

UNITED ARAB EMIRATES  
MINISTRY OF ECONOMY



الإمارات العربية المتحدة  
وزارة الاقتصاد

# Federal Law by Decree No. (19) of 2018 Regarding Foreign Direct Investment





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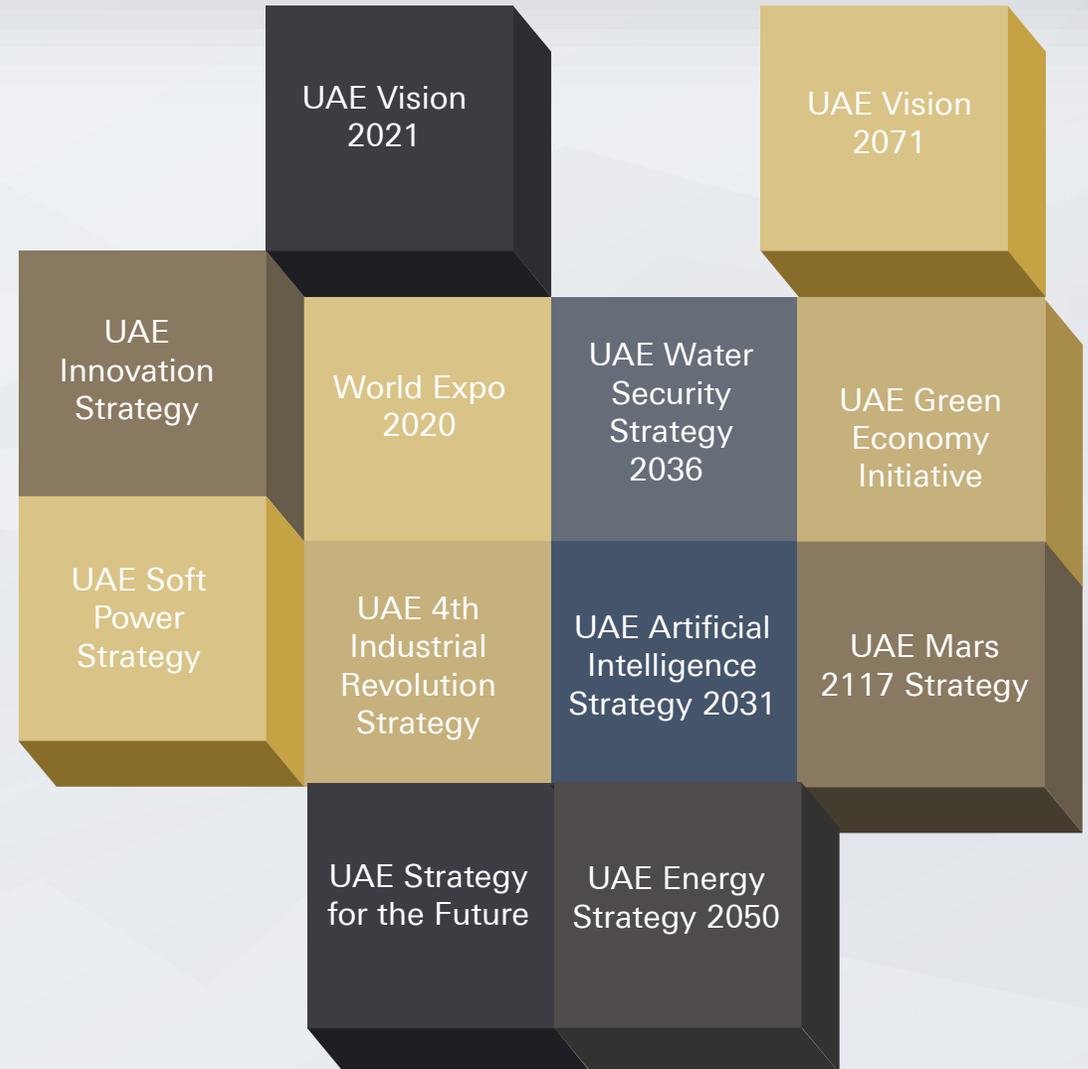
Economic developments, global trends and even technical progress from various fields are considered as key drivers aimed at enhancing the attractiveness of foreign investments. These are also seen as important elements in the move to achieve sustainable development as it helps in consolidating and enhancing the confidence of the foreign investor in the country and reinforces the country's reputation as a major investment destination in the region—combined with the presence of a safe and attractive investment environment. The strategic and forward-looking vision of the UAE government in exploring the future trends of the foreign investment movement reflects the wise vision of the UAE leadership to stimulate the economy and enhance its competitiveness by attracting foreign investments. This is seen as a new force for foreign direct investment opportunities and a catalyst for many major international companies, especially in innovation, technology, space, renewable energy, and artificial intelligence to establish their business in the UAE, supported by its open investment policies, business practices and the enactment of investment-stimulating and legislation.



