

# United Arab Emirates (UAE) Guide

# The Middle East's Easiest Place to Do Business

The largest export market for U.S. goods in the Gulf region, the United Arab Emirates (UAE) comprises seven Emirates, including Dubai and the capital, Abu Dhabi. Dubai and Abu Dhabi are home to the highest number of households in the Middle East who earn more than \$250,000 (Dh917,500) per annum. United Arab Emirates (UAE) reported a significant improvement in consumer confidence with an index of 118, the highest in the region and ranked fifth globally.

Though known as an oil exporter, the UAE has developed a diverse economy, and today is ranked by the World Bank as the easiest country to do business with in the Middle East. The UAE also is one of the most diverse countries on earth — with over 85 percent<sup>2</sup> of its population being expatriates from countries such as the U.S. and Canada. Its 20 designated Free Trade Zones, use of English as a business language and some of the world's leading ports have made the UAE an attractive destination for U.S. businesses.

The U.S. is also an attractive origin for UAE consumers looking for cross-border purchases. More than 60 percent of consumers from the UAE have shopped online from other countries, with the U.S. being the top origin for online cross-border shoppers at 30 percent due to the perception of better quality, pricing and variety.

UPS can help you navigate local rules, regulations and customs to make your exports easy. You'll want to be ready when World Expo 2020 Dubai arrives. This worldwide event is expected to have the participation of over 180 countries and hundreds of thousands of visitors. With UPS, Official Logistics Partner of World Expo 2020 Dubai, your UAE logistics plan will already be in place.



Imports:

Country Facts		
Capital:	Abu Dhabi	
Population:	9,500,000 (2018 est.)	
Area:	83,600 km² (32,278 mi²)	
Language:	Arabic (official), Persian, English, Hindi, Urdu	

#### Time in Transit<sup>5</sup>

Destination	Non-dutiable and Dutiable (Express Saver)
Dubai	2 days
Abu Dhabi	2 days

As of February 2018. To calculate times and costs, visit ups.com

Sources: Go-Gulf.ae; Export.gov; CIA World Factbook; The World Bank; U.S.
Department of Commerce International Trade Administration; UPS WorldCom; U.S.
Census Bureau; Time in Transit study (Sana Ali), UPS Global Business Services

## **Economy**

Currency: Dirham (AED) (Fixed to U.S. dollar - 1 USD = 3.675 AED)
GDP (2016 est.): Purchasing Power Parity: \$696 billion (2017 est.)

(No. 32 in the world)

Major Industries: Petroleum and petrochemicals, fishing, aluminum, cement, fertilizer, commercial ship repair, construction materials,

handicrafts, textiles

\$229 billion (2017)

Best prospect sectors include:

- Oil and gas
- Energy (nuclear and renewables)
- Architecture, engineering and construction
- Education
- Defense
- Safety and security
- Aerospace
- Healthcare/medical devices
- Automotive
- Consumer electronics

To learn more, an export market overview for the UAE is available here. →



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#### De minimis Value

Private and Commercial Shipments — 1,000 AED (approximately US\$270) If shipment value is less than the de minimis value, in most cases the shipment may enter duty and tax free. UPS disbursement fee of AED 75 (USD 20) or 2% of the advance amount applies. UAE VAT TRN number linked to the Importer Code is required to clear inbound shipments.

### Unique Customs Info

- Provide original invoice for shipments going to a Free Zone in the Emirate of Dubai.
- For shipments valued above US\$270, a 5 percent duty and clearance tax will apply. Receiver to provide import code (include on Waybill).
- Shipments going to the Emirate of Abu Dhabi ONLY should have the following documents for compliance for clearance of shipments:
- For shipments valued above AED 50,000 (US\$13,587), provide original invoice with stamp and signature of shipper (company) (no legalization required for invoice) and original Certificate of Origin stamped by a Chamber of Commerce.
- For shipments valued between AED 1,000 (US\$270) and AED 50,000 (US\$13,587), provide all original invoices. The items' country of origin must be mentioned/imprinted on the invoice. Commercial customers must provide valid Importer or Exporter codes for clearance. 5% VAT is applicable on (CIF + Excise Tax + Customs Duty + Customs Fees)
- Shipments valued at AED 1,000 (US\$270) and below are exempt from these requirements. No low value threshold applies for the UAE. 5% VAT is applicable on Customs Value, Insurance & Freight (CIF)

