

# THE UNITED ARAB EMIRATES: COMMEMORATING THE 40TH UAE NATIONAL DAY

**A**s the United Arab Emirates marked its 40th National Day on December 2, 2011, there was much to celebrate. In the previous four decades, the country successfully leveraged its natural, geographic and human resources to utterly transform itself. Most astonishing is the pace of economic development that has seen the national economy grow 80-fold between 1973 and 2009—from \$2.85 billion to \$230.25 billion—compared to a ten-fold increase among OECD countries.

While the UAE's hydrocarbon wealth has played an important part in this development—the country has the fifth-largest oil and gas reserves in the world—oil income is just one component. Visionary leadership has pushed successful economic development and diversification, making the UAE the region's leading trade, logistics,

business services and tourism hub, in part by leveraging its geographic location between Europe, Asia and Africa. In addition, the UAE benefits from being a federation, thereby giving this country of 5.1 million people a disproportionate number of dynamic cities, each a source of innovation and economic activity.

This environment has fostered the region's best, most extensive infrastructure, including numerous ports, airports and roads; region-leading information and communications technology networks; numerous free zones that are helping nurture the UAE's knowledge economy; and a diversifying industrial base that ranges from aluminum and petrochemicals to aeronautics and renewable energy.

The result is long-term resiliency, with the IMF forecasting real GDP growth of

3.3% in 2011 and 3.8% in 2012. Hydrocarbon revenues are forecast to reach \$366.5 billion in 2011, higher even than the record \$361.5 billion set in 2008. Abu Dhabi is seeing the benefits of this oil income, alongside continued government spending and economic diversification, while Dubai benefits from being the region's leading business, trade and logistics hub. Meanwhile, the entire country's ties with Asia continue to multiply.

It's no surprise then that, on its 40th anniversary, the UAE remains one of the world's most optimistic countries, along with economies such as Brazil, China, India and Hong Kong, in the Nielsen Consumer Confidence Index. Given the country's strong fundamentals, this optimism is likely to remain a defining characteristic of the nation for decades to come.

## Dutco Group congratulates the UAE on its 40th anniversary



روح الاتحاد  
40 SPIRIT OF THE UNION  
اليوم الوطني  
NATIONAL DAY  
الإمارات العربية المتحدة  
UNITED ARAB EMIRATES

Proud to be part of the UAE



# DUBAI CHAMBER

## Contributing to 40 Years of Remarkable Growth



H.E. Hamad Buamim, Director General of  
Dubai Chamber

**E**stablished in 1965, the Dubai Chamber of Commerce and Industry has long supported the expansion of trade and commerce in Dubai and the United Arab Emirates (UAE).

Looking back on 40 years of progress, Chamber Director General Hamad Buamim is optimistic about continued business opportunities: “The UAE has transformed itself into a global player with an income comparable to that of many industrialized nations,” he says, noting that large oil revenues allow development in the UAE to “skip certain stages that other industrialized nations have to go through.” This progress is reflected in the UAE’s GDP, which grew 80-fold between 1973 and 2009, from \$2.85 billion to \$230.25 billion.

Dubai is a particularly strong example of the UAE’s thriving economy. Trade, tourism and logistics are all on the rise in Dubai, and its GDP is expected to expand by 3% to 5%, thanks to strong growth in Chamber members’ exports and re-exports, which reached \$56.1 billion during the first ten months of the year.

### A Central Location

Dubai and the UAE are advantageously located, with easy access to European, Asian and African markets. Other unique benefits include Dubai’s infrastructure and services sector, affordable office space, high-quality roads and transport systems, advanced healthcare and educational systems, and transparent banking and financial system. These are aided by the UAE’s free-zone system, which offers foreign companies tax-free ownership status.

These key advantages make Dubai an obvious choice from which to do business in Eastern Europe, the Middle East, Asia and Africa. Even countries like Egypt, Tunisia and Libya “have the potential for significant development, and Dubai offers businesses a stable route into and out of them,” Buamim adds. Iraq offers yet further opportunity: As it has stabilized, exports and re-exports by Chamber members jumped 83.7% in the first six months of the year over the same period in 2010.

