPIC removed the UAE from the list of countries in which it provides coverage for U.S. companies wishing to invest overseas. OPIC's decision to go "off-cover" was based on statutory requirements which bind it to provide coverage only in countries which are found to taking steps to adopt or implement internationally-recognized worker rights.

Labor

1997 data estimates UAE population at 2.6 million, of which an estimated 80 percent are foreigners. Statistics from 1995 indicate that the labor force comprises 54.2 percent of the UAE population. It is estimated that roughly 90 percent of workers in the UAE are non-UAE nationals. Women comprise 12 percent of the UAE labor force, up from 9.6 percent in 1985. The national unemployment rate is 2.6 percent. Emiratization of the U.A.E. workforce remains a national objective. In May 1998 the U.A.E. cabinet approved plans to force banks to increase their U.A.E. National workforce to at least 40% of total staff within 10 years.

This law will go into effect in January 1999; banks will be required to raise U.A.E. staffing by 4% for 10 consecutive years.

In June 1998 the Ministry of Education announced that teachers of grades 1-5 in the public school system much henceforth be U.A.E. national women.

The Right to Organize and Bargain Collectively

The UAE's labor force is about 90 percent expatriate; in such circumstances, the UAEG is not inclined to permit workers the right to organize and bargain collectively. Workers in the industrial and service sectors are normally employed under contracts that are subject to review by the Ministry of Labor and Social Affairs. The purpose of the review is to ensure that pay will satisfy the employee's basic needs and secure a means of living. For the resolution of work-related disputes, workers must rely on conciliation committees organized by the Ministry of Labor and Social Affairs or on special labor courts. Labor laws do not cover government employees, domestic servants and agricultural workers. The latter two groups face great difficulty in obtaining any assistance in resolving disputes with employers. While any worker may seek redress through the courts, this process puts a heavy financial burden on those in lower income brackets. In Dubai's Jebel Ali Free Zone, the same labor laws apply as in the rest of the country.

Prohibition of Forced or Compulsory Labor

Forced or compulsory labor is illegal and not practiced. However, some unscrupulous employment agents bring foreign workers to the UAE under conditions approaching indenture.

Minimum Age for Employment of Children

Labor regulations prohibit employment of persons under age 15 and

have special provisions for employing those aged 15 to 18. Laws prohibiting the employment of children are enforced by the department of labor. Labor regulations allow contracts only for adult foreign workers. Despite tough federal laws prohibiting child labor, there remain concerns about the importation of children some as young as two years of age to serve as camel jockeys.

Acceptable Conditions of Work

There is no legislated or administrative minimum wage. Supply and demand determine compensation. However, according to the Ministry of Labor and Social Affairs, there is an unofficial, unwritten minimum wage rate which would afford a worker and family a minimal standard of living. The Ministry of Labor and Social Affairs reviews labor contracts and does not approve any contract that stipulates a clearly unacceptable wage. This requirement is often evaded.

The standard workday and workweek are set at eight hours per day, six days per week, but these standards are not strictly enforced. Certain types of workers, notably domestic servants, may be obliged to work longer than the mandated standard hours. The law also provides for a minimum of 24 days per year of annual leave plus 10 national and religious holidays. In addition, manual workers are not required to do outdoor work when the temperature exceeds 45 degrees Celsius (112 f.).

Most foreign workers receive either employer-provided housing or a housing allowance, medical care, and homeward passage from their employers. The vast majority of such workers, however, do not earn the minimum salary of 5000 dirhams (approximately 1370 U.S. dollars) per month currently required for them to sponsor their families for a UAE residence visa. Employers have the option to petition for a ban from the work force of one year for any foreign employee who leaves his job without fulfilling the terms of his contract.

The government sets health and safety standards, which are enforced by the Ministry of Health, the Ministry of Labor and Social Affairs, municipalities, and civil defense units. Every large industrial concern is required to employ an occupational safety officer certified by the Ministry of Labor. If an accident occurs, a worker is entitled to fair compensation. Health standards are not uniformly observed in the housing camps provided by employers. Workers' jobs are not protected if they remove themselves from what they consider to be unsafe working conditions. However, the Ministry of Labor may require employers to reinstate workers following an investigation of the alleged unsafe working conditions. All workers have the right to complain to the labor ministry, whose officials are accessible to any grievant, and an effort is made to investigate all complaints. The ministry, which oversees worker compensation, is, however,

chronically understaffed and underbudgeted so that complaints and compensation claims are backlogged.

In 1996, the UAE ratified three treaties of the International Labor Organization (ILO): the 1951 Equal Remuneration Convention, the 1957 Abolition of Forced Labor Convention, and the 1973 Minimum Age Convention. Nevertheless, a number of accounts, including some in the local press, continue to call attention to abuses suffered by domestic servants, particularly women, perpetrated by individual employers. These have included allegations of excessive work hours, extremely low wages, verbal abuse, and, in some cases, physical abuse.

Capital Outflow Policy

There are no restrictions or incentives with regard to the export of capital and outward direct investment.

Major Foreign Investors

Principal foreign investors are the UK, U.S., France, India, Japan and Germany. We have seen reports that U.S. foreign direct investment in the UAE in 1996 was \$789 million.

CHAPTER VIII. TRADE AND PROJECT FINANCING

Brief Description of the Banking System

The banking sector has rebounded from Desert Storm and the failure of the Bank of Credit and Commerce International (BCCI). Steady economic growth and the implementation of new Central Bank directives to strengthen the banking system are leading to the emergence of a sounder, more rational, more profitable banking sector in the UAE.

