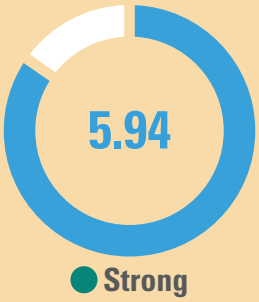
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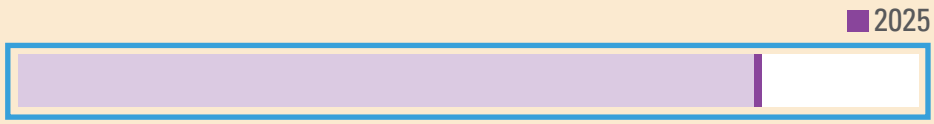
Country profile

# UNITED ARAB EMIRATES

## ARAB BUSINESS LEGISLATIVE FRAMEWORKS



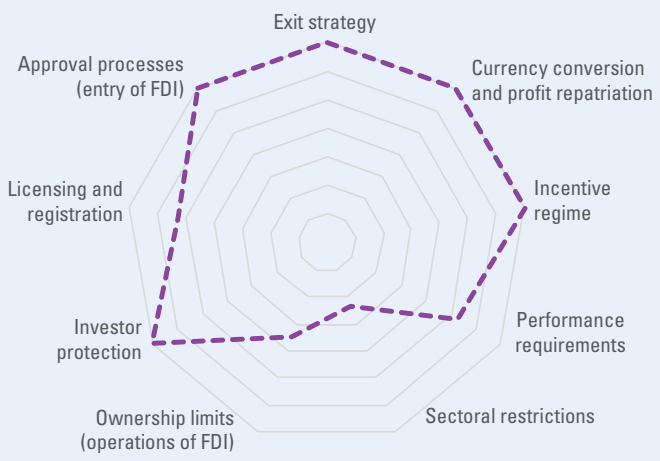

## FOREIGN DIRECT INVESTMENT



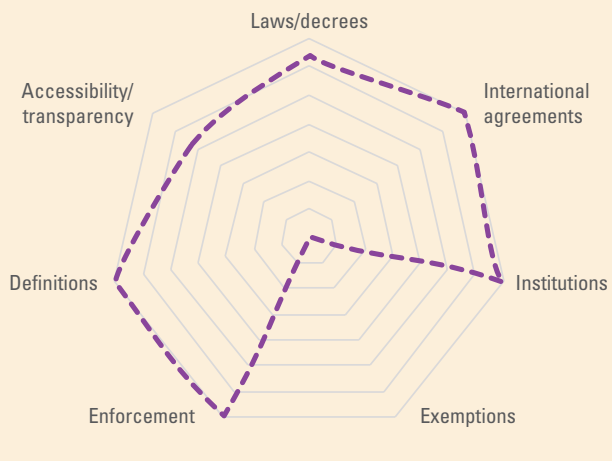

Very weak | Weak | Basic | Moderate | Developed | Strong | Very strong

| COMPONENTS | 2025 |
|---|---|
| Approval processes (entry of FDI) | 7.00 |
| Licensing and registration | 5.25 |
| Investor protection | 7.00 |
| Ownership limits (operations of FDI) | 3.50 |
| Sectoral restrictions | 2.33 |
| Performance requirements | 5.25 |
| Incentive regime | 7.00 |
| Currency conversion and profit repatriation | 7.00 |
| Exit strategy | 7.00 |

### COMPONENTS




### ELEMENTS



**Note on methodology:** The foreign direct investment (FDI) pillar was fully revised in 2023 following a legal and methodological review and first applied in the 2025 assessment. The 2020 edition assessed the macroeconomic enabling environment for investment. The revised methodology shifts to a business-conducting perspective, assessing the regulatory treatment of foreign investment.

## 2020 EDITION

**Moderate**

### Foreign direct investment framework assessment

**Macroeconomic enabling environment lens**

The 2020 assessment examined whether the country's **macroeconomic policies** provided a stable foundation for investment, whether the **investment regulatory framework** set clear rules of engagement, how far **incentivization schemes** attracted foreign capital, the extent to which **bilateral treaties** offered investors legal certainty, and whether **banking regulations** enabled the financial operations required for investment.



**Macroeconomic policies**



**Investment regulatory framework**



**Incentivization schemes**



**Bilateral treaties**



**Banking regulations**

**This country profile is prepared based on the legal and regulatory framework in force as at April 2025.**

This country profile assesses the foreign direct investment (FDI) framework of the United Arab Emirates based on the nine FDI assessment components adopted under the Arab Business Legislative Frameworks methodology. The analysis is structured to ensure that each component is examined against its specific definition and indicators, supported by relevant legal and regulatory evidence.

