




# Destination Ras Al Khaimah

Overview of the business environment and regulatory framework

Prepared in association with

PRICEWATERHOUSECOOPERS 

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The Government of Ras Al Khaimah welcomes business to the Emirate in order to build a vibrant, efficient and dynamic economy to address opportunities in the global market place.

The Government of Ras Al Khaimah is encouraging the manufacturing and service industries by creating infrastructure conducive to free trade and free enterprise through policies aimed at reducing bureaucratic hurdles and promoting the Emirate internationally. One such measure is the establishment of RAK Investment Authority, a public body responsible for attracting foreign investment into Ras Al Khaimah and issuing licenses to business. The Authority is a one stop shop for investors intending to set up business in Ras Al Khaimah. RAK Investment Authority is promoting inward investment and also assisting investors in feasibility studies. The Authority is also entering into joint ventures in globally competitive projects in the Emirate focusing on export led value added products. It has with the support of the Government of Ras Al Khaimah developed a free zone and an industrial zone. These measures have accelerated the private investment led economic development of the Emirate and attracted financially and commercially viable business.

This guide has been prepared for the Government of Ras Al Khaimah by PricewaterhouseCoopers Pvt Ltd., India for the assistance of those interested in doing business in Ras Al Khaimah to address some of the key questions/ request for information by Industrial Investors across the globe. The contents of the guide is based on information provided by the Government, from meetings with Companies operating in Ras Al Khaimah and from other public information sources. It does not exhaustively cover the subjects it treats but is intended to answer some of the important, broad questions that may arise. When specific issues occur in practice, it is advisable to refer to the laws, regulations and decisions of the country and to obtain appropriate accounting and legal advice.



# CONTENTS

<b>Introduction .....</b>	<b>6</b>
History .....	7
Location .....	8
Climate .....	8
Political System .....	9
Legal System .....	11
Population and Immigration .....	13
Language .....	13
Religion .....	13
Safety and Security .....	13
Education .....	15
Hospitals .....	15
Major Hotels and Housing .....	17
Shopping and Recreation Facilities .....	17
<b>The Business Environment .....</b>	<b>18</b>
Economy .....	19
Facilities and Infrastructure .....	26
Employee Affairs .....	28
Hints for Business Visitors .....	29
<b>Opportunities for Foreign Investment .....</b>	<b>32</b>
Hints for the Foreign Investor .....	33
<b>Entering the Ras Al Khaimah Market .....</b>	<b>34</b>
Commercial Agents .....	35
Incorporating a Limited Liability Company (LLC) .....	36
Branches and Representative Offices of Foreign Commercial Companies .....	37
Professional Partnerships and Sole Professional Proprietorships .....	38
Establishing a Company with RAK Investment Authority .....	38
The Regulatory Environment .....	40
<b>The RAK Investment Authority .....</b>	<b>44</b>
Type of Licences .....	45
Type of Entities .....	45
Documents Required .....	46



**HIS HIGHNESS SHEIKH SAQR BIN MOHAMMED AL QASIMI**  
MEMBER OF THE SUPREME COUNCIL OF THE UAE AND RULER OF RAS AL KHAIMAH

