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Legislative and Policy Aspects of the Projects of the 50

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Legislative and Policy Aspects of the Projects of the 50

The 'Projects of the 50' (referred to here as the 'Projects') are a series of developmental and economic initiatives that aim to accelerate the United Arab Emirates' (U.A.E.'s) growth as a comprehensive economic hub while cementing its status as an ideal destination for talent and investment. This article, the latest in a series examining various aspects of the Projects, focuses on a number of the legal and policy reforms being introduced to implement the Projects' vision.

المشاريع الخمسين PROJECTS OF THE 50

Introduction

One thing the U.A.E. does not lack is vision or ambition. But once the soaring rhetoric of lofty long-term strategies subsides, the small and prosaic yet vitally important matter of implementation rears its head. The U.A.E. has been very successful in delivering on its vision to date but with success comes yet greater ambition. A more ambitious vision demands equally ambitious changes to policy and law. This is the essence of the Projects of the 50.

The first article in this series, "[U.A.E.'s 'Projects of the 50' and the Competitive Game of Nations](#)," sets the scene for what is to come with an introduction to the Projects and an overview of the vision it represents. The second article, "[The 'Economy-First' Doctrine](#)," takes a more in-depth look at the foreign policy implications of the Projects and shows that recent shifts in the U.A.E.'s foreign policy outlook are rooted in a fundamental principle: the nation's economic interests will drive its foreign policy. This third article focuses on the small things: the practical steps being taken to implement the Projects from a legal perspective. Ultimately, any legislative and policy changes provide the foundations for the economic and social growth of the Projects' vision.



The U.A.E.'s Projects of the 50 and the Competitive Game of Nations



The 'Economy-First' Doctrine

Given the breadth of the legal, regulatory, and policy changes envisioned by the Projects, the topic is worthy of an entire book in and of itself. With that in mind, this article is not a comprehensive guide to the changes currently being implemented. Instead, it sketches out some of the more noteworthy reforms that fall under two broad categories: (i) economy and (ii) society. The article offers opinions on the changes being implemented, outlines several of the immediate challenges being faced, and addresses further measures that will be required to achieve the Projects' goals.

1. The Economy

The [Second Principle of the Projects](#) includes one of its more eye-catching goals: “to build the best and most dynamic economy in the world.” So how does a country achieve this goal? And how do we measure its success along the way? One obvious approach to assessing the ‘dynamism’ of an economy is to look at the existence (or absence) of economic frictions. Thankfully, internationally recognized methodologies for answering this very question already exist. The World Bank is currently working on a new global benchmark, the ‘Business Enabling Environment’ (BEE) index, which is slated to replace the discontinued ‘Ease of Doing Business’ index by 2023. This [concept paper for the BEE index](#) provides a useful framework for contextualizing, analyzing, and assessing the future economic impact of recent legislative changes in the U.A.E. For this part of the article, we provide a flavor of recent legislative changes, viewed through the prism of the BEE concept paper.



Source: World Bank

A. Law

(i) Company law and civil procedure

Courts and company law. Clearly these are two pillars of a modern legal system that any ambitious economy needs to get right. Unsurprisingly, this is not lost on U.A.E. authorities, which have recently introduced sweeping changes to both areas of the onshore legal regime.

One of the most significant of the recent changes to company law is the liberalization of rules concerning foreign ownership of onshore U.A.E. companies, which promises to boost foreign direct investment and encourage entrepreneurship. Under the new rules, the majority (up to 100%) of shares in onshore companies may now be held by non-U.A.E. nationals, subject to some restrictions for strategically vital activities. Previously, all onshore U.A.E. companies had to be at least 51% owned by a U.A.E. national or company wholly owned by U.A.E. nationals. Some of the areas identified as being strategically important and therefore not subject to majority foreign participation include: (i) security, defense and activities of a military nature; (ii) banking, finance and insurance; (iii) money printing; (iv) telecommunications; (v) religious services; and (vi) fisheries.

One of the most significant of the recent changes to company law is the liberalization of rules concerning foreign ownership of onshore U.A.E. companies



The recent changes also seek to boost the competitiveness of the onshore legal regime by relaxing some of the more burdensome rules for the governance and administration of limited liability companies. For example, the statutory reserve requirement (of a company’s net profits) has been reduced from 10% to 5%, and rules regarding shareholder proxies at general assembly meetings have been loosened. Another interesting development in U.A.E. company law is the introduction of two new forms of corporate vehicles – SPV and SPAC – which will help the U.A.E. to capitalize on international practices and trends in company law and investment.

