Investment Policy Perspectives in the United Arab Emirates

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BETTER POLICIES FOR BETTER LIVES

وزارة الاستثمار
MINISTRY OF INVESTMENT

استثمر في الإمارات
INVEST UAE

Please cite this publication as:
OECD (2026), *Investment Policy Perspectives in the United Arab Emirates*, OECD Publishing, Paris, https://doi.org/10.1787/d83cbff3-en.

ISBN 978-92-64-69391-3 (print)
ISBN 978-92-64-72777-9 (PDF)
ISBN 978-92-64-65648-2 (HTML)

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Corrigenda to OECD publications may be found at: https://www.oecd.org/en/publications/support/corrigenda.html.

Foreword

This report provides a comprehensive overview and assessment of the policy, regulatory and institutional framework governing investment in the United Arab Emirates (UAE). It aims to inform future investment climate reforms, by identifying key strengths, gaps and outlining opportunities for improvement in light of evolving policy priorities. Particular emphasis is placed on strengthening institutional co-ordination and regulatory governance across the Emirates to enhance the quality and overall impact of FDI. In this context, the report examines in detail the role of the newly established Ministry of Investment within the broader investment ecosystem, assessing how its mandate and functions can be leveraged to maximise its effectiveness and strategic impact across the country.

The report analyses recent trends and impacts of Foreign Direct Investment (FDI) in the UAE and considers options to promote a more coherent and effective investment policy framework. Drawing on the OECD Policy Framework for Investment (PFI) and the FDI Qualities Policy Toolkit and Indicators, it covers six thematic areas, including the domestic and international legal framework for investment, investment promotion and facilitation and leveraging FDI to advance digital transformation and support skills development. The selection of areas builds on the PFI and is tailored to the specific context of the UAE, reflecting the priorities of the Ministry of Investment and aiming to identify key policy measures to enhance the investment ecosystem and support an evidence-based reform agenda.

The OECD would like to thank the Ministry of Investment for its pivotal role in the preparation of this report and acknowledges the contributions of all government institutions that were interviewed during consultations conducted by the OECD in February and October 2025. In particular, the OECD would like to thank H.E Mohammad Alhawi, Undersecretary of Ministry of Investment, Abdalla Ahmed Alobeidli, Director of Policies and Investment Legislation Department as well as senior officials who contributed to and co-ordinated this report.

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The information in this report is current as of January 2026.

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Executive summary

Over the past five decades, the United Arab Emirates (UAE) has undergone a remarkable economic transformation, evolving from a highly hydrocarbons-based economy into a more diversified regional and global hub for finance, logistics and renewable energy sectors. Foreign direct investment (FDI) has been central to this transformation. The FDI stock has risen from negligible levels in the early 2000s to over half of GDP by 2024, exceeding the Gulf Cooperation Council (GCC) countries average and approaching OECD levels. FDI inflows as a percentage of GDP has also now surpassed OECD and GCC levels. These trends underscore the UAE's success in establishing itself as a major regional hub for foreign investment.

As one subset of foreign investment, greenfield FDI (i.e. new establishments of foreign companies) is also increasingly aligned with the UAE's ambitions to diversify the economy. Renewable energy has emerged as the top recipient of greenfield FDI over the past decade, while digital sectors account for a growing share. FDI in R&D is also increasing and plays an increasingly important role in supporting innovation. Greenfield FDI generates more jobs per dollar invested in the UAE than in the OECD and GCC on average.

This investment boom has been underpinned by an ambitious reform agenda designed to enhance the competitiveness of the UAE's business environment. Policy efforts have focussed on reducing administrative barriers, modernising regulatory frameworks and strengthening public institutions at both the federal and Emirate levels. The broad deployment of e-government platforms and one-stop-shop licensing systems has streamlined administrative procedures, improved efficiency and shortened time to market for investors.

A central pillar of the reform agenda has been the modernisation of investment and business laws, regulated on a federal level. The repeal of the 2018 Foreign Direct Investment Law and its replacement by amendments to the Federal Commercial Companies Law in 2021 marked a decisive shift in investment policy. These reforms removed a longstanding requirement for majority Emirati ownership in most sectors, permitting 100% foreign ownership across a broad spectrum of economic activities, with limited exceptions for some sectors deemed strategic by the UAE, such as defence, finance and telecommunications.

The UAE's comprehensive and highly decentralised investment promotion framework has been another key driver of its FDI performance. This system, shaped by a multi-layered governance model that delegates significant authority to individual Emirates and their respective investment promotion agencies (IPAs), enables local experimentation, tailored sectoral positioning and agile facilitation at the subnational level.

While such a degree of decentralisation allows for policy space at local level, it can also create uneven access to regulations and implementation of reforms, variability in licensing, and administrative complexity for firms operating in multiple jurisdictions, leading to an uneven regional distribution of FDI. Key areas of investment regulations, such as corporate, commercial and intellectual property (IP) laws, are regulated at a federal level, whereas other aspects of the investment framework, including land tenure, are regulated by Emirates, sometimes leading to uneven access to regulations. Enhancing the quality, predictability and accessibility of regulations would reinforce investor confidence across the country and support long-term investment aligned with the UAE's national objectives. Advancing more co-ordinated reform efforts and facilitating structured investor engagement can also help ensure that investment initiatives align with national strategic objectives and contribute effectively to sustainable economic development.

The development of a comprehensive national investment strategy, clearly articulating federal and Emirate-level priorities, identifying strategic sectors, and aligning promotion efforts with broader development objectives, would provide a coherent framework to guide future legislative, institutional and promotional initiatives. In this context, the recent creation of a Ministry of Investment (MoI), endowed with a broad mandate to formulate integrated investment strategies, strengthen policy coherence, and attract both capital and talent, could provide a strategic opportunity to address these issues.

Building on these efforts, the UAE could strengthen the impact of FDI on labour market outcomes and digitalisation by reducing regulatory discretion in strategic sectors such as telecommunications and media. Strengthening implementation and co-ordination in digital competition, data governance and intellectual property enforcement, and ensuring representation of the MoI in relevant co-ordination bodies, would improve policy coherence. Harmonising labour conditions between the public and private sectors would allow foreign firms to support Emiratisation (i.e. the engagement of nationals in private sector employment) through greater labour mobility. Partnerships between foreign investors and education providers, alongside incentives for workplace training, would support the UAE’s digital talent pipeline.

1 Overview

This chapter provides an overview of the socio-economic context and development trajectory of the United Arabic Emirates (UAE). It also summarises key messages and main policy considerations that emerge from the substantive chapters of the report.

1.1. Development trajectory and the role of FDI

Over the past 50 years, the UAE has harnessed its abundant natural resources and geographic position, together with increasingly dynamic policymaking, to achieve a remarkable economic transformation. Once heavily reliant on hydrocarbons, the economy has diversified into finance, logistics, wholesale and retail trade, consistently delivering strong macroeconomic performance. The oil sector's contribution to GDP has decreased from nearly 55% in 1980 to 17% in 2020 (FCSC, 2025[1]). GDP has expanded more than tenfold, supported by sustained investment in infrastructure, human capital, and institutional reform since the 1990s (World Bank, 2025[2]).

FDI has been a major driver of the UAE's economic success. Inflows have grown rapidly, reaching a record USD 23 billion in 2022 and bringing total FDI stock to over USD 194 billion, tripling the level seen in 2010 (MoET, 2025[3]). FDI inflows per capita now rank among the highest globally. These trends underscore the UAE's success in positioning itself as a major regional hub for FDI, both in terms of accumulated capital stock and sustained annual inflows.

Beyond the scale of investment, the composition of FDI has evolved alongside the UAE's broader economic diversification. New establishments of foreign companies, i.e. greenfield FDI, has increasingly targeted non-oil sectors, such as renewable energy, transport and logistics, ICT, financial and business services, and advanced manufacturing. Free zones, which allow for 100% foreign ownership and offer tailored regulatory environments, have been particularly successful in attracting capital in sectors such as commodities trading, fintech and professional services and advanced manufacturing (MoET, 2025[4]).

The UAE is also increasingly prioritising investment in knowledge-intensive and future-oriented sectors. Initiatives such as NextGenFDI and Operation 300bn aim to position the country as a hub for digital technologies, advanced manufacturing and sustainable industries. FDI in R&D-intensive activities is increasing, including in technology sectors such as software and IT services, with Dubai and Abu Dhabi serving as primary hubs. Digital activities account for 14% of total greenfield FDI flows over 2019-2024, above the GCC and MENA average. At the same time, investment in ICT goods remains relatively limited, reflecting a digital FDI profile that is more service-oriented and less integrated into digital manufacturing value chains. Renewable energy has emerged as the largest recipient of greenfield FDI, receiving nearly a quarter of total greenfield FDI in 2020-2024, while environmental technologies accounting for a growing share. Greenfield FDI is also a significant driver of job creation, with the UAE generating 2 300 jobs per billion USD, surpassing OECD and GCC averages.

To achieve this strategic shift towards knowledge-intensive and innovation-driven sectors, the UAE has implemented a series of forward-looking reforms aimed at improving the business environment and attracting both capital and talent. Digitalisation of government services, including the widespread deployment of e-government platforms and one-stop-shop licensing systems, has significantly improved administrative efficiency and reduced time-to-market for businesses. Labour market reforms, pertaining for instance to long-term residency permits (i.e. golden visas), remote work visas and sponsorship rules have strengthened attraction and retention of high-skilled human capital, particularly in knowledge-intensive sectors such as finance, technology, health and advanced manufacturing.

Complementing these measures, the UAE has also enacted sweeping legal reforms on a federal level to modernise its investment regime and create a more open, secure and investor-friendly regulatory framework. The country has moved away from a centrally managed foreign investment regime toward a more decentralised model, underpinned by broad-based commercial legal reforms. These efforts have significantly reduced statutory barriers to entry and created a more competitive regulatory environment, bringing the UAE closer to OECD investment standards. The cornerstone of this transformation was the repeal of the 2018 Foreign Direct Investment Law and its replacement by amendments to the Federal Commercial Companies Law through Decree Laws No. 26 of 2020 and No. 32 of 2021. These reforms eliminated a longstanding requirement for majority Emirati ownership in most sectors, now permitting 100%

foreign ownership across a broad spectrum of economic activities. Exceptions are limited to a defined set of sectors deemed to have strategic impact, including defence, finance and telecommunications and are governed through specific regulatory approvals rather than general statutory restrictions. This shift marked a deliberate transition from a top-down FDI licensing regime to a market-access-based framework governed through company law, reducing entry barriers and integrating the UAE more fully into global capital and value chains.

These measures are bolstered by the UAE's multilayered regulatory framework, which offers policy flexibility and experimentation and local adaptation. According to the Constitution, core business laws, such as corporate, commercial and IP laws, are regulated federally, while each Emirate retains authority over matters not exclusively assigned to the federal government (e.g. land tenure regime, property rights for foreign investors, etc.). In turn, Emirates operationalise federal laws, including through the enactment of local laws where appropriate. This decentralised model enables Emirates to respond to sectoral opportunities and investor needs while remaining aligned with national objectives. The UAE's investment promotion system mirrors this multi-layered governance approach, with significant authority delegated to individual Emirates and their respective investment promotion agencies (IPAs). This structure has yielded strong results in attracting aggregate FDI, enabling local experimentation, tailored sectoral positioning and agile facilitation at the subnational level.

As the UAE's investment ecosystem matures and diversifies, co-ordination across jurisdictions becomes increasingly important to attract quality FDI. While decentralisation allows for policy flexibility and local innovation, it can also generate variations in regulatory implementation, licensing procedures, and administrative practices across Emirates. Such heterogeneity can introduce complexity and reduce predictability, particularly for investors seeking integrated, cross-Emirate operations.

Sustaining competitiveness in this context requires enhancing regulatory coherence and transparency. Across Emirates, both the clarity and accessibility of regulations can vary considerably. Land tenure regimes illustrate this dynamic: while some free zones permit full foreign ownership, other jurisdictions rely on leasehold arrangements or impose restrictions linked to zoning classifications. The absence of a unified legal approach to land ownership and zoning policy across Emirates might hence contribute to uncertainty in real estate-intensive investments such as manufacturing, logistics and tourism infrastructure. Moreover, the rapid pace and wide scope of legal changes, while reflecting strong reform momentum, may contribute to regulatory unpredictability and increase perceived risk, particularly for long-term investors and institutional capital. Reforms are sometimes implemented without structured public consultation and there is no formal mechanism to assess the impact of investment-related laws on business operations, compliance costs or investor confidence. Embedding consultation, impact assessment and clear communication processes could further reinforce the credibility and stability of the policy framework.

At the international level, the UAE's network of bilateral investment treaties (BITs) provides an additional layer of legal protection for foreign investors. Although most of the UAE's BITs are relatively recent, a large portion of treaties currently in force reflect older designs, which may lead to extensive interpretation by arbitral tribunal in the event of ISDS cases and expose it to resulting reputational and financial risks. Modernising the UAE's investment treaty policy will require ensuring strategic and institutional coherence, aligning IIAs with domestic priorities, and incorporating emerging international standards.

The UAE's approach to preventing and managing investment disputes has also become increasingly important, including with respect to investment retention. While the country boasts modern arbitration laws, respected judicial systems and multiple dispute resolution centres, particularly in the financial free zones, its current approach remains largely reactive. There is no federal-level, structured framework for early identification, escalation and resolution of investor grievances across ministries and Emirates. As the complexity of investments and investor expectations grows, establishing such mechanisms presents an opportunity to strengthen legal certainty, improve policy co-ordination and increase investment retention.

Retaining and actively engaging investors requires not only effective dispute prevention, but also a coherent approach to investment promotion. While individual Emirates have developed specific and well-identified strengths, such as fintech in Abu Dhabi, trade logistics in Dubai, and manufacturing in Sharjah, the overall investment landscape lacks a unified strategic direction. Federal and Emirate-level priorities are not fully aligned, and there is no consolidated national investment strategy to define key target sectors or co-ordinate promotion efforts with broader development objectives. In the absence of such a framework, investment promotion remains driven by Emirate-level agendas and localised competitive dynamics, rather than a shared vision for national value creation. This fragmentation reduces the visibility of strategic sectors at the national level and creates inefficiencies in resource allocation and investor targeting.

Operational challenges are also visible in post-establishment services. While initial licensing and entry procedures have been substantially streamlined; post-establishment services, such as permit renewals, labour compliance and environmental licensing, can remain complex and duplicative, particularly for firms operating in multiple Emirates. The lack of harmonised digital platforms and interoperable systems between federal and Emirate-level authorities creates administrative burdens and impedes the scalability of operations. Enhancing regulatory quality and predictability will require the integration of public consultation processes, rigorous impact assessments and clear communication strategies around reform objectives and timelines.

The evolving international tax landscape further underscores the need for strategic co-ordination. For decades, the country relied on tax holidays, fee waivers and regulatory exemptions to attract FDI. The introduction of a federal corporate income tax (CIT) and the UAE's commitment to the OECD/G20 Global Minimum Tax (GMT) mark a structural shift, requiring incentives to be redesigned for strategic alignment, compliance and fiscal sustainability. Ensuring that incentive frameworks remain targeted, transparent and performance-based will be critical to maintaining competitiveness.

The UAE has placed digital transformation and human capital development at the centre of its long-term strategy. To support these efforts, a clearer institutional and policy framework for FDI is needed, one that articulates the role of foreign firms in advancing digitalisation and upskilling within national strategies and ensures investment considerations are co-ordinated across Emirates and reflected in relevant co-ordination bodies. Addressing regulatory discretion in certain strategic sectors and clarifying differentiations between free-zone and mainland regimes would reinforce investor confidence in digital sectors. Harmonising labour market conditions between the public and private sectors would support the engagement of nationals in private sector employment (i.e. Emiratisation). Talent attraction and retention is a national priority that could be supported through labour market enhancements, including legal and institutional frameworks that promote workers' voice arrangements.

Recognising these evolving challenges and opportunities, the UAE is seeking to enhance the strategic alignment, co-ordination and developmental impact of its investment policy. The creation of a dedicated Ministry of Investment (MoI) through Federal Decree Law No. 37 reflects a clear political commitment to strengthening federal leadership in this domain. Endowed with a broad mandate to formulate integrated investment strategies, the MoI has the potential to serve as a central platform for consolidating policy direction, enhancing coherence across federal and Emirate authorities, and articulating national investment priorities more clearly.

Drawing on the OECD Policy Framework for Investment and the OECD FDI Qualities Indicators and Policy Toolkit, this report identifies several areas where further reforms could help reinforce a sound, predictable and transparent investment climate that supports more inclusive and sustainable economic growth. It provides a stocktaking and assessment of the regulatory and institutional framework for FDI in the UAE and examines its implications for sustainable development. Recommendations therein aim to inform future investment climate reforms and cover six thematic areas, namely the legal framework for investment, investment treaty policy, investment retention and dispute prevention, investment promotion and facilitation, the use and design of tax incentives in investment promotion and leveraging FDI to advance the digital transformation and support skills development. Throughout, the report also explores how the MoI could strengthen federal investment governance and improve coherence with Emirate-level policies.

1.2. Key recommendations

This report provides a stocktaking and assessment of the regulatory and institutional framework for FDI, with the aim to inform future investment climate reforms, paying particular attention to strengthening institutional and regulatory governance of the investment framework across Emirates and improving sustainable outcomes of investment. The report analyses recent trends and impacts of FDI in the UAE and provides recommendations to promote a more coherent and effective investment policy framework.

Some measures can only be implemented in the long term, while the government is already considering others. The aim is to provide a list of policy options for the government to consider as it continues to advance reforms to its investment climate.

1.2.1. Enhancing transparency in investment regulation

- **Consider creating a centralised, publicly accessible information portal that consolidates all investment-related legislations and regulations at both federal and Emirate levels.** While the federal legal framework for investment in the UAE is generally transparent and accessible, regulatory access at the Emirate level remains uneven, which could hinder legal transparency, reduce predictability for investors, and ultimately undermine the framework for investment. A unified investment-focussed database could provide an up-to-date repository of federal laws and regulations at an emirate level.
- **Strengthen engaging all stakeholders in public consultations on legislative and regulatory reforms**, and institutionalising early, inclusive, and transparent engagement, particularly for reforms with significant impact on the investment climate. While some recent reforms have involved rounds of public consultation, critical amendments to the legal framework governing FDI, such as Federal Decree Law No. 26 of 2020 on Amending Certain Provisions of Federal Law No. 2 of 2015 on Commercial Companies appear to have been enacted without any prior public consultations.
- **Consider conducting an ex post regulatory evaluation, notably of core investment legislation**. The accelerated pace of reform over the past decade underscores the importance of ensuring that these pieces of legislation remain up to date, cost-effective. Ex post regulatory evaluations offer a valuable tool for assessing whether laws are delivering their intended outcomes.

1.2.2. Modernising the investment treaty policy

- **Consider establishing an inter-ministerial committee to enhance the strategic coherence of the UAE's investment treaty policy.** Such committee would support policy alignment across international commitments, national priorities and domestics policies.
- **Examine the possibility of terminating or updating older generation BITs still in force**, including through joint interpretative statements or plurilateral modifying agreements, to reflect the UAE's current treaty policy practice and to reduce exposure to ISDS.
- **Continue to actively participate in and follow closely inter-governmental and other initiatives on investment treaty reforms**, including at the OECD and UNCITRAL. The MoI's active participation in such forums, in line with its mandate, would help ensure that the UAE's treaty practice is aligned with recent global practices.

1.2.3. Enhancing investment retention through dispute prevention

- **Consider establishing investment dispute prevention policies and mechanisms to address investors' grievances and conflicts with public authorities before they escalate into formal disputes.** Introducing such policies would also strengthen investment aftercare services, by fostering early engagement and addressing investors' concerns proactively. This could be done through designing channels of communication and co-ordination with federal and emirates' authorities, as well as by establishing a grievance review mechanism for investors.
- **Explore the most appropriate institutional set up for designing and implementing these policies in the UAE.** The UAE's institutional landscape offers a range of options for designing and implementing investment dispute prevention mechanisms. The extent of the MoI's involvement in implementing such measures would depend on broader policy considerations.

1.2.4. Building a cohesive framework for investment promotion and facilitation

- **Develop a national investment strategy to guide the UAE's investment policy and promotional efforts.** Such a strategy would articulate the federal government's overarching vision for attracting and leveraging investment, define priority sectors and markets, and outline key reform areas to further improve the investment climate.
- **Consider establishing a federal co-ordination platform and consolidating existing digital portals and brand campaigns under a unified *Invest UAE* entry to enhance alignment in investment promotion efforts and intelligence sharing.** To mitigate fragmentation, harmful competition and duplicative efforts across federal, Emirate and free zone levels, the creation of a formal co-ordination platform, such as an intergovernmental working group on investment promotion, could be envisaged. Such measures would support a more consistent national investment narrative while allowing subnational entities to retain their branding and outreach autonomy.
- **Develop a federal investment facilitation co-ordination and information platform to support investor journeys.** This platform could serve as a digital interface to consolidate information on licensing, documentation, procedures, and timelines, offering multilingual guidance tailored to different investor profiles such as SMEs or strategic sectors.

1.2.5. Improving the use and design of investment tax incentives

- **Consider how the GMT interacts with different tax incentives and if new tax or non-tax incentives are affected by the GMT as "related benefits".** The GMT treats certain tax incentives more favourably than others, notably where these incentives are directly linked to economic substance. Policymakers should assess which incentives remain effective under the rules and which are more likely to be impacted. The GMT also includes rules on "related benefits" that prevents countries that have adopted the GMT from providing tax incentives, grants, or other benefits that would undermine the integrity of the GMT. Tax and investment authorities should be mindful of whether tax or non-tax incentives could be considered "related benefits", as this would threaten the qualified status of the UAE's DMTT.
- **Continue to strengthen tax administration and monitor CIT collection and size of the tax base, as well as other relevant data to inform evaluations**. As the government begins to collect CIT revenue on most firms, it will be important to monitor how broad the tax base is in practice, given continued tax exemptions in free zones.
- **Ensure tax and non-tax incentives complement and are aligned with other policies**. Attracting investment that can support the UAE's diversification agenda requires more than reducing the tax

burden on these investments. Any future tax incentives should be considered in the context of other policies that might be more effective to develop the sector or activity or should come first.

1.2.6. Foreign investment for digitalisation and skills development

- **Define the role of FDI in advancing the digital economy and delivering intended labour outcomes and ensure representation of the MoI in talent and digitalisation bodies**. Integrating investment considerations into skills and digital strategies, and ensuring reciprocal alignment, would strengthen policy coherence and reinforce the impact of FDI on achieving national objectives. The inclusion of the MoI in talent and digitalisation co-ordination bodies can further ensure that investment is systematically reflected in related policies.
- **Increase regulatory predictability for digital investment**. Reducing regulatory discretion in areas such as telecommunications and media, and improving transparency on licensing, ownership thresholds and exemptions, with clearer guidance on how free-zone licences interact with onshore rules, would help reduce information asymmetries for digital firms.
- **Build on labour market reforms to improve FDI outcomes on talent retention and Emiratisation** (i.e. engagement of nationals in private sector employment). Aligning wages and working conditions between the public and private sectors would enable foreign firms to better support Emiratisation through greater labour mobility. Ensuring appropriate labour standards, including arrangements that promote workers' voice, would help reduce excessive turnover at both foreign and domestic firms.
- **Strengthen transparency of investment incentives,** including instruments supporting digitalisation and skills development. Creating a central portal that consolidates tax and non-tax incentive offerings by sector and location would improve clarity and ensure a level playing field between investors, who currently navigate varied incentive regimes between and within Emirates.

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2 Trends and impacts of FDI in the UAE

This chapter examines trends in foreign direct investment (FDI) in the United Arab Emirates (UAE) by sector and Emirate, and analyses how FDI contributes to sustainable development priorities, including productivity and innovation, digital transformation, job creation and skills development, gender inclusion, and the low-carbon transition. It highlights how FDI supports economic diversification objectives and discusses its role in advancing the transition towards a more knowledge-based, technologically advanced and diversified economy.

2.1. Summary

FDI plays a central and growing role in the UAE economy, which has been enabled by sustained investment climate reforms. Since the early 2000s, successive liberalisation measures, such as eased foreign ownership restrictions, free zone development and the conclusion of Comprehensive Economic Partnership Agreements (CEPAs), have supported a sharp increase in inward FDI. FDI stock has risen from negligible levels in the early 2000s to over half of GDP by 2024, exceeding the Gulf Cooperation Council (GCC) average and approaching OECD levels. In parallel, FDI inflows as a share of GDP now far surpasses GCC levels and exceeds the average for OECD economies.

Foreign investment has been heavily concentrated in domestic market services, notably wholesale and retail trade and real estate, which together attract around half of total inward FDI stock but exhibit only moderate labour productivity and limited scope for technology diffusion or export activity]. By contrast, higher-value and knowledge-intensive activities, particularly ICT-enabled, scientific and professional services, remain comparatively underrepresented in the FDI stock, constraining the extent to which foreign investment contributes to broad-based productivity upgrading. Recent investments into technology-intensive areas suggest a gradual broadening of the foreign investment base.

Greenfield FDI (i.e. new establishments by foreign companies) is a subset of total FDI that has increasingly aligned with the UAE's diversification agenda. Over the past two decades, greenfield FDI has shifted toward a broader set of sectors, such as renewable energy, transport and logistics, ICT, and financial and business services, while hydrocarbons still attract around 10% of greenfield FDI in the past decade. This diversification is reflected in the oil sector's declining share of GDP, from nearly 55% in 1980 to 17% in 2020. R&D investment FDI also increased, supporting gradual innovation upgrading. While levels remain below global innovation leaders, R&D-related FDI in the UAE is increasingly directed toward software, digital services and other technology-intensive activities and is concentrated geographically, with Dubai accounting for around half of all investment in R&D and Abu Dhabi capturing a rising share.

Digital investment has been expanding steadily, particularly in software and IT services, digital platforms and ICT-enabled business services. Digital activities account for a rising share of greenfield FDI, representing around 14% of total flows over 2019-24, above the GCC and MENA averages, reflecting improvements in digital infrastructure and the regulatory environment. Investment is concentrated in digital services, cloud computing and data centres, confirming the UAE's role as a regional hub for foundational digital technologies. Investment in ICT goods remains relatively limited, reflecting a digital FDI profile that is more service-oriented and less integrated into digital manufacturing value chains.

Greenfield FDI increasingly supports the green transition, but with notable subnational variation. At the national level, renewable energy has emerged as the largest recipient of greenfield FDI, accounting for nearly a quarter of total greenfield FDI in 2014-24, with Abu Dhabi and Dubai accounting for roughly three quarters of this investment. Environmental technologies have also expanded, reaching 8% of greenfield FDI in 2023-24. By 2024, combined greenfield FDI in renewables and environmental technologies surpassed that in fossil fuels, signalling stronger investor alignment with the UAE's net-zero ambitions.

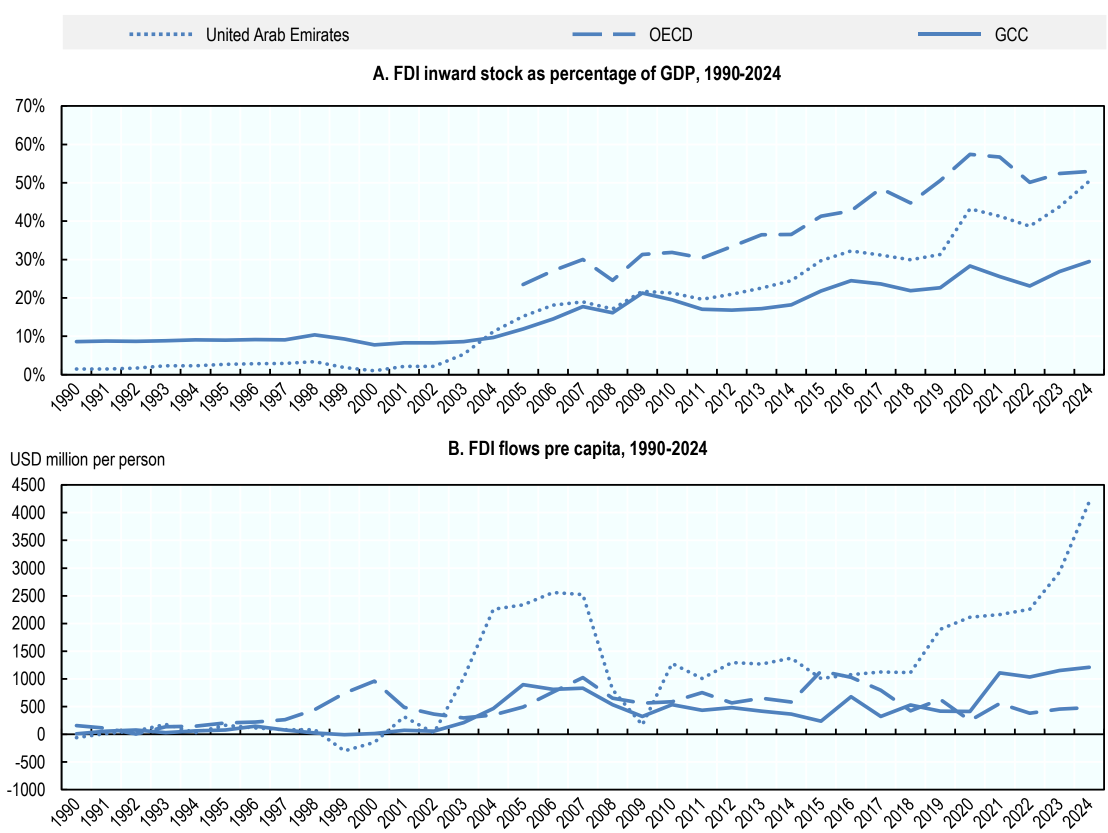
Greenfield FDI is a significant driver of job creation, though unevenly across sectors and regions. In terms of job intensity, measured by jobs created per USD billion in greenfield FDI, the UAE surpasses most peer economies selected for this study, generating 2 300 jobs per billion USD. In nominal terms, over a third of FDI-related employment is generated in service sectors such as business services, software, transportation and logistics. Job creation is also geographically concentrated, with Abu Dhabi and Dubai accounting for well over three quarters of FDI-generated employment in the past decade. At the same time, FDI has scope to support greater participation of nationals and women in the labour market, as sectors that employ higher shares of these groups attract relatively little FDI. Ensuring coherence between investment promotion and labour market and human capital policies can help maximize the inclusive spillovers of FDI, without altering its core role in supporting productivity and competitiveness.

2.2. Trends in FDI in the UAE

Business climate reforms initiated in the early 2000s in the UAE have contributed to a steady rise in the role of foreign direct investment (FDI). In more recent periods since 2020, the UAE has undertaken significant liberalisation of its investment climate, including easing ownership restrictions for most business activities outside of freezones, and expanding market access (Chapter 3). These measures have been complemented by efforts to grant broader national treatment to investors from the Gulf region, further opening the economy to cross-border capital, and the conclusion of Comprehensive Economic Partnership Agreements (CEPA) with a diverse set of economies since 2022, alongside the UAE's stock of bilateral investment treaties (BITs).

The expansion of free zones offering full foreign ownership, alongside investments in infrastructure and improvements in labour mobility, have further improved the UAE's investment climate. Since the early 2000s, the UAE has experienced a sharp rise in inward FDI stock, which increased from just 1% of GDP in 2000 to over 50% by 2024 (Figure 2.1, Panel A), surpassing the GCC average of 30% and closely approaching the OECD average of 54% (OECD, 2025[1]; UNCTAD, 2025[2]). FDI inflows as a percentage of GDP also rose dramatically since the early 2000s and now far surpasses GCC levels and exceeds the average for OECD economies (Panel B, Figure 2.1).

Figure 2.1. FDI has played a growing role in the UAE's economy since the early 2000s



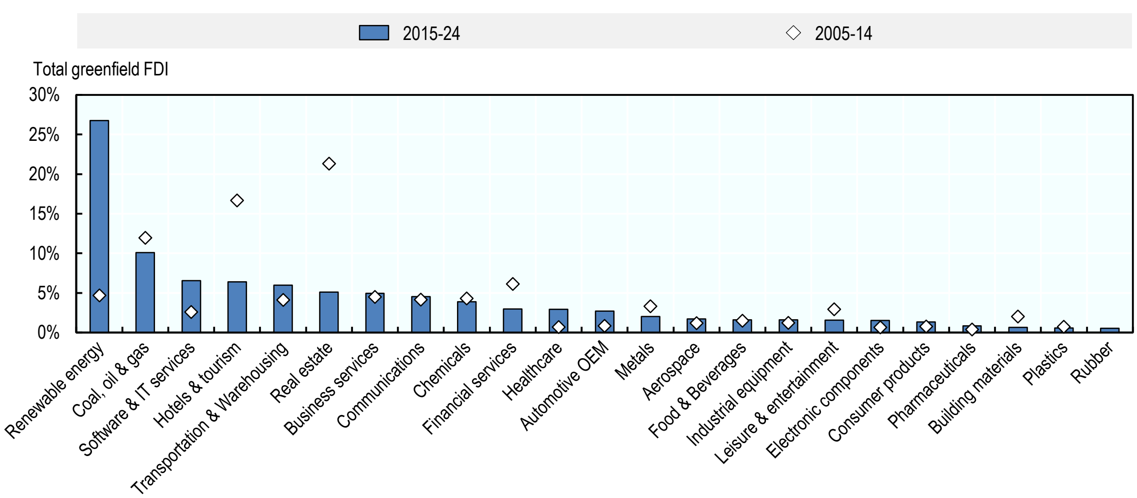
Source: UNCTAD, (2025[2]), Foreign direct investment: Inward and outward flows and stock, annual, https://unctadstat.unctad.org/datacentre/reportInfo/US.FdiFlowsStock; OECD, (2025[1]), OECD International Direct Investment Statistics database, https://www.oecd.org/en/topics/foreign-direct-investment-fdi.html

Greenfield FDI (i.e. new establishments of foreign companies) is the largest subset of FDI in the UAE. Patterns of greenfield FDI between 2005 and 2024 show growing support for economic diversification objectives, with greenfield FDI increasingly targeting a broader set of sectors beyond hydrocarbons. In 2025, the UAE has identified several priority sectors for FDI at the national level, including renewable energy, transport and logistics, ICT, financial services and manufacturing, based on a document shared with the OECD. Many of these sectors have already been prioritised by investment authorities at the Emirate level and have correspondingly seen rising shares in greenfield FDI in the past decade.

Renewable energy has emerged as the top recipient of greenfield FDI over the past decade, accounting for over a quarter of total greenfield FDI between 2015 and 2024, which has risen sharply from only 5% in the preceding decade (Figure 2.2). Several other sectors have also attracted more greenfield FDI, including transport (6%), software & IT services (6.5%), and business services (5%), highlighting the rising contribution of knowledge- and service-based activities. While fossil fuels still attracted 10% of greenfield FDI between 2015 and 2024, this represents a modest decline compared to the 12% share observed in the previous decade, likely owing to economic diversification efforts. More broadly, the oil sector's contribution to GDP declined from nearly 55% in 1980 to 17% in 2020 (FCSC, 2025[3]).

Figure 2.2. Greenfield FDI is gradually contributing to the UAE's economic diversification

Greenfield FDI by sector (% total greenfield FDI in the UAE), 2005-2024



Source: OECD based on Financial Times (2025[4]), fDi Markets Database, https://www.fdimarkets.com/

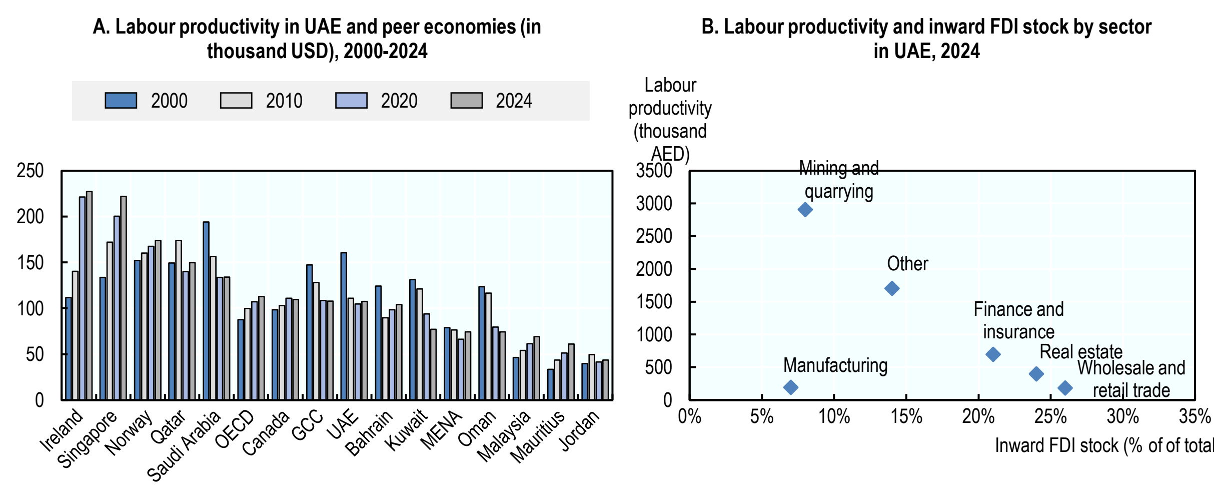
2.3. The contribution of FDI to innovation and productivity

2.3.1. Expanding FDI in high-productivity and tradable sectors could strengthen productivity growth

The UAE's labour productivity performance has plateaued over the past decade, narrowing its early lead relative to high-income peers. Entering the 2000s, with one of the highest productivity levels in the region (USD 161.000 per worker), the UAE benefited from the large contribution of hydrocarbon resource rents to GDP, which raised output per worker in a relatively small labour force. As the economy diversified and employment expanded rapidly, particularly in service sectors, aggregate labour productivity declined through the 2000s and recovered only modestly in the 2010s. By 2024, labour productivity reached around USD 108 000 per worker, above the OECD average and close to the GCC benchmark, but below frontier economies such as Singapore and Ireland (Figure 2.3, Panel A). This trajectory reflects a combination of structural transformation and rapid labour force expansion, with employment growing faster than value added in several large service sectors (IMF, 2023[5]).

The sectoral pattern of employment growth has important implications for aggregate productivity and diversification. Construction, wholesale and retail trade, professional and administrative services, and transportation account for a large share of total employment yet generate substantially lower value added per worker than capital-intensive activities such as finance, real estate and extractive industries. While high labour productivity in capital-intensive sectors partly reflects their technology and factor intensity, the expansion of labour-absorbing services has moderated aggregate productivity gains, even as higher-value activities, particularly financial services, digital and ICT-enabled services, logistics and knowledge-intensive business services, have continued to grow. This pattern is common among fast-growing service-oriented economies, including in the GCC, where employment expansion in services has outpaced productivity growth (IMF, 2023[6]). In the UAE context, it highlights the importance of strengthening productivity within large service sectors and expanding higher-value activities that offer greater scope for learning, upgrading and spillovers. Strengthening firm capabilities, upgrading skills and expanding innovation activity in these sectors will therefore be central to sustaining long-term productivity growth.

Figure 2.3. High-productivity sectors attract a smaller share of inward FDI



Note: Labour productivity is measured as GDP per person employed.
Source: OECD calculations based on World Bank data and the UAE's Federal Competitiveness and Statistics Centre data.

FDI in the UAE is largely concentrated in domestic market services rather than in high-productivity or tradable sectors. Wholesale and retail trade -the largest recipient of inward FDI stock (26%) - and real estate (24%) attract roughly half of total foreign investment, yet both record only moderate labour productivity (Figure 2.3, Panel B). These sectors primarily serve domestic demand and typically generate limited technology diffusion or export linkages. The composition of inward FDI therefore reflects a predominantly market-seeking profile, rather than one geared toward efficiency, innovation or global value chain integration. Higher-productivity sectors attract some foreign investment, but not to the degree seen in economies where FDI drives upgrading. Finance and insurance, a relatively productive sector, receives 21% of inward FDI, indicating that foreign firms do contribute to the development of sophisticated services. High-value "other services" exhibit high productivity but account for a comparatively small share of FDI stock.

Activities with stronger tradability and higher knowledge intensity -particularly digital, technology-enabled and business services, as well as selected advanced manufacturing niches- remain underrepresented in the UAE’s inward FDI stock. At an aggregate level, manufacturing accounts for only 7% of inward FDI stock and exhibits relatively low labour productivity (Figure 2.3, Panel B), potentially reflecting the limited scale of high-technology and export-oriented industrial activity. At the same time, recent FDI flows have increasingly concentrated in higher-value services and technology-enabled activities, suggesting a gradual reorientation of new investment. For a small, open economy with high wage levels, productivity gains are more likely to stem from high-value tradables, including software, ICT services, professional and business services, and other digitally enabled activities, where scale, innovation and knowledge spillovers play a larger role. In economies that have successfully diversified toward such activities, foreign firms have contributed to capability upgrading and integration into global value chains primarily through services-led and technology-intensive segments. In the UAE, the evolving composition of inward FDI suggests increasing scope for higher-value tradable and knowledge-intensive activities to contribute to productivity growth.

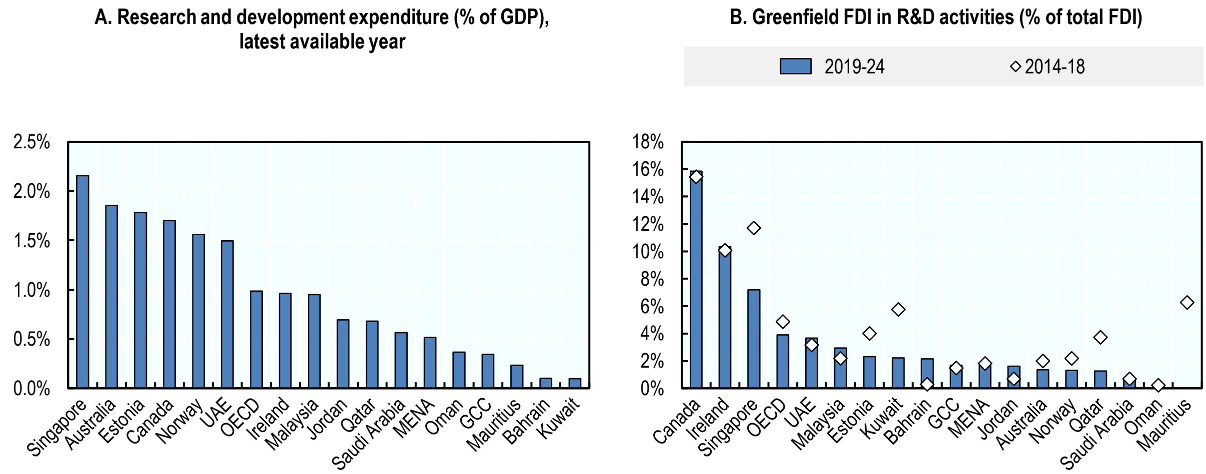
2.3.2. FDI in R&D is increasing and plays a growing role in supporting innovation

The UAE has substantially increased its innovation effort and is approaching the levels seen in global technological leaders, although its R&D intensity remains somewhat lower. With R&D expenditure reaching 1.5% of GDP, the UAE now exceeds the OECD average (0.98%) and ranks highest in the MENA region (Figure 2.4, Panel A). Regional comparators such as Saudi Arabia, Qatar and Oman devote considerably smaller shares of GDP to R&D, underscoring the UAE’s stronger policy emphasis on research and advanced technologies. R&D intensity remains below the levels observed in innovation front-runners such as Singapore (2.2%), Australia (1.9%) and Estonia (1.8%), though the gap has narrowed relative to some peers. The gap points to an innovation system that is still transitioning from a predominantly government-led model toward one where private-sector research, commercialisation and business-to-science collaboration play a larger role. Expanding the participation of domestic firms. particularly SMEs, in R&D and applied innovation will be central to translating national strategies into productivity gains.

The UAE is also becoming more attractive for FDI in R&D-intensive activities, although levels remain modest compared with frontier economies. The share of greenfield FDI projects with an R&D component increased from 3.2% in 2014-18 to 3.7% in 2019-24, bringing the UAE close to the OECD average (3.9%) (Figure 2.4, Panel B). While considerably below economies where foreign firms are major contributors to national R&D, such as Canada (15.8%) and Ireland (10.3%), the UAE performs favourably relative to most regional peers. Recent improvements in digital infrastructure, specialised innovation clusters and human capital initiatives are strengthening the country’s attractiveness for technology-oriented investors. Scaling up the depth and technological content of R&D-related FDI will be important for fostering stronger knowledge transfer to domestic firms.

The composition of R&D-related FDI shows clear movement toward knowledge-intensive and emerging technology sectors. Software and IT services account for the largest share of R&D project announcements (26%), followed by communications (17%), business services (8%) and a growing set of technology domains such as automotive technologies (7%), healthcare, space and defence (each 5%) (Figure 2.5, Panel A). Compared with 2015-19, when communications dominated R&D investment, the current period exhibits a more diversified technology profile, with increased activity in applied digital technologies, advanced engineering and science-based sectors. This shift reflects the UAE’s broader policy emphasis on advanced manufacturing, AI, life sciences and space technologies, and suggests early signs of foreign investor response to the development of specialised clusters, research institutions and sector-focused investment programmes. As these sectors expand, they may play a greater role in building domestic technological capabilities and widening opportunities for knowledge diffusion.

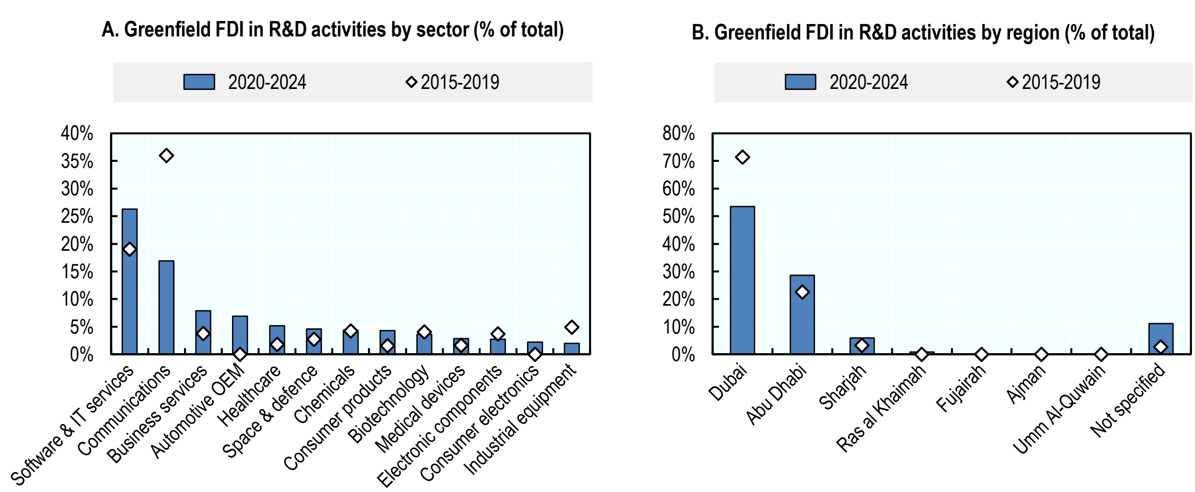
Figure 2.4. R&D investment is increasing, positioning the UAE ahead of regional peers



Source: OECD calculation based on World Bank data, and fDi Markets database (2025[4]), https://www.fdimarkets.com/

Knowledge-intensive FDI is becoming more geographically diversified across emirates, indicating a broadening of the UAE's innovation ecosystem. Dubai remains the principal destination (54% of projects in 2020-24), but its share has fallen from 71% in the previous period as other emirates strengthen their capacity to attract technology-intensive investment (Figure 2.5, Panel B). Abu Dhabi has increased its share from 23% to 29%, reflecting targeted initiatives in advanced industries - including the Advanced Technology Research Council (ATRC) programmes, the development of innovation hubs, and sector-focused investment incentives delivered through Abu Dhabi Investment Office - alongside the expansion of research-intensive clusters, and the growing role of public investment entities in anchoring high-value projects. Sharjah's rise, though modest, points to emerging capabilities in education-based innovation and specialised free zones. The increasingly distributed pattern of R&D-oriented FDI suggests that the UAE's innovation geography is becoming more multi-polar, with Emirates developing complementary market entry opportunities and sectoral specialisations. This diversification can enhance national innovation performance by reducing concentration risks and enabling more regionally balanced development and knowledge spillovers.

Figure 2.5. R&D-related FDI in the UAE is concentrated in a limited set of sectors and Emirates



Source: OECD calculation based on (Financial Times, 2025[4]) fDi Markets Database, https://www.fdimarkets.com/

2.4. The contribution of FDI to the digital transformation

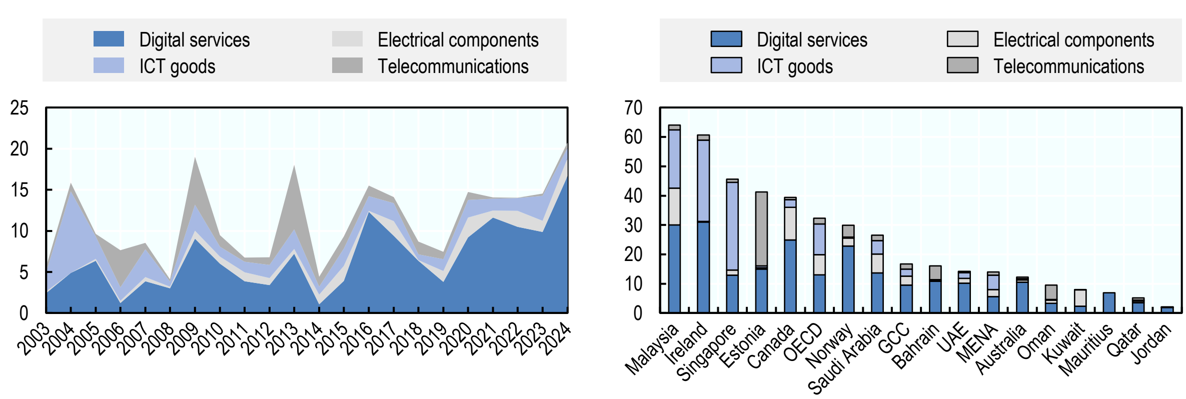
Greenfield investments trends show that overall digital FDI in UAE has increased over time, and in particular digital services, consistent with the country's broader shift toward more technology-intensive activities. Greenfield data are used as they capture new productive investment and provide more detailed sectoral information on digital activities than aggregate FDI statistics. Average annual digital FDI shares were around 5-6% between 2003 and 2015, before rising to approximately 10-12% from 2016 onwards, supported by improvements in the policy and regulatory environment and the expansion of digital infrastructure (Figure 2.6, Panel A). Within this evolution, digital services have been the main source of growth, increasing steadily and reaching 17% of total greenfield FDI projects in 2024, their highest recorded level. By contrast, investment in ICT goods and electrical components has remained relatively limited, generally 1-3% of total projects, while telecommunications projects have declined over time, reflecting fewer new market entry opportunities. The composition of digital FDI has comparatively limited activity in digital manufacturing segments.