In the UAE there are 19 UAE-owned banks with 207 branches inside the country and 43 abroad, 28 foreign banks with 119 branches, one restricted license bank, two investment banks, and 10 representative offices. Although the 1997 GCC summit determined that GCC banks would be able to open branches in all GCC states, so far no new GCC banks have elected to set up shop in the UAE. The largest banks in terms of assets include the National Bank of Abu Dhabi (USD 7.7 billion), National Bank of Dubai, Emirates Bank International, Mashreqbank, and Abu Dhabi Commercial Bank. The Central Bank requires a ten percent capital adequacy ratio for all UAE banks.

The Central Bank also prohibits lending an amount greater than seven percent of a bank's capital base to any single customer. The Bank defines customer as an individual, a company, or a group of companies under common ownership and capital base as local capital. Foreign banks with branches in the UAE are not permitted to calculate loans as a percentage of their global capital (which

may however be used to calculate the capital adequacy ratio). In a revision to the rule, the Bank in 1993 said it would exclude from the requirement non-funded exposures, such as letters of credit and guarantees. The Central Bank has also announced its intention to implement internationally recognized and accepted accounting principles, in the form of the International Accounting Standard (IAS) number 30 on disclosure. The rule would unify the basis of bank reporting and significantly increase the level of disclosure by banks in the UAE. Little progress has been made, however, and we are aware of only one bank which reports according to IAS.

Other federal rules require banks to display interest rates, charges and fees and express loan rates on a reducing balance (annual percentage rate) basis and bank guarantors for personal loans for expatriates. The central bank is considering the introduction of a deposit insurance scheme.

As the UAE dirham is tied to the dollar, interest rates in the UAE tend to parallel those in the U.S. The authorities believe that the exchange rate of 3.671 to the dollar, unchanged since 1980, promotes stability and confidence in the currency and mitigates against capital flight. The dollar peg also has the advantage of passing changes in the dollar's own effective rate of exchange directly through to the UAE economy. This is important, given the continued reliance on a single export that is priced in dollars.

The central bank no longer issues licenses for new foreign banks to establish branches in the UAE. Citibank is the only U.S. Bank in the UAE which offers full banking services. Bank of America has a representative office in Dubai. Some bankers and certain emirate governments favor the establishment of offshore banking, but the UAE central bank is opposed to it. We note, however, that Abu Dhabi's Saadiyat Island Free Zone, currently in the planning stages, is planned to contain an offshore banking unit. It has also been reported that Saadiyat has been given an exception to the UAEG moratorium on new foreign bank operations in the UAE.

Most non-oil investment in the UAE is financed by local banks. Even so, the banks lack sufficient lending opportunities for their funds, and consequently place many of them abroad. Most of the manufacturing sector operates with higher levels of debt than prescribed by the 60:40 debt to equity ratio, generally the norm for this sector. Debt is almost entirely made up of bank borrowings. Some three-fourths of gross fixed capital formation in manufacturing is directly or indirectly financed by the banking system.

The trade and building sectors receive a disproportionate share of bank loans. Banks lend to the services, trade, and building sectors due to lack of major investment scope in other productive

sectors. The oil sector is the province of the government and is beyond the reach of the banks. The farming sector is relatively small and is heavily subsidized.

Local banks invest in foreign stock markets to absorb excess liquidity. There is no official domestic stock market. Share dealing is conducted through brokers by telephone. The number of companies and banks whose shares are actively traded in the market does not surpass 30 (13 banks and 17 joint stock companies). The number of companies actively traded is probably less than 20. There is no available data on the volume of shares traded. However, the number of shares available for trading compared to the total shares issued is extremely low, and does not exceed three percent.

The local share trading department of the National Bank of Abu Dhabi (NBAD) maintains an unofficial index, with a base of 1,000 points, based on the prices of the shares of the companies quoted by the bank. The index measures the market value of shares of 22 companies and banks representing a percentage of 95 percent of the value and number of shares traded in the market.

No non-UAE nationals are permitted to buy, sell, or own shares. The NBAD publishes a UAE share directory containing the managerial and economic profiles of these companies. The directory was first issued in 1989. NBAD issues weekly and monthly reports on locally traded shares. It also issues a monthly financial bulletin.

Banks operating in the U.A.E. are:

ABN Amro Bank
ANZ Grindlays Bank PLC
Abu Dhabi Commercial Bank
Al Ahli Bank of Kuwait
American Express Bank Ltd.
Arab African International Bank
Arab Bank for Investment & Foreign Trade
Arab Bank PLC
Arab Emirates Investment Bank Ltd.
Banca Commerciale Italiana
Bank Melli Iran
Bank of America (Representative Office)
Bank of Baroda
Bank Brussels Lambert
Bank of Sharjah PLC
Bank of Tokyo Ltd.
Bank Saderat Iran
Banque Banorabe
Banque Du Caire
Banque Indosuez
Banque Libanaise Pour Le Commerce
Banque Nationale De Paris

Banque Paribas
Barclays Bank PLC
The British Bank of the Middle East
Citibank NA
The Commercial Bank of Dubai Ltd.
Commercial Bank Int'l PLC
Credit Lyonnais
Credit Suisse
Dubai Islamic Bank
El Nilein Bank
Emirates Bank International
Emirates Industrial Bank
First Canadian Capital Corporation
First Gulf Bank
Gulf International Bank (BSC)
Habib Bank AG Zurich
Habib Bank Limited
Investment Bank for Trade & Finance LLC
Janata Bank
Lloyds Bank PLC
Mashreq Bank
Merrill Lynch International Co.
Middle East Bank (A subsidiary of Emirates Bank Int'l Ltd)
National Bank of Abu Dhabi
National Bank of Bahrain (BSC)
National Bank of Dubai Ltd.
National Bank of Fujairah
National Bank of Oman Ltd. (SAOG)
National Bank of Ras Al Khaimah (PSC)
National Bank of Sharjah
National Bank of Umm Al Qaiwain PSC
Oman Finance Co. Ltd.
Royal Bank of Canada
Standard Chartered Bank
Union Bank of Switzerland (Representative Office)
Union National Bank
United Arab Bank
United Bank Ltd.

