

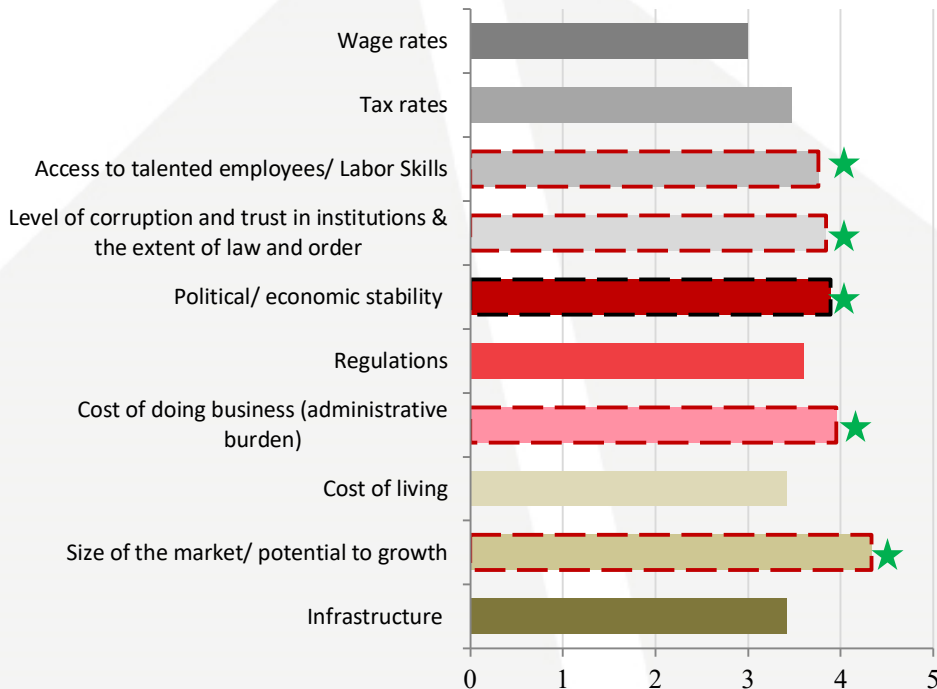
# EU Business Council Survey –View of the business environment–

Survey results (38 responses)

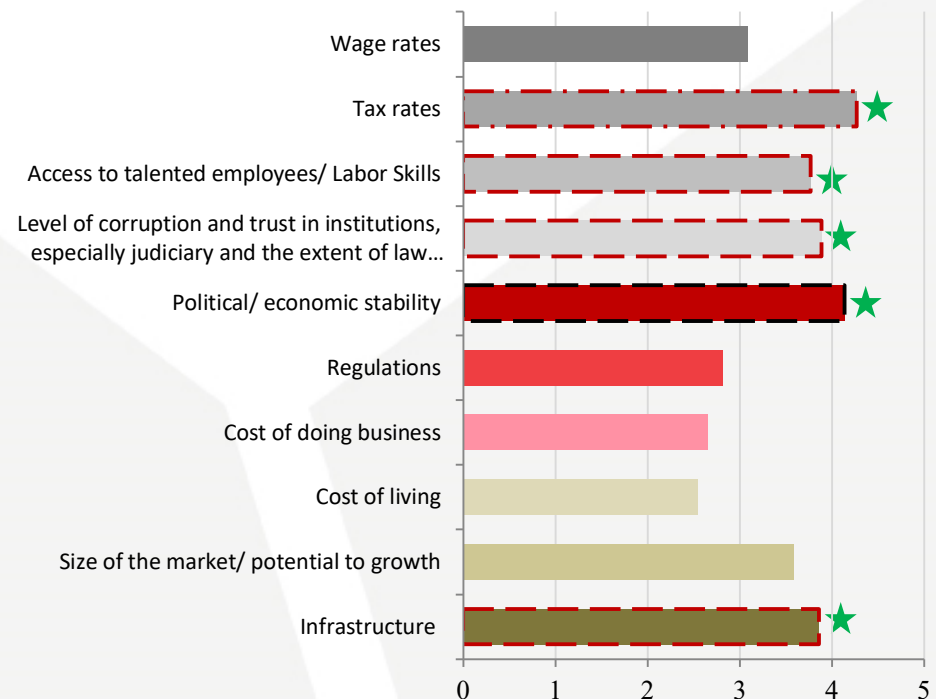
# Doing Business in Abu Dhabi

- With the competent strength points indicated, Abu Dhabi should focus as well on the other factors to further attract FDI to the Emirate.
- Abu Dhabi needs to focus more reducing it's cost of doing business (administrative burden), and initiating programs to attract talented employees