The UAE's digital FDI performance is moderate relative to global leaders but strong within its region. Over 2019-24, digital activities accounted for around 14% of total greenfield FDI, above the averages in the GCC (around 9-10%) and the broader MENA region (around 10%) (Figure 2.6, Panel B). The UAE remains below economies such as Ireland, Malaysia, Singapore and Canada, where digital sectors constitute 30-60% of total investment. The structure of digital FDI also differs from that of high-performing peers: while the UAE's share of digital services (10%) is broadly comparable to the OECD average, investment in ICT goods (1.9%) and electrical components (1.7%) remains comparatively low, indicating more limited participation in global digital manufacturing value chains. Overall, the evidence suggests that the UAE has made meaningful progress in attracting digital FDI –particularly in services– while the current pattern of investment reflects a concentration in service-based activities rather than deeper integration into digital manufacturing value chains, with implications for the types of spillovers and linkages generated domestically.

Figure 2.6. Digital sectors account for a growing share of FDI in the UAE, though levels remain moderate compared to peers

A. Greenfield FDI in digital sectors in UAE (% of total), 2003-23

B. Greenfield FDI in digital sectors in UAE and peer economies (% of total), 2019-24



Source: OECD calculation based on (Financial Times, 2025[4]) fDi Markets Database, https://www.fdimarkets.com/

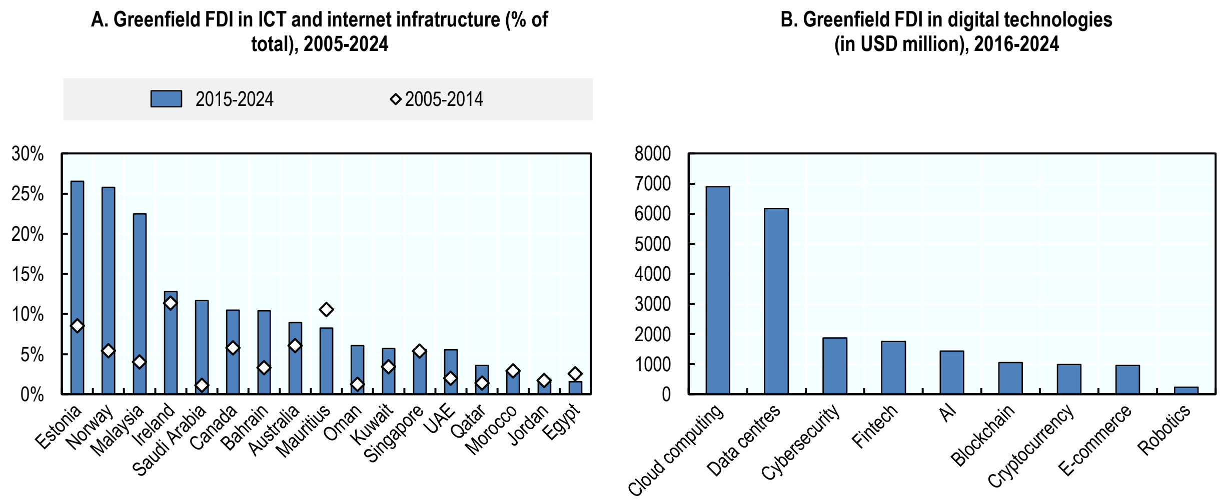
Digital FDI is highly concentrated across Emirates. Over 2014-24, Dubai attracted around two-thirds of all digital greenfield FDI (67%), driven by substantial inflows into both digital services and telecommunications (48%) and ICT goods and electrical components (19%). Abu Dhabi hosts a smaller but still significant share, representing 15% of total digital FDI, with investment concentrated primarily in digital services and telecommunications (13%) and more limited activity in ICT-related manufacturing (2%). A further 16% of digital FDI is recorded under “not specified”, reflecting projects whose Emirate-level location is not disclosed but which likely relate to federal-level or multi-Emirate investments. By contrast, the remaining Emirates, including Sharjah, Ras al Khaimah, Fujairah, Ajman and Umm Al-Quwain, captured less than 1% each of total digital FDI, with very limited investment across all digital segments. These patterns reflect differences in digital ecosystem depth, infrastructure and investor orientation, and suggesting scope to broaden the geographic distribution of digital activities.

The UAE has seen an increase of FDI in ICT and internet infrastructure, with its share rising from 2% in 2005-14 to 6% in 2015-24 (Figure 2.7, Panel A). This marks clear progress but places the UAE below the faster-growing performers in both global and regional comparisons. Saudi Arabia, Bahrain and Oman registered sharper increases over the same period, while economies such as Estonia, Norway and Malaysia now attract over 20% of total FDI into ICT infrastructure. Countries including Ireland, Canada and Australia also maintain higher and more stable levels.

The pattern partly reflects the UAE’s telecommunications sector having built extensive, high-quality network infrastructure, with foreign investment increasingly oriented toward selective upgrades, partnerships and adjacent digital infrastructure rather than large-scale network deployment. While this reduces the sector’s role as a destination for new FDI, telecommunications continue to play a substantial direct economic role through domestic capital formation, high-skill employment and fiscal contributions, while serving as critical enabling infrastructure for investment and productivity growth across the wider digital economy. Overall, the UAE’s performance suggests improving capacity to attract digital infrastructure investment, though its relative position indicates scope to further strengthen the enabling environment to match leading peers.

The composition of technology-specific FDI shows that the UAE’s strengths lie in large-scale, data-intensive activities, while investment remains more limited in other emerging technologies(Figure 2.7, Panel B). Between 2016 and 2024, the UAE attracted substantial investment in cloud computing (USD 6.9 billion) and data centres (USD 6.2 billion), confirming its role as a regional hub for core data-intensive infrastructure. Investment in cybersecurity, fintech and artificial intelligence, each exceeding USD 1.4 billion, also reflects growing alignment with global digital economy trends. However, flows into blockchain, cryptocurrency, e-commerce and robotics remain comparatively modest, resulting in a narrower technological profile than that observed in leading digital economies. While the UAE is consolidating its position in foundational digital technologies, further diversification of digital FDI could support convergence with higher-performing international peers.

Figure 2.7. FDI increasingly targets ICT infrastructure and selected digital technologies in the UAE



Source: OECD calculation based on (Financial Times, 2025[4]) fDi Markets Database, https://www.fdimarkets.com/

2.5. The contribution of FDI on green growth

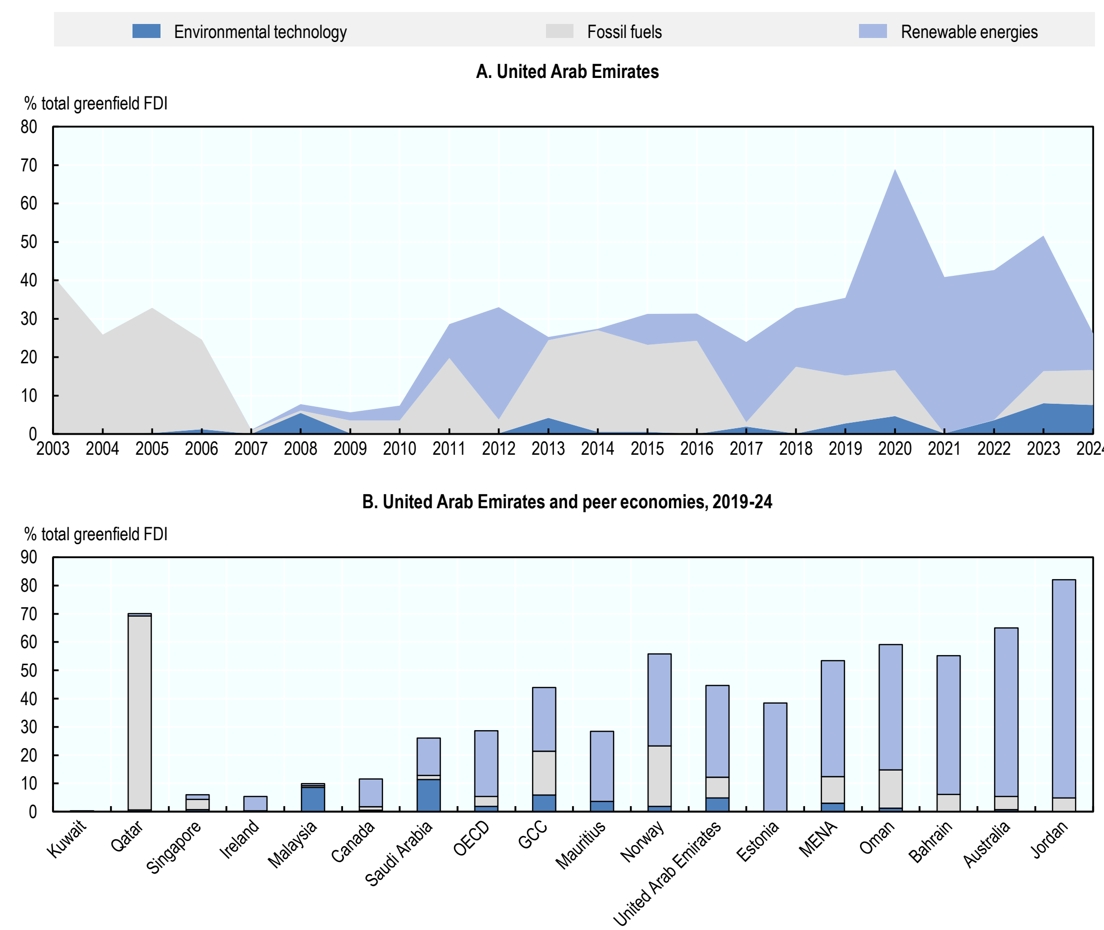
The UAE's greenfield FDI landscape has undergone a structural shift over the past two decades, with a clear growth of renewable energies and environmental technologies as shares of total greenfield FDI. In the early 2000s, greenfield FDI was heavily directed towards fossil fuels, peaking at over 40% of total greenfield FDI in 2003. From 2007 onwards, the relative share of greenfield FDI directed to fossil fuels declined sharply, reflecting rapid growth in other sectors rather than a sustained contraction greenfield FDI levels towards fossil fuels. Since 2010, investment in renewable energy has steadily gained, with a marked acceleration from 2017 onwards. In 2020, renewable energy represented the majority of environmentally related FDI. The relative share of renewables remained consistent through 2021-2023, confirming a growing role for renewables as a destination for greenfield FDI.

The UAE is an attractive destination for FDI in renewables, compared to peers. About 37% of total greenfield FDI is directed to renewable energy and environmental technologies between 2019 and 2024. This share places the UAE among the more prominent destinations for greenfield FDI in renewables, outperforming the OECD and GCC averages of 25% and 28% respectively, as well as individual GCC peers such as Saudi Arabia (24%) and Qatar (2%). While the share of greenfield FDI In renewables remains below other comparator GCC and MENA economies, such as Jordan (77%), Bahrain (49%), and Oman (45%) (Figure 2.8, Panel B), the UAE nonetheless distinguishes itself by leading in the absolute number of renewable energy projects and by maintaining a sustained and consistent flow of greenfield FDI into renewables over this time period.

The share of greenfield FDI into environmental technologies is also ahead of the level of many regional and international peers. Environmental technologies include the production of renewable energy components (e.g. solar panels and wind turbines), water and sewage infrastructure, basic chemicals linked to carbon capture, battery production, and waste management solutions. Between 2019 and 2024, greenfield FDI into environmental technologies in the UAE was 5% of total greenfield FDI, rising to 8% in 2023-24. This places UAE levels above the OECD average (1.9%) and MENA average (3%), as well as most comparator economies except Saudi Arabia (11%) and Malaysia (9%) (Figure 2.8, Panel B). The UAE promotes itself as an FDI destination in areas such as advanced desalination and water reuse, smart wastewater treatment, recycling and waste-to-energy infrastructure, and air pollution monitoring and control systems (Invest in Dubai, 2025[7]; U.S. Department of Commerce, 2025[8]).

By 2024, the combined share of greenfield FDI in renewables and environmental technologies consistently outpaced fossil fuels, signalling increasing investor alignment with the UAE's net-zero goals and low-carbon development ambitions. In 2017, the UAE launched the National Energy Strategy 2050 which includes targets to triple the supply of renewable energy by 2030 and achieve net zero emissions by 2050, committing to an investment of an additional USD 54 billion (or 2 percent of GDP per year) to achieve these objectives (Ministry of Energy and Infrastructure, 2023[9]). The subsequent update of this strategy reinforced and accelerated these targets, which is expected to further stimulate greenfield FDI into renewable energy and related technologies moving forward.

Figure 2.8. The UAE has seen a rise in FDI towards renewable energies and environmental technology



Source: OECD based on (Financial Times, 2025[4]) fDi Markets Database, https://www.fdimarkets.com/

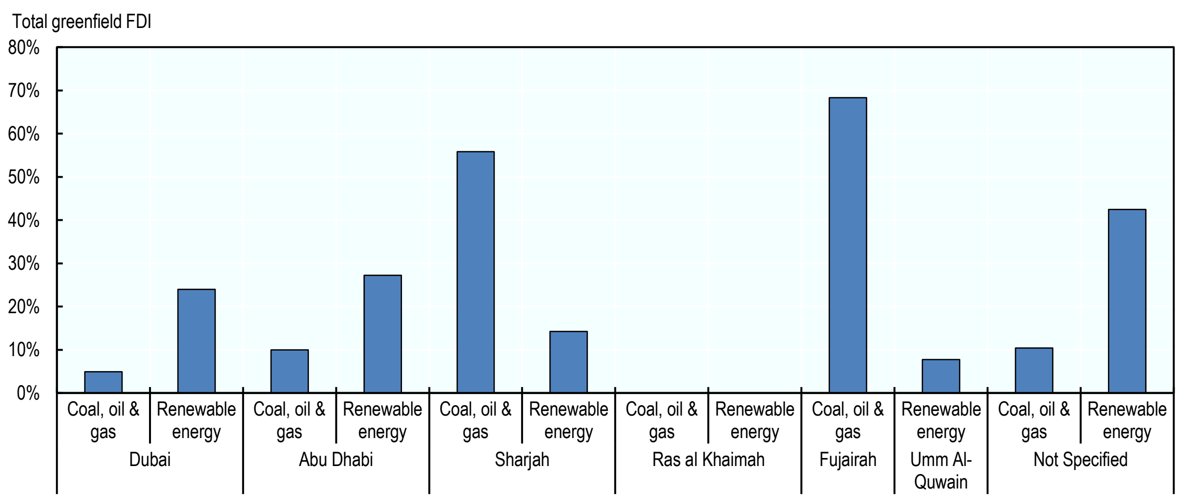
Greenfield investment patterns show subnational variations in the relative importance of renewables within the overall greenfield FDI mix. Dubai and Abu Dhabi recorded higher shares of greenfield FDI to renewables, owing to their leverage as economic hubs but also broader economic diversification strategies and clean energy investments. Subnational strategies and initiatives, such as the Abu Dhabi's Energy

Strategy 2050 and Dubai's Mohammed bin Rashid Al Maktoum Solar Park, have helped establish long-term policy commitments and enhance the visibility of renewables to foreign investors. Between 2019 and 2024, renewable energy projects increased in both Emirates compared to 2012 to 2016, with Dubai accounting for a larger share. Yet, renewables remain a relatively small portion of total greenfield FDI projects in each Emirate, despite their leading positions in attracting greenfield FDI, indicating that renewable energy investment has been driven by a number of large-scale projects rather than a broad expansion in project counts.

Other Emirates attracted comparatively smaller shares of greenfield FDI in renewable energy. Between 2014 and 2024, Fujairah and Sharjah received disproportionately high shares of greenfield FDI towards fossil fuels, accounting for over two thirds of total greenfield FDI in Fujairah and more than half in Sharjah. These patterns may reflect the historical economic orientation of these Emirates toward hydrocarbons and the presence of established industrial and logistical infrastructure linked to the oil and gas sector. By contrast, Ras Al Khaimah attracted relatively limited greenfield FDI in either category, with few projects announced pre-2012. This likely reflects its alternative sectoral specialisation. Overall, these trends highlight the importance of tailored regional strategies to ensure that FDI contributes to diversification beyond the primary economic hubs.

Figure 2.9. Greenfield FDI is more prominent in fossil fuels than renewables in several Emirates

Greenfield FDI in renewables, other environmental technologies and fossil fuels (% of total greenfield FDI in each Emirate), 2014-24



Source: OECD based on (Financial Times, 2025[4]) fDi Markets Database, https://www.fdimarkets.com/

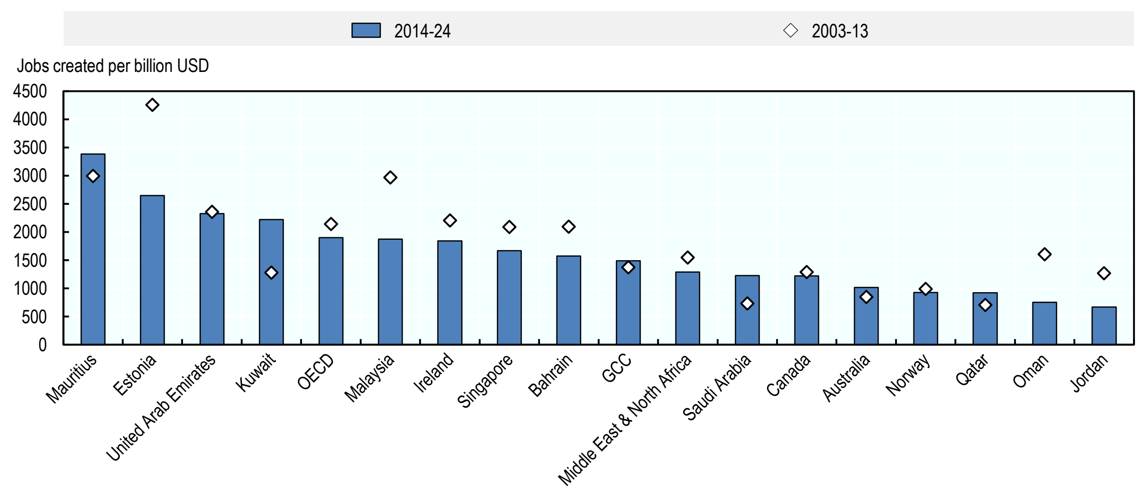
2.6. The contribution of FDI to job creation and skills development

2.6.1. Greenfield FDI is an important driver of job creation in the UAE, outperforming most peer economies

Greenfield FDI has been an important source of job creation in the UAE in recent decades. The job intensity of greenfield FDI, measured by the number of jobs created per billion USD invested, is around 2 300 jobs per billion USD in the UAE (Figure 2.10). The level is above the GCC average of nearly 1 500 jobs and the OECD average of nearly 1 900 jobs. The job intensity is also higher than many other peer economies such as Singapore, Ireland, Australia, Canada, and Malaysia, but remains below Estonia and Mauritius.

While greenfield FDI is more job-intensive in the UAE than most peers, the ratio has remained constant over time. In 2003-13, greenfield FDI to the UAE generated 2 357 jobs per billion USD and remains nearly the same the following decade. Conversely, GCC economies such as Qatar, Saudi Arabia, and Kuwait have experienced growth in the jobs generated by greenfield FDI in the past decade. This implies that the composition of greenfield FDI has remained broadly unchanged in recent decades, and that future employment gains tied to greenfield FDI may depend on whether foreign investment is directed to sectors that offer greater potential for job creation. For instance, electricity generation, whether from renewable and non-renewable sources, is highly capital-intensive, and FDI in the sector generates fewer direct jobs.

Figure 2.10. Greenfield FDI is more job-intensive in the UAE than that in many peer economies



Source: OECD calculation based on (Financial Times, 2025[4]) fDi Markets Database, https://www.fdimarkets.com/;

2.6.2. Job intensity of FDI varies across sectors, with services accounting for a rising share of employment in the UAE

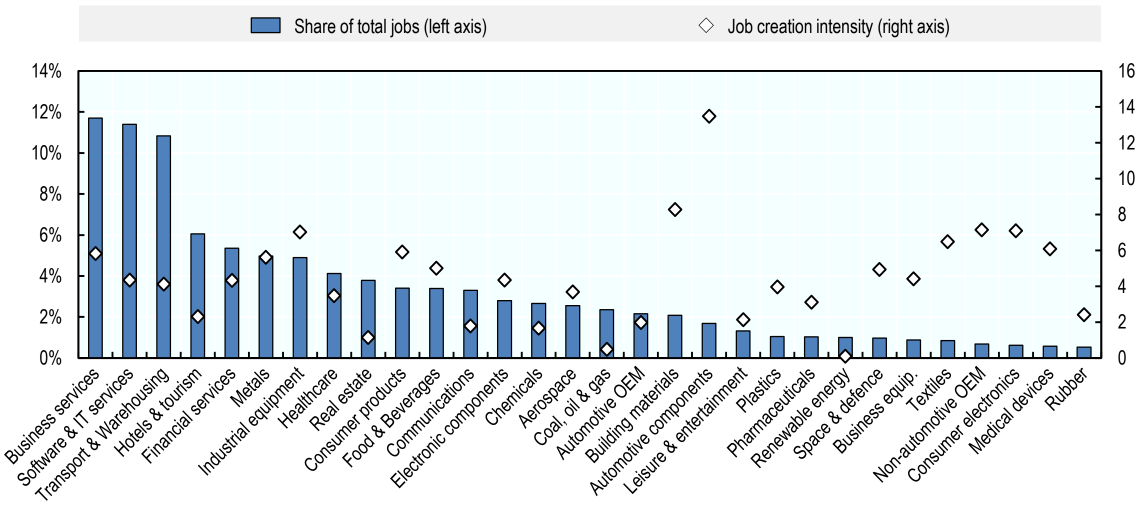
The job intensity of greenfield FDI in the UAE varies across sectors (Figure 2.11), with service activities taking a more prominent role in the past decade. Capital-intensive sectors, such as oil and gas, real estate, and renewable energy, remain the largest recipients of greenfield FDI in the past decade and among the least-job intensive. The sectors collectively accounted for nearly half of all greenfield FDI in 2014-24 but generated 7% of the total jobs led by greenfield FDI.

Service activities are the main drivers of job creation from greenfield FDI, with their contributions expanding over time. Business services account for nearly 12% of total jobs generated by greenfield FDI, followed by software and IT services (12%), and transportation and warehousing (11%). Collectively, these sectors account for more than one third of all jobs (34%) in 2014-24, more than double their share in previous decade (15% in 2003-13). The job growth in service sectors coincides with a reduced role for real estate, whose share of FDI-related jobs fell from 28% in 2003-13 to just 3.8% in the following decade.

Manufacturing activities have the highest potential to translate FDI into employment gains in the UAE, but these activities account for modest shares of total FDI-related employment currently. Greenfield FDI in automotive components, building materials, and transport equipment are among the most job-intensive activities, generating between 7 000 and 13 000 jobs per billion USD. However, these activities collectively account for 10% of total employment created by greenfield FDI currently. The limited role for manufacturing to contribute to total employment in the UAE is a trend shared with other GCC economies, where services sectors remain the dominant source of job creation.

Figure 2.11. Service activities have the highest shares of jobs created by greenfield FDI in the UAE

Jobs created from greenfield FDI (thousand jobs), 2014-2024



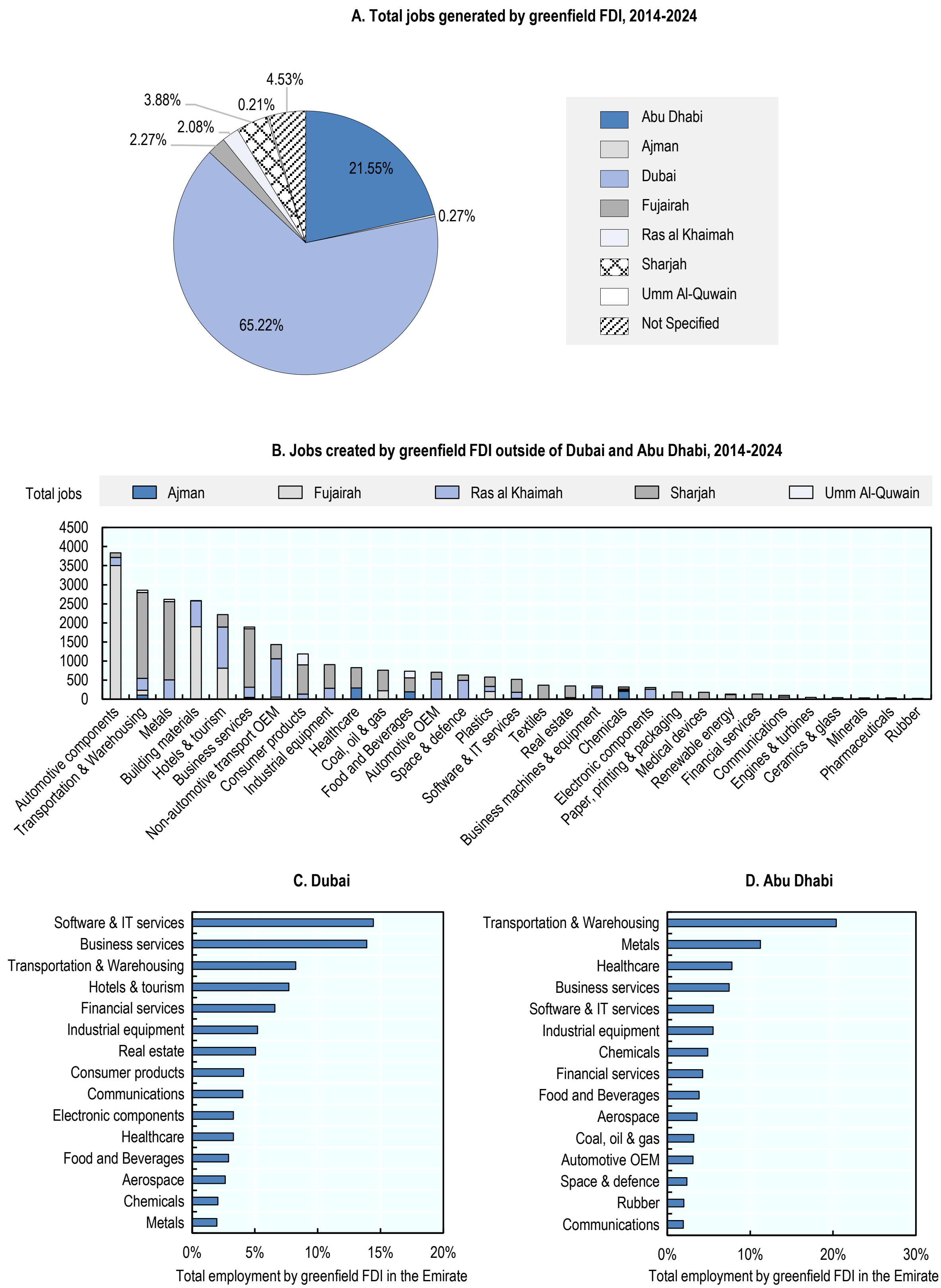
Note: Figure excludes sectors with less than 0.5% of total greenfield FDI jobs: biotechnology, paper printing and packaging, minerals, engines and turbines, wood products, semiconductors, ceramics and glass.
Source: OECD calculation based on (Financial Times, 2025[4]) fDi Markets Database, https://www.fdimarkets.com/;

2.6.3. Job creation from FDI is predominately centred around Dubai and Abu Dhabi

The employment footprint of greenfield FDI in the UAE is highly concentrated geographically, with Dubai accounting for roughly two thirds of all jobs created and Abu Dhabi a further one-fifth (Figure 2.12, Panel A). In Abu Dhabi, the sectors accounting for the largest shares of jobs from greenfield FDI is transport and warehousing (20%), metals (11%), healthcare (8%) and business services (7%), while in Dubai, the largest contributors are business services and software and IT services (14% each), tourism and transportation and warehousing (8% each).

The remaining Emirates, Sharjah, Ras Al Khaimah, Fujairah, Ajman, and Umm Al-Quwain, capture less than 10% of total employment generated by greenfield FDI, reflecting their smaller investment bases and more specialised sectoral profiles. Sharjah captures the largest share outside of Abu Dhabi and Dubai, accounting for nearly 4% of total employment between 2014 and 2024, which is concentrated in sectors such as business services, metals, and transportation. This is followed by Ras al Khaimah and Fujairah at 2% each. The remaining two Emirates-Ajman and Umm Al-Quwain-capture less than 1% of total employment collectively.

Figure 2.12. The bulk of jobs generated by greenfield FDI are in Dubai and Abu Dhabi



Source: OECD calculation based on (Financial Times, 2025[4]) fDi Markets Database, https://www.fdimarkets.com/

Box 2.1. Jobs created by FDI in the UAE differ in their skill intensity

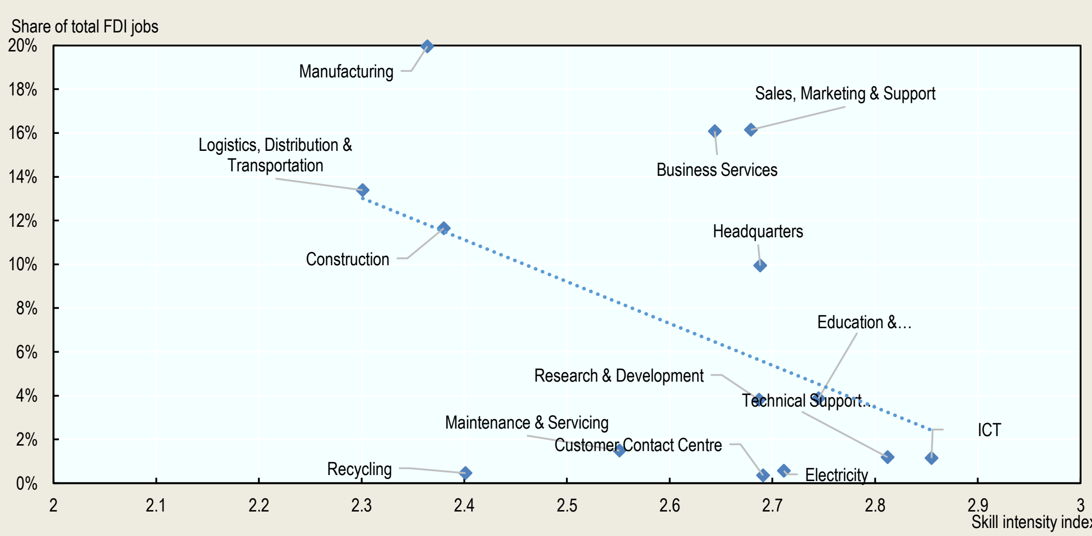
The UAE shows variation in the skill intensity of FDI-related employment across activities. Activities such as ICT, electricity generation and education are the most skill-intensive areas of the economy, based on the skills composition of occupations in these industries. However, these activities account for relatively smaller shares of jobs generated by FDI (Figure 2.13), indicating that, while these activities offer opportunities for high skill-intensive employment, their capacity to generate such jobs at scale is limited.

By contrast, other skill-intensive activities, notably business services and sales and marketing, combine a relatively moderate skills intensity mix with stronger capacity for job creation. For instance, business services accounted for around 16% of total FDI jobs between 2017 and 2023, while recording an average skill-intensity index of 2.6 over the same period, indicating a medium-to-high skill mix. While these activities also exhibit relatively high skill intensity, they attract more moderate shares of FDI employment, suggesting a stronger capacity to translate skills demand into job creation.

Other activities offer stronger potential for job creation but lower average skill intensity. Manufacturing, construction, and transportation account for important shares of jobs generated by FDI and are positioned toward the lower end of the skills spectrum in relation to other activities, as their employment structures rely more heavily on routine and medium-skilled occupations, resulting in a lower overall skill intensity despite their significant contribution of employment volumes.

Figure 2.13. Greenfield FDI in the UAE generates more jobs in medium rather than high skill-intensive activities

Share of total greenfield FDI jobs by skills intensity, 2017-23



Note: The skill intensity index is constructed as a weighted average of skill tiers (low = 1, medium = 2, high = 3), capturing the average skill level of FDI jobs by activity. The index combines project-level FDI employment data (announced job creation) with national employment structures by skill level from ILO employment data. The analysis is restricted to activities observed in at least three years. Data for 2019 is not available.
Source: OECD calculation based on (Financial Times, 2025[4]) fDi Markets Database, https://www.fdimarkets.com/; (ILO, 2025[10]) ILO Statistics https://ilostat.ilo.org/data

2.6.4. Greenfield FDI has untapped potential to support women's economic participation and Emiratisation

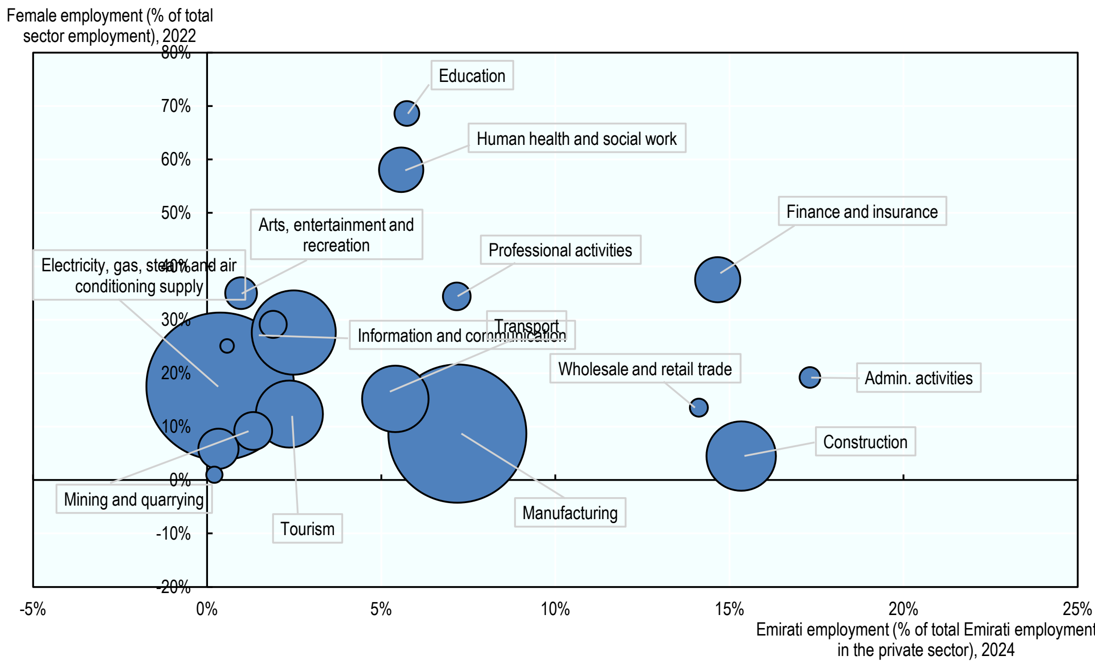
The UAE has recently taken several policy measures to increase the participation of nationals in private sector employment (i.e. Emiratisation) by implementing skills development programmes and incentives for private firms who meet predefined quotas. Under conducive domestic policies, foreign firms can be well positioned to advance Emiratisation as they tend to offer better working conditions relative to domestic firms (OECD, 2022[11]), and can therefore provide stronger incentives for nationals to pursue private sector careers. However, the impact of FDI is maximised when foreign investment is directed towards sectors that already benefit from national labour.

The UAE has identified healthcare and education as priority sectors for Emiratisation, but these sectors receive less than 4% of total greenfield FDI collectively (Figure 2.4). Similarly, construction, financial and insurance activities account for 30% of total Emirati employment in the private sector but receive 9% of total greenfield FDI. The relatively high share of nationals in construction reflects its role as one of the UAE's largest private sector employers (MOHRE, 2025[12]), meaning even limited national participation results in a sizeable employment share, reinforced by Emiratisation quotas and related policy efforts. Within the private sector, Emiratis are more likely to occupy supervisory, technical, and administrative roles, while expatriates remain concentrated in lower skill-intensive occupations (FCSC, 2019[13]).

Conversely, greenfield FDI is also concentrated in sectors with relatively low Emirati participation, such as electricity and gas activities, which received nearly a third of total greenfield FDI in 2019-24 but where nationals account for less than 1% of their total private sector employment. In such cases, complementary labour market, skills development, and FDI policies are needed to ensure that nationals are both incentivised and equipped with the skills to access opportunities generated by foreign firms.

Greenfield FDI is also concentrated in capital-intensive sectors that feature low female labour participation. Manufacturing and energy collectively receive around half of total greenfield FDI, yet women represent only 9% of total employment in manufacturing and 18% in the energy sector (ILO, 2025[10]). Similar to Emiratisation, the impact of FDI on female employment is likely to be more meaningful when investment occurs in sectors where relatively more women work, such as education and healthcare, which feature 69% and 58% of female employment, respectively, but which together receive less than 4% of total greenfield FDI. At the national level, the UAE prioritises productivity-enhancing and globally competitive sectors, while education and healthcare are addressed through parallel labour market, human capital, and Emirate-level initiatives. Closing gender gaps would bring meaningful economic gains to the UAE. The World Bank estimates that full gender parity by 2050 could raise UAE GDP per capita by 17% (Fiuratti, Pennings and Torres Coronado, 2024[14]).

Figure 2.14. Greenfield FDI is directed towards capital-intensive sectors with limited gains for workforce inclusion



Note: The size of the bubble represents the share of a sector in total greenfield FDI between 2019 and 2024.
Source: OECD calculation based on (Financial Times, 2025[4]) fDi Markets Database, https://www.fdimarkets.com/; ILO (2025[10]), https://ilostat.ilo.org/data/; and UAE's Ministry of Human Resources and Emiratisation (2025[15]), https://www.mohre.gov.ae/en/open-data/statistical-report

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3 Navigating the legal framework for investment

This chapter examines the legal framework for investment in the UAE. It provides an overview of domestic investment-related laws and regulations and explores ways to enhance the governance of the regulatory framework for investment framework in the UAE.

3.1. Summary and recommendations

The way that investment policy is formulated and revised plays a critical role in shaping investment decisions. The non-discrimination principle, the degree of openness to foreign investment, the protection of investors' property rights are core investment policy issues that underpin efforts to create a quality investment environment for all. Equally important is the quality of regulation, which has a significant influence on the climate for business and investment (OECD, 2015[1]).

The UAE's domestic legal framework for investment is shaped by its federal structure, which results in distinct legal regimes across each Emirate. Constitutionally, key legislations affecting business and investment, such as corporate law and intellectual property (IP) rights, are regulated on a federal level. Matters not expressly assigned to federal authorities under the Constitution fall within the jurisdiction of individual Emirates. This includes certain areas that directly impacting the legal framework for investment, such as land tenure regimes. Within this framework, Emirates are also responsible for operationalizing federal laws within their own jurisdictions, including through the enactment of local legislation that gives effect to federal requirements. The additionally lead their own investment promotion strategies, as discussed in Chapter 6.

At the federal level, the UAE has undertaken significant legislative reforms, leading to a progressively more open environment for foreign direct investment (FDI) and establishing a robust IP protection regime that ranks among the strongest in the region.

At the Emirate level, the level of legal protection and accessibility to relevant regulations varies significantly across jurisdictions. In some Emirates, investment-related legislation is readily available online in both Arabic and English, while in others, such information remains unevenly accessible. These inconsistencies have raised concerns amongst both public and private stakeholders regarding the transparency and accessibility of the legal framework for investment.

In light of its mandate to lead investment policy reforms, to address challenges to FDI and to eliminate obstacles hindering the retention of FDI, the Ministry of Investment (MoI) could consider targeted measures to enhance the coherence and transparency of the regulatory environment – as further explored in Chapter 6 below. These could include the development of a publicly accessible, centralised legal database containing all relevant FDI legislation, available free of charge in English and Arabic. To further support regulatory quality, the MoI might also consider conducting *ex post* evaluations of existing laws and regulations to assess their continued relevance and effectiveness, and to inform future amendments to the legal framework. The MoI could also support Emirates in conducting *ex post evaluations* for legislations at Emirates level.

Recommendations

- **Consider creating a centralised, publicly accessible information portal that consolidates all investment-related legislations and regulations at both the federal and Emirate level.** While the federal legal framework for investment in the UAE is generally transparent and accessible, regulatory access at the Emirate level remains uneven. In several cases, relevant legislation is difficult to locate or not available online, leading to a decentralised and uneven legal landscape. This inconsistency may hinder legal transparency, reduce predictability for investors, and ultimately undermine the framework for investment. A unified investment-focussed database could provide an up-to-date repository of federal laws (e.g. commercial, corporate and investment laws) and regulations at an Emirate level (e.g. expropriation, real estate and land tenure). Ensuring free, equal, and user-friendly access to legal information would promote transparency, support informed investment decisions, and contribute to a more predictable and coherent regulatory environment across the country.
- **Strengthening engagement in public consultations with both public and private stakeholders on legislative and regulatory reforms and consider reinforcing the consultation framework by institutionalising early, inclusive, and transparent stakeholder engagement, particularly for reforms with significant implications for the investment climate.** While some recent reforms have involved public consultation, other critical amendments to the legal framework governing FDI, such as Federal Decree Law No. 26 of 2020 on Amending Certain Provisions of Federal Law No. 2 of 2015 on Commercial Companies appear to have been enacted without prior public consultations. To enhance the quality and legitimacy of future regulatory changes, the MoI could consider designing and implementing consistent and transparent consultation practices. This could include combining a broader range of consultation tools – such as online platforms, targeted outreach, and public forums – to engage with the appropriate stakeholders and ensure timely and meaningful input.
- **Consider conducting an ex post regulatory evaluation, notably of significant laws governing FDI, such as Federal Decree Law No. 32 of 2021 on Commercial Companies**. Over the past decade, the UAE has implemented significant reforms to its investment legal framework, which have been largely welcomed by investors. However, the accelerated pace of reform underscores the importance of ensuring that these regulations remain up to date, cost-effective, and consistent with their original goals. Ex post regulatory evaluations offer a valuable tool for assessing whether laws are delivering their intended outcomes. In line with its mandate to drive policies, strategies and laws related to FDI and to address challenges to FDI, the MoI could initiate an assessment of the impact of the existing stock of FDI regulation, including of Federal Decree Law No. 32 of 2021 on Commercial Companies, to evaluate whether it is still up to date, cost effective and meets its intended objective and inform future policy reforms if necessary. The MoI could also consider providing support to Emirates in conducting *ex post evaluations* for legislations at Emirates level, where appropriate.

3.2. Enhancing the role of the MoI in driving investment policy reforms

With its mandate and attributed powers, the MoI would be well positioned to play a strategic role in shaping the UAE’s domestic investment policy. As the lead institution for designing and implementing investment policies, the MoI can ensure that regulations are transparent, predictable and deliver the intended policy outcomes.

Federal Decree No. 37/2023 on the Establishment of the Ministry of Investment confers to the new ministry the powers to suggest, prepare and amend policies, strategies and laws and regulations related to inward FDI, in co-ordination with the relevant entities, and to oversee their implementation after adoption by the council of ministers. The MoI is mandated to work on removing challenges and barriers to ensure a stable ecosystem for FDI.

In practice, the MoI, which caters to all Emirates, focusses on improving the investment climate for FDI at a national level, and acts as an advocate for policy reform where needed. It can drive needed regulatory reforms, which can increase efficiency and effectiveness and create better balance in delivering social and economic policies over time.

3.3. An overview of the domestic legal framework for investment

3.3.1. A rapidly evolving legal framework

In accordance with the Constitution, business and commercial matters, including FDI, are regulated primarily at a federal level.

As such, prior to 2015, inward FDI was mainly covered by Federal Law No. 2 of 2015 on Commercial Companies, pursuant to which foreign companies incorporated in the UAE had to have at least one national partner with shares of no less than 51% of the company's capital, cross-sectoral, except for general or limited partnerships. In 2018, Federal Decree Law No. 19 on Foreign Direct Investment (FDI Law of 2018) was promulgated and constituted a major step forward in the UAE's legal investment framework:

- Article 7 lifted restrictions on foreign investment through the adoption of (i) a negative list approach, by defining sectors and activities that are not open to FDI, and (ii) a positive list, which would subsequently determine the sectors and economic activities available to invest in by a foreign investor of up to 100%.
- Article 8 provided a list of incentives and standards of protection for FDI Projects as defined therein. It granted national treatment of FDI, recognising that foreign investment companies as defined therein were granted the same treatment as national companies, to the extent permitted by legislation in force. It also allowed for the repatriation of returns and repatriation of salaries, compensation, and entitlements for employee.
- Article 9 protected FDI against expropriation, in whole or in part, except for public interest and in exchange for fair compensation calculated at the time of the expropriation, in line with international standards.
- Article 12 provided that disputes arising therefrom could be settled by litigation and "*by all alternative means of dispute settlement*". While this article does not provide specific information as to the available alternative means of dispute settlement, this term is widely understood to encompass conciliation, mediation and arbitration.

In 2020, Federal Decree Law No. 26 of 2020 Amending Certain Provisions of Federal Law No. 2 of 2015 on Commercial Companies (Federal Decree Law No. 26 of 2020) repealed the FDI Law of 2018 and brought significant amendments to Federal Law No. 2 of 2015 on Commercial Companies. Federal Decree Law No. 26 of 2020 abolished the general requirement for a UAE company to have 51% Emirati ownership, thus allowing foreign investors to unconditionally establish their company without a local partner and to own 100% of UAE companies in all economic sectors, except for activities deemed as having a "strategic impact" which are subject to additional requirements. Other amendments brought by Federal Decree Law No. 26 of 2020 include the removal of the obligation for branches and representation offices of foreign companies to have a local service agent with 100% UAE ownership and the abolishment of the general requirement for the chairperson and majority of the board of a Joint Stock Company (JSC) to be UAE nationals.

Federal Decree Law No. 32 of 2021 on Commercial Companies repealed Federal Law No. 2 of 2015 on Commercial Companies and incorporated most of the provisions of Federal Decree Law No. 26 of 2020. Current regulations offer foreign investors a range of legal forms for commercial companies to be constituted under UAE law.

In November 2022, the UAE issued Federal Decree Law No. 25 of 2022 regarding the Regulation and Development Industry. This law establishes a national industry registry with a database to help investors evaluate investment opportunities and to provide data on industrial facility performance, licensing procedures, permits and exemptions.

These reforms represent a commendable step towards opening the economy to both domestic and foreign investors. They reflect a strong policy commitment to fostering a more predictable, transparent, and investor-friendly environment. Importantly, these reforms also signal a sustained institutional will to continuously refine investment policy and regulatory frameworks in response to emerging trends and evolving global dynamics.

In addition to federal laws, each Emirate retains the authority to regulate some aspects of FDI, such as determining the percentage of nationals' participation in the capital or in the board of directors of companies incorporated within their jurisdiction, approving applications for incorporation of companies and determining applicable fees.[1]

Financial freezones, namely the Dubai International Financial Centre (DIFC) and Abu Dhabi's Global Markets (ADGM), are exempt from the application of federal laws and regulations governing commercial matters. Instead, they operate under their own distinct legal and regulatory frameworks, established by their respective authorities. FDI within these jurisdictions is therefore subject to the specific legal regimes of the DIFC and ADGM, rather than the broader federal legal framework applicable across the mainland. This regulatory autonomy allows the DIFC and ADGM to adopt common law legal standards and financial practices mainly inspired from English law, thereby offering investors flexibility in the choice of legal system.

3.3.2. A relatively open economy to FDI

An open and non-discriminatory investment environment is a central tenet of an attractive investment climate as it helps to ensure that investors are treated alike in similar circumstances (OECD, 2015[1]). For foreign investors, adherence to the derivative principle of national treatment is of particular importance, as it ensures a level playing field between domestic and foreign-owned investors.[2] The Constitution of the UAE provides that all individuals are equal in law and that foreigners shall enjoy the rights and freedom stipulated in international agreements and treaties in force and to which the UAE is a party.

The UAE recently implemented significant reforms to pursue investment liberalisation. As of 2020, Federal Decree Law No. 26 of 2020, abolished the general requirement for a UAE company to have 51% Emirati ownership. Only activities deemed as having a "strategic impact" remained subject to specific conditions and approvals. Pursuant to Cabinet Resolution No. 55 of 2021, the following activities are identified as having a "strategic impact": (i) security, defence and military-type activities, (ii) bank, exchange bureau, finance institutions and insurance activities, (iii) currency printing, (iv) telecommunications, (v) hajj and umrah services, (vi) holy Quran recitation centres and finally (vii) fisheries. Many of these activities are also restricted to FDI in other countries, albeit to varying degrees (OECD, 2024[2]).

In March 2024, the Cabinet issued Resolution No. 23 of 2024, whereby nationals of states of the Co-operative Council of Arab Gulf States (GCC) are granted national treatment, to the extent that they are permitted to practice all economic activities in the UAE to the exclusion of (i) Hajj and Umra services, (ii) exclusive commercial agencies services and (iii) fisheries services.

Foreign investors wishing to engage in activities with strategic impact are subject to pre-approval procedures and specific restrictions, varying from one activity to another. For instance, telecommunication activities are subject to the approval and specific requirements of the Telecommunications and Digital Government Regulatory Authority and security, defence and military type activities subject to the approval and specific requirements of the Ministry of Defence and the Ministry of Interior. Foreign investors are categorically barred from engaging in fishery activities.

Despite the UAE's significant efforts to open its economy to foreign investors and to relax restrictions on foreign ownership of companies, some FDI regulatory restrictions remain in place. In addition to the activities with strategic impact mentioned above (and which pertain to important service sectors including finance and telecommunications), restrictions to FDI still exist in some sectors, such as real estate.[3] While almost all governments discriminate among domestic and foreign-owned investors in one way or another, policies that favour some firms over others tend to involve a cost, notably in terms of competition/contestability and possibly in terms of allocative efficiency (e.g. inefficient capital allocation across firms and sectors). Even if some investors may still invest in the presence of partial entry barriers and operational restrictions, particularly when other attributes of the investment climate are favourable, statutory restrictions on FDI have been found to result in less FDI overall. They affect the attractiveness of both restricted and non-restricted activities due to industry interdependencies. FDI restrictions in services sectors, for instance, have been found to also constitute a barrier for investment into downstream manufacturing activities (Mistura and Roulet, 2019[3]). For this reason, exceptions to non-discrimination need to be evaluated with a view to determining whether the original motivation behind an exception remains valid, supported by an evaluation of the costs and benefits, including an assessment of the proportionality of the measure (OECD, 2015[1]).

3.3.3. A differentiated regulatory regime for protection against expropriation across Emirates

The protection of investors' property rights serves as a cornerstone for building a conducive investment environment and it is therefore essential to establish a transparent and predictable legal framework governing expropriation. Expropriation should only be permitted under clearly defined conditions: when carried out for a legitimate public purpose, in accordance with due process of law, in a non-discriminatory manner, and accompanied by prompt, adequate, and effective compensation (OECD, 2015[1]).

Article 21 of the Constitution of the UAE guarantees the protection of private property and provides that no person shall be deprived of their personal property except in circumstances dictated by the public interest in accordance with the provisions of the law and upon payment of a fair compensation; according to this article, conditions relating to expropriation shall be prescribed by law. Article 39 of the Constitution further provides that confiscation of private property may only occur by court judgement. Protection against expropriation is reiterated in Federal Law No. 5 on the Civil Transactions Law of the UAE, albeit limited to real rights and with no further indication as to the applicable regime.[4] To date, the UAE has not enacted federal laws regulating expropriation beyond the scope of real estate and associated real rights, by contrast to Article 9 of the FDI Law of 2018, which protected investors against the expropriation of any economic activity as a whole.