The BEE concept paper identifies “restrictions in the regulatory framework for business entry” as one of the key components of the ‘business entry’ set of indicators. In this context, both the softening of restrictions on foreign ownership and the relaxation of administrative rules represent positive steps for the onshore legal regime.

In addition to a user-friendly system of corporate law, U.A.E. authorities are striving to create an efficient court system, both for dispute resolution and non-contentious procedural purposes. An effective and fair dispute resolution mechanism is essential for any economy seeking to foster commerce and trade. The recent introduction of a single-tier court demonstrates that the U.A.E. is willing to innovate to find better and more efficient ways of resolving disputes. These courts are presided over by three judges (a representative from each of the courts of first instance, appeal, and cassation) who hear pleadings simultaneously. Judgments of

the single-tier court are final, immediately enforceable, and non-appealable (although they may be reconsidered in limited circumstances). The courts' jurisdiction is primarily limited to civil and commercial disputes of a definite value and subject to a minimum of AED 500,000 (\$136,000). Crucially, though, parties may also opt-in to the jurisdiction of the single-tier courts.

The BEE devotes an entire set of indicators to 'dispute resolution,' which underlines the practical and reputational importance of a country's court system from an economic perspective. Within this set of indicators, 'time to resolve a commercial dispute' and 'cost of a commercial dispute' are highlighted as key components of the assessment criteria. The emphasis that the single-tier courts place on efficiency (with respect to time as well as cost) may prove attractive to commercial counterparties in the future, which in turn could benefit the U.A.E.'s economy.

(ii) Transparency and accountability

The U.A.E. legal system diverges from international norms when it comes to public disclosure of company information. With some notable exceptions (among free zones), publicly searchable information on businesses operating in the U.A.E. has not been available. Although this can be attractive to those businesses that prioritize confidentiality, it has dampened activity among international investors that place greater emphasis on transparency, as details on the true ownership of companies and their respective management and historical accounting information have been unavailable. In this context, the introduction of legislation to establish commercial and economic registers (applicable across all jurisdictions in the U.A.E.) represents a seismic shift in the U.A.E.'s legal and commercial landscape. The legislation is clear that at least some of the information on the registers will be made public although the precise details of public-disclosure requirements remain to be determined. In addition to encouraging investment, this increased transparency could have a positive impact on the U.A.E.'s global reputation, a goal that is emphasized by the Projects' Sixth Principle. The BEE includes 'transparency and availability of information' and 'electronic systems and interoperability of services' as components of the 'international trade' set of indicators, both of which are likely to be enhanced by the introduction of commercial and economic registers.

Another recent development that may reap a reputational dividend for the U.A.E. is the emphasis it places on the accountability of corporate leadership. In a recent court case (October 2021) involving the bankruptcy of a public company, the Dubai courts held directors and managers liable for the debts of the company totaling AED 448 million (\$122 million), almost the entire amount owed by the company. Interestingly, the courts did not make any finding of fraud committed by the directors, instead stating that poor management alone was deemed sufficient to hold management personally accountable and liable for the debts of the company. As the U.A.E. is a civil jurisdiction, the Dubai courts are not bound by legal precedent, so it remains to be seen whether this ruling would subsequently be considered as persuasive in other similar cases. However, the decision was followed closely (in November 2021) by an amendment to federal bankruptcy law that clearly restates the rules applied by the Dubai courts. The combination of recent rulings and the amended bankruptcy law may be seen as heralding a more hardline approach to the accountability of company management in future bankruptcy situations. Again, the BEE recognizes the importance of the process of closing a business to an economy. As such, it will be interesting to observe how the U.A.E.'s insolvency laws develop in the coming years. Ideally, the U.A.E. will implement a regime that balances the need for a robust system that holds responsible individuals accountable while remaining fair and proportionate when it comes to personal liability.

