



**THE
BUSINESS**
over BREAKFAST EVENT



BUSINESS OPPORTUNITIES - ABU DHABI INDUSTRIAL STRATEGY & COMPETITIVENESS LANDSCAPE

SUMMARY REPORT

For the Business over Breakfast Event that took place on 16 February 2023 at the St. Regis Hotel, Abu-Dhabi.



Delegation of the European Union to the United Arab Emirates

EU-GCC Dialogue on Economic Diversification

A project funded by the European Union



دائرة التنمية الاقتصادية
DEPARTMENT OF ECONOMIC DEVELOPMENT

Opening Remarks by Douglas Aitkenhead Team Leader, EU-GCC Dialogue on Economic Diversification

- The ambition of the Industrial Strategy is quite staggering even by UAE standards. The Government of Abu Dhabi will invest **AED 10 billion** to more than double the size of Abu Dhabi's manufacturing sector to **AED 172 billion**, create **13,600 skilled jobs** and **increase Abu Dhabi's non-oil exports by 143 percent by 2031**.
- Underpinning this ambitious strategy are the ongoing activities of the **Competitiveness Office of Abu Dhabi (COAD)**. COAD leads various economic initiatives and works alongside the stakeholders (private businesses and enterprises) to design policies that help the economy achieve its full productive potential.
- The office seeks to create an economic environment that stimulates innovation and initiative to encourage investment and the success of economic projects in the emirate.



Opening Remarks by Sandor Szelekovszky, Head of the Trade Section of the EU Delegation in UAE.

- The 27 EU member states together are the third largest trading partner of the country just after China and India covering more than 8% of the trade, €40 billion in goods, and €20 billion in trading services annually.

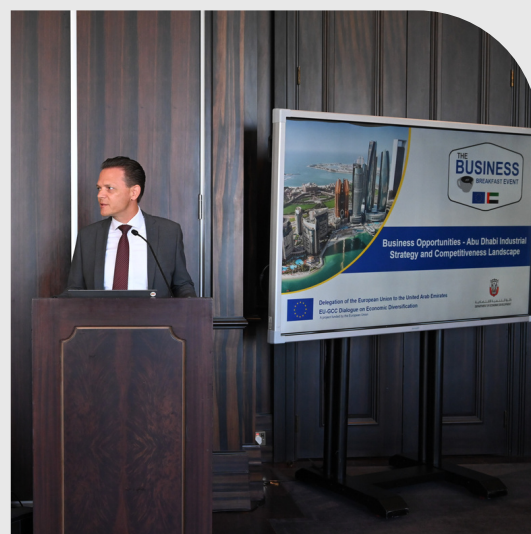


Abu Dhabi Industrial Strategy & Competitiveness Landscape

- The 27 EU member states have invested more than **€140,000,000,000 in the UAE.**
- This testifies to the intensity and the high level of our relations and the importance that we have on both sides to continue.
- It is important to stress that there are new sectors coming up of great interest such as the circular economy, space, and indoor farming.
- The EU-GCC Dialogue on Economic Diversification project, funded by the European Commission was created as a platform for engagement and exchange of best practices between the EU and GCC stakeholders. Therefore the Delegation of the European Union to the United Arab Emirates, alongside all EU Member States and their respective companies look forward to further engaging with the UAE partners in areas of mutual benefit.

Presentation by Stefan Kraxner, Competitiveness Advisor, Competitiveness Office of Abu Dhabi Department of Economic Development – Abu Dhabi on the Competitiveness Landscape of Abu Dhabi

- Previously, we always looked at doing business from tech & service burden, ease of starting a business, and ease of running a business. That was the way how we assessed doing business for the private sector in the previous years.
- However, to improve competitiveness, we need to look at different competitiveness criteria such as Talent & Liveability, Innovation & Knowledge, we have to look at policies and regulations to attract talent to work for private sector companies.
- In order to attract talent, we need to think about liveability.
- To make Abu-Dhabi a more liveable place to attract talented people for ex-pats and residents, we need to think about innovation and knowledge to ensure the ecosystem is set up for private companies to come to innovate.



