



Special points:

- Gulf Cooperation Council
- GCC The Unified Economic Agreement
- GCC Customs Union
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Commercial Laws in the GCC

GCC member states:

UAE, Saudi Arabia, Kuwait, Bahrain, Qatar, & Oman

GCC and the world economy

The Gulf Cooperation Council's (GCC) geographical location, and its cultivation of diplomatic and trade links with key Asian and African states, suggest that it is in a strong position to benefit from expected growth in the developing world. GCC states are developing their trade and investment in these regions and seeking to build stronger links with key economies.

Yet in this respect, GCC states will face intensifying competition from other countries seeking to build similar trade and industrial links. They will also face increasing competition in some of their fledgling manufacturing and services subsectors, including knowledge-based industries. However, the GCC's energy-intensive manufacturing industries will maintain a competitive edge, because of the region's natural energy advantage.

GCC—Sustainable development agendas

The GCC's booming economies are faced with mounting energy requirements because of their fast growing populations and increasing per capita consumption of electricity. Together with industrialization and the vital need for energy-intensive water desalination, this combination of needs and growth effects are posing serious sustainability challenges to GCC resources.

Power generation is predominantly oil and gas based in all the GCC countries and this is evidently straining fossil fuel reserves, shortening their duration and contributing further to the CO₂ footprints of the GCC that are already at a record high.

Evidently, such consumption patterns need to be addressed by local governments in terms of energy security, availability of power generation capacity, sustainability of

the socio-economic development and reduction of the environmental footprints. The GCC is set for a wave of investment in renewable power over the next couple of years, as the region's governments implement their sustainable development agendas. Each of the six member states now have definite plans in the pipeline.

In the past couple months, in particular, the GCC has increased activity in the renewable power projects market. Great opportunities await SMEs in the GCC. The two key areas of opportunity are:

1. Attracting foreign investment and technology transfer in alternative energy methods, and
2. Trade of environmental goods, technologies and services.

UAE—New Laws in the pipeline

The Ministry of Economy is in the process of developing new laws as part of the modernization of the legislative system and the enhancement of the business environment, in line with the UAE Strategic Vision for 2021.

The new laws will cover Foreign Investment, Competition, Certificate of Origin, Arbitration, Industry Affairs Regulation, Amendment of Industrial Ownership, Anti-Commercial Fraud, Auditors Profession Regulation and Companies' Law. The Competition Law will lay down mechanisms to govern healthy competition in business, while the Law of Commercial Arbitration will plug gaps.

Specific conditions

The UAE is revamping its legal system to reflect the changes in the global economic landscape and maintain its competitive edge as a centre of business. It is a thorough process that will fulfill specific conditions and requires a lot of time, research and consensus among all parties involved. Various other ministries and federal agencies are involved in drafting the laws, with the Ministry of Economy being responsible for specific stages and preparations in the process.

The Ministry has already prepared the Competition Law, which has been finalized by the Ministerial Legal Committee and will now be sent to the Cabinet. This Law will encourage competition and will reduce monopoly practices in line with the recommendations of the World Trade Organization.

The Certificate of Origin Law aims to re-organize legislation related to Certificates of Origin in order to specify the origin of the commodity. The Ministry has also finalized the draft of the Arbitration Law in cooperation with a group of legal experts from the Abu Dhabi Arbitration Centre.

The Industry Law will develop the performance of the industrial sector and will stipulate plans to encourage small and medium industries and enhance the quality of products. It will work to protect UAE products from harmful practices like dumping.

The amendments to the Industrial Ownership Law prove the UAE's commitment towards the International Intellectual Property Rights Organization. The amendments included seven new articles to protect planning designs of integrated departments and six articles to protect non-disclosed information.

The Auditors Law aims at enhancing and developing the economic infrastructure and competition by strengthening the auditors' profession and also contributes to achieving greater transparency and disclosure of the institutions in UAE.

The proposed Foreign Investment Law will unify legislations for foreign investments and includes required exemptions and guarantees.

The Anti-Commercial Fraud Law will preserve the earnings of the UAE as it is considered a re-exports hub and will support trade policies. This Law is aimed at protecting the UAE's economic interests.

Federal Law Links:

- UAE Constitution
- Company Law-Federal Law No. 18 1993
- Bankruptcy & Insolvency article. Federal Law No. 18 1993
- Consumer Protection Law
- Control Laws
- Commercial Agency Law
- Commercial Transactions Law
- Taxation in UAE
- Copyrights & Neighboring rights Law
- Trademark Law
- UAE Labor Law
- Insurance Law
- Convention for Protection & Promotion of Investment
- Bilateral Investment Treaties
- Bilateral Agreements

List of Laws is not exhaustive.