CHAPTER IX: BUSINESS TRAVEL

A. Business Customs

Men and women do work together in offices in the U.A.E. Women usually dress conservatively and modestly. Only women working as teachers in the public (Islamic) schools are required to wear long skirts or traditional black abayas.

U.A.E. Nationals are well-represented in the higher ranks of the public sector. The private sector environment is somewhat

different. U.A.E. Nationals are less well-represented, even in the higher ranks.

As is the case with the business practices in many Middle Eastern countries, meetings can often run late and projects may experience postponements and extensions. American business visitors, however, are expected to be punctual for all appointments and it is most important to respond to all fax and other communications promptly.

In a typical business meeting, the guest may be offered tea, coffee or a soft drink when he arrives. Formal greetings can take several minutes. It is considered impolite to begin addressing business topics without taking several minutes for small talk. Courtesy is more emphasized in the U.A.E than in typical U.S business meetings, although this can be exaggerated, and many U.A.E business executives are becoming more time-conscious.

B. Travel Advisories and Visas

A passport and visa are required for entry into the U.A.E. Multiple-entry visas for business or tourism and valid for up to ten years are available to US passport holders from U.A.E. embassies abroad. Sponsors are not required, but applicants may be asked to provide an invitational letter to confirm the purpose of travel. These visas do not permit employment in the U.A.E.

With 2-3 weeks advance notice (sometimes less), a local sponsor (company, major hotel or U.A.E. Government agency) can arrange for a transit visa valid for a single stay of up to two weeks. Local sponsors (companies or individuals) can also arrange for visitor visas valid for one month with extensions possible of up to three months upon application.

An AIDS test is mandatory for obtaining a residence permit which is a must for all expatriates and their dependents living in the U.A.E. The test has to be conducted in the U.A.E. by the Preventive Medicine Unit.

For further information, travelers may contact the U.A.E. Embassy, suite 700, 1255 22nd street NW, Washington, DC 20037, Tel (202) 955-7999, Fax (202) 333-3246

As of July 1996, there is no travel advisory in effect specifically for the U.A.E. A general worldwide advisory concerning terrorism is in effect and travelers should contact the Department of State's Office of Citizen Services or the nearest U.S. Embassy or Consulate for an update. The Embassy in Abu Dhabi maintains a website at www.usembabu.gov.ae and the Department of State web page is www.state.gov

C. HOLIDAYS

New Year's Day	January 2
Eid Al Fitr	January 08-10*
Waqfa	March 16*
Eid Al-Adha	March 17-19*
Islamic New Year	April 06*
Prophet's Birthday	June 15*
Shaikh Zayed's Accession	August 6
Ascension Day	October 26*
U.A.E. National Day	December 2 & 3

* U.A.E. religious holidays are dependent upon the sighting of the moon.

** U.S. Govt. Offices also observe American Federal holidays.

D. Business Infrastructure

Language: The language of business is English, but Arabic, Farsi, Urdu and Hindi are also widely spoken. Most taxi drivers understand sufficient English to get you where you want to go, even if they do not speak it.

Accommodations: Most major international hotel chains are represented in the U.A.E., including the Hilton, Sheraton, Intercontinental, Hyatt Regency, Holiday Inn, JW Marriott, Novotel, Ramada and Meridian.

Transportation: Taxis are the prevalent form of transportation and are widely available throughout the Emirates. In Abu Dhabi taxis are metered and fares rarely exceed USD 3.50, including tip. Luxury radio taxis are available from the major hotels for perhaps triple the rate of street taxis, but still a bargain. In Dubai, not all taxis are metered but fares should not exceed Dirhams 25.00 (USD 7.00 approx.) unless you are traveling to the outer suburbs. The fare from the World Trade Center to the Jabel Ali Free Trade Zone is about Dirhams 100-125 (USD 28-34 approx.).

Housing: Housing for western expatriates is expensive. Villa rental rates can run from USD 28,000 to USD 70,000 per annum, payable one year in advance. Local laws permit rents to increase 10 percent annually. Apartments are less expensive.

E. Persons Requesting A Visit Visa for Business Submit the Following:

1. Two fully completed applications per person. Two passport size photographs per person.
2. A valid passport signed by the bearer, and valid for at least

six months (photocopies will not be accepted).

3. A letter of sponsorship from the local U.A.E. Company, indicating the name of the applicant, the purpose of the visit, the duration of the visit, and whether the request is for a single journey entry or a multiple journey entry.

4. A letter from the applicant's employer stating the name of the applicant and the purpose of the visit.

Application Fee: American Nationals; No Fee Is Required.

Visa Validity:

Multiple Journey Entry:

American Nationals: Multiple Journey Entry visas are valid within (1) year up to a maximum of (10) years, for a maximum stay of six (6) months per entry.

