



Doing Business In United Arab Emirates: A Country Commercial Guide for U.S. Companies

Leading Sectors for U.S. Export and Investment

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Aircrafts & Parts

Overview

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	2003	2004	2005 (estimated)
Total Market Size	300	1,200	2,300
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	300	1,200	2,300
Imports from the U.S.			

The above statistics are unofficial estimates in millions of US dollars.

Exchange rates used US\$1 = 3.673 Dirhams.

- Note: Re-exports indicated where total imports exceed market size.

The air transport industry in the Middle East is experiencing the fastest rate of expansion in the world. According to a report by the Overseas Exhibition Services Ltd., passenger

and cargo traffic is rising at the rate of 10% a year. The total value of aviation-related projects currently underway or imminent in the region has recently been valued at US\$20 billion. Local and regional airlines are expected to spend an additional US\$30 billion over the next en years on expanding their fleets and Dubai's national carrier Emirates, announced in November 24, 2005 a stunning US\$9.7 billion order of 42 Boeing 777's airplanes.

The United Arab Emirates has acknowledged the importance of aviation as a vital artery that links it to the rest of the world. Building on centuries of tradition as a trading post in the path for Africa, South Asia and the Gulf, the modern UAE offers a highly energized business environment coupled with the infrastructure and resources to service the full spectrum of global business needs.

Systematic efforts have been made over the past five years to expand the infrastructure of the aviation sector as both Abu Dhabi and Dubai move towards an era when they function as major hubs for airlines from across the globe. A reflection of the UAE as a modern country can be best seen in the futuristic plans laid out mostly by Abu Dhabi and Dubai for their sophisticated airports.

The growth and transformation of UAE into a major business and tourist hub is also evident by the tremendous increase in passengers, cargo and aircraft movements over the past few years.

According to the Dubai Department of Civil Aviation, traffic movement at Dubai International Airport has scaled new heights in 2004, with a 20 percent growth and 21.7 million passengers using the airport. Passenger movement is expected to continue growing in 2005 and to reach around approximately 25 million. Abu Dhabi International airport handled 5.2 million passengers in 2004, up from 3 million the previous year.

The Dubai-based Emirates Airlines is one of the world's fastest growing international airlines. Emirates operates an all wide-bodied fleet of 83 aircraft to over 75 cities in 54 countries Etihad Airways, the two year old UAE national carrier, currently operates a fleet of 12 leased aircraft and plans to acquire 56 wide-bodied aircraft by 2008.

The most promising sub-sectors within this sector, with the estimated 2005 total market size of each in millions of US dollars:

Best Products/Services

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The most promising sub-sectors within this sector, with the estimated 2005 total market size of each in millions of US dollars:

Aircrafts		1,500
Engines - Aircraft	520	

Opportunities

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It is difficult to forecast in this sector, because a single contract by Emirates or Itihad Airways for wide body aircraft can alter the statistical estimates.

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Major trade fair:

Dubai Air Show November 11-15, 2007 - www.fairs-exhibs.com/airshow05/index

Dubai HeliShow December 5 – 7, 2006 – www.dubaihelishow.com

Abu Dhabi International Defense Exhibition & Conference (IDEX) February 18 – 22, 2007 – www.idexuae.com

E-mail: adel.fehmi@mail.doc.gov for additional information from the U.S. Commercial Service for the UAE.

Oil and Gas-Field Machinery & Services

Overview

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	2003	2004	2005 (estimated)
Total Market Size	1,560	1,750	2,500
Total Local Production	0	0	0
Total Exports	90	100	150
Total Imports	1,650	1,850	2,350
Imports from the U.S.	740	833	1,060

The above statistics are unofficial estimates in millions of US dollars

Exchange rates used US\$1= 3.673 Dirhams.

NOTE: Re-exports indicated where total imports exceed market size. All figures are estimates in millions of USD.

The UAE has around 98 billion barrels of proven oil reserves, or about 9.8 percent of total proven world oil reserves, and 5.8 trillion cubic meters of proven natural gas reserves, approximately 4.6 percent of total world proven natural gas reserves. The majority of the oil and gas reserves are located in the emirate of Abu Dhabi, which holds around 95 percent of the UAE's total oil and gas established reserves. UAE oil production capacity is currently at 2.5 million barrels per day (mb/d) and the Abu Dhabi National Oil Company (ADNOC) plans to expand UAE's capacity to 3.0 mb/d by 2008.

Oil continues to form the UAE economy's backbone. ADNOC and its group of 14 companies spent an average of US\$3 billion per year over the last five years and that average is expected to climb to US\$5 billion for the next 3-5 years as major surge in oil & gas production plans are under way. U.S. Suppliers of Oil & Gas field equipment and services command a 45% market share of the UAE's total imports and are know for their

advanced technology and superior quality. U.S. Companies are especially in-demand for major engineering jobs and upstream well services.

Best Prospects/Services

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The most promising sub-sectors within this sector, with the estimated 2005 Total Market Size of each:

Major Sub-Sectors	Estimated Market Size
Liquid Natural Gas Equipment	500
Drilling Equipment: Oil and Gas	300
Chemicals	200
Instrumentation	100
Petrochemical Equipment	50
Services: Oil and Gas	1,200

Opportunities

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Oil production averaged about 2.35 million barrels a day (b/d) in 2005, a seven per cent increase over output levels in the previous year. In 2006, indications are that these production levels will be sustained while work starts on expanding capacity. The Abu Dhabi Company for Onshore Operations (ADCO) will increase production to 1.6 mb/d, Adma-Opco to 700,000 b/d and ZADCO to 750,000 b/d during the next five years. As part of the effort to improve and sustain output, the state-run Abu Dhabi National Oil Company (ADNOC) is tendering the privatization of a 28 percent stake in the offshore ZADCO. The Supreme Petroleum Council in 2005 selected Exxon-Mobil for final negotiations for the share of the field.

Abu Dhabi currently produces 2.3 mb/d, making it the wealthiest and most powerful of all seven emirates. Dubai produces approximately 100,000 b/d and Sharjah and Ras al-Khaimah bring in about 10,000 b/d. Ajman and Umm al-Quwain hope to exploit hydrocarbon reserves to become gas producers. Abu Dhabi is expanding production capability beyond OPEC quotas to counter unplanned OPEC quota increases. ADNOC plans to develop downstream capabilities and expand crude oil production capacity. ADNOC has controlling shares in all major oil and gas ventures in the emirate. An estimated US\$5 billion of project work is either at the Front-End Engineering and Design (FEED) stage or about to be tendered to Engineering, Procurement & Construction (EPC) contractors.

In a recent interview, Secretary General of the Supreme Petroleum Council and ADNOC Chief Executive Yousef Omais bin Yousef announced that ADNOC is studying a range of new projects in the upstream gas and the downstream petrochemicals sectors. Rising power generating and petrochemicals capacity had resulted in gas consumption doubling over the past decade and consumption is expected to reach 4,500 million cubic feet a day (cf/d) in 2005. Current gas processing capacity is 5,000 million cf/d and will rise to 7,000 million cf/d in 2008, with the completion of the third phase of the onshore gas development (OGD-3) and phase 2 of the Asab gas development (AGD-2). The

EPC on OGD-3 and AGD-2 was recently awarded to Bechtel. Over the next five years, an estimated US\$1 Billion a year is planned to be invested in new gas infrastructure, with the lead being taken by Abu Dhabi Gas Industries Company (Gasco).

