



MIDDLE EAST STONE

International Stone, Marble and Ceramics Show

04 - 06 SEPTEMBER 2018
DUBAI WORLD TRADE CENTRE

INDUSTRY
REPORTS

EASE OF DOING BUSINESS IN THE UNITED ARAB EMIRATES

Before the skyscrapers, mega malls and hotels, foreign trade was the UAE's claim to fame. Trade continues to be at the forefront of the UAE's growth and its success as a dynamic hub for global commerce is built on three key factors:

- Strategic location between East and West
- Unmatched first world infrastructure
- Stability and security which have made the UAE a safe haven for investors amid the political turbulence gripping the Arab world.

Although the UAE comprises seven emirates, it is Abu Dhabi and Dubai that are better known due to their established infrastructure and business environment; however the other emirates offer opportunities too.

The World Bank's Ease of Doing Business report '*Doing Business 2017: Equal Opportunity for All*' ranks the UAE top on the list of MENA economies. The UAE surges into the top 30 for the first time. As the UAE continues to focus its efforts on becoming a global business destination, the World Bank has identified the UAE as one of the top ten most improved business environments over the past year.

Table 7: Ease of doing business in the UAE ranking

Topics	2017 Rank	2016 Rank	Change in Rank
Overall	26	34	↑ 8
Starting a Business ✓	53	65	↑ 12
Dealing with Construction Permits ✓	4	4	-
Getting Electricity ✓	4	4	-
Registering Property ✓	11	10	↓ 1
Getting Credit	101	97	↓ 4
Protecting Minority Investors ✓	9	48	↑ 39
Paying Taxes	1	1	-
Trading across Borders	85	84	↓ 1
Enforcing Contracts	25	24	↓ 1
Resolving Insolvency	104	99	↓ 5

Source: <http://www.doingbusiness.org>. Note: ✓ = Doing Business reform making it easier to do business.

The UAE came among the first five countries in the world regarding non-payment of taxes, which does not affect business, process of construction permits and electricity delivery (refer Figure 21). At the regional level, the UAE topped the countries of the region and was among the top 10 countries in the

number of documented improvements by the World Bank during one year in the delivery of electricity, processing of the construction permits, protecting investors and enforcement of contracts.

In the UAE, regulation of the establishment and conduct of businesses is shared at the federal and emirate levels. There are two paths for doing business in the UAE: through joint partnerships or through a Free Zone. The UAE reduced the time required to obtain a new electricity connection by implementing a new program with strict deadlines for reviewing applications, carrying out inspections and meter installations. The UAE also introduced compensation for power outages.

The UAE made dealing with construction permits easier by implementing risk-based inspections and merging the final inspection into the process of obtaining a completion certificate. It has made registering property easier by increasing the transparency at its land registry. The country has improved its performance on the building quality control index by increasing the transparency of building regulations. The UAE was judged to have shown particular improvement in the field of protection of minority investors, after new corporate governance rules published by the UAE's Securities and Commodities Authority came into force in May 2016. The UAE implemented risk-based inspections during construction and has taken measures that make it easier to start a business by streamlining name reservation and articles of association notarisation and merging registration procedures.

The UAE strengthened minority investor protections by increasing shareholder rights and role in major corporate decisions, clarifying ownership and control structures and requiring greater corporate transparency. The UAE continues to put efforts to strengthen its position as a global business hub. Its ongoing economical progression is testament to the leadership's vision and commitment to accomplishing the national diversification strategy.

The UAE remains one of the largest markets for interiors in the region. The sector is set to grow in the coming years, not only due to new projects in the region but also because of refurbishment and renovation. Increased spending will likely include key products such as walling, doors, cladding, canopy and skylights, signage, lighting and furniture.

Other sectors with strongest demand and opportunity include:

- Construction services
- Materials and supplies
- Defense – Aerospace and Energy – Alternative Energy
- Professional services
- Select tourism products/services
- High end hotel brands
- Creative/profitable arts and culture entertainment products
- High end, strongly – branded medical service providers and cutting edge products

Conclusion

Constant innovation and ever-changing personal preferences make interior design and fit-outs one of the fastest growing industries in the GCC region. Alongside growth comes increased competition and owners and employers are finding themselves challenged with meeting a plethora of design, sustainability, cost, time and functionality specifications. According to industry expert, with the market becoming very price-sensitive, interior and fit-out contractors must be able to differentiate between offering value and being the lowest bidder, if they want to be successful and competitive.

Sustainability is likely to be the key trend the GCC's fit-out contracting market, especially in the wake of the introduction of green building codes and rating systems. Sustainable solutions are gaining momentum in the market as the understanding around environmentally-responsible projects grows.

The GCC is overbuilding on an epic scale despite the slowdown in economic growth due to oil price fluctuations. Contractors in the GCC should consider themselves fortunate to be positioned in a region that is still very active compared to many other parts of the world despite low oil prices. With the current slowdown in the market and the fast-approaching dates for Expo 2020 and FIFA World Cup 2022, developers and consultants are bound to turn their attention towards providing high-quality refurbishments to their existing projects, in turn fuelling the demand for interiors and fit-out contractors. The value of projects in the construction and interiors pipeline is four times the value of projects completed in the past 10 years. Interiors and fit-out contractors are likely to come up with new and creative technologies in order to meet the growing demand in the coming months.

The UAE demonstrates the largest market in terms of construction projects lined up for completion, followed by KSA and Qatar, thereby making it the biggest interiors and fit-out market in 2017. These three countries among the GCC have attracted international acclaim for undertaking the world's largest investments across building up of its residential, hotels, retail, educational sector and healthcare sectors, also pointing to the massive opportunity for the interiors and fit-out markets that lies in these segments. Kuwait is also catching up to Qatar due to massive plans laid out in the development plan of its government, thus providing growth and expansion for interior and fit-out business.

Among the sectors, the hotel, healthcare and education sectors are particularly exciting with numerous [new developments](#) being announced, which require innovative and creative interior design and fit-outs. Therefore, there is likely to be growing demand for quality interior and fit-out solutions due to hectic construction activity in the GCC countries in 2017 and beyond.