### Most important factors affecting FDI

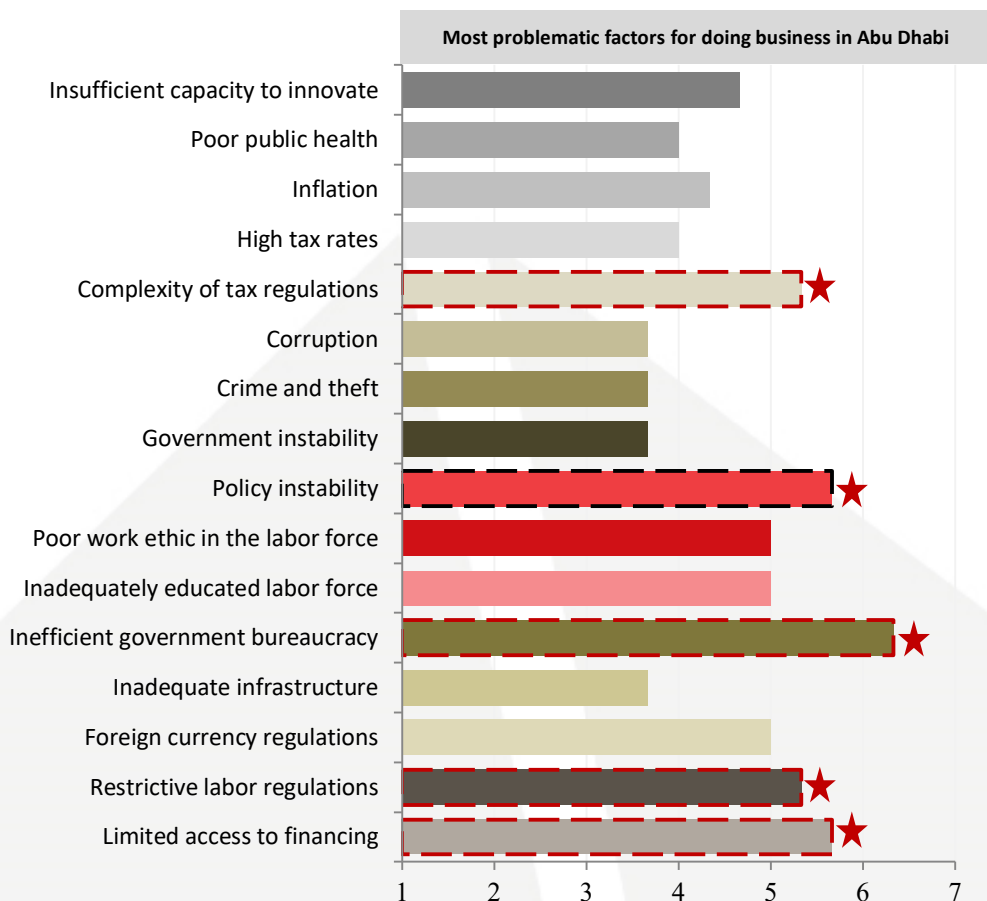


### Abu Dhabi's strength Factors



# Doing Business in Abu Dhabi

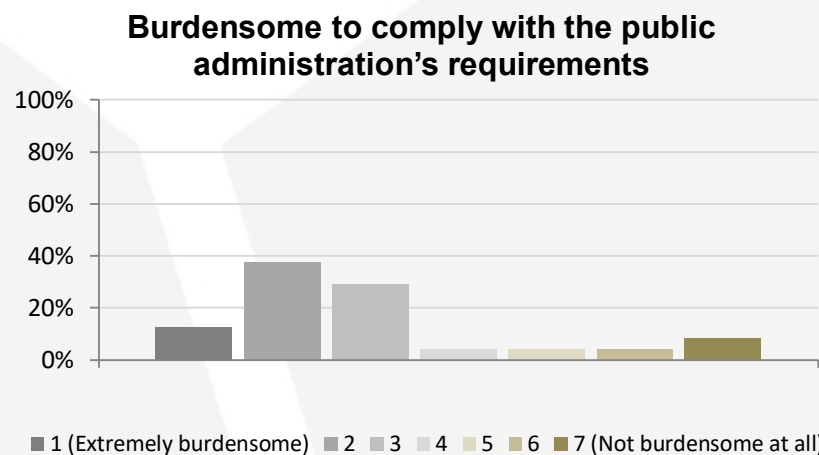
## Main pain points



- It's rather burdensome to comply with the public administration's requirements (e.g., permits, regulations, reporting) in Abu Dhabi. Aligned with the previous results on cost of doing business in Abu Dhabi

- The 5 most problematic factors for doing business in Abu Dhabi are:

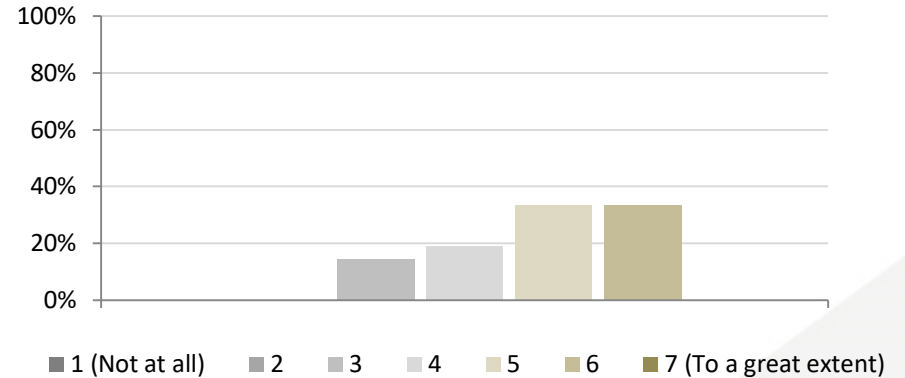
1. Inefficient government bureaucracy
2. Limited access to financing
3. Policy instability
4. Complexity of tax regulations
5. Restrictive labor regulations