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Source: [Arabian Business](#)

(iii) Electronic transactions

In an increasingly digitized world, a modern economy needs a modern law governing e-commerce and electronic transactions. The U.A.E. is at the forefront of legal changes in this area as well, having introduced an electronic transactions law in December 2021. The law is comprehensive in scope and replaces its predecessor, which was introduced in 2006. Under the new law, electronic signatures and documents carry the same evidential weight as their physical counterparts. In addition, transactions can be concluded automatically and may be enforceable and legally binding, even in the absence of direct interaction between physical persons. The law also removes some exclusions for the use of electronic signatures that existed under the previous law.

Turning again to the BEE, 'good regulatory practices enabling e-commerce' is a key component of the 'international trade' set of indicators. The new law governing e-commerce and electronic transactions is further evidence that U.A.E. legislators are focusing on the right areas in their efforts 'to build the best and most dynamic economy in the world.'

B. Tax & Regulation

The Projects' Sixth Principle emphasizes the goal of 'consolidating the reputation of the Emirates globally.' The authorities' commitment to this objective is evidenced by recent developments in the U.A.E.'s approach to tax and regulation. The changes aim to bring the U.A.E. into line with international best practices and, in some cases, position it as a global leader.

(i) Tax

The U.A.E.'s shifting approach to taxation has been one of the better-publicized of the recent developments in the jurisdiction. The announcement of a 9% federal corporate tax to be introduced for financial years starting on or after 1 June 2023 is the latest in a series of tax reforms aimed at enhancing the U.A.E.'s reputation and aligning it with moves towards a global minimum tax rate for multinational companies. The U.A.E. already taxes banks and insurance companies operating onshore and introduced a 5% value-added tax in 2018. However, the authorities recently confirmed that there are no plans to introduce personal income tax.

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The BEE concept paper devotes an entire set of indicators to 'taxation.' The key components include 'clarity of tax regulations,' 'complexity of record keeping and filing,' and 'transparency of tax administration.' The U.A.E.'s performance in many of these areas largely remains to be seen but businesses will be watching with keen interest as policymakers reveal further details of how the introduction of new taxes will be implemented.

(ii) Data protection

Data continues to assume an ever-larger role in everyday life and so modern digital governance has become a primary concern for policymakers in the U.A.E. Effective data protection laws are essential to building trust in digital systems, and this trust leads to greater acceptance of services that rely on data sharing and use. In turn, this can result in greater investment in the resources and expertise needed for the expansion of the digital economy, as well as encouraging competition, collaboration and innovation.

The U.A.E. recently introduced a federal data protection law in recognition of the need to protect the privacy of U.A.E. residents while also creating a regulatory framework in which data-driven industries can flourish. The new law seeks to achieve proper governance of data management and protection and align the U.A.E. with international standards such as the General Data Protection Regulation (GDPR). Before the law was introduced, the onshore data protection regime was largely comprised of limited provisions drawn from the U.A.E.'s Penal Code and consumer protection and cybercrime laws.

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The data protection law prohibits the processing of personal data without the specific and unambiguous consent of data subjects, given in the form of a clear and positive statement. Exceptions to this consent requirement include circumstances in which the processing of personal data is needed to comply with legal obligations or protect public interest (similar to the requirement to have certain lawful processing grounds for processing personal data under the GDPR).

The law affords subjects greater control of their personal data, including the right to access any personal data held by a controller; the right to have their personal data erased in certain situations; and the right to restrict the processing of personal data.

The data protection law will have extra-territorial effect, applying to all organizations in the U.A.E. that process the personal data of people both inside and outside the U.A.E. It will also apply to organizations established outside of the U.A.E. that process personal data inside the U.A.E. Executive regulations are expected in the forthcoming months, which should clarify whether the data protection law will be nuanced in a manner similar to the GDPR, whereby the supply of goods and services to individuals in the U.A.E. by organizations outside of the U.A.E. are also within the remit of the data protection law despite such dealings only being incidental in respect of U.A.E.-based persons.

Notably, U.A.E. authorities adopted a consultative approach in working with industry towards the goal of issuing a world-class data law. Industry was given the opportunity to provide feedback on this law and the supporting regulations as part of an iterative process meant to ensure the U.A.E. sets a new global standard in its newly emerging digital legal framework.

(iii) Anti-money laundering (AML) and combating the financing of terrorism

In April 2020, the Financial Action Task Force (FATF) released its long-awaited report regarding the U.A.E.'s measures to combat money laundering and terrorist financing. The report recommended that the U.A.E. take urgent action to effectively stop the criminal financial flows that it attracts partly because of its geographical positioning, diverse economy, and status as a financial services hub. The FATF had concerns regarding the lack of prosecutions in the region with respect to AML and made numerous reform recommendations.