# Strategic Visions of the UAE

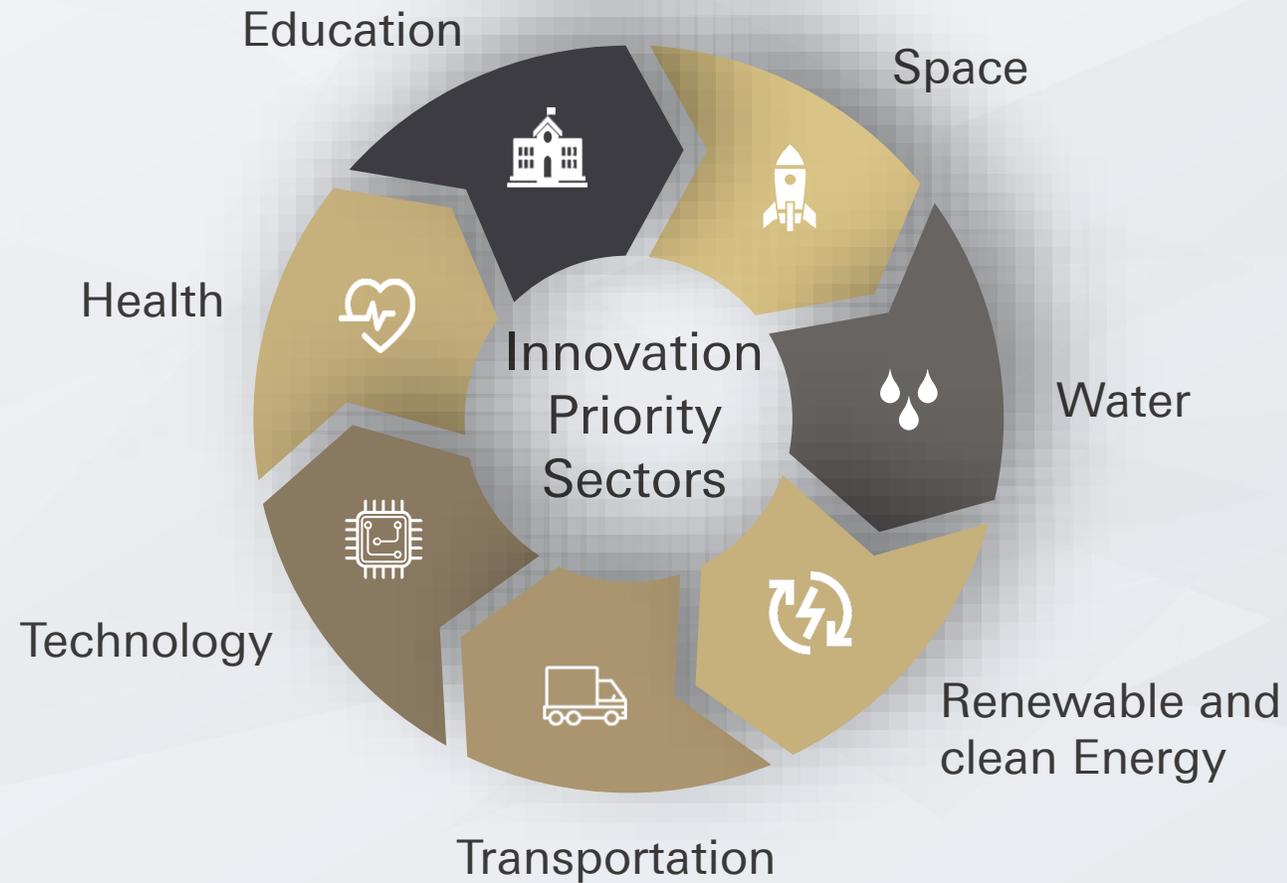
The UAE Government is working to implement many vital projects in support of the various strategies set by local governments that complete each other as well as its federal plans to chart the future of the country, which is full of achievements and has the potential to achieve a leading position on a global level.

Due to the country's strategic vision of economic, social and environmental potentials, the UAE continues to achieve remarkable developments in many fields including trade, investment, telecommunications, information technology, tourism and infrastructure, as well as human and social development.





## The UAE National Innovation Strategy





## The UAE National Artificial Intelligence Strategy

Develop preventive mechanisms for traffic accidents and traffic jams, in addition to drawing up more effective traffic policies to save 50 per cent of annual costs

Help conduct accurate experiments reduce rate of costly mistakes

Reduce accidents and cut operational costs

Cut costs and enhance desire for education





# The Investment Environment of the UAE

In addition to the strategic location and political, economic, social and security stability of the UAE, it also provides a rich investment environment at the regional and international levels