Although Article 121 of the Constitution grants the federal government exclusive legislative authority over real property ownership and expropriation for public interest, in practice, expropriation procedures are mainly governed through each Emirate's own land tenure laws. This is in line with Article 125 of the Constitution, which requires Emirates to take appropriate measures to execute federal laws, including through the enactment of local laws. Annex Table 3.A.2. Regulating expropriation at a federal and Emirates' level set outs an overview of laws regulating expropriation at both a federal and Emirates level.

As seen in Annex Table 3.A.2. Regulating expropriation at a federal and Emirates' level, apart from Fujairah, all Emirates have enacted legislations regulating expropriation of real property and real rights in addition to federal provisions. While applicable laws uniformly require that expropriation be carried out for a public purpose, against a fair compensation, and in accordance with the law, the scope and detail of regulation vary across Emirates. For instance, Dubai, Sharjah, Ajman and Ras Al Khaimah have adopted standalone laws on expropriation resulting in comparatively stronger legal safeguards against expropriation. In contrast, Abu Dhabi and Umm Al Quwain address the issue of expropriation within broader legislative frameworks, namely in laws regulating real estate and land ownership. Laws regulating expropriation are mostly available online, to the exception of those in Umm Al Quwain and Fujairah – though some are difficult to locate. Relevant laws in Sharjah, Ajman and Ras Al Khaimah are only available in Arabic on respective governmental portals, while those in Dubai and Abu Dhabi – and at the federal level – are available both in Arabic and English.

3.3.4. A restrictive regime for foreign ownership of land across Emirates

Secure land rights encourage new investment and the upkeep of existing investments as well as sustainable land management. To perform this function, the administration should be accessible, reliable and transparent (OECD, 2015[1]).

In the UAE, laws and regulations concerning property ownership by foreign investors are mainly regulated at a local level and vary from one Emirate to another. Annex Table 3.A.3. Comparing land tenure regulations amongst Emirates set outs legislations regulating land tenure in all the Emirates.

Annex Table 3.A.3. Comparing land tenure regulations amongst Emirates shows that foreign ownership of land is subject to varying limitations across all Emirates and foreign freehold ownership is only allowed in strict conditions. Limitation to ownership rights of foreign investors varies across Emirates. For instance, in Abu Dhabi, foreign ownership is restricted to floors, rather than land, within designated investment areas, whereas other Emirates permit freehold ownership either under specific conditions (e.g. approval from the ruler in Ajman and Sharjah) or within particular property types and zones (e.g. in Dubai and Ras Al Khaimah). Foreign investors in Abu Dhabi, Dubai, Sharjah, and Ajman may acquire *in rem* rights, such as usufruct and *musataha*, for a maximum duration of 100 years, often subject to specific conditions (e.g. location-based restrictions). Emirates generally require registration of real property and rights in a dedicated register. Laws regulating land tenure are mostly available online but not always available on official platforms. Laws applicable in Umm Al Quwain and Fujairah do not appear to be available online. Relevant laws in Abu Dhabi, Dubai and Ajman are accessible online in both Arabic and English.

3.3.5. A strong regime for the protection of intellectual property rights

IP rights constitute an incentive to invest in research and development, therefore encouraging the creation of innovative products and processes. A robust framework for intellectual property rights protection and a clear and efficient registration system are crucial for investors, not only for large and multinational firms but also or SMEs (OECD, 2015[1]).

In the UAE, the protection of IP rights is regulated at federal level. The Ministry of Economy and Tourism (MoET) serves as the central authority responsible for IP policy development, registration, and legislative oversight. It manages the administration of patents, trademarks, industrial designs, and copyrights, and provides digital platforms to facilitate efficient access to IP services for rights holders.

The UAE’s legislative framework for IP is one of the most comprehensive in the region. At an international level, the UAE has ratified several international agreements related to intellectual property, including the World Intellectual Property Organization Treaties on Copyright and Related Rights and the Agreement on the Trade Related Aspects of Intellectual Property Rights (TRIPS). At a federal level, IP is governed by a strong set of regulations, in line with the UAE’s international commitments (Annex Table 3.A.1. Benchmarking the UAE’s legal framework for IP against the TRIPS Agreement). Federal Decree Law No. 11 of 2021 on the Regulation and Protection of Industrial Property Rights provides protection for a wide range of IP assets, including patents, utility certificates, industrial designs, trade circuit and integrated circuit. Federal Decree Law No. 36 of 2021 on Trademarks regulates the registration of trademarks and rights associated thereto, and expands legal protection to non-traditional trademarks, such as sound, scent, hologram and three-dimensional rights. Federal Decree Law No. 38 of 2021 on Copyrights and Neighbouring Rights provides for the protection of copyrights and related rights, including moral rights and economic rights. In addition to federal laws, free zones often have additional layers of IP-related control. In the DIFC for instance, Intellectual Property Law No. 4 of 2019 and its corresponding regulations apply to entities operating within its scope, as well as those engaged in commercial activities linked to it. This layered approach allows for regulatory flexibility but also requires careful legal navigation by rights holders and investors.

The UAE's robust legal framework for the protection of IP rights reflects a strategic commitment to strengthening IP protection and aligning the national legal framework with international best practices, particularly in response to the demands of a rapidly evolving technological landscape. The 2024 edition of the U.S. Chamber of Commerce's International IP Index ranks the UAE 34th out of 55 global economies, (U.S. Chamber of Commerce Global Innovation Policy Center, 2024[4]) emphasising the UAE's particular strength in trademark protection. The Global Innovation Index 2024, published by the World Intellectual Property Organization, similarly ranks the UAE 32nd out of 133 economies, continuing an upward trajectory from its 38th place ranking in 2018 (WIPO, 2024[5]). This improvement underscores the country's constant investment in innovation systems and legal modernisation.

3.4. Strengthening the transparency and predictability of the legal framework

A fair, transparent, clear and predictable regulatory framework for investment is a critical determinant of investment decisions and their contribution to development. It is especially important for SMEs that tend to face challenges to entering, and abiding by the rules of, the formal economy. It is also important for foreign investors who may have to function with very different regulatory systems, cultures and administrative frameworks from their own (OECD, 2015[1]). The OECD Recommendation of the Council on Regulatory Policy and Governance [OECD/LEGAL/0390] emphasises the need for transparency and predictability of the legal framework to ensure that regulations in place serve the public interest:

- Ensuring the transparency of the legal framework requires all regulations to be readily accessible to the public. Such accessibility increases regulatory transparency and reduces possibilities for abuse of discretion and for corrupt behaviour from public officials (OECD, 2012[6]).
- Equally important is the promotion of policy predictability by ensuring that potential changes involve inclusive and structured public consultation processes during the drafting of new regulations, including with private sector actors, workers' organisations, and other relevant stakeholders (OECD, 2015[1]).

A systematic approach to communication, consultation and engagement which allows for public participation of stakeholders can help governments understand citizens' and other stakeholders' needs and improve trust in government (OECD, 2012[6]).

In the UAE, federal laws and decrees are published in the Official Gazette, issued by the government of the UAE, within a maximum of two weeks from the date of signature by the President. The Official Gazette does not appear to be available online. Instead, the UAE "Legislation Platform", developed by the UAE cabinet, is the official platform on which federal legislations are published both in Arabic and English. Similarly, the Ministry of Justice's (MoJ) website hosts a legal portal that contains various legal material, including federal laws and regulations, published both in Arabic and English. Other online governmental sources, including the website of the MoET, also publish relevant federal laws and regulations, both in

Arabic and in English. To date, the MoI's website does not inventory existing laws and regulations governing FDI.

Local laws and decrees are published in the local official gazette of each Emirate. For instance, the Official Gazette of Abu Dhabi is issued monthly both in Arabic and English and is accessible online free of charge; Dubai's Official Gazette, issued through its Supreme Legislation Committee, is published regularly in Arabic and is freely accessible online. Official gazettes of Sharjah, Ajman and Ras Al Khaimah are also available in Arabic online, free of charge. Umm Al Quwain and Fujairah do not appear to provide online access to their respective official gazettes.

Limited and uneven access to legislation and regulatory information at the level of Emirates – hinders the transparency and predictability of the legal framework governing investment. Both public and private stakeholders have expressed concern over the lack of equal and timely access to relevant laws and regulations, which can lead to legal uncertainty and administrative inefficiencies. This issue is further compounded by the absence of formal dissemination channels, such as bar association communications.

To address disparities in access to regulatory information, and in line with findings in Chapter 6 below, a practical approach would be the development of a complete and up-to-date legislative and regulatory database freely available to the public in a searchable format through a user-friendly interface over the Internet, as suggested by the OECD Recommendation of the Council on Regulatory Policy and Governance [OECD/LEGAL/0390]. The creation of a unified, publicly accessible legal information database would represent a strategic opportunity for the MoI to strengthen regulatory transparency and accessibility of the investment policy framework at the national level. Such a portal could serve as a comprehensive repository for applicable legislation at both federal and Emirates' level, ensuring that investors – irrespective of location or size – have equal access to accurate, up-to-date legal information. Such a database would provide an integrated overview of the legal environment for investment, covering both core legislations (e.g. commercial, corporate, and investment laws) and other regulations affecting FDI (e.g. land tenure, intellectual property rights, dispute resolution mechanisms, and sector-specific requirements).

With respect to public consultations, the UAE government operates a dedicated consultation webpage hosted on the Sharik platform – an interactive portal created to facilitate engagement with the government via e-participation. This platform provides access to consultation documents from various entities, including draft laws prior to their enactment, and in some instances, allows for public input. According to the UAE's Digital Participation Policy, feedback received through consultations is reviewed and analysed by the relevant authority.

Federal Decree Law No. 26 of 2020 – which brought significant amendments to the legal regime applicable to FDI, including the removal of key restrictions – does not appear to have been subject to public consultations. The draft law does not appear to have been published on the Sharik platform or any other public forum prior to its enactment. Stakeholders reported limited opportunities for consultation on the objectives or expected content of the regulatory changes introduced by this legislation.

By contrast, Federal Decree Law No. 32 of 2021 on Commercial Companies – which repealed Federal Law No. 2 of 2015 on Commercial Companies and incorporated most of the provisions of Federal Decree Law No. 26 of 2020 – was made available for public consultation via Sharik for a period of six months. The aim of the public consultations was to collect stakeholders' opinions and suggestions regarding the draft law, with the view to further enhance the investment climate, facilitate commercial and administrative procedures for companies in the country and increase capacity to attract SMEs. According to the Sharik website, development proposals and observations of stakeholders were taken into consideration "*to help in the formulation of future economic policies in the interest of establishing an encouraging economic environment and enhancing the ability of the corporate sector to contribute more to driving the UAE's economic growth".* In practice, it appears that proposals and observations will be considered in the development of corrective measures and law amendments to suit the needs and aspirations of investors and company owners.

In addition to the absence of public consultation on a major legislative reform – namely, Federal Decree Law No. 26 of 2020 – stakeholders have noted that while legislative and regulatory reforms in the UAE have generally contributed to improving the legal and institutional environment for investment, concerns remain regarding the pace and manner in which some of these reforms are implemented. In certain instances, stakeholders observed that reforms are introduced hastily, with limited consultation or insufficient lead time for businesses to adjust to the new requirements.

Limited stakeholder consultation combined with the fast-paced implementation of legal reforms can undermine the quality of the investment climate in the UAE. As highlighted above, engaging all relevant stakeholders throughout the regulatory process is crucial for enhancing policy predictability, securing reform outcomes, and sustaining investor confidence. Gradual implementation of significant reforms may also curb the risk of grievances and disputes, by allowing investors sufficient time to make the necessary adjustment (UNCITRAL WGIII, 2024[7]). Future amendments – particularly those involving significant changes to the legal or regulatory regime, such as Federal Decree Law No. 26 of 2020 – should be prepared and implemented with appropriate care and deliberation.

The 2012 OECD Council Recommendation on Regulatory Policy and Governance [OECD/LEGAL/0390] stresses the need to establish public consultation mechanisms that recognise disparities in stakeholders' access to resources and opportunities to express their views. To ensure inclusiveness, it is essential to provide multiple channels through which different perspectives can be communicated. Stakeholders should also be given adequate time to review draft regulations and engage meaningfully in the policymaking process. The UAE should therefore continue to engage in early and meaningful consultations with relevant stakeholders and eventually consider more formalised and structured consultations practices to support more predictable policymaking. To improve effectiveness, a wider spectrum of consultation tools could be adopted as to engage with a broader pool of stakeholders. The UAE could draw on international experiences to identify consultation practices that align with its institutional and legislative context, while advancing its broader investment policy objectives.

3.5. Assessing the impact of the existing regulatory framework for investment

Over the past decade, the UAE has implemented substantial reforms to its legal framework investment. While these reforms have been broadly welcomed, their accelerated pace highlights the importance of ensuring that the resulting regulations remain relevant, coherent, and effective in achieving their intended objectives. Regular review of these reforms is critical to maintaining a conducive environment for investment, ensuring that regulations are up to date, proportionate, cost-justified, and aligned with national policy goals. Indeed, the evaluation of existing policies through *ex post* impact analysis is an important tool to ensure that regulations are effective and efficient. It can contribute to reducing regulatory burdens and streamlining regulations (OECD, 2015[1]). The 2012 OECD Recommendation on Regulatory Policy and Governance [OECD/LEGAL/0390] invites countries to "*conduct systematic programme reviews of the stock of significant regulations against clearly defined policy goals, including consideration of costs and benefits, to ensure that regulations remain up to date, cost justified, cost effective and consistent, and deliver the intended policy objectives*". In practice, *ex post* assessments of regulatory performance involve verifying that stated objectives have indeed been met, determining whether there have been any unforeseen or unintended consequences, and considering whether alternative approaches could have done better. This requires clarity about the intended objectives and/or outcomes sought. It also needs data requirements to be embedded such that outcomes can later be measured (OECD, 2020[8]). The OECD Best Practice Principles on Reviewing the Regulatory Stock defines key aspects of an *ex post* regulatory evaluation (Box 3.1).

Box 3.1. OECD Best Practice Principles for Reviewing the Stock of Regulation

The overarching principles for *ex post evaluation* are that regulatory policy frameworks should explicitly incorporate *ex post reviews* as an integral and permanent part of the regulatory cycle. A sound system for *ex post review* should ensure comprehensive coverage of the regulatory stock over time, while also quality-controlling key reviews and monitoring the functioning of the system as a whole. Reviews should include an evidence-based assessment of the actual outcomes of regulations against their original rationales and objectives, identify lessons learned, and make recommendations to address any performance deficiencies.

Specific principles relate to several elements of the *ex post review* system, including system governance; the main approaches to conducting reviews, such as programmed reviews, ad hoc reviews, and ongoing stock management; and the governance arrangements for individual reviews. They also concern the key questions to be addressed in reviews, including the appropriateness, effectiveness, efficiency and possible alternatives to existing regulations. Additional principles relate to the methodologies used in reviews, the role of public consultation, the prioritisation and sequencing of reviews, the need for capacity building, and the importance of committed leadership to support the overall system.

Source: OECD (2020[8]) Reviewing the Stock of Regulation, https://doi.org/10.1787/1a8f33bc-en ; OECD (2022[9]), Regulatory Reform in Brazil, https://doi.org/10.1787/d81c15d7-en

Three broad types of reviews exist, namely programmed reviews, *ad hoc* review and ongoing stock management. In conducting *ex post* reviews, essential questions to be answered are whether a valid *rationale* still exists for regulating (appropriateness); whether the regulations achieved their objectives (effectiveness); whether they have given rise to unnecessary costs or other unintended impacts (efficiency), and whether modifications, removal or replacement are called for. The governance and resourcing of reviews, and the approaches employed, need to be proportionate to the nature and significance of the regulations concerned. For many regulations, evaluations will be best conducted within the departments or ministries having policy responsibility (OECD, 2020[8]).

In 2020, around 60% of OECD Members provided guidance on conducting *ex post* evaluations to the teams carrying out the assessment (OECD, 2022[9]). The implementation of the *ex post* evaluation of regulations differs from one member country to another. A relevant example of *ex post* evaluation is the case of Australia's post-implementation reviews, which was introduced as one of its tools to evaluate the effectiveness, validity and relevance of existing regulations (Box 3.2).

Box 3.2. Australia's post-implementation reviews

Australia's Post-implementation Reviews (PIR) aim at assessing the effectiveness, validity, and relevance of an existing regulation. The results of the assessment should inform decision making as to whether keep, modify, or eliminate a regulatory disposition. It is important to point out, that regulators need to follow a holistic approach to rulemaking.

Regulators must answer a set of pre-defined questions when they submit their PIR to the Office of Best Practice Regulations. The scope and length of the answers to each one of the points below depend on the regulation and its impacts. The questions that should be included in the PIR include:

- What problem was the regulation meant to solve?
- Why was government action needed?
- What policy options were considered?
- What where the impacts of the regulation?
- Which stakeholders have been consulted?
- Has the regulation delivered a net benefit?
- How was the regulation implemented and evaluated?

Source: OECD (2022[9]), Regulatory Reform in Brazil, https://doi.org/10.1787/d81c15d7-en

Whichever approach is adopted for *ex post* evaluations, it is essential to have in-house capability, both in order to conduct reviews internally as well as to oversee those commissioned externally. Capacity enhancement needs to be pursued through the training of existing staff as well as through recruitment, with on-the-job learning an important element.

In the context of the UAE, and in line with its mandate to drive investment policy and legal reforms and to remove challenges and barriers to ensure a stable ecosystem for FDI, the MoI could consider undertaking a review of the existing stock of regulation relating to FDI. This could include, for example, assessing the overall impact of Federal Decree Law No. 32 of 2021 on Commercial Companies and examining whether restrictions to activities deemed to have strategic importance remain necessary and proportionate. An *ex post* regulatory evaluation of Federal Decree Law No. 32 of 2021 on Commercial Companies would enable the MoI to determine whether the law does indeed achieve its intended objectives as defined in Article 2 thereof – namely to contribute to the development of the business environment and capacities of the state and its economic standing by regulating companies in accordance with global variable. Conducting an *ex post* regulatory evaluation of significant laws on regulating FDI could also inform the MoI on whether restrictions in place for activities deemed as having a strategic impact still serves the original motivation behind it and remain valid and whether the proportionality of the measure, including in terms of costs and benefits, is still justified.

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Annex 3.A. A benchmark of selected domestic laws and regulations governing the investment climate

Annex Table 3.A.1. Benchmarking the UAE’s legal framework for IP against the TRIPS Agreement

Aspect	TRIPS Agreement	Federal Law No. 36/2021 (Trademarks)	Federal Law No. 38/2021 (Copyrights)	Federal Law No. 11/2021 (Industrial Property)
Protection Scope	Copyrights, Related rights, Trademarks, Geographic indications, Industrial designs, Patents, Integrated circuits, Undisclosed informations, Anti-competitiveness licences	Wide mark definition incl. 3D, sound, smell (Art. 2)	Broad works incl. software, apps (Art. 2)	Patents, industrial designs, integrated circuits, undisclosed information, utility certificates (recorded in the State including free zones) (Art. 3)
Moral Rights	Not required, per Berne	Not covered	Strong perpetual moral rights (Art. 5, 16)	N/A
Economic Rights	Reproduction, distribution, rental, etc.	Assignment, transfer, mortgage, licensing (Art. 28-34)	Full economic rights with modern use modes (Art. 7-10, 17-19)	Extensive rights incl. manufacturing, licensing (Art. 19, 46, ff)
Term of Protection	Copyright: life + 50 (see Art. 12 for exception) Related rights: 50 min (performers and phonogram); 20 for broadcasting org (Art. 14.5) TM: renewable every 7 (Art. 18) Industrial designs: max 10 (Art. 26.3) Patent: max 20 (Art. 33)	Renewable every 10 years (Art. 21)	Life + 50; 25 yrs for applied arts; 50yrs performers; 20 yrs for broadcasts (Art. 20)	Patents: 20 yrs; Designs: 20 yrs; Utility Cert.: 10 yrs; IC layouts: 10 yrs (Art. 18, 45, 59)
Registration Requirement	General rule (Art. 15) TM	Mandatory for TM protection	Optional registration (Art. 4)	Mandatory for patents, designs, utility certs (Art. 11, 40)
Enforcement	Civil/criminal sanctions, injunctions, border measures	Customs seizure, court orders, admin penalties (Art. 35-37)	Civil/criminal, injunctions, customs, grievance committee (Art. 35-39)	Damages, lien, confiscation, imprisonment, committee (Art. 67-74)
Trade Secrets	Covered under unfair competition	N/A	N/A	Comprehensive regime for undisclosed info (Art. 61-66)

Source: OECD analysis.

Annex Table 3.A.2. Regulating expropriation at a federal and Emirates' level

	Federal	Abu Dhabi	Dubai	Sharjah	Ajman	Umm Al Quwain	Fujairah	Ras El Khaimah
Law	Articles 21 and 39 of the Constitution Article 1 135 Federal Law No. (5) of 1985 concerning the issuance of the civil transactions law of the United Arab Emirates	Article 8 of Law No. 19 of 2005 concerning real estate ownership as amended by Law No. 13 of 2019	Law No. 2 of 2022 concerning the acquisition of real property for the public benefit	Decree-Law No. (2) of 2020 on the expropriation of real estate for the public benefit in the Emirate of Sharja	Ajman Law No. 1 of 2023 On Regulating the Expropriation of Real Estate Properties for Public Benefit in the Emirate of Ajman as amended by Law No. 1 of 2024	Umm Al Quwain Law No. 1 of 2021 On Real Estate Ownership in the Emirate of Umm Al Quwain as amended by Law No. 1 of 2023	No general law regulating expropriation	Law No. 9 of 2012 Concerning Expropriation, as amended by Law No. 3 of 2019 Amending Law No. 9 of 2012 On Expropriation.
Publicly available	Yes Constitution in Arabic and English on official website Federal Law No. (5) of 1985 in Arabic and English on official website	Yes Law No. 19 of 2005 and Law No. 13 of 2019 in Arabic and English on official website	Yes Law No. 2 of 2022 in Arabic and English on official website	Partially Decree-Law No. (2) of 2020 in Arabic on official website	Partially Ajman Law No. 1 of 2023 and Law No. 1 of 2024 available in Arabic on official website	No	N/A	Partially Law No. 9 of 2012 available in Arabic on official website Law No. 3 of 2019 not available
Scope	Constitution appears to have a broader scope than Federal Law No. (5) of 1985 (private property vs. rights in rem)	Real property and in rem rights	Real property and in rem rights	Real property	Real property and real rights	Real property and real rights	N/A	Real property and real rights
Conditions	Public interest or lawful cause Just compensation Court judgement In accordance with law	Public interest Fair compensation In accordance with the law	Public benefit Fair compensation In accordance with the law	Public benefit (as defined in Decree Law No. 2 of 2020) Fair compensation (as defined in Decree Law No. 2 of 2020) In accordance with the law	Public benefit (as defined in Law No. 1 of 2023) Fair compensation (as defined in Law No. 1 of 2023) In accordance with the law	Public benefit In accordance with the document creating that right Fair compensation In accordance with the law	N/A	Public benefit (as defined in Law No. 9 of 2012) Fair compensation (as defined in Law No. 9 of 2012) In accordance with the law
Procedure for expropriation	No Reference to the necessity of a court	No Reference to expropriation	Yes Article 9 of Law No. 2 of 2022	Yes Article 8 of Decree Law No. 2 of 2020	Yes Articles 9 to 12 of Law No. 1 of 2023	N/A	N/A	Yes Articles 4 to 7 of Law No. 9 of 2012

	judgement in the Constitution, which does not appear in 1 135 Federal Law No. (5) of 1985	pursuant to *the document establishing such right*	concerning the acquisition of real property for the public benefit					
Competent Authority	N/A	N/A	Acquisition Committee	Compensation Committee and Grievance Committee.	Committee for acquisition of property for public benefit	N/A	N/A	Compensation committee
Appeal/Review procedure	N/A	N/A	Yes: Objection to the amount of compensation (but not the type before the Acquisition Committee Challenge to the validity of the procedures for execution of the expropriation resolution before the competent court	Yes: Grievances with respect to the amount and type of compensation, before the Grievances Committee Challenge to the decision to expropriation as per implementing regulations	Yes: Grievances with respect to the amount of the compensation before Committee for acquisition of property for public benefit Challenge to the validity of the expropriation, the amount or type of compensation before competent courts	N/A	N/A	No

Note: The table above maps laws publicly available online and does not map implementing rules, circulars, decrees and other regulations.
Source: OECD analysis.

Annex Table 3.A.3. Comparing land tenure regulations amongst Emirates

	Abu Dhabi	Dubai	Sharjah	Ajman	Umm Al Quwain	Fujairah	Ras El Khaimah
Law	Law No. 19 of 2005 concerning real estate ownership as amended by Law No. 13 of 2019	Law No. 7 of 2006 concerning real property registration in the Emirate of Dubai Regulation No. 3 of 2006 Determining Areas for Ownership by Non-UAE Nationals of Real Property in the Emirate of Dubai	Law No. 5 of 2010 on the real estate registration in the Emirate of Sharjah as amended by Law No. 2 of 2022 Executive council resolution No. 26 of 2014 concerning the usufruct of real estate property in the Emirate of Sharjah	Amiri Decree No. 7 of 2008 regarding acquisition and registration of land ownership in the Emirate of Ajman	Umm Al Quwain Law No. 1 of 2021 On Real Estate Ownership in the Emirate of Umm Al Quwain as amended by Law No. 1 of 2023	Fujairah Local Order No. 2 of 1987 on the Registration of Lands in the Emirate of Fujairah Law No. 3 of 2023 on real joint ownership in the Emirate of Fujairah	Law No. 11 of 2021 on the Real Estate Register in the Emirate of Ras Al Khaimah
Publicly available	Yes Law No. 19 of 2005 as andLaw No. 13 of 2019 in Arabic and English on official website	Yes Law No. 7 of 2006 and Law No. 7 of 2013 in Arabic and English on official website	Partially Law No. 5 of 2010 in Arabic on non-official website Law No. 2 of 2022 available in Arabic on official website Executive council resolution No. 26 of 2014 not available online	Yes Amiri Decree No. 7 of 2008 available in English on official website	No	No	Partial Law No. 11 of 2021 in Arabic on official website
Types of ownership	Original real rights, rights derived from ownership right (usufruct, use, residence and mustahab rights) and subordinate real rights (mortgage, possessory lien and right of preferential lien)	Freehold ownership of real property and usufruct or lease rights in real property	Original real rights and ancillary rights in rem	Freehold ownership of real property and usufruct	N/A	N/A	Freehold ownership of real property
Ownership right	Ownership of real estate limited to (i) nationals and their equivalent (ii) PJS companies in which contribution of non-nationals does not exceed 49% and (iii) person designated by Crown Prince or Chairman	Ownership of real estate restricted to (i) UAE nationals, (ii) nationals of GCCs and (iii) companies fully owned by these and PJS companies	Ownership of real estate limited to (i) UAE nationals, (ii) GCC nationals, (iii) others if designated by the Ruler, in the event of transfer of inheritance by virtue of legal notification, in the event of assignment by y the owner to one of his first-degree relatives or in	Ownership of real estate restricted to (i) UAE national, (ii) nationals of GCCs, (iii) companies wholly owned by nationals of the UAE or GCCs and (iv) public shareholding companies established in the States and public institutions	N/A	N/A	Ownership of real estate limited to UAE nationals and companies and GCC nationals and companies

	of the Executive Council Resolution		real estate development areas and projects determined by the Council	and bodies established in the UAE			
Freehold foreign ownership	No Foreign ownership allowed (principal and collateral rights) in investment areas but limited to floors (land excluded)	Yes Freehold foreign ownership allowed in areas determined by the Ruler without restriction of time	Yes Ownership rights can be granted to other than UAE and GCC nationals (i) by decision of the ruler (ii) by inheritance, (iii) by assignment of the owner to first degree relative and (iv) In specific zones and development projects pursuant to specific conditions	Yes Freehold foreign ownership allowed by the Ruler without restriction of time	N/A	N/A	Yes Freehold foreign ownership allowed in areas determined by the Ruler and for diplomatic reasons
Foreign ownership limited to types of land	Yes Investment zones (Yas Island, Saadiyat, Reem, Mariya, Lulu, Al Raha Beach, Sayh Al Sedairah, Al Reef and Masdar City)	Yes Areas to be determined by the Ruler	No	No	N/A	N/A	Yes Areas to be determined by the ruler
Other in rem rights open to foreigners	Usufruct and mustaha in Investment Zones for a maximum period of 100 years	Usufruct or leasehold of real property in areas determined by the Ruler for a maximum period of 99 years	Usufruct over vacant plots for a period of 100 years under specific conditions	Usufruct including the right of a monopoly lease for a period of 50 years subject to extension with the consent of the Ruler	N/A	N/A	No
Obligation to register	Obligation to register real property, usufruct right and mustahab right must be registered	Obligation to register all dispositions that create, transfer, amend or extinguish real property rights	Obligation to register original real rights and ancillary rights in rem	Obligation to register real property and usufruct rights	N/A	N/A	Obligation to register any action that creates, transfers, changes or removes real rights

Note: The table above maps general laws and regulations on real estate in different Emirates that are publicly available.
Source: OECD analysis.

Notes

1 Article 121 of the UAE Constitution; Article 10 of Federal Decree Law No. 32 of 2021 on Commercial Companies.

2 “National treatment” is the commitment by a country to treat enterprises operating on its territory, but controlled by nationals of another country, no less favourably than domestic enterprises in like situations.

3 See section A restrictive regime for foreign ownership of land across Emirates.

4 Article 1 135 of Federal Law No. 5 on the Civil Transactions Law of the UAE provides “1. No one can be deprived of his property without lawful reason. 2. Expropriation for public utility may take place against a far compensation and in accordance with the law provisions”.

4 Modernising the UAE's investment treaties

This chapter examines the United Arab Emirates (UAE) investment treaties and the role the Ministry of Investment (MoI) can have in advancing investment treaty reforms. It analyses the main features of international investment agreements concluded by the UAE, including on sustainable investment, and provides policy considerations on transitioning older generation treaties into newer designs.

4.1. Summary and recommendations

International investment agreements (IIAs) form an integral part of the investment climate. They complement the domestic legal framework by providing an additional layer of security to covered foreign investors and can offer recourse to resolve investor state disputes (OECD, 2015[1]). The proliferation of bilateral and regional investment treaties and the multiplication of arbitral awards over the past years have nevertheless contributed to an increasingly complex global investment policy landscape. States are increasingly moving towards refining and modernising the structure and content of investment treaties including increasing clarity of core provisions such as the definition of investment, fair and equitable treatment, and the rules for settling investor-state disputes.[1] Complementary measures can also help ensure that treaties are consistent with domestic priorities and reduce the risk of disputes leading to international arbitration, such as establishing robust co-ordination mechanisms or by considering institutional dispute prevention mechanisms (OECD, 2015[1]).

The UAE’s investment treaty policy relies primarily on BITs. The UAE Model BIT reflects, to a considerable degree, recent global trends in treaty making, including with respect to key substantive provisions. In addition, the UAE recently began concluding Comprehensive Economic Partnerships Agreements (CEPA), which include a chapter dedicated to investment.

While most of the UAE’s BITs are relatively recent, the largest share of the UAE’s treaties in force features older designs, like many other countries, which continues to expose the UAE to substantial risks. In this context, the Ministry of Investment (MoI) can play a pivotal role in ensuring strategic and institutional coherence across the UAE’s treaty practice, safeguarding IIAs’ consistency with domestic priorities and reflecting emerging global standards.

This section examines the role that the MoI can play in advancing reforms to the UAE’s investment treaty practice.

Recommendations

- **Consider establishing an inter-ministerial committee to enhance the strategic coherence of the UAE's investment treaty policy.** Such committee, established by the MoI as per its mandate to drive strategies and regulations on foreign direct investment (FDI), would include, inter alia, representatives of the Ministry of Economy and Tourism (MoET); the Ministry of Finance (MoF) and the Ministry of Foreign Affairs (MoFA) and would support policy alignment across international commitments, national priorities and domestics policies. It would also provide the MoI a platform to advocate for necessary reforms, consistent with evolving global treaty-making practices and emerging standards in international investment governance, in accordance with its mandate to monitor and identify investment developments and risks, and regional and international trends.
- **Examine the possibility of terminating or updating older generation BITs still in force, including through joint interpretative statements or plurilateral modifying agreements, to reflect the UAE's current treaty policy practice and to reduce exposure to ISDS.** While the UAE's current investment treaty policy (including its 2020 Model BIT) reflects new designs of key investment treaty obligations, the UAE could consider clarifying older generation treaties still in force to reduce exposure to potential ISDS claims. The MoI would be well positioned to advocate for and advance reforms in light of evolving treaty-making practices.
- **Assess the merits for including alternatives to Investor-State Dispute Settlement (ISDS) mechanisms in the UAE Model BIT and the need for more robust dispute prevention policies and mechanisms.** While it has considerably reformed its approach to investor-state dispute resolution by incorporating procedural safeguards and enhancing transparency in its Model BIT, the UAE may wish to consider more robust frameworks for dispute prevention and formalised mechanisms to curb risks associated with ISDS.
- **Continue to actively participate in and follow closely inter-governmental and other initiatives on investment treaty reforms, including at the OECD and UNCITRAL.** For instance, the OECD-hosted work programme on the Future of Investment Treaties, launched in March 2021, explores how the investment treaties of tomorrow could help address challenges and how to deal with existing agreements in a pragmatic way. The MoI's active participation in such forums, in line with its mandate, would help ensure that the UAE's treaty practice is aligned with recent global practices, including on issues of sustainable investment and development.

4.2. Strengthening the role of the Ministry of Investment in investment treaty-making

As a key institutional stakeholder for investment policy in the UAE, the MoI is well positioned to ensure that IIAs reflect national development priorities, are coherent with domestic practice and align with emerging global standards. Yet, to do so, a whole-of-government approach to treaty-making is essential to ensure that all parts of government are aware of international commitments taken by the state and to help point out any potential inconsistencies between those commitments and domestic ones (OECD, 2015[1]). Effective collaboration amongst relevant authorities is therefore paramount and, as part of its mandate, the MoI could foster intergovernmental co-ordination necessary to achieve such objective.

Federal Decree Law No. 27/2023 on the Establishment of the Ministry of Investment vests the new ministry with the authority to drive strategies and regulations on inward FDI and to negotiate and liaise with relevant authorities to conclude and sign multilateral IIAs and ensure their application. The MoI is also authorised to advise on the conclusion of CEPAs where relevant to its mandate. It is also mandated to represent the UAE in international and regional forums related to investment and to conduct studies and research in areas related to the MoI's jurisdiction, including monitoring and identifying investment developments and risks, and regional and international trends.

Concurrently, Federal Decree Law No. 27/2023 on the Establishment of the Ministry of Investment amended the mandates of the MoET and the MoF with respect to negotiating and concluding IIAs. The negotiation and conclusion of BITs, which falls within the mandate of the MoF as per the aforementioned decree, is to be conducted in co-ordination with the MoFA and the MoI. Similarly, as per the same decree, the MoET co-ordinates with these and other relevant entities when concluding CEPAs, including with, the MoI, in drafting and negotiating CEPAs' investment chapters.

While stakeholders reported that relevant authorities co-ordinate to ensure consistency of IIAs with national policies, an institutionalised co-ordination mechanism would ensure a more systematic and robust whole-of-government approach towards investment treaty-making. As a central actor in investment treaty-making, the MoI would be well-positioned to establish an inter-ministerial co-ordination committee aimed at enhancing the strategic coherence of the UAE investment treaty-policy. Such committee would include representatives of all relevant Ministries – including the MoET, the MoF and the MoFA – to facilitate structured dialogue on the negotiation and conclusion of new IIAs as well as investment chapters within broader agreements. This mechanism would support policy alignment across international commitments, while also providing the MoI a platform to advocate for necessary reforms, consistent with evolving global treaty-making practices and emerging standards in international investment governance, as seen below.

4.3. Overview of the UAE's investment treaty policy and current trends

4.3.1. The UAE's policies in concluding IIAs

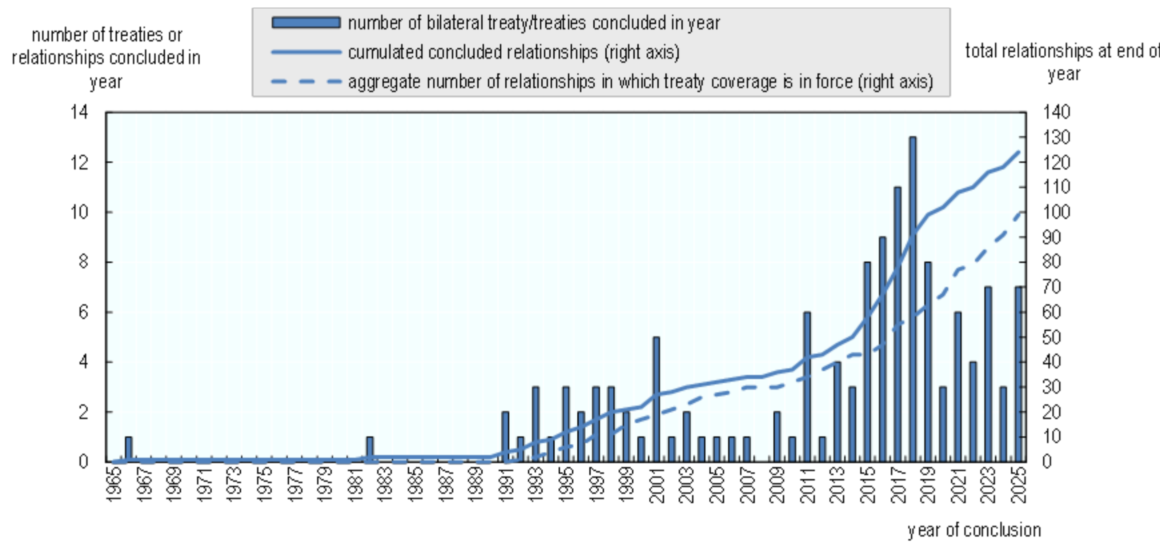
The UAE has been among the most active investment treaty makers globally in the last years. While treatymaking activity dropped globally after the 1990s and early-2000s – the heyday of investment treaties – the UAE markedly accelerated the conclusion of BITs in and after 2009. In the last two decades, the number of its investment treaty relationships tripled. By early-2025, the UAE had concluded over 120 BITs, of which 96 were in force at that time (see lists of BITs in force and concluded in Annex Table 4.A.1. BITs in force).

The UAE's investment treaty policy has relied – and still relies – primarily on BITs. The UAE has also signed two early-generation regional multilateral treaties – the Agreement on Promotion, Protection and Guarantee of Investments among Member States of the Organization of the Islamic Conference (1981) and the Unified Agreement for the Investment of Arab Capital in the Arab States (1982) – which were concluded when most of the foreign-invested assets in the country were likely held by regional investors.

Figure 4.1 documents the evolution of the UAE's investment treaty engagements based on bilateral agreements concluded and in force from 1965 to 2025. Figure 4.1 also shows a growing discrepancy between the number of signed BITs and the number of BITs in force and the increasing time-lag to bring concluded treaties into effect.

Figure 4.1. Overview of the UAE's investment treaty policy

Bilateral investment treaties concluded and in force (1965-2025)

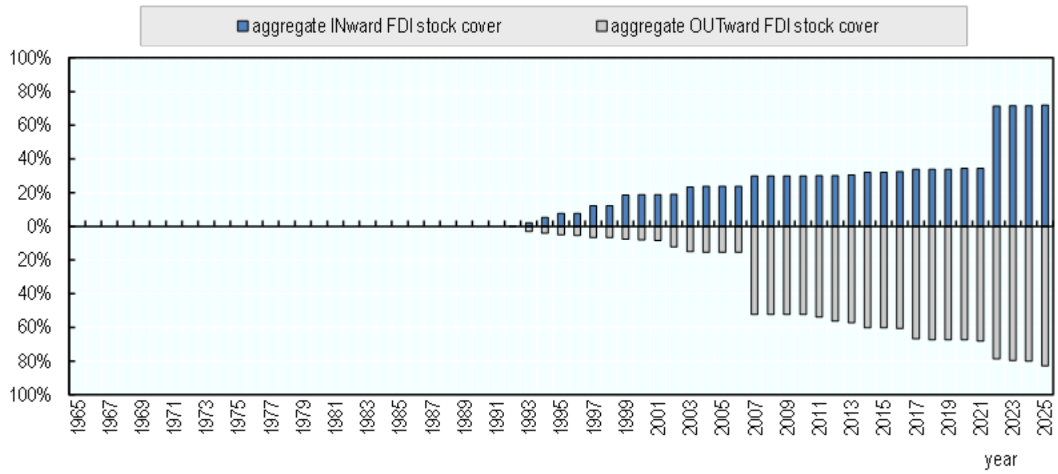


Note: Treaty relationships based on multilateral agreements – specifically the Agreement on Promotion, Protection and Guarantee of Investments among Member States of the Organization of the Islamic Conference (1981) and on the Unified Agreement for the Investment of Arab Capital in the Arab States (1982) – are not considered in the graph due to the lack of publicly available information on their signatories and parties for which they are in force. BITs signed and in force are listed in Annex Table 4.A.1. BITs in force.
Source: OECD investment treaty database, Ministry of Investment (UAE).

The UAE's investment treaty relationships have diversified since. Treaties in the 1990s and early 2000s were mainly concluded with MENA economies (e.g. Algeria, Egypt, Lebanon, Morocco, Tunisia) and European economies (e.g. Belgium/Luxembourg, Finland, France, Germany, Sweden, Switzerland, the United Kingdom). As of 2010, the UAE expanded geographically its treaty engagements, by concluding BITs with partners from South America (e.g. Argentina, Brazil, Colombia, Costa Rica, Mexico, Uruguay), Southeast Asia (e.g. Cambodia, Indonesia, Philippines, Thailand, Viet Nam) and Sub-Saharan Africa (e.g. Benin, Ethiopia, Guinea, Kenya, Mali, Nigeria, Senegal, Zambia).

The UAE's active investment treaty-making and choice of treaty partners have resulted in a sizeable share of its inward and outward FDI stocks being under investment treaty coverage. The share of its outward FDI stock under treaty cover (about 80%) is nearly equal to that of its inward FDI stock. Figure 4.2 provides an overview of the approximate share of the UAE's inward and outward FDI stocks covered by treaties that entered into force between 1965 and 2025.

Figure 4.2. Approximate share of the UAE's inward and outward FDI stocks covered by investment treaties in force (1965-2025)



Note: Inward and outward FDI stock data calculated for the entire period based on positions reported at end 2023 rather than historical values. Percentages are based on matching aggregate immediate bilateral FDI stock data and treaty relationships as of January 2026. For several reasons, reported FDI stock data is not a valid measure for assets that benefit from treaty protections and available data does not allow to determine ultimate ownership of assets (Pohl, 2018[2]). The proportions of FDI stock data may nonetheless serve as a rough approximation of stocks held by immediate investing countries to illustrate features and outcomes of the UAE's investment treaty policy.
Source: OECD investment treaty database, FDI stock data from the OECD FDI statistics database and IMF Co-ordinated Direct Investment Survey (CDIS).

The lion's share of FDI stock under treaty cover is associated with few BITs which the UAE concluded with financial centres: the Switzerland-UAE BIT (1998), the Belgium/Luxembourg (BLEU)-UAE BIT (2004), and the Mauritius-UAE BIT (2015). Most of the many other UAE treaties, especially those concluded in the last decade, cover barely any FDI. This could suggest that the BITs cover mainly financial assets and interests transiting the UAE, rather than being invested in or originating in the UAE.

4.3.2. The UAE's recent trend in concluding CEPAs

The UAE's recent approach to investment within its CEPAs reflects a strategic focus on facilitation. While BITs remain the UAE's primary legal instruments for investment protection, the investment chapters of its CEPAs prioritise co-operation and the promotion of investment flows. As of April 2025, the UAE had signed 26 CEPAs, of which 14 are in force. The latter includes agreements with India, Israel, Indonesia, Türkiye, Cambodia, Georgia, Costa Rica, Mauritius, Jordan, Serbia, New Zealand, Australia, Malaysia and Chile – highlighting the UAE's evolving investment treaty practice.

Across the implemented CEPAs, the UAE has opted to defer investment protection provisions to existing BITs, many of which are expressly reaffirmed in the CEPA. Meanwhile, CEPA investment chapters emphasise facilitation, primarily through the establishment of bilateral councils and committees tasked with monitoring investment flows and identifying opportunities. Such provisions feature, for example, in the UAE – India Technical Council on Investment, the UAE – Türkiye Investment Facilitation Committee, and similar bodies established under the CEPAs with Indonesia, Cambodia, Costa Rica, and Mauritius. CEPAs concluded with Cambodia and Türkiye include a specific sustainable investment focus that is not reflected in CEPAs concluded with other countries (Box 4.1).

Box 4.1. Sustainable investment considerations within investment chapters of CEPAs: The case of the UAE-Cambodia CEPA and the UAE-Türkiye CEPA

All the while reaffirming the states' commitment to already existing BITs, the CEPAs concluded with Cambodia and Türkiye go a step further by including international commitments with respect to sustainable investment considerations.

- **The UAE-Cambodia CEPA**: The investment chapter dedicates a specific section to responsible business conduct, pursuant to which each party shall, *inter alia*, encourage investors and enterprises to incorporate internationally recognised principles, standards and guidelines for responsible business conduct into their business practices and internal policies. It also includes provisions specific to non-derogation of health, safety and environmental measures, such as the obligation for the parties to refrain from encouraging investment through the relaxation of environmental measures, domestic measures relating to health, safety, the environment or other regulatory objectives. Importantly, the UAE-Cambodia CEPA expressly reaffirms the states' right to regulate within their territories to achieve legitimate policy objectives, such as with respect to the protection of the environment and addressing climate change.
- **The UAE-Türkiye CEPA**: The UAE-Türkiye CEPA expressly recognises the states' right to regulate and introduce new regulations in order to meet national policy objectives in a manner consistent with their obligations and commitments thereunder, with no further indication as to the scope of national policy objectives.

Source: OECD analysis of UAE-Cambodia CEPA and the UAE-Türkiye CEPA

The facilitation-focussed approach of CEPAs aims to foster a predictable and business-friendly environment while avoiding overlaps with substantive provisions of BITs. Consistently, investment chapters in the UAE's CEPAs are excluded from the scope of the respective agreement's dispute settlement mechanisms, reinforcing the role of BITs as the principal instruments for resolving investment-related disputes. This approach suggests a deliberate treaty design strategy, whereby substantive protections are maintained under BITs, while CEPAs serve as frameworks for policy dialogue, administrative co-operation, and investment facilitation.

The structure and content of investment provisions across the UAE's CEPAs align with its broader economic diversification goals. The geographic reach of its CEPA partners – including countries from Asia, Africa, Latin America, and Eastern Europe – indicates a diversification of investment relationships beyond the UAE's traditional partners in the Middle East and North Africa (MENA) region and Europe. Additionally, the CEPA framework reveals a growing focus on the digitalisation of investment processes, increased involvement of sovereign wealth funds, and enhanced support for small and medium-sized enterprises (SMEs), particularly in the case of the UAE – Indonesia CEPA.

Overall, the UAE's CEPA strategy complements its BIT network by emphasising facilitation, institutional co-operation, and dynamic economic partnerships. This evolving treaty practice positions the UAE as a proactive actor seeking to integrate investment promotion within its wider trade and development agenda.

4.4. Main features of IIAs in force in the UAE

Historically, IIAs were seen as tools to safeguard investors and investments and to stimulate FDI by enhancing the predictability of the applicable legal framework and mitigating undue risks for investors. Common substantive protections afforded to investors through IIAs include safeguards against unlawful expropriation, and discrimination – including provisions of national treatment (NT) and most favoured nation (MFN) – and guarantees of fair and equitable treatment (FET) and full protection and security (FPS). Procedural protections often include investor-state dispute settlement (ISDS) mechanisms, allowing investors to bring claims against the host state before international arbitral tribunals in the event of an alleged breach of the IIA.

In recent years, doubts have emerged about the design of some of these IIAs, their interpretation, and the use of certain clauses (OECD, 2025[3]). One of these concerns pertains to the growing number of ISDS cases, often regarding public policy or regulatory measures, resulting in concerns about a potential chilling effect on regulations to avoid future disputes. Substantive provisions contained in early generation treaties are often broadly defined, allowing for extensive interpretation by arbitral tribunals. This trend has had negative consequences for states, as a recognition of breach of an IIA by the host state often leads to high amounts of compensation in damages and leaves states exposed to reputational damages.

Aware of the importance of aligning its treaty practice with emerging trends in international investment, while addressing concerns related to regulatory autonomy and investor obligations, the UAE updated its Model BIT in 2020 (Box 4.2). The UAE Model BIT aims to circumscribe substantive key provisions, further regulate dispute resolution mechanisms, and include considerations for sustainable development, showcasing evolution towards greater inclusivity and transparency in treaty provisions. However, while most of the UAE's treaties are relatively recent, the largest share of the UAE's treaties in force features older designs, which continues to expose the UAE to substantial financial and reputational risk. ISDS continues to be included in most BITs concluded by the UAE.

The MoI could act as a driver and advocate for necessary reforms in harmonising the UAE's treaty practice and aligning it with most recent international trends and practices.

Box 4.2. The UAE Model BIT, towards a new generation of BITs

The UAE Model BIT broadly aligns with evolving trends in international treaty practice and incorporates modern formulations of key investment treaty standards.

In line with most recent practices in treaty making, the UAE Model BIT clearly defines **key terms** such as the terms investor and investment. Protected investments are defined as those made in accordance with the laws and regulations of the host state and have the inherent characteristics of an investment (i.e. contribution of capital or resources over a certain duration, expectation of gain or profit and the assumption of operational risk).

Substantive standards of protection are precisely articulated and circumscribed, reflecting new treaty designs for more legal certainty and predictability. This is especially valuable considering the increasing number of ISDS cases in recent years. Measures that may amount to a breach of the FET standard are defined through a closed list and the obligation to provide FPS is limited to the physical security of investors. The MFN provision excludes from its scope procedures for resolution of investment disputes. "Indirect expropriation" of investments is defined through a positive description, i.e. any measure equivalent to expropriation or nationalisation.

The UAE Model BIT provides for the **possibility of ISDS** under the auspices of the ICSID Convention or the ICSID Additional Facility Rules, the UNCITRAL Arbitration Rules or any other arbitration rules on which the parties to the dispute agree upon. A cooling off period of three months starting receipt of the notice of intent is required, during which the parties shall endeavour to settle the dispute through negotiations or resort to mediation of conciliation (in lieu of or in addition to the mandatory negotiation requirement). Interestingly, in order to resort to arbitration, investors are required to have consented in writing to arbitration – albeit with no indication as to whether the consent should be given prior to the crystallisation of the dispute. Recourse to ISDS is limited in time (three years since the date on which the investor acquires or should have acquired knowledge of either the breach itself or the subsequent loss or damage) and the investor must waive its right to initiate any other proceedings with respect to the measures in question. ISDS is highly regulated, via the inclusion of provisions on ethical duties of arbitrators, joint interpretation, consolidation and other procedural matters, reflecting a cautious and balanced approaches to ISDS.