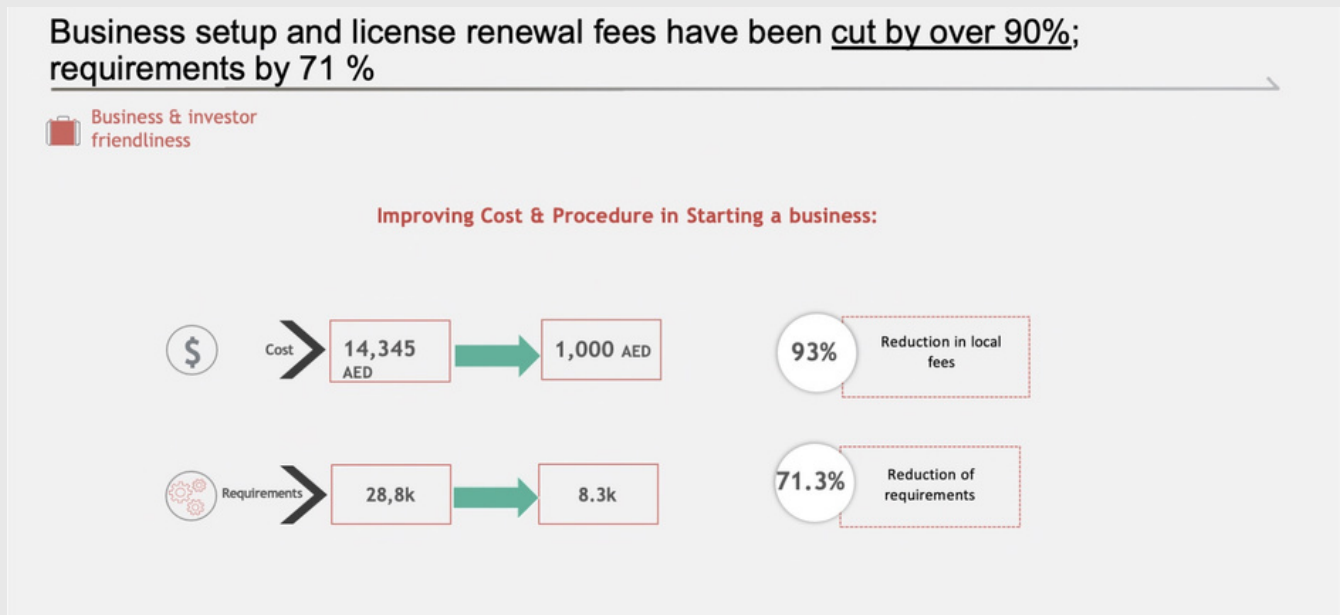
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Other relevant factors for Business Friendliness mapped to our framework

	Fundamental	Access to Financing	Access to Labor	Strength of contracts	Competition policy	Property rights	Cross-border trade	Access to knowledge	Reliable infrastructure	Stable environment
 Talent			✓							
 Innovation and Knowledge								✓		
 Business and Investor Friendliness										
 Market Openness					✓		✓			
 Infrastructure									✓	
 Public Institutions				✓		✓				
 Macroeconomic stability										✓
 Livability			✓							
 Financial system		✓								