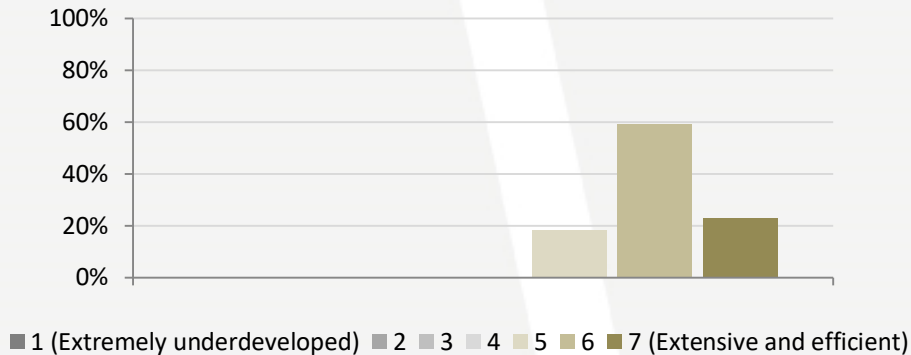
# Infrastructure

- In line with global indices, the quality of Abu Dhabi's infrastructure is doing well, with roads infrastructure having the best quality among the three transports in the city
- Abu Dhabi was also reported to have the latest technologies put in place, which could serve as an input when putting plans to attract skilled labor

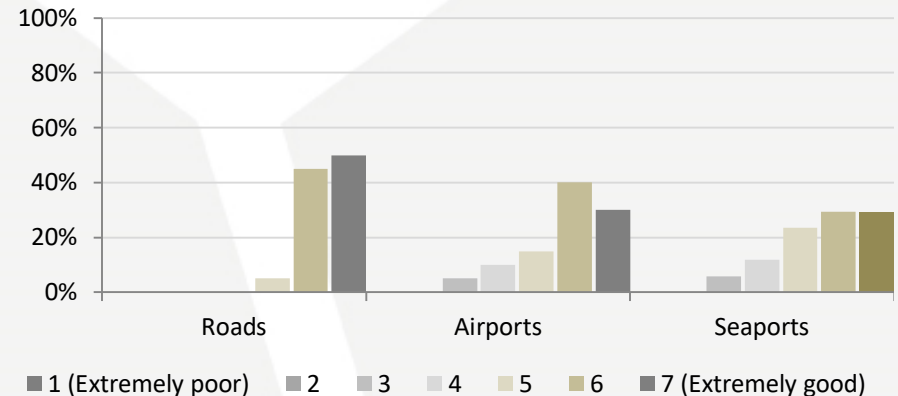
### Availability of latest technologies



### Quality of Abu Dhabi's Infrastructure



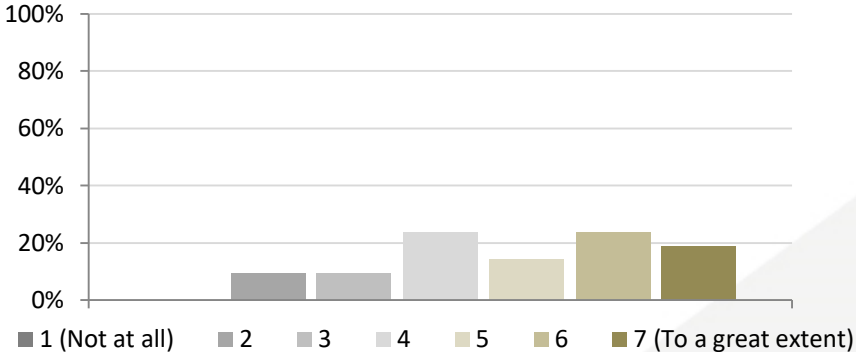
### Quality of transport infrastructure in Abu Dhabi



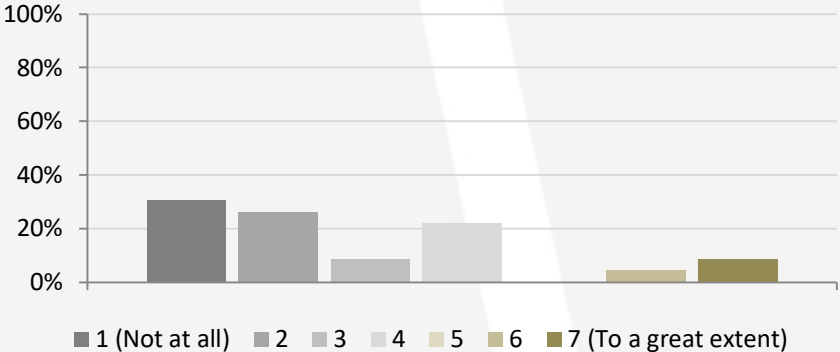
# Finance

- Abu Dhabi still need to improve it's cost of financial services (e.g., insurance, loans, trade finance), which are currently hampering business activity in the Emirate
- The current tax system (VAT) and other related compliance do not seem to case a threat for businesses to invest in the Emirate
- Access to finance is among the top 5 most problematic factors for doing business in Abu Dhabi, with crowd funding the hardest to obtain, and low access to venture capital funds and bank loans