With respect to **sustainability consideration**s, the UAE Model BIT recognises in its preamble that the flow of mutual investment can be achieved without relaxing health, safety and environmental measures, or measures necessary to main public order and protect public morals but does not impose underlying obligations on the parties (be it the contracting states or the investors). The preamble also reaffirms the state's right to regulate investment to meet national policy objectives – albeit without expressly recognising such right in the text of the BIT.

According to stakeholders, the UAE Model BIT is currently being reviewed to reflect emerging trends in international investment, such as incorporating sustainability consideration within the text of the BIT, transparency in ISDS, and addressing concerns related to regulatory autonomy and investor obligations.

Source: OECD analysis of UAE Model BIT

4.4.1. Modern design features of investor protection provisions in BITs

The designs of investment treaties and the framing of these standards of treatment have evolved over time, in particular since the early 2000s. Designs that were common in early-generation treaties concluded until and in the 1990s have progressively fallen out of fashion and have been broadly discontinued in recent investment treaties. New designs of key investment treaty obligations – FET, FPS, MFN or “indirect expropriation” – have replaced the older designs to frame contours and content of treaty obligations more precisely. A driver for this change was that older treaties that lack these specifications have been interpreted and applied in the context of investor-state disputes in ways that did not reflect treaty parties’ intent; this has sometimes led to unintended outcomes. (Box 4.3) sets out the characteristics of the new designs of these main clauses that circumscribe substantial obligations.

Box 4.3. Characteristics of new treaty designs: FET, FPS, MFN and indirect expropriation

Fair and equitable treatment

Specification on the scope and content of FET obligations

- Limitation of FET to the minimum standard of treatment (MST) under customary international law; and/or
- Identification of FET obligations using a closed list.

Or non-inclusion of FET in treaty obligations (OECD, 2023[4])

Full protection and security (FPS)

Specification on the scope and content of FPS obligations

- Limitation of FPS to minimum standard of treatment (MST) under customary international laws, and/or
- Identification of FPS obligations to only physical or police protection of investments.

Or non-inclusion of FPS in treaty obligations (OECD, 2025[5])

Most-favoured-nation (MFN) treatment

Clarification that MFN treatment does not include dispute settlement arrangements

or **non-inclusion of MFN in treaty obligations** (OECD, 2022[6]),**.**

"Indirect expropriation" provisions

Specifications of obligations relating to "indirect expropriation"

- Identification of assets that can be expropriated;
- Positive description of the notion of "indirect expropriation" as a "measure or series of measures having an effect equivalent to direct expropriation";
- Definition of the methodology and criteria for the assessment of whether an action or a series of actions constitute an indirect expropriation;
- Specifications on the extent to which non-discriminatory measures pursuing legitimate public welfare objectives do not constitute indirect expropriation.

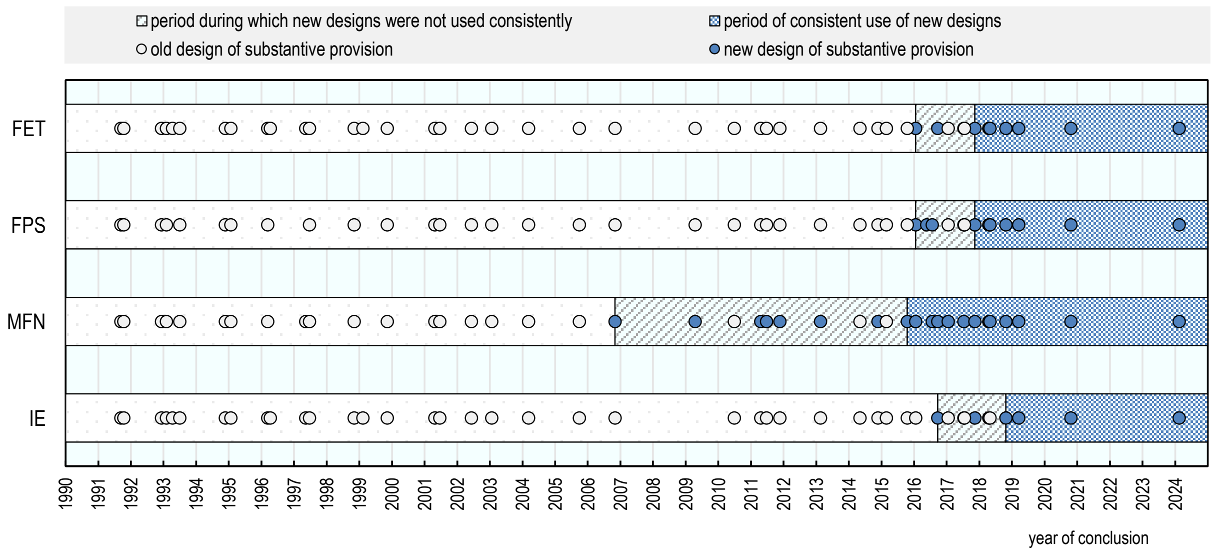
Or non-inclusion of "indirect expropriation" from the scope of treaty protections (OECD, 2021[7])

Source: (OECD, 2023[4]), "*'Fair' and 'equitable' treatment provisions in investment treaties: A large sample survey of treaty provisions*"; (OECD, 2025[5]), "*'Full protection and security' provisions in investment treaties: A large sample survey of treaty provisions".;*
(OECD, 2022[6]), "*The interaction between most-favoured-nation clauses and dispute settlement arrangements in investment treaties*";
(OECD, 2021[7]), "*The notion of 'indirect expropriation' in investment treaties concluded by 88 jurisdictions*".

The UAE has embraced the global evolution in the design of substantive treaty obligations in its own investment treaty practice in recent years and has included the modern framings of many key investment treaty standards in its latest treaties. Figure 4.3 provides a timeline of adoption of the modern designs in the UAE's investment treaties between 1990 and 2024, identifying for each treaty the design model of substantive clauses, and highlighting the first use and the beginning of a consistent use of modern treaty designs.

Figure 4.3. Designs of substantial clauses in the UAE's investment treaties: evolution 1990-2024

Timeline of first use and consistent use of new FET, FPS, MFN and "indirect expropriation" designs



Note: Each dot represents an individual treaty. Only treaties in force for which a text is publicly available are considered. Tick marks in the horizontal axis represent 1 January of a given year. "IE" in the vertical left axis refers to "indirect expropriation" provisions. Blue dots represent the use of a modern design of the individual clauses (see Box 4.3 for details), grey dots indicate a now discontinued design of the clause. Passing time after first use is shaded in light blue, after the beginning of consistent use in dark blue.
Source: OECD investment treaty database.

The consistent use of many of these new designs is observed in treaties concluded by the UAE as of 2017, depending on the clause. Consistent use began shortly after the UAE first used the designs – except for MFN treatment clauses which the UAE started to use consistently only about a decade after the first use. The definitive shift in the UAE's investment treaty policy towards modern designs is corroborated by the UAE's model BIT of 2020 which reflects modern designs for each of these four provisions described here.

Despite the consistent use of modern treaty designs in the UAE's latest treaties, Figure 4.3 reveals a broad heterogeneity in the country's overall set of treaties in force. Although most of its treaties are relatively recent and were concluded after the early 2000s, when new designs first emerged in global treaty practice, the largest share of the UAE's treaties in force feature older designs whose use the UAE has now discontinued. The treaties that feature older designs are also those that bear the most economic significance for the UAE, considering the aggregate shares of FDI stocks that they currently cover.

4.4.2. Rethinking recourse to ISDS under UAE's investment treaties

Most of the UAE's BITs – including its Model BIT – continue to provide for international arbitration as a means for foreign investors to challenge host state measures in breach of treaty obligations. The UAE has had several firsthand experiences with ISDS, to the extent that, as of April 2025, at least seven ISDS cases were lodged against the state,[2] one of which is still ongoing.

While the UAE Model BIT regulates ISDS to an important extent, older generation treaties still in force continue to grant broad decision making powers to arbitral tribunals and therefore to expose the UAE to both financial and reputational risks.

In order to remedy growing concerns regarding the impact of ISDS, recent international treaty practice demonstrates a willingness from states to circumscribe the limits of such mechanisms, or even to categorically reject them in favor of other approaches.

Brazil has taken a distinct approach by rejecting traditional ISDS entirely in favor of a dispute resolution model centred on state-to-state arbitration and robust dispute prevention. For instance, the Brazil – UAE Co-operation and Facilitation Investment Agreement (CFIA) establishes a two-tiered system that includes a joint committee responsible for dispute prevention and, if necessary, a state-to-state arbitration mechanism. While the CFIA does not permit investors to bring direct claims, it allows their concerns to be raised and addressed through the Joint Committee's proceedings, providing an avenue for engagement without recourse to ISDS.

Inspired from Nigeria's practice in addressing investor-state disputes, the recent Morocco Model BIT also takes a reformative approach to resolving disputes, by establishing the principle of a joint committee, composed of representatives of both contracting parties, which role is to amicably resolve, prior to any legal action, investor-state problems and disputes. Subsequent access to ISDS is further limited in scope (e.g. ISDS excluded in case of breach by the investor of the agreement) and subject to multiple conditions (e.g. time limit, investment made in violations of specific laws, etc) (OCDE, 2024[8]).

The East African Community Model Investment Treaty explicitly discourages the inclusion of ISDS provisions and where ISDS is maintained, its use is subject to prior amicable dispute resolution mechanisms, exhaustion of local remedies, and a six-month cooling-off period. Arbitration is further limited to a three-year period from the date the investor became aware of the breach, and treaty-based ISDS provisions are overridden when investment contracts include separate dispute resolution clauses (OECD, 2024[9]).

While providing for ISDS as the dispute resolution mechanism, the UAE Model BIT reflects to a considerable degree some of the innovations mentioned above. Recourse to ISDS via BITs is available to investors only if expressly agreed upon in writing and such recourse is circumscribed within a time limit of three years since the date on which the investor acquired or should have acquired knowledge of either the breach itself or the subsequent loss or damage. Investors must waive their right to initiate any other proceedings with respect to the measures in question. Arbitral tribunals may request joint interpretations of any provision of the agreement and such interpretation would be made public and be binding on all arbitral tribunal established under the relevant BIT. The UAE Model BIT also introduces additional ethical duties for the members of the arbitral tribunal and their assistants. These innovations firmly reflect the UAE's cautious and measured approach towards ISDS, limiting the risks associated with such mechanism.

Recent BITs concluded by the UAE also take innovative approaches towards the resolution of investor-state disputes. The Indonesia – UAE BIT (2019) establishes a multi-tiered dispute settlement framework that requires a six-month consultation period, during which a joint committee – composed of senior officials from both parties – is tasked with mediating the dispute. If unresolved, investors may choose among several forums. This structure reflects a balance between investor protection and state sovereignty, offering multiple stages for dispute resolution before resorting to formal arbitration. In line with these trends, several other recent UAE BITs, such as the one concluded with Israel (2020), demonstrate a consistent preference for tiered dispute resolution mechanisms.

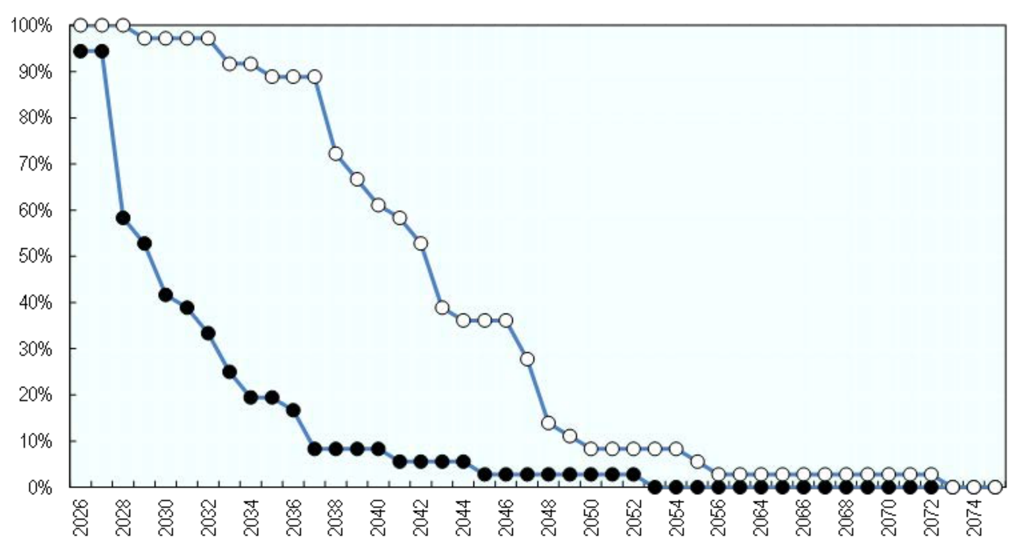
The UAE's recent treaty practice reflects a broader trend toward strengthening domestic institutions, promoting amicable resolution, and encouraging institutional dialogue through joint committees and other consultative platforms. While it has considerably reformed its approach to investor-state dispute resolution by incorporating procedural safeguards and enhancing transparency in its Model BIT, the UAE may wish to consider more robust frameworks for dispute prevention policies and mechanisms to further curb risks associated with ISDS. As the representative of the UAE in regional and multilateral forums on investment related matters, the MoI could advocate such reforms, including based on recent international practices and the experiences of peer countries.

4.5. Transitioning designs in older generation treaties

The UAE may wish to consider the merits of transitioning designs in its older treaties that it has now discontinued to reflect its current treaty policy practices. Many governments around the world are assessing several options to modernise their older treaties. Some governments have renegotiated individual agreements that feature designs that they no longer consider satisfactory or have replaced them with new agreements. Some governments have also exited older treaties – a policy option whose effect can be constricted by temporal validity arrangements in investment treaties.

Temporal validity arrangements in the UAE's investment treaties constrain its possibility to terminate treaty engagements unilaterally. Many of the UAE's investment treaties in force are currently in their initial validity periods or showcase designs that periodically renew their validity, further constricting exit opportunities. "Sunset" periods foreseen by these treaties would similarly extend their effects – in whole or in part – for significant periods of time (often of 15 to 20 years) following potential unilateral denunciation. Some of the UAE's treaties would continue to impose enforceable obligations for almost half a century even if they were denounced in 2025 (Figure 4.4).

Figure 4.4. Projection of temporal validity of the UAE's investment treaties



Note: Graph shows fictitious scenario of unilateral denunciation of all UAE treaties in early 2025. Black dots represent the share of treaties that would remain in force in a given year. While dots represent the share of treaties that would continue producing their effects in a given year.
Source: OECD investment treaty database.

Governments have also considered how they may update rather than terminate treaties to reflect newer designs. Some governments have used joint interpretative statements to guide treaty users on the interpretation and application of a given treaty, which allow governments to clarify the scope and content of their obligations, to the extent that the interpretation is in line with the ordinary meaning of the interpreted treaty text (OECD, 2025[10]).

Multilateral modifying arrangements are also currently being considered to adjust the rights and obligations contained in a large number of older treaties (OECD, 2025[11]). The Draft multilateral instrument on ISDS reform under negotiation at the UNCITRAL Working Group III follows such approach to reform dispute settlement provisions contained in existing investment treaties (UNCITRAL, 2024[12]). A plurilateral intervention could address a large stock of bilateral treaties using a single plurilateral instrument, rather than individual negotiations that can weigh significantly on governments' resources.

Both options – joint interpretative statements and a plurilateral modifying agreement – are currently being assessed by over 100 governments to transition substantive provisions in their investment treaties in the context of the OECD work programme on the “Future of investment treaties” – Track 2. Track 2 is a government-led effort to consider among peers the merits and options for the transition of substantive clauses with outdated design in existing treaties in a pragmatic manner. One hundred and one jurisdictions are currently involved in this work programme. As the representative of the UAE in regional and multilateral forums on investment related matters, the MoI is encouraged to pursue its active engagement in these plurilateral exchanges to share its experience and improve the potential outcomes under its existing treaties that feature older designs.

4.6. Sustainable development and responsible business conduct considerations in IIAs

Newer generation IIAs are increasingly incorporating provisions related to investor responsibility and seeking to support sustainable investment. Provisions seeking to support sustainable investment often go beyond procedural facilitation to address policy measures that can foster long-term, responsible investment flows. Such trends are evident in ongoing multilateral and regional efforts, including the negotiations of the WTO Investment Facilitation for Development (IFD) Agreement, the adoption of the Investment Protocol under the African Continental Free Trade Area (AfCFTA), and the conclusion of the Sustainable Investment Facilitation Agreement (SIFA) between the European Union and Angola (OECD, 2024[13]).

States have relied on different modalities to address sustainable investment considerations in IIAs. One such modality is to include substantive language on sustainable investment in IIAs, potentially resulting in the strengthening of existing treaty commitments, going beyond provisions seeking to protect the host state’s right to regulate in the public interest or establishing commitments not to relax health or environmental regulations to attract investment. Such new provisions on sustainable investment can address a wide range of matters, including promoting investment in sectors with relevance for sustainable development or setting out specific sustainability goals in the granting of investment incentives. The consideration of sustainable investment in IIAs is sometimes fostered through other approaches, such as excluding investments procured through corruption from treaty protection, recognising the role of investment in contributing to the host country’s economic development, or requiring investors to adhere to internationally recognised standards on corporate social responsibility. Another approach relies on parties’ co-operation under the relevant IIAs, for example in the implementation of promotion or facilitation initiatives for sustainable investment. The choice of the relevant approach will depend on several elements, including the broader negotiating context, the choice of IIA to be negotiated, and the specific implementation needs of each party.

Whatever approach states take to harnessing sustainable investment through IIAs (if any), it is important to keep in mind that positive effects will not be automatic but will rather depend on effective implementation at the domestic level. Harnessing sustainable investment requires a whole-of-government approach, focussing on the adoption of policies that contribute to improving the climate for investment (OECD, 2024[13]).

As it stands, the UAE Model BIT contains limited language with respect to sustainable development or sustainable investment considerations. While the preamble recognises the importance of maintaining health, safety, and environmental standards, these references are not reflected in the treaty’s operative provisions, which focus primarily on the protection of investments.

The overarching focus of the UAE Model BIT remains the promotion and legal protection of foreign investments, with the understanding that such protection operates within the domestic legal framework of the host contracting party. However, the absence of binding sustainability obligations or references to international responsible business conduct standards indicates that, as currently formulated, the UAE Model BIT places limited emphasis on integrating sustainable development objectives into its investment protection framework.

By contrast, the UAE's more recent signed IIAs reflect a shift toward embedding sustainability, environmental protections, and corporate social responsibility principles more explicitly. Agreements with countries such as Brazil, Indonesia, India, and Hungary acknowledge sustainable development as a treaty objective and encourage investors to adhere to international standards of responsible business conduct. These IIAs also reinforce the right of states to regulate in pursuit of legitimate public policy goals – particularly in health, safety, labour, and environmental matters – without such regulation being construed as expropriation. Similarly, CEPAs concluded with Cambodia and Türkiye also integrate commitments for sustainable development, including on matters of responsible business conduct, environment, health and reaffirm the states' right to regulate to align with legitimate policy objectives. This evolving practice illustrates a growing effort to balance investor protection with the host state's right to regulate in the public interest, signalling a progressive divergence from the more traditional structure of the UAE Model BIT.

The question of whether investment treaties achieve their intended objectives is of particular importance in current investment treaty policy. Emerging issues such as the possible role of trade and investment treaties in promoting responsible business conduct, as well as ongoing discussions on treaties and sustainable investment deserve special attention. As the representative of the UAE in regional and multilateral forums on investment related matters, including those hosted by the OECD (Box 4.4), the MoI should continue to engage in such forums to ensure that the UAE's treaty practice is aligned with sustainable development objectives.

Box 4.4. Ongoing treaty reform efforts at the OECD

The OECD plays an active role in global efforts to reform IIAs to ensure a greater alignment with sustainable development objectives. Investment treaties are an important component of the framework governing the conditions for foreign investment in many countries. About 2 500 such treaties are in force today, including investment provisions of trade agreements. Many of them were designed decades ago with a different global economy and concerns in mind.

The OECD-hosted work programme on the Future of Investment Treaties, launched in March 2021, explores how the investment treaties of tomorrow could help address these challenges and how to deal with existing agreements in a pragmatic way.

The programme comprises two tracks:

- In Track 1, government and non-government participants have initiated the first major sustained multilateral effort to explore how investment treaties factor into climate action. Work under Track 1 focusses on how investment treaties can be drafted and implemented consistent with robust climate action, the Paris Agreement and net zero goals.
- Track 2 considers merits and means to transition substantive clauses of older treaties with designs that are no longer used or are no longer considered satisfactory to newer designs where governments would wish to do so.

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Annex 4.A. The UAE's bilateral investment treaty engagements

Annex Table 4.A.1. BITs in force

No.	Treaty partner	Signature date	Entry into force date
1	Equatorial Guinea	19-10-2016	08-12-2025
2	New Zealand	14-01-2025	14-11-2025
3	Australia	06-11-2024	01-10-2025
4	South Soudan	23-04-2019	17-09-2025
5	Chad	04-09-2018	12-09-2025
6	Cuba	29-11-2023	10-06-2025
7	Bahrain	11-02-2024	08-05-2025
8	Iraq	18-10-2021	07-04-2025
9	Maldives	17-10-2017	12-12-2024
10	Argentina	16-04-2018	07-11-2024
11	India	13-02-2024	31-08-2024
12	Nigeria	18-01-2016	05-08-2024
13	Gambia	16-07-2019	06-03-2024
14	Philippines	09-06-2022	02-02-2024
15	Brazil	15-03-2019	10-09-2023
16	Cote d'Ivoire	24-11-2021	13-06-2023
17	Kazakhstan	24-03-2018	14-04-2023
18	Jersey	09-11-2021	13-03-2023
19	Sierra Leone	22-12-2019	24-01-2023
20	North Macedonia	22-02-2021	16-01-2023
21	Hungary	15-07-2021	10-04-2022
22	Antigua and Barbuda	10-10-2016	24-02-2022
23	Israel	20-10-2020	27-12-2021
24	Indonesia	24-07-2019	03-12-2021
25	Senegal	22-10-2015	19-10-2021
26	Niger	09-12-2018	16-09-2021
27	Uruguay	24-10-2018	28-07-2021
28	Zambia	07-02-2020	250-6-2021
29	Angola	05-04-2017	31-03-2021
30	Ethiopia	03-12-2016	08-02-2021
31	Zimbabwe	17-06-2018	07-02-2021
32	Saint Kitts and Nevis	24-11-2016	11-01-2021
33	Costa Rica	03-10-2017	21-10-2020
34	Japan	30-04-2018	26-08-2020
35	Hong Kong (China)	16-06-2019	06-03-2020
36	Rwanda	01-11-2017	17-01-2020
37	Saint Vincent and Grenadines	25-11-2018	04-09-2019
38	Cambodia	27-07-2017	30-07-2019
39	San Marino	11-07-2018	01-07-2019
40	Moldova	10-07-2017	26-04-2019
41	Paraguay	16-01-2017	20-01-2019
42	Georgia	17-07-2017	08-04-2018

43	Slovak Republic	22-09-2016	05-02-2018
44	Mexico	19-01-2016	25-01-2018
45	Mauritius	20-09-2015	28-12-2017
46	Comoros	26-03-2015	29-11-2017
47	Armenia	22-07-2016	211-1-2017
48	Belize	01-10-2015	24-10-2017
49	Andorra	28-07-2015	01-08-2017
50	Kenya	23-11-2014	05-06-2017
51	Kosovo*	20-05-2016	03-06-2017
52	Albania	15-10-2015	17-02-2017
53	Thailand	23-02-2015	16-12-2016
54	Mauritania	21-10-2015	04-12-2016
55	Greece	06-05-2014	07-03-2016
56	Kyrgyzstan	07-12-2014	05-01-2016
57	Serbia	17-02-2013	25-12-2014
58	Guinea	13-11-2011	22-07-2014
59	Russian Federation	28-06-2010	19-08-2013
60	Bangladesh	17-01-2011	05-05-2013
61	Montenegro	26-03-2012	01-03-2013
62	Portugal	19-11-2011	04-07-2012
63	Singapore	24-06-2011	17-05-2012
64	Estonia	20-04-2011	21-03-2012
65	Viet Nam	16-02-2009	11-05-2010
66	Jordan	15-04-2009	19-02-2010
67	Belgium/Luxembourg	08-03-2004	22-11-2007
68	Azerbaijan	20-11-2006	17-07-2007
69	Turkmenistan	09-06-1998	17-03-2006
70	Korea	09-06-2002	15-06-2004
71	Yemen	13-02-2001	28-01-2004
72	Ukraine	21-01-2003	18-09-2003
73	Mongolia	21-02-2001	15-01-2003
74	Austria	17-06-2001	01-09-2002
75	Algeria	24-04-2001	17-08-2002
76	Morocco	09-02-1999	03-04-2002
77	Sudan	18-02-2001	03-04-2002
78	Belarus	27-03-2000	16-02-2001
79	Syria	26-11-1997	10-01-2001
80	Sweden	10-11-1999	05-06-2000
81	Tajikistan	17-12-1995	27-03-2000
82	Switzerland	03-11-1998	16-08-1999
83	Lebanon	17-05-1998	08-07-1999
84	Egypt	11-05-1997	13-01-1999
85	Germany	21-06-1997	03-04-1998
86	Pakistan	05-11-1995	02-12-1997
87	Italy	22-01-1995	29-04-1997
88	Finland	12-03-1996	05-04-1997
89	Tunisia	15-04-1996	08-03-1997
90	Romania	11-04-1993	07-04-1996
91	Czechia	23-11-1994	20-12-1995
92	People's Republic of China	01-07-1993	28-09-1994
93	Poland	31-01-1993	08-02-1994
94	United Kingdom	08-12- 1992	15-12-1993
95	France	09-09-1991	01-03-1993

96	Malaysia	11-10-1991	30-08-1992

Note: BITs listed in ante-chronological order, from their date of entry into force. Date format: DD-MM-YYYY.
*This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1 244/99 and the Advisory Opinion of the International Court of Justice on Kosovo's declaration of independence.
Source: Information provided by the UAE's Ministry of Investment (2025).

Annex Table 4.A.2. BITs signed (not terminated nor suspended)

No.	Treaty partner	Signature date
1	Benin	04-03-2013
2	Netherlands	26-11-2013
3	Burundi	06-02-2017
4	Uganda	01-11-2017
5	Mali	06-03-2018
6	Colombia	12-11-2017
7	Panama	28-02-2018
8	Suriname	04-11-2018
9	Gabon	01-03-2019
10	Liberia	30-04-2019
11	Guinea-Bissau	07-08-2019
12	Dominica	21-01-2020
13	Israel	20-10-2020
14	Mozambique	07-02-2022
15	Guyana	24-03-2022
16	Republic of Congo (Brazzaville)	13-03-2023
17	Türkiye	19-07-2023
18	Tonga	03-12-2023
19	Barbados	04-12-2023
20	Somalia	05-12-2023
21	Palau	07-12-2023
22	New Zealand	14-01-2025
23	Uzbekistan	15-01-2025
24	Eswatini	12-02-2025
25	Sri Lanka	12-02-2025
26	Republic of Central Africa	06.03.2025
27	Canada	20-11-2025
28	Ecuador	06-12-2025

Note: BITs listed in chronological order, from their signature date. Date format: DD-MM-YYYY.
Source: UAE Ministry of Finance (List of BITs); OECD investment treaty database.

Notes

[1] *See* the website of the OECD-hosted work programme on the Future of Investment Treaties, Track 2 on modernising investment treaties, available here Modernising investment treaties (Track 2) | OECD.

[2] Spentech Engineering Limited v. United Arab Emirates, ICSID Case no. ARB/24/16. Qatar Airways Group Q.C.S.C. v. United Arab Emirates, *Ad hoc* arbitration; Amir Masood Taheri v. United Arab Emirates, ICSID Case No. ARB/21/19; Shokat Mohammed Dalal v. United Arab Emirates, ICSID Case No. ARB/19/10; BM Mühendislik ve İnşaat A.Ş. v. United Arab Emirates, ICSID Case No. ARB/17/20; Hussein Nuaman Soufraki v. United Arab Emirates, ICSID Case No. ARB/02/7; Impregilo, S.p.A and Rizzani De Eccher S.p.A v. United Arab Emirates, ICSID Case No. ARB/01/1.

5 Enhancing investment retention through dispute prevention

This chapter explores how the United Arab Emirates (UAE) can design and implement investment dispute prevention policies as part of its national investment strategy. It examines the types of investment dispute prevention policies and mechanisms implemented in peer countries and analyses institutional setups that can be considered by the UAE in designing and implementing such reforms.

5.1. Summary and recommendations

Accessible enforcement procedures and reliable court systems are critical pillars of a stable and predictable business environment. Having the assurance that any dispute that may arise is resolved swiftly and fairly is essential to sustaining investor confidence, therefore contributing to the overall attraction and retention of investment. Yet, states are increasingly recognising that dispute prevention is as important as effective resolution of disputes, especially with respect to investment disputes. Investment dispute prevention policies and mechanisms, which aim to reduce the number of conflicts that escalate into formal investment disputes, have become a pillar of investment governance reform. Institutional systems for investment dispute prevention also serve as channels for post-investment aftercare, supporting investors through their operations and expansions. This combination strengthens the predictability of the business environment and enhances accountability across government institutions. At present, the UAE does not have established policies or mechanisms specifically aimed at preventing disputes between investors and the state.

This chapter explores how the UAE can draw on examples of other countries' innovative frameworks for the prevention of investment disputes and policy-setting activities to drive such reforms as part of its national investment strategy. The design and implementation of these dispute prevention policies could focus on enhancing intra-governmental communication and co-ordination and establishing formalised channels of communication between the State and investors, to support investment retention more broadly.

Recommendations

- **Consider establishing investment dispute prevention policies and mechanisms.** Dispute prevention policies refer to measures designed and implemented by governments to address investors' conflicts and grievances with the state before they escalate into formal disputes. Introducing such policies not only helps prevent conflicts from escalating into formal investmenr disputes but also strengthens investment aftercare services, by fostering early engagement and addressing investors' concerns proactively, therefore enhancing long-term investor confidence.
- **Consider designing and implementing investment dispute prevention policies aimed at enhancing intra-government co-ordination and communication, in particular between federal and Emirates' authorities**. To enhance intra-governmental communication and institutional co-ordination, and take stock of recurrent investment issues, the UAE could consider (i) creating dedicated information sharing channels and early alert mechanism to ensure timely detection of conflicts and co-ordinated responses to investors' grievances, (ii) designing a system for identifying, mapping and monitoring most recuring issues faced by investors, which in turn, would allow for more targeted policy responses for relevant sectors or matters and (iii) designing awareness raising activities – e.g. online central repository compiling all international agreements, laws and regulations, handbooks and capacity building activities – designed to increase the legal knowledge of government officials on international commitments taken by the UAE and the consequences of a breach thereof.
- **Consider designing and implementing investment dispute prevention policies that create a mechanism for the early detection and resolution of investment conflicts for local and foreign investors alike.** The scope of the mechanism and applicable processes should be clearly set out in the legal or administrative instrument establishing the mechanism. Applicable procedures should define, amongst other, how complaints should be submitted, the internal steps for handling them, the overall timeframe for resolution, and whether use of the mechanism is mandatory or optional.
- **Explore the most appropriate institutional set up for designing and implementing these policies in the UAE.** The UAE's institutional landscape offers a range of options for designing and implementing investment dispute prevention mechanisms. Three main potential institutional models for dispute prevention policy could be considered (i) the designation of a single lead agency responsible for designing and implementing dispute prevention policies, (ii) the involvement of several governmental entities, in dispute prevention, without designating a single lead agency; or (iii) the establishment of a formal inter-ministerial committee focussed on investment dispute prevention and response.The extent of the Ministry of Investment's (MoI) involvement in implementing such measures would depend on broader policy considerations.

5.2. Clarifying the role of investment dispute prevention in the conflict resolution ecosystem

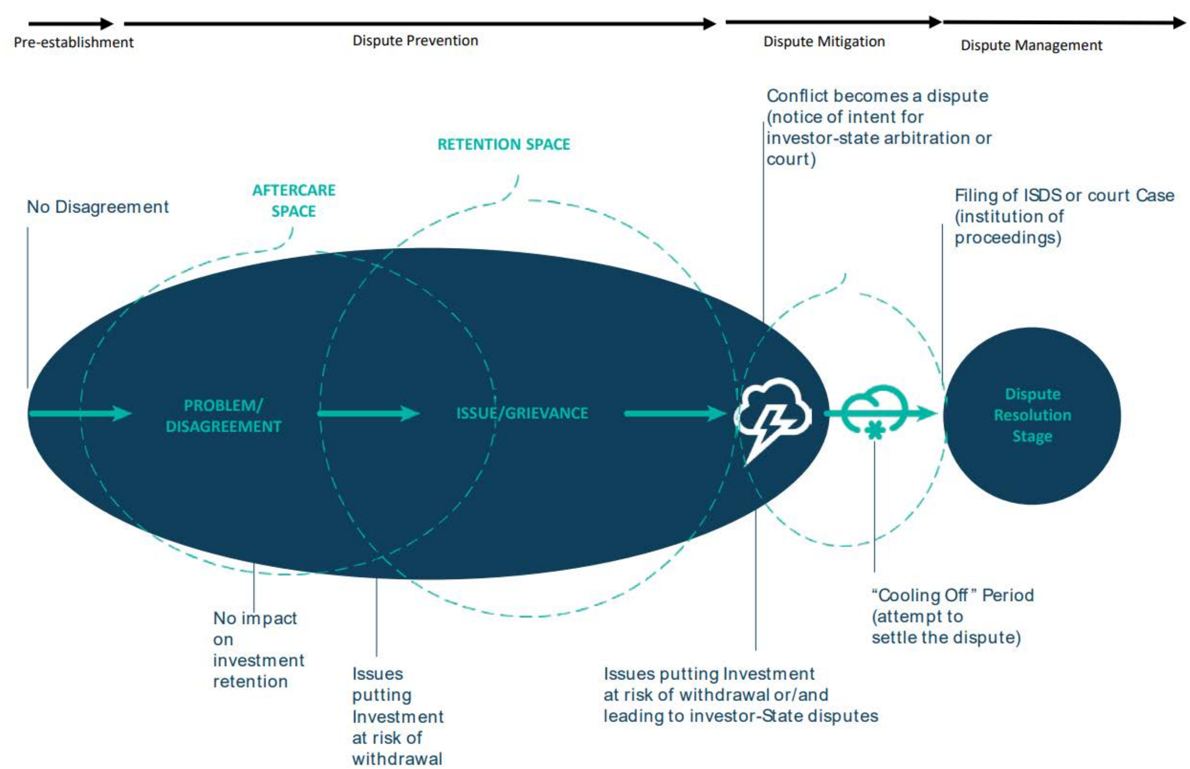
Investment dispute prevention refers to measures designed and implemented by governments to address investors' conflicts and grievances before they escalate into formal investment disputes. In this context, the terms grievances and conflicts are to be understood as problems faced by investors in their interactions with public authorities that have not yet escalated into disputes. Investors' grievances can, for instance, pertain to the State's denial to grant or renew a permit or licence or the negative consequence of proposed changes to a regulation to the investor's investment. By contrast, a dispute arises when such conflict/grievance has devolved into a formal or legally contested disagreement between the investor and the State (UNCITRAL WGIII, 2023[1]).

Investment dispute prevention policies are therefore intended to address conflicts before they emerge or escalate, thereby maintaining investor confidence and reducing litigation risks. Alternative dispute resolution (ADR) mechanisms, such as mediation or arbitration, are designed to resolve conflicts after they have escalated into formal disputes. Together, dispute prevention and ADR represent complementary approaches within the broader framework of investment governance.

In practice, investment dispute prevention policies allow governments to have earlier and better knowledge of potential emerging conflicts, enabling States to identify and respond swiftly to investor concerns. Such co-ordinated efforts, including the involvement of investment promotion agencies (IPAs) and ombuds services, foster constructive engagement and trust between investors and the host state, ultimately enhancing investment retention, reducing litigation risk, and strengthening the rule of law (Joubin-Bret and Knoerich, 2010[2]).

Investment dispute prevention policies are not only intended to avoid conflicts but are typically integrated into a broader investment policy strategy, which include attracting, protecting, expanding and retaining investments that bring value to the country and contribute to its sustainable development (UNCITRAL WGIII, 2023[1]). This is because by nature, dispute prevention policies operate amid the aftercare and retention space represented in Figure 5.1 below, therefore impacting policy space well beyond the existence of disputes.

Figure 5.1. Continuum of an investment dispute



Source: UNCITRAL WGIII (2024[3]), Possible of investor-State dispute settlement Draft toolkit on prevention and mitigation of international investment disputes, https://docs.un.org/en/A/CN.9/1185

5.3. Integrating dispute prevention policies in the UAE's investment framework

5.3.1. A rich and complex existing judicial and alternative dispute resolution landscape

The UAE judicial system is multi-layered and differs from one Emirate to the other. At the federal level, the UAE judiciary is composed of the Federal Supreme Court and federal first instance courts, which handle matters outlined in the Constitution, such as constitutional reviews, civil, commercial and administrative disputes with the state and matters related to personal status. At local level, Emirates may establish independent local courts or transfer jurisdiction to the federal system for matters constitutionally within local courts' jurisdiction; Abu Dhabi, Dubai and Ras Al Khaimah have maintained their own courts. Both federal and local courts follow a civil law tradition influenced by Islamic Sharia, French and Egyptian law, and include specialised commercial courts. Additionally, financial free zones such as the Dubai International Financial Centre (DIFC) and Abu Dhabi's International Financial Centre (ADGM) have their own independent judicial systems, with ADGM applying English common law.

These diverse judicial structures provide tailored avenues for resolving a wide range of legal disputes. Stakeholders have consistently reported that the multi-faceted judicial system in the UAE allows for choice of appropriate recourse depending on the specific needs of each matter and expressed their satisfaction with the existing judiciary system. This is in line with international rankings of the UAE such as the World Justice Project Rule of Law Index for 2024, which ranks the UAE judiciary system 39th out 142 economies analysed (World Justice Project, 2024[4]).

With respect to arbitration, the UAE adopted a new Federal Law No. 6 on Arbitration in May 2018. The law regulates (i) arbitrations carried out within the UAE, (ii) international commercial arbitrations carried out outside of the UAE but subject to the provisions thereof and (iii) arbitrations arising from a dispute on a contractual or non-contractual legal relationship governed by UAE law. Federal Law No. 6 on Arbitration defines the conditions under which a request for annulment may be lodged against an arbitration award; conversely, pursuant to Article 53 of said law, UAE courts shall, on their own initiative, nullify the arbitral award in the event that the subject-matter of the dispute is not capable of settlement by arbitration or if it is in conflict with "*the public order and the public morality of the State*". While conformity with public order is very often recognised as grounds for annulment, the possibility for courts to annul arbitral awards *sua sponte* for inconsistency with public morality is less common and may pose a risk of arbitrary annulments of awards, insofar as the possibility of an annulment would solely depend on the courts' initiative and the notion of public morality of the State may be broadly interpreted.

In parallel, the UAE has also strengthened its framework for alternative dispute resolution (ADR) through the adoption of Federal Decree Law No. 40 of 2023, which consolidates mediation and conciliation procedures specifically in civil and commercial disputes. This initiative aligns with the UAE's commitment to international standards, including its decision to sign the Singapore Convention on Mediation. Federal Decree Law No. 40 codifies a strict confidentiality regime, widely seen as essential to productive mediations: all content and conduct of mediation must remain confidential, and parties are prohibited from relying on any documents, statements, or concessions made during mediation in subsequent court proceedings, unless both parties agree otherwise. It further modernises the mediation process by authorising mediators to conduct proceedings through electronic means and remote communication, subject to applicable regulations.

Separately, as set out in Chapter 4, the largest share of the UAE's investment treaties in force features older designs and recourse to international arbitration, which continues to expose the UAE to substantial risks. Globally, the growing number of Investor-State Dispute Settlement (ISDS) cases, often pertaining to public policy or regulatory measures, has resulted in concerns about a potential chilling effect on regulations to avoid future disputes. Substantive provisions contained in early generation treaties are often broadly defined, allowing for extensive interpretation by arbitral tribunals. Importantly, recognition of breach of an investment treaty by the host state often leads to high amounts of compensation in damages in ISDS cases.

5.3.2. Moving from reactive systems to proactive policies

The UAE's current investment policy primarily focusses on dispute resolution with limited emphasis on dispute prevention. Yet, while timely and effective dispute resolution remains an essential element of a healthy investment climate, such mechanisms have well-known limitations (Chapter 4), including cost, duration, and enforceability challenges. Against this backdrop, governments are increasingly recognising the importance of complementing existing dispute resolution mechanisms with investment dispute prevention policies as a critical component of a sound investment climate.

Minimising potential areas of disagreement through proactive planning and early dialogue allows governments to create a more predictable and secure environment for investors. By continuously engaging with investors after their initial establishment, governments can help address persistent investment climate issues and encourage reinvestment. (OECD, 2015[5]). Introducing investment dispute prevention policies would not only help prevent conflicts from escalating into investment disputes but also strengthen the UAE's investment aftercare services, by fostering early engagement, addressing investors' concerns proactively and enhancing long-term investor confidence.

5.4. Preventing investment disputes in the UAE through co-ordinated communication with the government and investors alike

Robust investment dispute prevention systems typically rely on close co-ordination with relevant governmental entities, supported by institutionalised communication channels within the government. They also seek to enhance communication with investors, to allow for earlier and better knowledge of issues faced by investors (UNCITRAL WGIII, 2023[6]). Existing international practices show that dispute prevention policies typically fall into two categories: (i) the first category focusses on enhancing intra-government communication and institutional co-ordination, and (ii) the second category focusses on streamlining communication with investors for an earlier detection and resolution of conflicts. The following sections explore the types of dispute prevention policies and mechanisms that could be considered by the UAE to strengthen investor confidence and sustain investment.

5.4.1. Reinforcing intra government communication and co-ordination for effective implementation of dispute prevention policies

Effective communication and co-ordination amongst governmental agencies are critical to the success of dispute prevention policies. International practices reveal a range of approaches aimed at enhancing internal coherence and responsiveness. The following practices are offered as illustrative examples; while the countries highlighted are not directly comparable to the economy under review, the approaches illustrate best practices and innovative solutions that may inform similar initiatives. Other approaches may also be considered based on context and policy goals.

Awareness raising initiatives among governmental and related agencies help prevent investment disputes, by ensuring that relevant entities are informed of the state's commitments towards foreign investors, including under existing investment treaties. Considering that most ISDS cases pertain to measures taken by subnational or sector-specific authorities – sometimes less aware of the state's international commitments than at central level – awareness raising activities, including on local levels, is crucial in efforts to prevent disputes. Awareness raising could be achieved through various means, including online platforms and handbooks – as seen in the Republic of Korea, Czechia and the Republic of Colombia (UNCITRAL WGIII, 2024[3]) or capacity building sessions for public officials – as seen in Peru, where its dispute prevention and management system, the SICRECI, has developed a capacity-building programme for public officials on topics related to investment disputes (IISD, 2022[7]). Creating a central repository of investment instruments, and monitoring and keeping track of legal obligations towards foreign investors also contribute to raising awareness and building capacities of relevant entities. By way of example, Czechia's Ministry of finance publishes and regularly updates the overview of Czechia's stock of bilateral and multilateral agreements for the promotion and protection of investment on its website (UNCITRAL WGIII, 2023[6]). Peru's SICRECI also compiles a database of all agreements that provide for ISDS to allow government agencies to access all the state's commitments in a single place (IISD, 2022[7]).

Information-sharing systems and early alert mechanisms are increasingly common amongst countries that have adopted dispute prevention policies. State entities are required to inform the appropriate body of potential issues with the administration before they escalate into disputes These measures aim at monitoring the emergence of investors' grievances, therefore allowing states to respond in a timely manner (Joubin-Bret and Knoerich, 2010[2]). For instance, in Georgia and Kyrgyzstan, public bodies have a duty to assist the business ombudsman in the exercise of its mandate and, in turn, the business ombudsman has the right to request and receive information concerning cases under review (OECD, 2024[8]).

Identifying, mapping and monitoring most common issues in investors' complaints can also enable states to develop more effective dispute prevention and mitigation policies. Empirical evidence shows that a sizable number of investment disputes relate to certain sectors in which specific forms of legal commitments are taken, such as concessions and build-operate-transfer contracts (Joubin-Bret and Knoerich, 2010[2]). Areas of focus often include economic sectors which are most likely to give rise to disputes with the state, recurring conflicts or disputes, and gaps between domestic obligations and international obligations contained in investment treaties. In the Republic of Colombia for instance, the Directorate of Foreign Investment and Services established within Ministry of Commerce is mandated to design, co-ordinate, and execute dissemination and training programmes on international investment agreements for state entities, which, due to the sector and the matters under their responsibility, are strategic in the prevention of investment disputes; in the past, entities included those related to public works, infrastructure and environment (IISD, 2022[7]). In the Dominican Republic, the Directorate of Dispute Prevention and Resolution monitors investors' complaints and analyses disputes to identify which government entities are most frequently implicated (UNCITRAL WGIII, 2024[3]).

In addition to identifying common issues which appear in complaints from investors, business ombudsmen in Ukraine and Kyrgyzstan develop recommendations to address systematic problems identified with the administration and conduct regulatory impact assessment of proposed legislations (Box 5.1).

Box 5.1. Practices of systemic recommendations by business ombudsmen: the cases of Ukraine and Kyrgyzstan

Apart from aiding companies in individual cases, business ombudsman institutions in Ukraine and Kyrgyzstan can also make an impact by identifying most common issues which appear in complaints from companies and develop recommendations to address these systemic problems. They also conduct regulatory impact assessments of proposed legislation

The Ukrainian Business Ombudsman Council (BOC)

The BOC collects and publishes comprehensive information on the systemic recommendations it develops, as part of its own "systemic reports". The institution's website has a special section where all its systemic recommendations are listed along with the current status of their implementation. As of 2021, the BOC has published 18 systemic reports and produced a total of 435 systemic recommendations. To date, 159 (37%) of such recommendations have been implemented, with many more ongoing.

The Kyrgyz Business Ombudsman

The Business Ombudsman (BO) of Kyrgyzstan provides recommendations concerning systemic problems in legislation. These recommendations have been developed based on the results of reviews of business complaints about decisions, actions or inaction of state bodies, municipal bodies and public sector enterprises and analysis of the legislative framework regulating business operations. Of the 55 recommendations proposed by the BO, 17 were accepted in full or in part (33%).

Source: OECD, (2024[8]), Business ombudsman institutions in Eastern Europe and Central Asia: New trends and good practices, https://doi.org/10.1787/bf84ff64-en

5.4.2. Establishing a formalised mechanism of communication with aggrieved investors

Formal communication channels with investors, particularly those designed for the early detection and resolution of conflicts, have become a standard feature of institutional investment frameworks in many countries. By engaging proactively with investors through structured mechanisms, governments can address grievances before they escalate into formal disputes. Such mechanisms provide an avenue to resolve legitimate concerns related to regulatory clarity, administrative procedures, or post-establishment challenges in a timely and transparent manner.

Access to reliable information also plays a critical role. Ensuring that investors can easily obtain relevant laws, regulations, and administrative guidance facilitates both market entry and business expansion, as further examined in Chapter 3. Among the most effective channels of communication are grievance-handling mechanisms that allow investors to submit conflicts or complaints directly to the administration, while also serving as a platform for advocating broader policy reforms related to foreign investment regulation (Chen Yu, 2022[9]). The scope of such mechanisms varies across countries: in some jurisdictions access is limited to local investors, while in others no distinction is made between local and foreign investors. In most cases, complaints arising from the conduct of the judiciary are excluded, whereas grievances linked to the actions of the executive branch are commonly addressed. In certain instances, concerns related to the enactment of laws or regulations are also within scope (UNCITRAL WGIII, 2024[3]).

Effective grievance resolution frameworks depend on structured collaboration with the private sector. Chambers of commerce, business associations, and sector-specific investor councils can act as trusted intermediaries, aggregating and validating concerns from their members and relaying them to government authorities. Their participation not only strengthens the quality and representativeness of feedback but also fosters shared ownership of the dispute prevention agenda. Involving these actors in the design and oversight of grievance review mechanisms, or in structured policy dialogues, can enhance the legitimacy of the process and encourage more responsive government action.

For credibility, grievance mechanisms must be governed by clear and transparent procedures. These should specify how complaints are submitted, the internal steps for review and handling, the overall timeframe for resolution, and whether recourse to the mechanism is mandatory or optional (UNCITRAL WGIII, 2024[3]). Equally important, recommendations resulting from the review process should be communicated both to the investor and to the competent administrative authority to ensure proper follow-up. In some countries, governments have reinforced the standing of such recommendations by granting the mandated body formal powers vis-à-vis administrative agencies. For example, in Ukraine and Georgia, administrative authorities are legally required to report back to the business ombudsmen on the actions taken to implement their recommendations (OECD, 2024[8]).

5.4.3. Implementing the key components of dispute prevention mechanisms in the UAE

The UAE's investment policy focusses on dispute resolution rather than dispute prevention, though selected practices have the effect of preventing the occurrence/escalation of disputes – mainly through international investment treaties:

- The adoption by the UAE of a model BIT, which addresses dispute settlement, enables the harmonisation of dispute settlement provisions across its treaty practice and serves as a guideline for negotiators (Chapter 4);
- The involvement of the MoI in the negotiation and drafting of international investment agreements ensures that dispute settlement provisions are more or less coherent across the UAE's investment treaty policy;[1]
- A number of international investment agreements (IIAs) concluded by the UAE provide for the establishment of co-ordination committees empowered to monitor the emergence of conflicts between investors.[2]

The UAE has yet to adopt more generalised and systemic investment dispute prevention policies. Introducing such policies would enable the government to gather insights into investors' experiences, which would in turn inform future policy adjustments.

The UAE could implement awareness-raising activities at both the federal and local levels through the MoI or other designated bodies. Implementation by a federally mandated body would enable broader outreach and co-ordination of relevant activities across Emirates. For instance, the UAE could develop an online central repository to compile all the UAE's international investment agreements, laws and regulations, accompanied by clear guidelines for both government officials and investors alike (Chapters 3 and 6). The UAE could also publish practical handbooks to help government officials better understand its international commitments and the potential implications of their decisions. These handbooks could include illustrative case studies of previous disputes with the state to demonstrate how certain measures have triggered investor claims in the past. Strengthening institutional knowledge through structured capacity-building programmes will also be valuable. By offering regular training sessions for staff across ministries, sectoral agencies, and local authorities, including those operating at the emirate level, the UAE could significantly increase awareness of the state's obligations and thereby reduce the occurrence of events that could give rise to investment disputes.