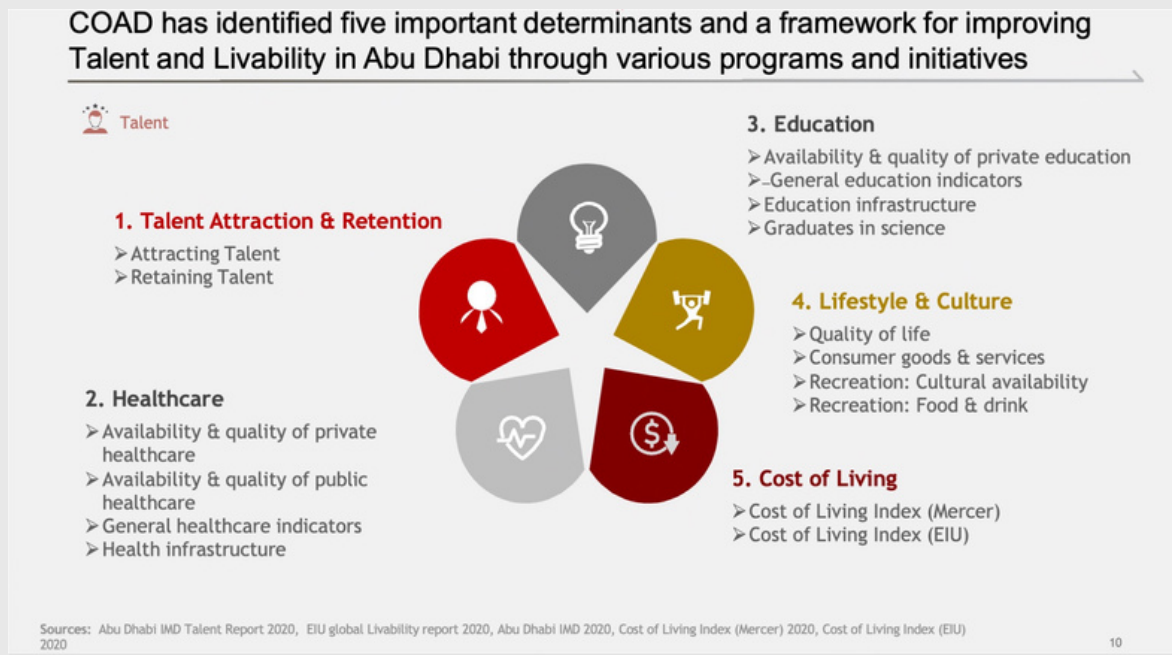
- When it comes to business investor friendliness, we look at financing, innovation & knowledge, talent, and liveability across all sectors to ensure we help all companies regardless of the sector they specialise in.
- COAD is mandated to position Abu Dhabi among the most attractive destinations for businesses and talents.
- Competitiveness is a complex interaction between different drivers, which includes macroeconomics, microeconomics, businesses, government, and the wider community in order to improve economic performance and well-being.
- To achieve this, COAD designed a strategy with 4 areas to focus on:
 - **Competitiveness Enabling & Development**
 - **Competitiveness Fundamentals**
 - **Innovation & Knowledge**
 - **Ease Of Doing Business**
- This strategy is achieved through clear roles that include Policy Advocacy, Competitiveness Alignment, Technical Working Groups, Collaboration, Monitoring & Evaluation, and Reports & Analytics.

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- When it comes to business setup and license renewal fees, these fees have been cut by over 90% and requirements by 71%.
- With the launch of the 'Foreign Direct Investment' License, allowing 100% ownership across 122 economic activities, it makes it easier for investors abroad to set up a company in Abu Dhabi easily and with minimum cost.
- ADDED is continuously adding various commercial and industrial activities and partnering with various entities to enhance Abu Dhabi's services sector.
- With regard to the Innovation Ecosystem, Abu Dhabi supports big thinkers, innovators and forward-thinking companies through its Takamul program that provides specialised support for all stages of innovation, from generating ideas to their application and transforming them into commercially profitable products and services.
- With regard to attracting talent, Abu Dhabi is home to the best universities, business schools, and research centers in the world. From NYU Abu Dhabi, Insead, Sorbonne University to name but a few, Abu Dhabi has a vibrant talent pool focusing on science, technology, engineering, mathematics, and entrepreneurship.

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- With regard to attracting talent and improving liveability in Abu Dhabi, COAD has identified five important determinants and a framework that include: 1. Talent Attraction & Retention, 2. Healthcare 3. Education 4. Lifestyle & Culture 5. Cost of Living.
- In addition, a new health insurance product 'Flexible Health' will be introduced very soon at a low cost and competition that is accessible to target groups such as entrepreneurs, investors, and others, with flexibility in upgrading benefits based on customer preferences.
- **Reducing the cost of health insurance for investors** and skilled labor from the private sector while providing the best treatment plan at the lowest costs and flexibility in controlling benefits, customer needs, geographical coverage and services provided.
- **Enhancing household disposable income to invest** or spend in consumption inputs, will boost demand in the economy and positively affect GDP.
- **Opening the market** to the entry of new players, especially at the international level, which may have a significant impact on competition.