★★★★★

1

Arab world



Ease of Doing Business

*World Bank's Doing Business  
2019 Report*

★★★★★

11

Globally



Ease of Doing Business

*World Bank's Doing Business  
2019 Report*

★★★★★

1

Arab world



On the most attractive  
destination for foreign  
direct investment in  
2017

*World Bank's Doing Business  
2019 Report*

★★★★★

30

Globally

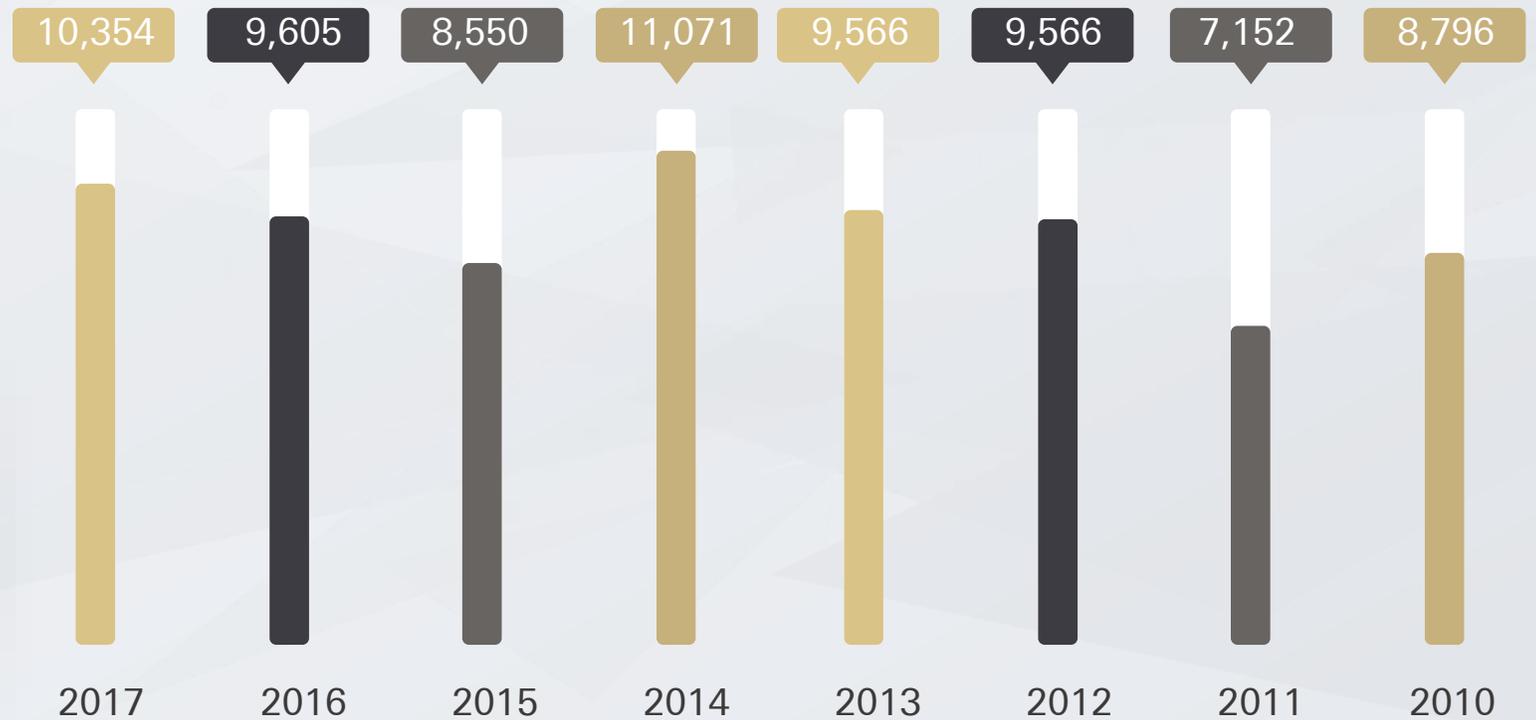


On the list of the world's  
most attractive foreign  
direct investment  
countries 2018.

*World Bank's Doing Business  
2019 Report*



The Flow of Foreign Direct Investment 2010-2017  
Billion US Dollars



5%

2021

Net Inflow of Foreign Direct  
Investment as % of GDP



# The UAE's Ranking in the FDI Inflow of 2017

## Inflows of Inward Investments



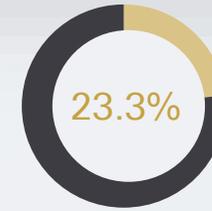
## Outflow of Foreign Investment





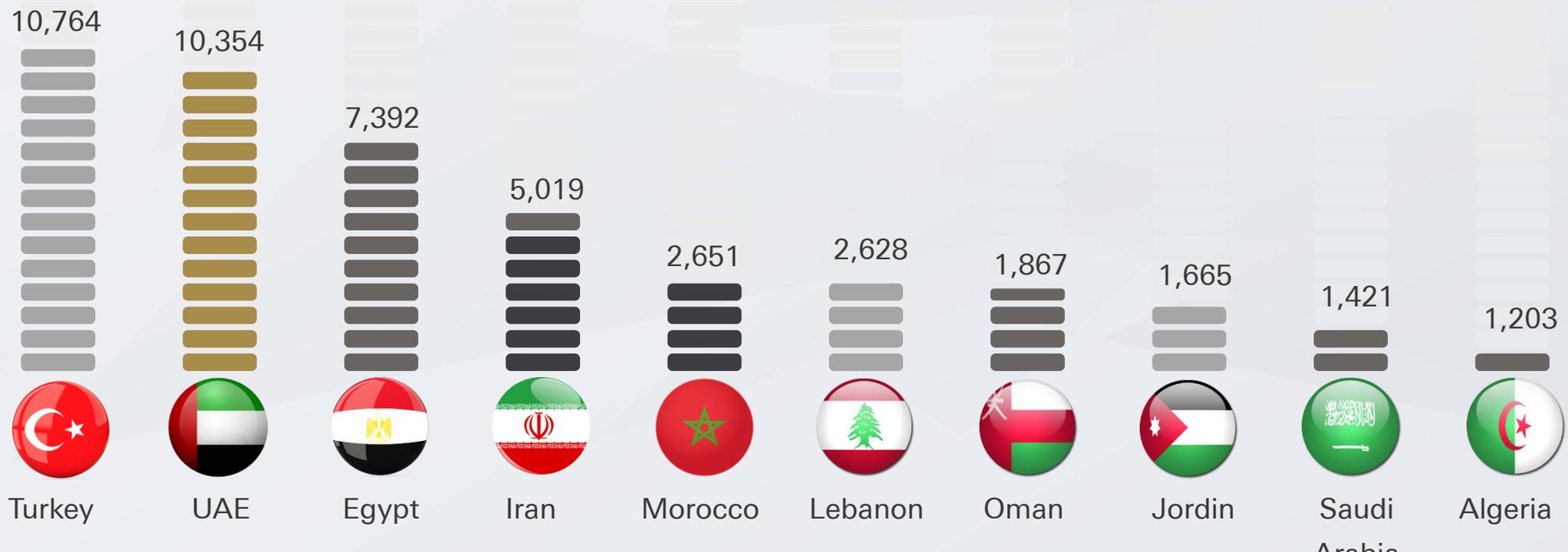
# UAE Ranking in of Foreign Direct Investment in MENA Region 2017