Establishing robust information-sharing systems and early alert mechanisms is also critical to proactively prevent investment disputes. By monitoring investor grievances in a timely manner, the UAE could help maintain constructive relationships with investors and reduce the risk of issues escalating into formal disputes. A digitalised platform for submitting and sharing information would help streamline communication between relevant authorities, ensuring that potential risks are identified and addressed as early as possible. For such a system to be effective, it is nevertheless vital that both federal and emirate-level authorities promptly report any potential conflicts or complaints to the designated body.

In the UAE's decentralised governance system, effective dispute prevention requires not only federal co-ordination but also systematic engagement with subnational authorities. Under the inter-ministerial co-ordination model, establishing subnational co-ordination mechanisms to ensure alignment with Emirates' DEDs, free zone authorities and other local investment bodies will be central to ensuring the effectiveness of dispute prevention policies. Building on its federal mandate, the MoI could act as a convener and strategic anchor for cohesive investment governance throughout the country by establishing mechanisms such as:

- Joint early-warning protocols for identifying and escalating investor concerns that arise at the Emirate or free zone level;
- Regular co-ordination forums bringing together MoI, DEDs and free zone representatives to discuss emerging risks, legal inconsistencies and procedural delays affecting investors;
- Interoperable digital systems to track and share grievance data in real time, allowing central authorities to intervene proactively when systemic issues emerge;
- Shared standards for grievance response and escalation, including timelines, reporting duties and decision making authority.

By fostering alignment across jurisdictions, these types of mechanisms would reduce the risk of forum shopping, legal inconsistencies and investor confusion resulting from divergent practices. They would also enable the federal government to intervene earlier and more effectively in preventing disputes, particularly where capacity gaps or regulatory ambiguity exist at the subnational level.

Identifying, mapping and monitoring the most common issues will also help the UAE develop targeted policies to prevent disputes more effectively. By tackling systemic issues at the root of investment disputes with the state, the UAE could develop targeted responses to remedy these issues. Based on information sharing systems in place, the UAE could identify sensitive sectors and types of contracts, closely monitor them and develop tailored responses, including training and materials for authorities that deal with these sectors or matters.

The UAE could also consider drawing on international experiences to establish a mechanism for the early detection and resolution of conflicts, adapted to the country's institutional context and investment priorities. The scope of this mechanism should be formally defined in a legal or administrative instrument (such as a law or decree) and specify whether it will apply to both local and foreign investors or only to certain categories. Consistent with international practice, the mechanism could primarily address grievances stemming from executive branch decisions and actions, rather than judicial proceedings, which is particularly advisable given the UAE's complex judicial system. Where appropriate, the mechanism could also review issues related to the implementation of federal laws and regulations. The establishing instrument should set out the applicable procedures in detail. This includes the process for lodging complaints, the procedural steps for their assessment and resolution, the timeframe for handling cases, and the determination of whether use of the mechanism is voluntary or a prerequisite to pursuing other remedies. Such clarity is essential to ensuring predictability, investor confidence, and the effective functioning of the mechanism.

5.5. Defining the institutional setup for designing and implementing dispute prevention policies in the UAE

Dispute prevention policies are usually designed and implemented through the establishment of institutional mechanisms within the government. In setting up such institutions, there is no one size fits all approach. States have taken different avenues to preventing disputes, depending on their broader governance frameworks and specificities.

A common feature of robust dispute prevention systems is the designation of a body whose role is to gather information and facilitate communication with investors, co-ordinate with relevant governmental entities and decentralised authorities and establish institutionalised communication channels within the government (UNCITRAL WGIII, 2023[6]). Existing practices also show that such body can take various forms, such as a single lead agency, multiple agencies acting in tandem or an inter-institutional committee composed of representatives of relevant governmental entities. Whichever structure is adopted, studies have shown that dispute prevention bodies that work collaboratively with the administration are often more effective than those operating entirely independently in an oversight role (R. Echandi, et al., 2019[10]).

The UAE's institutional landscape offers a range of options for designing and implementing dispute prevention mechanisms. The choice of institutional setting will depend on broader policy priorities, including considerations of efficiency, co-ordination, and stakeholder engagement. Importantly, any approach should ensure inclusive participation across all relevant institutions, including those at the Emirate level, to reflect the UAE's decentralised governance structure and to promote coherence and effectiveness in implementation.

The establishment of the MoI presents a valuable opportunity to centralise a key aspect of dispute prevention. The MoI's legal mandate reflects a focus on high-level co-ordination and acts as a policymaking and co-ordinating entity at the federal level (Chapters 3 and 6). The powers granted to the MoI by Federal Decree Law No. 37 of 2023 can position it as a central player for strategic coherence, which can ensure that the UAE's investment environment is governed by a consistent framework that reflects both national priorities and international standards.

The following sections explore three institutional models that the UAE could adopt for dispute prevention, as well as the role that the MoI could play in this area. The first option consists in the designation of a single lead agency responsible for designing and managing dispute prevention policies. The second option examines the involvement of several agencies in the design and implementation of dispute prevention policies. Finally, the third option proposes establishing an inter-ministerial committee for dispute prevention. These three models explore varying degrees of responsibility and authority of the MoI; the extent of the MoI's involvement will ultimately depend on broader policy considerations.

5.5.1. Establishing a single lead agency for dispute prevention

As a central player in investment policymaking, one possible approach to establishing dispute prevention policies and mechanisms in the UAE is to designate a single lead agency responsible for the design and implementation of such policies. This model has been adopted by many countries, reflecting a preference for centralised co-ordination and streamlined communication with both investors and line government entities.

The structure of a single lead agency varies depending on the country's needs and institutional framework. It may operate as an autonomous entity or be integrated in an existing body like a ministry or an IPA as a natural extension of the mandate to support investors throughout their journey (Box 5.2).

Box 5.2. Examples of structures of single lead agencies for dispute prevention

The structure and mandate of a single lead agency vary depending on the country's needs and institutional framework. It can focus on either inter-governmental co-ordination and communication, or on communication with aggrieved investors. In some cases, its mandate covers both functions

Single lead agency established within a government body

- **Canada –** Canada's Trade Law Bureau of the Department of Foreign Affairs and Trade (JLT) provides litigation services, legal training and legal advice to all government departments on all aspects of international trade law. It participates in the negotiation and implementation of investment and trade agreements and provides legal advice to the Government of Canada regarding the consistency of existing or proposed measures with international obligations in addition to managing investment disputes (UNCITRAL WGIII, 2023[6]).
- **Czechia –** Czechia's Ministry of Finance is the central administration body responsible for protection of foreign investment. Within the Ministry of Finance, the Investment Protection Unit is mandated to design and implement dispute prevention policies in addition to managing investment disputes (UNCITRAL WGIII, 2023[6]).
- **United States –** Hosted by the U.S. Department of Commerce, SelectUSA is the only federal entity dedicated to facilitating and retaining high-impact business investment in the United States. SelectUSA's operates ombudsmen services and works towards successful resolutions of problems across the federal government, addressing investor concerns and issues involving federal agencies.

Single lead agency established as an independent body or an ombudsman

- **Republic of Korea –** South Korea's Office of the Foreign Investment Ombudsman (OFIO) was established in 1999 under the Foreign Investment Promotion Act and, while it is housed within Korea's trade and investment promotion agency, KOTRA, it remains independent from it, accountable solely and directly to the Prime Minister. The primary focus of OFIO is to assist in the attraction and retention of FDI through aftercare for foreign investors, and, to a lesser extent, in the prevention of ISDS. The Foreign Investment Ombudsman, the head of the OFIO, is appointed directly by the President of South Korea on the recommendation of the relevant minister, giving OFIO further institutional authority in dealing with other parts of government (IISD, 2022[7]).
- **Georgia –** Initially established to deal with tax issues, the Business Ombudsman of Georgia's mandate was expanded in 2015, to address complaints of companies and promote business integrity in the country. The Business Ombudsman of Georgia was created upon the government's initiative and is appointed by the Prime Minister, with the parliament Chairperson's consent. It reports to both bodies, through the submission and publication of annual reports. To ensure the independence of the Ombudsman, the relevant law protects it from arbitrary removal through an exhaustive list of legitimate reasons for dismissal (OECD, 2024[8]).
- **Ukraine –** The Business Ombudsman Council (BOC) is an independent permanent advisory body of the Cabinet of Ministers in Ukraine established in 2014 through a government decree. The BOC was created through a co-operation between the government, EBRD, the OECD and five Ukrainian business associations. The BOC's mandate is to help establish a transparent business environment and prevent corruption, including at the local government levels and in state-owned and state-controlled enterprises. The BOC selection process is based on an open and competitive process. It reports to its supervisory board – which comprises of

representatives of the three founding parties namely the government, international organisations and business associations – on a quarterly basis as well as annually and by presenting financial accounts along with highly detailed activity reports (OECD, 2024[8]).

- **Kyrgyzstan –** The Business Ombudsman of Kyrgyzstan was inspired and based on Ukraine's experience. It was established in 2019 through a government decree as an independent non-state body and whose role is to protect the rights, freedoms and legitimate interests of business entities, both local and foreign. Similarly to the BOC, the Business Ombudsman of Kyrgyzstan and deputies are selected through an open and competitive process and report to its supervisory board (made up of representatives of three founding parties as well) (OECD, 2024[8]).

Source: UNCITRAL WGIII, (2023[6]), Compilation of best practices on investment dispute prevention and mitigation, https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/wg_iii_compilation_on_dispute_prevention_and_summary.pdf; IISD (2022[7]), Investment Dispute Prevention and Management Agencies: Towards a more informed policy discussion, https://www.iisd.org/system/files/2021-10/investment-dispute-prevention-management-agencies-policy-discussion.pdf; Joubin-Bret and Knoerich, (2010[2]), Investor-State Disputes: Prevention and Alternatives to Arbitration, https://unctad.org/system/files/official-document/diaeia200911_en.pdf; OECD (2024[8]), Business ombudsman institutions in Eastern Europe and Central Asia: New trends and good practices, https://doi.org/10.1787/bf84ff64-en

The mandate of the single lead agency varies across jurisdictions; some focus solely on investor grievances, while others also handle dispute management. Its overall effectiveness hinges on critical factors, such as operational and financial independence, integrity and accessibility for and to investors. Core functions typically include co-ordinating with government bodies through information sharing and regulatory monitoring and engaging directly with investors to address concerns. (UNCITRAL WGIII, 2023[6]).

Drawing from the examples of Canada and Czechia, the UAE could consider establishing single lead agency through the creation of a specialised dispute prevention policy unit within, or under the auspices of a relevant ministry, such as the MoI, whose role would be to design and implement dispute prevention policies, both in the relations with other governmental entities as well as with aggrieved investors. The federal nature of such unit would allow for broader outreach.

Designing and establishing dispute prevention policies, processes and reporting obligations via dedicated laws and regulations will be key in ensuring the transparency and integrity of the system and therefore in fostering stakeholders' trust in its services. Equally important is the appointment of qualified staff and the allocation of a dedicated budget to the unit. Making dispute prevention services visible and user-friendly is also crucial in ensuring that all investors, including SMEs and foreign entities, can readily benefit from dispute prevention policies in place.

5.5.2. Allocating the responsibility of designing and implementing dispute prevention policies to several agencies

In the absence of a single lead agency, practice shows that some States have opted for a shared responsibility for designing and implementing dispute prevention policies amongst several governmental bodies (UNCITRAL WGIII, 2024[3]).

In this approach, several agencies would be concurrently contributing to the design and implementation of dispute prevention policies, albeit to a narrower extent. These agencies would likely include the MoI, Ministries of Justice, Finance, Economy and Tourism, Foreign Trade, Foreign Affairs and sectoral regulators. Subnational entities, including DEDs of the respective Emirates, free zone authorities and other local investment bodies should also be included in the process, in order to ensure a comprehensive approach to dispute prevention.

In this scenario, the designated body could focus on policy development, working to help government regulators design investment laws and regulations that reduce the potential for conflict between investors and the state, falling under its existing policy advocacy functions mandated to the ministry. The MoI's co-ordination role could also be central to ensuring that all government entities involved in investment regulation are working together effectively. The MoI could also consider operationalising support mechanisms, including investor-dedicated liaison teams or sectoral account managers, to manage ongoing investor relations and escalate unresolved grievances to relevant authorities or a lead agency. In doing so, the ministry would fulfil a proactive dispute-prevention role consistent with international best practice, without duplicating the formal mandates of judicial or arbitration institutions.

5.5.3. Establishing an inter-ministerial co-ordination committee for dispute prevention

In designing and implementing dispute prevention policies, some countries have opted for the creation of an inter-institutional committee, composed of several ministries and governmental institutions (Box 5.3). In systems where multiple government bodies play roles in investment governance, the effectiveness of dispute prevention often hinges on the strength of inter-ministerial co-ordination.

Box 5.3. Examples of inter-institutional co-ordination committees for dispute prevention

- **Costa Rica –** The Inter-Institutional Commission for the Settlement of International Trade and Investment Disputes of Costa Rica was established in 2009, through Decree N° 35 452-MP-COMEX Regulation for the Prevention and Management of International Trade and Investment Disputes. Its role is to co-ordinate and track international trade and investment disputes involving Costa Rica, in addition to taking necessary actions with respect to ISDS and advising on dispute prevention policies. The commission is co-ordinated by the Office of the President and is composed of representatives of the ministries of Trade, Foreign Affairs, Finance and Justice. The Office of Application of International Trade Agreements within the Ministry of Trade functions as the technical secretariat of the commission in an advisory role.
- **Colombia –** The High-Level Government Instance for the Prevention and Management of Internation Investment Disputes of Colombia was established in 2013, by government decree no. 1939 of 2013 on addressing international investment disputes. Its role is to guide and formulate recommendations to prevent and manage international investment disputes. It is also mandated to recommend alternative dispute settlement mechanisms as well as measures to prevent and resolve international disputes. This instance comprises of the Board of Advisors of the National Agency of Legal Defence of the State, who are the ministers of Justice Law, Finance, Foreign Affairs, Trade, and Tourism, the Legal Secretary of the Office of the President and two external advisors. The functions of technical secretariat are exercised by the Directorate of Foreign Investment and Services of the Ministry of Commerce, with the support of the Director of the National Agency of Defence of the State.
- **Chile –** The Inter-Ministerial Committee for Defence of the State in International Investment Disputes and Regulation of Co-ordination for Resolution of such Disputes was established in 2016, by Decree 125 on the creation of the Inter-Ministerial Committee for Defence of the State in International Investment Disputes and Regulation of Co-ordination for Resolution of such Disputes dated August 2016. Its role is to advise and propose actions, guidelines and specific measures on matters of international investment disputes. The committee is permanently composed of the Minister of Finance and the Minister of Foreign Affairs, but other ministries or authorities may be invited to participate when necessary. The Undersecretariat for Foreign Affairs of the Ministry of Foreign Affairs acts as the technical secretariat of the committee.

Source: Costa Rica – Decree N° 35 452-MP-COMEX Regulation for the Prevention and Management of International Trade and Investment Disputes, Colombia – Decree No. 1939 of 2013 on addressing international investment disputes, Chile – Decree 125 on the creation of Interministerial committee for the defence of the state in international disputes in matters related to investments and regulates co-ordination for the settlement of such disputes

Under this model, the UAE would establish a formal inter-ministerial committee focussed on investment dispute prevention and response. This committee would institutionalise collaboration among key actors, including the MoI, Ministries of Justice, Finance, Economy and Tourism, Foreign Affairs and sectoral regulators, thereby ensuring structured dialogue, a unified government approach to mitigating investor conflicts and collective accountability for dispute prevention, a characteristic especially valuable in federal systems where regulatory mandates are distributed across multiple entities. The integration of subnational entities, including DEDs of the respective Emirates, free zone authorities and other local investment bodies, will also be key in ensuring a cohesive investment governance and effective dispute prevention.

The MoI could either chair or actively participate in this committee. It could serve as the technical secretariat for such committee, and therefore be responsible for setting agendas, collecting data, aligning institutional mandates and ensuring implementation of dispute prevention protocols across the administration. This includes overseeing the systematic exchange of information about recurring investor grievances, emerging risks and overlapping responsibilities that may contribute to fragmented or conflicting responses from different parts of government. If the MoI were to act as a participating member rather than the lead, its role would remain central to ensuring that investment policy coherence is preserved across legal, regulatory and administrative reforms. In this capacity, the MoI would advocate for reforms that enhance transparency and predictability, propose updates to investment-related laws that reduce legal ambiguity and ensure that investor feedback from aftercare and policy advocacy channels is integrated into broader policy discussions.

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Notes

[1] *See* Chapter 4.

[2] *See* Chapter 4. For instance, the Brazil – UAE Co-operation and Facilitation Investment Agreement (CFIA), excludes recourse to ISDS altogether and instead contains a provision solely focussed on "*Institutional governance and dispute prevention and settlement*". Part III of the Brazil-UAE CFIA provides for the establishment of a "*committee for the administration of the agreement*" whose role is to address any issues concerning investments in an amicable manner. The said agreement also promotes the regular exchanges of information and provides for the designation of an ombudsperson, which has the responsibility to support investors from the other party in its territory, by, *inter alia*, endeavouring to follow recommendations issued by the joint committee, assess complaints and recommend actions to improve the investment environment and seek to prevent differences in investment matters. Another notable example is that of the UAE-Israel BIT concluded in 2020; while the BIT still offers the possibility of recourse to arbitration, it provides for the creation of a joint committee on investments, whose role is, *inter alia*, the consideration of issues or matters related to the implementation of the agreement, including solving conflicts before their submission to arbitration.

6 Building a cohesive framework for investment promotion and facilitation

This chapter examines the institutional governance of investment facilitation and promotion in the United Arab Emirates (UAE) and highlights the pivotal role the Ministry of Investment (MoI) can plan in this ecosystem. It focusses on the importance of fostering more structured collaboration across the UAE's multilevel investment governance system and analyses local and federal investment promotion initiatives and investment facilitation measures.

6.1. Summary and recommendations

The governance of investment facilitation and promotion in the UAE is marked by a high degree of decentralisation, shaped by its federal constitution. While strategic functions have gradually been consolidated at the federal level, particularly with the establishment of the MoI, the day-to-day responsibilities for investment promotion and facilitation remain firmly rooted at the Emirate level. Each Emirate, through its Department of Economic Development (DED) or equivalent entity, exercises considerable autonomy in defining and implementing investment strategies aligned with local development goals. This includes designing grants and non-financial incentives, managing outreach campaigns and overseeing licensing and regulatory functions. Free zones further add to this complexity by operating as semi-autonomous jurisdictions with distinct regulatory and promotional mandates, often outside the purview of both Emirate-level DEDs and federal institutions.

This decentralised system offers certain advantages, notably the ability of subnational actors to develop investment strategies tailored to local economic characteristics and sectoral strengths. Proximity to regional markets and a deep understanding of local business environments allow Emirate-level agencies to respond rapidly to investor needs, especially in light of changing global investment trends and supply chain dynamics. However, decentralisation also creates risks of policy fragmentation, inconsistencies in service delivery and inter-Emirate competition, which if not carefully managed, can lead to unhealthy rivalry rather than productive differentiation. These risks are particularly pronounced in areas such as non-financial incentive design, promotional messaging and investor servicing, where overlapping efforts and a lack of structured co-ordination can confuse investors and diminish the coherence of the UAE's national investment proposition.

In light of these challenges, this chapter focusses on the importance of fostering more structured collaboration across the UAE's multilevel institutional governance system for investment and the role the MoI can play as a harmonising body. Formal co-ordination mechanisms, such as intergovernmental working groups, shared digital tools and sectoral alignment frameworks, can mitigate duplication and improve national policy cohesion. Effective co-ordination is not automatic and must be intentionally designed to bridge differences in institutional capacity, political priorities and strategic direction across Emirates. Establishing clear roles, communication channels and co-operative norms between the MoI and subnational agencies will be essential to building a more unified investment promotion ecosystem that maximises the strengths of decentralisation while minimising its risks.

Recommendations

- **Develop a national investment strategy to guide the UAE's investment policy and promotional efforts.** To support the country's long-term economic diversification and competitiveness, the MoI could initiate the preparation of a national investment strategy. Such a strategy could articulate the federal government's overarching vision for attracting and leveraging investment, define priority sectors and markets, and outline key reform areas needed to improve the investment climate. Drawing on international practices, the strategy could also establish performance indicators, timelines, and implementation responsibilities across relevant federal entities. Whether designed as a high-level policy framework or a more operational roadmap, the strategy would provide a reference point for aligning future legislative, institutional, and promotional initiatives at the federal level.

- **Consider establishing a federal co-ordination body to enhance alignment in investment promotion and facilitation efforts and information sharing.** To mitigate fragmentation, harmful competition and duplicative efforts across federal, Emirate and free zone levels, the MoI may explore the creation of a formal co-ordination platform, such as an intergovernmental working group on investment promotion. This body could facilitate regular dialogue among Departments of Economic Development (DED), free zone authorities and federal stakeholders to align sectoral priorities, co-ordinate participation in international events and ensure the use of harmonised messaging. Such a mechanism would support a more consistent national investment narrative while allowing subnational entities to retain their branding and outreach autonomy. In addition, the MoI could serve as a central repository for promotional intelligence, aggregating data from investor inquiries, campaign performance, and sector-specific feedback to support evidence-based promotion across the UAE. To further strengthen its analytical function, the platform should integrate real-time FDI data disaggregated by Emirate, sector and investment type, thereby supporting targeted promotion and facilitating inter-Emirate co-ordination. This would enable greater strategic cohesion and responsiveness in both messaging and outreach.

- **Consolidate existing digital portals and brand campaigns under a unified *Invest UAE* entry.** The existence of multiple promotional platforms at the national level including the current *Invest UAE* and *Invest in Emirates*, in addition to some at the subnational level such as *Invest in Dubai* and *Invest in Abu Dhabi*, may lead to investor confusion and undermine the clarity of the UAE's overall investment offer. The MoI could assess the potential for introducing a centralised digital entry point at federal level that integrates these various portals and can serve as a registry to forward the user to the intended endpoint. This unified site could provide a cohesive interface for investors, link to subnational resources and feature consolidated tools such as sectoral opportunity dashboards, regulatory summaries and a national incentive map.
- **Develop a federal investment facilitation co ordination and information platform to support investor journeys**. In addition to promotional alignment, the MoI could play a pivotal role in improving investment facilitation by co-ordinating a national platform that maps the administrative requirements across each Emirate. This platform could serve as a digital interface to consolidate information on licensing, documentation, procedures, and timelines, offering multilingual guidance tailored to different investor profiles such as SMEs or strategic sectors. By integrating Emirate-level systems and establishing shared service standards, templates, and metrics, the platform could reduce fragmentation, improve transparency, and streamline cross-jurisdictional operations. As a convenor, the MoI would be well-placed to promote interoperability, facilitate feedback loops, and use aggregate data to inform administrative and regulatory reforms.

6.2. Institutional governance for investment is highly autonomous at the local level

6.2.1. The role of local actors in a decentralised investment landscape

Due to its federal structure and despite the centralisation of strategic functions at the federal level, the UAE's institutional governance for investment has always been operationally decentralised. Each Emirate retains significant authority over its investment promotion and facilitation agenda, reflecting the federal nature of the Constitution. The primary institutional actors at the Emirate level are the Departments of Economic Development (DEDs), which serve as the local investment promotion agencies (IPAs) and are tasked with delivering licenses to investors, supporting regulatory reform, facilitating business establishment and providing aftercare services to existing firms. DEDs carry out a dual mandate: they are responsible not only for broader economic planning and regulatory oversight within their jurisdictions, but also for promoting investment, both domestic and foreign, into priority sectors aligned with Emirate-level development goals. Their investment promotion roles typically include designing grants and non-financial incentives, managing promotional campaigns, hosting investor delegations and engaging in sector-specific outreach in global markets. While some Emirates, such as Abu Dhabi and Dubai, have established separate investment offices to lead FDI promotion efforts in co-ordination with the DED, the majority of DEDs remain the central actors responsible for formulating and executing local investment strategies.

DEDs report directly to the Executive Council of their respective Emirate and not to the federal government. As such, each DED pursues its own investment strategy, prioritising sectors and policy tools according to local development objectives. For example, Dubai's Department of Economy and Tourism (DET) leads implementation of the D33 strategy, which includes ambitious goals for GDP growth, digital transformation and global competitiveness through foreign investment. Abu Dhabi's Department of Economic Development (ADDED), in collaboration with the Abu Dhabi Investment Office (ADIO), operates a cluster-based investment model and deploys targeted incentives through a performance-based grant system. Other Emirates such as Ras Al-Khaimah and Sharjah also operate their own IPAs and maintain active promotion and facilitation functions tailored to their economic base.

In addition to DEDs, free zone authorities in each Emirate exercise broad autonomy over their respective jurisdictions. The UAE hosts around 46 free zones, which together account for a substantial share of national non-oil GDP and foreign investment inflows. These free zones, such as the Dubai International Financial Centre (DIFC), Abu Dhabi Global Market (ADGM) and the Ras Al Khaimah Economic Zone (RAKEZ), act as self-contained regulatory and facilitation ecosystems. Most run as specialised clusters or business parks focussed on specific industries, with regulatory frameworks, infrastructure and incentive schemes designed to attract particular types of multinational corporations or develop targeted sectors such as finance, logistics, media and manufacturing. They often operate under distinct legal regimes, common law in the case of the DIFC and ADGM and provide streamlined licensing, visa and infrastructure access.

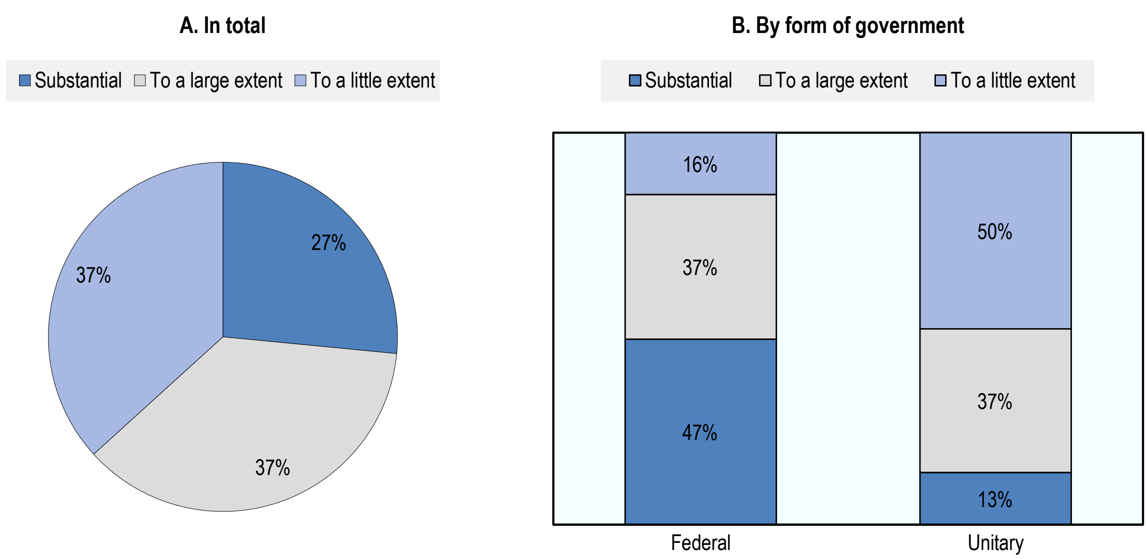
Free zones typically market themselves independently of the Emirate's DED and the federal MoI (see below), reflecting the UAE's decentralised investment promotion model, which involves multiple investment authorities and regulatory regimes operating alongside one another While this autonomy has allowed Emirates to innovate and compete in investment attraction, differences in regulatory approaches across jurisdictions can result in variation in investor experience, as licensing procedures, required documentation, incentive offerings and regulatory clarity can vary widely across jurisdictions (Business Sweden, 2024[1]).

The decentralised nature of the UAE's investment landscape provides distinct strengths. Emirate-level agencies are deeply embedded in their local economies and possess a strong understanding of regional business environments, sectoral advantages and institutional dynamics. This proximity enables them to tailor investment promotion strategies to local needs and respond more nimbly to investor demands. In particular, free zones are well positioned to adopt tailored approaches for different business segments and geographies, leveraging their sector-specific focus to attract investors with distinct operational needs. These capabilities have become increasingly important as subnational factors, such as access to specific talent pools, infrastructure or clusters, play a greater role in investor decision making, particularly in light of global supply chain reconfigurations following global challenges such as COVID-19 crisis. The UAE's decentralised system thus allows for innovation and agility at the local level, which can complement a unified national strategy when paired with effective co-ordination.

6.2.2. Co-ordination challenges in decentralised institutional governance for investment

Decentralisation can also give rise to co-ordination challenges associated with inter-emirate competition. While a degree of inter-emirate competition can drive innovation and responsiveness, it may also lead to overlapping incentive schemes and parallel promotional efforts across jurisdictions, which can complicate policy coherence and investor messaging if not well co-ordinated. This is a widespread phenomenon, with almost two-thirds of surveyed subnational IPAs in OECD countries considering the level of inter-regional competition to be substantial or high (Figure 6.1, Panel A). Where structured co-ordination mechanisms are still evolving, local authorities may pursue parallel efforts to attract the similar investment projects, sometimes without full visibility of broader national priorities. These dynamics are particularly pronounced in federal systems, where the incidence of inter-regional competition is nearly four times higher than in non-federal states (OECD, 2022[2]) (Figure 6.1, Panel B). In the UAE, the high degree of autonomy enjoyed by DEDs and free zones underscores the importance of effective co-ordination, especially given the variation in financial and institutional capacities across Emirates, which may influence levels of participation in national investment efforts.

Figure 6.1. Extent of competition between regions



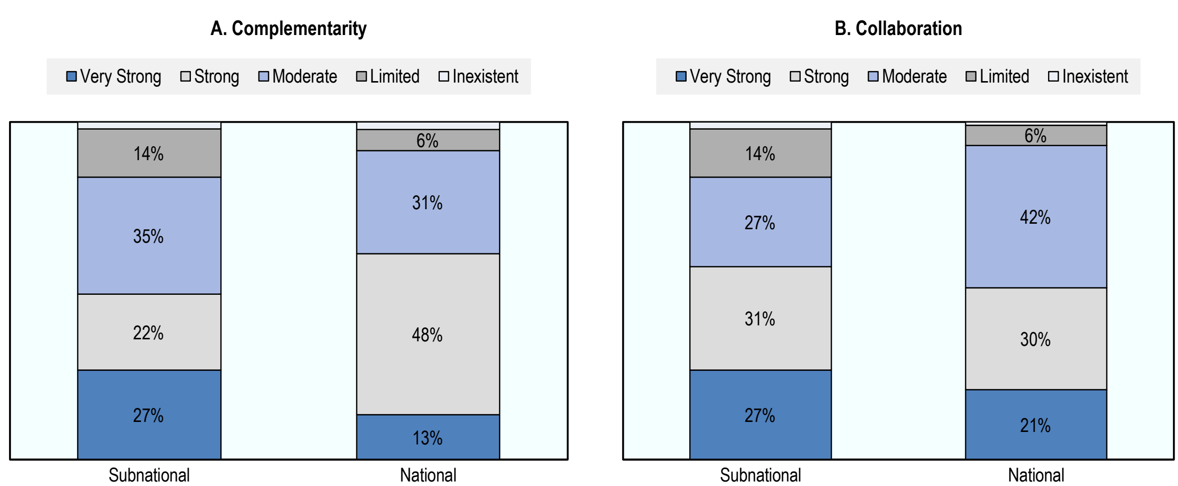
Note: These results are based on a survey of 49 subnational organisations in 27 OECD Member countries.
Source: OECD survey on subnational investment promotion and facilitation, 2023.

Inter-emirate co-ordination is also important to address differences in investment attractiveness and service delivery across jurisdictions. Evidence from OECD countries shows that both formal and informal co-ordination mechanisms between regions can help reduce regional FDI disparities by encouraging more balanced investment flows and reinforcing cohesive national strategies. Strengthening relationships among subnational agencies is therefore not only critical to manage competitive dynamics, but also to ensure that all regions are able to benefit from national investment promotion efforts. Yet, ensuring co-operation between regions is not without challenges, chief among them being limited communication channels and information-sharing practices, which reflect capacity constraints rather than an absence of willingness. Nevertheless, the involvement of multiple decision making levels, can add complexity to co-ordination efforts, which can also become a barrier to strengthening regional relationships (OECD, 2023[3]). Addressing these barriers early on is essential for fostering inclusive and effective investment promotion across any federation.

In federal and decentralised systems, the institutional co-ordination needed to mitigate these risks is rarely automatic and it must be deliberately structured. As international experience shows, the presence of intergovernmental mechanisms such as information exchange platforms, formal co-ordination bodies and shared sectoral strategies can significantly improve alignment between national and regional investment promotion efforts (see section X). In the absence of such frameworks, policy fragmentation, duplicative efforts and investor confusion are common outcomes.

Considering the often complex institutional architecture involving national and subnational agencies in investment promotion and facilitation, maintaining productive working relationships is essential for achieving effective results. These relationships can take the form of collaboration, where national and subnational agencies co-ordinate activities or co-develop tools, or complementarity, where each brings distinct value that reinforces the other's role (Figure 6.2). Recognising and formalising both modes of engagement will be key to enhancing UAE-wide investment outcomes. While many countries rely on informal mechanisms like information sharing, fewer have adopted more structured tools such as joint sectoral prioritisation or national referral systems to manage investor leads (OECD, 2023[3]). Ensuring good co-ordination and information sharing between Emirates, as is common practice in OECD countries, would further strengthen cohesive investment governance.

Figure 6.2. Relationships between national and subnational IPAs in OECD countries



Note: "Subnational" refer to the responses provided by a sample of 49 subnational organisations in 27 OECD Member countries. "National" refer to the responses provided by the national IPAs of 36 OECD Member countries.
Source: OECD survey on investment promotion and regional development, 2022; OECD survey on subnational investment promotion and facilitation, 2023.

Unlike co-operation between subnational entities, which often suffers from capacity-related constraints, collaboration between national and subnational investment agencies is more frequently hindered by institutional ambiguity and political dynamics. Approximately half of subnational organisations surveyed across OECD countries perceive their complementarity with national agencies as moderate, low, or even non-existent, suggesting a frequent overlap of mandates and activities. This is reinforced by survey findings indicating that unclear institutional roles are the most commonly cited challenge to improving national – subnational collaboration. Political reluctance to engage further compounds this issue, pointing to the need for stronger high-level commitment to joint strategic planning (OECD, 2023[3])..As the federal investment framework continues to evolve, areas such as the delineation of mandates, the interface between federal and Emirate-level responsibilities, and the formalisation of co-ordination mechanisms represent opportunities to further strengthen coherence across the investment ecosystem. Clarifying the

Ministry of Investment's co-ordinating and strategic role, in particular, can help enhance alignment across jurisdictions. As the country continues to position itself as a fully integrated investment destination, capable of offering clarity, predictability and efficiency to global investors, it must develop new tools to ensure coherence across jurisdictions while preserving the dynamism of Emirate-level initiatives.

6.3. FDI governance has been gradually shifting to the Ministry of Investment since 2023

6.3.1. A federal mandate for integrated investment planning

The creation of the MoI in 2023 marked a significant development in advancing the UAE's vision for a modern institutional landscape for investment governance. Created by Federal Decree Law No. 37 of 2023, the MoI was founded with the primary objective of centralising the federal mandate for investment strategy, policy co-ordination and high-level decision making in a landscape previously defined by complex multi-level governance and overlapping institutional roles. Prior to 2023, the federal portfolio on investment fell within the scope of the Investment Attraction and Talent Management Department, integrated into the Ministry of Economy and Tourism (MoET). The Department's tasks included working with local authorities to simplify and unify FDI registration and licensing procedures, receiving and studying requests from foreign investors, settling disputes through conciliation between investors and the local authorities, granting incentives in accordance with the laws, disseminating information about the investment environment and publishing investment data (WTO, 2022[4]).

Despite the shift of these mandates, the Ministry of Foreign Trade (MoFT) continues to play a critical role in managing investments related to SMEs, entrepreneurs and talent acquisition and is working closely with MoI to transition the investment portfolio and improve the regulatory environment for smaller-scale investments. The creation of MoI is best understood as a response to the need for more strategic and coherent institutional governance for investment at the national level, capable of balancing the autonomy of local authorities with the ambitions of a unified, internationally competitive federal system.

MoI's legal mandate reflects a focus on high-level co-ordination rather than service delivery. According to its founding legislation, it is mandated to act as a high-level policymaking and co-ordinating entity at the federal level. Its legal mandate includes developing and amending federal investment-related strategies and legislation, co-ordinating investment policies across government entities and identifying structural and legal obstacles to investment stability. This role situates the MoI not as an executor of operational tasks, but as a steward of strategic coherence, ensuring that the UAE's investment environment is governed by a consistent framework that reflects both national priorities and international standards.

The MoI is also responsible for the development of a national investment database and digital infrastructure for investment-related information. This includes mapping sectoral opportunities, consolidating regulatory content and building decision-support tools to inform policy. By leading the centralisation of investment intelligence, the MoI is expected to play a foundational role in evidence-based policymaking. Its emphasis on high-level data integration in investment promotion reflects best practices among OECD countries, which recognise that strategic guidance must be underpinned by robust, timely and harmonised information (OECD, 2018[5]).

In addition to its policymaking function, the MoI holds a convening role across federal and local stakeholders. While it does not exert hierarchical control over other ministries or Emirate-level agencies, it is mandated to co-ordinate with relevant federal entities such as the Ministry of Finance and MoET as well as with subnational authorities, on all matters related to investment planning and reform. This horizontal and vertical convening power is central to its institutional purpose: to create shared frameworks for strategic prioritisation, regulatory consistency and future-oriented reforms.

The MoI is expected to contribute to the design of investment-related reforms that transcend sectoral boundaries. These may include recommendations for simplifying legal procedures, clarifying inter-agency roles or modernising the regulatory framework for investor protection, dispute resolution and incentive governance. Some national institutions that play similar roles in OECD Member countries, such as SelectUSA, have opted to position themselves as an information and connection platform, supporting co-ordination, regulatory clarity and subnational empowerment without undermining local autonomy (Box 6.1). Through such contributions, the MoI plays a forward-looking role in systematising institutional governance for investment across the UAE, without encroaching on the specific mandates or legal prerogatives of other institutions.

Box 6.1. The role of SelectUSA as an information and connection platform

In a federal system where economic development responsibilities primarily lie with states and localities, SelectUSA demonstrates how a national-level institution can add significant value without infringing on subnational autonomy. Hosted by the U.S. Department of Commerce, SelectUSA is the only federal entity dedicated to facilitating high-impact business investment in the United States. Since its launch in 2011, SelectUSA has facilitated over USD 141 billion in confirmed investments, supporting more than 162 000 jobs.

SelectUSA's operational model emphasises facilitation over duplication. Rather than competing with state or local economic development organisations (EDOs), it amplifies their efforts by acting as a central connector between foreign investors and U.S. locations. Investors are guided toward appropriate contacts through neutral tools such as the official State Contact List, the FDI Database and the State Incentives Database, ensuring they receive accurate and actionable information for location decisions. SelectUSA maintains a strict stance of objectivity, allowing investors to evaluate locations based on their own criteria rather than promotional bias.

A core function of SelectUSA is to navigate the complexities of the federal regulatory environment for both investors and EDOs. It provides assistance and detailed information on a wide range of federal-level issues, from visas and permitting processes to regulatory compliance, helping reduce administrative uncertainty for potential investors. This regulatory navigation complements its broader role of facilitating market entry without intruding on the jurisdictional responsibilities of individual states and cities.

Among its flagship digital tools, the *State Business Incentives Database*, maintained in partnership with the Council for Community and Economic Research (C2ER), offers comprehensive information on nearly 2 000 active incentive programmes across all 50 states and territories. These include tax credits, grants, loan guarantees, and technical support initiatives. The database allows users to filter by programme type and geography, and provides high-level summaries of eligibility and benefit structures, enhancing transparency and comparability of subnational offerings.

Similarly, the *Target Industries Dashboard* provides an interactive interface to explore which industries are prioritised by which states, helping investors align sectoral interests with local strategies. This tool maps out state-level investment priorities and links directly to relevant fact sheets and incentive pages. By surfacing this information centrally, SelectUSA has been able to facilitate a clearer understanding of subnational competitive advantages while ensuring that federal platforms empower rather than overshadow regional actors. Importantly, SelectUSA leverages the U.S. Foreign Commercial Service network, spanning 76 countries, 106 domestic locations and 58 partner posts, to extend the global reach of U.S. investment opportunities. It also supports U.S. jurisdictions in internationally mobile investment projects by offering federal-level advocacy, providing strategic support without favouring any specific locality, thus maintaining neutrality while enhancing national competitiveness. The flagship event of SelectUSA's promotion efforts is the SelectUSA Investment Summit, which annually convenes thousands of investors, economic developers and policymakers. The Summit has directly contributed to more than USD 80 billion in new investment projects since its inception.

Source: OECD based on interview with SelectUSA; (2025[6]), The SelectUSA Investor Guide, https://www.trade.gov/sites/default/files/2025-03/2025%20SelectUSA%20Investor%20Guide.pdf; International Trade Administration, U.S. Department of Commerce (2025[7]) Target Industries Dashboard, https://www.trade.gov/selectusa-target-industries-dashboard; C2ER, (2025[8]), State Business Incentives Database, https://www.stateincentives.org/.

As a new institution, the MoI faces a critical need to clarify its evolving identity. Currently, it does not yet fully match the conventional profile of either a policymaking ministry or a fully-fledged IPA. It occupies a hybrid institutional space, combining elements of policy leadership, strategic co-ordination and promotional oversight, without yet providing the full range of services typical of national IPAs (such as investor facilitation, aftercare, or site support). While this hybrid role is uncommon, it is not without precedent. For example, Indonesia's Ministry of Investment was established by elevating the former IPA (BKPM) to ministry status, creating a structure that integrates regulatory advocacy with direct investor support and enhances its authority and visibility. Similarly, the MoI has the opportunity to define its institutional model from the ground up, whether as a high-level policy leader, a national investment support centre or a comprehensive federal IPA. Clearly articulating this orientation will be essential for building stakeholder trust and aligning functions across the UAE's multilevel governance landscape.

Its success will depend not only on its internal capacity but also on the extent to which it can foster structured collaboration across a diverse and decentralised set of institutional actors. The UAE's long-term attractiveness as an investment destination increasingly hinges on such co-ordination, making the MoI's role both strategic and systemic in nature. Strengthening collaboration between the MoI and Emirate-level authorities, through shared platforms, regular consultation forums, or national branding agreements, could support the development of a more unified and efficient investment promotion system without undermining local autonomy. In the absence of a formalised mechanism for vertical co-ordination, information-sharing between the MoI and DEDs remains ad hoc. Currently, limited formal standard-setting for DEDs or free zones to align their promotional strategies, data collection practices or service delivery standards with federal initiatives. This dynamic poses a significant challenge to the MoI's goal of developing a unified investment strategy, brand and digital platform. Strengthening intergovernmental co-ordination through formal consultation mechanisms, data-sharing agreements and joint working groups will be crucial to bridging the divide between strategic centralisation and operational decentralisation (Box 6.2).

Box 6.2. Australia's institutional model for federal-subnational investment policy co-operation

As Australia's national investment promotion agency, Austrade operates within a complex federal system where responsibility for investment attraction is shared with state, territory and local governments. While Austrade does not lead local entrepreneurship or startup development, roles reserved for subnational agencies, it plays a critical role in facilitating FDI by co-ordinating efforts across all levels of government.

Austrade's co-ordination model is grounded in its investment cycle, a systematic process undertaken in partnership with Commonwealth, state and territory counterparts. This cycle spans from strategic planning and offshore promotion to facilitation and aftercare. Austrade develops its sectoral and market priorities in consultation with subnational stakeholders and once investor interest is secured, it works collaboratively with the relevant jurisdiction to ensure smooth entry and potential reinvestment. These joint efforts help present Australia as a coherent investment destination while still leveraging the comparative advantages of its diverse regions.

To strengthen this co-ordination, Austrade chairs and administers the Senior Officials Trade and Investment Group (SOTIG), a high-level forum that brings together senior representatives from all states and territories. Established in 2012, SOTIG meets biannually and serves as a platform to align on investment priorities, share market intelligence, co-ordinate international engagement and pursue joint branding initiatives. Notably, it has endorsed a set of Commonwealth and multi-state investment priorities, launched collaborative branding efforts and enabled state specialists to be embedded within Austrade's global posts, strengthening subnational visibility in key foreign markets.

Importantly, formal mechanisms outside the executive branch also contribute to co-ordination. The Joint Standing Committee on Trade and Investment Growth plays a pivotal role in strengthening co-operation between the federal government, Austrade and the states and territories. Through public inquiries, such as its 2023 review, the Committee systematically collects the views, challenges and needs of subnational governments and IPAs and feeds these insights back into national policy discussions. This parliamentary process ensures that regional perspectives are not only heard but formally integrated into the ongoing refinement of Australia's investment promotion strategies, creating an additional accountability and feedback loop beyond executive co-ordination mechanisms. By providing international reach, neutral facilitation and institutional architecture for collaboration, Austrade acts as a strategic convener and service integrator, ensuring that subnational voices are incorporated into a unified national narrative, without diluting their agency or regional branding.

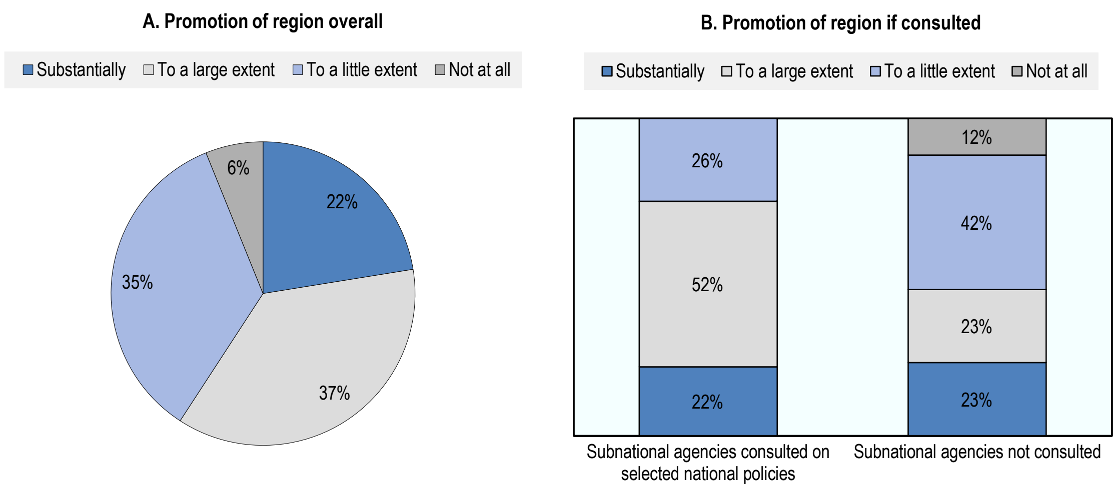
Source: Parliament of the Commonwealth of Australia, (2019[9]), Committee inquiry into Austrade's role in attracting investment in Australia, https://parlinfo.aph.gov.au/parlInfo/download/committees/reportjnt/024250/toc_pdf/Austrade'sroleinattractinginvestmentinAustralia.pdf;fileType=application%2Fpdf

6.3.2. Designing a national investment strategy in the UAE

A key aspect of the MoI's strategic role lies in its responsibility to establish a unified federal investment policy It is tasked with aligning legal, institutional and procedural standards that affect investment across the UAE's complex governance architecture, including the seven Emirates and the more than 47 free zones. In this respect, the MoI functions as an anchor institution for whole-of-government co-ordination on investment governance, filling a long-standing institutional gap of balancing the legal and operational autonomy of subnational authorities with the federal government's interest in presenting a clear and coherent investment offer to the international community. To this end, the MoI is currently tasked with developing the country's first unified national investment strategy. This effort comes at a pivotal moment in the UAE's institutional evolution, where federal responsibilities for investment policy have only recently been consolidated in a standalone ministry, while investment promotion and facilitation continue to be driven by autonomous Emirate-level institutions. In this context, designing an effective federal investment strategy will require more than setting top-down priorities, but rather an institutional approach rooted in structured co-ordination, clearly defined objectives and adaptive policy tools that incorporate bottom-up input reflecting local specificities.

In federal and decentralised systems across the OECD, successful national investment strategies are typically developed through structured consultations with subnational governments and key private sector stakeholders. This ensures not only buy-in from those responsible for implementation but also coherence between national and local-level objectives. Evidence from OECD surveys conclude that where subnational agencies are involved in national strategy design, regional alignment improves and agencies feel better represented (OECD, 2023[3]) (Figure 6.3.). Among agencies that were consulted, a clear majority report that their region is promoted substantially or to a large extent in the national strategy. By contrast, where subnational authorities are not consulted, perceptions of strong regional representation decline and more agencies report that their region is only marginally promoted. This suggests that consultation mechanisms not only allow national governments to draw on local expertise and sectoral knowledge, but also strengthen the inclusiveness and legitimacy of national investment strategies by ensuring regional comparative advantages are reflected in the overall investment narrative.

Figure 6.3.Promotion of the region in the national strategy



Note: These results are based on a survey of 49 subnational organisations in 27 OECD Member countries.
Source: OECD survey on subnational investment promotion and facilitation, 2023.

National investment promotion agencies such as Business France and Austrade engage subnational authorities, business councils, chambers of commerce and foreign investor associations in continuous strategy design phases. In this sense, the MoI may consider institutionalising multilateral consultation mechanisms with the DEDs, free zones, sectoral regulators and the MoET. Creating a standing federal – local working group or national investment strategy council would ensure that each Emirate's sectoral strengths and investor targeting strategies are reflected in the national framework.

Investment strategies in OECD countries are typically rooted in clear objectives, identifying priority sectors and markets, defining governance structures (ie. inter-agency task forces) and including measurable outcomes such as jobs created, investment volumes, investor satisfaction or SME participation (OECD, 2019[10]). The MoI should include a clearly defined governance model in its national strategy, outlining how co-ordination will occur across entities, how progress will be tracked, and which bodies are responsible for oversight. The strategy should define national key performance indicators (KPIs), such as increased FDI inflows into non-oil sectors, R&D-intensive investment or reduced investor entry timelines. Where appropriate, KPIs could be cascaded into subnational targets to support local ownership.

OECD IPAs also routinely revisit their sectoral and geographic priorities based on market intelligence, investor behaviour and geopolitical shifts (Sztajerowska and Volpe Martincus, 2021[11]). Countries such as Switzerland and Australia combine digital investment platforms with real-time dashboards that help monitor sector performance, adjust outreach efforts and refine policy responses. The UAE has taken important first steps toward building a national investment intelligence platform, but the system remains fragmented across DEDs, free zones and federal agencies. The national strategy offers a key opportunity to consolidate these efforts. A robust digital architecture should accompany the strategy's rollout, linking sectoral opportunity maps, project pipelines, regulatory data and performance dashboards to support evidence-based policymaking and investor targeting.