**Federal Decree-Law No. 32 of 2021 on Commercial Companies (Companies Law) is now the primary legislation governing the FDI regime in the United Arab Emirates. The Companies Law replaced the previous companies' laws, namely Federal Law No. 2 of 2015 on Commercial Companies (old Companies Law) and Federal Decree-Law No. 19 of 2018 on Foreign Direct Investment (FDI Law).**



## Approval processes

**This assessment component examines the mechanisms and institutional arrangements governing the authorization of FDI, the applicable regulatory requirements, and the legal basis for international investment commitments and access to bank financing.**

The establishment of companies in the United Arab Emirates is divided into two categories: some companies are established in mainland areas, while others are established in free zones. In mainland areas, companies are subject to the civil legal system under Federal Decree-Law No. 32 of 2021 concerning Commercial Companies (Companies Law), which applies to all commercial companies established in the United Arab Emirates, including foreign companies with branches or representative offices in the country, unless specific exceptions are provided.

In free zones, the legal framework varies depending on the type of zone. Financial free zones, such as the Abu Dhabi Global Market (ADGM) and the Dubai International Financial

Centre (DIFC), are governed by certain federal laws, except in matters relating to civil and commercial laws. Companies in these zones rely on their own specific laws and regulations. The same applies to companies registered in other free zones, which are regulated according to the laws of each individual free zone.

The Ministry of Economy and the Department of Economic Development manage policies for foreign investors. Capital requirements vary according to the kind of corporate activity. Article 337 of the Companies Law outlines the procedures for registering foreign companies. The United Arab Emirates has made substantial attempts to speed licensing and registration processes, particularly in Abu Dhabi, using digital platforms such as online portals.

The United Arab Emirates has established a strong framework of bilateral investment treaties to promote foreign direct investment, protecting investments from non-commercial risks such as nationalization and expropriation. The United Arab Emirates has signed bilateral investment treaties with several nations, including Hong Kong and Brazil in 2019, and a recent agreement with Sri Lanka, to enhance its investment landscape.



## Licensing and registration

**This assessment component reviews the legal and regulatory framework for the licensing and registration of foreign investment projects in the United Arab Emirates, with particular attention to transparency and predictability in administrative procedures, land use and ownership conditions, and streamlining of registration processes.**

Federal Decree-Law No. 32 of 2021 concerning commercial companies does not establish a general minimum capital requirement for all company forms. Capital thresholds are prescribed only for joint-stock companies. In particular, article 195 sets the minimum share capital requirement for public joint-stock companies, while article 258 specifies the minimum capital for private joint-stock companies. Other legal forms, including limited liability companies and branches of foreign companies, are not subject to a statutory minimum capital requirement, unless otherwise determined by sector-specific regulations or competent authorities.

Furthermore, the State has adopted digital mechanisms to streamline licensing and incorporation procedures and reduce administrative burdens. These include the unified "Basher" electronic platform, which enables investors to complete company registration and obtain licenses online through integrated coordination among relevant federal and local authorities.



## Investor protection

**This assessment component reviews the legal protections available to foreign investors in the United Arab Emirates, including statutory guarantees, access to dispute resolution mechanisms, and the role of domestic courts and arbitration frameworks in ensuring the enforcement of investor rights and investment-related obligations.**

The United Arab Emirates has concluded several bilateral agreements with key trading partners to protect and promote investments. One of these agreements is with the Philippines, with a view to protecting investments from non-commercial risks such as nationalization, expropriation, judicial seizure and freezing. The agreement provides for compensation to investors in cases where investments are damaged due to wars, conflicts, civil unrest or demonstrations. It includes approved ways for investors and the host State to settle disagreements, such as amicable settlement, submission of disputes to local courts, or international arbitration.

Modern arbitration laws have been passed in the United Arab Emirates, namely the Federal Law No. 6 of 2018 concerning arbitration, which sets out a complete set of rules for arbitration in business and investment conflicts. This law protects the rights of the parties by establishing clear procedures and legal safeguards, including the appointment of impartial arbitrators,

the right of parties to present evidence and testimonies, and the ability to challenge arbitration awards on specified legal grounds. In line with international agreements such as the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, the United Arab Emirates undertakes to recognize and enforce arbitral awards.



## Ownership limits

**This assessment component examines the extent to which Emirati legislation imposes ownership limits, foreign equity restrictions, or screening and prior approval mechanisms on foreign investment operations, including restrictions related to acquisition of real estate or participation in certain economic activities.**

Under the current Commercial Companies Law, full foreign ownership of local companies is permitted, allowing foreign investors to establish and operate businesses directly in the United Arab Emirates outside the free zones while retaining full control over those companies. Under this system, the Department of Economic Development determines which commercial activities foreign investors are permitted to undertake. Cabinet Resolution No. 55 of 2021, however, provides that foreign investors must get clearance from the competent federal body before participating in activities with strategic impact, including security, defense, military-related enterprises, banking and currency exchange outlets.