The integrated gas program, which will produce condensates, liquefied petroleum gas (LPG), natural gas liquids (NGL) and ethane, as well as gas for re-injection, will drive a significant expansion of Abu Dhabi's petrochemicals base and the introduction of new product lines. Among the projects being studied are the expansion of fertilizer capacity, an aromatics complex based on naphtha reforming at Abu Dhabi Oil Refining Company (Takreer) and a melamine unit, which is planned at Ruwais Fertilizer Industries (Fertil). The most advanced new petrochemical scheme is the expansion of the Abu Dhabi Polymers Company (Borouge) complex at Ruwais. The phase 3 expansion would comprise a 1.4 million-tonne-a-year (t/y) ethane cracker, to feed 540,000 t/y of polyethylene (PE) and two 400,000-t/y polypropylene (PP) units. The expansion will make Borouge one of the most efficient petrochemical companies in the world. Abu Dhabi's Mina Zayed port will also be developed to handle the additional volumes of polymers exports.

Some of the current oil & gas projects in the UAE:

- Abu Dhabi Marine Operating Company (Adma) is in the process of awarding an EPC contract for the offshore Umm Shaif gas re-injection project for an estimated \$950 million. The contract involves the supply and installation of three platforms, sub-sea pipelines and modifications to wellhead towers. The new facilities will have capacity to inject 600 million cubic feet a day of gas into the Arab C and D reservoirs to improve oil reservoir pressure.
- Abu Dhabi Gas Industries Company (Gasco) is in the process of bidding the EPC contract to supply and install a 36-inch-diameter, 50-kilometre-long gas pipeline from Habshan to Bu Hasa for an estimated US\$40 million. The pipeline will transport gas to be made available from the proposed Habshan gas complex expansion.
- GASCO awarded in July a US\$1.2 billion EPC contract for package 3 on the third phase of the onshore gas development (OGD-3) and phase 2 of the Asab gas development (AGD-2) project. The OGD-3/AGD-2 integrated gas recycling program is aimed at significantly enhancing the emirate's position in the liquefied petroleum gas (LPG) market, driving new petrochemical development at Ruwais and addressing falling reservoir pressure in onshore oil fields. This EPC contract will involve the construction of 800 million-cubic-feet-a-day (cf/d) gas treatment and 6,400-tonne-a-day natural gas liquids (NGL) recovery capacity at the existing Asab gas plant. The 38-month contract will also entail the construction of NGL storage facilities and a new flare, the supply and installation of an 82-kilometre NGL export pipeline to Habshan and related civil works.
- GASCO awarded in October a US\$950 million EPC contract for the first-phase expansion of the Habshan gas complex. The contract will involve the installation of a 360 million-cubic-feet-a-day (cf/d) gas processing train to treat non-associated or associated gas and increasing gas injection capacity to 1,525

million cf/d from 1,100 million cf/d. It will also entail the installation of two sulphur recovery units with a total capacity of 1,600 tones a day, acid gas enrichment and gas re-injection, as well as utilities and associated infrastructure and upgrade of the control systems.

- Zakum Development Company (Zadco) has plans to increase production capacity at the Upper Zakum field and processing facilities on Zirku island in Abu Dhabi. The company is currently in the process of conducting a study aimed at increasing production to 750,000 barrels a day (b/d) from 550,000 b/d. The study will evaluate wellhead platforms, sub-sea pipelines and the four main crude oil processing trains on the island. It will also entail de-bottlenecking of the processing units on Zirku. The four-phase contract will involve: identifying the hazardous operations of the existing oil, gas and water separation facilities and the bottlenecks; proposing modifications to increase output; and carrying out detailed engineering for the proposed project.
- Abu Dhabi Company for Onshore Oil Operations (ADCO) is in the process on completing a conceptual study and master plan for the Sahil, Asab and Shah (SAS) fields development project. The study will include an assessment of the surface production facilities and recommendations for an expansion, taking into account rising water cut and gas lift requirements. Estimated to cost US\$1.5 billion, the scheme is aimed at increasing production capacity from the three onshore oil fields by a total of 60,000 barrels a day (b/d) by 2007/08. The project, which will take about two years to complete, will involve the supply and installation of compressors, pipelines and related facilities.
- Abu Dhabi Oil Refining Company (Takreer) is studying the feasibility of three potential projects. Among the projects being studied is the construction of a Ruwais-based facility with total capacity to produce between 30,000-40,000 barrels a day of sulphur-free gas oil (SFGO). A second study is focusing on raising capacity at the sulphur-handling terminal at Ruwais by 2,000 tones a day (t/d) to 8,000 t/d. A third study is examining the option of setting up a world-scale aromatics complex for the production of paraxylene via naphtha reforming. No capacity details have been released at this stage. All three studies are due to be completed by the end of 2005. Takreer is already pressing ahead with four other projects – the construction of facilities for the production of unleaded gasoline and low sulphur gas oil (ULG/LSGO), central environmental protection facilities, an inter-refinery pipeline between Ruwais and Abu Dhabi refineries and Abu Dhabi National Oil Company distribution facilities at Mussafah, and condensate storage tanks at the third onshore gas development (OGD-3) project.
- Abu Dhabi Polymers Company (Borouge) is in the process of bidding the \$2.5 billion phase 3 expansion of the Ruwais petrochemical complex. The proposed phase 3 expansion at Ruwais calls for the construction of a 1.4 million-tone-a-year (t/y) ethane cracker and several downstream units. In addition to a planned 540,000-t/y polyethylene (PE) unit, Borouge is mulling options for two 400,000-t/y polypropylene (PP) units, all using Borstar technology. serve 120,000 industrial, residential and commercial customers.

Resources

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www.adnoc.com (offers links to all ANDOC group sites)

www.datamediasystems.net (subscription service that offers a comprehensive and updated list of projects in the energy and power sectors)

www.uae.gov.ae (will lead you to link to UAE Ministry of Energy)

Pollution Control Equipment

Overview

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	2003	2004	2005 (estimated)
Total Market Size	180	240	320
Total Local Production	0	0	0
Total Exports	9	10	20
Total Imports	189	250	340
Imports from the U.S.	45	60	120

The above statistics are unofficial estimates in millions of US dollars.
Exchange rate US\$1 = 3.671.

- Note: Re-exports indicated where total imports exceed market size

In recent years, the UAE has taken significant steps to protect the environment. These include: the establishment of the Federal Environmental Agency (FEA) in 1993; the creation of the Environmental Agency for Abu Dhabi (EAD) in 1996, the establishment and the full implementation of the UAE Federal Environmental Law 24 of 1999, the adoption of programs by municipalities for better environmental practices, the creation of separate entities by the major industrial institutions for the protection of the environment, the treatment and disposal of solid and medical waste, the treatment of wastewater, and several other initiatives.

Considering the vast commercial and industrial developments and a population increase of approximately 10%, which puts more demand on the countries resources, the UAE is expected to invest several billions of US dollars over the next decade in environmental and pollution control projects. These projects are linked to the oil and gas industries, conservation of water and power generation, waste management, land management and air pollution.

The UAE production of water is approximately 510 million gallons per day of which 80 percent is desalinated seawater. An estimated US\$5 billion will be spent on improving water resources in the coming years because the need for water in general and desalinated water in particular, will triple to 713 million gallons per day by the year 2015.

Nearly all of the wastewater in the Emirate of Abu Dhabi is treated and used to turn large areas of desert into green areas. Almost half of the wastewater in the northern emirates is also treated and used for irrigation. The Emirate of Abu Dhabi is in the process of privatizing the wastewater treatment plants. Treated wastewater is used in fish hatcheries, farms, municipal and commercial sewer systems, as well as industrial toxic waste treatment. The resulting sludge is disinfected and used as a natural fertilizer. Wastewater ozone treatment systems support a wide range of activities, from reduction of biological waste to complete purification and sanitation as required by drinking water quality standards. Industrial firms vying for ISO accreditation rely on water recycling as an important step forward in their march towards environmental friendliness.