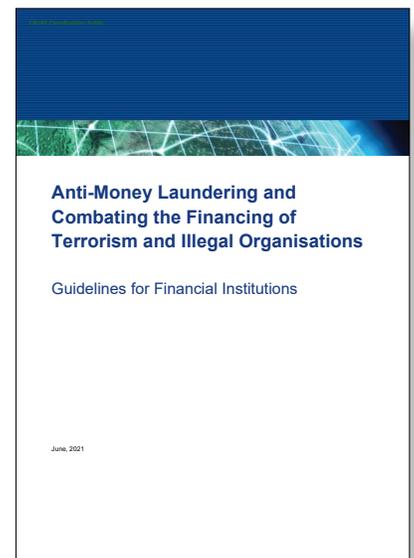
Since the report was released, the U.A.E. has taken numerous steps to address the FATF's concerns and improve its AML regime. In March 2020, the U.A.E. Ministry of Economy issued a circular relating to the AML obligations of designated non-financial business and professions (DNFBPs) in an effort to reflect the 40 recommendations made by the FATF. The circular places a particular emphasis on the need for DNFBPs to report any suspicious transactions to supervisory authorities, enabling U.A.E. authorities to gather financial intelligence and detect illicit activity. In the same year, the U.A.E. Cabinet established the Anti-Money Laundering and Countering the Financing of Terrorism Office to oversee the implementation of the U.A.E.'s National AML/CFT Strategy and National Action Plan.

The U.A.E. has taken numerous steps to address the FATF's concerns and improve its AML regime

In June 2021, the U.A.E. Central Bank released a publication titled the '[Anti-Money Laundering and Combating the Financing of Illegal Organisations Guidelines for Financial Institutions](#).' Dubai authorities subsequently announced the creation of a specialized court to hear money laundering and tax evasion offences in the U.A.E. The Abu Dhabi Accountability Authority and the U.A.E. Central Bank have also taken steps to create and implement whistle-blower procedures and protections within its jurisdiction.

This process of reform most recently culminated in a new law on money laundering crimes and terrorist financing. The law broadens the scope of the regime to, for example, items that can be categorized as proceeds of crime (such as virtual assets). In addition, authorities' investigative and prosecutorial powers have been increased and now include the ability to suspend or restrict commercial operations where criminal conduct is suspected.

Despite these measures, the FATF recently placed the U.A.E. on its 'grey list' of nations, which will bring a heightened level of scrutiny over the implementation of AML controls and legislation. In making the announcement, the FATF praised the U.A.E. for its 'significant progress' in combating financial crime but went on to say that more needs to be done. In response, U.A.E. authorities have been quick to emphasise that implementation and enforcement of AML regulations remain key priorities and that further measures will be taken immediately 'to identify, disrupt and punish criminals and illicit financial networks in line with FATF's findings.'



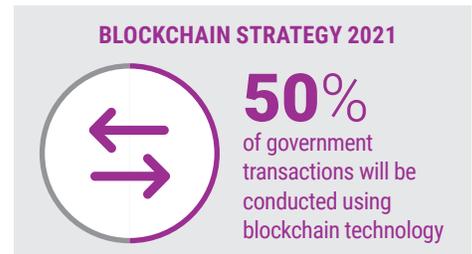
(iv) Digital assets

The Projects' Seventh Principle focuses on the importance of digital and scientific excellence. That focus is not limited to developing technical expertise in the Emirates; the U.A.E. is also aiming to become a global leader in regulating cryptocurrencies

and digital assets. Blockchain technology in particular forms a core component of the U.A.E.'s digital strategy. In 2018, the U.A.E. launched its U.A.E. Blockchain Strategy 2021, which included a goal of conducting 50% of government transactions using blockchain technology by 2021.

The U.A.E. is also emerging as a leader in the regulation of digital assets. The Financial Services Regulatory Authority (FSRA) which oversees the Abu Dhabi Global Market (ADGM) free zone, was one of the first movers globally when it acted to regulate digital assets and related activities in 2018. Since then, its reputation has grown as a robust regulator and Abu Dhabi is emerging as a destination of choice for many international businesses seeking to pursue digital asset-related activities on a regulated basis. The Dubai International Financial Centre (DIFC) and Dubai Multi Commodities Centre (DMCC) are also gaining traction as free zones of choice for digital assets businesses.