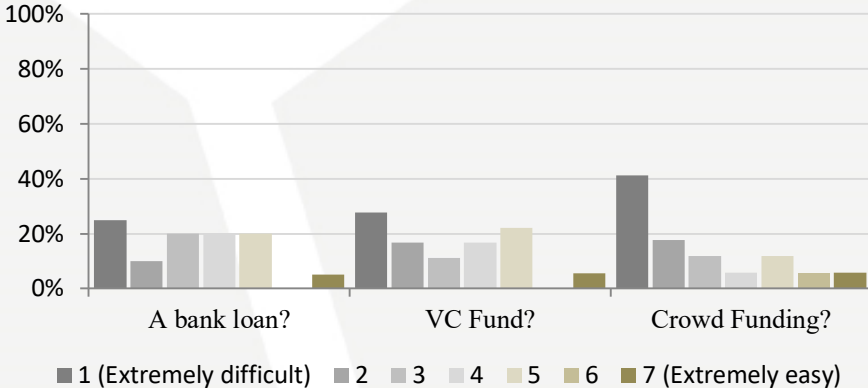
**Effect of cost of financial services on hampering business activity in Abu Dhabi**



**Extent of prevention of current tax system (VAT) & related compliance to business investments**



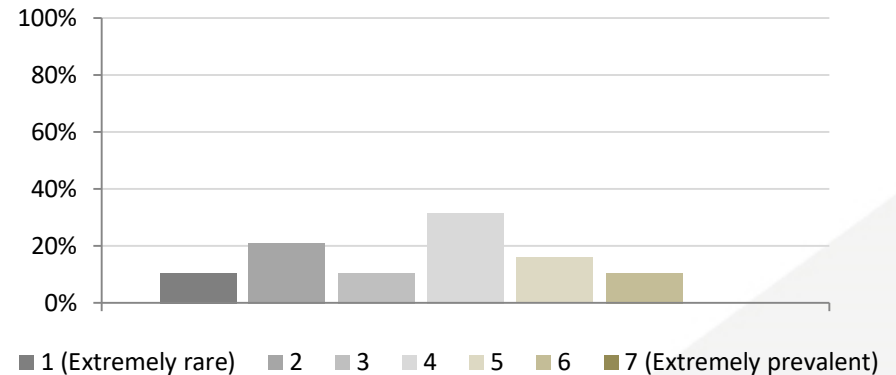
**Ease of obtaining a:**



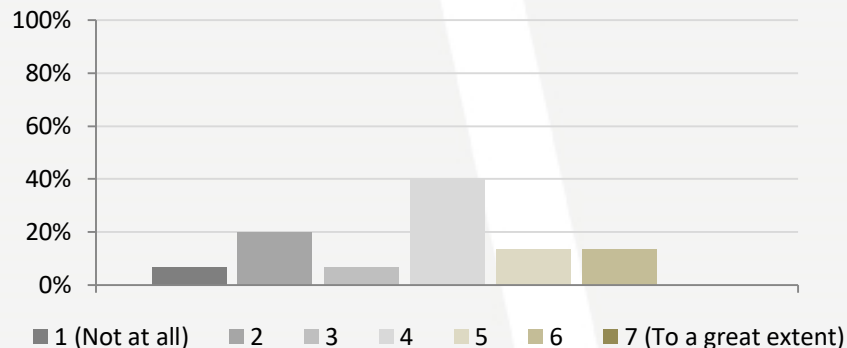
# FDI and Trade

- Opinions on the dominance of foreign ownership of companies in Abu Dhabi and the effects of FTA's (if existing) in supporting doing business are neutrally positioned
- This could be due to the shortage of enough information on foreign ownership and FTA's in Abu Dhabi
- Abu Dhabi's competitive advantage seems to be well positioned on unique products and processes
- Still, extra work is still needed to promote these advantages

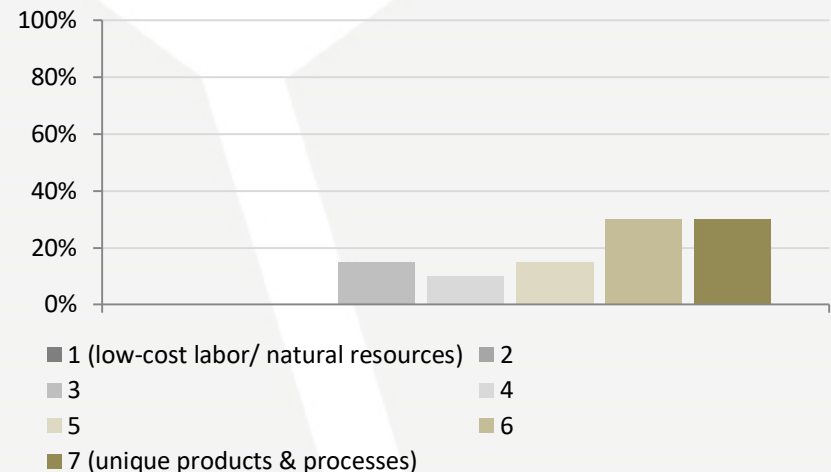
**Dominance of foreign ownership of companies in Abu Dhabi**