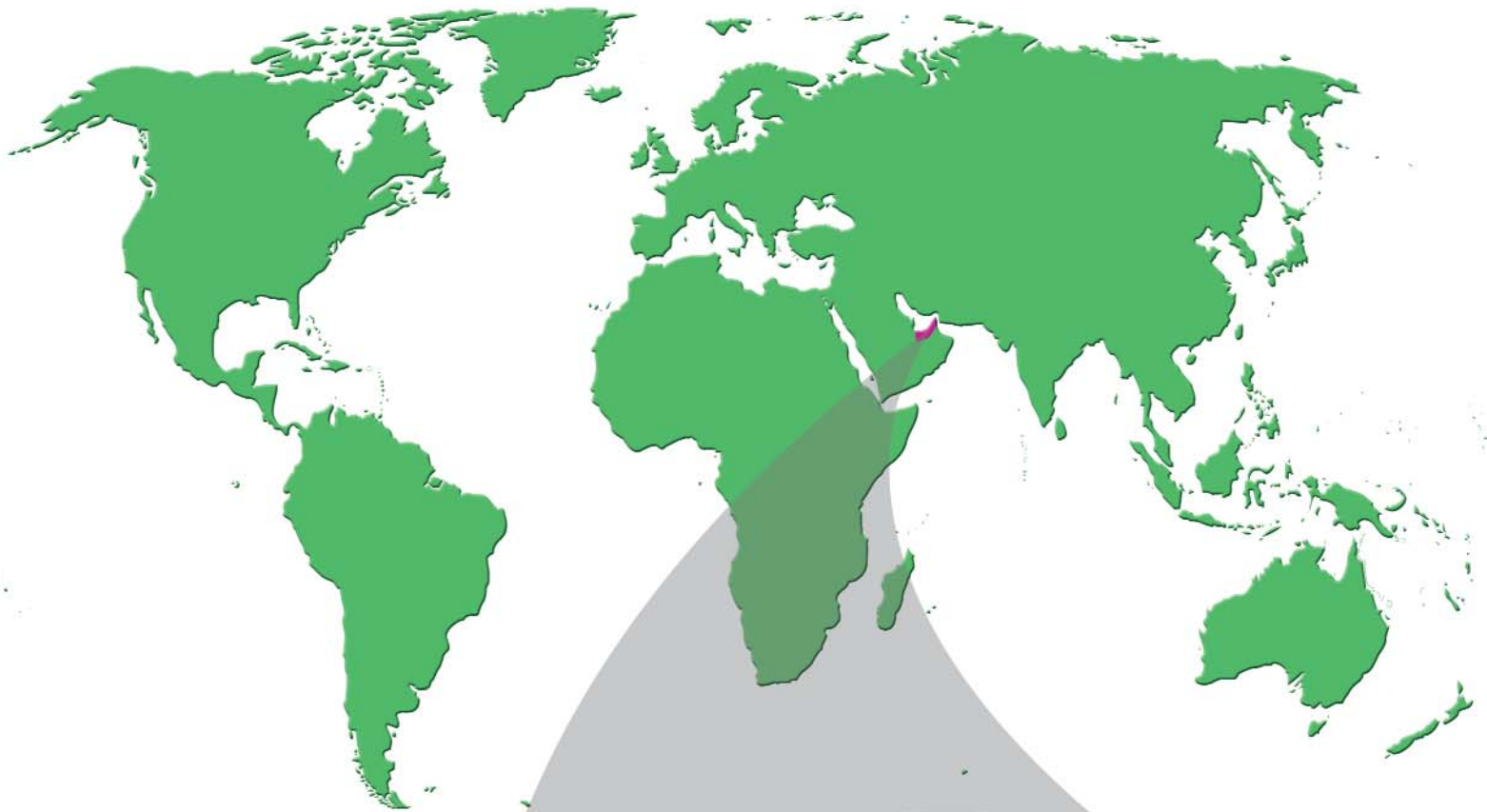




**HIS HIGHNESS SHEIKH SAUD BIN SAQR AL QASIMI**  
THE CROWN PRINCE & DEPUTY RULER OF RAS AL KHAIMAH

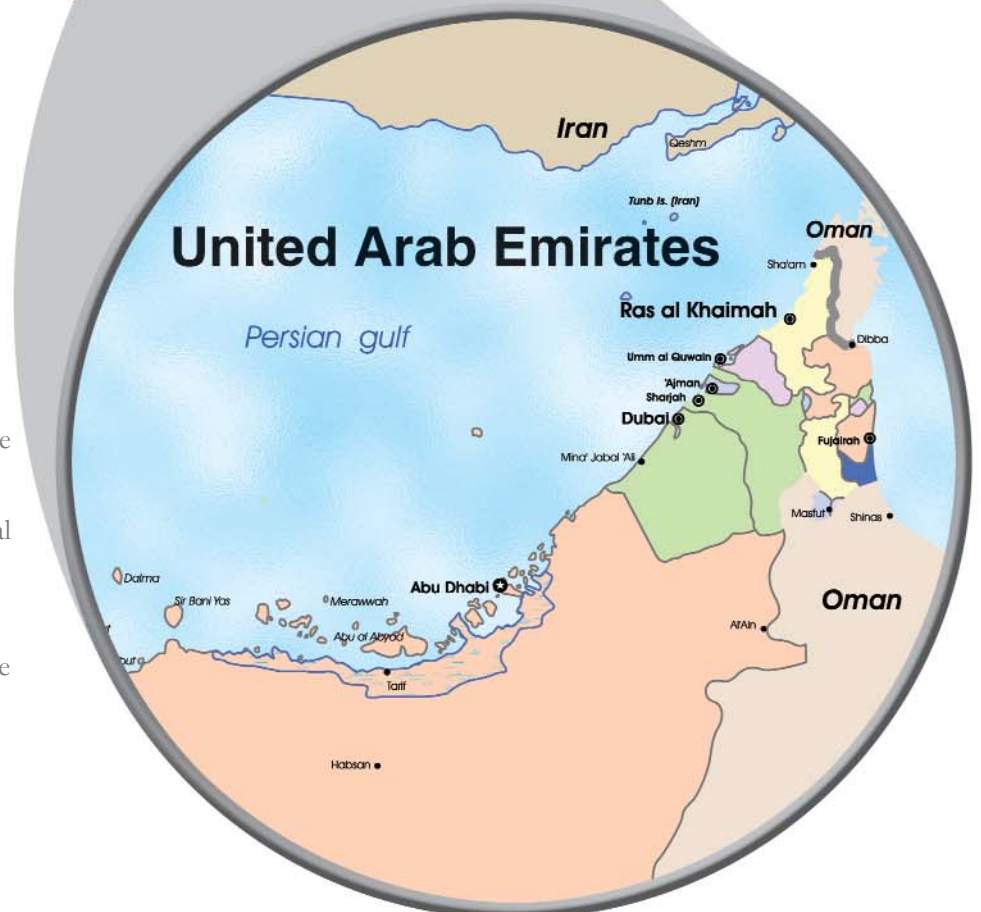


# Introduction



## Investor Considerations

- Strategic location in the heart of the Middle East and on the world's trade routes
- Progressive and stable political environment
- Liberal legislations influenced by modern societies in Europe
- Investor friendly regulations
- Well developed infrastructure







The United Arab Emirates, established in 1971, is a federation of seven independent Emirates, Abu Dhabi, Dubai, Sharjah, Ras Al Khaimah (RAK), Ajman, Umm Al Quwain and Fujairah. It is located close to the entrance of the Persian Gulf on the south eastern corner of the Arabian Peninsula. Because of its location at the heart of the world's major trade routes, the UAE serves as a major transshipment destination for trade and commerce for all major industries, across the US, Europe, Asia, Africa and the Middle East. The total area of UAE is approximately 83,600 square kilometres and its capital is Abu Dhabi.



## History

The end of British colonial rule in the Arabian Peninsula triggered the formation of the United Arab Emirates. After establishing their presence in the Arabian Gulf at the beginning of 1820, the British signed a series of agreements with the rulers of individual Emirates, including a treaty on preserving the maritime truce between the British and the Emirates.

Following Britain's decision to terminate its agreements with these states the rulers of all Emirates decided to establish a federation. Six Emirates formally established the United Arab Emirates on December 2, 1971 under a provisional constitution, which was made permanent in 1996. Ras Al Khaimah was the seventh Emirate and joined the UAE in 1972.