Setting up:

- UAE Investor's Guide
- Getting Started-Dubai
- Free Zones-Dubai
- Getting Started-Abu Dhabi
- Free Zones-Abu Dhabi

MUST READ:

- US_UAE Trade & Investment Framework Agreement

Federal Law Links:

- KSA Constitution
- Company Laws
- Foreign Investment Act
- Executive Rules of the Foreign Investment Act
- Capital Market Law
- Social Insurance Law
- KSA Law of Patents
- KSA Copyright Law
- KSA Labor Law
- Income Tax Law
- Corporate Income Tax
- Insurance Companies Control Law
- Code of Law Practice
- Bilateral Investment Treaties
- International Agreements

List of Laws is not exhaustive.

Setting up:

- Getting Started
- Industrial Cities
- Economic Cities

MUST READ:

- US_KSA Trade & Investment Framework Agreement
- The Competitiveness Review Jan. 2010

Kingdom of Saudi Arabia—Ambitious Agenda

Over the past several years, Saudi Arabia has made great strides toward becoming a stable and diversified economy. Transforming Saudi Arabia into a world-class investment destination and equipping it with the institutional basis for productivity gains, stand at the forefront of the Kingdom's economic objectives.

To this end, the government has implemented far-reaching reforms under the auspices of the 10x10 program, an initiative announced by His Excellency the Governor of Saudi Arabian General Investment Authority (SAGIA) in 2006 to make Saudi Arabia one of the world's Top 10 most competitive nations by 2010.

With one year remaining until the 10x10 deadline, SAGIA is pushing forward with tenacious resolve to help the Kingdom upgrade its regulatory regime, to provide an optimal business environment, and to advance with respect to other aspects of competitiveness. Achieving a Top 10 rank will present significant, but achievable challenges. The government will need to further simplify time-consuming bureaucratic processes in many areas related to doing business. Additional development in essential sectors such as information and communications technology will need to occur in order to stimulate investment and innovation.

Despite these obstacles, the 10x10 goal remains attainable, as these concerns are recognized at the highest levels of the Saudi Arabian government and momentum is being built to effect substantial positive change.

The progress of the competitiveness agenda is benchmarked against three internationally recognized measures:

- The World Bank/International Finance Corporation Ease of Doing Business index, published in the annual *Doing Business* report.
- The United Nations Conference on Trade and Development's measurement of FDI inflows into countries, published in the *World Investment Report*.
- The World Economic Forum's Global Business Competitiveness Index, published in the annual *Global Competitiveness Report*.

In addition to advancing the competitiveness agenda, SAGIA has launched strategic initiatives to infuse the private sector with the spirit of competition.

The Saudi Fast Growth 100 initiative is a national program to promote entrepreneurship and innovation. *The Saudi Arabian Responsible Competitiveness Index* assesses the strength of participating organizations' strategies, management, engagement processes and performance systems; organizations with exceptional results receive recognition. *The Saudi Oxford Advanced Management and Leadership Programme* engages public and private sector leaders in an educational environment to discuss leadership challenges and design innovation.

Federal Law Links:

- Bahrain Constitution
- Company Laws
- Commercial Laws
- Foreign Trade Laws
- Income Tax Law
- Copyright Law
- Bahrain Labor Law
- Industrial Property Laws
- Bahrain Social Insurance Law
- Bilateral Investment Treaties
- Bilateral Agreements

List of Laws isn't exhaustive. Lack of available English-translated Laws. Comprehensive list of Laws and Amendments in Arabic: [Click here](#).

Setting up:

- Getting Started
- Free Zones

MUST READ:

- US_Bahrain Bilateral Investment Treaty
- US_Bahrain FTA
- SBA_Bahrain MOU
- Promotional Video

Bahrain—U.S. Free Trade Agreement

The U.S.-Bahrain FTA opens channels of business between the U.S. and the Arabian Gulf. Entered into force in 2006, the agreement will over time have long-term and far-reaching multiplier effects on bilateral trade and investment, deepening the ties between the two countries and enhancing economic opportunities for both.

Before and After U.S.-Bahrain FTA:

- **Overall Trade in Goods** in the first three full years of the FTA (August 2006/July 2009), total bilateral trade increased from \$1.2 billion to \$1.3 billion, a 10 percent increase.
- **U.S. exports** to Bahrain in the first three full years of the FTA (August 2006/July 2009), increased from \$529 million to \$784 million, a 48 percent increase.
- **U.S. imports** from Bahrain in the first three full years of the FTA (August 2006/July 2009), decreased from \$637 million to \$509 million, a 20 percent decrease. Excluding aluminum imports the decrease falls to 2 percent.
- **Ranking:** Bahrain was the 81st largest export market for the United States in 2008 with exports totaling \$669 million, a decrease of 19 percent over the previous year. Major exports include vehicles, aircraft and machinery.