Abu Dhabi Industrial Strategy & Competitiveness Landscape

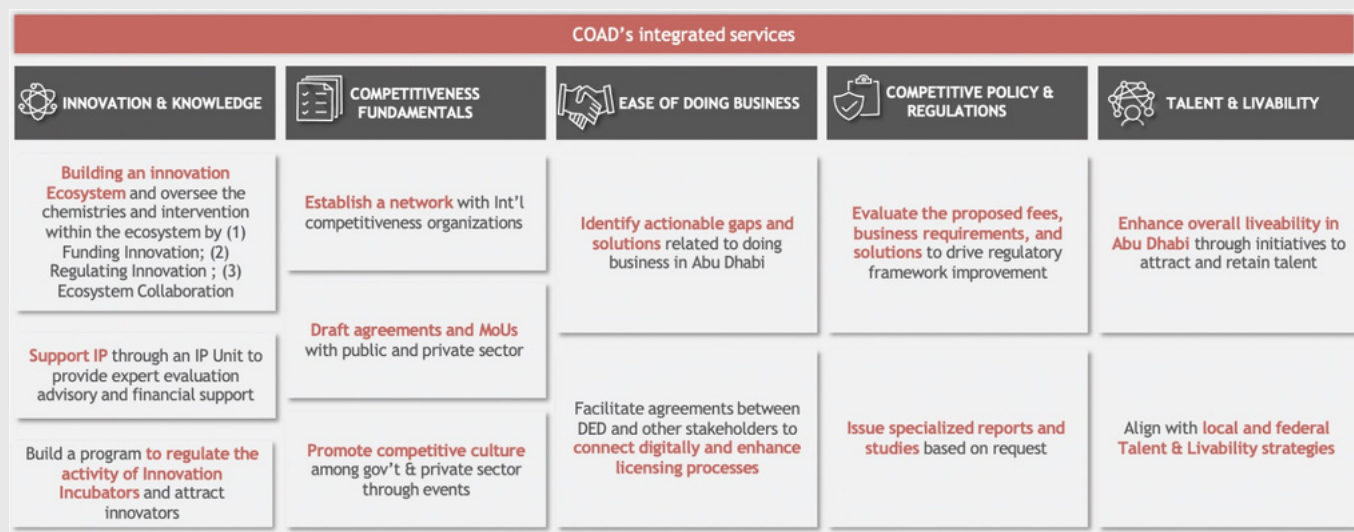
- The Abu Dhabi Residents Office introduced the Golden Visa for foreign nationals to live, work and study in Abu Dhabi for 5 to 10 years without the need for a national sponsor. The Golden Visa covers specific categories such as Investor Visa, Entrepreneur Visa, Outstanding Student Visa, and Special Talent Visa.

In addition to local business improvements, a variety of changes were implemented on the federal level which boost the competitiveness environment that includes;

- The **new labor rules** brought at the end of January 2022 are set to shake up the private sector work landscape, allowing for more flexible working for employees and less red tape for businesses.
- The **changes affect 4.9 million employees** as legislation approved in late 2021 replaces a law first drafted in 1980.
- Further provisions will make it easier for companies to **hire people for part-time work** and allow **for job shares**.
- Employers can now offer those aged 15 and above part-time paid work — as well as valuable experience in the workplace.
- Employees who have lost or left their jobs will have 180 days before their residency visa expires — up from only 30 days previously.
- **The new Civil Law rules** around inheritance, marriage, and divorce have changed for some residents of the emirate.
- **An unemployment scheme** called the Involuntary Loss of Employment insurance was set up and will pay Emiratis and residents in the public and private sectors a cash sum for three months if they lose their jobs.