Under the relevant property rules, foreign ownership of real estate in some designated locations is subject to particular legal limitations. Free zones in the United Arab Emirates are specialized economic zones established to draw foreign capital by allowing outside investors to enjoy 100 per cent ownership of their businesses. Traditionally, these areas have been the main venues for foreign investors to operate their businesses in the United Arab Emirates. The operation of businesses set up in free zones is limited to those activities allowed under the particular rules governing each free zone.



## Sectoral restrictions

**This assessment component reviews sector-specific regulations that affect foreign direct investment in the United Arab Emirates, focusing on market access limitations, competition-related considerations, and exceptions justified on grounds.**

The competitive environment applicable to foreign investors in the United Arab Emirates is governed by Federal Decree-Law No. 36 of 2023 on the Regulation of Competition, which promotes fair market practices, prohibits anti-competitive agreements, prevents abuse of dominant position, and seeks to ensure market openness and effective competition across economic sectors. The law applies equally to domestic and foreign investors without distinction.

Most commercial and industrial activities permit full foreign ownership, subject to licensing requirements. However, certain activities remain subject to exclusive State control. Regulated sectors include banking and financial services, which are subject to licensing and prudential supervision by the Central Bank of the United Arab Emirates.



## Performance requirements

**This assessment component examines whether Emirati investment legislation or policies impose performance-related obligations on foreign investors, such as requirements related to employment, skills development, export promotion, or compliance with social and labour standards.**

In addition to Federal Decree-Law No. 33 of 2021 on the Regulation of Labour Relations, workforce development and national employment obligations are expressly established under Ministerial Resolution No. 663 of 2022 on Compliance with Emiratisation Regulations in the Private Sector and Ministerial Decision No. 279 of 2022 on the Mechanism of Monitoring the Emiratisation Ratios in the Private Sector and Contributions Imposed on the Establishments Not Abiding by Said Ratios, issued by the Ministry of Human Resources and Emiratisation. These instruments impose mandatory Emirati hiring targets, reporting and monitoring requirements, and financial penalties for non-compliance on all private-sector entities, including foreign-owned companies.



## Incentives regime

**This assessment component reviews the legal framework governing investment incentives in the United Arab Emirates, which includes defining incentive schemes in legislation, specifying the adopted incentive regime, and identifying the competent authorities responsible for administering and implementing these incentives.**

**NextGen FDI incentives**
In 2022, the Ministry of Economy put incentives in place to attract new digital companies. The NextGen incentives package is intended to facilitate the process of establishing a company. The incentives include fast and flexible incorporation processes for companies, a fast-track licensing system, banking facilitation commercial/residential lease incentives, and bulk visa issuances. The package is aimed at businesses run by data scientists, digital asset entrepreneurs, computer programmers and software developers.



## Currency conversion and profit repatriation

**This assessment component examines the legal provisions governing currency conversion and the repatriation of profits by foreign investors in the United Arab Emirates, including guarantees for capital transfers, the role of financial and banking authorities, and applicable capital control measures.**

In general, foreign and local investors are not subject to capital controls or restrictions on the transfer of capital or profits, although certain sectors may remain subject to regulatory restrictions. This applies to funds transferred to the United Arab Emirates through licensed banks and financial companies for FDI projects, subject to conditions determined by the Council of Ministers. Profits and returns from foreign direct investments used for establishing new projects or increasing existing project capital are also exempt from controls.

Article 122 of Federal Decree-Law No. 14 of 2018 (Banking Law) authorizes the Central Bank of the United Arab Emirates and the Ministry of Finance to issue regulations to protect depositors' rights. Foreign investors can also obtain mortgages to invest in the country in accordance with specific criteria (especially in the real-estate sector). This is expected to facilitate FDI in the United Arab Emirates.



## Exit strategy

**This assessment component assesses the legal framework governing the exit of foreign investors from the Emirati market, focusing on provisions related to divestment, liquidation, mergers and acquisitions.**

In the United Arab Emirates, exit mechanisms and mergers and acquisitions are regulated under the framework of the Companies Law.

## RECOMMENDATIONS

- Define, by regulation, objective legal criteria and review procedures applicable to activities designated as strategic to ensure transparent and consistent screening.
- Publish an official consolidated list identifying restricted or regulated sectors and the competent licensing authorities for each sector.
- Consider establishing a clear legal basis for export-promotion incentives applicable to foreign investment projects, where this is aligned with national trade policy.
- Introduce a legally defined framework requiring objective economic evaluation criteria, including cost-benefit or impact assessments, for projects benefiting from public incentives or preferential treatment.
- Adopt implementing regulations that define eligibility criteria, application procedures, and approval standards for incentive programmes to ensure transparency and equal treatment.

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