**Extent of FTA's to support Doing Business in Abu Dhabi**



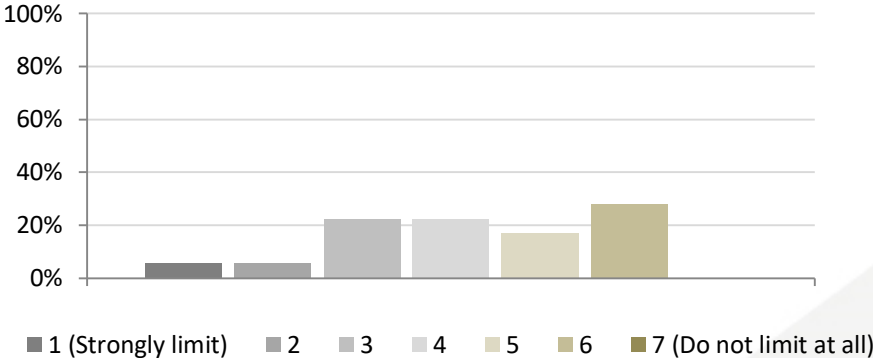
**The competitive advantage of your country's companies in international markets is based on:**



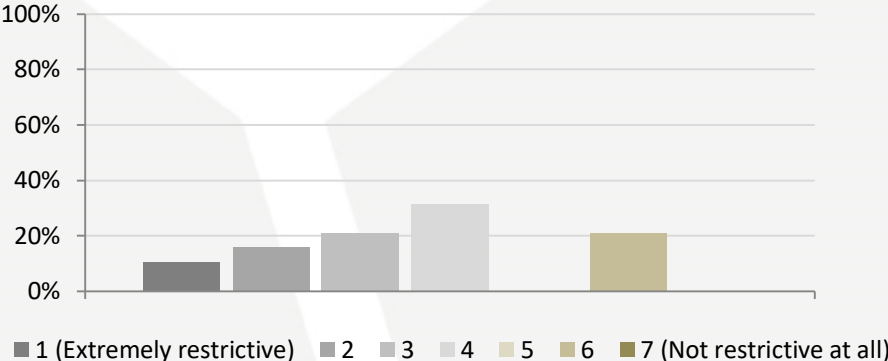
# FDI and Trade

- Non-tariff barriers (e.g., health and product standards, technical and labeling requirements, etc.) do not seem to limit the ability of imported goods to compete in the domestic market in Abu Dhabi
- The projected effect of rules and regulations on restricting foreign direct investment in Abu Dhabi is also neutrally positioned
- **What do you think are some possible reasons for this result?**

**Effect of non-tariff barriers on limiting the ability of imported goods to compete in the domestic market**



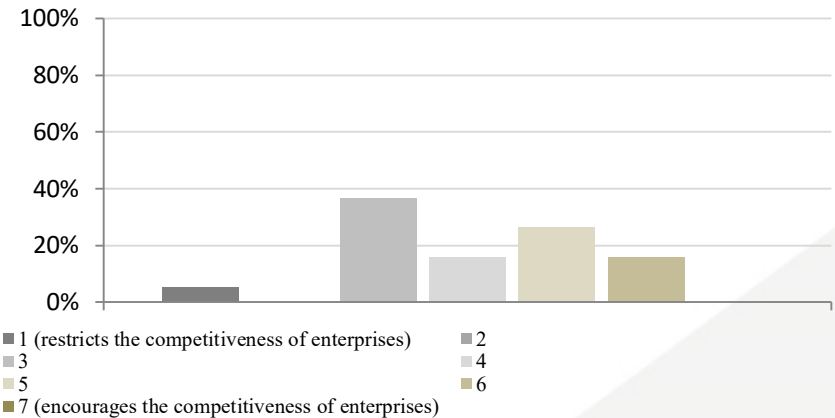
**Level of rules and regulations' restrictions on FDI**



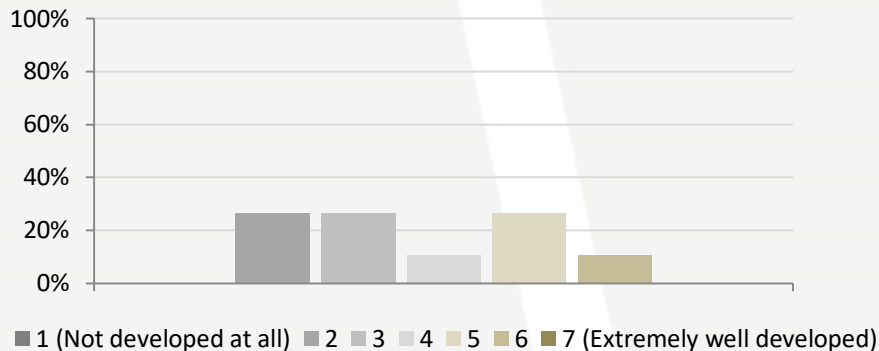
# Regulations and Policies

- Improving the legal and regulatory framework would encourage and improve the competitiveness of enterprises in Abu Dhabi
- There are opposing opinions on the development of Abu Dhabi's / UAE's laws relating to the use of ICTs (e.g., e-commerce, digital signatures, consumer protection)
- Abu Dhabi has released a number of initiatives on e-commerce, with future plans in place for enhancing the level of consumer protection
- The federal government is also already taking these measures into account, and a pilot project is being run on regulating digital signatures
- Abu Dhabi seems to be doing well in ensuring a stable policy for doing business, **although contradicting with the pain points mentioned previously**