The emirate’s central location also provides great access to key BRIC economies like those of India, China and Russia. “Companies looking to diversify away from traditional markets in Europe and North America can use Dubai as a stable base and solid route into these emerging markets,” Buamim states.

### The UAE: A Growing Market

Dubai and the UAE are developing rapidly, Buamim points out, leaving “gaps in the market that foreign companies can fill, like education and healthcare, which are more in demand due to growing populations.” Retail is yet another sector with strong potential.

The UAE is currently focused on creating ways to facilitate the establishment of businesses. This takes just 13 days in Dubai now—the same as in the U.K. A federal credit bureau has also been established, and a variety of new laws

are being developed that govern foreign investment, arbitration and intellectual property to protect the companies.

The Chamber plays a similarly important role in the UAE, having recently introduced ATA Carnet—an international customs document—and launched a popular country focus briefing series. Other helpful initiatives include the Dubai International Arbitration Centre and the Centre for Responsible Business.

Of the UAE’s development, Buamim says, “The country’s visionary leadership has achieved remarkable things. The transformation is incredible, and Emiratis should feel proud of what their country has achieved in such a short period of time.”



Dubai Chamber Building

# GENERAL HOLDING CORPORATION

## Developing the UAE's Industrial Capacity and Human Capital



H.E. Hussain J. Al Nowais, Chairman of General Holding Corporation

Industrialization is at the heart of the economic diversification program under way in Abu Dhabi and across the UAE, and the General Holding Corporation (GHC) is playing a major role in developing the country's industrial base.

GHC, a wholly owned holding company of the Abu Dhabi government, is one of many organizations and programs supporting Abu Dhabi's economic development. In particular, it is helping Abu Dhabi realize its Economic Vision 2030, a strategic road map for growing the non-oil sector's share of GDP from 41% in 2005 to 64% by 2030.

"The UAE is developing the industrial sector in order to reduce oil dependence, create jobs and contribute to GDP," explains GHC's Chairman, H.E. Hussain J. Al Nowais. With \$6.8 billion in total assets, GHC will spend \$2.73 billion over the next five years, mainly on further expansion and new projects. Its objective is to

invest in capital- and energy-intensive industries, according to Al Nowais. GHC operates in steel, aluminum, food, cables, building materials, construction and logistics industries.

### A Catalyst for Growth

In a region where government-affiliated enterprises exert significant economic influence, General Holding Corporation seeks to be a market catalyst.

**"Our philosophy is not to invest and keep. Our philosophy is to invest, develop, privatize and reinvest."**

—H.E. Hussain J. Al Nowais

"We do not want to be in industries where we compete with the private sector. We go into industries where the initial capital requirements are too big and too risky to be handled by the private sector," says Al Nowais.

GHC operating companies, which ultimately will be privatized, not only generate direct returns to GHC shareholders and the economy, but also provide the raw materials for a range of downstream, small- and medium-size enterprises, which helps create integrated industry clusters.

GHC is currently considering further integration through overseas investment opportunities, such as acquiring firms that produce the raw materials used in its core industries or firms that would help it enter new markets.

### Powerful Partnerships

GHC looks for partners that can bring strong technology, know-how, brands, marketing expertise and access to markets in which it has an interest. In turn, GHC offers its partners greater proximity and easier access to regional and emerging markets than companies in Europe or the Americas can.

Partnerships generally take the form of joint ventures, funded through a combination of equity and financing, explains Al Nowais. The high cost of entry is an advantage, he adds, not because GHC needs help with capital but because "capital is a sign of commitment."

Al Nowais notes that GHC's goal of bringing industry to the country is reinforced by a worldwide, long-term trend: Energy-intensive industries such as petrochemicals, steel and aluminum are moving from Europe and the Americas to capital- and energy-rich regions like the Gulf. This migration is due in large part to the convenient location of manufacturing plants in the Gulf, where they are close to the big emerging markets of Asia.