In December 2021, the Dubai World Trade Centre (DWTC) announced that it would be setting up a specialized zone for trading digital assets. Most recently, in March 2022, Dubai introduced a new law to govern the regulation of digital assets in Dubai. The law provides for the establishment of the Virtual Assets Regulatory Authority in the DWTC and will apply to all companies trading in digital assets in free zones and special zones in Dubai (other than the DIFC).



2. Society

A. Social and Criminal Reforms

(i) Changes in social policy

The U.A.E. is home to people from more than 200 nations and territories and immigrants account for almost 90% of the country's population. In recognition of this fact, the U.A.E. is focusing on making changes to its social policies with a view to cementing its status as a country in which top talent from around the globe wants to reside and work.

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Recently, the U.A.E. changed its working week from Sunday to Thursday, to Monday to Friday, aligning with other global financial centers. For the public sector, the new working week has been reduced to 4.5 days (four days in the Emirate of Sharjah), with Friday afternoon also forming part of the new weekend. This change aims to enhance the U.A.E.'s global competitiveness in both economic and business sectors, as well as create a better work-life balance and enhance social wellbeing.

The U.A.E. also recently announced a major overhaul of its criminal laws. Provisions of the Penal Code and associated legislation relating to drug use, cohabitation of unmarried persons, and rules relating to alcohol consumption, sales and possession, have all been relaxed with a view to increasing the U.A.E.'s attractiveness among tourists and businesses. These measures reflect a changing society with an exceedingly multi-cultural population.

The changes also follow the normalizing of relations between the U.A.E. and Israel, which was marked by the historic signing of the Abraham Accords on August 13, 2020. This improvement in relations has already resulted in an influx of Israeli tourists (with both Emirates and Etihad Airways now flying directly to Tel Aviv) and an uptick in investment in the region, including government-to-government deals and private-sector collaborations. The Accords also led to a veritable flourishing of Jewish community life in the U.A.E.



Source: [NPR](#)

(ii) Criminal law

Another noteworthy change concerns criminal and corporate responsibility in relation to payment by check in the U.A.E. The scope of individual criminal responsibility in circumstances in which a check bounces due to insufficient funds has been reduced. Courts will now generally order payment of the check rather than imposing criminal penalties. However, a person who writes a check to another in the knowledge that it will bounce will be penalized with a fine of not less than 10% of the check value. A court may also order that a legal person's business license be suspended for a period not to exceed six months.

(iii) Cybercrime

Since 2012, the U.A.E. has had measures in place to prevent cybercrime. However, due to the global proliferation of cybercrime and the dissemination of false information on the internet during the COVID-19 pandemic, additional steps have been taken to strengthen the legislative regime. The updated regulation shifts the onus back onto individuals (rather than social media providers) to regulate their own internet content and postings. The U.A.E. recognizes the role of authorities in maintaining a regulatory environment that protects individuals and businesses alike from digital threats while simultaneously encouraging technological development.

The U.A.E. recently introduced a new law detailing crimes relating to internet content and the dissemination of false news; such crimes include advocacy for terrorist groups, incitement to disobey legislation, internet fraud, defamation and slander, and invasion of privacy. In addition, conducting online surveys without the requisite permit is now criminalized, as is online trading (which includes the posting of misleading advertisements or engaging in unlicensed cryptocurrency trading). Those who create fake emails or fake accounts or websites with a view to impersonating another person may be subjected to fines, a custodial sentence, or both. 'Cyber-begging' is now criminalized, as is the publication and sharing of fake news, rumors and inaccurate or misleading information that causes 'panic' in the region.

B. Education

(i) Emiratization

The campaign of Emiratization in the U.A.E. was introduced to overcome the structural division in the labor market and is mandated to ensure the inclusion of Emiratis in the nation's job sector, particularly the private sector.

The U.A.E. recognizes the importance of preserving national identity, particularly in view of its changing demographic landscape. A delicate balance must be achieved that empowers the U.A.E. people while, at the same time, enhancing the strength and sustainability of the U.A.E. economy.