Abu Dhabi Industrial Strategy & Competitiveness Landscape

To summarise, COAD's Mandate is to position Abu Dhabi among the most attractive destination for business and talents worldwide by improving the competitiveness landscape and wellbeing.



Department of Economic Development

Competitiveness Landscape of Abu Dhabi

February 2023

[Click here to download the presentation](#)

Presentation by Ms. Ibtisam Ali R. Al Saadi, Head of Industrial Development Section

At ADDED, we started reviewing different strategies by asking two key questions:

1. What future do we aim for Abu Dhabi's economy in general and for its industrial development in particular?
2. What role will the Government play to reach this ambition?

Abu Dhabi Industrial Strategy (ADIS) aims to make **Abu Dhabi the most competitive industrial hub in the region by 2031.**



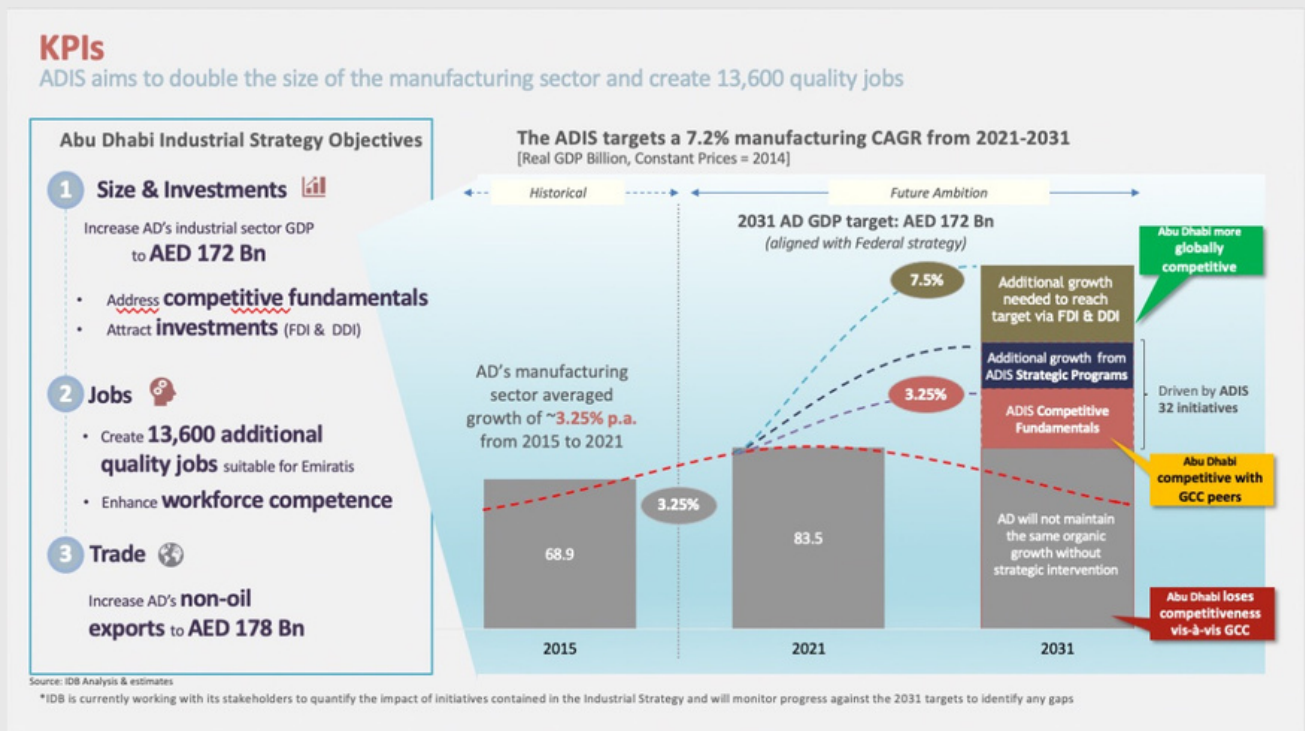
The ADIS focuses on three main strategic objectives, namely:

1. To increase **the size of investment** in the industrial sector
2. To create new **quality jobs** in the industrial sector
3. To improve Abu Dhabi's **trade** with global markets in the industrial sector