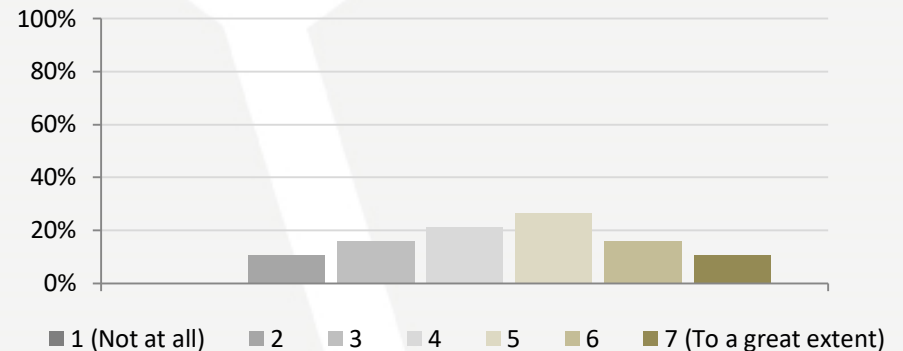
**The legal and regulatory framework in Abu Dhabi:**



**Maturity of Abu Dhabi's/ UAE's laws relating to the use of ICTs**



**Abu Dhabi governments' rule in ensuring a stable policy environment for doing business**

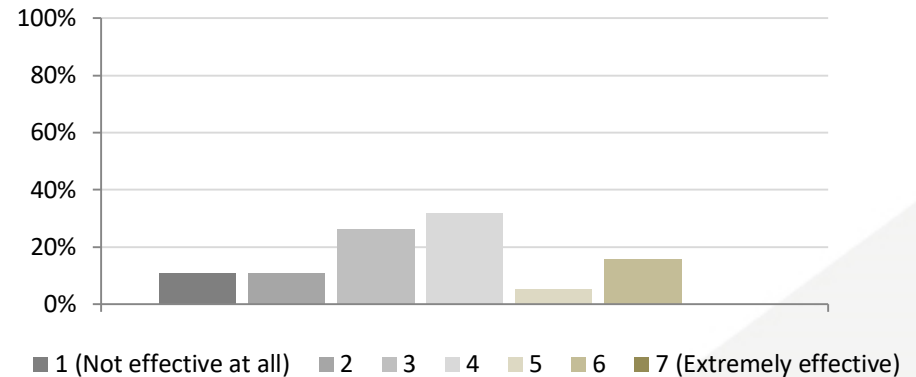




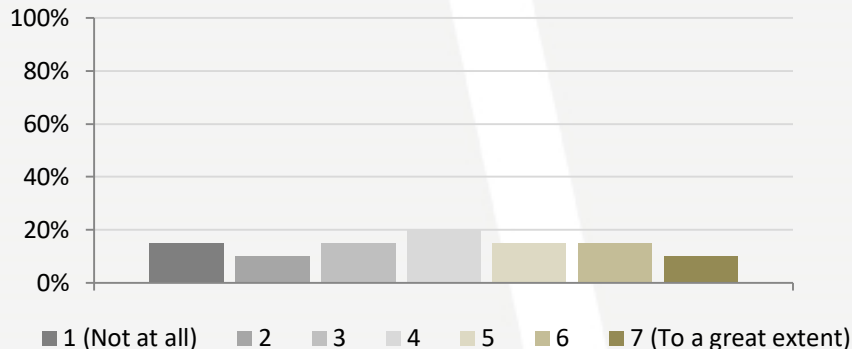
# Regulations and Policies

- Anti-monopoly policies at ensuring fair competition in Abu Dhabi / UAE seems to form a pain point for investors
- There also seems to be concerns regarding the protection of property and intellectual rights in Abu Dhabi

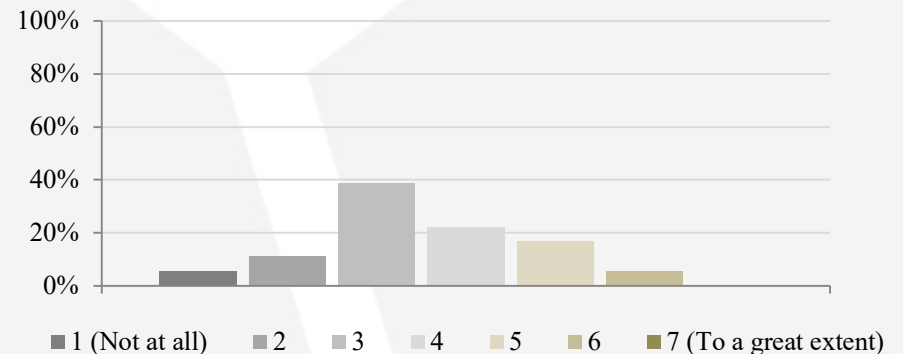
**Effect of anti-monopoly policies at ensuring fair competition in Abu Dhabi/ UAE**