ADNOC and its group of companies are addressing vital environmental issues under their new Health Safety and Environment (HSE) policy and objectives. These include elimination of hydrocarbon flaring, abolition of continuous venting of hydrocarbon disposal, optimization of land use and energy resources, and re-injection of produced water and other effluents. HSE also examines ways to minimize the use of oil-based muds and the disposal of drilling muds and cuttings, so as not to contaminate the environment. It also looks at reducing and controlling solid and other wastes, including treatment and disposal as per international standards. Most importantly, HSE not only plans the clean up of oil and chemical spills, but also works to prevent them.

The UAE generates approximately 561,000 tons per day of solid waste, which includes household, commercial, industrial, animal, agricultural, and medical waste. Abu Dhabi Government is investing US\$84 million in a Solid Waste Management Center, which will be maintained and operated by the private sector. More than 40 percent of UAE municipal solid waste can be recycled and reused. An additional 30 to 40 percent of the waste can be made into compost and used as fertilizer. Currently, there are five compost plants in the UAE. The Abu Dhabi Municipality has contracted two companies for the private collection and transfer of solid waste and will be contracting two more in the near future. The northern emirates also have plans for investing in upgrading and improvement of its solid waste management.

A Royal Decree was recently issued on medical waste from hospitals in Abu Dhabi. The decree calls for a total ban on the disposal of medical waste in containers not designed for this purpose. It stipulates that all health centers should separate their medical waste from other waste material, then dispose of it in specially designed containers supplied by the municipality. Approximately 11 to 13 tons per day of medical waste, including infectious and non-infectious wastes, are generated in the UAE. It is worth mentioning that several new government and private hospitals are in the pipeline.

Air pollution in the UAE is mainly due to power generation and transformation plants, vehicles and industrial emissions. The number of cars in the emirate of Abu Dhabi alone has increased from 40,448 in 1991 to 98,589 in 1995 and it is expected to reach approximately 300,000 by the end of 2005. Based on a resolution by the Higher Council of Leaders of the Gulf Cooperation Council (GCC) issued in December of 1998, the UAE phased out leaded gasoline and replaced it with unleaded gasoline, which came into effect in early 2003. Vehicles that were equipped for unleaded gasoline had two options, either use the unleaded gasoline with special chemicals added to it to make it useable or add catalytic converters to their cars. By 2007 all vehicles in the UAE should either have catalytic converters or be equipped for unleaded gasoline.

The UAE is well known for the construction of building towers. Buildings that are 15-20 years old are knocked down and replaced by new, taller ones. Dust resulting from the demolition of old buildings is enormous. However, the used iron bars are recycled by smelters in order to be re-used while cement fragments are crushed and treated for re-use in landfill operations.

The Federal Environment Agency and the General Secretariat of Municipalities spend millions of dollars annually on environmental feasibility studies, awareness campaigns and development of human resources for carrying out environmental missions.

Article 4 of the UAE Federal Environmental Law #24 mandates that the implementation of any project in the UAE requires an Environmental Impact Assessment (EIA) to ensure that the project does not adversely affect the environment. An application for an environmental permit has to be submitted for any proposed project by the project proponent/owner to the Environment Agency of Abu Dhabi (EAD), which will decide whether the project needs a comprehensive EIA, a limited EIA or no EIA. Once it is decided that an EIA is needed, the project proponent (or his consultant) has to prepare the EIA scope of work. The latter will be reviewed by EAD, which approves the project based on the review of the EIA study report. EAD will also oversee the implementation of the EIA recommendation. A law is currently being drafted for the emirate of Abu Dhabi whereby all EIAs should be carried out by only pre-qualified consultants. EAD has been tasked to pre-qualify environmental consultants.

There is minimal local production for environmental protection equipment and supplies in the UAE. However, water pipes, fertilizers, cement, paper products, nylon bags, valves, and other items are locally produced. US manufacturers and exporters enjoy an excellent reputation for product technology, quality and durability and US market share is expected to increase. US companies face tough competition from the Europeans in the UAE, who generally have offices here and travel frequently to the region. Providing after-sale maintenance services is essential and US companies are advised to establish a presence in the UAE to be able to compete. In general, US companies with a manufacturing presence in the UAE and the GCC are most likely to be able to compete in the UAE market, given the relatively low cost of production. The UAE enjoys a free trade market system. An over-the-board custom duty of five percent applies to all imports with the exception of a few items. There are no restrictions on foreign exchange and money transfer operations.

Best Prospects/Services

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The most promising sub-sectors within this sector, with the estimated 2005 Total Market Size of each in millions of US dollars:

Wastewater	190
Solid Waste	95
Medical waste	25
Air pollution	10

Dangerous Waste Residues Management Project: Abu Dhabi-based refining company Takreer is undertaking a US\$47 million project for ADNOC and its Group of Companies that involves the effective disposal of waste. The project will manage all the dangerous waste products produced by ADNOC & its Group of companies by utilizing the latest technologies for treatment of hazardous waste in accordance with international standards. The project consists of establishing a complete hazardous waste treatment facility. A specialized warehouse for all waste treatment is also under consideration. The new operation will rely heavily on stabilizing and neutralizing the negative effects of solid waste through chemical treatment by combining such wastes with cement to produce concrete blocks that can be buried in a safe manner, at varied depths. The second method consists of segregation of water from hazardous residues through a high technology process. The third method is built around burning solid waste in a high temperature furnace, in order to destroy all hazardous organic material present in the waste. This method helps to dispose of hazardous material such as mercury that is in light bulbs.

Emirates of Sharjah Waste Recycling Project: Sharjah Municipality is building an environmental village to recycle waste that will include recycling plants, construction and demolition sites and a materials recovery facility in which waste can be segregated. Most of Sharjah's waste will be dealt with at the site. Construction started in May and is expected to be finished in the coming year. Some more specialized units at the site will focus on tire recycling and medical-waste treatment with high-temperature sterilization equipment. Meanwhile, liquid waste treatment ponds will allow for the recovery and processing of sewage sludge so it can be used as compost. A leachate collection plant will send water through waste material to take out some of its soluble parts. There will also be two evaporation ponds for the treatment of hazardous industrial waste; deep tanks built with a design that removes any risk of contaminating the ground water; and two liquid-waste evaporation ponds. Waste specialists from Austria, under a company named Emirates Environment Technology, are building the village.

Ras Al Khaimah Central Sewage System Project: A US\$35.4 million contract for the first phase of the US\$ 81.7 million central sewage system has been awarded to Jog Union Engineering LLC by the Ras Al Khaimas Sewage Authority on behalf of the emirates government. Negotiations for the second and third phase are ongoing. Halcrow is the consultant for the project. The full capacity of the plant will be 60 million litres per day. This is the highest quantum of waste that this emirate is estimated to generate by 2030. The new central sewage system will be financed by a loan taken by the emirate's government from the Commercial International Bank. Sources at the emirate's Emiri Court said residents will be charged one-fourth the cost of their water consumption as sewage fees, and that fee will be automatically added to the monthly water and electricity bills. Once the laying of the 450-km sewage pipelines of the first phase is completed, the owners of houses and commercial firms will be required to pay connection fees that will be fixed later by the Sewage Authority.

Refuse Enclosure for the Umm Al Quwain Emirate: The Emirate of Umm al-Qaiwain has signed a contract with a private company to build a garbage disposal enclosure of an international standard at a cost of US\$1.4 million. The project will be built on a 400m x 600m area.