Total FDI Inflow to MENA  
region, as percentage of total  
Global FDI Inflow in 2017



Total FDI Inflow to UAE, as  
percentage of total MENA  
region FDI Inflow in 2017

Top 10 countries in FDI inflows in MENA Region, for 2017 / (Million US dollars)





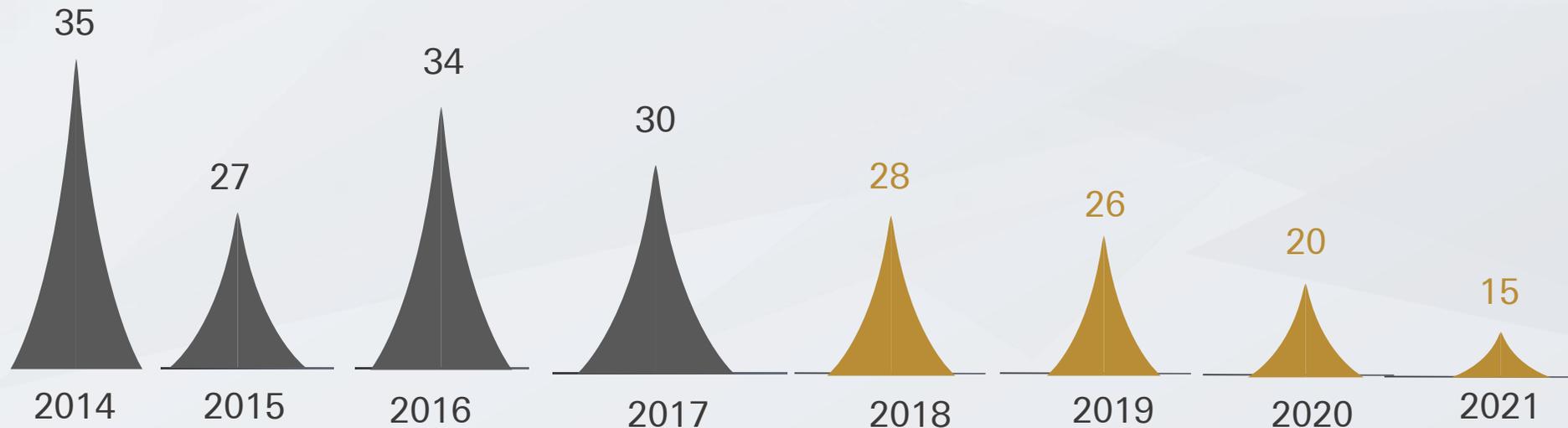
**Index :** UAE global ranking in the FDI attractiveness



**Strategic Goals:** Strengthening UAE attractiveness for investments



**Description:** It is an indication of the countries status and position globally and regionally in the field of attracting foreign investments. The purpose of its measurement is to improve the country's position globally and monitor its progress in the top ranks in the field of attracting foreign investments compared to the rest of the world and the countries of the region.





# Future Expectations of FDI Attractiveness



The UAE has recently launched a series of initiatives to stimulate economic growth, which are aimed to:



Strengthening efforts to attract foreign direct investment.



Raise financial and economic efficiency.



Stimulate investment.



Local production.



Improve business environment to make it more efficient and attractive.



Development of competitiveness capability.



Encouraging innovation and efficiency.

Issuance of the Foreign Direct Investment Law on October 30, 2018. Will have a positive impact on the investment environment in the UAE.

2016

2017

2018

2019

2020

**%12.3**

Growth Percentage

**%7.8**

Growth Percentage

Issuance of Law No. 19 of 2018 on Foreign Direct Investment (FDI)