Business Disputes: American Citizens may become involved in disputes of a commercial nature involving the withholding of the American citizen's passport by the local firm or courts. Travel bans may also be enforced on American citizens involved in financial disputes with a local sponsor or firm. These bans, which are rigidly enforced, prevent the individual from leaving the U.A.E. for any reason until the matter is resolved. Although it is customary for a local sponsor to hold an employee's passport, it is not required under U.A.E. law. Most contractual/labor disputes can be avoided by clearly establishing all terms and conditions of employment of sponsorship in the labor contract at the beginning of any employment. Should a dispute still arise, the U.A.E. ministry of labor has established a special department to review and arbitrate labor claims. A list of local attorneys capable of representing American in such matters is available from the consular and commercial sections of the U.S. Embassy in Abu Dhabi and the U.S. Consulate General in Dubai.

Travelers intending to reside and work in Abu Dhabi should have their academic and occupational certificates duly authenticated by the Department of State's authentication office in Washington, D.C. before traveling to the U.A.E.. U.A.E. labor law requires local sponsors to produce employee's academic and/or professional certificates duly authenticated from the individual's country's foreign ministry before a work permit can be issued.

Health: Public health services in Abu Dhabi and Dubai are adequate, i.e., major trauma cases can be stabilized. Major hospitals have the most recent equipment and trained personnel to operate it. Public Health services are provided to all foreign residents for a small annual fee. However most western expatriates use private medical facilities and carry private

health insurance.

CHAPTER X: APPENDICES

APPENDIX A: Country data

A. Profile

Population: With a 1998 estimate of 2.8 million, the population of the United Arab Emirates has been growing about 3.0% annually. Major ethnic groups include Arab, Pakistani, Indian, Iranian, Afghan, Bangladeshi and Filipino, while exact data is not available. Less than 20 percent of the population are believed to be nationals of the United Arab Emirates.

Religion (s): The official religion is Islam, 90 percent of the total population (including expatriates) are Muslims. The authorities permit worship of other religions. There are Christian churches and Hindu temples in Abu Dhabi, Dubai and Sharjah.

Government Systems: The government is a federation of the seven Emirates headed by a president and a vice president (since its respectively). The rules of each of the Emirates belong to the supreme council, which is the U.A.E.'s highest legal authority and promulgates federal laws. The Federal National Council, consisting of 40 nationals appointed by the rules, acts as an advisory legislative body. The Council of Ministers, appointed by the supreme council, manages the day to day affairs of the federation.

Each Emirates has its own local government involved with municipal affairs, and in some cases major public utilities like power and water.

Language (s): The official language is Arabic, but English is widely used in business. Hindi, Urdu, and Farsi (Persian) are also spoken.

Work Week: The regular work week is from Saturday to midday Thursday. Most private business offices are also open on Thursday afternoon. Working hours vary. Government offices and banks close for the day at 1:00 pm, but commercial outlets re-open in the afternoon from about 4:30 pm - 8:00pm.

Note: Many western firms, including the Embassy and Consulate work Saturday through Wednesday. However some western firms in Dubai work Sunday through Thursday.

Drugs and Crime Penalties: Travelers are subject to the laws and

legal practices of the country in which they travel. Penalties for possession, illegal substances are strict in the United Arab Emirates. A variety of drugs normally taken under a doctor's supervision in the United States are classified as narcotics in the U.A.E.. Doctor's prescriptions should be carried along with any medication that is brought into the country.

U.A.E. authorities have been known to arrest travelers upon their arrival here and based on recent prior drug use, to prosecute these travelers.

Crimes of fraud, including passing bad checks and non-payment of bills (including hotel bills), are regarded seriously in the U.A.E. and can result in imprisonment, as well as fines. Penalties are generally assessed according to religious law. If imprisoned, bail is generally not available to non-residents of the U.A.E.

Drinking alcohol without a ministry of interior liquor permit is illegal and could result in arrest or fines and imprisonment. Alcohol is served at bars in most major hotels. However, this alcoholic beverage services is for those persons who are residing at the hotel. Persons not residing at the hotel who come in to use the facility's bar technically are required to have their own personal liquor license. Liquor licenses are obtainable only by persons who possess U.A.E. residency permits. Drinking and driving is considered a serious offense.

Driver's license: In order to drive, U.A.E. residents must obtain a U.A.E. driver's license. Foreign driver's licenses are not recognized and temporary U.A.E. licenses are no longer issued. However, a non-resident visitor to the U.A.E. can drive if he/she obtains a valid international driver's license issued by the motor vehicle authorities of the country whose passport the travelers holds. Under no circumstances should anyone drive without a valid license.

Appendix B: Domestic Economy

USD Millions	Revised Preliminary		
	1997	1998	1999*
Nominal GDP (Billion USD)	49.2	46.3	49.0
Real GDP Growth Rate (percent)	0.7	(5.8)	6.0
GDP Per Capita (Current Prices)	17, 800	16, 784	17,800

Government Spending as a Percentage of GDP	15.4	12.9	12.7
Unemployment	2.6	2.7	2.7
Official Foreign Exchange Reserves	8.0	8.25	8.50
Average Exchange Rate for USD 1.00	3.671	3.671	3.671
Debt Service Ratio	n/a	n/a	n/a
U.S. Economic/Military Assistance	n/a	n/a	n/a

*Projections

Appendix C - Trade

	(USD millions)		
	1997	1998(e)	1999(e)
Total U.A.E. Exports	31,070	31,501	34,813
Total U.A.E. Imports	24,952	27,248	29,211
U.S. Exports to the U.A.E.	2,606	2,370	2,800
U.S. Imports from the U.A.E.	965	709	900
U.S. share of U.A.E. imports (percent)	11.00	12.0	13.0
Imports of manufactured goods (HS 28-40, 42, 46, 48-97 less 71)			
- Total (from world)	14,296	15,182	16,093
- From the U.S.	1,443.9	1,621	1,790
- U.S. share of manufactured imports (percent)	10.1	11	11
- Manufactured goods trade balance with the U.S.	1,247.9	1,300	1,355
- Projected average annual growth rate from world through 1996 (percent)	6.2	6	6
- Projected average annual growth rate from U.S. through 1996 (percent)	4.9	(5)	10

Appendix D: Investment Statistics

U.S. foreign direct investment in the U.A.E. was \$ 789 million in 1996, up 19.6 percent from that in 1995.