Ajman's Sewerage Project: The emirate of Ajman is constructing a US\$140.2 million sewerage treatment plant to be completed in 2007. The project is regarded as one of the biggest ventures ever undertaken in Ajman. It will eventually comprise of a main treatment plant on the outskirts of the city, and 22 individual and mostly underground pumping stations, apart from 250 km pipeline network to connect properties to the system. Each property owner in Ajman is required to contribute to the construction of the network through payment of a connection fee, which will depend on the size of the individual property. Ajman Sewerage (Pvt) Co. Ltd. will finance, build, operate and manage the new collection network comprising over 22 pumping stations, 225 km of gravity pipeline and 30 km of pumping mains. The system also includes a new 49,000cm a day wastewater treatment plant. Total cost of the project is US\$140 million of which about US\$26 million will be covered by equity, US\$80 million by a loan from a group of four banks and the balance by advance payments of connection fees.

Jebel Ali Sewage Treatment Plant: Dubai Municipality is planning a US\$136 million project to expand its sewerage treatment capacity through a new grassroots treatment plant at Jebel Ali, along with a proposed expansion of the existing Al-Aweer plant. The scope of work for Phase I will include a capacity of about 250,000cm a day (cm/d). Three further phases are planned at the site, which will take overall capacity to 1 million cm/d. Montgomery Watson has been appointed as the consultant for the Jebel Ali plant. First-phase designs are expected to be completed late this year, after which tenders will be issued. Construction is scheduled to take three-four years. Dubai's existing treatment plant at Al-Aweer may also be expanded. Montgomery Watson is carrying out a feasibility study focusing on expanding the plant and improving its efficiency. The plant was last expanded in 1998, with capacity increasing to 260,000 cm/d.

Abu Dhabi Solid Waste Management Project: The Higher Corporation for Special Economic Zones is planning the implementation of a solid waste management project estimated at US\$81.8 million in joint venture with foreign firms. The project will be based in the Abu Dhabi Industrial City. Globex City Consultant completed the initial project design.

Dubai Waste Recycling Plant: Dubai Municipality signed a 52 million 20-year BOT agreement with Aqua Engineering Company in Q3 2004 for the construction of a new plant with capacity for processing 4,000 tonnes a day of domestic waste; recycle waste to reuse it as raw material to manufacture goods such as plastic balls and wooden boards. There is also an option to double capacity after initial construction. The project is expected to be completed in 2006.

Sharjah Wastewater Treatment Phase 6 Project: The Project is estimated at US\$25.9 million and it includes the installation of a new treatment unit, demolition of certain facilities built under the first phase, relocation of a pipe rack, new inlet works, construction of a pumping station and a substation. This project will increase the plant capacity to 140,000cm.

Ras Al Khaimah Solid Waste Management Project: Ras Al Khaimah Municipality solid waste management project is being implemented by Ceres Inc of California. The project includes design, installation, and commissioning of a recycling center and material recovery facility.

Nakheel Water Treatment Plant: Istithmar, the investment company of Nakheel has signed a contract with Hyflux for the construction of new water treatment plants in Dubai worth US\$400m. The work scope includes construction and operation of wastewater plants. Hyflux will design, build and operate wastewater plants for Nakheel over the next three years.

Resources

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<http://www.ee-uae.com/> (Environment Exhibition and Conference – one of the biggest shows in the region)

<http://www.fed.gov.ae/> (UAE Federal Environmental Agency)

<http://www.erwda.gov.ae/> (Environmental Research and Wildlife Agency)

<http://www.adm.gov.ae/> (Abu Dhabi Municipality)

<http://www.dm.gov.ae/main.html> (Dubai Municipality)

<http://www.shjmun.gov.ae/> (Sharjah Municipality)

<http://www.rakmunicipality/> (Ras Al Khaimah Municipality)

<http://www.datamediasystems.net/> (Data base for updated list of projects in the UAE)

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Medical Equipment

Overview

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	2003	2004	2005 Estimated
Total Market Size	328	361	415
Total Local Production	25	27	32
Total Exports	2	2	3
Total Imports	305	336	386
Total Imports from the US	87	108	125

The above statistics are unofficial estimates in millions of US dollars.

Exchange rate US\$1 = 3.671

Note: Re-exports indicated where total imports exceed market size.

The UAE has seen remarkable progress in health care and comprehensive health programs have been adopted to meet the needs of the UAE society. The UAE has a comprehensive, government-funded health service and a developing private health sector. Health care infrastructure has kept pace with other health care developments to ensure that adequate services are provided in the emirates. Both the Government and private sector expansion and upgrading are ongoing. The average annual growth during

the next three years is estimated at 15 percent, due to the expansion in the number of hospitals and an increase in private health care facilities.

The UAE, which in 1979 had only 7 hospitals, currently has 68 hospitals with a total of 8,343 beds and well over 110 well-equipped modern primary health centers and 12 Mother & Child Health Care Centers. The MOH runs 15 hospitals with 2100 beds and 76 PHCs, GAHS runs 12 hospitals with 1805 beds and 46 PHCs, DOMS runs four hospitals with 1524 beds and 20 PHCs. The Department of Defense runs three hospitals and Abu Dhabi National Oil Company (ADNOC) runs one hospital with 36 beds. The private sector owns 31 hospitals with a total of 1461 beds. This is notwithstanding the two Iranian and maternity hospitals in Dubai and Fujairah. According to the MOH, in the UAE there are 1281 private clinics, 200 of which are dental clinics.

In 2001, The General Authority for Health Services (GAHS) was established by a royal decree with a mandate to manage all the Ministry of Health hospitals and PHCs within the Emirate of Abu Dhabi. The aim of the GAHS is to upgrade and operate all of the Emirate of Abu Dhabi hospitals according to accredited international standards. It is said that GAHS has an open budget for 2005, which could exceed US\$800 million, of which a major portion is spent on building new hospitals and upgrading current hospitals. Currently GAHS operates 12 hospitals with a total of 1805 beds, with on going expansion efforts to increase the number of beds to 2500 beds. GAHS also operates 46 PHCs.

The Ministry of Health (MOH), whose budget for 2005 was cut to \$230 million after the creation of GAHS, has federal responsibilities over the healthcare services in the UAE including managing the Northern Emirates healthcare system, excluding Dubai Emirate. Approximately five percent of the MOH budget is spent on medical machines, tools, and supplies. Currently MOH operates 13 hospitals with 2100 beds and 61 PHCs distributed throughout the Northern Emirates.

Dubai Department of Healthcare and Medical Services (DOHMS) was established in 1972 by the Ruler of Dubai to provide healthcare services in the Emirate of Dubai. DOHMS manages four hospitals, with 1504 beds and 20 PHCs & peripheral clinics distributed throughout the Emirate of Dubai.

On November 5, 2002, Dubai launched the Dubai Healthcare City (DHC) project. This new project will create a global healthcare center in Dubai. The total cost of this project is estimated at US\$1.8 billion and is expected to be completed and fully operational by 2010. DHC will include medical education and a research center, specifically addressing postgraduate schools and on the job education and clinical research. It will include a leading and innovative business center leveraging the integration of technology and healthcare services (e.g. Tele-Health, E-enabled services). The DHC project consists of three medical clusters: 1) The University Medical Complex which includes a University Hospital, a Medical School, a Nursing School, and a Life Sciences Research Center; 2) The Medical Cluster which includes Day Clinics, a Specialized Diagnostic Laboratory, and a Rehabilitation Center; and 3) The Wellness Cluster which includes, Check up Clinics and Sports Medicine. Phase I of the project has been completed and sold out. Ninety per cent of the planning for phase II, which is four times more than phase I, is completed and investment opportunities in this phase will be put on offer shortly. Total investments in phase I and phase II has been projected at US\$2.9 billion.