Different types of strategies may be considered depending on the UAE's objectives, target audiences and timeframe. These can range from high-level political declarations to detailed implementation blueprints. Some countries opt for broad strategies addressing all types of investment, foreign and domestic, public and private, while others focus specifically on FDI or on investment promotion activities (Box 6.3). In some contexts, countries forego a national strategy entirely in favour of sectoral or subnational plans. Given this diversity, the UAE's approach may be adapted to reflect the maturity of its institutions, the priorities of its stakeholders, and the specific role that the MoI seeks to play in guiding investment policy.

Box 6.3. Approaches to drafting investment strategies

Countries can adopt different types of strategies to guide their government's actions on investment. An investment promotion strategy and a comprehensive national investment strategy typically share common features that guide a country's efforts in attracting and facilitating FDI. These features include the presentation of national development objectives and key economic sectors, which help align investment activities with broader economic goals. They also outline key FDI trends to provide insight into the current investment landscape. These strategies establish investment policy principles and values, as well as clear objectives for investment promotion and policy measures needed to achieve these goals. They highlight the country's unique value propositions to attract investors, identify target sectors and markets and outline the specific activities required to engage these areas. They also often include an analysis of the country's performance in international rankings, which helps to benchmark progress and identify areas for improvement.

Table 6.1. Typology of investment strategies

Type	Objectives	Recipients	Specific features
Investment promotion strategy			
Technical and operational action plan	Defining the IPA's the territorial marketing strategy, including: targets, tools, timeframes and performance indicators to attract inward investment Defining the role of the IPA and other institutions involved in FDI promotion	Investment promotion practitioners (IPA's staff) Policymakers (competent ministries) Other implementing agencies	Identifying targets for FDI attraction (sectors, markets, etc.) Defining marketing and targeting tools Defining measures to simplify investors' establishment and expansion Establishing timeframes for activities Establishing monitoring mechanisms and performance indicators
Comprehensive national investment strategy			
Technical, comprehensive and descriptive roadmap	Defining the government's vision to foster investment in the country and translating it into an action plan Defining how investment can support economic growth and sustainable development Defining what should be the related reforms and concrete measures Defining the role of national investment-related institutions	Policymakers (competent ministries) IPA and other implementing agencies	Defining the country's objectives and orientations on investment Defining measures to ease the entry, establishment and operation of investors Presenting a detailed action plan, including on investment policy reforms Assigning implementation responsibilities Establishing timeframes for activities Establishing monitoring mechanisms and performance indicators

In federal systems, national investment strategies must be designed in close co-ordination with subnational governments to ensure alignment across governance levels. Subnational IPAs often hold the operational mandate for investment attraction and facilitation, while the national government may lead on strategic direction and international positioning. In these contexts, national strategies typically serve as a unifying framework that guides shared priorities, fosters coherence in messaging, and avoids duplication of effort. For example, countries like the Netherlands, Australia, Germany and Switzerland engage subnational stakeholders throughout the strategy design process, establishing joint working groups and shared targets to promote ownership and policy alignment. This collaborative approach helps ensure that national investment strategies reflect the diverse economic profiles and sectoral strengths of different regions, while presenting a coherent investment narrative to global investors.

Source: OECD (2020[12]), Investment Promotion Agencies in the time of COVID-19, https://www.oecd.org/en/publications/investment-promotion-agencies-in-the-time-of-covid-19_50f79678-en.html; OECD (2020[13]), OECD Investment Policy Reviews: Egypt 2020, https://doi.org/10.1787/9f9c589a-en

6.4. Local and federal investment promotion initiatives could be further harmonised

While the UAE's distributed investment promotion system offers flexibility and allows each Emirate to capitalise on its unique comparative advantages, the absence of a unified federal framework results in a fragmented promotional landscape. Without a centralised co-ordination mechanism or overarching national promotion brand, efforts by local IPAs, including DEDs and free zones such as the DIFC and ADGM, often proceed in parallel, shaped by their respective strategic plans and visual identities. The result is a dynamic but disjointed promotional ecosystem that can undermine the country's ability to convey a coherent investment narrative to international audiences.

6.4.1. Aligning messages, materials and mechanisms

The lack of alignment across promotional messaging and investor-facing materials is increasingly visible. While DET, ADDED, ADIO and others actively lead global campaigns and roadshows, often under the "Invest in Dubai," "Invest in Abu Dhabi" or "Invest in Sharjah" banners, these initiatives rarely connect to a common UAE-wide narrative or branding platform. Free zones similarly run bespoke campaigns tailored to their sectoral niches, sometimes competing for attention in overlapping markets. In parallel, the MoI operates the "Invest UAE" platform, while Ministry of Foreign Affairs runs a separate federal initiative, branded as "Invest in Emirates." These two federal-level platforms are not formally integrated and may add navigation complexity for investors. Firmly delineating national-level responsibilities for branding and promotion, particularly between the MoI and MoFT, will be essential to clarifying federal leadership, avoiding duplication and ensuring that promotional campaigns at both federal and Emirate levels are aligned under a coherent national investment narrative.

To address this, the MoI could initiate a unification of promotional brands by consolidating redundant platforms and introducing a single national gateway with cohesive branding. This would not entail eliminating local identities but rather providing an umbrella structure that links them logically, allowing investors to explore the full UAE offer without navigating uncoordinated portals or promotional materials. For example, a harmonised "Invest UAE" platform could incorporate hyperlinks to subnational websites and include comparative tools, sectoral dashboards and regulatory summaries. This would enhance the user experience, reduce search costs and align with good practices observed in OECD countries, where national portals serve as single windows aggregating subnational data and services.

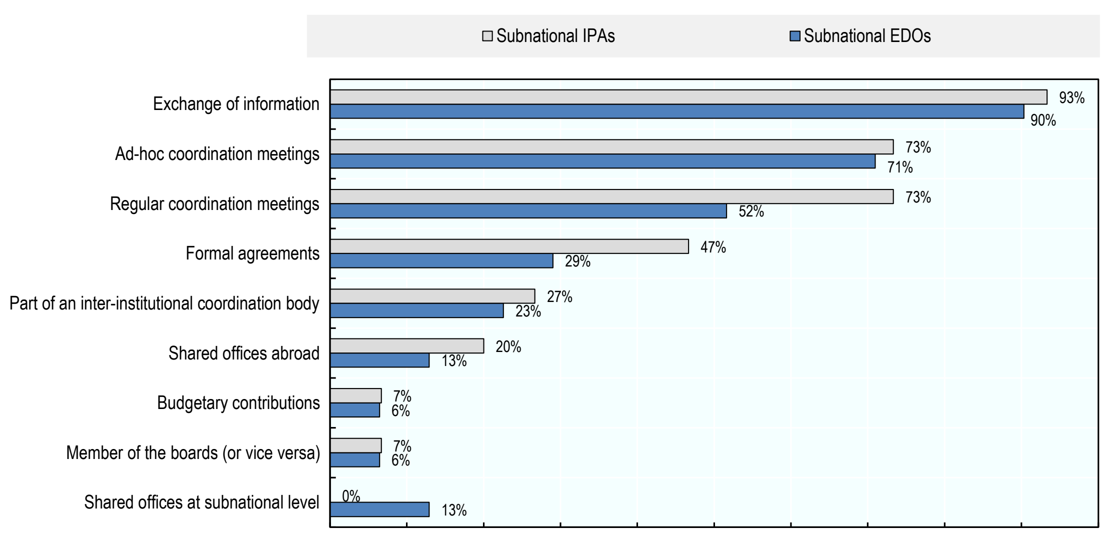
Importantly, many smaller Emirates, including Umm Al Quwain, Fujairah and Ajman, currently lack dedicated online portals or websites for their DEDs, putting them at a different level of digital outreach capacity, which can affect their visibility in reaching global investors. Unlike Dubai, Abu Dhabi, Sharjah and Ras Al Khaimah, which have well-established digital outreach, these smaller Emirates remain underrepresented in digital investment promotion. The MoI is well-placed to support these jurisdictions in developing basic web infrastructure, investor portals and promotional content that can be integrated into the national branding strategy, strengthening the UAE's collective competitiveness and ensuring that investment opportunities across all Emirates are visible and accessible to global investors.

Furthermore, a consolidated investment guide, developed by the MoI, could serve as a definitive reference document for investors navigating the UAE's complex investment landscape. This guide should present the UAE's system of governance, sectoral priorities, local laws and incentive structures in a unified manner, integrating existing subnational materials where relevant. Such a tool would provide clarity and transparency, reinforce investor confidence and easing decision making. To be effective, this guide should be frequently updated in collaboration with subnational entities to ensure accuracy and reflect changes in regulations, incentive schemes and strategic priorities.

6.4.2. Fostering complementary strategies through regional institutional integration

Beyond tools and branding, stronger institutional mechanisms are required to avoid redundancy and foster complementarity across promotion efforts. Currently, no national platform exists for co-ordinating promotional priorities, campaign timing or target markets between the MoI and Emirate-level IPAs. As a result, local actors risk duplicating efforts or even competing against each other to win the same investments without strategic alignment. OECD experience shows that countries with federal structures benefit from institutionalised co-ordination platforms, such as intergovernmental working groups, shared promotional calendars and co-branded participation in international events (OECD, 2023[3]) (Figure 6.4). For example, France's Team France Invest provides a co-ordinated framework that aligns national and subnational authorities through shared tools and messaging to improve the clarity of France's investment offer and reduce fragmentation across regions (Box 6.4).

Figure 6.4. Co-ordination mechanisms between national and subnational IPAs in OECD countries



Note: EDO denotes economic development organisation.
Source: OECD survey on investment promotion and regional development, 2022.

In the UAE, the MoI could institutionalise such co-ordination through the creation of a Promotion Working Group, comprising representatives from each Emirate's IPA and key free zones. This group could agree on shared promotional themes, joint event participation and campaign sequencing. Joint delegations to international summits, featuring common UAE branding alongside distinct emirate offerings, would signal strategic unity and enhance visibility. The SelectUSA Investment Summit model from the United States offers a compelling parallel, bringing together federal actors and regional development organisations under one platform to showcase investment opportunities across jurisdictions. This type of federal convening power can ensure regional voices are heard while maintaining national consistency in outreach (Box 6.4).

The MoI is also well-placed to act as a central repository for promotional intelligence. It could aggregate investor feedback, campaign results and sectoral inquiries gathered from across the UAE and produce quarterly or annual insights to inform both federal and Emirate-level strategies. This feedback loop would enhance responsiveness, enable more agile campaigns and better align outreach with investor expectations. It would also ensure that emerging opportunities, such as interest from specific geographies or technologies, can be shared across jurisdictions, maximising lead conversion and reducing duplication. In Portugal, the National Economic Internationalisation Programme plays a similar role by supporting local authorities in investment promotion while centrally co-ordinating messaging and promotion strategies. Likewise, Greece's Synergassia Programme ensures that foreign embassies and regional authorities are aligned in promoting specific regions through detailed investment profiles and co-ordinated campaigns, offering a model for how federal actors can drive regional inclusivity.

Box 6.4. Examples of collaboration networks between national and subnational bodies

France – Team France Invest

The Team France Invest system aims to mobilise all the economic development actors to rely on common tools to strengthen the attractiveness of investments in France. It brings together the French authorities in charge of France's attractiveness at regional, national and international level, and aims to support new investors and to anticipate the needs of already established firms and of territories. It is above all a question of supporting the co-ordinated action of public actors at different levels of government to ensure better clarity of the available offer vis-à-vis foreign targets.

Greece – Synergassia Programme

The Synergassia Programme aims to foster co-operation between the national IPA, Enterprise Greece, and the Commercial and Economic Counsellors of Foreign Embassies in Greece to promote the country's different regions. The programme encompasses a "Regional Compass" that provides foreign investors with information on demographics, available talent pools and economic activity per region. During a Synergassia mission, Enterprise Greece hosts workshops to present the macroeconomic and investment profile of the region along with its comparative advantages. Its objective is to tackle common issues investors face when choosing a location, such as tax, labour and availability of infrastructure.

Netherlands – Invest in Holland Network

The Invest in Holland Network is a collaborative group formed by the Netherlands Foreign Investment Agency, the regional EDOs, the local governments of certain large cities and the Holland International Distribution Council. The objective of the network is to provide free and confidential support to investors looking to start or expand their operations in the Netherlands. They assist in areas such as talent recruitment and the development of public-private partnerships. Portugal – National Economic Internationalisation Programme In 2021, Portugal launched the National Economic Internationalisation Programme, which aims to strengthen the promotion of territories and the skills of territorial agents in their investment promotion and follow-up processes. The programme promotes inter-institutional action to increase FDI flows and achieve a balanced distribution of investment across the country. AICEP Portugal Global closely collaborates with local authorities, promoting different locations across regions to foreign investors.

Sweden – Team Sweden

Team Sweden is a network of public organisations, local agencies and companies that promote investment in Sweden. Business Sweden co-operates with the network to identify business opportunities, provide support to potential investors and achieve regional complementarity.

United States – SelectUSA Investment Summit

The SelectUSA Investment Summit is an event dedicated to promoting FDI in the United States. It serves as a platform for investors to engage with regional EDOs, industry experts and business startups. During the event, multiple sessions are organised, with topics ranging from regional incentives and workforce development to innovation and technological progress. The attendees can meet and form partnerships with businesses and agencies across the United States.

Source: OECD (2022[2]); L'internationalisation et l'attractivité des régions françaises, https://doi.org/10.1787/6f04564a-fr; IPAs' websites; and OECD survey on investment promotion and regional development, 2022.

The MoI's overseas networks through the UAE's embassies and strategic partnerships could be leveraged more systematically to serve subnational priorities. By consulting Emirates in the design of MoI-led roadshows or bilateral promotional missions, the ministry can ensure that local sectoral goals are reflected in federal initiatives. In return, Emirates can benefit from the MoI's higher-level access and international networks to amplify their visibility and attract strategic investment. Such a partnership model would preserve the autonomy and specificity of local campaigns while ensuring that national-level efforts act as a multiplier rather than a parallel track. The Netherlands' Invest in Holland Network exemplifies this model, where the national IPA collaborates closely with regional economic development organisations and city governments to provide seamless support to investors, while maintaining a unified national offer. Similarly, Team Sweden brings together public and private actors to identify investment opportunities and channel them to the appropriate regional counterparts, ensuring complementarity rather than competition.

6.4.3. Balancing neutrality with regional inclusivity

In a federal system, the national IPA must strike a careful balance: it should act as a neutral promoter of the country as a whole, without favouring specific jurisdictions or overriding local strategies. At the same time, it must ensure that less-prominent Emirates are not marginalised in global campaigns. The MoI's role in providing objective, investor-centric services, such as location analysis tools and impartial facilitation, can help ensure equitable visibility and support across the federation, as is done through Switzerland's Business Navigator (Box 6.5). It can also use its data platforms to spotlight emerging opportunities in underrepresented regions, ensuring a more inclusive and balanced promotional approach.

Box 6.5. Offering an objective and informative location analysis through Switzerland's Business Navigator platform

Switzerland Global Enterprise (S-GE) has pioneered an investor service model centred around transparent, data-driven location analysis through its flagship platform, the Business Navigator. The Business Navigator is designed to help investors systematically assess potential locations across Switzerland, from cantons to individual cities, using harmonised, comparable and sector-specific indicators. Rather than steering investors toward particular regions, the platform empowers them to make objective decisions aligned with their operational and strategic priorities. Key location analysis services integrated into the Business Navigator include:

- Industry ecosystem mapping: investors can identify concentrations of target industries (ie. robotics, AI, fintech) across different regions.

- Talent availability assessment: detailed labour market data allow investors to compare workforce skills, languages spoken (i.e. availability of foreign language-speaking talent) and educational profiles region by region.
- Infrastructure benchmarking: access to data on high-speed internet (i.e. fibre optic coverage), transport connectivity and logistics hubs ensures operational feasibility assessments.
- Innovation ecosystem insights: the navigator supports R&D-intensive investment decisions by highlighting proximity to universities, research centres and startup clusters.
- Real estate and cost analysis: commercial real estate prices, consumer income data and demographic profiles provide essential inputs for cost-benefit evaluations of potential locations.
- Fiscal and regulatory environment comparison: corporate tax rates and administrative conditions are displayed clearly, helping investors assess financial and compliance considerations across jurisdictions.

The Navigator enables scenario-based comparisons, allowing users to shortlist locations based on specific needs, such as workforce specialisation, proximity to R&D hubs, or infrastructure readiness and receive real-time, side-by-side benchmarking of cantons and cities. Switzerland's Business Navigator is not merely a static data repository, but forms part of a broader service offer. S-GE's investment advisors use insights from the Navigator to provide tailored, confidential advisory support to investors, ensuring that digital tools and staff expertise work in synergy.

Source: OECD based on S-GE presentation

By co-ordinating messaging, consolidating platforms and building institutional links between levels of government, the MoI has the tools to evolve the UAE's current patchwork of promotional efforts into a fully integrated investment promotion ecosystem.

6.5. Investment facilitation is managed through diverse local systems

6.5.1. Building a more connected investor journey across authorities

While investment promotion activities aim to attract new investment through targeted outreach and strategic positioning, the effectiveness of these efforts ultimately depends on the broader investment environment investors encounter upon entry. Efficient, transparent and predictable investment facilitation measures are therefore critical to converting investor interest into tangible commitments. Investment facilitation in the UAE encompasses the processes and services designed to ease the establishment, operation and expansion of investments. These services, which include services like business registration, licensing, permits, visa issuance, land access and aftercare, are primarily delivered at the Emirate and free zone levels, reflecting the UAE's decentralised governance structure.

At the federal level, the MoI could play a strategic role by identifying systemic obstacles to investment and proposing legislative and policy reforms to enhance the investment environment. However, it does not currently administer direct facilitation services or act as a licensing authority. Efforts led by the MoI to establish a unified investment data platform and improve regulatory transparency are ongoing, aiming to support greater national consistency over time. As part of these efforts, providing a centralised information platform would not only enhance transparency but also directly support investment facilitation by offering a comprehensive mapping or repository of administrative requirements across each Emirate. Such a platform could help investors anticipate jurisdiction-specific procedures, such as licensing steps, documentation, timelines, and fees, thereby reducing uncertainty and transaction costs. This multilevel structure provides flexibility and specialisation but can also lead to procedural fragmentation. Investors operating across multiple Emirates or moving between free zones and the mainland may need to navigate different licensing procedures, documentation requirements, timelines and fee structures. According to investors consulted by the OECD, cross-jurisdictional operations sometimes require re-registration or compliance with divergent regulatory frameworks, increasing administrative costs and creating uncertainty.

To maintain a strong investment climate, simplification, transparency and predictability of administrative requirements and procedures is key. Findings from the 2024 Business Sweden Climate Survey reinforce these concerns, with surveyed investors identifying licensing and permits as one of the least satisfactory aspects of the domestic business environment (Business Sweden, 2024[1]). Many OECD countries have established single-window systems that centralise business registration, licensing and regulatory guidance across jurisdictions. For instance, Australia's "Business.gov.au" portal and Canada's national investment portal provide investors with seamless access to administrative procedures regardless of state or province, supported by integrated data systems and standardised regulatory information (OECD, 2023[3]). Transparency of procedures has improved in the UAE, with many authorities publishing licensing requirements, processing times and regulatory guidelines online (Dubai Chambers, 2025[14]). Nevertheless, challenges have been reported in the areas of transparency and regulatory predictability, particularly, (Business Sweden, 2024[1]) and investors note that further strengthening clarity around decision making processes would enhance confidence. The absence of a centralised federal portal offering comprehensive, multilingual information on investment processes across all Emirates and free zones remains a gap.

Aftercare services (i.e. support mechanisms provided to investors post-establishment), are available in several Emirates and free zones. ADIO in Abu Dhabi and RAKEZ in Ras Al Khaimah, for example, offer aftercare programmes that assist with regulatory compliance, expansion support and issue resolution. However, there is no federal-level aftercare system co-ordinating investor retention efforts nationally, unlike the integrated approaches observed in many OECD economies, including federal states, where feedback mechanisms and grievance handling are centralised to inform continuous service improvement (Sztajerowska and Volpe Martincus, 2021[11]).

6.5.2. Digital investment portals and facilitation services in the Emirates

Several Emirates have launched digitised portals to improve facilitation services and streamline the user experience. Dubai's *Invest in Dubai* platform consolidates business setup procedures, allowing investors to register, license and begin operations through a centralised interface. It integrates with multiple service providers and government entities, offering a single-window approach for mainland business activities. Abu Dhabi's *Investor's Journey*, managed by the ADIO, provides an end-to-end digital interface tailored to foreign investors. It offers support from registration through to post-establishment services, including access to incentives and sector-specific guidance. This portal is underpinned by a cluster-based model that aligns with Abu Dhabi's broader economic diversification strategy.

Free zones, including the DIFC, ADGM and RAKEZ, operate independently managed one-stop shops (OSSs) with sector-specific facilitation teams and digital support platforms. RAKEZ, for example, functions as a comprehensive OSS, providing centralised services for business registration, licensing, visa processing, land leasing and aftercare support such as tax registration and regulatory compliance. Similarly, the DIFC operates a fully digital OSS tailored to the financial sector, offering company registration, licensing, visa services and access to DIFC Courts, all within a common law-based regulatory framework. ADGM also offers a robust OSS through its Registration Authority, supporting company incorporation, immigration, regulatory approvals and dispute resolution via ADGM Courts. Both the DIFC and ADGM integrate government and judicial services with sector-specific support, making them especially attractive to high-value, internationally mobile investors. While these models represent good practices in digital investment facilitation, they remain siloed by jurisdiction and are not interoperable with each other or with federal systems, underscoring the need for a unifying federal layer to enhance investor navigation and co-ordination.

Despite these innovations, each portal is developed and operated independently, often without interoperability or shared standards. Investors operating across multiple Emirates, or those unfamiliar with local institutional distinctions, must engage with different systems, repeat documentation processes and adapt to varying regulatory norms. These jurisdiction-specific interfaces can limit transparency, inhibit efficiency and increase transaction costs for investors navigating the UAE as a whole, underscoring the need for a unifying federal layer to enhance investor navigation and co-ordination. Some OECD Member countries, particularly those with a federal state, have made significant strides in addressing these barriers through national single-window systems (see examples of Australia and Canada above). These systems benefit from integrated databases and common standards, enabling seamless investor interaction with government services.

The MoI may be well-positioned to address the co-ordination challenges that characterises the current investment facilitation landscape. While the MoI does not currently deliver direct facilitation services, it has the legal mandate to propose systemic reforms, co-ordinate with subnational authorities and oversee the creation of a unified digital infrastructure. A pragmatic first step in this direction would be the creation of a national investment information portal.

This federal portal could serve as a navigational hub, offering multilingual guidance, comparative overviews of Emirate-level requirements, and links to existing investment facilitation portals. It could provide a repository of administrative procedures, licensing requirements, fee structures, and timelines across jurisdictions, helping investors identify the appropriate entry points and reducing information asymmetry. Over time, this information layer could evolve into a co-ordination tool by integrating Emirate-level dashboards or metadata, while leaving operational functions under local control. The MoI could also use the portal to promote standardisation across Emirates by convening stakeholders around shared governance frameworks for information provision. In the long run, it may also support light-touch integration features such as document templates, service metrics, or pre-screening tools. Such a platform would reduce transaction costs, enhance investor confidence, and serve as a bridge between decentralised service delivery and national-level coherence, without undermining the autonomy or innovation of local systems.

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7 Considering tax incentive use and design

This chapter explores the benefits and costs of current and planned tax incentives in the UAE, as well as policy considerations, including in light of the recent adoption of a corporate income tax, as well as the Global Minimum Tax.

7.1. Summary and recommendations

The recent introduction of a corporate income tax (CIT) and alignment with the Global Minimum Tax (GMT) represent a significant change to the UAE's investment and fiscal policy. In 2022, the UAE introduced a CIT rate of 9%, as well as a Domestic Minimum Top-up Tax (DMTT), the latter being a key component of the GMT. These are important measures that can support long-term domestic fiscal sustainability, including diversification from hydrocarbon revenue, while aligning UAE with changes to international tax rules. These reforms also represent a shift in investment promotion, of which zero CIT rates have long been a feature.

These reforms, as well as changes to the international tax and economic environment, require consideration of how the tax system can continue to support investment and competitiveness while avoiding economic distortions. The UAE remains tax competitive, with a statutory CIT rate lower than regional peers. Many firms remain eligible for generous tax holidays, and the government is considering new incentives to support specific investments, notably in innovation and research and development (R&D). Policymakers and investors should also consider the impact of the DMTT – which implements the GMT through a top-up tax on low-tax excess profits of large multinational enterprises (MNEs) operating in the UAE as of 2025 – on tax and non-tax incentives. The benefits granted through tax incentives could be affected if they bring the effective tax rate of an MNE that is in-scope of the GMT below the minimum rate, while non-tax incentives granted on a case-by-case basis could also be affected under the rules.

Beyond the GMT, as part of its new CIT system, the UAE is considering different tax and non-tax incentives to support investment, which come with benefits and risks. Tax incentives are often not the most appropriate policy tool to achieve investment policy objectives and are rarely sufficient to achieve investment priorities on their own. Well-designed tax incentives can help to overcome market failures or distortions that lead to suboptimal levels of investment, for example, in R&D or in clean technologies. But tax incentives also involve costs that may outweigh benefits.

Poorly designed incentives can result in economic distortions and inefficient use of public funds. More generous tax incentives (such as tax holidays) often do not generate enough investment to justify fiscal costs or provide tax benefits to investments that would have occurred even without the incentive. Governments with substantial fiscal space can choose to offer these incentives, but they may amount to a taxpayer subsidy to shareholders in firms that would have invested without the incentive. These funds could be more effectively used to reduce taxes for other projects, or support competitiveness through other means. In addition, incentives that benefit some firms or sectors over others can risk generating economic distortions and affecting competitive dynamics, which over time, can lead to reduced productivity and growth.

The GMT, as well as other developments in international tax agreements aimed at reducing risks of profit-shifting, can encourage use of better, more cost-effective tax incentives. The UAE can consider whether tax incentives are the most appropriate means of supporting the country's investment goals, and how they can be better designed to attract new, additional investment and reduce economic distortions. The use of tax incentives should also be considered within the wider context of tax policy and tax administration; policymakers should look to support certainty, stability, clarity and good governance in terms of the design of the system and policies and how it is administered.

Recommendations

- **Consider how the GMT interacts with different tax incentives**. In general, tax incentives reduce the taxes paid by MNEs in-scope of the GMT, which could lead to top-up taxation, reducing the monetary benefit of these incentives. However, the GMT treats certain tax incentives more favourably, notably where these incentives are directly linked to economic substance (including accelerated deprecation, Qualified Refundable Tax Credits, and Qualified Substance Based Tax Incentives). This can allow governments to continue to offer certain tax incentives to firms that have a large footprint in the UAE. Policymakers should consider the nuances of the rules, and which incentives may be more or less affected as a result.
- **Consider if new tax or non-tax incentives are affected by the GMT as “related benefits”**. The GMT includes rules on “related benefits” that prevents countries that have adopted the GMT from providing tax incentives, grants, or other benefits that would undermine the integrity of the GMT. This could include grants that refund top-up taxes in-scope MNEs pay under the GMT. Tax and investment authorities should be mindful of whether tax or non-tax incentives – including grants offered at the Emirate level, and in particular discretionary incentives granted on a case-by-case basis – could be considered “related benefits”, as this would threaten the qualified status of the UAE’s DMTT. This risk is reduced if grants are offered to a wide range of investors, based on a clear set of criteria rather than on a case-by-case basis. Improving reporting on grants available by different agencies could support co-ordination and information sharing to the Ministry of Finance.
- **Continue to strengthen tax administration and monitor CIT collection and size of the tax base, as well as other relevant data to inform evaluations**. As the government begins to collect CIT revenue on most firms, it will be important to monitor how broad the tax base is in practice, given continued tax exemptions in free zones. If in practice most corporate profits are exempt from CIT, this will limit the revenue potential of the CIT and can create competitive distortions for the local economy. Ongoing efforts to ensure tax compliance are also important to ensure revenue mobilisation and credibility and fairness of the CIT regime. Further, the government could consider collecting and sharing additional disaggregated data on performance of free zone firms and costs of incentives, to inform evaluations.
- **Ensure tax and non-tax incentives complement and are aligned with other policies**. Attracting investment that can support the UAE’s diversification agenda (including that outlined in Vision 2030, advancing the knowledge economy and the green transition) requires more than reducing the tax burden on these investments. Any future tax incentives should be considered in the context of other policies – including those outlined elsewhere in this review – that might be more effective to develop the sector or activity or should come first.

7.2. Recent reforms have significantly changed the UAE’s fiscal policy

7.2.1. Overview of recent reforms

A broad corporate income tax is relatively new in the UAE. Prior to 2023, the UAE applied CIT narrowly on the oil and gas sector and foreign banks. The government introduced a broader-based CIT of 9% on taxable income above AED 375 000 (around EUR 90 180) for most businesses starting on 1 June 2023.[1] Income below this threshold qualifies for a 0% rate. Businesses involved in natural resources (extraction and non-extraction[2]) remain subject to Emirate-level corporate taxation, often set in concession agreements with the local government. Taxation of foreign banks is also set at the Emirate level.[3] Certain exemptions to CIT apply. For example, income from dividends and capital gains (from qualifying shareholdings) and qualifying intra-group transactions and re-organisations are not subject to CIT. State-owned enterprises, public benefit entities, and investment funds are also CIT exempt.

Despite the introduction of the CIT system, some firms continue to pay no tax in the aftermath of the reforms. Notably, a CIT exemption applies in free zones, of which there are more than 40 across the UAE.[4] In zones, qualifying income, and income from qualifying activities and transactions, is subject to a long-term 0% rate.[5] Qualifying income includes income derived from transactions with companies within the zone, from the ownership or exploitation of certain Intellectual Property (IP), or income below de minimis requirements. Income from a range of qualifying activities can also benefit from the 0% rate for transactions with companies outside the zone; qualifying activities are defined broadly and include manufacturing, processing, reinsurance, logistics, and fund, wealth, and investment management services.[6] Some exceptions apply to both the definitions of qualifying income and qualifying activities and transactions, including income attributable to a foreign or domestic permanent establishment, or income from immovable property. Any non-qualifying income is subject to the 9% CIT rate (Federal Tax Authority, 2024[1]; Federal Tax Authority, 2024[2]).[7] To benefit from 0% rates, firms must meet certain substance requirements in respect to assets, full-time employees and operating expenditures.

In addition to a CIT system, the UAE has implemented a domestic minimum tax of 15% on the excess profits of large MNEs. In line with Pillar Two of the two-pillar international tax agreement (also referred to as the Global Minimum Tax, or GMT), the UAE has set a minimum level of effective taxation for large MNEs through a Domestic Minimum Top-up Tax, effective from 1 January 2025 (

Box 7.1. How the Global Minimum Tax works

The Global Minimum Tax (GMT) represents a major change in the taxation of multinational businesses. It modernises the international tax system to tackle longstanding issues of corporate tax avoidance by MNEs and places multilaterally agreed limits on international tax competition. This allows governments to strike a better balance between domestic resource mobilisation through corporate income taxes and attracting FDI.

The GMT applies through the Global Anti-Base Erosion (GloBE) Rules, a co-ordinated system of domestic rules that ensure a minimum level of taxation for in-scope MNEs across jurisdictions. In-scope MNEs have annual global revenues equal to or greater than EUR 750 million in at least two of the four previous financial years. Under the rules, where the combined income and taxes of all its subsidiaries in a given jurisdiction yields an effective tax rate (ETR) below the minimum rate of 15%, a top-up tax is due to bring the ETR up to 15%. This top-up tax will either be paid in the jurisdiction where the profit is under-taxed, or – if that jurisdiction does not implement the rules – in another jurisdiction that has implemented the GMT.

The GMT applies to an MNE's excess profits, which are determined after deducting a substance-based income exclusion (SBIE). The SBIE is computed as a fixed percentage of the MNE's payroll and tangible assets located in the jurisdiction. Limiting the application of the GMT to excess profits means that firms with substantial economic activity in a jurisdiction may continue to benefit from reduced tax rates in that jurisdiction without being subject to the top-up tax. This means routine profits on substantive activities in the UAE will be shielded from the effect of GMT, even if they have an effective tax rate below 15%. It also means tax incentives that succeed in stimulating real economic substance will be less affected by the GMT.

By implementing a Domestic Minimum Top-up Tax (DMTT), the UAE has ensured that under-taxed profit generated in the UAE will be taxed by the UAE rather than by another jurisdiction that has implemented the rules. The UAE's DMTT rules align closely to the GloBE Model Rules, agreed by the

OECD/G20 Inclusive Framework on BEPS. The Model Rules are designed to ensure consistence and co-ordination in the application of the GMT across different jurisdictions. The UAE government has said it expects its DMTT will achieve “Qualified” status, which allows for a common recognition of the rules across jurisdictions.

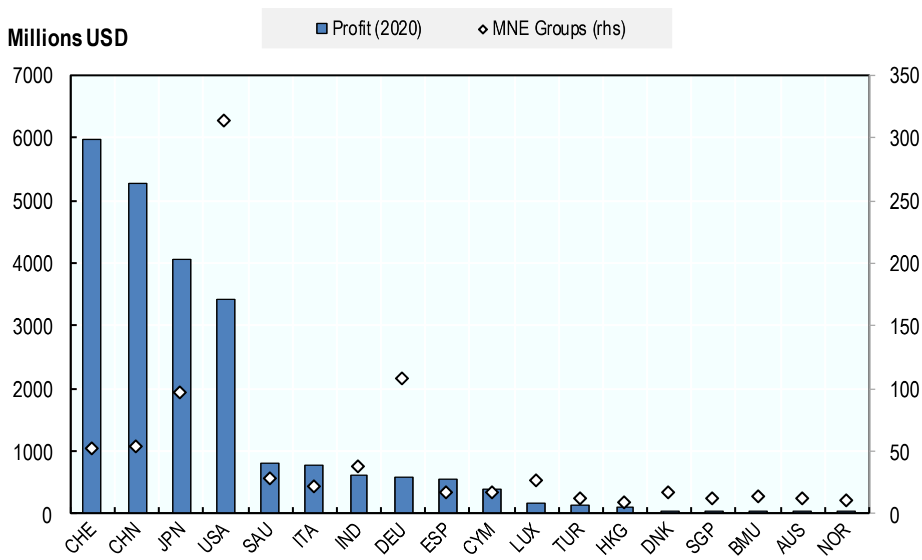
Note: The UAE DMTT is set out in Federal Decree-Law No. 60 of 2023 Amending Certain Provisions of the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, and Cabinet Decision No. 142 of 2024 on the Imposition of a Top-up Tax on Multinational Enterprises.

Source: OECD , Tax Challenges Arising from Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS. https://doi.org/10.1787/782bac33-en

). The DMTT applies to the excess profits of MNEs operating in the UAE with annual global revenues equal to or greater than EUR 750 million. Excess profits are determined after deduction of a percentage of the MNE’s economic substance in the UAE (the substance-based income exclusion or SBIE). This means that in-scope firms with a large tangible presence in the UAE may still pay effective tax rates of below 15%, as will be discussed further below. The UAE’s DMTT is closely aligned to the Global Anti-Base Erosion (GloBE) Rules, which set out the GMT through a co-ordinated system of rules, applied domestically, that ensure in-scope MNEs pay a minimum level of tax in each jurisdiction where they operate. The decision to implement a top-up tax allows the UAE to tax any low-taxed profit arising in the UAE in priority over other jurisdictions that might levy top-up tax on UAE in-scope profit under the rules.

A substantial number of firms may be affected by the DMTT. Based on publicly reported aggregated Country-by-Country Reports (CbCRs), there are at least 5 000 subsidiaries from around 900 in-scope MNE groups operating in the UAE. This represents MNE groups from 25 different countries, though the available data does not include investors from countries with large FDI inflows in the UAE (including the UK and the Netherlands). This means the likely number of in-scope firms is much higher. Reported profit before tax from these MNE groups in UAE in 2020 was just under USD 65 billion, with the highest profits reported by UAE-headquartered firms (Figure 7.1). As the UAE’s statutory CIT rate is below the 15% minimum rate, the DMTT could be a substantial source of government revenue. However, some in-scope firms may not be subject to the top-up tax, depending on their activities, substance, and profits. Given the breadth of firms that are in-scope, it is important for investment and tax officials to understand how the GMT leads to top-up taxes, particularly for firms that receive tax incentives (outlined below).

Figure 7.1. Reported profit and number of MNE groups in-scope of the GMT in UAE



Note: Count of number of MNE groups with annual revenues above 750 million euros operating in the UAE, based on aggregated CBCR data. Figure excludes countries that report fewer than 10 MNE groups in the UAE with reported profits below USD 15 million, notably Romania, Bahrain, Greece, Azerbaijan, Mexico and Indonesia. RHS=right hand side.
Source: OECD, Aggregated Country-by-Country Reports (CbCRs).

Box 7.1. How the Global Minimum Tax works

The Global Minimum Tax (GMT) represents a major change in the taxation of multinational businesses. It modernises the international tax system to tackle longstanding issues of corporate tax avoidance by MNEs and places multilaterally agreed limits on international tax competition. This allows governments to strike a better balance between domestic resource mobilisation through corporate income taxes and attracting FDI.

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The GMT applies to an MNE's excess profits, which are determined after deducting a substance-based income exclusion (SBIE). The SBIE is computed as a fixed percentage of the MNE's payroll and tangible assets located in the jurisdiction. Limiting the application of the GMT to excess profits means that firms with substantial economic activity in a jurisdiction may continue to benefit from reduced tax rates in that jurisdiction without being subject to the top-up tax. This means routine profits on substantive activities in the UAE will be shielded from the effect of GMT, even if they have an effective tax rate below 15%. It also means tax incentives that succeed in stimulating real economic substance will be less affected by the GMT.

By implementing a Domestic Minimum Top-up Tax (DMTT), the UAE has ensured that under-taxed profit generated in the UAE will be taxed by the UAE rather than by another jurisdiction that has implemented the rules. The UAE's DMTT rules align closely to the GloBE Model Rules, agreed by the OECD/G20 Inclusive Framework on BEPS. The Model Rules are designed to ensure consistence and co-ordination in the application of the GMT across different jurisdictions. The UAE government has said it expects its DMTT will achieve "Qualified" status, which allows for a common recognition of the rules across jurisdictions.

Note: The UAE DMTT is set out in Federal Decree-Law No. 60 of 2023 Amending Certain Provisions of the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, and Cabinet Decision No. 142 of 2024 on the Imposition of a Top-up Tax on Multinational Enterprises.
Source: OECD (2021[3]), Tax Challenges Arising from Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS. https://doi.org/10.1787/782bac33-en

7.2.2. CIT and competitiveness for UAE

For many foreign investors, tax is only one, and often not the determining, factor in decisions to enter a particular market, alongside factors including macroeconomic stability and political predictability, rule of law, the regulatory framework, infrastructure and connectivity, labour, skills, and the domestic market (OECD, 2015[4]; James, 2014[5]).[8] The UAE's significant reforms to ensure an enabling investment climate beyond competitive tax rates (outlined throughout this report) make it an attractive investment destination, as evidenced by consistently strong FDI inflows (Figure 7.3). FDI stock relative to GDP is more than double that of most regional peers (Figure 7.3, left panel). Stock relative to GDP has steadily increased since 2014, far outpacing peers, and rebounding quickly from a drop during the COVID-19 crisis (right panel).

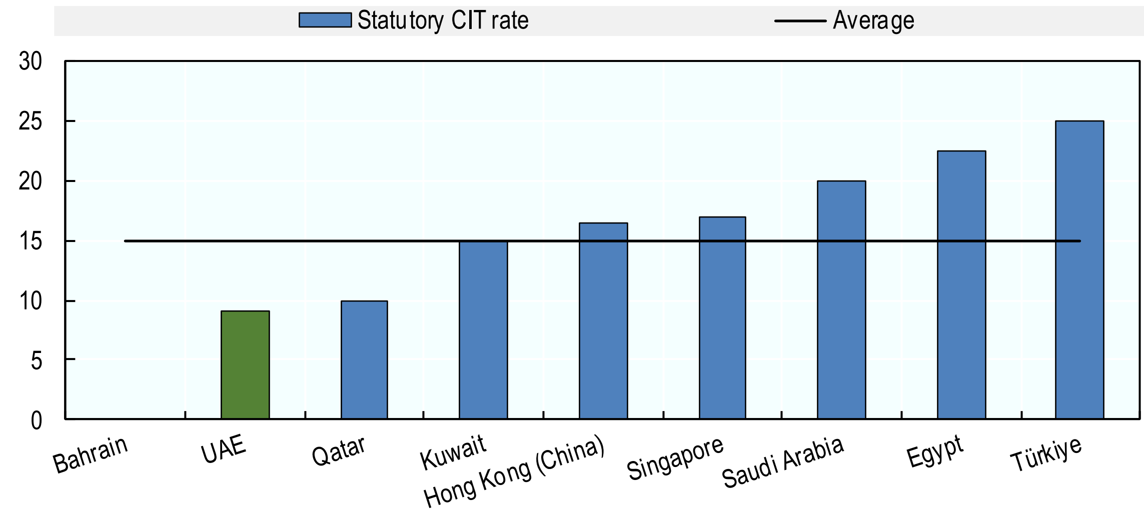
The UAE has also attracted growing shares of new greenfield investment; in 2023, it came in second globally in terms of number of announced greenfield projects (UNCTAD, 2023[6]). FDI will remain a key source of investment for UAE, as there is some evidence that domestic investment is modest. Specifically, gross fixed capital formation has increased as a share of GDP in recent years, such that it is now fairly in line with peers, though remains slightly below peaks reached before the global financial crisis (Figure 7.4).

Continuing efforts to support the wider tax and investment climate is key to attracting higher levels of investment in target sectors, locations and activities. In discussions with investment policy officials in the UAE, policymakers underscored that investors are attracted by the UAE's quality infrastructure, security, ease of doing business, regulatory certainty, strategic geographic location, and talent pool. Continuing these reforms is therefore important, as is ensuring recent legal and regulatory reforms – including to tax policy – are clear to investors.

The UAE remains tax competitive. The UAE has long used zero tax rates as a key part of its investment attraction strategy. Even with recent reforms, the country remains very tax competitive relative to peers, offering among the lowest statutory CIT rates in the MENA region and among top FDI recipients in Asia (Figure 7.2). While CIT policy can influence investment decisions – such as in which jurisdiction and in which asset or project to invest, and how much to invest – its impact varies across firms and context. Large, profitable MNEs – especially those with significant intangible assets, market power or profit-shifting opportunities – are less sensitive to tax policies when making their investment decisions (Hanappi and Whyman, 2023[7]; Zwick and Mahon, 2017[8]; Millot, 2020[9]). There is also some evidence that investment decisions have become less sensitive to corporate tax changes over time, particularly since the Global Financial Crisis (Hanappi, Millot and Turban, 2023[10]; Zwick and Mahon, 2017[8]). This suggests that tax incentives may not offer the bang-for-the-buck in attracting FDI relative to their costs. This is important to consider when introducing new tax incentives and weighing reforms to tax or non-tax aspects of the investment climate (as discussed below).

Tax incentives should complement and be aligned with other policies. Increasing investment in R&D or targeted industries requires more than reducing the tax burden on these investments. Complementary policies are necessary to ensure growth potential is realised. The UAE has outlined several strategies to advance investment in and development of knowledge-based sectors (including advanced manufacturing, financial and ICT services, and renewable energy).[9] This includes through public investment in digital infrastructure and education, targeted regulatory reforms, and policies to attract international talent. Any future tax incentives should be considered in the context of these other tools; other policies might be more effective to develop the sector or activity or should come first.

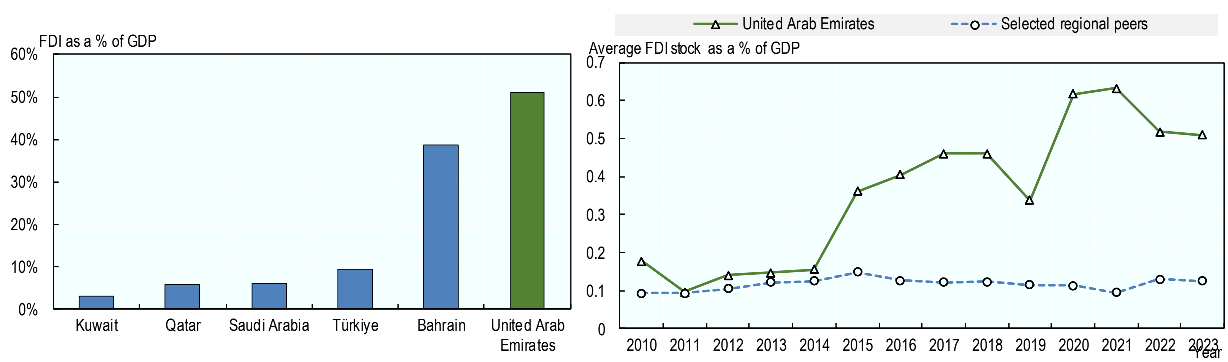
Figure 7.2. UAE remains tax competitive compared to peers



Source: OECD Corporate Tax Statistics.

Figure 7.3. FDI in UAE strong relative to GDP

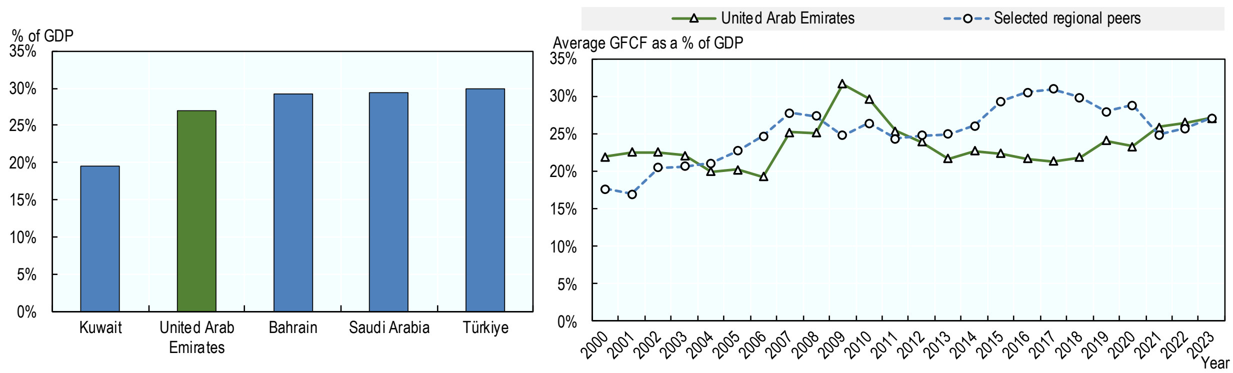
FDI stock in the UAE and selected regional peers



Note: Left panel: Inward FDI stock as a percentage of GDP, 2023. Right panel: Peer countries are Bahrain, Kuwait, Qatar, Saudi Arabia and Türkiye. Derived values have only been used for FDI to ensure consistency across the sample (Officially reported FDI data is not available for the UAE, Saudi Arabia, and Qatar).
Source: IMF CDIS (FDI), World Economic Outlook April 2025 (GDP).

Figure 7.4. Gross fixed capital formation is increasing

GFCF as a percentage of GDP in 2023 (left panel) and average since 2000 (right panel)



Note: Right panel: Average GFCF as a percentage of GDP, 2000-2023; Regional peers are Bahrain, Kuwait, Saudi Arabia and Türkiye. GFCF data is not available for Qatar.
Source: IMF World Economic Outlook April 2025.

7.3. Considerations for more effective and efficient CIT incentives

Tax incentives can support specific investment goals but are not necessarily the most appropriate or cost-effective policy tool. In light of the recently introduced CIT, the UAE government is considering whether tax incentives might be appropriate to support specific goals, such as increased investment in R&D. Tax incentives are targeted provisions that deviate from the standard tax treatment (Celani, Dressler and Wermelinger, 2022[11]). CIT incentives are used widely across countries in an effort to increase investment in specific sectors or locations, or encourage certain investor behaviour, such as investing in innovation or employee training (OECD, 2025[12]). If well designed, tax incentives can help to overcome market failures or distortions that lead to suboptimal underinvestment, for example, in R&D or in clean technology. But tax incentives also involve costs – including economic distortions and inefficient use of government funds – that may outweigh benefits. Tax incentives are also not always the most appropriate policy tool and are rarely sufficient on their own to achieve policy objectives (OECD, forthcoming[13]). For example, investment in R&D also requires sufficient skills in the workforce and digital infrastructure.

Whether tax incentives are effective at achieving stated objectives, and if their benefits outweigh direct and indirect costs, depends on both tax incentive design and country context. Some incentive designs are more cost effective than others, outlined below. But macroeconomic, political, and other policy factors can also affect tax incentive outcomes; tax incentives seem to be less effective if investors face economic or policy uncertainty (Guceri and Albinowski, 2021[14]; Klemm and Van Parys, 2012[15]). Predictability and simplicity of policies might take precedence in some contexts. Governments' ability to effectively administer tax incentives is also important; low-capacity countries may struggle to implement complex incentives, and limited audit capacity can open opportunities for misuse.

Tax incentives should seek to stimulate investment that would not have otherwise occurred. A tax incentive that makes a new investment profitable where it was not before – rather than increasing the profitability of already profitable investments – will most effectively support this *additional* investment. This in turn helps protect government revenues and reduces the risk of windfall gains, which can arise when projects that are profitable, and occur without an incentive, receive tax support. Some incentive designs are less cost effective than others. Governments with substantial fiscal space can choose to offer these incentives, but they amount to a taxpayer subsidy to foreign or domestic shareholders that would have invested anyway.

These funds could be more effectively used to reduce taxes for other projects, or support competitiveness through other means, such as through financing public spending (IMF-OECD-UN-World Bank, 2024[16]).

More generous incentives do not necessarily generate additional investment. Tax exemptions or reduced CIT rates tend to offer generous reductions in firm tax liability. These incentives are often referred to as income-based incentives, because they provide tax benefits in relation to the profit of a firm. As such, they tend to disproportionately benefit investors and projects that are profitable, many of which are less likely to require government assistance or would occur without the tax support. Evidence on the positive impact of income-based incentives on overall investment is mixed. Where income-based incentives have led to an increase in FDI, these investors might be highly mobile – not bringing substantive economic activity or spillovers to local firms – or can lead to crowding out of domestic investment (Klemm, 2009[17]; Botman, Klemm and Baqir, 2008[18]; Knoll et al., 2021[19]).

Profit-based incentives can also result in risks of tax avoidance and are subject to international standards. Income-based incentives – particularly for geographically mobile activities – tend to provide more opportunities for tax abuse, aggressive tax planning or tax avoidance.[10] To reduce these profit shifting risks, Action 5 of the OECD/G20 BEPS project requires that taxpayers meet certain substantial activities requirements to benefit from preferential tax regimes. These include that core income-generating activities are carried out in the jurisdiction, including with adequate operating expenditures and employees. Separate requirements apply for tax benefits for IP income.[11] Free zones in the UAE comply with these substantial activities' requirements.[12]

Generous tax benefits in free zones can come at costs to the local economy. When there is a large difference in tax treatment between free zones and the general regime, there is a risk that investment concentrates in zones, narrowing the tax base (and associated revenue), and, given tax advantages to zone firms, creating an uneven playing field with non-zone firms.[13] The success of zones at supporting wider economic development appears in part linked to reducing performance gaps between firms in and outside zones, in order to ensure local firms are attractive suppliers and local workers sufficiently skilled employees (UNCTAD, 2019[20]; Otchia and Wiryawan, 2025[21]). This requires congruent reforms to the local economy, as well as policies to encourage linkages between zone and non-zone firms but can also entail the gradual removal of benefits to zone firms.[14] As the new CIT could reduce the competitive advantage of non-zone firms, the government could consider whether continued generous tax treatment in zones hinders or supports knowledge and productivity spillovers.