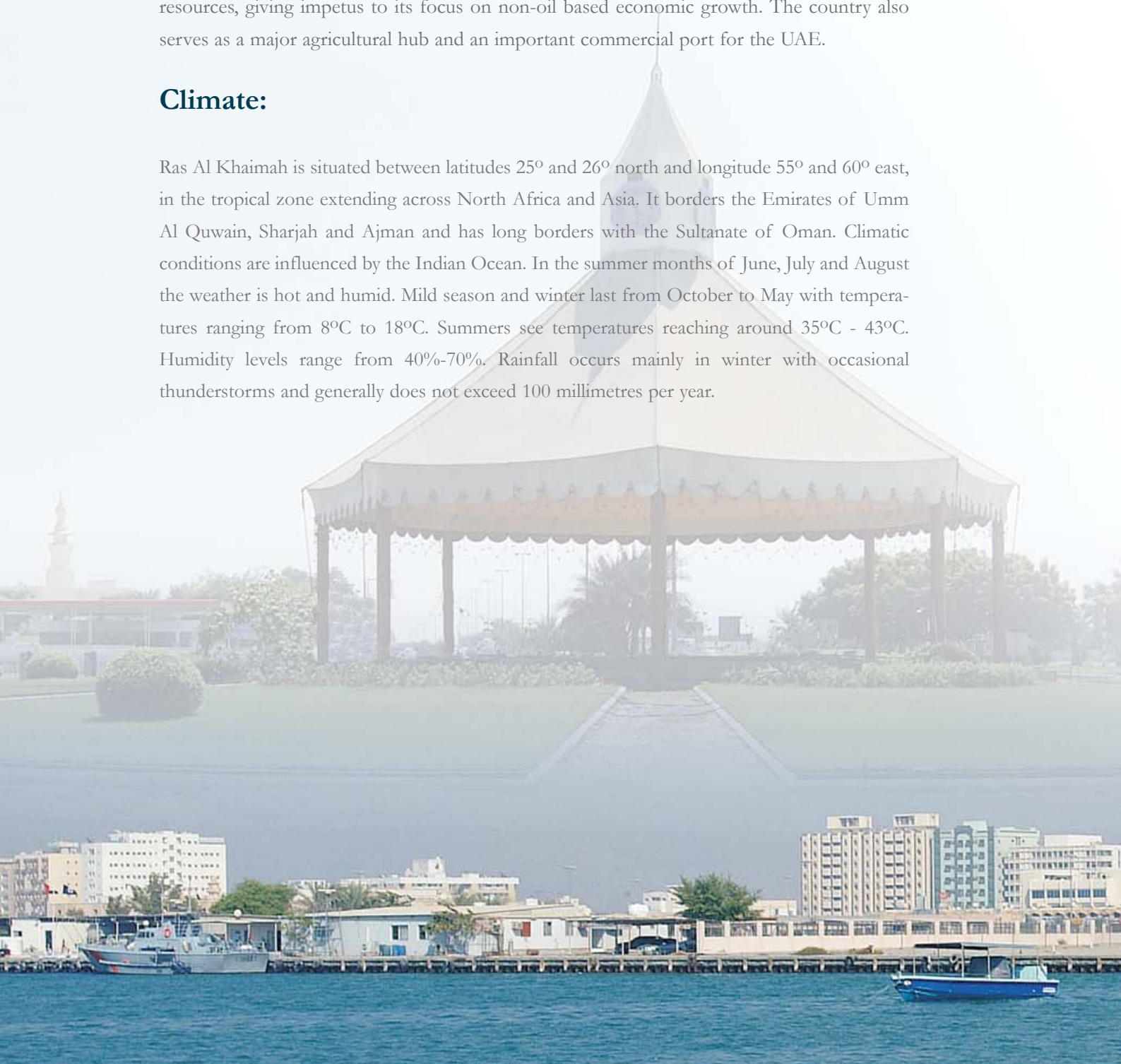
## Location:

Ras Al Khaimah is situated between the Hajar Mountains in the east and the Persian Gulf in the west. It is about 35 to 45 minutes driving distance north of Dubai. Ras Al Khaimah is well connected to destinations in Europe, the US, Australia and the Far East by both European and Airlines of the Gulf. European, American, Australian and most Far Eastern nationalities are granted a free visa upon arrival to enter Ras Al Khaimah.

Besides being one of the most picturesque places in the UAE, it is also the most fertile. The gravel plains on the side of the Al Hajar Mountains are productively used for vegetables, fruits, grains, milk and cheese farming. Ras Al Khaimah is also endowed with rich non-oil mineral resources, giving impetus to its focus on non-oil based economic growth. The country also serves as a major agricultural hub and an important commercial port for the UAE.

## Climate:

Ras Al Khaimah is situated between latitudes 25° and 26° north and longitude 55° and 60° east, in the tropical zone extending across North Africa and Asia. It borders the Emirates of Umm Al Quwain, Sharjah and Ajman and has long borders with the Sultanate of Oman. Climatic conditions are influenced by the Indian Ocean. In the summer months of June, July and August the weather is hot and humid. Mild season and winter last from October to May with temperatures ranging from 8°C to 18°C. Summers see temperatures reaching around 35°C - 43°C. Humidity levels range from 40%-70%. Rainfall occurs mainly in winter with occasional thunderstorms and generally does not exceed 100 millimetres per year.





## Political system:

The political system in the UAE is two tiered, consisting of a federal government and the local government structure of each Emirate. The federal government includes the Supreme Council of Rulers, the Council of Ministers, the Federal National Council and the Federal Supreme Court.

The Supreme Council of Rulers, comprised of the rulers of individual Emirates, is at the top of the government hierarchy. It is headed by a president and vice president elected from amongst its members. Rulers of each Emirate are members of the Supreme Council.

The Council of Ministers is headed by the Prime Minister chosen by the President in consultation with the Supreme Council. The Prime Minister selects the ministers who may be drawn from any of the Emirates. The Council is guided by a 40 member Federal National Council, with members drawn from the Emirates in proportion to their population.

The Federal Government is responsible for foreign affairs, security, defence, nationality and immigration, education, public health, currency, postal, telecommunication services, air traffic control and licensing of aircraft, labour relations, banking and extradition of criminals.