In 2004, the UAE market for medical equipment and supplies was estimated at US\$361 million, with US imports accounting for 28.5 percent of the total. With the recent increase in the Euro exchange rate, the demand for US medical equipment in the local market has increased noticeably. Major US imports are diagnostic, therapeutic and patient monitoring equipment, which are perceived to be high technology and state of the art. US medical equipment and supplies as well as healthcare technology and services are considered to be highly reliable and are preferred. The US commands a major market share with regard to imaging and monitoring equipment, ventilators, and life support and operating theater equipment. Local production accounts for only 7.5 percent of the market for medical equipment and supplies. Only two percent of imports and locally produced medical supplies are re-exported. Aside from the US, the UAE imports medical equipment and pharmaceuticals from France, Germany, Italy, UK, Italy, Sweden, and Japan. Companies exporting medical equipment to the UAE are required to have a local agent registered with the MOH. Medical equipment carries a five percent import duty.

Best Prospects/Services

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The most promising sub-sectors within the healthcare sector, with the estimated 2004 Total Market Size of each in millions of US dollars:

Diagnostic equipment	73
Therapy & Rehabilitation equipment	64
Disposables	56
Monitoring Equipment	50
Medical Aids	33
Surgical	22
Other	63

Opportunities

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The following is an indicative, but not a comprehensive list, of opportunities available in the UAE in the healthcare sector:

The Abu Dhabi Government will be developing the Abu Al Shuoom island, located northeast of the capital, into a city with a raft of facilities including hospitals, schools and hotels. Malaysia's PPM International, Al Rayyan Investment Co, and National Real Estate Investment Co will be involved in the Project, which is estimated at US\$100 million.

The International Golden Group will be investing in a US\$27 million Ozone Center in Abu Dhabi to promote Medical Tourism in the UAE. Land has been allocated and project to be tendered soon.

The General Authority for Health Services will be implementing a US\$20 million fully integrated hospital information system for all of its hospitals and clinics.

The Ministry of Health has approved eight healthcare projects for the Emirate of Fujairah in the 2005 budget. The projects include medical clinics and centers, and providing hospitals with proper equipment and staff.

Mubadalla Development will open a new Diabetes Center soon in cooperation with the Imperial College Research Center. The Center will have several clinics that deal with diabetic patients and an awareness center for prevention/control of diabetes.

The Ministry of Public Works has recently put up for tender five hospital construction projects. The projects are for a 180-bed maternity and pediatric hospital in Sharjah, a 150-bed psychiatric hospital in Dubai, a general hospital in each of Umm Al Quwain and Ras Al Khaimah and a hospital in Masfoot in Ajman.

The Ministry of Health will be installing in the coming year sophisticated emergency medical and resuscitation equipment worth Dh30 million at all primary healthcare centers located in rural and far-flung areas of the country in the.

A new 300-bed private hospital is planned for Al Barsha area. The construction cost of the project, owned by the Saudi German Hospitals Group, is estimated at around US\$100 million. The project will be built on a 91,973 square meter plot of land, with the total area of the hospital building to come to 39,016 square feet.

The General Authority for Health Services (GAHS) has plans to revamp all of its 46 existing Primary Healthcare Centers (PHCs) in the Emirate of Abu Dhabi. The plan includes setting up of new additional centers that will provide a complete one-stop healthcare for Abu Dhabi residents both the nationals and expatriates. GAHS will adopt the concept of the Family Medicine Model of Care, focusing on preventive, health promotive, and curative, which is community based and caters to the needs of the whole family from newborn to elderly. As the first step, some of the existing centers will be renovated and upgraded while some will be replaced with new buildings. The GAHS will also build 10 state-of-the-art centers of different categories with facilities including a specialty clinic, laboratory, pharmacy, X-ray, ultrasound, dental clinic, woman and child health services etc.

The General Authority for Health Services has plans to interlink the hospitals and the Primary Healthcare Centers in the Emirate of Abu Dhabi with an electronic network system that will facilitate sharing of information on treatment, medication, consultation and referral.

The General Authority for Health Services will introduce a health insurance plan for residents in Abu Dhabi. The plans will be completed in the next few months and will be ready to be introduced in the first quarter of 2005. Part of these plans is the establishment of a body that will issue health-insurance policies to the national and expatriate community in the Emirate of Abu Dhabi. This insurance is different from that introduced by the Ministry of Health because it covers only residents of the Abu Dhabi Emirate. Under this plan, residents whether expatriates or nationals may obtain treatment in any hospital of their choice.

The New Medical Center Group is establishing a new hospital at Qusais, which will provide advanced cardiovascular facilities in the region. The hospital will be equipped with some of the most advanced diagnostic cardiac imaging, monitoring and therapeutic technologies available.

The Dubai Department of Health and Medical Services (Dohms) approved the Electronic X-ray and Medical Imaging project for all Dohms medical centers and hospitals and directed the replacement of all existing equipment with digital equipment for the purpose of linking all Dohms x-ray equipment electronically.

The Government of Fujairah is planning to invest in its famous Al Ghamoor sulphur water spring, turning it into a health center and a tourist destination. The spring has been attracting visitors from the UAE and the Gulf States as well as other countries for decades. The spring is targeted by patients who are convinced of the water's curative effects on different diseases including joints and back pains, skin diseases and rheumatism. An optimal health center included different units for physiotherapies will be established to provide integrated health services to visitors of Al Ghamoor spring.

Resources

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www.moh.gov.ae

www.dohms.gov.ae

General Authority for Health Services (no website)

www.arabhealthonline.com

Commercial Specialist:

Rula Goussous Omeish

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E-mail: rula.omeish@mail.doc.gov

Architecture/Construction/Engineering

Overview

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	2003	2004	2005 (estimated)
Total Market Size	292	322	369
Total Sales by local firms	70	72	77
Total Sales by foreign firms	222	250	292
Total Sales by US owned firms	60	75	90

The above statistics are unofficial estimates in millions of US dollars.

Exchange rates used US\$1= 3.673 Dirhams.

The recent UAE economic boom was a result of high oil prices that led to increasing UAE energy revenue in 2003. Other contributing factors included the population increase; the rise in re-exports through Dubai and UAE ports, heavy capital spending by

federal and local government and a major growth in private sector investments in the UAE real estate and tourism industries.

In 2004, the UAE Architectural, construction, engineering services (ACE) industry experienced an overall increase of 10 percent over the previous year. This growth was stimulated primarily by direct investment in oil & gas, commercial and residential real estate and infrastructure projects including power and water utilities.

New investments in the construction and tourism sectors of over US\$50 billion will insure that building activity will offer a wide range of opportunities in the Architectural, Construction, Engineering services.

Dubai is currently expanding its hotel capacity. Over 120 new hotels are expected to be constructed during the next five years. These include 80 hotels on the two Palm Islands projects. Additionally, Dubai Festival City is under construction as Dubai develops its role as a tourist destination.

All major projects require international construction project management firms to supervise work execution; US companies enjoy an excellent reputation for such services. There are no regulatory /demand issues affecting the market for ACE services.

Best Prospects/Services

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The most promising sub-sectors within this sector, with the estimated 2005 total market size of each in millions of US dollars:

Petrochemical Engineering Services	106
Civil engineering services	97
Hotel A/C/E/services	26
Airport & port development	23

Opportunities

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During the first quarter of 2003, Dubai became known as the construction capital in the Gulf and the position is likely to remain unchallenged during the next three years. Local and international contractors are preparing to submit bids for over ten major projects worth over US\$5 billion before the end of 2005. Proposed projects, during the next 5 years, will cover residential, commercial and government projects and include: expansion of Dubai and Abu Dhabi International Airports (US\$6 billion), Dubailand (US\$5 billion), three Palm Islands (US\$3 billion), Dubai Festival City (US\$1.8 billion), Dubai Port Expansion programs (US\$1.3 billion), Jumeirah Beach Residence (US\$1.4 billion), Dubai Healthcare City (US\$1.8 billion) and Emaar Development Properties (US\$7 billion).