In the UAE, these advantages are complemented by the country's well-developed network of ports, airports, roads and, soon, railways, which underpin its role as the region's leading trade and logistics hub. "This infrastructure places the industries based here at a competitive advantage," says Al Nowais.

### Investing in Local Human Capital

For GHC, tapping and developing talent from within the UAE is critical. "One of the key objectives of our company is to ensure jobs and careers for our people. This means providing tools, training, development, career planning and mentoring," says Al Nowais.

"For example, during the building phase of its plant, Emirates Steel, a GHC wholly owned company, hired and trained a team of 78 young Emirati via university and international development programs. Today, most of them are on site and running the plant, along with expatriates, who continue to mentor and support their development," explains Al Nowais.

# DUBAI DUTY FREE

## Billion-Dollar Retailing That Supports the UAE's National Development



Colm McLoughlin, Executive Vice Chairman of Dubai Duty Free

**D**ubai Duty Free (DDF) is the single largest airport retailer in the world by turnover, accounting for 5.5% of all airport duty free sales around the world and 3.5% of all duty free sales anywhere. That kind of retailing muscle attracts special attention from global marketers and also has a major impact on the Dubai and UAE economies.

DDF is a "substantial partner" in supporting Dubai's aviation industry, says Colm McLoughlin, DDF Executive Vice Chairman, contributing to the positive experience of air travelers and supporting Dubai's ambitious airport expansion program.

Because the aviation industry accounts for 28% of Dubai's GDP, DDF is "an important and significant factor in the growth of the UAE," McLoughlin says. He cites an Oxford Economics study that says the sector directly and indirectly supports 250,000 jobs in the UAE.

DDF's prodigious sales figures also contribute to the UAE's growing role in the global retailing industry. "More and more of our suppliers are setting up UAE offices and supply channels in order to manage our business and that of other UAE retailers," he says.

### Aviation Sector Growth

DDF's ability to support the Dubai aviation sector's growth is substantial, given that DDF is forecasting a record turnover of \$1.45 billion for 2011—a figure that McLoughlin says is likely to double in five years. The growth is driven by DDF's continued expansion, which includes new retail space in Concourse 3 at Dubai International Airport's Terminal 3, set to open in late 2012 exclusively for Emirates airline's fleet of Airbus A380 jets, and Concourse 4 at Terminal 1.

Dubai Airports estimates that international passenger traffic will rise at an average annual rate of 7.2% this decade to reach 98.5 million by 2020. Passenger traffic was 47.2 million in 2010. Cargo volumes are expected to increase 6.7% annually in the period.

### Directly Impacting the Local Market

DDF is a major UAE employer, with nearly 4,000 staff and plans for hundreds of additional hires in the next year. This includes more than 150 Chinese nationals to serve the large increase in travelers from that country. Chinese travelers are driving growth in the sales of high-end luxury goods: for example, these buyers accounted for 40% of all luxury watch purchases in October 2011.

With its high sales volume, DDF's support of the local economy is huge. Its local purchases are likely to top \$1 billion in 2011. "From the very beginning, our brief was to support the local economy," McLoughlin says, noting that gold, electronics, confectionery, delicatessen, household, Dubai souvenirs, toys, sporting goods, books and magazines are the most significant categories of locally purchased items.

### Building the UAE Name Globally

DDF also contributes to the UAE's national development through its event and sponsorship portfolio. DDF was among the first UAE organizations, along with Emirates airline, to pursue such marketing channels. For DDF, this includes owning and organizing the Dubai Duty Free Tennis Championships, which garner more than \$140 million in TV exposure worldwide and attract influential international visitors to Dubai. The retailer also sponsors more than two dozen other sporting, cultural and conference events in Dubai and internationally.

From racing and wristwatches to local employment and procurement, Dubai Duty Free is supporting UAE national development—one purchase at a time.



Dubai Duty Free Shopping Complex at Terminal 1