Appendix E. - Contacts:

DEPARTMENT OF COMMERCE

Abu Dhabi: Senior Commercial Officer - Tapan Banerjee
Tel: (971-2) 273666, Fax: (971-2) 271377.

Dubai: Commercial Officer - David Rundell
Tel: (971-4) 313584, Fax: (971-4) 313121

Washington D.C.:

U.A.E. Desk Officer: David Guglielmi Tel:(202)482-5545;
Fax: (202) 482-0878; Flash Fax:(202) 482-1064
Regional Director: Robert Marro
Deputy Director: JeNelle Matheson
Tel: (202) 482-4836, Fax: (202) 482-5179

DEPARTMENT OF AGRICULTURE

Agricultural Trade Office
P.O.Box 9343
Dubai, U.A.E.
Tel: (971-4) 314-063, Fax: (971-4) 314-998
E-mail: atodubai@emirates.net.ae
Contact: Ronald Verdonk, Regional Director
Covers: Bahrain, Kuwait, Oman, Qatar and U.A.E.

USDA Contact Information

Trade Assistance and Promotion Office (TAPO)
Foreign Agricultural Service (FAS)
U.S. Department of Agriculture
P.O. Box 1052
Washington, D.C. 20250-1052
Tel: 202-720-7420
Fax: 202-690-4374

The FAS home page address on Internet is <http://www.fas.usda.gov>

U.S. BUSINESS GROUPS

The American Business Group of Abu Dhabi
P.O. Box 43710, Abu Dhabi, UAE
Tel: 971-2-262086; Fax: 971-2-262087
Contact: Mr. Christopher Miller, President

The American Dubai Business Council
P.O. Box 9281, Dubai, U.A.E.
Tel: 971-4-314735; Fax: 971-4-314227
Contact: Mr. Mac Clelland, President

FEDERAL MINISTRIES

Presidential Court of the U.A.E.
P.O. Box 280 Abu Dhabi, U.A.E.
Tel: 971-2-652000, Fax: 971-2-651962
Chamberlain: Shaikh Suroor Bin Mohamed Al Nahyan
Office Director: Sultan Al Rumaithy

Court of the Crown Prince of Abu Dhabi
(Shaikh Khalifa Bin Zayid Al Nahyan)
P.O. Box 124, Abu Dhabi, U.A.E.
Tel: 971-2-652265, Fax: 971-2-650505/650065
Chairman: Shaikh Sultan Bin Khalifa Al Nahyan

Ministry of Agriculture and Fisheries
P.O. Box 1509
Dubai, UAE
Tel: 971-2-228161, Fax: 971-2-232781
Minister: H.E. Saeed Raqabani

U.A.E. Armed Forces General Headquarters (GHQ)
P.O. Box 309/2, Abu Dhabi, U.A.E.
Tel: 971-2-444222/666555, Fax: 971-2-415890/415222
Chief of Staff: H.H. Shah Mohamed Bin Zayid Al Nahyan

UAE Armed Forces Directorate of General Purchasing
GHQ, P.O. Box 2501, Abu Dhabi, UAE
Tel: 971-2-415300/415301, Fax: 971-2-415687
Deputy Director: Colonel Obaid Al-Ketbi

Ministry of Communications
P.O. Box 900, Abu Dhabi, U.A.E.
Tel: 971-2-651900, 971-2-651691
Minister: Ahmed Humaid Al Tayer

Ministry of Economy and Commerce
P.O. Box 901, Abu Dhabi, U.A.E.
Tel: 971-2-265000, Fax: 971-2-260000
Minister: H.H. Shaikh Fahim Bin Sultan Al Qassimi

Ministry of Electricity and Water
P.O. Box 629, Abu Dhabi, U.A.E.
Tel: 971-2-274222, Fax: 971-2-269738
Minister: Humaid Bin Nasser Al Owais

Ministry of Health
P.O. Box 848, Abu Dhabi, U.A.E.
Tel: 971-2-330000,331000, Fax: 971-2-215422
Minister: Hamad Abdul Rahman Al Midfa

Ministry of Labor and Social Affairs
P.O. Box 809, Abu Dhabi, U.A.E.
Tel: 971-2-671700, Fax: 971-2-671222
Minister: Mattar Humaid Al Tayer

Ministry of Petroleum and Mineral Resources
P.O. Box 59, Abu Dhabi, U.A.E.
Tel: 971-2-671999, Fax: 971-2-663414
Minister: Obeid Bin Saeed Al Nasser

Ministry of Planning
P.O. Box 904, Abu Dhabi, U.A.E.
Tel: 971-2-269949, Fax: 971-2-269942
Minister: H.H.Sh. Humaid Bin Ahmed Al Moalla

ABU DHABI AUTHORITIES

Directorate of Civil Aviation
P.O. Box 6558, Abu Dhabi, U.A.E.
Tel: 971-2-447666, Fax: 971-2-4054485
Director General: Mohammed Ghana Al Ghaith