Expenditure-based incentives are more likely to offer value for money to incentivise investment. In contrast to preferential tax treatment based on income, policymakers can design tax incentives to give relief based on firm expenditure. Expenditure-based incentives (such as accelerated depreciation, tax allowances and credits) typically provide tax relief in relation to capital investment (e.g. machinery) or current expenses (e.g. for training, R&D activities). As such, they can be designed so that they provide tax relief in direct proportion to a given kind of firm investment. Expenditure-based incentives more directly reduce the cost of capital, which can provide greater support to investment that would not have occurred in the absence of an incentive. Empirical studies in high-income countries have found these incentives to be effective at promoting additional investment (House and Shapiro, 2008[22]; Rodgers and Hambur, 2018[23]; Maffini, Xing and Devereux, 2019[24]; Ohrn, 2019[25]; Guceri and Liu, 2017[26]; Hall, 2019[27]; OECD, 2023[28]; Zwick and Mahon, 2017[8]).

Tax incentives should be monitored and evaluated to assess their impacts and costs, and to inform policy reform. As CIT is new to the UAE, it is particularly pertinent to track how tax holidays in free zones affect the tax base overall, the costs of these exemptions, as well as the performance of free zone firms compared to other firms in the economy. The collection of CIT returns for all firms[15] (including those that are tax exempt) can now inform useful comparisons between firms in and outside free zones; while free zone firms report specific financial information under Action 5, the Ministry of Finance reported not having much visibility on non-free zone firms. Monitoring performance and characteristics of free zone firms, as well as revenue foregone from tax holidays, can provide key data for assessing how effectively zones are stimulating investment and employment, and whether non-free zone firms are lagging behind. Different approaches to evaluation exist, depending on government administrative capacity and data availability. As a first step, it would be important to construct descriptive statistics on take-up, firm characteristics and observable outcomes of free zone and non-zone firms and compare these to policy goals. While this will not speak to causal impact, it can provide useful information on whether free zones are contributing to a dual economy. As a next step, conducting direct cost estimates of the free zones (in terms of revenue foregone) would be important to understand how much they reduce the tax base.

7.4. The GMT changes the net benefits of certain incentives

The design of the Global Minimum Tax preserves the ability of countries to use tax incentives to support and steer investment, especially where the incentives result in tangible assets and jobs. Where incentives are not delivering value for money, it gives countries the opportunity to strike a better balance between using the tax system to influence investment decisions while limiting revenue costs and associated competitive distortions that come from very generous incentives offered to the most profitable firms. The GMT treats different types of incentives differently, as will be discussed below. As the UAE has adopted a DMTT, where certain tax incentives result in ETRs being reduced for in-scope firms below 15%, the monetary benefit of some incentives will be reduced or nullified. It is therefore important for investment and tax policymakers to consider which tax incentives the GMT will affect, and as the government considers new tax incentives, which designs are treated favourably under the GMT and can continue to provide ETRs below 15%.

How the GMT affects tax incentives – in the UAE and elsewhere – depends on the tax incentive design and the characteristics of MNEs and their activities in the country. Notably, GMT will not affect tax incentives that benefit firms that are not in-scope, such as domestic firms or subsidiaries of MNE groups with revenues below EUR 750 million. For in-scope firms, the GMT will have the greatest impact on those that receive very generous incentives – that reduce their effective tax rates well below 15% – and that have a low physical footprint in the UAE. The GMT provides more favourable treatment to certain expenditure-based and production-based tax incentives, where these incentives are associated with tangible assets and employment. As will be discussed below, these features mean that incentive types that offer least value for money are discouraged under the GMT (OECD, 2022[29]). As such, the GMT can encourage the use of tax incentives that offer greater value for money.

This means that subsidiaries of in-scope MNEs operating in free zones and enjoying a full CIT exemption are more likely to be subject to top-up taxes, especially where they lack economic substance. But, if these firms have substantial economic substance – in terms of employees and tangible assets – they may be less or not at all subject to the top-up tax, due to the substance-based income exclusion (SBIE) (Box 7.1).

). Whether an MNE group is subject to the top-up tax also depends on the incentives received and activities of all its subsidiaries in the jurisdiction, as ETRs are calculated at the level of the MNE group in the jurisdiction. If one subsidiary of a particular MNE receives a tax holiday and three others within the same group and jurisdiction do not, the MNE group might not be liable for top-up taxes on its profits in that jurisdiction, and the low-taxed subsidiary can continue to benefit from a low tax rate. Understanding the impact of the GMT in more detail requires micro-level data on the activities and financials of firms in the UAE, though it seems likely a substantial number of firms are affected (Figure 7.1).

The GMT treats some cost-based incentives more favourably. This includes tax incentives that accelerate tax deductions for tangible assets, such as accelerated depreciation or immediate expensing for tangible assets. This is because the rules are designed to avoid imposing top-up taxes on low taxed profit in a particular year that is due to timing differences between the treatment of tax liabilities for accounting and tax purposes. The GloBE Rules also follow financial accounting by treating cash grants and "qualified" refundable tax credits (QRTC) as income, which means that these types of incentives are less likely to lead to low ETRs under the rules (Box 7.2). However, for refundable tax credits to be considered “qualified” certain conditions must be met, and governments should exercise caution in their granting due to potential high fiscal costs and difficulty in forecasting these (outlined in Box 7.2), the GMT treats qualifying tax incentives (QTIs) favourably. Qualifying expenditure- and production- based incentives are not treated as reductions in taxation, up to a cap based on the economic substance of the MNE in the jurisdiction (OECD, 2026[30]). This means that the more substance (payroll and tangible assets) the MNE has in the jurisdiction, the more of the tax benefit from QTIs will be preserved (less subject to top-up taxes) (Box 7.3).

As the UAE considers the use of tax incentives to influence investment decisions, it should consider tax incentives that are less affected under the GMT. The UAE currently does not offer any expenditure-based incentives, though two are currently under consideration (planned R&D tax credit outlined below). Immediate expensing for tangible assets does not lead to lower ETRs under the GloBE rules and can be effective at stimulating additional capital investment, such as in machinery or infrastructure. Qualified expenditure-based incentives, which include incentives where the amount of tax relief is calculated based on a portion of expenditure, can lead to low tax outcomes without giving rise to top-up tax, if the MNE group has sufficient economic substance in the UAE. In addition, where expenditure-based incentives are used to promote investment in tangible assets and/or labour, they can also increase the size of SBIE, and therefore allow these firms to pay lower – or no – top-up taxes. This includes allowances linked to current expenditure such as labour costs (including for R&D). Incentives that are narrowly targeted to certain categories of income or expenditure may also not lead to lower ETRs, due to the blending of MNEs’ income within a jurisdiction.

The GMT can also have an impact on non-tax incentives such as grants and subsidies, where these are considered “Related Benefits”. The GloBE rules prevent jurisdictions that have implemented the rules from providing tax or non-tax benefits related to the GMT that have the effect of returning taxes paid, as this would undermine the integrity of the GMT (See 118.13 of the Consolidated Commentary) (OECD, 2025[31]). The Inclusive Framework is currently working on further guidance for identifying Related Benefits and is developing an ongoing monitoring process to preserve the integrity of the rules. Related Benefits can be provided by national or sub-national governments, as well as other governmental bodies such as agencies outside the Ministry of Finance or Tax Administration.

The UAE should carefully consider if discretionary grants offered to large MNEs at the Emirate-level could be considered Related Benefits. This would put at risk the Qualified status of the DMTT. While the authority to grant CIT incentives (including in free zones) is centralised under the Ministry of Finance,[16] grants appear to be under the purview of each Emirate. For example, Abu Dhabi Investment Office grants bespoke cash grants to MNEs with revenues above USD 2 billion, on a case-by-case basis. Improving reporting on grants available by different agencies could support co-ordination and information sharing to the Ministry of Finance.

Box 7.2. Criteria and considerations for Qualified Refundable and Marketable Transferable Tax Credits

Under the GloBE Rules, when a tax credit functions more like a government grant – if it is refundable in cash or tradable at a market price – it is treated differently in calculating an MNE group's ETR. If a tax credit meets the conditions of a Qualified Refundable Tax Credit (QRTC) or Marketable Transferable Tax Credit (MTTC), the amount of the credit is treated as income of the MNE rather than a reduction in taxes. This is in line with the financial accounting treatment of grants, as refundable and transferable tax credits imply a cash payment to firms that are not able to fully utilise the credit without going into a tax loss position. This may allow recipients of QRTCs or MTTCs to achieve relatively low average effective tax rates, yet pay less top-up tax under GloBE (OECD, 2022[29]).

QRTCs and MTTCs must meet several conditions to be treated as income. Most notably, QRTCs must be fully refundable – paid as cash or available as cash equivalents – within four years of a firm becoming eligible for them. MTTCs must be legally transferable within 15 months and tradable on a market at or above 80% of their net present value to unrelated parties. In addition, the credits cannot provide benefits to MNEs related to the top-up taxes paid since this would undermine the integrity of the rules (see above on Related Benefits). Tax credits that do not meet these conditions are treated as reductions in taxes in GloBE ETRs. (See Article 3.2.4 of the Consolidated Commentary to the GloBE Rules (OECD, 2025[31]).

Refundability can be a means of using the tax system to provide benefits for firms that do not have taxable income – for example because they are small, new or riskier – but can involve high costs. Like grants, refundable credits can alleviate cash flow constraints, often a barrier to investment for smaller, younger, or otherwise cash-constrained firms. However, refundable credits can involve substantial revenue costs for governments that are difficult to forecast, as they depend on the profitability of recipient firms. Refundability also might be less important for larger firms, that can often offset losses from specific projects (such as R&D) with other income streams. Refundable tax credits are sometimes designed with caps or ceilings to refundability to limit revenue costs. Under the GloBE rules, if only a fixed percentage or portion of the credit is refundable or transferable, the credit can be bifurcated, with the only the refundable portion potentially treated as a QRTC or MTTC (OECD, 2025[31]).

Offering transferable and marketable (instead of refundable) tax credits may reduce revenue costs, by leaving the financing to the private sector, but involves additional administrative burden. Sufficient capacity is required from tax authorities to ensure compliance with the marketability standard, including on price of the traded credit, and that a true competitive market exists.

Box 7.3. Definition and treatment of Qualified Substance Based Tax Incentives (QTIs)

Expenditure based and certain production-based incentives may qualify as Qualified Tax Incentives (QTIs). An expenditure based tax incentive is defined as one where the amount of relief is calculated based on a portion of the amount of qualifying expenditures incurred; i.e. tax relief is directly proportional to expenditure (e.g. tax credit equal to 30% of R&D costs). To qualify, tax benefits from an expenditure based tax incentive cannot exceed the amount invested by the firm.

Production-based tax incentives are those where tax benefits are based on the volume of production of tangible assets in the jurisdiction, or on the reduction in industrial byproducts created during production (e.g. a tax credit for each kilowatt hour of energy produced).

To meet the QTI definition, expenditure and production-based tax incentives need to meet other conditions. These include that the benefit must be based on expenditure incurred and output produced rather than planned. Tax incentives do not need to be fully utilised in the year accrued to be treated as eligible. Further, the incentive must be generally available (not directed to in-scope firms; and not granted on a discretionary basis).

QTIs are treated favourably under the GMT. For incentives that meet the QTI definition, a portion of the tax benefit arising from QTIs can be added back to covered taxes when calculating an MNE group's ETR under the GMT, up to a cap based on the economic substance of the MNE in the jurisdiction. The cap is equal to the greater of 5.5% of the payroll costs or depreciation of tangible assets in the jurisdiction. The MNE Group can use an alternative cap equal to 1% of the carrying value of tangible assets in the jurisdiction on a 5 year elective basis.

MNEs with QRTCs and MTTCs that meet the definition of QTIs may elect to treat all or part of their QRTCs or MTTCs as a QTI, performing the appropriate adjustments to the ETR calculation.

Source: (OECD, 2026[30]).

7.5. New incentives under consideration in UAE

Planned new expenditure-based tax incentives appear to be more targeted than tax holidays. The UAE is considering introducing two new tax incentives for investors, a tax credit to support R&D and innovation and a tax credit for high value-added employees.[17] As it prepares draft legislation, it is pertinent to consider how to maximise the intended benefits of these incentives and minimise their risks. As the government intends that these incentives are QRTCs or QTIs under the GloBE rules, it is also pertinent to forecast their costs in terms of government revenue, and monitor outcomes to inform assessments of their value for money.

7.5.1. Considerations for R&D tax incentives

Evidence highlights the positive impacts of tax incentives to support R&D and innovation. Innovation is a key driver of productivity and long-term growth. However, the risky nature of R&D and inability to fully appropriate returns (due to knowledge spillovers to other firms), means private companies tend to invest less in R&D than is socially optimal (Hall, 2019[27]; OECD, 2015[32]). Many governments therefore subsidise business R&D, often through a mix of direct government funding and tax incentives targeted at either R&D expenditures or to the income derived from R&D and innovation (OECD, 2025[33]).[18] As discussed below, depending on the innovation landscape, fiscal space and policy goals, a mix of different tools may be appropriate.

There is broad evidence that expenditure-based R&D incentives can increase R&D investment, but the magnitude of this additional investment varies. There is evidence that R&D tax incentives can support new and additional R&D investment.[19] This investment response appears to be strongest among smaller and younger firms, firms that are less R&D intensive, and firms that are more likely to be financially constrained (Appelt et al., 2025[34]; Dechezleprêtre et al., 2023[35]). In contrast, large firms that are already R&D intensive seem to respond less to these tax incentives – in terms of additional investment that they would not have otherwise undertaken (Appelt et al., 2025[34]). This suggests that while large and R&D-intensive firms are important for the innovation landscape, tax incentives may be more cost-effective at supporting innovation among smaller firms.

R&D tax incentives are one of multiple policy tools and should be complemented by wider reforms to encourage innovation. On their own, tax incentives can encourage R&D investment, but other elements are crucial to create an environment that is favourable to growth of R&D and innovation, including a skilled workforce and well-functioning product, labour and capital markets (Bloom, Van Reenen and Williams, 2019[36]; OECD, 2015[32]; OECD, 2022[37]). Governments can also weigh how tax incentives compare to or can complement other targeted policies to support R&D investment, such as grants. Studies suggest that direct financial support may be more effective for projects that are riskier and further from market, such as basic research (OECD, 2020[38]; Akcigit, Hanley and Serrano-Velarde, 2021[39]). However, grants tend to involve discretionary decisions by authorities, which can have high administrative costs and other risks involved with "picking winners" (González Cabral, Appelt and Hanappi, 2021[40]). Depending on the profile of firms and R&D sought, a mix of policies might be appropriate (OECD, 2025[33]).

R&D tax incentives also require sufficient administrative capacity. While tax incentives for R&D can be effective, they also involve high compliance and administrative costs on the part of firms and tax authorities. This includes, for the government, monitoring whether R&D expenditures are indeed classified as R&D to ensure firms do not relabel non-R&D expenses as R&D. For firms, it requires identifying and structuring eligible R&D projects (which can disadvantage firms with lower capacity or experience in R&D) (Yanchao Li et al., 2024[41]).

Public information on the UAE's planned R&D tax credit suggests consideration for international standards. The planned tax credit would allow eligible taxpayers to deduct 30-50% of qualifying R&D activities from their tax liability. The credit will reportedly apply broadly across firms that are subject to the 9% CIT rate (companies that benefit from the free zone regime, including the IP regime, will not be eligible). The Ministry of Finance held a public consultation to inform the design of the tax credit in April 2024, with a questionnaire for businesses and a "Guidance Paper on the Foundations of R&D". The guidance paper outlined R&D concepts in line with the OECD's Frascati Manual, which sets internationally recognised definitions of R&D. This included defining the key characteristics of R&D, common and excluded activities, and methods of identifying R&D projects (UAE Ministry of Finance, 2024[42]; OECD, 2015[43]). These definitions are key for compliance and monitoring.

The public consultation carried out by UAE asked relevant questions that can improve the effectiveness of the credit. According to discussions with representatives from the Ministry of Finance, the consultation was intended in part to learn more about the R&D activities of firms in the country, of which the Ministry of Finance does not have much visibility. The questionnaire included queries on whether activities beyond the Frascati Manual should also be considered eligible, on incentivising current and/or capital expenditures, on limiting outsourced R&D activities, and on factors that influence R&D location decisions. The questionnaire also asked about most appropriate treatment of unutilised benefits for UAE firms – i.e. through carry-forward or cash refunds – and for input on how the incentive should be administered.[20] These are all relevant questions that can influence take-up, costs, and outcomes of the incentive. Better understanding the types of R&D already conducted in the UAE and the barriers to additional R&D investment, as well as information about the firms the credit seeks to target, can inform a more relevant tax credit. The results of the questionnaire are not public, but the ministry reported that it received

21 responses, and that the feedback would assist in the tax incentive design (UAE Ministry of Finance, 2024[44]).

The UAE should carefully consider if outsourced R&D is covered in eligible expenses and its extent to maximise domestic spillovers. One of the key design questions for R&D tax support – and included in the public consultation – is what expenditure should be eligible for tax relief. Policymakers should consider appropriate restrictions to encourage that R&D activities occur in the UAE, while also allowing innovation that can develop from tapping into global value chains. There might be reasons to allow firms tax relief on spending on certain R&D that is outsourced to a foreign firm; for example, if the domestic market for a certain service is not yet developed. However, this can also be a conduit for subsidising R&D that is conducted elsewhere, weakening the link with local R&D activities. As a result, governments can allow outsourcing of R&D to foreign *unrelated* parties with limitations, and impose stricter rules on outsourcing to foreign *related* parties, which are associated with greater profit shifting risks (González Cabral et al., 2023[45]).

Policymakers can also carefully consider the cost-effectiveness of refundability, depending on the investors targeted. The Ministry of Finance has reported that the credit will be refundable depending on the revenue and number of employees of the taxpayer in the UAE. In discussions, representatives noted the intent that the credit is a QRTC under GloBE rules. The design of these credits is discussed further in Box 7.2. As the government considers how to treat unused claims for tax credit, it could consider whether the incentive is more likely to benefit larger or smaller firms, and the importance of refundability in this case. As noted above, in some cases grants for R&D can be alternative or complementary policy tools, depending on the R&D sought. The government should also consider whether its choices in terms of incentives should be affected by the recent developments in the GMT rules regarding qualifying tax incentives (QTIs) (Box 7.3).

Many governments use both expenditure- and income-based tax incentives to support R&D (OECD, 2023[46]; Appelt et al., 2024[47]). Expenditure-based tax incentives (such as tax credits) target the inputs of the innovation process – the R&D activity. Income-based tax incentives (like IP boxes, tax regimes that offer reduced rates on income from qualifying IP) provide tax support for the outputs of innovation (such as the profits from patents). As opposed to expenditure-based tax incentives, relief for IP regimes is conditional on success of the innovation (González Cabral et al., 2023[45]). Despite widespread use, evidence on effectiveness of innovation boxes is mixed (Appelt et al., 2016[48]; Hall, 2019[27]; Gaessler, Hall and Harhoff, 2018[49]).

The R&D tax credit could be a more powerful tool to promote R&D and innovation activity than the current IP regime. The UAE offers a 0% CIT rate for qualifying income from qualifying IP for firms in free zones.[21] Under Action 5, the share of qualifying income eligible for this rate is based on the amount of R&D expenditure in the UAE, or outsourced to unrelated parties (in or outside of the country).[22] Given the introduction of an R&D tax credit outside the FTZ and the IP regime inside (that provides relief to qualifying IP according to the nexus ratio), it is important that any future reform of the IP regime takes into account the interaction of both incentives. At present, domestic related party outsourcing is not a qualifying expenditure in the IP regime. This is an important feature that can avoid the strategic use of related parties to conduct R&D outside the zone to benefit from the tax credit, while locating the IP within the zone to benefit from the zero tax rate.[23] The existence of both types of R&D incentives means firms conducting R&D in UAE face different effective tax rates on their investments in or outside the zone, which can cause distortions on where to locate R&D activity. The expenditure-based tax incentive outside the zone may be more effective in generating additional R&D than the IP regime as it provides an ex-ante tax break to the investor.

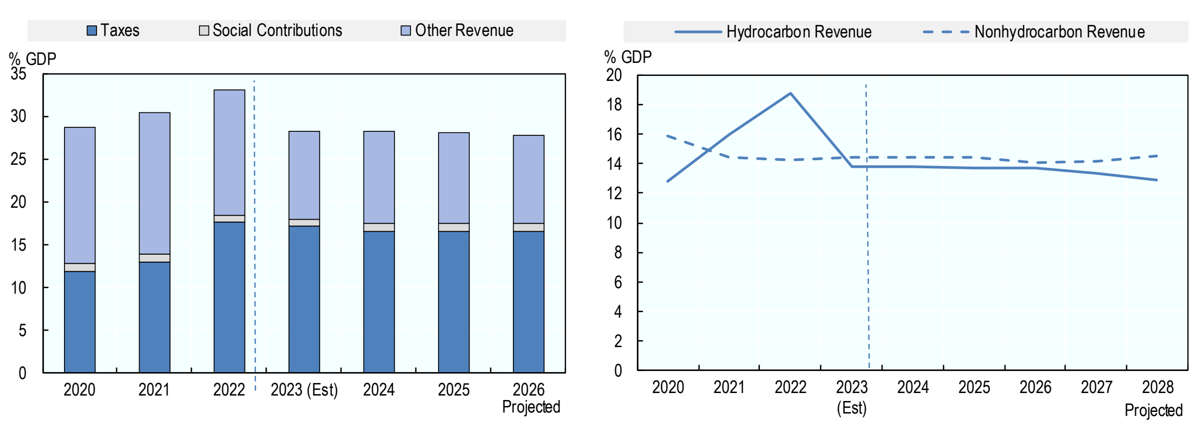
7.6. Tax policy, investment and revenue

The investment climate in UAE will also depend on a variety of tax policy factors. This section briefly outlines how the baseline CIT system in the UAE can support striking this balance between competitiveness for investment and stable government revenue. Key tax factors beyond tax incentives include the design of the baseline tax system as well as its administration. In these areas, as well as for tax and non-tax incentives, policymakers should look to support certainty, stability, clarity and good governance in terms of the design of the system and policies and how it is administered. Frequent or unpredictable changes to tax rules or administrative practices can undermine investor confidence and compliance.

The introduction of CIT supports long-term fiscal sustainability. The UAE's substantial natural resource wealth and sovereign financial assets continue to provide the government with large fiscal space. The UAE has run a government budget surplus since 2021 (between 4-10% of GDP), due in large part to high oil revenue. General government debt increased in 2020 to around 40% of GDP, but has declined in recent years and is projected to decline further to under 30% by 2027 (IMF, 2024[50]). Total taxes – including from the oil and gas sector and foreign banks – were 17% of GDP in 2023 (Figure 7.5). This is well below the OECD tax-to-GDP average of around 34%. Tax revenue as a share of total government revenue increased between 2020-2022 (driven in part by high oil prices), but the CIT is not projected to meaningfully change the tax share in general government revenue (ibid).

There is space to diversify away from non-hydrocarbon tax revenue. Government financing is dependent on the hydrocarbon sector; hydrocarbon revenue currently makes up around half of total general government revenue (UAE Ministry of Finance, 2024[51]). In the context of global decarbonisation efforts, and uncertainty about long-term demand for fossil fuels, as well as strategic goals to diversify the economy, the government views taxation as an important component of long-term fiscal sustainability.[24] In addition to CIT, the UAE introduced a VAT in 2018. Notably, non-hydrocarbon revenue has been fairly flat since 2021, despite strong non-hydrocarbon GDP growth (Figure 7.5, right panel) (IMF, 2024[50]).

Figure 7.5. Taxes increase as share of general government revenue, but hydrocarbon revenue remains dominant



Note: Left panel shows breakdown of general government revenue: taxes include taxes on oil and gas producers, taxes on foreign banks operating in the country, value-added tax (VAT), excise taxes, hotel taxes, tobacco taxes, customs duties, and some licenses and fees; taxes from 2024 include estimated CIT collection; Other revenue includes from properties income (including revenues receivable in exchange for placing financial assets or natural resources at the disposal of another unit (such as interest, distributed profits, and royalties)), sales of goods and services, fines and penalties. Right panel shows hydrocarbon and nonhydrocarbon revenue as a percentage of GDP. IMF staff estimates for 2023 and projections from 2024.
Source: (IMF, 2024[50]; UAE Ministry of Finance, 2024[51]).

Ensuring tax compliance will be key for the effectiveness of the tax. This will require sufficient capacity of the Federal Tax Authority (FTA) to enforce filing, which will be new for domestic firms in particular, as well as to conduct audits. The Ministry of Finance and FTA have taken notable steps to increase public awareness around the CIT and DMTT and facilitate payments (including through an online CIT registration), and these efforts should continue (IMF, 2024[50]).

Investors seek a clear and predicable baseline tax system. The knowledge-based sectors the UAE is targeting in its investment promotion and economic development strategy are heavily populated by large multinational firms that value clarity, low compliance costs, and ease in cross-border operations decisions (Edmiston, Mudd and Valev, 2003[52]; Edmiston, 2004[53]; Gulen and Ion, 2016[54]). The UAE has a wide network of tax treaties (with most of its trade partners) (Figure 7.6), which can support cross-border investment (Blonigen, Oldenski and Sly, 2014[55]; Lejour, 2014[56]). The government has also taken key steps to strengthen cross-border co-operation on taxation as a member of the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes. A 2019 peer review rated the UAE as largely compliant with the international standard, improving from its prior peer review due in part to improved exchange of information infrastructure and obligations for reporting across free zones (OECD, 2019[57]). Alliance with these international standards provides greater certainty to investors that tax rules will be applied in a predictable and consistent manner across countries.

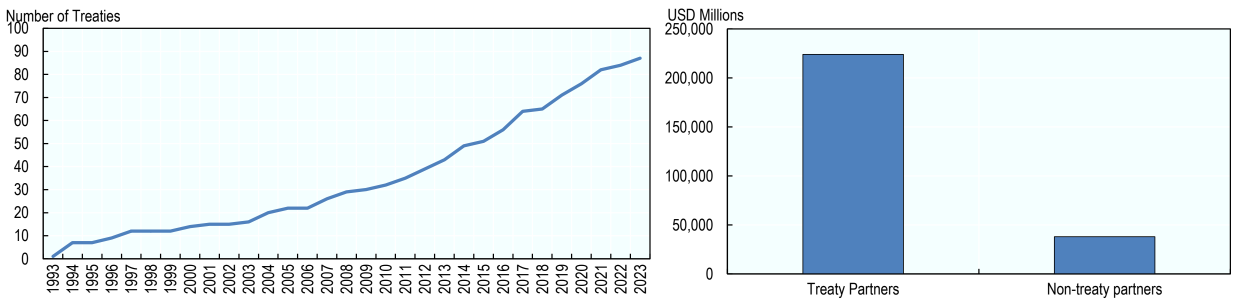
Efforts to support tax certainty are important to build investor trust in tax authorities, particularly as the CIT is relatively recent in UAE. In addition to capacity for enforcement, stable and predictable tax rules, combined with clear dispute prevention and resolution mechanisms, can reduce investment risk by minimising uncertainties for taxpayers. In an increasingly globalised tax environment, both national policy choices and international co-ordination play a critical role in ensuring tax certainty. Positively, the UAE's corporate income tax law and related ministerial decisions set comprehensive transfer pricing rules, which increase transparency and certainty for investors regarding transactions between related parties, reducing the risk of audits, tax disputes and double taxation. This includes requiring that transactions are priced according to the arm's-length principle (setting prices between related parties as if they were unrelated). Accepted transfer pricing methods are broadly aligned with the OECD Transfer Pricing Guidelines. The law also allows for Advanced Pricing Agreements (APA) – regarding pricing future related-party transactions – which can support predictability for investors. Documentation requirements (including TP disclosures and Country-by-Country Reporting) also supports transparency and certainty (Federal Tax Authority, 2023[58]; PwC, 2025[59]).[25]

Good governance is also essential to support investor trust in tax authorities. As the government begins to collect CIT revenue, investors will look for consistent enforcement of tax rules. Clarity on decisions, based on clear criteria, also extends to granting of tax incentives. For example, if investors are required to apply for the R&D tax credit (or other incentives), any decision to not grant the benefit should be based on clear and identifiable criteria set in the law or regulation. When authorities have wide discretion to select incentive beneficiaries or other conditions, it may create opportunities for disputes or privilege-seeking behaviour on the part of certain firms, leading to an uneven playing field or perceptions thereof, which can hinder the investment climate (OECD, forthcoming[13]).

CIT should be monitored to ensure a sufficiently broad base. As the government begins to collect CIT revenue, it will be important to monitor the breadth the tax base. If in practice, most corporate profits are exempt from CIT, this will limit the revenue potential of the tax and create potentially significant distortions. For example, if free zones attract more profitable firms, that continue to pay 0% tax, this will reduce the revenue raising capacity of the CIT. Further, while free zones are open to both foreign and domestic firms, if there are more foreign investors in free zones, this could mean that domestic companies pay a majority of the CIT, creating an uneven playing field for domestic firms and potentially hindering local productivity growth. Preliminary evidence on tax reforms across the GCC suggest that smaller firms are more affected by recently introduced CITs (Baum, Nampewo and Polo, 2025[60]).[26] It is advisable to carefully monitor the implementation of the CIT and its impacts, including revenue gains and profile of the tax base.

Figure 7.6. UAE has a wide network of tax treaties covering most FDI source countries

Bilateral tax treaties 1993-2023 (left panel), FDI inflows 2023 (right panel)



Source: Left panel: Corporate Tax Statistics Bilateral Tax Treaty Database; right panel: IMF CDIS, Corporate Tax Statistics Bilateral Tax Treaties Database.

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Notes

[1] Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses “Corporate Tax Law”, issued on 9 December 2022. Businesses will be subject to CIT from the beginning of their first financial year that starts on or after 1 June 2023.

[2] Defined as “separating, treating, refining, processing, storing, transporting, marketing or distributing the Natural Resources of the State”.

[3] Foreign banks in Dubai are subject to CIT at 20% (Law No. 1 of 2024 Concerning Tax on Foreign Banks Operating in the Emirate of Dubai).

[4] free zones are defined geographic areas set by a decision issued by the cabinet.

[5] The duration of the 0% rate is set by the applicable legislation of the specific free zone; this period can be extended by Cabinet decision, and one period can not exceed 50 years (Article 18, Federal Decree-Law 47 of 2022). Many free zones offer 50 year exemptions.

[6] The full list of qualifying activities is set in Article 2(1) of Ministerial Decision No. 265 of 2023.

[7] Cabinet Decision No. 55 of 2023 on Determining Qualifying Income and Ministerial Decision No. 139 of 2023 on Qualifying Activities and Excluded Activities.

[8] There is evidence that low tax rates and tax incentives do not increase investment in cases of economic or policy uncertainty, including high inflation, or other investment climate challenges, such as legal uncertainty (Guceri and Albinowski, 2021[14]; Edgerton, 2010[70]; Klemm and Van Parys, 2012[15]; van Parys and James, 2010[64]; Fan and Liu, 2020[69]; Beer, Griffiths and Klemm, 2023[71]).

[9] National strategies include the UAE Centennial Plan 2071, UAE Vision 2021 National Agenda, We the UAE 2031, Operation 300bn.

[10] For example, firms may reclassify or channel income into the entity benefiting from the tax incentive, or incorporate a new entity to continue to benefit (Zee, Stotsky and Ley, 2002[61]; IMF, 2021[68]).

[11] Action 5 restricts which IP assets can qualify for tax benefits, and sets specific substantial activities requirements under the “nexus approach”, which limits tax relief to the proportion of income derived from qualifying R&D expenditures incurred by the taxpayer or outsourced to unrelated parties. The larger the contribution of the taxpayer to developing the IP, the larger the share of income is eligible for tax benefits.

[12] The Forum on Harmful Tax Practices, which implements and monitors Action 5, reviewed the UAE’s free zone regime as “not harmful” (OECD, 2025[67]).

[13] The various advantages zones offer – including improved infrastructure, eased business procedures and tax and non-tax incentives – can attract FDI, promote exports and support industry specialisation (agglomeration effects) (Wang, 2013[63]). But zones can also generate dual economies, where the zone thrives with little spillovers (or at the expense of) the domestic economy (Wong and Buba, 2017[62]).

[14] There is also some evidence that the economic returns from zones declines over time (Wong and Buba, 2017[62]).

[15] Simplified CIT filing exists for small firms.

[16] With the exception of taxation of natural resources and foreign banks, set by each Emirate.

[17] At the time of writing draft legislation has not yet been prepared, and details on much of the specifics are not known. As such, the planned tax credit for high value-added employees is not covered in the

analysis. The following assessment is based on public information on the plans published by the government and tax advisories, and consultations with the Ministry of Finance held in February 2025 (UAE Ministry of Finance, 2024[65]; UAE Ministry of Finance, 2024[44]; Andersen, 2024[73]).

[18] For more on the design of income- and expenditure-based R&D tax incentives, their costs and uptake see: (González Cabral et al., 2023[45]; Appelt et al., 2023[72]; González Cabral, Appelt and Hanappi, 2021[40]).

[19] For a literature review on effectiveness of R&D incentives, see (Appelt et al., 2025[34]; Appelt et al., 2016[48]).

[20] This included asking firms to share their experience with pre-approval processes in other countries, and feedback on reporting requirements to verify R&D claims (Andersen, 2024[73]).

[21] Qualifying income specified in Ministerial Decision 265 of 2023 (Article 4), includes royalties or any other income from qualifying IP, including embedded IP income from the sale of products and use of processes directly related to the qualifying IP as determined according the arm’s length principle.

[22] See footnote 10 for more on Action 5 and the nexus approach.

[23] If domestic related outsourcing was a qualifying expenditure, it would increase the nexus ratio of the IP, increasing tax benefits at the reduced tax rate.

[24] As outlined in the Ministry of Finance Strategic Plan 2023-2026, and in line with the UAE Centennial 2071.

[25] For more on bilateral and multilateral tools to promote tax certainty see (OECD, 2025[66]).

[26] The study finds CIT as having a larger negative affect on return on assets and equity for smaller foreign firms than larger foreign firms, which likely reflects larger firms’ ability to absorb the cost of the tax, but the study suggests that larger firms may also primarily benefit from CIT exemptions (Baum, Nampewo and Polo, 2025[60]).

8 Harnessing FDI for the UAE's digital transformation and skills development

This chapter examines the policy framework shaping the contribution of foreign direct investment (FDI) to the digital transformation and skills development in the United Arab Emirates (UAE). It reviews national and Emirate-level strategies, the mandates and co-ordination mechanisms of key institutions, and the investment, competition, data and labour market frameworks that influence digital and skill-intensive investment. Policy recommendations aim to better align FDI with the UAE's digital and human capital objectives, enhance knowledge spillovers to domestic firms and workers, and support the transition towards a more innovative, knowledge-based and diversified economy.

8.1. Summary and recommendations

The UAE's national strategies demonstrate a clear commitment to building a knowledge-intensive, digitally enabled economy and a skilled labour force. The UAE Centennial 2071, the Principles of the 50 and We the UAE 2031 articulate a high-level vision centred on innovation and human capital, while thematic strategies, including those on AI, the digital economy and talent attraction-translate these ambitions into operational goals. In 2025, the Ministry of Investment (MoI) set out the desired outcomes and targets for FDI, including the intention to double FDI inflows and triple FDI stock by 2031, with advanced industries set as priority sectors for investment. Ensuring that these frameworks explicitly define and reflect the contribution of foreign firms to skills development and digitalisation would help align FDI attraction with broader national development objectives.

The UAE's institutional framework includes various actors governing policy on investment, the digital economy and skills development. The recently established MoI increasingly anchors the national investment agenda, while Emirate-level economic development departments and specialised free zones shape local ecosystems to attract technology-oriented firms. Institutions responsible for digital and skills policy, including the Telecommunications and Digital Government Regulatory Authority (TDRA), the Ministry of Human Resources and Emiratisation, the Ministry of Industry and Advanced Technology, and the Minister of State for Artificial Intelligence, Digital Economy, and Remote Work Applications Office, run wide-ranging programmes to expand digital capabilities and talent development. As responsibilities are distributed across many actors, closer co-ordination between investment authorities and digital and skills institutions would help ensure that FDI more systematically supports national priorities in digitalisation and human capital development.

The UAE has achieved a high degree of openness for most digital activities, supported by liberal foreign ownership rules and strong free-zone ecosystems. Updated intellectual property (IP) laws and a modernised competition framework all support technology-intensive projects, while the Personal Data Protection Law and sector-specific cybersecurity rules provide a more predictable foundation for data-driven investments. However, regulatory discretion in a limited number of strategic sectors, such as telecommunications and media, and differences between mainland and free-zone regimes can reduce predictability for foreign investors.

The labour market and skills system are evolving to support the digital economy, with foreign firms playing an important role in skills development. Government initiatives -such as the National Program for Coders and special visa schemes- are also expanding the domestic talent base and strengthening access to global talent, while policies aim to increase nationals' participation in the private sector (i.e. Emiratisation). However, fragmented labour regulations continue to drive disparities in job quality between the public and private sectors, constraining labour mobility and potentially weakening Emiratisation outcomes. While recent reforms have improved private sector conditions, further alignment of labour standards across the economy would enable foreign firms to deliver the desired labour market outcomes.

Ongoing fiscal reforms create an opportunity to better align investment incentives with diversification objectives, and direct support more effectively towards target sectors. However, the current landscape of investment incentives in the UAE is fragmented, with offerings that vary between and within Emirates and free zones. This is in the context of an evolving fiscal system that involves a recent introduction of a standard corporate income tax (CIT) rate and alignment with the Global Minimum Tax. Consolidating information on incentive schemes would help increase their transparency to potential investors. Strengthening monitoring and evaluation of incentives schemes would also ensure that incentives contribute effectively to digitalisation and skills development, including of nationals.

International agreements are increasingly leveraged to support the digital economy in the UAE, evident by the conclusion of Comprehensive Economic Partnerships Agreements (CEPA) with a diverse range of economies, many of which include provisions on e-commerce, data flows, cybersecurity and AI. Earlier

BITs signed by the UAE include labour-related commitments, but the conclusion of CEPA agreements expanded these commitments with an added focus on skills development. Other international instruments, such as the OECD Guidelines for Multinational Enterprises and associated due diligence guidance, offer a practical framework for ensuring enterprises address emerging risks tied to the digital transformation, including those affecting labour.

Recommendations

- **Clarify the role of FDI in supporting digitalisation and skills development in national strategic documents**. Ensuring alignment between national strategies on investment, digitalisation and skills development would reinforce the impact of FDI on these priority areas. Ensuring that national strategic documents on investment, digital transformation and skills development are publicly available and accessible on the U.AE platform, the official national site, would allow investors to familiarise themselves with plans in these areas and support a co-ordinated implementation of initiatives across ministries.
- **Ensure that the MoI is sufficiently represented in co-ordination bodies on talent and digitalisation.** The MoI may have a more prominent role in co-ordination bodies overseeing the digital economy, talent development, and Emiratisation to ensure that investment considerations are systemically integrated into related policies and programmes, while at the same time promoting a more balanced representation of all Emirates beyond Abu Dhabi and Dubai.
- **Increase regulatory predictability and coherence for digital investment, particularly in strategic sectors and across regulatory regimes.** Reduce regulatory discretion in strategic sectors such as telecommunications and media. Greater transparency on licensing, ownership thresholds and exemption criteria, alongside clearer guidance on how free-zone licences interact with onshore regulatory and sectoral requirements, would reduce information asymmetries and facilitate market entry and scale-up for digital firms.
- **Strengthen implementation capacity and co-ordination in digital competition, data governance and intellectual property enforcement.** Recent reforms have aligned the UAE's framework more closely with international standards. To maximise their impact, further efforts could focus on issuing detailed guidance and case practice under the new competition regime, finalising implementing regulations under the Personal Data Protection Law, and building specialised enforcement capacity for IP- and data-intensive activities.
- **Expand on recent labour market reforms to improve FDI outcomes on talent retention and Emiratisation.** This includes aligning wages and working conditions between the public and private sectors to stimulate labour mobility and strengthen Emiratisation outcomes. Ensure appropriate labour standards, including the legal and institutional framework for workers' voice arrangements, to improve job quality and in turn support talent retention. Harmonise labour regulations between free zones and the wider economy to reduce labour market segmentation.
- **Strengthen the skills ecosystem to support FDI in digital-intensive sectors**. Further facilitate partnerships between foreign investors and education providers as well as adopting policies that incentivise workplace training. These efforts would help address skill gaps, especially in AI, cybersecurity, and data analytics, while advancing job satisfaction and retention. Ongoing efforts to develop a skills anticipation system should involve investment bodies and foreign firms to help anticipate future skills more effectively – FDI decisions often reflect forward-looking labour market trends.

- **Continue integrating provisions to support the digital economy and labour outcomes in international trade and investment agreements.** The UAE uses international trade and investment agreements as a strategic policy tool to advance the digital economy, incorporating a wide range of issues such as e-commerce, cross-border data flows, or cybersecurity, which helps develop a conducive regulatory environment for digital-intensive investment. International instruments on responsible business conduct could also be leveraged to improve labour standards and ensure businesses address risks related to technological advancements.
- **Enhance transparency of investment tax and non-tax incentives,** including instruments aimed at digitalisation and skills development. The UAE could establish a portal consolidating all investment incentive offerings by economic sector and location (e.g. Emirate or free zone) to help investors navigate available support and ensure a more level playing field.

8.2. The policy and institutional framework for investment in support of digitalisation and skills development

8.2.1. Digitalisation and skills development are high on UAE's national agenda, but links with investment could be strengthened

At the federal level, the UAE's strategic vision places strong emphasis on the digital transformation and workforce upskilling, as reflected in high-level strategies such as the UAE Centennial 2071, the Principles of the 50 and We the Emirates 2031. The UAE Centennial 2071 prioritises the development of a knowledge-based economy through a strengthened education system, expanded science, technology, innovation, and research capacity, and targeted policies to raise productivity, support innovation-oriented industries and strengthen national R&D (UAE, 2024[1]). The Principles of the 50, which define the UAE's overarching priorities until 2071, identify digital transformation and human capital as drivers of long-term economic development. In the shorter term, We the UAE 2031 seeks to advance digital infrastructure and enhance cybersecurity, while leveraging both global and Emirati talent (UAE, 2024[2]). These strategies highlight the central roles of the digital economy and talent on the UAE's national agenda.

Other thematic and sectoral documents provide more granular objectives and targets for skills development and the digital economy, and have the potential to promote a co-ordinated approach to strengthen the enabling infrastructure and skills base to sustain the digital transformation (Table 8.1). The Strategy for Talent Attraction and Retention aims to support enterprises in key sectors to recruit and maintain skilled workers, including digital sectors such as advanced analytics, AI, and blockchain. The National Strategy for Artificial Intelligence 2031 aims to expand the supply of AI-related skills through training programmes, professional development initiatives, and incentives for firms to develop an AI-capable workforce. Several complementary strategies address other components of the digital economy, such as data governance, cybersecurity, digital government services, and innovation. These strategies set quantitative targets (e.g. increasing the contribution of the digital economy to non-oil GDP) and establish mechanisms to expand the pool of ICT professionals, support coding and software-development training, and promote the creation of technology-intensive enterprises.

In 2025, the UAE has set the desired outcomes and targets in terms of levels of FDI, in a document shared with the OECD during stakeholder consultations conducted for the report, including an objective to triple FDI stock by 2031. The document also identifies priority sectors with strong potential for investment, productivity gains, and technology transfer, such as manufacturing (e.g. semiconductors, agritech, machine and equipment), financial services, transport and logistics, renewable energy, and ICT. The document emphasises improvements to the investment climate through greater transparency, more efficient regulatory processes, and stronger investor aftercare. The MoI envisages implementing a set of programmes and initiatives, under its scope or in partnership with sectoral ministries and government agencies at the federal and Emirate level, to achieve the desired FDI targets. Digitalisation would feature as a cross-cutting priority across these initiatives, including those related to private sector development, virtual assets and fintech, and R&D promotion.

Table 8.1. National strategies on investment, digitalisation and skills development in the UAE

Strategy	Year adopted	Main targets and objectives
Strategy for Talent Attraction and Retention	2021	• Develop the skills ecosystem by establishing intelligence and foresight, improving regulatory framework for employment, and foster collaboration with employers and academia.
Advanced Skills Strategy	2018	• Identify priority advanced skills, align education and training with labour market needs, foster continuous learning, and engage with employers and academia
National Digital Economy Strategy	2022	Grow the contribution of the digital economy from 12% to 20% of non-oil GDP by 2030
National Cybersecurity Strategy	2025	• Strengthen the infrastructure for cybersecurity, including human capabilities
Strategy for Fourth Industrial Revolution	2017	• Support the integration of 4IR solutions and applications across the UAE's industrial sector
Strategy for Artificial Intelligence	2017	• Accelerate the adoption and application of AI, attract FDI and the relevant talent and expertise

Source: TDRA (2025[3]), National Cybersecurity Strategy, https://tdra.gov.ae/userfiles/assets/Lw3seRUaIMd.pdf; UAE Ministry of Economy, (2021[4]), Strategy for Talent Attraction and Retention, https://www.moet.gov.ae/documents/20121/82722/Talent+Attraction++Retention+Strategy_Final-SS_English.pdf.

To translate national objectives to their specific localities, Emirates develop and implement their own strategies and plans, including in the domain of investment (Chapter 6). For example, Dubai's Economic Agenda D33 includes objectives to nearly double the annual amount of FDI to Dubai and targets key digital sectors such as ICT and specific technologies (e.g. AI and data centres). The Abu Dhabi DED, in partnership with the Abu Dhabi Investment Office (ADIO), operates a cluster-based investment framework to attract FDI in strategic sectors. For example, ADIO's "SAVI" cluster supports the development of smart and autonomous vehicle industries, while another cluster launched more recently for Fintech, insurance, digital and alternative assets (FIDA). Free zone authorities also exercise broad autonomy and could be specialised in digital-intensive activities, such as logistics, advanced manufacturing, media, financial services, or ICT, offering streamlined licensing, access to infrastructure and incentives to attract investors.

The UAE has a well-established strategic policy framework; yet the role of investment in contributing to sustainable development objectives could be better defined. Although MoI has set national targets and objectives related to overall inflows of FDI, there is scope to develop this further by defining the expected contribution of foreign firms to the labour market outcomes (e.g. skills development, Emiratisation). Consultations with stakeholders suggest that planned programmes and initiatives designed to meet FDI targets by MoI are similarly not directly linked with skills outcomes or digitalisation, and the Strategy for Talent Attraction and Retention 2031 does not clearly set out how FDI could be used as a lever to drive skills development. Integrating investment considerations in strategies relevant to skills development and digital transformation, or vice versa, would ensure alignment and minimise fragmentation between these policy areas that often fall under the purview of different ministries (OECD, 2022[5]). The experiences of other economies, such as Ireland, offer examples for integrating such considerations in investment strategies and plans, while highlighting other areas of priority such as regional development to support a more equitable distribution of FDI (Box 8.1).

The UAE could also ensure that documents or national strategies relevant to FDI, skills development and digitalisation are publicly accessible on digital platforms such as U.AE or Invest UAE. The U.AE site is a positive step towards consolidating information on national strategies and plans in one platform, but these documents are not always available to external stakeholders. Ensuring these strategies are available for all users would help, on one side, to build investors' understanding of UAE's priorities in these areas, while ensuring alignment between all government stakeholders involved in the implementation of these strategies. In light of the rapid pace of technological change, strengthening the monitoring and evaluation of digital- or investment-related strategies would help ensure that objectives related to digital FDI remain relevant, effective and aligned with evolving policy priorities.

Box 8.1. National investment strategies with sustainable development objectives: Ireland's case

Ireland's investment promotion agency, IDA Ireland, operates under the direction of its Strategy on for Sustainable Growth and Innovation 2025-2029 (hereafter Strategy). The Strategy identifies priority sectors for FDI, including technology, international finance services, business services and life sciences. Technology is positioned not only as a priority sector for investment but also as an enabling factor to increase Ireland's competitiveness across various sectors. Aside from digitalisation and AI, Ireland identifies three other growth drivers-semiconductors, health, and sustainability-reflecting broader national priorities and strategies that are cross-referenced in the Strategy.

In the process of drafting the Strategy, IDA Ireland considered the impact of FDI as broader than capital inflows or headline job creation. The Strategy considered FDI impact across multiple dimensions, including job quality, innovation, local linkages, and alignment with national goals such as sustainability, digital transformation, and regional development. It reflects a shift from measuring inputs to evaluating broader economic and societal outcomes. To that end, target outcomes include increased training expenditures, measured by the number of people trained, and reduced carbon emissions, and expected R&D spending.

Regional development is one impact area and an important pillar of the Strategy. IDA Ireland includes specific objectives and targets to promote a more equitable distribution of FDI across regions. It commits to securing over half of all new investment projects (55% of 1000 projects) in regional locations outside Dublin, supported with specific targets for each region. To achieve these targets, the Strategy envisions strong collaboration across regions to identify, market and capitalise on investment opportunities in each region aligned with local strengths and national priorities.