Each of the seven Emirates also has its own local Government headed by its own Royal Family. Local governments differ in size and complexity depending on population, area and degree of development. For example, Abu Dhabi and Dubai, the largest and most populous Emirates, have several layers of local government while the local governments in the other Emirates normally include a municipality and departments of public works, water and electricity, finance, and customs.

Ras Al Khaimah is headed by its ruler, His Highness Sheikh Saqr Bin Mohammad Al Quasimi since 1948, providing over 56 years of stable political governance. The Deputy Ruler and Crown Prince of RAK, His Highness Sheikh Saud Bin Saqr Al Qasimi has envisioned the development of an environment conducive to global businesses and has provided leadership by example in setting up RAK based businesses that today compete successfully in markets of over 130 countries across the world leveraging the unique spirit of enterprise based in Ras Al Khaimah.











## Legal system:

Ras Al Khaimah follows the same legal system as the other Emirates of the UAE. Constitutionally, Islamic Sharia Law, based on the Holy Koran, is the basic source of legislation in the UAE. However, as a result of the development of trade and commerce, the enactment of laws and codification at the federal and individual Emirate levels, there is a growing body of civil law on a variety of subjects such as labour relations, maritime affairs, commercial transactions, trade agencies, intellectual property and commercial companies. The civil law relies heavily on French law. Therefore, under the UAE legal system civil courts are parallel to Sharia courts. Over the years the importance of Sharia courts has decreased and their role in business-related matters is relatively limited.

The federal court structure comprises courts of first instance, courts of appeal and the court of cassation, which is the final appeal.

As a general rule, when a court is deciding on an issue it refers to the available body of civil law. If the matter is not addressed in civil law, reference is made to the Sharia law and, in the absence of any reference in the Sharia Law, to the prevailing legislation in other Middle Eastern countries. While there is no official system in place for reporting court judgments, decisions of the higher courts are viewed as binding and are generally followed by lower courts.

A highly developed legal framework is in place to look after the business. Federal Law No. 8/1984 (concerning commercial companies) regulates business and investment issues. It defines different forms of companies and states conditions applicable to them. Federal Law 1/1979 explains procedures and conditions for setting up industrial projects.

Ras Al Khaimah has taken steps to facilitate quick implementation of regulatory requirements including assured Government assistance to obtain all legal, commercial and environmental licenses for genuine investments. For instance it usually takes less than two days to register a Company in RAK.

The vision for development of Ras Al Khaimah outlined by Deputy Ruler and Crown Prince of RAK, His Highness Sheikh Saud Bin Saqr Al Qasimi reiterates the commitment of the Government to favourably address any legal framework related issues in fostering spirit of enterprise driven by global vision and rooted in leveraging technology and knowledge to deliver world class made in Ras Al Khaimah products.









## **Population and Immigration:**

The total population of Ras Al Khaimah is around 220,000 including an equal mix of local and expatriate population. Some 80 percent of the expatriate population is from India, Pakistan and other Asian countries, 15 percent from Arab countries, and 5 percent from Europe and North America. The age profile is young and vibrant, with more than 99 percent less than 60 years of age, reflecting the high rate of population growth and the preponderance of expatriates in the workforce. Employment is over 50% of population and population growth in recent years has been over 5% reflecting immigration and growing pluralism in the populace.

Immigration to Ras Al Khaimah and other Emirates is governed by the Federal legislations of the UAE. Until recently immigration policies followed by the UAE authorities have been relatively liberal, reflecting the need for an expatriate workforce to operate and develop a fast-growing economy. For private investors the government is supportive of facilitating the required employment permits/visas to recruit and reside qualified/skilled personnel not available locally. Existing Ras Al Khaimah businesses employ executives and workers from the Middle East, Europe, America, South Asia, Africa, South East Asia and other parts of the world.

## **Language:**

Arabic is the official language of Ras Al Khaimah, and its use is mandatory for legal proceedings and for communicating with government departments. However, English is generally used for business purposes. French and South Asian languages are also understood.

## **Religion:**

Ras Al Khaimah is an Islamic state. The indigenous population is approximately 80 percent Sunni Muslim and 20 percent Shia Muslim. However, places of worship are available for practitioners of Christianity, Hinduism and other religions.

## **Safety and Security:**

Ras Al Khaimah is a safe and secure place with close to zero crime rate. The police and civil defence are efficient and responsive.