Abu Dhabi Department of Civil Aviation
P.O. Box: 20, Abu Dhabi, U.A.E.
Tel: 971-2-757500, Fax: 971-2-757285
Chairman: H.H. Shaikh Hamdan Bin Mubarak Al Nahyan
Abu Dhabi Finance Department
P.O. Box 246, Abu Dhabi, U.A.E.
Tel: 971-2-651500, Fax: 971-2-665240
Chairman: Mohamed Habroosh Al Suweidi

Abu Dhabi Municipality
P.O. Box: 263, Abu Dhabi, U.A.E.
Tel: 971-2-788888, Fax: 971-2-774919
Chairman: Shaikh Mohamed Bin Butti

Abu Dhabi Water and Electricity Department
P.O. Box 219, Abu Dhabi, U.A.E.
Tel: 971-2-271300, Fax: 971-2-267725
Chairman: H.H. Shaikh Dheyaab Bin Zaid Al Nahyan

Abu Dhabi Chamber of Commerce & Industry
P.O. Box 662, Abu Dhabi, U.A.E.
Tel: 971-2-214000, Fax: 971-2-215867
Director General: Mohammed Omar Abdulla

Abu Dhabi General Industry Corporation
P.O. Box 4499, Abu Dhabi, U.A.E.
Tel: 971-2-214900, Fax: 971-2-325034
Chairman: H.H. Shaikh Hamad Bin Tahnoon Al Nahyan

Abu Dhabi Immigration & Naturalization Department
P.O. Box 29444, Abu Dhabi, U.A.E.
Tel: 971-2-462244, Fax: 971-2-461621
Director: Mohammed Badr Al Hameli

Abu Dhabi Public Works Department
P.O. Box 3, Abu Dhabi, U.A.E.
Tel: 971-2-434111, Fax: 971-2-434338
Chairman: H.H. Shaikh Sultan Bin Zayid Al Nahyan

Abu Dhabi Commercial Buildings and Social Services Dept.
(The "Khalifa Committee")
P.O. Box: 3564, Abu Dhabi, U.A.E.
Tel: 971-2-310000, Fax: 971-2-310032
Chairman: Saif Bin Ahmed Jaber Al Hamili

Abu Dhabi Town Planning Dept.
P.O. Box 862, Abu Dhabi, U.A.E.
Tel: 971-2-780000, Fax: 971-2-786716
Undersecretary: Engr. Mohammed Abdullah Al Suwaidi

Abu Dhabi Purchasing Department
P.O. Box 838, Abu Dhabi, U.A.E.
Tel: 971-2-212700, Fax: 971-2-343696
Chairman: Khalfan Ghaith Al Moheirbie

Abu Dhabi National Oil Company (ADNOC)
P.O. Box 898, Abu Dhabi, U.A.E.
Tel: 6020000, Fax: 971-2-6023389
General Manager: Yousef Bin Omayr Bin Yousef

Abu Dhabi Investment Authority (ADIA)
P.O. Box 3600, Abu Dhabi, U.A.E.
Tel: 971-2-266500, Fax: 971-2-274605
Managing Director: H.H. Shaikh Ahmed Bin Zayed Al Nahyan

Abu Dhabi Marine Operating Company (ADMA-OPCO)
P.O. Box 303, Abu Dhabi, U.A.E.
Tel: 971-2-6060000, Fax: 971-2-266005
General Manager: Mr. Bcconaer

Abu Dhabi Company for Onshore Oil Operations (ADCO)
P.O. Box 270, Abu Dhabi
Tel: 971-2-6040000, Fax: 971-2-669785
General Manager: Kevin Dunn

World Trade Center Abu Dhabi
P.O. Box 33399
Abu Dhabi, UAE
Tel. 971-2-328555
Fax. 971-2-328855
email wtcad@emirates.net ae
Mr. Ousama Gahnoum, General Manager

DUBAI AUTHORITIES

Dubai Civil Aviation Dept.
P.O. Box 2525, Dubai, U.A.E.
Tel: 971-4-2062727, Fax: 971-4-244074
Director General: Shaikh Ahmed Bin Saeed Al Maktoum

Dubai Port Authority
P.O. Box 17000, Dubai, U.A.E.
Tel: 971-4-815000, Fax: 971-4-816093
Chairman: Sultan Ahmed Bin Sulayem

Dubai Municipality
P.O. Box 67, Dubai, U.A.E.
Tel: 971-4-215555, Fax: 971-4-222424/246666
Director: Qassim Sultan

Dubai Petroleum Company (DPC)
P.O. Box 2222, Dubai, U.A.E.
Tel: 971-4-442990, Fax: 971-4-4062200
President: Mr. James Khudsen

APPENDIX F : Market Research

SSS Corporate Research, P.O. Box 73435, Abu Dhabi, U.A.E.
Tel: 971-2-263455, Fax: 971-2-263466
Contact: Mr. Peter D. Alcock, Managing Director

Ram Information Center, P.O. Box 72594, Abu Dhabi, U.A.E.
Tel: 971-2-789174, Fax: 971-2-794092
Contact: Mr. George Reynolds, General Manager

Falcon Marketing & Consulting Company Ltd, P.O. Box 47121
Abu Dhabi, U.A.E., Tel. 971-2-268285/273061, Fax. 971-2-272650
Contact: Mr. Fadi Mitri, General Manager

Core Management Consultants, P.O. Box 4357, Sharjah, U.A.E.
Tel: 971-6-366349, Fax: 971-6-366351, Contact: Mr. Pervaiz Nasir,
Managing Partner

Pan Arab Research Center WLL, P.O. Box 14680, Dubai, U.A.E.