Benefits of the U.S.-Bahrain FTA:

- **Tariffs:** The FTA provides duty-free access to all U.S. consumer, industrial, and agricultural exports, except for alcohol and tobacco.
- **Investment:** The FTA does not include investment. The U.S.-Bahrain bilateral investment treaty signed in 1999 is still in effect.
- **Services:** The FTA provides U.S. businesses with the highest degree of access to Bahrain's services market. It opened key services sectors for U.S. providers, including financial services, audiovisual services, express delivery, telecommunications, computer and related services, distribution, healthcare, services incidental to mining, construction, architecture and engineering services.
- **Government Procurement:** The FTA provides for the national treatment of U.S. firms in government procurement. Strong and transparent disciplines, such as an advance public notice requirement for purchases, and timely and effective bid review procedures provide increased certainty.
- **Intellectual Property Rights:** The FTA establishes that copyright owners have the exclusive right to make their works available online, and the rights to temporary copies of their works on computers, which is important in protecting music, videos, software and text from widespread unauthorized sharing via the Internet. The FTA prohibits government agencies from approving patent-infringing pharmaceuticals. The agreement requires the parties to establish transparent procedures for the registration of trademarks, including geographical indications, to develop an online system for the registration and maintenance of trademarks, and to maintain a searchable database.

Kuwait—Development plans

The private sector has been given the green light to take the lead, in partnership with the government, in undertaking plans and projects to help achieve the sustainable development of Kuwait's economy.

The government development plan amounting to \$125 billion which is intended to increase the gross national product and the living standard of citizens through the improvement of non-oil sector growth rates and achieve stability in the general level of prices and increasing individual share of real income.

The most significant strategic objective of the plan includes vesting into the private sector the right to lead development projects according to incentive mechanisms through the provision of favorable conditions and the gradual reduction of public sector dominance in order to increase private sector participation and citizen ownership of economic activities in addition to supporting human and societal development and effective government administration.

The government plan has adopted policies for private sector support and expansion through restructuring the role played by the state to give more way to the private sector to play its basic role in connection with production, employment, administration and income generation, and the state role would be limited to ensuring optimal performance of the economic system through monitoring the performance of state organizations, control and follow-up of tasks, maintenance of law and order, security, provision of necessary social security network, provision for political and economic stability, motivation and support of the private sector growth and the adoption of an economic reform approach.

Also in the plan is the adoption of a production-based diversification policies to support Kuwait's transformation into a financial and commercial hub through the improvement of organizational statutes to attract financial investments in Kuwait and the preparation of the necessary administrative, organizational and legal environment for the private sector, development of infrastructure including the increase in electrical power supply and water distillation plant production to fulfill increasing requirements, improvement of land, sea and air transportation networks and providing the private sector with an opportunity to participate in the execution of several electricity, water, transport, health and education projects.

With the issuance of the state budget for the fiscal year 2010/2011, the highlights contain financial provisions for execution of projects contained in the development plan. The Ministry of Finance has restructured the budget to transform it from an ordinary budget into a program budget so that they would be able to measure progress. It is important that the government starts execution of some planned projects immediately upon approval of the budget, which would also necessitate the incorporation of companies for execution of projects so that the private sector can participate, thus affirming the importance and necessary acceleration of the application of the public-private sector participation. Government measures undertaken are: the activation of the *Public-Private Partnership (PPP) Law*, the organization of the *Partnership Technical Bureau* and the issuance of the *Project Guide* for the execution of PPP projects.

[2010 Index of Economic Freedom-Kuwait](#)

Federal Law Links:

- Kuwait Constitution
- Law of Commercial Companies
- Amendments of some Rules of Commercial Companies
- Foreign Investment Law
- Direct Foreign Capital Investment Law
- Licensing Lease & Investment Companies Law
- Kuwait Income Tax Decree
- Kuwait Income Tax Decree Amendments
- Intellectual Property Rights Law
- Laws of Patents, Fees & Industrial Forms
- Insurance Companies & Agents Law
- Kuwait Labor Law
- Bilateral Investment Treaties
- Investment Agreements

List of Laws is not exhaustive.

Setting up:

- Getting Started
- Free Zones

MUST READ:

- US_Kuwait Trade & Investment Framework Agreement

Qatar—Vision 2030

In June 2008, His Highness the Emir of Qatar issued a decree approving the Qatar National Vision 2030 (QNV). The QNV is aimed at moving from an oil dependent economy towards a knowledge-based economy in order to achieve sustainable growth while preserving the values, traditions and identity of Qatar. The four pillars of QNV are human development, social development, environmental development and economic development.