## Education:

Education in Ras Al Khaimah is free for all UAE nationals who are required to attend primary school from the age of six. There is a well-established infrastructure of state-run primary and secondary schools. In addition, there are private schools of international standards offering a range of curricula, including schooling under the American, British and Indian systems. School sessions start from September and admissions require transfer/migration certificates from home country schools and education departments. In addition, there are professional courses offered by major institutes from America, Europe and the Subcontinent in Ras Al Khaimah.

## Hospitals:

There are three Government hospitals in Ras Al Khaimah, with state of the art equipment and qualified doctors. Two new hospitals with one being a government hospital and other in the private sector will be opened to public by the end of 2006. Many other small private hospitals and clinics are available with various specializations. In addition there are many hospitals in Dubai and Sharjah, 35 - 45 minutes drive from Ras Al Khaimah.



*Sagor Hospital, Ras Al Khaimah*





*Al Hamra Fort Hotel & Beach Resort*



*Ras Al Khaimah Hotel*



## Major Hotels and Housing:

There are several hotels to fit different budgets -

**Al Hamra Fort Hotel & Beach Resort** : a beautiful five star beach resort usually occupied by tourists from Western Europe.

**The Hilton** : situated in the town centre with a separate private beach.

**Bin Majid Beach Resort and Beach Hotel** : two beach properties with comfortable facilities.

**Ras Al Khaimah Hotel** : located in the heart of the city on top of a hill overlooking the Corniche & the mountains.

**Al Nakheel Hotel** : a small budget hotel in the business centre.

**Al Hamara Palace Hotel** : a super luxurious seven star hotel overlooking the sandy beaches of Al Jazeera will be opened early in the year 2007. This luxurious hotel will cater to both the business and the tourist segments.

**Khatt Springs Hotel & SPA** : a five star hotel located in the famous Khatt hot springs which offers wide variety of facilities including Balneo Therapy.

Many real estate developments have taken place in the last few years in Ras Al Khaimah and a multitude of villas and flats are available for rent and sale for all budgets from economy to deluxe. The rents are competitive ranging from US\$ 300 per month for a two bedroom flat and US\$ 2,000 per month for a deluxe villa with central air conditioning and garden.

## Shopping and Recreation Facilities:

For those inclined to shop, Ras Al Khaimah has everything one can ask for - supermarkets, shopping malls, branded goods, food courts, coffee shops, gold shops and so on.

Tourists also have plenty to see. The Ras Al Khaimah government has made a conscious effort to maintain preserve the country's cultural heritage by preserving certain old structures, building natural history museums, and promoting such traditional sports as camel racing, dhow (boat) racing and racing Arabian thoroughbred horses.



*Manar Mall, Shopping & Entertainment Mall at Ras Al Khaimah*



# The Business Environment

## Investor Considerations

- Investment promotion driven under guidance of Crown Prince and Deputy Ruler of Ras Al Khaimah, Sheikh Saud Bin Saqr al Qasimi
- Strategic location that allows easy access to the markets of the Middle East, Europe, CIS, Africa and the Indian subcontinent.
- Free-zone areas that allow 100 percent foreign ownership
- State-of-the-art telecommunications network and regular international flights
- Favourable attitude toward private business
- No foreign exchange controls
- No income tax for individuals or corporations
- Duty-free import of raw materials for manufacturing units and generally low import duties
- Close investor access to local decision making





## Economy

Following the discovery of oil in the 1960s, the principal sources of revenue in the Emirates were oil and gas related products. Today this industry is the single largest driver of the UAE's economic prosperity and growth. To reduce its dependence on oil, Ras Al Khaimah has diversified into other industries and manufacturing. By 2000, Ras Al Khaimah had the highest capital investment in the industrial sector in UAE. The Emirate's 76 factories had a total investment aggregating over Dhs 2.79 billion (USD 075 billion). The Government is in the process of developing Ras Al Khaimah as a manufacturing, commercial and recreational centre through policies aimed at reducing bureaucracy and promoting the country internationally. The Government is promoting inward investment through direct investments into globally competitive projects, opening up free zones and encouraging the establishment of joint ventures in core sectors focusing on export led, value added products.

The GDP of Ras Al Khaimah for 2003 was estimated at 6.96 billion Dirhams (USD 1.9 billion). The GDP growth during 1999-2003 was 5.4%. The exports from Ras Al Khaimah during the same period grew at rate of 19.5% to reach 5.02 billion Dirhams reflecting the impact of Government's strategy of export led growth. Imports during the same period grew by 12.2% to reflect the growing nature of value added export businesses.