**Extent of property rights protection in Abu Dhabi/ UAE**



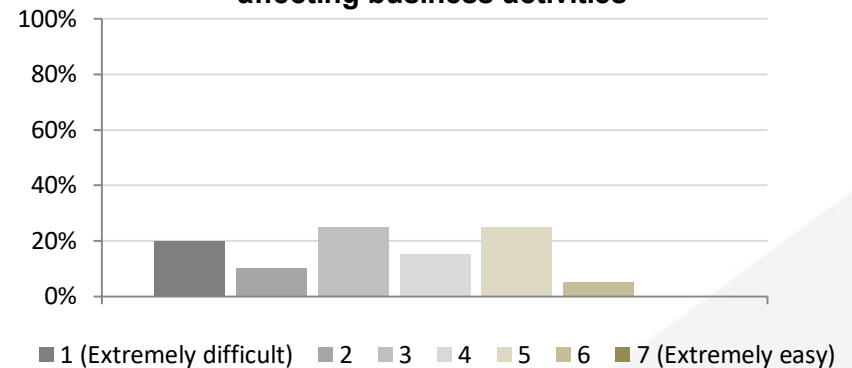
**Extent of intellectual property protection in Abu Dhabi/ UAE**



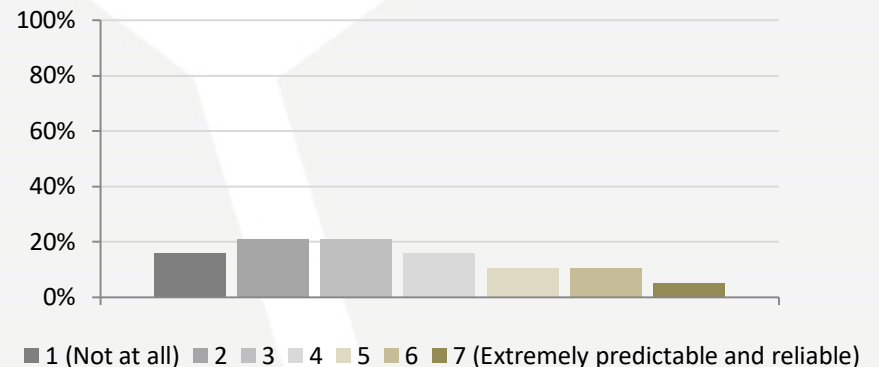
# Regulations and Policies

- There are opposite opinions on ease of obtaining information about changes in government policies and regulations affecting business activities
- This could be due to the availability of a large number of regulators/ entities and policy makers in the Emirate
- This might also be the reason for the difficulty in obtaining predictable and reliable information about fees and regulation in Abu Dhabi
- ADDED is currently working on a new project to unify and simplify an access point to all government initiatives and regulations in Abu Dhabi

**Ease of obtaining information about changes in government policies and regulations affecting business activities**



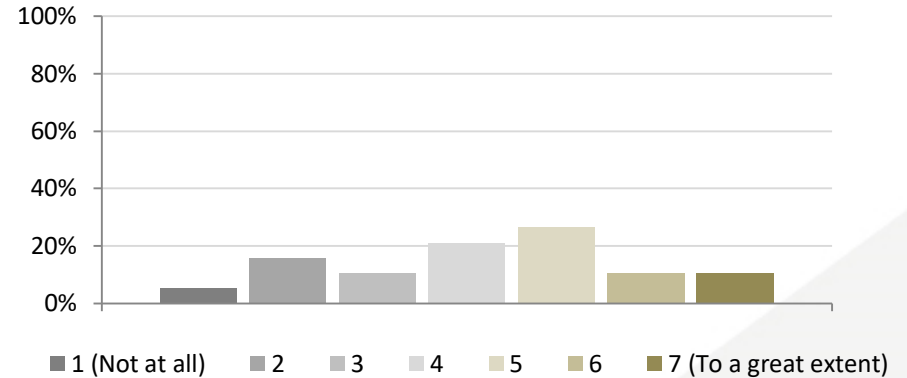
**Predictability & reliability of information about fees and regulation in Abu Dhabi**



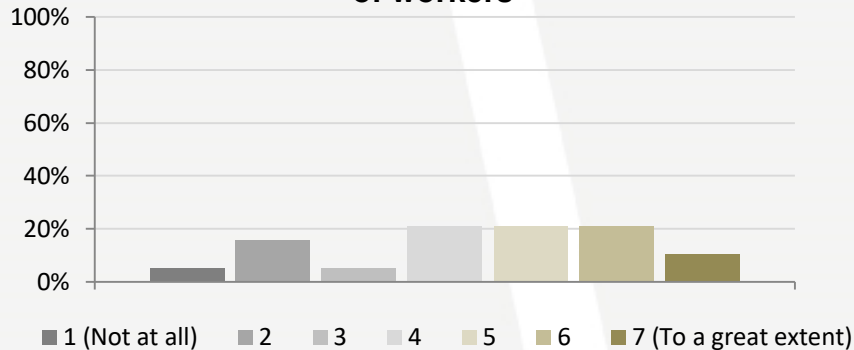
# Talent

- Abu Dhabi seems to fair well when it comes to the availability of skilled labour
- It also seems to have favorable opinions on the flexibility of its regulations in hiring and firing of workers
- Still, further improvements needs to be done in this regard, as “restrictive labor regulations” was one of the 5 most problematic factors for doing business in Abu Dhabi
- Level of wages competition in Abu Dhabi seems to be positioned in the middle