The Abu-Dhabi Industrial Strategy has set **the following KPIs to reach its aspired objectives;**

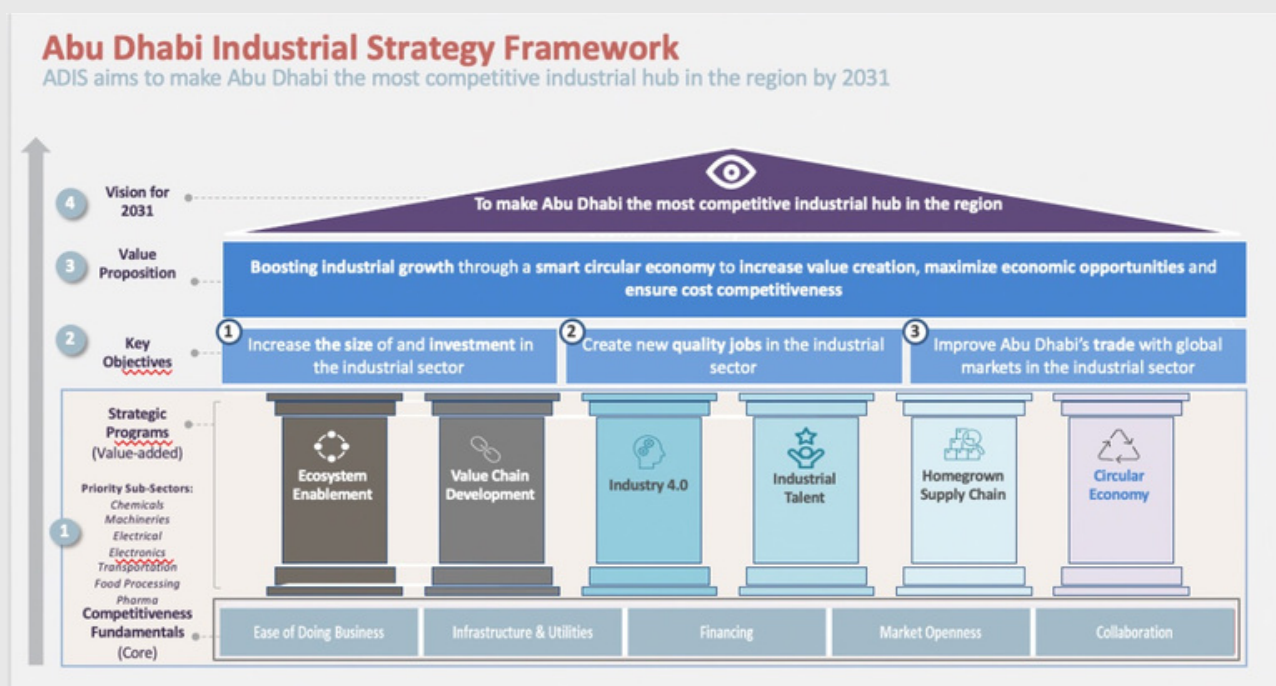
- With regard to **Size & Investments**, it plans to increase Abu Dhabi's industrial sector GDP to **AED 172 BN**, to address **competitive fundamentals** and attract **investments** (FDI & DDI).
- With regard to **Jobs**, it plans to create **13,600 additional quality jobs** suitable for Emiratis, and to enhance **workforce competence**.
- With regard to **Trade**, it plans to increase Abu Dhabi's **non-oil exports** to **AED 178 Bn by 2031.**

Abu Dhabi Industrial Strategy & Competitiveness Landscape



ADIS is underpinned by 6 transformational programs:

- Industry 4.0
- Ecosystem Enablement
- Value Chain Development
- Industrial Talent
- Home-Grown Supply Chain
- Circular Economy



Abu Dhabi Industrial Strategy & Competitiveness Landscape

To achieve these, ADIS has multiple initiatives and collaborations with various institutions set in place, to name a few;

- With regard to Industry 4.0, we are supporting the Ministry of Industry and Advanced Technology which recently announced its index which measures the majority of the industrial sector to attract talent.
- A Competence Center was created as a one-stop shop whereby we have collaborated with Made in Italy, and with Pittsburgh in the US to provide a state-of-the-art Competence Center. In addition, we are currently in contact with New York University, Oxford, and Cambridge University to build a strong and competitive platform for researcher and development experts, and technology makers to come together, to develop projects, programs, and initiatives that enhance the competitive edge of the Emirate and contributes to the vision of the Emirate of Abu Dhabi being recognised as the most competitive Industrial Hub in the region in 2031.