Ras Al Khaimah - Key Economic Indicators		1999	2003	Growth Rate % per annum
GDP	million Dhs	5636	6963	5.4%
Exports	million Dhs	2462	5021	19.5%
Imports	million Dhs	740	1172	12.2%

Despite its small size, Ras Al Khaimah is the third largest producer of agricultural commodities in the UAE. The table below shows the GDP by sector of origin for the year ending 31 December 2003.

Ras Al Khaimah - GDP by Sector	Dhs (M)	%
Government Services	1,265	18
Trade	950	14
Agriculture	778	11
Real Estate	680	10
Construction	621	9
Transports and Communication	610	9
Manufacturing Industries	548	8
Extraction	341	5
Electricity, Gas and Water	272	4
Financial Institutions	257	4
Crude oil and Natural Gas	217	3
Social and Personal Services	179	3
Restaurants and Hotels	135	2
Domestic Services of Households	110	2
TOTAL	6,963	100
Source: Ministry of Planning - UAE Government		



## Mineral resources:

Ras Al Khaimah is endowed with deposits of limestone and has large limestone quarries and crushers that are the cornerstone of the thriving cement and building materials industries. This meets the growing demand of the UAE construction industry as well as the export demands of more than 100 countries worldwide. The country also has adequate logistical infrastructure suitable for heavy industries like mining, mineral extraction and steel.



## Agriculture:

The bulk of agricultural production in the UAE is concentrated in Al Ain (Abu Dhabi) and in Ras Al Khaimah, which receive abundant rainfall and the best-developed agricultural sector. The government has spent millions of dollars over the last decade on forestation and transforming barren desert areas into fertile farm and pastureland. Farm area in Ras Al Khaimah grew by 4.5% during 1999-2003 with cultivated area accounting for over 97% of farm area. The importance of agriculture in the economy is demonstrated by the fact that it contributes nearly 11% of the Emirate's GDP, in comparison to the 3% contributed by agriculture to the UAE's GDP.



## Manufacturing:

Until recently, manufacturing in Ras Al Khaimah centred on construction materials such as ceramic tiles, aggregates, cement and pharmaceuticals. Today, the sector includes several other industries including large investments in glass, packaging, tableware and sanitary ware, all of which are profitable earners of foreign exchange, exporting to more than 100 countries worldwide. This makes manufacturing one of the fastest growing sectors and the government has made substantial investments to encourage globally competitive businesses. The exports from Ras Al Khaimah at the overall contribution of the manufacturing sector to Ras Al Khaimah's GDP is still around 8%, reflecting untapped potential in this sector.



## Construction:

The construction sector has been active in the last few years because of the growing infrastructural needs of Ras Al Khaimah and the other Emirates. This sector is expected to continue to perform strongly in the near future as a result of governmental funding for projects, policies of government to allow greater freedom and flexibility on land related rights/ ownership of real estate, significant price differential between rentals/ cost of ownership for accommodation vis-à-vis Dubai/ Sharjah and development of greater metropolitan region in the UAE. Despite strong demands it is a highly competitive sector, with several international and local companies vying for a share of the market.







## Services:

The growth of the services sector in Ras Al Khaimah is due to the rise of tourism, with fall-out benefits to the rest of the hospitality sector. The Emirate is home to some of the most picturesque locations in the UAE, leading to a large number of foreign tourists. Ras Al Khaimah has a great potential to exploit its scenic locations in beach fronts as well as in the mountains. With the UAE being among the fastest growing tourism destination in recent years and growing demand for hotel rooms in Ras Al Khaimah, it is expected that several new hotel properties will be commissioned over the next three to four years. This growth reflects the concerted endeavors of Ras Al Khaimah to promote itself as an up-market tourist destination. In addition, tourism in the area grew by 17% in 2002.







In the future, tourist inflows to the Middle East are expected to increase at a rate higher than any other region in the world, doubling the Middle East's share in the world tourism market by the year 2020.

### **Banking and Financial Services:**

Ras Al Khaimah has its own national bank besides the 20 domestic commercial banks and 26 foreign banks present in the UAE. The country's banking system is the second largest among the Gulf Co-operation Council (GCC) countries with aggregate assets of US\$ 88 billion. Control over banking activity is exercised by the UAE Central Bank which recently announced a series of measures aimed at improving regulatory control over banking and financial services.

There are also approximately 50 domestic and foreign insurance companies in the UAE. The penetration of the insurance sector here is the highest among GCC countries. The 1984 Insurance Companies Law governs these companies.