# **Import Tariffs**

The Gulf Cooperation Council (GCC) Customs Union equalizes duties paid upon the entry of an import to any member state of the GCC — UAE, Saudi Arabia, Kuwait, Bahrain, Qatar and Oman — no matter the destination country within the GCC.

Duties for most items are based on the Cost, Insurance and Freight (CIF) value at the rate of 5 percent. The GCC Common Customs Law offers guidance on exempted goods.

Goods exempted from tariff when entering UAE can be found here.

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#### Free Trade Zones

The UAE has 20 designated Free Trade Zones (FTZ) with a special tax, customs and imports process governed by their own regulations. Several FTZs across Dubai, Abu Dhabi, Sharjah, Fujairah, Ajman, Ras al-Khaimah and Um al-Qwain may be categorized as seaport free zones, airport free zones and mainland free zones.

Each FTZ centers around one or more industry categories, and licenses are only issued to companies in those categories by a Free Zone Authority in each zone.

#### Outside Free Trade Zones

A foreign company requires a UAE national sponsor, agent or distributor when doing business outside of a FTZ.

For an invitation to participate in a government tender, the UAE requires prequalification and registration of the company.

#### Prohibited Items

- All items offensive to the Muslim culture or sensitive to the Middle East security situation
- Antiques
- Asbestos
- · Firearms, or parts of
- Furs

- Gambling devices
- Ivory
- Jewelry
- Plant products
- Plants
- Precious metals and stones

#### Restricted Items

- Alcoholic beverages
- Antennas
- Cashier checks (NI)
- Communications and telecommunications equipment, phones/modems and radar equipment including transmitters and receivers
- Compact discs, diskettes, entertainment and promotional/ training films
- Computer tapes, films: 8mm, 16mm, and 35mm, laser discs, magazines, periodicals, journals and video cassettes

- Cotton, seeds including cotton seed and tobacco
- Cosmetics
- Diaries
- Diplomatic mail
- Drugs (prescription and nonprescription)
- Foodstuffs
- · Herbal medicine
- Passports
- Vitamins

More details regarding UPS prohibited or restricted items can be found here. →

## Value Added Tax (VAT)

A 5 percent VAT will apply throughout the GCC for most goods and services with the exception of education and healthcare. Implementation by each GCC country may vary.

#### **UPS Capital® Services**

UPS Capital services offers a full range of financing and insurance options to help you operate with greater productivity and minimize risk when shipping from the U.S. to UAE. These options include:

- Cargo Insurance
- Trade Credit Insurance
- Global Asset-Based Lending

Learn more about all UPS Capital® services options here.→

#### UPS Paperless® Invoice

UPS Paperless® Invoice simplifies your paperwork by eliminating the need for paper commercial invoices. It allows you to integrate order and shipment processing electronically, and it reduces customs holds by streamlining the customs clearance process through transmitting information digitally.

Learn more about UPS Paperless® Invoice here.→

#### **UPS Customs Brokerage**

- New customs brokerage technology facilitates pre-clearance, optimizes accuracy, helps to avoid possible disruptions and provides more consistent transit times.
- Expanded airside import facilities help to deliver more predictable and potentially quicker turnaround time for goods entering the country.
- Authorized Economic Operator (AEO) status provides inspection prioritization, priority consignment pickup, faster clearance and reduced post-clearance audits.

Learn more about UPS Customs Brokerage here.→

Contact your UPS Account Executive, call 1-800-782-7892 or visit ups.com/middle-east for more information.