In addition, specific programs are designed for companies to avail of benefits across the spectrum. These include:

- **Energy Tariff Incentive Program (Electricity)**, to increase Abu Dhabi's cost competitiveness by incentivizing electricity tariffs to qualifying industrial companies. Benefits: 14%-30% incentive on electricity tariffs.
- **Energy Tariff Incentive Program (Gas)**, to increase Abu Dhabi's cost competitiveness by incentivizing gas tariffs to qualifying industrial companies. Benefits: 15%-35% incentive on gas prices.
- **Land Incentive Program**, to **attract new industrial companies** to Abu Dhabi through **long-term incentivized land rents** to companies aligned with AD's priority sub-sectors. Benefits: 60%-80% incentive on land rent prices. Reduction of land prices to up to 5AED/Sqm over a 15-year contract.
- **Abu Dhabi Local Content**, to direct **government procurement towards local content** using in-country value certificates. Benefits: Preferred government procurement towards local goods and services. Under the Government of Abu Dhabi, any entity that has a high score in their In-Country Value (ICV), receives 40% in the commercial evaluation which provides them a higher chance of winning tenders based on their ICV score in the future.

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- As part of the Abu Dhabi Local Content Program, the Industrial Development Bureau developed the **Golden List initiative** in collaboration with the Department of Government Support (ADGS) to enhance the local supply chain by increasing the demand for locally manufactured goods through government procurements. The list will include **manufacturers with a high contribution towards the local economy, evaluated through their In-Country Value (ICV) certificate led by MOIAT. As a result, manufacturers will gain exposure and marketability on their products and suppliers will be able to increase their ICV score and have a higher probability of winning government/semi-government contracts.**

The above will in its role support the public and private sectors alike, and significant investors in benefiting from; Ease of Doing Business, Infrastructure and Utilities Enhancement, Availability of Financing, Market Openness, and Collaboration on all fronts.

Program	Description	Benefits	Eligibility Criteria
 Energy Tariff Incentive Program (Electricity)	Increase Abu Dhabi's cost competitiveness by incentivizing electricity tariffs to qualifying industrial companies	14%-30% incentive on electricity tariffs • Category A: 20 fils/kWh • Category B: 22 fils/kWh • Category C: 25 fils/kWh	✓ Economic Impact ⁽¹⁾ (50%) ✓ Productivity ⁽²⁾ (30%) ✓ Energy Management System ⁽³⁾ (20%)
 Energy Tariff Incentive Program (Gas)	Increase Abu Dhabi's cost competitiveness by incentivizing gas tariffs to qualifying industrial companies	15%-35% incentive on gas prices • Category A: 7.9 AED/MBTU • Category B: 9.1 AED/MBTU • Category C: 10.3 AED/MBTU	✓ Economic Impact ⁽¹⁾ (50%) ✓ Alignment with priority sub-sectors ✓ Productivity ⁽²⁾ ✓ Industry 4.0 readiness ⁽⁴⁾
 Land Rent Incentive Program	Attract new industrial companies to Abu Dhabi through long-term incentivized land rents to companies aligned with AD's priority sub-sectors	60%-80% incentive on land rent prices • Category A: 5 AED/Sqm • Category B: 7.5 AED/Sqm • Category C: 10 AED/Sqm	✓ Economic Impact ⁽¹⁾ (50%) ✓ Alignment with priority sub-sectors ✓ Productivity ⁽²⁾ ✓ Industry 4.0 readiness ⁽⁴⁾
 Abu Dhabi Local Content	Direct government procurement towards local content using in-country value certificates	• Preferred government procurement towards local goods and services • In 2021, 2260 government tenders were awarded valued at AED 11.28 Bn	✓ Valid In-Country Value Certificate

To address these 5 key competitiveness fundamentals, we have developed projects and initiatives.