The U.A.E. intends to spend approximately AED 24 billion (\$6.5 billion) to reach 75,000 Emiratis in private sector employment. Every private sector company in the U.A.E. must ensure 10% of its workforce is Emirati, and that U.A.E. nationals are placed in skilled roles.

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The Emirati Talent Competitive Council will incentivize U.A.E. citizens to choose private sector jobs through government-funded salary top-ups of AED 5,000 (\$1,360) per month, as well as support payments for the employees' children. The Emirati Salary Support Scheme will also offer a grant contributing to the recruitment and training costs of Emirati graduates in the private sector, with graduates receiving a monthly top-up of up to AED 8,000 (\$2,180) during their first year of training and a monthly top-up of up to AED 5,000 (\$1,360) for five years post recruitment. A fixed monthly salary top-up of AED 5,000 (\$1,360) will also be provided to Emiratis working in specialized fields such as accountancy, coding and law, for up to a period of five years.

A five-year subsidy against pension plan contributions of Emirati staff earning less than AED 20,000 (\$5,445) per month will also be provided, alongside a government-paid contribution designed to offset the cost of pension plans for Emirati staff, so that companies will not have to make pension contributions for Emirati employees



Source: [UAEU](#)

during their first five years of service. A government child allowance will also be paid to Emirati staff working in the private sector (lasting up to the age of 21) and a train-to-hire initiative will be introduced that will foster the training of Emiratis in the private sector through financial awards.

Emiratis in federal government positions will also be permitted to take early retirement in order to start a new business in the private sector and, again, incentives will be offered such as the financing of five years of salary or alternatively, a lump-sum 'golden handshake' payment.

(ii) Higher Education

In September 2021, the U.A.E. introduced a federal law to regulate the licensing of institutions of higher education in the country. The law sets the legislative framework to approve curriculums, ensure the effective governance and management of institutions of higher education, improve the quality and competitiveness of higher education, and encourage scientific research.

The law applies to all higher education institutions in the country (other than those operating in free zones) and covers all levels of qualification, including diplomas, postgraduate diplomas, and bachelor's, master's, and doctoral degrees.

C. Human Capital

(i) Labor

In recognition of the need for atypical working structures to align with international best practices, employment law in the U.A.E. has recently been overhauled.

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To reflect the new working environments that have been adopted around the world because of the COVID-19 pandemic, labor law now recognizes flexible employment arrangements, such as part-time work, temporary work, flexible work and job-sharing.

The law provides for 12 types of work permits, including partial work permits, work permits for golden visa holders, and importantly, permits for the self-employed. Self-employment permits allow individuals to work in the U.A.E. without having to submit an employment contract to the Ministry of Human Resources and Emiratization at the time of submitting the work permit application.

Although it was already mandatory for men and women to receive equal pay for the same work, the new law includes additional protections from discrimination in the workplace on the grounds of race, color, sex, religion, national origin, social origin and disability.

Maternity leave has been increased to 60 calendar days in the U.A.E., and there is the additional entitlement of 'parental leave', which allows for five days (for female as well as male employees) in recognition of maternity and paternity rights. Employers are also prohibited from terminating an employee because she is pregnant or out on maternity leave.

(i) Immigration

The introduction of the 'golden visa' in the U.A.E. is intended to enable expatriates to live, work and study in the U.A.E. without the need for a national sponsor. Golden visas are issued for a period of either five or ten years and, provided that the recipient continues to meet the requisite conditions, can be renewed for a further decade prior to expiry. The golden visa program is not linked specifically to employer sponsorship.

The eligibility criteria for golden visas includes individuals who have public investments of at least AED 10,000,000 (\$2,720,000), individuals with specialized talents or knowledge, and outstanding students.

The DIFC has also launched an artificial intelligence (AI) and coding license which is intended to advance the U.A.E.'s National Strategy for Artificial Intelligence 2031 by attracting AI companies and coders from around the world. Employees who work for companies that hold this coding license will also be eligible to apply for a golden visa.

The concept of the 'green visa' has also been introduced in the U.A.E. Like the golden visa, the green visa is aimed at skilled workers, investors, entrepreneurs and talented students and graduates. The green visa is not tied to work permits, allows

those whose visas have expired or who have lost their jobs to remain in the U.A.E. for 180 days (rather than the usual grace period of 30 days), and provides for the sponsorship of children up to the age of 15 and parents.