**%20 - %15**

Expected Growth Percentage

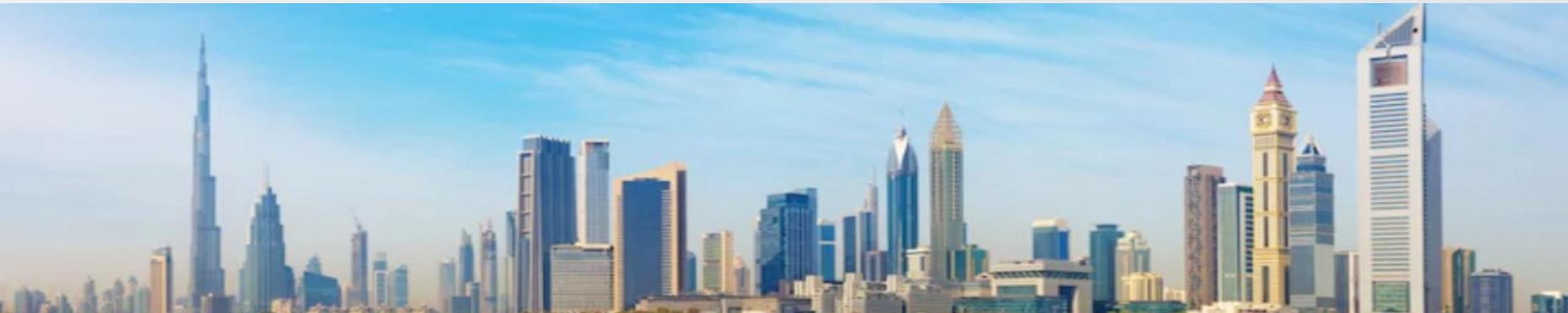
**%20 - %15**

Expected Growth Percentage



## Federal Law by Decree No. (19) of 2018 Regarding Foreign Direct Investment

The UAE, has made a quantum leap by issuing Federal Law No. 19 of 2018 on Foreign Direct Investment (FDI) to promote and develop the investment environment and enhance attracting foreign direct investment through advantages and guarantees that contribute to the establishment of the UAE as a center of encouraging and attracting foreign direct investment, according to the regulations, standards and needs of the UAE economy emphasizing that sustainable development is a continuous institutional approach. This law is considered as a start towards the globalization of the economy, which is compatible with the changes and developments in the world, especially foreign ownership in investment projects, as well as a necessary incentive to expand the production base and diversify it, attract advanced technology and provide job opportunities and training for national human resources in many fields and contribution to the achievement of high added values in the country economy in accordance with the best international practices that require continuous development and the optimal utilization of available resource

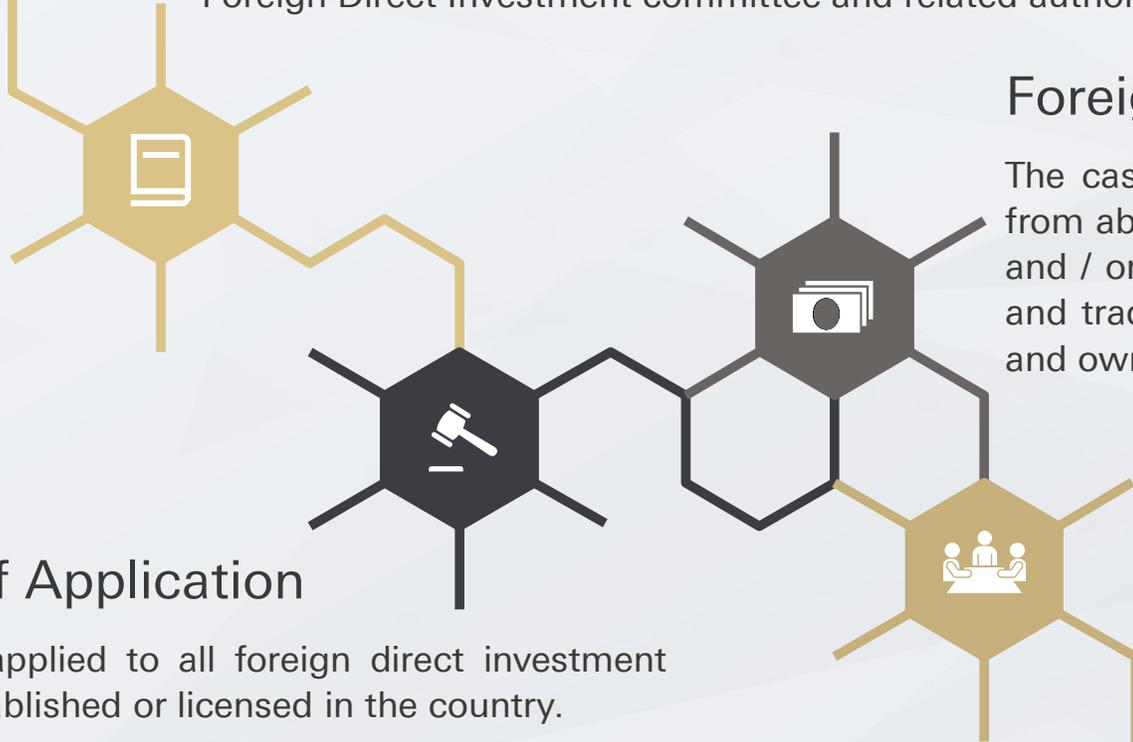




# Federal Law by Decree No. (19) of 2018 Regarding Foreign Direct Investment

## Definitions

The definitions mentioned in the new law are detailed for foreign direct investment, in terms of foreign investor, project, company, foreign capital, advantages and lists of positive and negative sectors with clarification of the specialties of the Foreign Direct Investment committee and related authorities.



## Foreign Capital

The cash invested by the investor and / or transferred to the country from abroad and the profits and returns of the new investment projects and / or the capital increase of the existing projects and / or securities and trading, fixed assets and moral rights, such as franchises, patents and owned and registered trade names.