Resources

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Dubai Municipality - www.dm.gov.ae
Department of Economic Development - www.dubaided.gov.ae
UAE Contractor's Association - www.uaecontractors.com
Dubai Customs - www.dxbcustoms.gov.ae
Dubai Chamber of Commerce - www.dcci.ae

Major trade fair:

Cityscape – December 04 - 06, 2006 - www.cityscape-online.com
To be held in Dubai, U.A.E.

E-mail: adel.fehmi@mail.doc.gov for additional information from the U.S. Commercial Service for the UAE.

Computers / Peripherals

Overview

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	2003	2004	2005 (estimated)
Total Market Size	486	635	692
Total Local Production	0	0	0
Total Exports	389	413	461
Total Imports	874	1048	1153
Imports from the U.S.	101	116	130

The above statistics are unofficial estimates in millions of US dollars.

Exchange rate US\$1 = 3.673 dirhams.

Note: Re-exports indicated where total imports exceed market size.

Private and public sector entities try to keep pace with current technology and communication methods by using computer equipment in-line with what the current market offers. Computers of US origin are seen as attractive buys for those wanting quality products, as the margin of pricing is negligible when compared to a locally assembled machine. US manufacturers are looked upon as market leaders and will maintain their edge to the extent that they continue to be able to introduce state-of-the-art technology and products at competitive prices. A factor that has grown this market is the e-enablement of local government offices. The sole local ISP has also been trying to increase the number of users for internet access. Growing awareness of the value of accessing the internet has augmented the home PC market, which is expected to further increase. Local governments are placing great emphasis on Information Technology (IT) being made available in public schools. Computer assembly plants in the Jebel Al Free Zone (JAFZA) assemble Acer and Supra brands. Such products, when brought into the UAE from JAFZA are considered imports.

The estimated recorded market share of 18% in 2004 for US computer imports into the UAE does not reflect the true picture, as US computer branded products are also imported from factories located outside of the US. HP is considering setting up a manufacturing unit in the UAE. Major competitors are the UK, Netherlands, Japan, Taiwan and China. There are no import restrictions for the computer industry. Effective January 1, 2003, customs duty became five percent. US companies need to obtain

USG approval before exporting certain high-end sophisticated computer equipment to the UAE.

Best Products/Services

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The most promising sub-sectors within this sector, with the estimated 2005 total market size of each in millions of US dollars:

Personal Computers	75
PC Notebooks	69
Networking Solutions	64
Computer Monitors	52
Multimedia Products/Upgrades	47
Modems	29
File Servers	26
Client Server Systems	23

Opportunities

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The UAE Federal government has approved a second telecommunications company to offer services in the UAE. This is expected to begin operating by mid-2006. The late President, His Highness Sheikh Zayed bin Sultan Al Nahyan, made the initial announcement, providing for a second telecommunication company to operate in the UAE in April 2004 via Federal Decree No.3. This decree abrogated the exclusive operation of the telecommunication sector by Etisalat, the sole service provider for the UAE.

Aside from the fact that a new entrant in the market would need to buy equipment, it is hoped that competitive pricing in the telecommunication sector will drive the need for computer related products even higher.

Resources

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Emirates Telecommunication Corporation (Etisalat) – <http://etisalat.ae>
(The organization that pre-approves hardware/software that is used in-country for all telecommunication service.)

Comtrust – <http://www.comtrust.ae>
(Comtrust, the Digital certificate provider, which is part of eCompany, a fully owned subsidiary of Etisalat)

The Institute of Electrical & Electronics Engineers – <http://www.emirates.org/ieee/>
(Computer Society, UAE Chapter)

Major trade fair:

GITEX - November 18-22, 2006 - www.gitex.com
To be held in Dubai, U.A.E.

E-mail: anne.desouza@mail.doc.gov for additional information from the U.S.
Commercial Service for the UAE.

Safety & Security Equipment

Overview

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	2002	2003	2004 (estimated)
Total Market Size	285	327	362
Total Local Production	0	0	0
Total Exports*	8	9	11
Total Imports	293	336	351
Total Imports from US	32	37	41

The above statistics are unofficial estimates in millions of dollars.
Exchange rates used US\$1 = 3.673 Dirhams.

The UAE market offers excellent opportunities for US security systems and equipment firms, with the Ministry of Defense and the Ministry of Interior (including the Civil Defense Department, Border Guard and Coast Guard) as the main consumers. Dubai Airport is one of the busiest in the world and as a world-class facility in the post-9/11 era, airport security is a top priority for the airport authority. Dubai's bustling ports are also interested in increased security, particularly as the Dubai Port Authority, which includes Dubai Customs, proceeds with the US Customs' Container Security Initiative.

The municipal police departments of Abu Dhabi and Dubai each have approximately 15,000 police officers, with Special Operations Commands and SWAT teams. The UAE is aware of the fast pace of improvements in security and police equipment and technologies worldwide and they wish to make the best use of the latest technologies. All agencies involved in security or law enforcement want the best tools available to do their jobs and are well funded for quality equipment.

The UAE's coastline stretches for 1300 km and the UAE has numerous islands especially in the Emirate of Abu Dhabi. Like many prosperous nations located near less-prosperous nations, the UAE struggles to combat the smuggling of illegal aliens along its coastline. Coastal surveillance systems are generating significant interest for that purpose as well as for the security of the UAE's numerous offshore oil platforms. With new and modern marinas being established in the numerous beach resorts, luxury boat ownership has also been on the rise, offering very good opportunities for all types of marine security systems, including boat-locating systems, GPS navigation systems, collision avoidance systems, and low-light or night-vision devices.

Security officials are continuously developing new plans to improve security around sensitive areas and installations, as well as to protect prominent government officials. These plans usually require identification and access control equipment, perimeter

security, monitoring and control devices, video monitors, CCTV cameras, warning and signaling devices, personal protection devices and accessories, armored and emergency response vehicles, and checking, searching and investigation equipment, including x-ray inspection equipment.

There is a fast-growing awareness about the need for up-to-date commercial and personal security and safety systems, combined with a surge in infrastructure development in both the public and private sectors. The increase in visitors, including those for global meetings, keen interest in the latest technological developments, and the UAE government's concern for the security of their residents all combine to add momentum to the expected growth in this sector over the next few years. Many UAE residents are now taking steps to better secure their homes and business establishments. This will also add to the substantial market growth expected over the next several years. Industry sources have reported 10-15% growth in the Security and Safety sector over the last two years and expect that this growth will continue.

There are no real barriers for the import of security equipment into the country; however, the import of certain weapons and the installation of communications intercept and surveillance systems require prior permission from the Ministry of Interior. In addition, most crime control equipment requires US Department of Commerce or US Department of State export licenses for export from the US to the UAE. The US Commercial Service in Abu Dhabi has its own export control officer to advise US companies.

US safety and security systems and equipment enjoy a very good reputation in the UAE market, especially security consulting services and supply of advanced high-tech equipment. The market has become very competitive in the last year, however, with European companies making inroads in the US market share. US companies should be aware that the culture in the UAE rewards frequent and ongoing business and social contacts between supplier and customer.

In most cases, US security and safety firms will not deal directly with the agencies for the purchase of equipment. It is standard practice here for these agencies to issue tenders and seek bids from commercial companies to acquire products for resale to the government agencies. It is imperative that US firms be careful in selecting a local company to maximize opportunities to approach government ministries and equally imperative to be sensitive to the relationship the local firm has with the government agencies. Failure to perform or delayed performance can result in heavy fines and blacklisting for the local firms and this can have an adverse impact on opportunities for US firms.