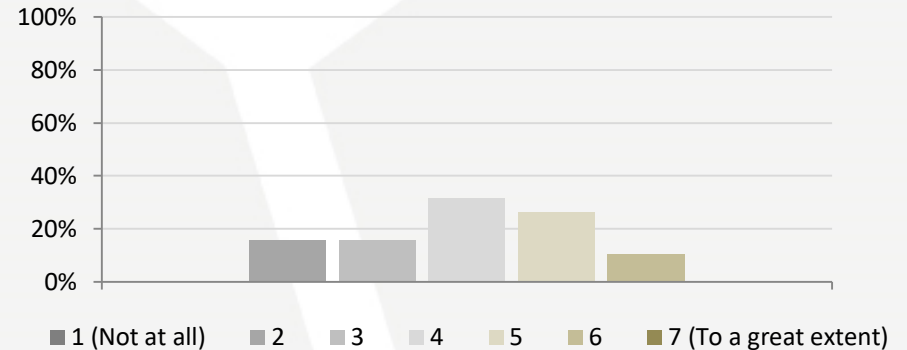
### Availability of skilled labour



### Flexibility of regulations in hiring and firing of workers



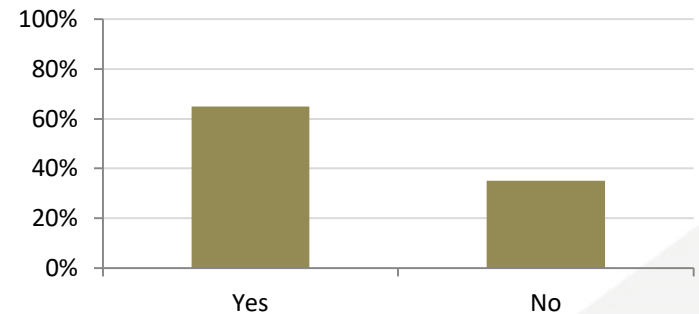
### Level of wages competition



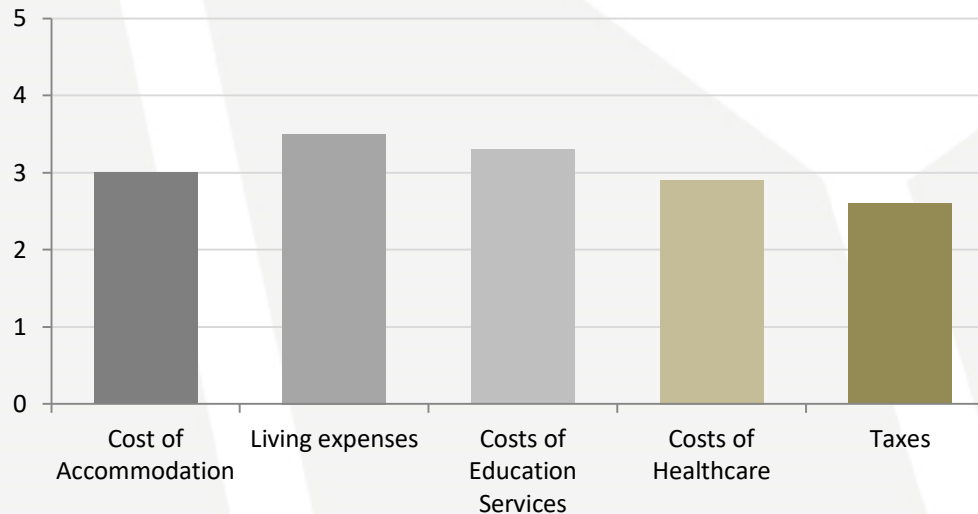
# Cost of Living

- More than 60% of surveyors acknowledged that costs of living in Abu Dhabi as drawback for investing in it, with living expenses being the most hindering reason, followed by costs of education, costs of accommodation and healthcare

## Would you consider cost of living in Abu Dhabi a drawback for investing in it?



## Living costs most affecting investing in Abu Dhabi



# Effect of COVID 19 on Doing Business in Abu Dhabi

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**How did the novel coronavirus (COVID-19) already effect your business in Abu Dhabi (in terms of operation, employees etc) ?**

- **labour related:** high turnover, salary payments
- **Technical and operations related:** new internal systems, halt of projects, loss of customer interest and purchasing power
- **Financial related:** payment dues, prices discounts and reduction, difficult access to finance

**How will COVID-19 affect your business if the situation will not ease in the next 3 months?**

- **labour related projections:** employees laid-off
- **Technical and operations related projections:** leaving the market, projects delay and difficulty of starting new ones
- **Financial related projections:** takeover and bankruptcy risks

**what policies do you think Abu Dhabi government should take to mitigate the risks on the business environment if COVID- 19 continues?**

- **Public support plans targeting SMEs**
- **Develop procurement from SMEs programs**
- **Build a database for SME's and Industrial opportunities**
- **Ease FDI and simplify tax systems**
- **Issue policies to extend loan periods of banks Hand out direct subsidies to also foreign owned businesses to help them survive (as in Europe)**
- **Enhance local subcontracting**