## Investment Unit

The administrative unit called the Foreign Direct Investment Unit falls under the umbrella of the Ministry of Economy. It has a number of assigned tasks such as proposing policies, plans and programs related to foreign direct investment, as well as seeking to standardize and facilitate the registration and licensing procedures of investment projects and development of data base to enhance the exchange of data between the competent entities in the country in the investment projects. The Unit will also monitor and evaluate the performance of foreign direct investment.

## Scope of Application

Should be applied to all foreign direct investment projects established or licensed in the country.

Should not be applied to the projects established in the financial and non-financial free zones of the country.



# Federal Law by Decree No. (19) of 2018 Regarding Foreign Direct Investment

## FDI Committee

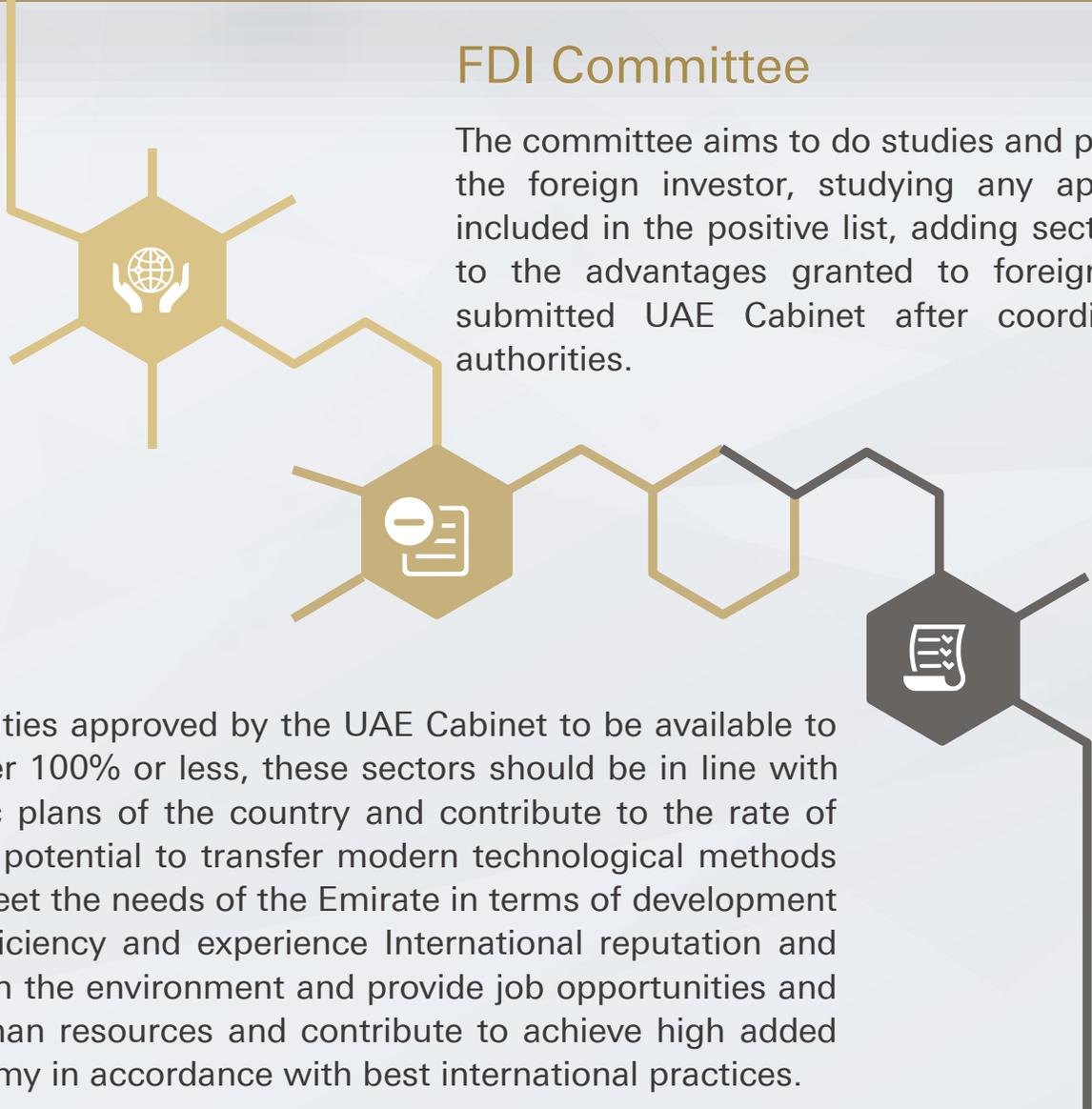
The committee aims to do studies and preparing positive list and its branches available to the foreign investor, studying any applications to establish projects in sectors not included in the positive list, adding sectors and activities to the negative list, in addition to the advantages granted to foreign direct investment projects where it will be submitted UAE Cabinet after coordination with local governments and relevant authorities.

## Positive List

It is all sectors and activities approved by the UAE Cabinet to be available to the foreign investor either 100% or less, these sectors should be in line with the visions and strategic plans of the country and contribute to the rate of innovation and have the potential to transfer modern technological methods and sophisticated and meet the needs of the Emirate in terms of development and has a degree of efficiency and experience International reputation and have a positive impact on the environment and provide job opportunities and training for national human resources and contribute to achieve high added values of the UAE economy in accordance with best international practices.