Best Products/Services

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The most promising sub-sectors within the security and safety sector are listed below:

- Security Consulting Services
- Police Equipment
- Surveillance Equipment
- Airport Security

Border Security
Marine security

Opportunities

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Information regarding upcoming "security-related" projects is difficult to obtain, because the UAE government does not release information regarding the scope or dollar value of its security projects. The US Commercial Service offices in both Abu Dhabi and Dubai are well connected to potential customers in the UAE and can provide substantial information to US companies interested in the market here. Marketing of security and safety services and products in the UAE is an area where the Gold Key service is especially productive

Resources

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Major trade fairs:

1. The International Commercial Security, Fire and Safety Exhibition and Conference (INTERSEC – <http://www.intersecexpo.com/>) is held annually in Dubai.
2. Sharjah will host MEPOL in September 2006 at the Sharjah Expo Centre. MEPOL (<http://www.middleeastpolice.com/>) will be supported by the US Department of Commerce and will specialize in safety and security products used by internal state security police, military, customs, civil defense, airports, and seaports.
3. Abu Dhabi will host Security and Safety Middle East (<http://www.securityandsafety-me.com/>), a U.S. Department of Commerce certified trade show, in October 2005.

Air Conditioning & Refrigeration Equipment

Overview

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	2003	2004	2005 (estimated)
Total Market Size	342	364	393
Total Local Production	40	44	50
Total Exports	72	74	77
Total Imports	374	394	420
Imports from the U.S.	78	82	89

The above statistics are unofficial estimates in millions of US dollars.
Exchange rates used US\$1 = 3.673 Dirhams.

- Note: Re-exports indicated where total imports exceed market size.

The combination of extensive construction activity, high population growth and harsh climatic conditions make the United Arab Emirates (UAE) an excellent market for air-conditioning and refrigeration equipment. The current market trend is changing toward building new high-rise buildings and large scale luxury hotels and residential apartments.

There are currently several new institutional development projects under construction. These new projects will generate a higher demand for air-conditioning systems in the UAE.

The market demand for complex centrally packaged, air-cooled water chillers is constantly growing. The growth in size of the UAE air-conditioning industry has resulted in the establishment of major local manufacturers of central air-conditioning equipment.

The UAE market is very receptive to US central air conditioning equipment, because of their reputation for high quality, safety, brand recognition, and low maintenance requirements. The vast real estate growth foreseen in the UAE in general and in Dubai in particular indicates further growth of demand on cooling systems.

Best Products/Services

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The most promising sub-sectors within this sector, with the estimated 2005 total market size of each in millions of US dollars:

Central Air Conditioning	135
Mini Split Air Conditioning	48
Window Air Conditioning	67
Cold Storage Equipment	62
District Cooling	40

Opportunities

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The market demand for air-conditioning equipment in the U.A.E. is dependent on the construction industry. During the first quarter of 2003, Dubai became known as the construction capital of the Gulf with its new position likely to remain unchallenged for at least the next three years. It is estimated that over US \$ 30 billion will be invested in the UAE, by the government and private sector, in the construction industry during the next three to five years. Market sources reported that the current boom in the construction sector is a direct result of 1) high return on investment and 2.) Government of Dubai's new initiative for allowing non-UAE citizens to purchase freehold properties in Dubai. These two factors provided a major boost to the property development industry that began in 2003.

Resources

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Major trade fair:

BIG 5 – October 28 - November 01, 2006 - www.dmgdubai.com

To be held in Dubai, U.A.E.

E-mail: adel.fehmi@mail.doc.gov for additional information from the U.S. Commercial Service for the UAE.

Building Products

Overview

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	2003	2004	2005 (estimated)
Total Market Size	1025	1230	1498
Total Local Production	84	92	96
Total Exports	148	151	154
Total Imports	1089	1289	1556
Imports from the U.S.	48	55	68

The above statistics are unofficial estimates in millions of US dollars.

Exchange rates used US\$1 = 3.673 Dirhams.

Note: Re-exports indicated where total imports exceed market size.

The construction industry is one of the most active sectors of the UAE economy. The UAE government will spend over US\$50 billion dollars over the next five years for the construction of new infrastructure projects and government, commercial and residential buildings. The construction and tourism industries are the two major sectors of the local economy that will continue to generate a high demand for building products.

The market demand for building products is influenced largely by the level of construction activity in the country. It is expected to grow rapidly as new construction tenders are floated by public and private sectors. Projects include construction of new high-rise commercial/residential buildings, houses, hotels, beach resorts, hospitals, schools, roads, public parks, shopping malls, and a major airports expansion.

The UAE building products industry continues to offer good export opportunities to U.S. suppliers. Local importers and distributors of building products indicated that U.S. manufacturers/suppliers have an excellent reputation for supplying quality-engineered products and foresee an increase in the U.S. market share. The primary reason for this expected growth is due to the satisfaction among end-users with the quality of U.S. building products.

Best Products/Services

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The most promising sub-sectors within this sector, with the estimated 2005 total market size of each in millions of US dollars:

Steel and Iron Bars	749
Wood & Wood Products	224
Hardware Products	142
Ceramic Products	75
Plumbing Products	52
Architectural Glass	51

Opportunities

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During the first quarter of 2003, Dubai became known as the construction capital in the Gulf and the position is likely to remain unchallenged during the next three. Proposed projects, during the next five years, will cover residential, commercial and government projects and include: expansion of Dubai and Abu Dhabi International Airports (US\$6 billion), three Palm Islands (US\$3 billion), Dubai Festival City (US\$1.8 billion), Dubai Port Expansion programs (US\$1.3 billion), Jumeirah Beach Residence (US\$1.4 billion), Dubai Healthcare City (US\$1.8 billion) and Emaar Development Properties (US\$7 billion).

Resources

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Dubai Municipality - www.dm.gov.ae
 Department of Economic Development - www.dubaided.gov.ae
 UAE Contractor's Association - www.uaecontractors.com
 Dubai Customs - www.dxbcustoms.gov.ae
 Dubai Chamber of Commerce - www.dcci.ae

Major trade fair:

BIG 5 – October 28 - November 01, 2006 - www.dmgdubai.com

To be held in Dubai, U.A.E.

E-mail: adel.fehmi@mail.doc.gov for additional information from the U.S. Commercial Service for the UAE.

Sporting Equipment/Recreational Equipments

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	2003	2004	2005 (estimated)
Total Market Size	89	127	145
Total Local Production	0	0	0
Total Exports	39	53	62
Total Imports	128	180	207
Imports from the U.S.	20	23	26

The above statistics are unofficial estimates in millions of US dollars.
Exchange rate US\$1 = 3.673 dirhams.

- Note: Re-exports indicated where total imports exceed market size.

With a per capita income of over US\$20,000 the UAE presents a very attractive market for the leisure/recreational industry. The large resident expatriate population (80% of total population) has a significant influence on the demand for sporting goods.

All five international airports in the UAE have registered a growth in both passenger and cargo movement. Total passengers using Dubai International Airport alone is 21.7 million persons for 2004. The country also hosts numerous overland visitors from neighboring countries.

As the UAE wants to be known as a favored travel destination whether for business or pleasure in mid 2001 the UAE changed its visa entry policy allowing nationals of 33 countries to receive a visa upon arrival at no cost for a maximum stay of 30 days. An additional 30 days can be applied for while in country. Visas for stays longer than two months must be applied for from overseas.

Today, both government and private companies have begun putting infrastructure in place to turn the UAE into a viable travel destination by building and operating theme parks, indoor family entertainment centers, edutainment centers, hotels, etc.