 <p>GOLDEN VISA Individuals who have public investments of at least AED 10,000,000, individuals with specialized talents or knowledge, and outstanding students.</p>	 <p>GREEN VISA Aimed at skilled workers, investors, entrepreneurs and talented students and graduates.</p>	 <p>FREELANCER VISA Aims to attract self-employed expatriates in such fields as AI, blockchain and digital currencies.</p>
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The U.A.E. has also introduced the concept of a freelancer's visa, which allows those who are self-employed to work in the U.A.E. without having to obtain employment contracts and work visas. The freelancer's visa aims to attract self-employed expatriates in such fields as AI, blockchain and digital currencies.

The introduction of new types of residency visas is intended to accelerate the U.A.E.'s global position as a hub for international talent and investors, enhancing the competitiveness and flexibility of the labor market while furthering knowledge transfer and skills development within a variety of economic sectors.

3. Challenges

The Projects are a national strategy of seemingly boundless ambition that at times literally extends beyond the stratosphere (see the Emirati interplanetary Mission 2028 below). Early signs of the U.A.E.'s efforts to implement the strategy are promising, with meaningful legislative reforms being introduced on an almost monthly basis. However, the innovative and at times experimental nature of some of the changes mean that their effectiveness can only be determined after they have been implemented. To complicate matters, some of the Projects' goals demand a delicate balancing of potentially competing interests, such as encouraging innovation in virtual assets while introducing stricter AML measures or pursuing Emiratization while attracting and rewarding global talent.



Source: [WAM](#)

The challenges the U.A.E. faces are not only domestic in nature. An increasingly outward-looking Saudi Arabia is emerging as a genuine challenger to the U.A.E.'s status as the region's preeminent commercial and entrepreneurial hub. That being said, economics is rarely a zero-sum game, and a more competitive Saudi Arabia may prove complementary to the U.A.E. as the region as a whole continues its transformation from a natural-resource-based economy to a genuine engine of global growth and innovation.

It is also impossible to ignore the challenges faced by governments globally over the last few years, the COVID-19 pandemic being one of them. The U.A.E. was not spared the repercussions of the pandemic but has sought to deal with its effects while at the same time pushing forward to create an economic and social framework that allows for increased interaction with tolerance and co-existence at its core, driving technological innovation and economic growth while helping to create a landscape that retains and attracts talent.

4. Conclusion



Source: *The National*

The U.A.E.'s ambition of creating the most dynamic economy in the world is well under way; the Projects seek to capitalize on opportunities while at the same time protecting against the risks associated with such growth. The Projects recognize the unique multicultural selling point of the region, acknowledge the benefits of incorporating 'westernized' social policies while remaining respectful of the U.A.E.'s cultural sensitivities and Emirati nationalism. They encourage technological innovation while putting in place a regulatory landscape to protect individuals as well as businesses from the by-products of such technological innovation.

The U.A.E. has recently connected Abu Dhabi and Dubai through the direct U.A.E. National Rail Network, which represents a new phase of logistic and economic integration between the two emirates. The U.A.E. has also embarked on the Emirati interplanetary mission for 2028 which aims to explore the asteroid belt between Mars and Jupiter. Designed to accelerate the U.A.E.'s capabilities in the areas of space engineering, scientific research and exploration, it is aimed at driving innovation and opportunity in the country's private sector.

Notwithstanding these huge initiatives, challenges remain; if the U.A.E. is unable to comply with the recommendations of the FATF report and remains on the 'grey list,' it may face the challenges of rating adjustments, higher transaction costs, and difficulties in obtaining international finance, which could greatly impact its status as a leading financial hub and its ability to lure global business.

For all the plans, principles, steps and strategies, it is perhaps easy to forget what the Projects are really about. These words from His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the U.A.E. and Ruler of Dubai, are a fitting reminder: "We are building a new reality for our peoples, a new future for our children and a new model of development." Fundamentally, the Projects are about people and progress. Yes, challenges remain, but the U.A.E. has a track record of overcoming challenges to break new ground. The Projects sketch the roadmap for where the U.A.E. is going over the next decade. The journey is sure to be rewarding for the people and the businesses that help get it there.

"We are building a new reality for our peoples, a new future for our children and a new model of development."

*His Highness Sheikh
Mohammed bin Rashid Al Maktoum*

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