## Negative List

When determining the negative list, the sectors and independent activities were taken into consideration, such as the exploration of petroleum materials, water, electricity, sectors and activities which have no negative impact on the national interest or citizens such as retail trade and a number of private services and other activities and services that could be Have a negative impact on the national companies that carry out similar activity, as all these sectors are subject to deletion or addition, based on a decision issued by the UAE Cabinet.





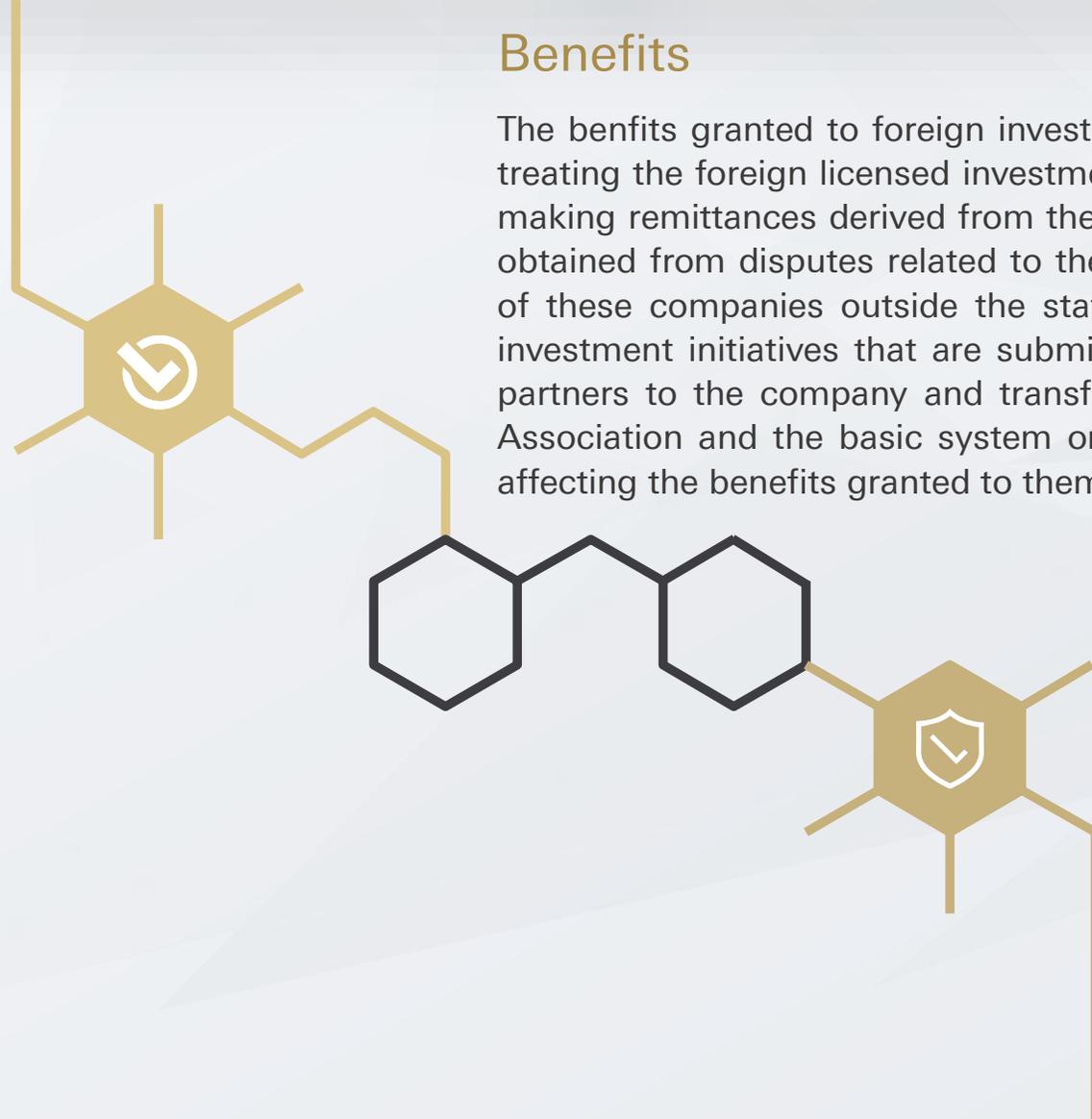
# Federal Law by Decree No. (19) of 2018 Regarding Foreign Direct Investment

## Benefits

The benefits granted to foreign investment companies are based on best international practices, such as treating the foreign licensed investment companies as national companies and giving it the possibility of making remittances derived from the project or annual profits or proceeds of liquidation or sale or funds obtained from disputes related to the project salaries and compensation and entitlements of employees of these companies outside the state. The law also guarantees the confidentiality of information and investment initiatives that are submitted to the relevant authorities and has the right to introduce new partners to the company and transfer its ownership to a new investor and infringe Memorandums of Association and the basic system or change the legal form and have a merger or acquisition, without affecting the benefits granted to them in condition to continue practicing the licensed activity.

## Guarantees

The Decree-Law for FDI projects shall not be expropriated except for the public interest in exchange for fair compensation. In addition to not canceling, stopping or restricting the right to use the real estate allocated to the project except in case of violation of the license conditions, and not to seize the project funds or confiscate them except in accordance with the provisions of the law.





