

The UAE continues its economic stimulus plan

June 2018

In brief

Last week saw further announcements from both Abu Dhabi and Dubai on their respective initiatives aimed at continuing to boost economic growth and ease the cost of doing business in each Emirate.

It was announced on 6 June that His Highness Sheikh Mohammed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, had approved a Dh50 billion economic stimulus program for the Emirate of Abu Dhabi, directed at increasing economic growth over the next three years and promoting the ease of doing business in Abu Dhabi.

His Highness Sheikh Hamdan Bin Mohammed Bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of the Executive Council announced further initiatives during an Executive Council's meeting aimed at further stimulating economic growth and reducing the cost of doing business in Dubai.

In detail

Abu Dhabi

Just 24 hours after Sheikh Mohammed Bin Zayed Al Nahyan announced the Dh50 billion stimulus program, the Executive Council met to discuss the plans.

The program is designed to ease doing business in Abu Dhabi and increase the work experience for UAE nationals, residents and investors. It also aims to help generate more business activity, enhance the competitiveness of Abu Dhabi's private sector and ultimately address the challenging market conditions in Abu Dhabi.

The plan will provide for a set of ten economic initiatives, covering infrastructure and legislative projects, as well as SMEs, and industrial and social projects. We have provided a brief outline of the initiatives below:

- the creation of 10,000 jobs for Emiratis in the public and private sectors over the next 5 years
- extending the issuance of dual licenses for Abu Dhabi free zone companies so they can work outside the free zone and tender on government contracts
- reducing associated business costs for new licenses by abolishing the need for a physical office / workplace license for two years and permitting permanent home licenses
- implementing instant licensing systems in most commercial license types and all services provided by the Government
- ensure the payment of contracts for suppliers from private sectors are made in a timely manner
- form a committee by the Executive Committee and Department of Finance to oversee the payment of dues and review all fines for the healthcare and education sectors
- form a Abu Dhabi Accelerated Development Program (the "Ghadan" which is Arabic for 'tomorrow') to attract and support value-added investments and technologies that will help predict the course of Abu Dhabi's economic development (a progress report will be produced every quarter)
- undertake a cost-cutting review of building regulations for infrastructure, residential properties, commercial and industrial sectors

- encourage and organise local production and support SMEs in order to boost competitiveness locally and regionally
- developing ecotourism, creating camping villages and areas for residential sports areas.

The Executive Committee of the Abu Dhabi Executive Council has now been asked to draw up a detailed execution plan for the stimulus package within 90 days.

Dubai

The latest round of economic initiatives announced by Sheikh Hamdan for Dubai include the following:

- lower market fees imposed by Dubai Municipality on commercial entities from 5% to 2.5%
- cancelling of 19 fees relating to the aviation industry and to aircraft landing permits
- waiving the 4% fee for a delay in property registration imposed by the Dubai Land Department
- the immediate freeze on tuition fees of all private schools in Dubai for the academic year 2018-2019.

The above comes after Sheikh Mohammed Bin Rashid Al Maktoum's announcement to relax foreign ownership requirements and introduce ten year visas.

It is clear that the initiatives launched are focussed on key industries and sectors for Dubai (for example aviation, real estate, education etc.) which are key to the continuous economic growth of the Emirate. The Executive Council is also clearly trying to reduce the financial burden on both commercial businesses and residents alike. What is unclear at the moment is when these initiatives will become formally effective.

The takeaway

The recent developments in Abu Dhabi and Dubai continue to show the UAE government's commitment to further developing, growing and easing the way business is conducted in both Emirates. Although some elements of the initiatives are not entirely new (for example the concept of dual licenses) it is clear that there is real momentum and a head of steam building both in Abu Dhabi and Dubai to move things forwards and stimulate local economies as quickly as possible.

We continue to monitor these developments and eagerly await further details and information regarding the implementation of these plans in Abu Dhabi and Dubai over the coming weeks and months.

Please also see the [link](#) below to our PwC news alert on recent announcements in respect to changes to foreign ownership requirements in Dubai.

<https://www.pwc.com/m1/en/services/tax/me-tax-legal-news/2018/major-changes-announced-for-uae-foreign-ownership-restrictions-and-residency-visas.html>

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