Examining the QNV, one can identify the priorities of Qatar. Developing human capital through education and integration of Qataris in the public and private sectors; promoting tolerance and acceptance of others while preserving national identity; promoting and enforcing environmental awareness through striking a balance between environmental and economic development; and moving towards a knowledge-based economy that limits dependence on oil and gas.

Qatar houses a number of leading universities under the Qatar Foundation to contribute effectively to human development. Qatar is also spending heavily to enhance its healthcare sector to provide a local and regional platform for healthcare and improved quality of life. Qatar has also established a number of commissions and entities aimed at promoting and preserving civil rights through equality and freedom within the parameters of the law including a Human Rights Committee. On the environmental front, Qatar applies a comprehensive policy of enforcing environmental legislation and became a member of the World Green Building Council; a step taken to control the effect of the construction industry on the environment.

On the economic front, Qatar's initiatives are countless. The Qatar Financial Centre (QFC) was established in 2005 to promote Qatar as a regional financial hub. The QFC implements a strict and up-to-date regulatory framework and attracts leading financial institutions from around the globe. Qatar has also commissioned, a number of infrastructure projects including a new airport, a new seaport, improving the existing highway network and a causeway between Qatar and Bahrain. In addition, the launch of the Qatar Science and Technology Park; a free zone that has attracted many research and development intensive ventures that serve as a bridge between education and industry.

The Qatar development cycle has frequently been criticized for not keeping up with the fast pace of development unlike the rest of the region, a criticism which seems to be largely misplaced in light of the current global economic climate.

In the larger scheme of things, it is obvious that Qatar is taking prudent and sturdy steps towards a clear vision. Haphazard and unguided development comes at a huge cost that Qatar is not willing to pay. It is controlled and targeted growth that Qatar is after.

Federal Law Links:

- Qatar Constitution
- Company Law
- Foreign Investment Law No. 13
- Amendment in 2004 to Law No. 13
- Amendment in 2005 to Law No. 13
- Organization of Business of Commercial Agents
- Law on Regulating Control of Accounts
- Copyright Law & Neighboring Rights
- Law on Trademarks, Commercial Indications, Trade Names, Geo. Indications & Industrial Designs
- Law on Trade Secrets
- Tax Law
- Taxation in Qatar
- Qatar Labor Law
- Insurance Law
- Bilateral Investment Treaties
- International Agreements

List of Laws is not exhaustive.

Setting up:

- Getting Started
- Free Zones

MUST READ:

- US_Qatar Trade & Investment Framework Agreement
- Qatar - A State of Transformation

Federal Law Links:

- Oman Constitution
- Commercial Companies Law Amendments in Arabic
- Capital Market Law
- Foreign Business & Investment Law
- Foreign Capital Investment Law
- Law of Income Tax
- Oman Labor Law
- Copyright Law & Neighboring Rights
- Law of Trademarks, Indications & Secrets and Protection from Unfair Competition
- Insurance Companies Law
- Bilateral Investment Treaties
- International Agreements

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Setting up:

- Getting Started
- Free Zones

MUST READ:

- US_Oman FTA
- SBA_Oman MOU
- Statistics Bulletin-March 2010
- Investors Guide

Oman—Economic growth

With the implementation of the Free Trade Agreement (FTA), U.S. firms (with some exceptions, including legal services) may establish and fully own a business in Oman without a local partner. U.S. companies may also now open branches in Oman before concluding any contracts or agreements with the government or local business. These are significant changes from previous years and highlight the advantages the FTA has achieved for U.S. businesses.

New U.S.-Oman FTA commitments have increased opportunities for U.S. financial service providers, as well as cross-border service providers in the areas of communications, express delivery, computer-related technologies, health care and distribution, among others. Other (i.e., non-U.S.) majority foreign-owned entrants are barred from most professional service areas, including engineering, architecture, law or accountancy.

Although U.S. investors are provided national treatment in most sectors, Oman has an exception in the FTA for legal services, limiting U.S.-ownership in a legal services firm to no more than seventy percent.

The Foreign Capital Investment Law (Royal Decree No. 102/94) provides the legal framework for non-U.S. and non-GCC foreign investors.

Commercial law in Oman is continually evolving. Business contracts are enforced, although the judicial process is slow, averaging 548 days to enforce a contract.

Insolvency laws are nascent, at this time only allowing for complete dissolution rather than restructuring. Many businesses opt to simply shut their doors rather than go through the insolvency process, which can take up to four years.