# Federal Law by Decree No. (19) of 2018 Regarding Foreign Direct Investment

## Terms and Procedures for Licensing the FDI Projects

### A project License not included in the Positive List

The foreign investor shall submit the application for approval of his project license to the competent authority of foreign direct investment, which has the right to disapprove the application or to submit the application to the investment committee for consideration after coordination with the licensing authority and after consultation with the local government in the concerned Emirate. The Committee through the Minister of Economy will make a recommendation to the Council of Ministers. In case of a decision by the Council of Ministers to approve the request, the investor shall be notified through the Competent Authority of completing the necessary data and documents. The approval of the license shall then be issued within 5 working days from the date of completion of all required documents and procedures.

### A Project License included in the Positive List

The foreign investor shall submit the application for approval of the license of his project, which is within the positive list of the authority concerned with foreign direct investment, to be considered, satisfying the conditions specified by the competent authority to license the practice of economic activities according to jurisdiction. The competent authority shall issue its approval for the license within 5 working days from the date of submitting the application or fulfilling all the necessary requirements for the license. Otherwise it shall be deemed rejected after the expiry of this period. The company shall then be registered in the foreign direct investment register, issuing the license and notify the investment unit to register the foreign investment companies.



In all cases, the entity responsible for licensing the economic activities in the country shall be responsible for publishing and defining the procedures and documents required for the licensing of the foreign investment project, and the name of the company shall be accompanied by its legal form and the term "foreign direct investment".



## Obligations of Foreign Investment Company

Adhering to the federal and local laws of the State, including the protection of the environment from pollution and everything related to the maintenance of public health and security

Conducting the activity specified in the Licence.

Employing and training national cadres and providing them with the necessary skills, provided the adherence to percentages and special criteria relating to the emiratization as shall be specified in a Council Resolution issued pursuant to this Law by Decree.



Maintaining regular accounts for the Foreign Direct Investment Project.

Notifying the Competent Authority and the Licensing Authority in writing of the date scheduled for commencement of work or actual production within five (5) Business Days from the completion of the installation of Fixed Assets and the preparation thereof for the purposes of the project.

Providing information, statistics and documents required by the Committee, the Investment Unit, the Competent Authority or the Licensing Authority relating to the Foreign Direct Investment Project.

Appointing one or more of the licensed auditors in the State for a renewable period of one year provided that such appointment does not exceed six consecutive years.



# Federal Law by Decree No. (19) of 2018 Regarding Foreign Direct Investment



## Grievance against the decision to reject the License Application

The applicant of the license for a foreign direct investment project in the sectors listed in the positive list may appeal to the competent authority in two cases:

1. If the competent authority rejects his application.
2. If the terms and conditions of the license have expired

The appeal may be lodged within 15 working days from the date of the decision of rejection or the expiry of that period. If the appeal is rejected or not settled within 10 working days from the date of filing, the applicant may appeal it to the competent court within 30 days from the date of rejection or expiration of this period.

In the case of rejection of the request for approval of a foreign direct investment project that is not included in the positive list, the decision of the competent authority is a final decision that is not subject to appeal in any way.



## Refusal of the Project or Restriction on Ownership

The licensing authority and the competent authority must reject the FDI project in whole or in part if this project constitutes a threat to peace or national security or affects the strategic sector or the public health or morals and values of society or the defense sector or the foreign policy of the country. The decision issued for the rejection shall be final and may not be appealed against or challenged in any case.



# Federal Law by Decree No. (19) of 2018 Regarding Foreign Direct Investment

## Administrative Sanction

### Administrative Sanction



The competent authority may take one or more penalties such as warning or denial of benefits or administrative fines of not more than one million dirhams or temporary suspension until correction of the violation or suspension for a specified period to be determined by the relevant authorities. If the conditions and activity of the license granted have been violated or the project has been suspended for no reason.

### Grievance



The foreign direct investment company may lodge a complaint with the Authority which has taken administrative action against it, within 15 working days from the date of notification of the penalty. The President of the Authority to whom the grievance is filed must decide within 20 working days from the date of filing it, otherwise it shall be considered rejected. The Company may appeal against the decision to the competent court within 30 days from the date of notifying it of the decision or considering the complaint to be rejected..

### Termination of the license



After coordinating with the licensing authority, the competent authority may inform the investment unit of revoking the license in case the investor fails to correct the irregularities notified to him in writing and / or repeat the same violation.

## Settling Disputes

Disputes that may arise from the FDI project may be settled through all alternative means of dispute resolution. If it is not settled, the competent court may be referred to the cases of foreign direct investment as a matter of urgency when considering them



# Federal Law by Decree No. (19) of 2018 Regarding Foreign Direct Investment



## Existing projects

The law grants the right to existing foreign direct investment projects to retain all the privileges prescribed for them before the provisions of the Legislative Decree are in force, in addition to the right to benefit from the privileges prescribed for them, in condition to adjust their situation according to the conditions and requirements specified in the law.



## Fee

On the proposal of the Minister of Economy and in coordination with the Ministry of Finance, the Council of Ministers will issue a decree on the federal fees that foreign investment companies must perform on the work carried out by the Ministry of Economy.



## Judicial police

The Judicial Control Officers may visit the site of the FDI project to perform the tasks assigned to them and to match the data and information on the reality and to make sure that there is no violation of the provisions of this decree by the Federal Law and the resolutions that implement it.



## Penalties

The penalties shall be in accordance with the terms and conditions of the applicable law and legislation in force.

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Thank you