Source: (IDA Ireland, 2025[6]), Strategy for sustainable growth and innovation 2025-2029, https://www.idaireland.com/getmedia/fc32d256-c7df-4ff6-9251-12af3958d39e/IDA-Strategy-2025-2029.pdf

8.2.2. The UAE's institutional landscape features multiple actors with overlapping mandates on investment, digitalisation and skills

Investment policy is overseen by several government bodies at the federal and subnational levels (Figure 8.1). Emirate-level authorities set their own strategies for investment promotion, design investment incentives and provide investor aftercare services. To strengthen co-ordination and present a more unified investment profile, the UAE established the MoI under Decree Law No. 37 of 2023. The MoI was created to centralise the federal role in investment strategy, policy co-ordination and high-level decision making, taking over part of the responsibilities formerly held by the Ministry of Economy and Tourism. At present, the MoI acts as the focal point for investment policy and caters to investors above a certain investment threshold. Other federal and Emirate-level bodies also play complementary roles in investment governance, including:

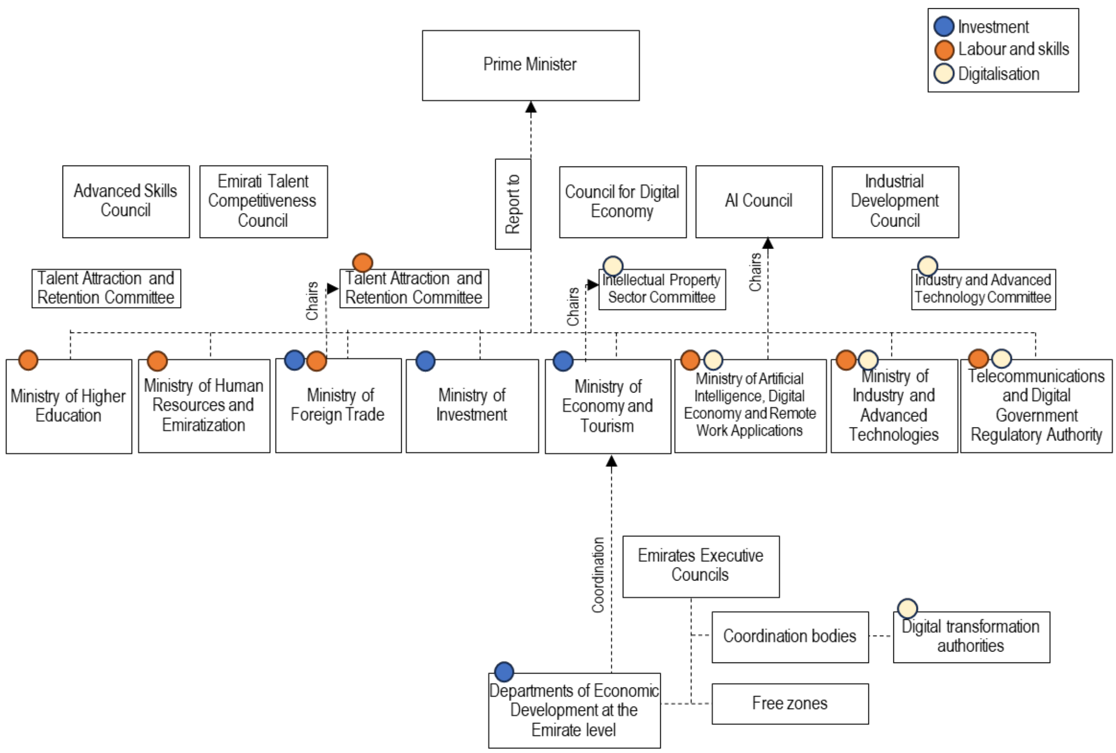
- **Federal level**: the Ministry of Industry and Advanced Technology maintains an Investment Office to cater to investments in industrial activities. Government reshuffling efforts in 2025 has led to the creation of the Ministry of Foreign Trade (MoFT), which assumed the investment-related functions of the Ministry of Economy and Tourism. MoFT facilitates market entry, easing setup processes and banking, to investment projects under a defined investment threshold. It also assists digitally oriented enterprises to integrate into the UAE market through programmes like NextGenFDI.
- **Emirate level**: Department of Economic Development (DED) or equivalent entities serve as the investment promotion authorities within their respective jurisdictions. This includes the Abu Dhabi Investment Office (ADIO); Dubai (DED/Invest Dubai) and other Emirate economic development departments (e.g. Sharjah, Ras Al Khaimah).
- **Free zones**: The UAE has over 40 free zones that serve as key investment hubs, offering 100% foreign ownership, streamlined licensing, and business-friendly setup services that support rapid market entry. Free zones function as specialised ecosystems (i.e. industrial, digital, or logistics-oriented). Major sector-specific zones include the Dubai International Financial Centre, Dubai Internet City, Abu Dhabi Global Market, and Ras Al Khaimah Free Zone, each with their own investment promotion and licensing functions. Free zones are governed by their own zone authorities at the Emirate-level, and not a single federal entity.

For FDI to contribute meaningfully to digitalisation and skills development, closer collaboration across the institutions shaping the UAE’s agenda in these areas is important. Co-ordination would help align workforce development initiatives with the needs of digital MNEs, while ensuring that MNEs themselves play a role in building and upgrading digital skills of the local labour force. At the federal level, various ministries and agencies have a mandate on skills development and implement their own skills programmes. For example, TDRA is tasked to develop digital skills and provides scholarships and funding to ICT projects through the ICT Fund. The Ministry of Human Resources and Emiratisation is responsible for regulating the labour market, developing workforce policies and advancing Emiratisation. Both the Ministry of Industry and Advanced Technology and the Minister of State for Artificial Intelligence, Digital Economy, and Remote Work Applications Office implement skills development programmes in their respective sectors. In addition to these bodies, the Ministry of Foreign Trade oversees the implementation of the Strategy for Talent Attraction and Retention and chairs the committee responsible for it, which includes representatives from various ministries (not including MoI) as well as two Emirate-level DEDs (i.e. Abu Dhabi and Dubai).

Similarly, various actors govern the digital economy at the national level. For instance, TDRA leads the regulation and development of the digital government ecosystem, oversees national ICT infrastructure and runs initiatives to build digital capabilities across the public sector. The Minister of State for Artificial Intelligence, Digital Economy, and Remote Work Applications Office drives the national digital economy agenda, promoting AI adoption and digital readiness across government and the private sector. The Ministry of Industry and Advanced Technology advances digitalisation within the industrial sector through initiatives such as “Make it in the Emirates” and Industry 4.0 programmes. To co-ordinate between these federal-level bodies, the Digital Economy Council provides overarching strategic direction and co-ordination. At the subnational level, Emirates such as Dubai and Abu Dhabi have their own formal co-ordination mechanisms. In Abu Dhabi, for instance, the Advanced Technology Research Council, established in 2020, drives the digitalisation agenda of the Emirate.

Figure 8.1. The UAE's institutional framework involves various agencies with interrelated responsibilities

The UAE's institutional setup for investment, digitalisation and skills development



Source: OECD elaboration.

The decentralisation of investment responsibilities allows Emirates to pursue their own investment promotion strategies that align with their competitive strengths and sectoral priorities. While the institutional landscape offers flexibility, it may benefit from stronger co-ordination to ensure consistent service delivery and policy coherence across Emirates. This provides scope for the MoI to assume a more integrative, harmonising role (Chapter 6). The MoI has taken steps in this direction with the creation of the InvestUAE platform, which will be a unified entry point for investors and the core platform for delivering investment-related services. According to the MoI, this platform aims to offer information on investment opportunities, relevant policies and available facilitation tools, articulating the UAE's overall value proposition.

To further improve policy coherence, the MoI could consider taking a more active role in the federal councils and committees that govern skills development and digitalisation. Currently, the MoI participates in several intergovernmental councils and committees, including the Higher Committee for Free Trade Negotiations and the Industrial Development Council, as well as in multiple bilateral trade and investment joint committees, it is not currently presented in bodies concerned with skills development or the digital economy. The participation of investment authorities in those co-ordination bodies is limited to more proactive Emirates, most notably Abu Dhabi and Dubai. Greater involvement of the MoI in these fora would help ensure that investment considerations are systematically reflected in the design of skills and digitalisation policies, while also aligning investment policy more closely with broader national priorities, including Emiratisation. Committees addressing cross-cutting issues such as talent attraction and retention could more systematically include DEDs from other Emirates. Where full representation is not in place, the MoI could play a convening role and maintain an approach that reflects the priorities of Emirates, requiring close co-ordination between MoI and subnational investment authorities. More broadly, the UAE would benefit from strong co-ordination that current technical programmes are implemented in close co-ordination to prevent duplication of efforts. Consultations with stakeholders for the report have shown, for instance, multiple ministries conducting training programmes on AI or digital skills more broadly.

Adopting a whole-of-government approach supported by inter-agency councils, task forces, and formal communication channels can help address existing policy silos, while inter-agency working groups and joint programming at the implementation level can pool resources, foster co-operation and advance cross-cutting initiatives. For instance, in Denmark, the Agency for Digitalisation provides strategic guidance and maintains IT governance models through inter-ministerial project offices, supporting the Danish Council's IT projects (OECD, forthcoming[7]). Similarly, in Estonia, the e-Estonia Council co-ordinates inter-institutional collaboration, advises on digital policy, establishes expert committees, and working groups or commission studies. The Centre of Government (e.g. the President's or Prime Minister's Office) plays an important role in bridging political interests and bureaucratic boundaries. In a growing share of OECD and partner countries (42% in 2023), national digital strategy development, and the broader question of digital transformation is elevated above the ministerial level. Japan's Digital Agency, operating at the ministerial level under the Prime Minister's supervision, promotes digitalisation in government functions and prioritised sectors. By reducing bureaucratic complexity, these mechanisms can help ensure policy coherence.

8.3. The regulatory framework for investment in support of digitalisation and labour market outcomes

8.3.1. Recent reforms have expanded UAE's openness to digital investment, while regulatory scrutiny remains in a few strategic sectors

Recent reforms to the foreign ownership and business establishment framework have created a comparatively open environment for most digital activities. Amendments to the Commercial Companies Law since 2020 have enabled full foreign ownership across a wide range of ICT, software, cloud, e-commerce and digital services activities, while major specialised free zones (e.g. Dubai Internet City, Dubai Silicon Oasis, Dubai CommerCity, ADGM) offer established pathways for wholly foreign-owned enterprises. As a result, statutory ownership restrictions are minimal in most digital sub-sectors, and foreign investors face few legal limitations when establishing or acquiring companies in these activities. A separate regime applies, however, to digital activities considered to have "strategic impact", under which sectoral regulators may determine ownership, entry and licensing conditions in light of national interest considerations. Under Cabinet Resolution No. 55/2021, telecommunications, financial services, satellite communications and parts of the media industry fall under this category, giving regulators such as TDRA, the Central Bank and the Media Council the authority to assess foreign participation based on infrastructure criticality, public service obligations and security related factors. For most digital activities this discretion is not applied in practice, but regulators may introduce specific ownership expectations, capital requirements or governance conditions when deemed necessary.

In telecommunications, although the general legal framework allows for 100% foreign ownership, TDRA maintains a baseline regulatory expectation of 51% UAE ownership for operators of public telecommunications infrastructure, with exemptions possible but assessed on a case-by-case basis. This default rule reflects the sector's strategic role in national resilience, spectrum management, submarine-cable security and emergency communications. While the licensing framework provides for exemptions, the regulations do not set out specific, published criteria for determining when an exemption may be granted. Assessments are instead guided by TDRA's judgement of the criticality and national security relevance of the network concerned, rather than by codified ownership thresholds by licence type. As a result, the decision process involves a degree of regulatory discretion, and investors cannot fully anticipate how ownership requirements will be applied for different licence categories. In practice, the framework has allowed for increasing foreign participation over time, including higher foreign shareholding limits in licensed operators and full foreign ownership in a range of telecommunications-related and digital infrastructure activities that do not involve the operation of public networks. While the licensing framework allows for exemptions on a case-by-case basis, these have in practice tended to apply to non-infrastructure licences, such as resellers, whereas operators of networks deemed critical are generally expected to retain local ownership. Greater transparency of the factors and thresholds used in exemption decisions (e.g. by embedding them into law or publishing them into official guidelines) -without weakening the legitimate protections afforded to strategic infrastructure- could enhance predictability and reduce information asymmetry for prospective investors.

Media and broadcasting are among the sectors subject to sector-specific licensing and content regulation in the UAE, particularly for traditional outlets such as print media and terrestrial television and radio. The federal media framework, anchored in the Federal Decree-Law on Media Regulation (2023) and its Implementing Regulations, together with Cabinet Decision No. 22 of 2017 on Licensing Media Activities (UAE, 2017[8]), establishes licensing, content and approval requirements that are administered at the federal level by the UAE Media Council. While the Media Law does not explicitly impose economy-wide foreign equity caps, Cabinet Decision No. 22/2017 requires that licences for certain media activities be held by UAE/GCC nationals, effectively conditioning market access on nationality rather than ownership shares (Lexology, 2025[9]; UAE, 2023[10]). Such approaches, where foreign participation in the media sector is permitted but subject to nationality-based licensing, public-interest tests or content controls, are common internationally, including across many OECD economies, as reflected in the OECD FDI Regulatory Restrictiveness Index.

In the UAE, foreign media and digital content firms frequently establish in specialised free zones (e.g. Dubai Media City, twofour54), which allow full foreign ownership and offer licensing regimes tailored to production, animation, advertising and post-production activities. Under the federal media framework, free-zone licences are territorially bounded, and media activities conducted beyond the free-zone perimeter, particularly distribution and broadcasting to the domestic market, are subject to applicable federal and emirate-level rules, including additional licensing approvals and compliance with content standards. This regulatory structure shapes the modes of operation of foreign media firms, facilitating foreign participation in content creation and studio-based activities, while onshore distribution and broadcasting remain subject to closer regulatory oversight.

8.3.2. Competition reforms have enhanced conditions for digital investment, yet greater clarity and co-ordination will be needed to address digital market challenges

Competition policy shapes how investment contributes to market dynamism in the UAE's digital economy, particularly in sectors with high fixed costs, network effects and rapid technological change. The adoption of Federal Decree-Law No. 36 of 2023 represents a significant update to the competition framework (UAE, 2023[11]). The new law replaces the 2012 regime, removes former sector-wide exemptions, broadens the scope of activities subject to competition oversight, and introduces clearer rules on restrictive agreements, abuse of dominance and economic concentrations. With the subsequent 2025 Cabinet Decision defining explicit merger notification thresholds, including an AED 300 million domestic turnover test and a 40% market-share test, the UAE has moved closer to international practice in merger control (Gtlaw, 2025[12]). These reforms are consistent with international practice, where the increasing scale of digital projects, rising concentration in digital-intensive sectors, and the risk of "killer acquisitions" call for stronger tools to detect and review transactions that may reduce market contestability or stifle innovation (OECD, 2023[13]).

Publicly available enforcement practice under the new regime remains limited, reflecting the recent entry into force of the legislation. Nevertheless, the enhanced framework provides a clearer legal basis to scrutinise consolidation in digital markets, including where cross-border mergers and acquisitions involve large technology firms or investors with strong market positions. Moving forward, publishing detailed guidelines, case decisions and market studies would improve predictability for investors, support consistent interpretation of the new rules and increase transparency in areas relevant to digital markets, such as market definition, dominance assessment and thresholds for exclusionary conduct.

Competition in the ICT sector is regulated directly by TDRA, as telecommunications are excluded from the scope of the UAE's general competition law and instead governed under the Telecommunications Law (Federal Decree-Law No. 3 of 2003). Within this framework, TDRA oversees market entry and licensing, conducts market reviews, applies remedies to operators with significant market power, regulates tariffs, and sets interconnection and wholesale access conditions under which firms may provide or distribute digital services (TDRA, 2025[14]). This approach is broadly aligned with the OECD Recommendation on Broadband Connectivity, which emphasises that promoting competition in communications infrastructure, characterised by significant fixed costs and natural entry barriers, requires dedicated regulatory tools to complement general competition law. In the UAE, these mechanisms play a central role in managing a structurally concentrated market, ensuring service quality, and enabling downstream competition in digital services.

At the same time, competition issues arising in data-intensive and platform-based digital markets that fall outside the telecommunications sector are not subject to equivalent sector-specific or ex ante regulatory frameworks. The UAE has not adopted ex ante digital competition measures of the type emerging in some OECD jurisdictions (e.g. EU's Digital Markets Act), such as specific obligations for large digital platforms, interoperability requirements, or restrictions on self-preferencing and bundling (OECD, 2022[15]). Competition concerns arising from platform dominance, exclusionary conduct or algorithmic practices therefore fall under general competition law principles or sector-specific rules. This approach is consistent with the UAE's broader regulatory model, which prioritises sector-specific oversight and flexibility, but it places greater weight on traditional antitrust tools and on the effectiveness of merger control in preventing harmful concentration in digital sectors. Formalising co-operation protocols (e.g. joint market studies, shared analytical resources, structured consultations on mergers and conduct issues) between the Ministry of Economy and sectoral regulators could strengthen coherent application of competition principles across the digital economy. This would also help avoid regulatory gaps where competition issues arise outside traditional sector boundaries (e.g. digital platforms providing communications services).

The distinction between free zone and mainland regulatory regimes continues to influence market entry strategies for digital investors. Free zones offer full foreign ownership, streamlined establishment processes and tailored licensing for technology and digital content activities, making them an attractive base for regional headquarters, software development, digital production and fintech innovation. However, depending on the activity, serving customers located in the UAE mainland may require an additional onshore license or a commercial presence compliant with sector-specific federal or emirate-level regulations. This dual structure is well understood by investors but can introduce administrative complexity for firms seeking to combine onshore service delivery with regional operations, particularly where licensing, competition rules and sectoral requirements differ across emirates. Greater transparency and clearer guidance on how free zone licenses interact with mainland regulatory obligations, including sector approvals, competition law applicability and the conditions under which a free-zone entity may supply services to mainland customers, would help reduce uncertainty and support more predictable market entry.

8.3.3. The UAE has strengthened IPR and data governance frameworks, yet further advances in enforcement and institutional capacity can support digital investment

The UAE has significantly modernised its intellectual property rights (IPR) framework in recent years, strengthening both the legal and institutional foundations that support innovation-driven investment and digital transformation. A set of new federal laws adopted in 2021 -covering trademarks, industrial property, copyright and related rights- replaced earlier statutes and aligned the regime more closely with international standards, expanding the scope of protections and modernising registration and enforcement procedures (Chapter on domestic legal framework) (MOET, 2025[16]). These reforms provide comprehensive statutory protection for patents, trademarks, industrial designs, trade secrets, software and creative works, all of which are central to digital economy activities. Administration of the system is increasingly consolidated in the Ministry of Economy, which serves as the national IP office and offers unified digital platforms for filing and managing rights, while certain free zone jurisdictions, such as Dubai International Financial Centre (DIFC) and Abu Dhabi Global Market (ADGM), maintain complementary frameworks aligned with global practice (DIFC, 2025[17]). This structure enhances predictability for investors, though firms operating across both free zone and mainland environments may still need to navigate parallel processes, especially in sectors where IP interacts with sector-specific rules such as software licensing, content regulation or financial technologies.

While the legal framework for IPR is robust, practical enforcement, especially in fast-moving digital sectors, remains an area where continued institutional strengthening can enhance investor confidence. The UAE offers civil and criminal enforcement avenues, including injunctions, damages and customs actions against counterfeit goods. However, the effectiveness of IP protection in digital industries depends on the ability to address complex forms of infringement such as unauthorised reuse of software code, misappropriation of trade secrets, or online distribution of copyrighted content (OECD, forthcoming[7]). In this context, the UAE has increasingly adopted proactive, technology-enabled enforcement approaches. The Ministry of Economy's InstaBlock initiative, implemented in strategic partnership with the Telecommunications and Digital Government Regulatory Authority (TDRA), leverages AI-based monitoring tools and a real-time "LiveBan" mechanism to detect and immediately disable unauthorised streaming and pirated digital content. The scale-up of this system is reflected in a sharp increase in blocked infringing websites in recent years, and the establishment of the InstaBlock Lab in 2025 as a dedicated hub for inter-agency and private-sector collaboration on digital IP enforcement.

For technology-intensive FDI, the value of investment often resides in algorithms, models, proprietary datasets and confidential business processes, which are assets that are more difficult to monitor and protect. Ensuring that enforcement mechanisms remain agile, well-resourced and equipped to handle these technical cases will be important as the economy becomes more digitally intensive. Expanding capacity-building for judges, enforcement officials and administrative authorities on software, AI and data-related IP would help ensure that the system is equipped to handle increasingly technical disputes. Continued efforts to support SMEs and research institutions in registering, managing and commercialising IP would also reinforce domestic innovation ecosystems and improve the potential for knowledge spillovers from foreign investors. Complementing legal and enforcement reforms, recent national strategies have increasingly emphasised practical implementation mechanisms to link research, skills development and industry needs, including industrial PhD schemes, shared access to research facilities, regulatory testbeds and pilot environments, and co-funded applied research calls in priority technology areas. Such mechanisms can help translate stronger IPR protection into commercially relevant innovation outcomes.

The UAE has taken important steps to establish a comprehensive data governance framework, reflecting the growing role of data in digital transformation and foreign investment. The Federal Decree-Law on Personal Data Protection (PDPL), adopted in 2021, introduced the country's first economy-wide data protection regime, aligned with international practice through principles on lawful processing, transparency, data-subject rights and risk-based security obligations (UAE, 2021[18]). Oversight is assigned to the UAE Data Office, and the law applies extraterritorially to entities abroad processing personal data of individuals in the UAE. These features provide an important baseline of predictability for digital and data-intensive investors. Several operational elements, such as breach-notification procedures, cross-border transfer mechanisms and technical safeguard standards, depend on implementing regulations that remain under development. Finalising and publishing these regulations, accompanied by detailed guidance for businesses, would strengthen legal certainty and support long-term planning for investors.

Data governance is shaped by a multi-layered regulatory landscape combining the federal PDPL with sector-specific rules and separate regimes in free zones. Sensitive categories of data such as financial, health, telecoms or government data, are governed by dedicated sectoral legislation, which may impose stronger requirements on data storage, retention and security than the general PDPL (Bakermckenzie, 2025[19]). Free zone jurisdictions operate their own data protection regimes, aligned with global standards but independent of federal law. While this approach provides flexibility and supports sector-specific oversight, it may also increase administrative complexity and compliance costs for digital firms with integrated regional operations. Greater co-ordination and transparency across federal, sectoral and free zone regimes (e.g. through consolidated regulatory guidance or joint regulatory statements) would help reduce fragmentation and facilitate efficient, innovation-friendly data management practices.

Cybersecurity and data localisation practices further shape the operating conditions for digital investors, particularly in sectors handling sensitive or critical data. The PDPL includes general security obligations requiring firms to adopt technical and organisational measures consistent with international best practice, while sectoral regulators (e.g. TDRA in telecoms and the Central Bank in finance) impose additional requirements relating to cybersecurity and data retention. Although the PDPL does not mandate comprehensive data localisation, sector-specific rules and public-sector procurement standards can result in strong expectations for in-country hosting of sensitive data. As a result, foreign cloud providers, fintech firms and AI developers often adopt hybrid or locally hosted infrastructures to meet regulatory or client requirements. These measures aim to ensure resilience, but may increase costs for new entrants and constrain the scalability of regional digital services. Clarifying when data residency requirements apply, and setting transparent conditions for lawful cross-border data transfers, would improve predictability and support the UAE’s ambition to serve as a regional hub for cloud, AI and data-driven investment.

8.3.4. The UAE could expand on recent labour market reforms to further enable foreign firms to support talent retention and Emiratisation

Access to skilled labour is an important resource for the UAE to sustain its dynamic business environment. Talent attractiveness is therefore a central government priority, reflected in the Strategy for Talent Attraction and Retention. In a context where of global and regional competition for talent, the UAE-and neighbouring GCC economies-have adopted immigration programmes that favour long-term retention of talent. The Golden Visa scheme, for instance, is a 10-year residency permit that allows investors, entrepreneurs, specialists, high-skilled workers or high-performing students to live and work in the UAE without requiring a sponsor. In 2024, the initiative was expanded to include workers with skills that support environmental protection and sustainability (Blue Visa) and freelancers (Green Visa). Investment authorities also facilitate for other federal visa schemes that allow workers to be based in the UAE and work remotely for entities abroad. This scheme acts as a talent attraction tool as it can broaden the talent base and allow workers to transition into the domestic labour market as job opportunities arise. Such initiatives enable the UAE government and enterprises to meet their skills needs by facilitating cross-border labour mobility and allowing for more streamlined recruitment procedures for foreign workers.

Internal labour mobility is also a key conduit for the diffusion of skills between foreign and domestic enterprises by enabling workers trained in foreign firms to transfer technical knowledge and operational practices to domestic peers. Mobility from the public to the private sector is particularly important in increasing the presence of nationals in the private sector, an area of increased priority to the UAE. To support this, the UAE has introduced initiatives to improve the employability of nationals and incentivise their employment in the private sector under the Emiratisation or the Emirati Talent Competitiveness Programme (NAFIS). These include salary support schemes, unemployment and child allowance benefits, apprenticeships, and employment services such as job search assistance. Private sector firms are also required to meet certain quotas. Firms with a minimum of 50 employees must increase the number of Emiratis in skilled roles by 2% annually, targeting 10% by 2026, while firms with 20-49 employees in select sectors are required to hire at least one national, increased to two by end of 2025 (Government of UAE, 2025[20]). Companies based in free zones are exempt of these requirements but are encouraged to participate. Other non-compliant businesses are required to pay fines depending on the size of the firm.

Differences in job quality between the public and private sectors may continue to drive nationals to favour public sector employment. Labour market segmentation between nationals and non-nationals is partly due to distinct legal frameworks governing each sector. Employment in the public sector is governed by Federal Decree Law No. 49 of 2022, while private sector employment is regulated by Law No. 9 of 2022 (domestic workers) and Law No. 33 of 2021 (other private sector roles). These legal distinctions contribute to disparities in job quality between the two sectors (Elsayed, 2024[21]). For example, the termination of employment contracts is restricted to narrowly defined cases in the public sector, which provides for greater job security. Working hours are also relatively higher in the private sector while wages are on average lower.

While the coexistence of distinct labour regulations across sectors is common in many economies, these differences in the UAE reinforce perceptions among nationals that public sector employment is more favourable, which complicates efforts on Emiratisation. In this context, foreign firms frequently report Emiratisation requirements as a challenge, citing difficulties in attracting and retaining national workers in the private sector (Business Sweden, 2025[22]). Addressing structural differences in job quality between the public and private sectors would support more effective implementation of Emiratisation by improving the relative attractiveness of private-sector employment for nationals. Greater alignment of wages and working conditions, alongside a review of the public-sector wage bill, would also advance broader economic diversification objectives (IMF, 2025[23]) In parallel, continued investment in skills development programmes would strengthen the employability of nationals and facilitate their entry into higher-skilled positions in foreign firms.

Additional efforts are also needed to improve overall working conditions to reduce employee turnover at firms. While foreign firms tend to offer more favourable employment conditions than domestic firms, which can support employee retention, these advantages are not automatic and depend on the host country's legal and institutional framework governing employment. Globally, foreign firms pay on average 34% higher wages than domestic firms, and are more likely to provide upskilling opportunities, with nearly half offering training compared to one-third of domestic firms (OECD, forthcoming[24]).

The UAE has taken steps to strengthen its employment framework. Federal Decree No. 33 of 2021, which amends Law No. 8 of 1980, introduced several reforms to private sector employment that include more defined rules on employment contracts, stronger prohibition against discrimination, and mechanisms to set a minimum wage (Elsayed, 2024[21]). Further progress in this area could help improve job quality and reduce excessive turnover in the private sector. Appropriate labour standards ensure that FDI leads to better, rather than worse, working conditions in the host country (OECD, 2022[5]). For instance, statutory minimum wage policies have been associated with lower employee turnover (OECD, 2023[25]). Legal and institutional framework to promote workers' voice arrangements, including for foreign workers, can contribute to improved wage and non-wage working conditions and higher job satisfaction, and thereby reduce excessive turnover (OECD, 2022[5]). Harmonisation of labour standards between free zones, in particular DIFC, ADGM, and the wider economy, would ensure that investors maintain decent working conditions regardless of location.

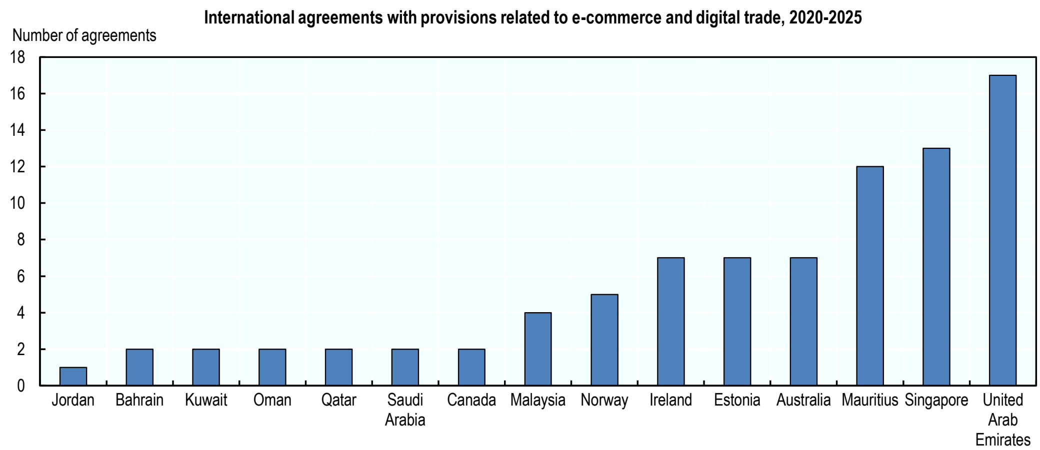
8.4. International instruments to boost FDI’s contribution to the digital economy and labour market outcomes

8.4.1. The UAE leverages international agreements to support the digital economy and shape emerging digital norms

International trade and investment agreements can support the development of the digital economy by shaping investment conditions, market access and regulatory frameworks (OECD, forthcoming[7]). Some of these agreements now feature provisions addressing topics such as digital trade facilitation, privacy and data protection, cybersecurity, cross-border data flows, or source code commitments. Economies take different approaches to embedding these elements in international trade and investment agreements, with some opting to include dedicated digital trade chapters, while others integrate such provisions in chapters relevant to telecommunications or financial services. The conclusion of broader Digital Economy Agreements (DEA) to strengthen international co-operation in the digital economy form another tool used by economies in recent periods.

The UAE has surpassed peer economies in the conclusion of international agreements with provisions addressing critical issues in the digital economy (Figure 8.2). Between 2020 and 2025, the UAE has signed 17 agreements with such provisions, more so than Singapore (13), Ireland (7), as well as each GCC economy, which all concluded two agreements in the same period. Much of this owes to the UAE’s recent practice of concluding Comprehensive Economic Partnerships Agreements (CEPA) with a diverse range of economies, including Australia, Viet Nam, Costa Rica, Jordan, India, and Indonesia. As of November 2025, the UAE has signed 32 CEPAs, 12 of which are currently in force. The UAE’s CEPA agreements include investment chapters that prioritise facilitation, establishing bodies to identify opportunities, monitor investment flows and remove barriers to investment, while addressing investment protection clauses to BITs (Chapter 4). Aside from CEPAs, the UAE seeks to advance digital co-operation through the conclusion of Artificial Intelligence and Digital Economy Agreements (AIDAs) and related MoUs. These instruments take a collaborative approach by advancing knowledge exchange, capacity building, and the sharing of best practices in AI, innovation ecosystems, and wider digital transformation. They also promote joint work on digital infrastructure and data-related capabilities that underpin advanced digital services.

Figure 8.2. The UAE stands out in the use of international agreements to advance digital activities



Note: The data includes agreements that are signed but not yet in force.
Source: Mira Burri, Maria Vasquez Callo-Müller and Kholofelo Kugler, TAPED: Trade Agreement Provisions on Electronic Commerce and Data, available at: https://unilu.ch/taped.

Not only does the UAE make greater use of trade and investment agreements to advance the digital economy, but its agreements include a wider set of digital-related topics compared to peer economies, incorporating elements such as e-commerce, cybersecurity, cross-border data flows, competition policy and emerging digital technologies such as AI. For example, cybersecurity is featured in all of the 17 agreements with digital provisions and usually entails a joint commitment to strengthen cybersecurity for digital trade by enhancing incident-response capabilities, deepening co-operation on cyber threats, and recognising the importance of a skilled cybersecurity workforce.

Co-operation on competition policy in the digital economy is encouraged in the Chile-UAE CEPA agreement, which was signed in July 2024 but is yet to come into effect. Such provisions can help parties address anti-competitive business conduct or risks in the digital market, such as abuses of dominant position (OECD, forthcoming[7]). Dedicated chapters on intellectual property are included in nearly all of the 17 agreements, ensuring standards on IP protection while seeking to strengthen enforcement frameworks and co-operation between parties. Safeguards against source code disclosures are only included in the Australia-UAE CEPA, which entered into force October 2025. The clause limits compulsory access to proprietary source to instances where authorities require such access to verify compliance with domestic laws. Such an exception is common and preserves space for government to address risks tied to digital technologies, including those related to consumer protection, data protection or other public-interest objectives (OECD, forthcoming[7]).

While provisions on the digital economy feature prominently in the UAE's stock of international agreements, the clauses vary in terms of legal enforceability. In many of the earlier CEPAs, digital and e-commerce chapters are not subject to dispute settlement, which reflects a preference towards a more co-operative approach. Provisions on cross-border data flows, for instance, range from high-level acknowledgements to more binding obligations for parties. The India-UAE CEPA agreement, signed in 2022, acknowledges the importance of cross-border data flows (Article 9.11) while preserving each party's right to restrict such flows or impose data localisation requirements. Conversely, the Australia-UAE CEPA agreement prohibits parties from restricting or banning cross-border data flows or imposing data localisation requirements, subject only to public policy exceptions (Articles 12.16 and 12.19). Regardless of whether these commitments are enforceable or co-operative in nature, the overall direction of the UAE's treaty practice signals a clear intention to deepen digital co-operation with Key Partners, while at the same time creating a more conducive environment for investment in digitally intensive sectors.

8.4.2. The UAE's recent treaties highlight a trend towards incorporating skills development and labour-related commitments

The UAE's treaty practice shows a growing trend for incorporating skills development and labour-related commitments between parties. As observed globally, the UAE's stock of BITs includes few labour-related provisions that are limited in scope. For example, the India-UAE BIT, which came into effect in 2024, encourages investors to adopt corporate social responsibility practices to safeguard labour and human rights, while the Rwanda-UAE BIT, which came into effect in 2020, calls for parties to avoid relaxation of labour standards for the purposes of boosting trade or attracting investment. More recent CEPA agreements build on this foundation and introduce more clearly defined expectations, including in relation to skills development. In the UAE's stock of agreements with digital-related provisions, three CEPA agreements (with New Zealand, Mauritius, and Serbia) include provisions on upskilling, encouraging parties to implement initiatives to develop the digital skills of policymakers and wider population. The New Zealand-UAE and Australia-UAE CEPAs include clauses for parties not to derogate from labour standards for the purposes of encouraging trade and investment.

These provisions are set out in dedicated trade and labour chapters and are not subject to dispute settlement, instead being implemented through co-operative and consultative mechanisms, in line with the UAE's policy preferences. Importantly, the Australia-UAE CEPA acknowledges the potential adverse effects of the digital economy on labour conditions, including risks associated with workplace surveillance, algorithmic decision making and gig work. Positively, agreements that are currently under negotiation (e.g. EU-UAE free trade agreement) show that the UAE is poised to continue integrating labour-related commitments in international trade and investment agreements. Such commitments can improve the capacity of foreign firms to deliver quality employment and in turn support long-term talent retention.

8.4.3. International instruments on responsible business conduct help raise labour standards and address risks associated with technological advancements

Box 8.2. The OECD Guidelines for Multinational Enterprises: Employment and Technological Advancement

Enabling businesses to address challenges with emerging technologies

The MNE Guidelines and Due Diligence Guidance for RBC provide a comprehensive framework for businesses to address risks associated with the digital transformation or emerging digital technologies. Despite growing corporate efforts on RBC, many enterprises still focus narrowly on issues such as data protection or cybersecurity. Digital technologies such as AI systems can create wider risks to human rights, labour rights and the environment-ranging from algorithmic discrimination and intrusive surveillance to unsafe online environments and high energy consumption. The MNE Guidelines encourage a broader, system-wide approach to address risks that extend to all sectors adopting digital technologies and span the entire value chains. In addition, the OECD Due Diligence Guidance on RBC enables enterprises to identify, prevent and mitigate adverse impacts linked to their operations, products and business relationships. A forthcoming OECD Due Diligence Guidance for Responsible AI further supports companies in applying RBC principles to address emerging AI-specific challenges.

Advancing responsible business conduct in employment and industrial relations

The MNE Guidelines set expectations for enterprises to maintain responsible labour practices, emphasising respect for workers' rights to organise, adherence to employment and industrial-relations standards that meet or exceed those offered by comparable employers, and the provision of fair wages, good working conditions, and robust occupational health and safety. The MNE Guidelines call on enterprises to employ and train local workers where possible, to give reasonable notice of operational changes that may affect employment, and to work with worker representatives and authorities to mitigate adverse impacts. In addition, the OECD Due Diligence Guidance for RBC provides a practical, risk-based framework to identify, prevent and address labour-related harms. Sector-specific due diligence guidance identifies the potential labour-related risks associated with the particular activities in which enterprises operate, including garment and footwear, extractive industries, or agriculture.

Source: (OECD, 2023[26]); (OECD, 2018[31]); (OECD, 2026[27]); (OECD, 2018[28]); (OECD, 2017[29]).

International instruments, such as the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct ("MNE Guidelines") and the accompanying Due Diligence Guidance for Responsible Business Conduct (RBC), provide guidance for enterprises to ensure that their business activities do not lead to adverse impacts to society and the environment (Box 8.2). For instance, the MNE Guidelines provide expectations for businesses to promote good industrial relations, quality jobs and a decent working environment (Chapter V). These practices can help ensure that enterprises create a positive work environment that reduces turnover and improves long-term talent retention. Technological advancements, such as AI, can also create challenges for businesses in relation to safeguarding human and labour rights and the environment. The MNE Guidelines emphasise that enterprises should conduct RBC due diligence to identify and account for risks through the entire technology value chain (Chapter IX) (OECD, 2023[26]). In the area of AI, for instance, conducting due diligence is increasingly important to help manage potential unfair practices related to employment, finance or access to public services (OECD, 2026[27]). Other sector-specific due diligence guidance provide more tailored recommendations for businesses to identify and manage risks along their supply chains (OECD, 2018[28]; 2017[29]; 2017[30]).

8.5. The skills ecosystem supporting the digital transformation and talent retention

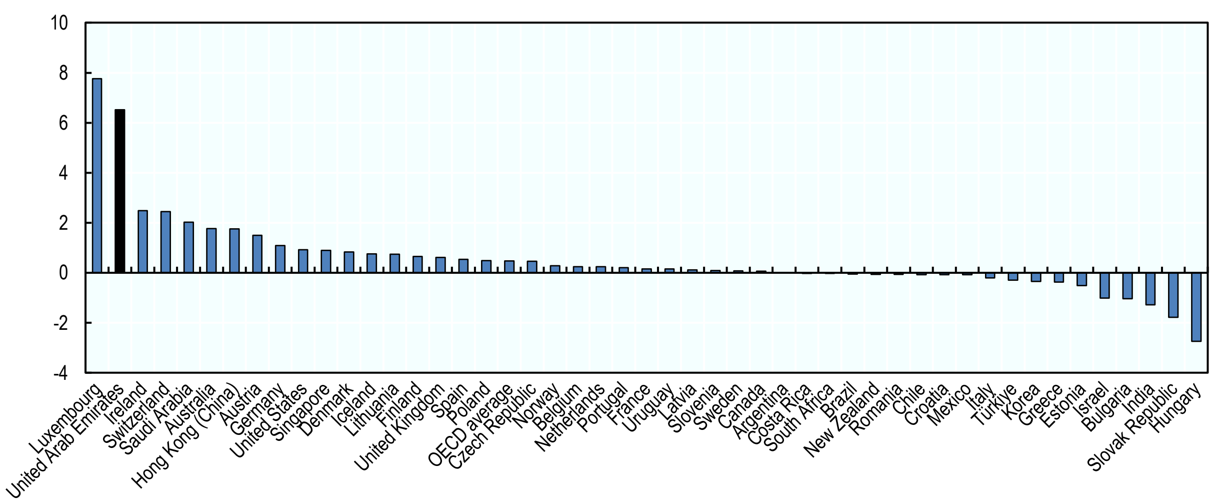
8.5.1. Improving the UAE's competitiveness for FDI in the digital economy requires continued investment in basic and advanced digital skills

The UAE has set ambitious goals to attract FDI in digital-intensive sectors and nearly double the digital economy's share of non-oil GDP over the next decade, but rising investment is also intensifying shortages in certain specialised skills. The UAE is seeking to become an economic hub for AI, and is amongst global competition to attract foreign AI professionals and meet growing demands (Figure 8.3). Yet demand for specialised digital skills continues to outpace supply as adoption accelerates. In Dubai, skills shortages in software and applications, data and AI and cybersecurity are likely to become more astute in the near future as adoption accelerates (Dubai Digital, 2024[32]). Employers are not only seeking advanced technical skills (e.g. AI and big data) to support the digital transformation, but also a set of soft and interpersonal capabilities, including analytical and creative thinking and technological literacy (WEF, 2025[33]). At the same time, the OECD Programme for International Student Assessment (PISA) shows that the UAE's performance in mathematics, reading and science is below the OECD average (OECD, 2023[34]), which should be interpreted in the context of the UAE's demographic composition and labour market dynamics. This underscores the importance of strengthening foundational skills to support future workforce needs.

The UAE has prioritised strengthening its domestic talent base while continuing efforts to attract foreign talent to meet emerging skills needs. The National Program for Coders aims to expand the UAE's digital skills pipeline by attracting, training and upskilling 100 000 coders through international training initiatives and stronger links between talent, industry and universities. At the same time, the education system is being adapted to prepare young people and enable them to take advantage of opportunities generated by the digital economy. Cybersecurity and AI are being incorporated in pre-tertiary curricula, and universities are expanding programmes in advanced digital fields, for instance with the establishment of the Mohamed bin Zayed University of Artificial Intelligence in Abu Dhabi. The digital capabilities of federal government officials are also being reinforced with the Jahiz initiative, which provides an interactive platform for self-paced trainings in AI, cloud computing and data analytics. In addition to generating skills demand, the digital transformation will create wider shifts in the labour market, and cause risks of job displacements, which will require reskilling programmes to mitigate for such effects. At the same time, the UAE's ability to attract global digital talent and embed foreign firms into national upskilling initiatives can address emerging skills gaps in a dynamic and forward-looking manner.

Figure 8.3. The UAE is attracting international AI talent to meet growing demand

Net migration flows of LinkedIn members with AI skills from 2021 to 2025



Note: Data for OECD Member countries Colombia and Japan are unavailable due to insufficient sample size and are excluded from group averages.
Source: OECD.AI (2026[35]), Between-country AI Skills Migration based on data from LinkedIn Economic Graph, https://oecd.ai/

Foreign firms have a noteworthy role in addressing skills shortages in the UAE's digital economy. Recent years have featured many collaborations with foreign firms to implement digital skills programmes, often in partnership with the Minister of State for Artificial Intelligence, Digital Economy, and Remote Work Applications Office (Box 8.3). These programmes seek to advance AI literacy, applied digital skills, coding and data competencies, and machine learning capabilities, thereby expanding the domestic skills base. For instance, a recent partnership with Microsoft seeks develop 1 million AI talents in the UAE. However, such initiatives do not materialise automatically and may depend on active measures, for instance, to strengthen linkages between foreign firms and local educational establishments, or design policies that encourage foreign firms to invest in employee training. Existing initiatives demonstrate the UAE's capacity to engage foreign firms in national upskilling programmes, and sustaining these efforts would contribute to covering emerging skills needs. Expanding workplace training in particular can also improve job satisfaction and talent retention, as lack of skills development and career advancement pathways can drive workers to switch jobs and aggravate turnover (OECD, 2023[25]).

Box 8.3. Examples of programmes led by foreign firms to address skills gaps in the UAE

Google's "AI for All" initiative

The "AI for All" initiative, launched by Google in partnership with the Minister of State for Artificial Intelligence, Digital Economy, and Remote Work Applications Office, is planned to deliver AI-literacy and digital-skills training in 2026 to a defined set of target groups, including students, teachers, government employees, creators and small and medium-sized enterprises (SMEs). The programme offers modules on AI fundamentals, practical applications, responsible use and prompt engineering, as well as tailored content for SMEs on applying AI to improve business processes. It also includes an awareness component designed to support uptake of training opportunities.

Microsoft's Elevate UAE programme

Microsoft Elevate UAE initiative is a large-scale public-private partnership designed to strengthen the UAE's digital and AI talent base. The programme aims to train more than 250 000 students, faculty and academic staff, alongside over 55 000 federal government employees, equipping them with practical AI competencies and industry-recognised credentials. Delivered in collaboration with other stakeholders (e.g. schools, universities and non-profit organisations), the Elevate UAE initiative provides AI-literacy and applied digital-skills courses in schools and universities, while also providing tailored modules for public-sector officials through partnerships with entities such as G42 and the federal JAHIZ platform.

Samsung's Innovation Campus

Samsung Innovation Campus programme, delivered in partnership with the Minister of State for Artificial Intelligence, Digital Economy, and Remote Work Applications Office. The initiative offers virtual training for young people with STEM prerequisites on foundational and applied digital competencies such as Python programming, data analysis, machine learning and deep learning. Samsung also contributes to wider national digital literacy efforts through participation in events such as UAE Codes, where it delivers practical AI and coding sessions to strengthen exposure to emerging technologies. These activities expand access to hands-on digital-skills development opportunities and complement broader government efforts to expand the skills base.

Source: (Microsoft, 2025[36]); (Google, 2025[37]); (Emirates News Agency, 2025[38]).

8.5.2. Skill anticipation systems enable the UAE to respond to emerging skills needs and maintain its attractiveness as a talent-rich investment destination

Effective skills anticipation systems help align education and training programmes with the evolving skills needs of the labour market. Currently, the UAE is developing a more integrated skills anticipation system to identify skills gaps by combining data from LinkedIn job postings, employment contract records maintained by the Ministry of Human Resources and Emiratisation, and business surveys. This data is matched these against an inventory of university programmes and their embedded skills to identify mismatches or skills gaps. Reforms in higher education governance reinforce this approach. A new Outcome-Based Assessment Framework shifts institutional evaluation from inputs (e.g. resources) toward measurable outputs, based on a set of KPIs assessing employment outcomes, learning quality, research strength, industry collaboration, reputation, and community engagement (Commission for Academic

Accreditation, 2025[39]). The framework encourages education institutions to strengthen industry collaboration through several means, including by incorporating employer input into curriculum design, offering work-based learning opportunities such as internships, embedding professional certifications into programmes, and involving external stakeholders in the assessment of learning outcomes. Skills anticipation systems that incorporate the input of foreign firms can further reduce the gap between available data and the evolving skills needs linked to FDI. Since FDI decisions often reflect forward-looking labour market trends, their involvement can help anticipate future skill demands more effectively (OECD, 2022[5]).

8.6. Investment incentives to draw FDI in digital activities and skills

8.6.1. Greater transparency could help firms to better identify available support for digital activities and labour market outcomes

The UAE's fiscal policy has evolved significantly in recent years, shifting away from a long-standing 0% tax model.[1] In 2023, the UAE introduced a corporate income tax (CIT) standard rate of 9%, with possible reductions and exemptions to encourage investment in certain sectors. These changes to the fiscal landscape form part of a broader wave of tax reforms across the GCC, driven by efforts to diversify economies and reduce reliance on hydrocarbon revenues (Baum, Nampewo and Polo, 2025[40]).

While the UAE's tax system continues to evolve, investors must also navigate an investment incentive landscape that varies between and within Emirates. In Abu Dhabi, for example, investment authorities apply a cluster-based model in which benefits are linked to firms' performance against defined criteria. Incentive regimes also differ across the country's free zones. Specialised zones, including Dubai Internet City, Dubai Silicon Oasis, ADGM and Masdar City, offer tailored packages to attract firms in software development, digital services, cybersecurity and AI. These combine favourable tax treatment with targeted non-fiscal benefits such as streamlined licensing, regulatory sandboxes, dedicated digital infrastructure and IP support. With around 40 free zones nationwide, the incentive landscape is highly diversified and would benefit from greater consolidation and transparency of information to help investors more easily assess investment opportunities and access benefits.

The UAE, through MoI, may help address such information asymmetries by consolidating information on available incentives in a portal that allows investors to explore available benefits per sector or geographic location. While the InvestUAE portal displays the sectoral strengths of each Emirate, the site currently lacks more granular data on incentives, such as the eligibility criteria, level of benefits, and information on the application process. Other economies offer examples for implementing such initiatives, including Mauritius and the United States, by either creating an interactive platform to explore incentives or publishing guides for specific incentive schemes for investors (Box 8.4).

The effectiveness of incentives is not only determined by their accessibility. Incentives require a robust monitoring and evaluation framework to determine whether the instruments achieve their intended objectives and at what cost. Assessments should also consider how incentives contribute to broader policy goals, such as reducing inequality or advancing environmental targets (OECD, forthcoming[41]). For instance, firms in the UAE that hire nationals and meet their Emiratisation quotas can access a range of benefits, including salary support schemes, grants for on-the-job employee training, and improved access to government contracts (ETCC, 2025[42]). However, many firms are still reporting difficulties in meeting their Emiratisation quotas (Business Sweden, 2025[22]), suggesting more significant underlying barriers such as skill mismatches, recruitment difficulties, or persistent preference among nationals for employment in the public sector. Systematically assessing the costs and impact of these incentives is essential to understanding whether they meaningfully increase national employment in the private sector in the long run or whether alternative policy measures offer more effective or efficient pathways to the same outcomes.

Box 8.4. Initiatives to increase transparency of tax incentives in select countries

Target Industries Dashboard, SelectUSA

The Target Industries Dashboard was developed by SelectUSA to consolidate information on all incentives offered by US states, in addition to ones administered at the federal level. The tool provides an interactive overview of US states and territories where specific industries are prioritised. It also offers direct access to state fact sheets and sector-specific incentives, ensuring that investors have the necessary information to make informed decisions. To further support investors in navigating the incentive framework, SelectUSA has also developed the state business incentive database, a comprehensive resource offering detailed information on incentive programmes across all 50 states. The database currently includes information on 2 566 programmes, covering programme objectives, eligibility criteria, and descriptions of available benefits.

Incentive-specific guides, Mauritius Economic Development Board

The Economic Development Board (EDB), Mauritius' apex investment promotion agency, provides an up-to-date investor guide that outlines available investment incentives on the government homepage. In addition to this broader resource, EDB publishes incentive-specific guides that detail the level of benefits, eligibility criteria, and legal basis of individual incentive schemes. Investors seeking to familiarise themselves with Mauritius' incentive framework can navigate the EDB homepage and explore the incentives available per economic sector, thereby simplifying their investment decisions and ensuring a more equitable playing field for investors of all sizes.

Source: C2ER (2025[43]), State Business Incentives Database, https://www.stateincentives.org/; SelectUSA (2025[44]) Target Industries Dashboard, https://www.trade.gov/selectusa-target-industries-dashboard; and EDB (2025[45]), Investment Guide, https://edbmauritius.org/investment-guide

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Notes

[1] Prior to the introduction of a broader CIT rate, the oil and gas sector and foreign banks were – and continue to be – subject to the taxation rules of Emirate-level authorities.

Investment Policy Perspectives in the United Arab Emirates

This report reviews the regulatory and institutional framework for foreign direct investment (FDI) in the United Arab Emirates (UAE) and assesses its implications for sustainable development. It serves as a stocktaking exercise to inform future investment climate reforms, paying particular attention to strengthening investment governance across Emirates and improving sustainable outcomes of investment. The report analyses recent trends and impacts of FDI in the UAE and examines options to promote a more coherent and effective investment policy framework. Building on the OECD Policy Framework for Investment and the FDI Qualities Policy Toolkit and Indicators, it covers six thematic areas, including the domestic and international legal framework for investment, investment promotion and facilitation and leveraging FDI to advance digital transformation and support skills development.

PRINT ISBN 978-92-64-69391-3
PDF ISBN 978-92-64-72777-9

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