In the first fundamental; **Ease of Doing Business** whereby we have established projects and initiatives that;

- Enhanced the financial ecosystem for the industrial sectors.
- Developed projects that promote innovation & knowledge transfer.
- Developed a program that enhances industrial talents, and labour market efficiencies.
- Constructed initiatives that further contribute to liveability and sustainability across the city of Abu Dhabi, Al Ain, and Al Dhafra across all sectors (discussed in detail in the previous presentation).

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In the Second Fundamental, we then address important pillars of enhancing the competitiveness of **Infrastructure and Utilities offerings**. Whereby all industries and entities and manufacturers are provided with solid access to competitive infrastructure and utility access, which is currently a big challenge around the globe. The UAE, in specific Abu Dhabi, has one of the state-of-the-art infrastructures that are continuously being enhanced to serve the needs of our partners, investors, sector leaders, and manufacturing companies across all sectors in the coming years.

In the third fundamental ADDED addresses access to **Finance**, which has been highlighted as one of the investor's main issues in their endeavours to expand their businesses and exports to global markets. The challenges embedded in access to finance by manufacturing institutions can be highlighted in the UAE due to high risks that can be classified by ADDED; with a mitigation plan to support the investors. Thus we have signed more than 13 agreements with different commercial banks and financial institutions, in addition to creating our own scheme of funding to support our investors in the market.

The 4th fundamental is **Market Openness**; Abu Dhabi is a small market and investors are struggling to sell their products and expand their businesses. ADDED has thus identified solutions to assist manufacturing companies' aspirations to expand globally; by creating multiple initiatives that serve their objectives and needs.

One of our main activities is our leadership's focus and assignment of a task force to implement CEPA - Comprehensive Economic Partnership Agreements which has been signed on the Federal level with India, Israel, and Indonesia, and with further countries that will be announced soon. We are continuously working with other countries to expand and offer the opportunity for our investors in the UAE market to expand and have access to international markets.

We are working very closely with other institutions such as the Ministry of Economy, the Ministry of Industry and Advanced Technology, the Abu Dhabi Investment Office, Abu Dhabi Customs, and other highly significant governmental entities. to enhance our access to global markets and ensure that our investors have very strong access to various business opportunities around the world.

Lastly, the 5th fundamental **Collaboration**; whereby we created multiple economic committees that help us understand the investor's point of view, requirements, and needs in addition to the government entities, and the federal international institutions that we are collaborating with. Based on that we were able to establish 32 initiatives that translate the six transformational programs.

Abu Dhabi Industrial Strategy & Competitiveness Landscape



Useful Links

- To learn more about the **Abu Dhabi Department of Economic Development**, [click here](#)
- To learn more about the **Abu Dhabi Industrial Strategy**, [click here](#).
- To learn more about the
- To learn more about the **EU Delegation to the United Arab Emirates**, [click here](#).

About the EU-GCC Dialogue on Economic Diversification

About the EU-GCC Dialogue on Economic Diversification Project

The EU-GCC Dialogue on Economic Diversification is a project funded by the European Commission Service for Foreign Policy Instruments under the Partnership Instrument.

The project contributes to stronger EU-GCC relations by supporting the GCC countries in the ongoing process of economic diversification away from hydrocarbon-dependent sectors, including by funding regular EU-GCC Business Fora.

The purpose of this project is to promote climate-friendly trade, investment, and economic affairs-related policy analysis, dialogue, and cooperation between stakeholders from the EU and GCC at both regional and country levels in the context of the GCC economic diversification process.

For more information on the EU-GCC Dialogue Project, and to download research reports and other publications, please visit:

<https://www.eeas.europa.eu/eeas/EUintheGCC>

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SCAN ME
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