Tel: 971-4-376696, Fax: 971-4-344456, Contact: Mr. Sami Raffoul,
General Manager

Griffin Nagda & Company, P.O. Box 1400, Dubai, U.A.E..
Tel: 971-4-222537, Fax: 971-4-242367, Contact: Abdul Wahid Nagda,
Managing Director.

Dun & Bradstreet International, P.O. Box 22525, Sharjah , U.A.E..
Tel: 971-6-538440, Fax: 971-6-593852, Contact: Dean Marcini,
Regional Manager.

List of Agricultural Reports

- Annual Marketing Plan
- Agricultural Export Opportunities Update Reports
- Directory of U.S. Food Company Representatives in the GCC-5
- Guide for Doing Business in the Gulf
- Update of U.S. Agricultural Exports to the GCC-5
- GCC-5 Population Report
- GCC-5 Supermarkets Report
- UAE Food Import Regulations and Standards
- UAE Annual Poultry Meat Report
- Food Transshipment Report
- Hotels and Restaurants Sector in the Gulf Region

Note: These and other agricultural reports are available from the Reports Office, USDA/FAS, Ag Box 1052, Washington, D.C. 20250-1052 and from the FAS Home Page on the Internet at the following URL:
<http://www.fas.usda.gov>

INDUSTRY - MARKET RESEARCH

Industry Sub-Sector Analyses (ISAS)
Non-Agricultural Market

Title	Date	Prepared
- Pipeline Construction Equipment	April	1997
- Central Air-conditioning	April	1997
- Heavy Construction Machinery	May	1997
- Personal Computers	May	1997
- ISDN Telecommunications Services	June	1997
- Skin Care Products/Cosmetics	June	1997
- LNG/Gas Equipment	October	1997
- Environment/Marine Pollution Control	November	1997
- Port Development	January	1998

- Electrical Generating Equipment	April	1998
- Hotel/Restaurant Equipment	April	1998
- Recreation Equipment	May	1998
- Auto Spare Parts	May	1998
- Internet Working	June	1998
- Defense Industry Equipment	November	1998
- Health Care Services	January	1999
- Env.Technology's Role in Pollution Control	April	1999
- Household Furniture	April	1999
- Airport & Ground Support Equipment	April	1999
- Plumbing Products	May	1999
- Fitness Equipment	May	1999
- Travel & Tourism Services	September	1999
- Security Safety Equipment	January	2000
- Telecommunications Equipment	April	2000
- Architectural/Engineering Services	April	2000
- Port Equipment	May	2000
- Construction Equipment	May	2000
- Computer Networking	June	2000
- Internet/Intranet Computer Networking Services	August	2000
- Water Resources Equipment	September	2000

Appendix G: Trade Event Schedule

Dates	Type of Event	Event Name/Location
1999/2000		
Sep. 1 - 7 1999		KID EXPO SHARJAH Kids wear & walk, Kids' play & learn, kids' room & garden, kids' food & drink
Sep. 11 - 14 1999		TEXPO SHARJAH Textile and garments machinery, accessories, textiles and ready made garments
Sep. 11 - 14 1999		IMAGEXPO SHARJAH Beauty products, fashion garments & accessories, cosmetics & beauty care industry, health care & fitness equipment

<p>Sep. 18 - 21 1999</p>	<p>LEATHER EXPO SHARJAH Leather processes & technology including leather, hides, skins, tanning machinery, adhesives & finished products, shoe making components and chemicals</p>
<p>Sep. 20 - 23 1999</p>	<p>INTERNATIONAL PREMIUM EXHIBITION DUBAI Corporate gifts, premiums, incentives & stationary</p>
<p>Sep. 22 - 25 1999</p>	<p>MOTEXHA DUBAI Trade fair for fashion textiles, textiles machinery, clothing and footwear</p>
<p>Sep. 22 - 25 1999</p>	<p>THE LEATHER SHOW DUBAI Leather fashion wear, accessories and gift items</p>
<p>Sep. 22 - 25 1999</p>	<p>GULF TEX - STYLES DUBAI Garment and Textile manufacturing industry</p>
<p>Sep. 28 - 30 1999</p>	<p>GULF BEAUTY DUBAI International Trade Fair for perfumes, cosmetics and body care</p>
<p>Sep. 28 - Oct.1 1999</p>	<p>*ARAB HUNTING DUBAI Hunting equipment and accessories</p>
<p>Oct. 6 - 10 1999</p>	<p>INDEX DUBAI Furniture and Interior Design</p>
<p>Oct. 6 - 10</p>	<p>ARABSHOP</p>

1999	DUBAI The 5th shop fitting, Retail and Display Exhibition
Oct.17 - 21 1999	BIG 5 DUBAI Water , Building, Refrigeration & Air Conditioning, Glass and Metal, Cleaning & Maintenance and Construction
Oct. 20 - 24 1999	WATCH & JEWELLERY FAIR SHARJAH Watches, jewelry, gold, precious stones, gems and diamonds
Oct. 30 - Nov. 3 1999	GITEX DUBAI Suppliers and users of computers, communications
Oct. 30 - Nov.3 1999	*COMPUTER SHOPPER DUBAI Retail showcase for Gitex Specializing in home computer
Nov. 2 - 13 1999	SHARJAH BOOK FAIR SHARJAH The international exhibition showcasing thousands of titles in Arabic, English & other languages
Nov. 2 - 5 1999	ARAB JEWELRY & WATCH '99 ABU DHABI Jewelry, Gemstones, Watches, Gold, Silver & Goldsmiths machinery
Nov. 8 - 10 1999	PROPERTY & INVESTMENT DUBAI An exhibition of Investment, Property and Insurance
Nov. 14 - 18 1999	DUBAI 2000 DUBAI