Opportunities for further development and expansion exist especially for theme park equipment. All equipment supplied to this booming sector is supplied with imported equipment. Actual value figures for recreational equipment are not reflected below as local statistics capture this category within "construction activities".

Innovative new products and increased promotional activity characterize this highly competitive market. Major competitors are Germany, China, Japan and the U.K. Effective January 1, 2003, customs duty became five percent.

The most promising sub-sectors within this sector, with the estimated 2005 total market size of each in millions of US dollars:

Best Products/Services

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The most promising sub-sectors within this sector, with the estimated 2005 total market size of each in millions of US dollars:

Amusement Park/Outdoor Playground Equipment	32
Fitness Equipment	29
Video Games	15
Racquet Sports and Accessories	6
Golf Equipment	4
Soft Playgrounds	3
Fishing Equipment	3
Playing Cards	1
Hunting/Shooting Equipment	1

Opportunities

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There are a number of major projects within the leisure industry in varied stages – from mere announcements with tenders yet to be announced to projects that are under development. The leisure construction industry is phenomenal. There are tremendous opportunities for the U.S. within this industry. The UAE has an approximate value of US\$823 billion for development projects in the pipeline.

Local companies are constantly looking for U.S. companies that manufacture equipment for spas, jacuzzis and swimming pools. A number of companies have begun to offer spa therapy in a big way and Dubai is seeking to become the center for health and wellness for this region. Another factor that should be considered is the ability for foreigners (including the expatriate workforce which comprise 80% of the 4.5 million population inside of the U.A.E.) to be able to become homeowners in this country. All these individuals will be given residence visas for themselves and their immediate families.

Fitness centers have also mushroomed in the country over the past decade, as residents become educated towards a healthier way of living. Homeowners are now looking at the U.A.E. as a country not only to live and work in but to retire in as well. Undoubtedly, there are excellent prospects in the U.A.E. for U.S. franchisors who offer fitness programs.

Currently being constructed, Dubai Sports City is expected to be completed by 2007 and will be the world's first integrated purpose designed venue. The US\$2 billion city will host the first Manchester United soccer school outside Europe, will have a golf course designed by South African Ernie Els, a David Lloyd tennis school and a Butch Harmon golf academy, the first outside North America.

Dubai is interested and will be bidding to become the destination for the Asian Games 17th Asian Games to be held in 2014 and the World Olympic Games in 2020.

Resources

Ministry of Health – http://www.buyusa.gov/uae/en/uae_federal_government.html
(Prior approval for some types of nutrients needs to be got from the U.A.E. Ministry of Health before sale within the country.)

Dubai Sports City (DSC) – <http://www.dubaisportscity.ae>

Major trade fair:

None of any consequence.

E-mail: anne.desouza@mail.doc.gov for additional information from the U.S. Commercial Service for the UAE.

Agricultural Sectors

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US horse shipments to the UAE are still among the most valuable US agricultural exports. With just a very few families truly involved in this business led by the Al Maktoum of Dubai, followed by Al Nahyan family in Abu Dhabi, and UAE-owned farms in the US involved in horse trading, training and racing, this market sub-sector is narrowly focused, a different type of market.

Other best prospects for US agricultural exports are as follows:

1. Almonds

US shelled almonds are the market leader and are recognized for their incomparable quality. Nearly half of the almonds the UAE imports are, in turn, re-exported with India and other GCC states the primary end-markets for this product. With Indian import policies being liberalized, over time, there is likely to be a dampening effect on Dubai's re-export business. Iran accounts for most of the rest of the supply to the UAE almond market.

	2003	2004	2005
Total Market Size*	8,300	9,000	9,200
Total Local Production	0	0	0
Total Exports	7,000	7,000	7,300
Total Imports	15,300	16,000	16,500
Total Imports from the US	11,000	11,600	7,600

* Note: All statistics are in metric tons
Source: ATO-Dubai estimates

2. Corn oil (FOD)

Corn oil is the preferred cooking oil in the Gulf region, and the U.S. is, hands down, the largest supplier. Consumption of corn oil, and consequently imports from the U.S., is increasing steadily as the locally packed oil is competitively priced. Singapore, Saudi Arabia and Oman, frequently using repackaged U.S. corn oil, are other principal competitor suppliers of corn oil to the UAE market. In 2006, U.S. and allied forces present in the Gulf Region, commercial interests along with aid shipments to Iraq should generate strong demand from all sources, including the U.S.

	2003	2004	2005
Total Market Size*	12,400	14,500	15,000
Total Local Production	0	0	0
Total Exports	12,000	12,900	11,000
Total Imports	24,400	27,400	26,000
Total Imports from the US	24,400	27,400	16,500

* Note: All statistics are in metric tons
Source: ATO-Dubai estimates

3. Fresh/Chilled/Frozen Beef

The traditional UAE market preference is for lamb, mutton and goat meat. Prior to the market closure in December 2003 due to BSE detected in the one dairy cow in Washington State, US beef exported to the UAE had been mostly US choice cuts for 5-star hotel restaurant use and more processed meat for the casual dining and quick service restaurants spread out across Dubai and Abu Dhabi. With the U.S. beef ban being lifted in June 2005, U.S. beef should be in high demand given the market has had to make do with red meat supplied by India, Australia and New Zealand at prices comparable to premium U.S. beef. UAE local red meat production is negligible, but some re-export of processed frozen beef to neighboring GCC neighboring countries does take place.

	2003	2004	2005
Total Market Size*	30,000	31,000	32,000
Total Local Production	0	0	0
Total Exports	11,000	12,000	12,000
Total Imports	41,000	43,000	44,000
Total Imports from the US	1,300	400	700

* Note: All statistics are in metric tons
Source: ATO-Dubai estimates

4. Apples

US Red Delicious apples are recognized as the best apple available. However, as is true across the globe, the apple business is very competitive and the market dynamics in the UAE are no different. Other varieties including Fuji, golden delicious and gala are making headway into the Delicious market. Besides the US other major suppliers include nearby Iran, as well as Chile, France and China. Iran dominates the market with at least 60 percent market share, particularly for golden apples. Dubai is the apple re-export center for the region, with 60 percent of imports being re-exported. Major destinations are the other GCC countries, especially Saudi Arabia, and other markets in the greater region like Egypt.

	2003	2004	2005
Total Market Size*	77,000	80,000	82,000
Total Local Production	0	0	0
Total Exports	33,000	35,000	35,000
Total Imports	110,000	115,000	117,000
Total Imports from the US	19,000	7,800	21,700

* Note: All statistics are in metric tons
Source: ATO-Dubai estimates

5. Poultry Meat (FOD)

U.S. poultry meat, particularly chicken parts and to a lesser degree whole chicken and turkey, are well known for their high quality. This past year witnessed a large influx of branded chicken parts at very competitive prices. Brazil, Saudi Arabia, France and Denmark dominate the market for frozen whole chickens. Brazil and the U.S. dominate the market for chicken parts. Whole chickens represent 90 percent of total chicken meat imports. The preferred size for whole chicken ranges from 900-1,200 grams per bird. Chicken parts are imported in two-pound trays. In 2006, U.S. and allied forces present in the Gulf Region, commercial interests along with aid shipments to Iraq should continue to generate strong demand from all sources, including the U.S. frozen chicken.

	2003	2004	2005
Total Market Size*	133,000	170,000	177,000
Total Local Production	33,000	35,000	37,000
Total Exports	45,000	15,800	20,000
Total Imports	145,000	150,800	160,000
Total Imports from the US	25,000	10,000	15,000

* Note: All statistics are in metric tons
Source: ATO-Dubai estimates

Note: Quantity data for 2003 and 2004 total imports for UAE in all tables are ATO Dubai estimates.

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>.

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