Oman is a party to the International Convention for the Settlement of Investment Disputes between States and Nationals of other States and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards, although no specific legislation/decree have been issued for the conventions' implementation.

The government plans to establish free-trade zones to complement its port development projects. The government has heavily invested in the Salalah Free Zone. The Salalah Free Zone Company is working with the government to finish the first phase of the project, which includes the establishment of roads and utility lines, as well as the leveling of industrial plots.

The government is also establishing a free zone adjacent to Sohar Port. In addition, the government opened a free trade zone at an interior border crossing point with Yemen (al-Mazyounah) in 1999.

GCC—Investment Opportunities

Infrastructure Built-out Infrastructure build-out is the single most important driver behind international investment, exports and economic development in the region. 'Mega-infrastructure' projects in the energy and petrochemical industries—as well as in the construction or expansion of roadways, airports, railways and ports throughout the Middle East and North Africa—offer a wealth of opportunities to local, regional and foreign investors.

Education Services Emphasis is on creating knowledge-based societies throughout the region. This offers unique opportunities to U.S.-based providers of education services in academia and the private sector.

Healthcare Tourism Growing demand for investments into healthcare facilities and services is expected to transform the Middle East's healthcare sector into a USD 60 billion industry by 2025. No other region in the world faces such a rapid growth in healthcare spending, and this growth is being considered by other industries such as construction and related supplies as an opportunity for expansion.

Security & Defense According to the U.S. Defense Security Cooperation Agency, potential Arab foreign military deals in the 2009-2010 Foreign Military Sales pipeline total \$8.7 billion for missile defense, military base engineering and construction, service life extension contracts for jet engines, helicopters and integrated defense systems. This leaves the door wide open in 2010 for an increased demand for U.S. defense contractors, including commercial deals that have the potential to strengthen security within and between Arab nations.

Consumer Confidence The Arab world is a high growth market of over 300 million consumers, many of whom spend at considerably higher levels than their Western counterparts. With this in mind, the strong recovery in consumer outlook will translate into increased purchases of U.S. cross-border services and goods.

GCC Investment in Interconnectivity

One major theme driving demand for goods and services across the region is the build-out of "interconnectivity infrastructure"—ranging from railways to high-tech data networks.

2010-2020 will be a boom decade for rail developments as members of the Gulf Cooperation Council (GCC) construct a 1,242 mile rail network from Kuwait to Oman. Participants have begun tendering contracts in 2010 for the \$25 billion project, starting with the Kuwait-Saudi Arabia link. The projected completion date for railways connecting Qatar, Bahrain and the United Arab Emirates is 2020.

This network will add another significant mode of overland transportation to the region. Domestic rail networks that feed into the GCC network are spreading. Qatar plans to invest \$17 billion into its rail network—including 202 miles of freight lines—which will link Saudi Arabia and Bahrain with the new Qatar-Bahrain Causeway. Saudi Arabia has designated \$30 billion for the construction of freight, passenger and urban rail lines. Oman plans to extend its network of freight rail lines in order to create better logistics and lower cost-per-ton transport between industrial areas.

Interconnectivity investment inherently leads to an expansion of the ICT infrastructure. Companies in the Middle East and North Africa anticipate spending \$49.77 billion this year, with 25 percent of the total coming from Gulf countries, the fastest growth region in the world. The Arab world is proving to be a very attractive location for world leaders in the ICT industry, and 2010 promises to be a banner year. For more information on this project, [click here](#).



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UAE



KSA



Kuwait



Bahrain



Qatar



Oman

Letter from the Editor:

The GCC is experiencing exponential growth that an astute investor should integrate into his/her growth plans. These economies have taken substantial measures to open their borders to welcome foreigners desiring to do business in trade and investment.

These economies are supported by well-researched strategic plans, regional cooperation and responsible, forward-looking governments, which creates the ideal environment for growth and development of your business.

The GCC is working extensively to reform its economies and ensure the necessary laws are in place to safeguard your interest.

So don't delay! Take advantage of the growth potential that this region has to offer and tap into your future.

Penny Ann Barr
MD/CEO

Barr Trade Services

Our Trade & Investment Specialists can:

- Assess the marketability of your product;
- Provide insight and analysis for your market entry strategy;
- Identify relevant trade events for your products;
- Search for agents/distributors and provide a list of potential partners;
- Serve as a liaison between your company and other relevant organizations in the targeted country;
- Identify other in-country resources, such as industry trade associations, specialized consultants etc.;
- Provide support for your business at international events and meetings with potential partners or customers;
- Review and help fine-tune your marketing/promotional documents for the target market;
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