International Aerospace Exhibition

Nov. 23 - 26
1999

***PHOTOVISION**
DUBAI
Photographic, audio-visual and
imaging industries

Nov. 24 - 28
1999

***WOMEN**
DUBAI
Women Consumers

Feb. 8 - 10
2000

INTERSEC
DUBAI
International Commercial Security,
Fire and Safety Exhibition

Feb. 10 - 13
2000

OPTICAL
DUBAI
Ophthalmic and optical equipment

Feb. 22 - 23
2000

MIDDLE EAST COATINGS
DUBAI
Industrial and marine coatings
protection, raw materials, chemicals
and equipment for paint and printing
ink manufactures

Mar. 7 - 9
2000

MIDDLE EAST TOY FAIR
DUBAI
Toys, Games, Hobbies, Books, Gifts,
Stationery, Apparel

Mar. 10 - 13
2000

**MIDDLE EAST INTERNATIONAL LEISURE
EXPO (M.I.L.E)**
DUBAI
Sporting goods, sportswear, fitness
equipment, nutrition and leisure
products & services, including garden
furniture & camping, saunas, spas and
pools, etc.

Apr. 1 - 5
2000

***INTERNATIONAL JEWELLERY**
DUBAI
Jewelry, luxury gifts, watches and

gems

Apr. 1 - 7
2000

SHARJAH INTERNATIONAL FAIR

SHARJAH

International trade fair for consumer goods

Apr. 2 - 4
2000

REHAB

DUBAI

International congress and exhibition on rehabilitation of the disabled

Apr. 11 - 14
2000

***GULF EDUCATION & TRAINING**

DUBAI

International student recruitment show

Apr. 14 - 16
2000

PROPERTY & INVESTMENT

An exhibition of investment, property and insurance

Apr. 15 - 18
2000

BUILDMAT

ABU DHABI

Building materials and construction equipment

Apr. 17 - 21
2000

GULF INTERIORS FAIR

SHARJAH

Furniture & Décor, Flora Décor, Décor light

Apr. 19 - 22
2000

MOTEXH/CHILDEXPO/LEATHER SHOW

DUBAI

Gift items, fashion, textiles, clothing, footwear, children's clothes & toys

Apr. 25 - 28
2000

BAKING EXHIBITION

DUBAI

Goods and services relating to the baking industry

Apr. 25 - 28

KITCHENS, BATHROOMS & LIGHTING

2000 DUBAI
The 3rd International Trade Fair for
the kitchens, bathrooms and lighting
industries

May. 1 - 5
2000 **GULF IDEAL DECORATION**
ABU DHABI
The international exhibition for
Urban Design and City Infrastructure

Sep. 2 - 8
2000 **KID EXPO**
SHARJAH
The complete exhibition related to
children's need's

Sep. 12 - 15
2000 **TEXPO**
SHARJAH
The international trade far of the
complete textile industry

Sep. 12 - 15
2000 **IMAGE EXPO**
SHARJAH
The complete beauty fashion product
exhibition

Sep. 17 - 20
2000 **TEKNO 7**
DUBAI
An exhibition of industrial machinery
and machine tools

Sep. 19 - 22
2000 **LEATHER EXPO**
SHARJAH
Leather processes & technology,
including leather, hide, skin,
tanning & machinery

Sep. 21 - 24
2000 **INTERNATIONAL PREMIUM EXHIBITION**
DUBAI
Corporate gifts, premiums, incentives
and stationery

Sep. 26 - 29
2000 **MOTEXHA**
DUBAI
Trade fair for fashion and

accessories

Sep. 26 - 29
2000

THE LEATHER SHOW

DUBAI

Leather fashion wear, accessories &
gift items

Sep. 26 - 29
2000

GULF TEX - STYLES

DUBAI

Garment and textile manufacturing
industry

Sep. 26 - 29
2000

***ARAB HUNTING**

DUBAI

Hunting equipment and accessories

Oct. 4 - 8
2000

INDEX

DUBAI

The 10th Middle East International
Furniture and Interior Design
Exhibition

Oct. 4 - 8
2000

ARABSHOP

DUBAI

The 7th International Shopfitting,
Retail and Display Exhibition

Oct. 15 - 19
2000

BIG 5

DUBAI

Water, Building, refrigeration & Air
Conditioning, Glass and Metal,
Cleaning & Maintenance and
Construction

Oct. 15 - Nov 1
2000

GITEX

DUBAI

For suppliers and users of computers
and communications

Oct. 24 - 28
2000

MID EAST WATCH & JEWELLERY FAIR

SHARJAH

Latest designs and trends

Nov. 1 - 5 2000	ARAB JEWELLERY & WATCH '99 ABU DHABI International exhibition of Jewellery
Nov. 1 - 12 2000	SHARJAH BOOK FAIR SHARJAH Organized by the Sharjah department of Culture
Nov. 7 - 10 2000	GULFBEAUTY DUBAI The 5 th International Trade Fair for perfumes, cosmetics and bodycare
Nov. 15 - 18 2000	ADIPEC 2000 ABU DHABI Petroleum Exhibition & Conference
Nov. 20 - 24 2000	AUTOMOBILE SHOW SHARJAH The international trade fair on the automobile industry

Note: Events marked with asterisk are open to the general public.
Admission to all other events is strictly trade only.

APPENDIX G: Agricultural Trade Event Schedule

Mar. 2001	8th GULF FOOD, HOTEL AND EQUIPMENT DUBAI Food and beverage, hotel and catering equipment
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