### **Transport:**

Ras Al Khaimah's airport is one of six international airports in the UAE. The international airports of Dubai and Sharjah are about an hour of driving distance. With the completion of the Emirates Highway (2005), the driving time is expected to reduce below 45 minutes. The country is six hours flying time from Europe with over 50 flights daily to European cities serviced by major European airlines and Emirates Airlines. Direct flights to the US, Australia and the Far East are also available by Emirates Airlines, one of the fastest-growing airlines in the world.

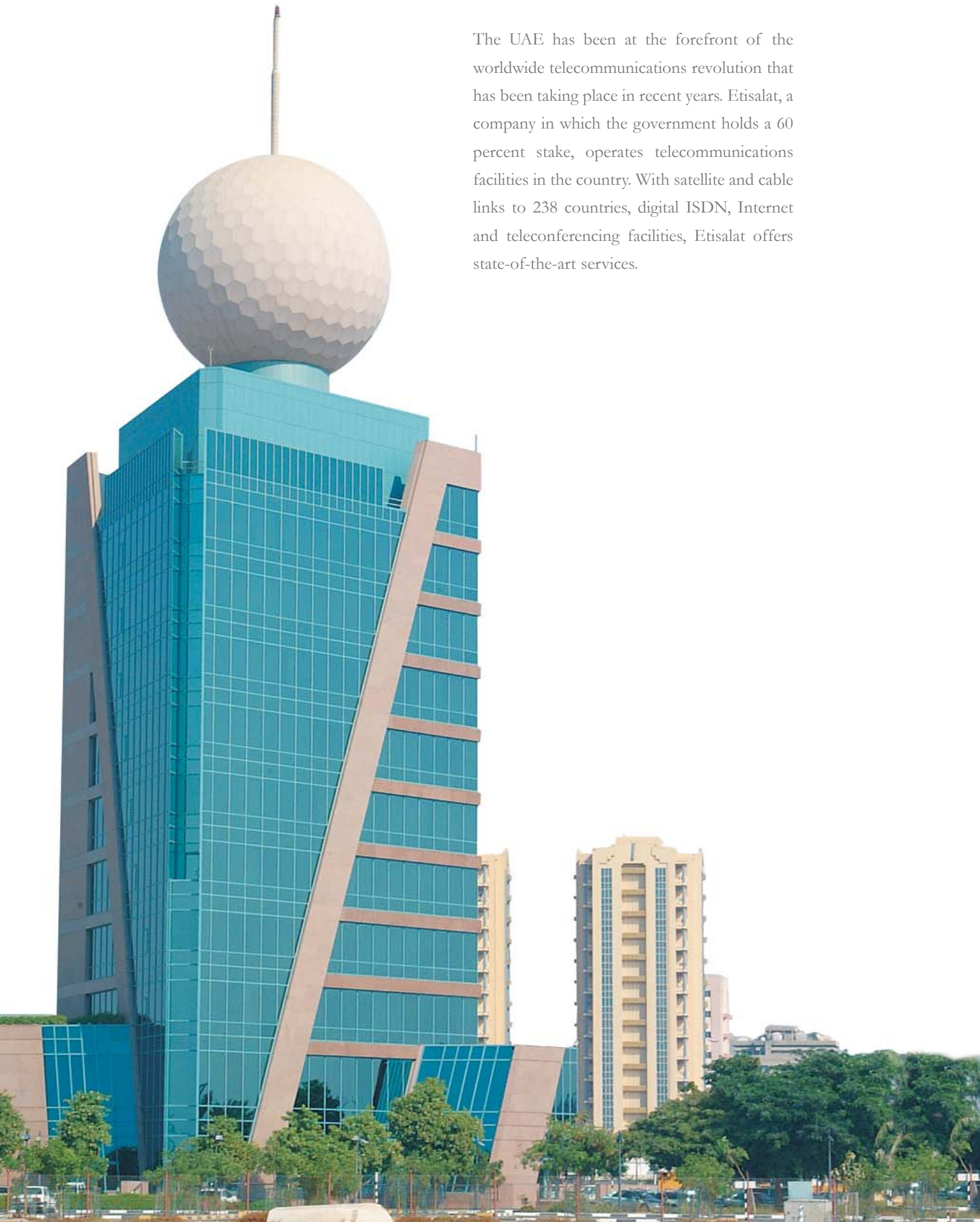
Ras Al Khaimah's seaport, Saqr Port, is the first seaport of the Gulf. Built in 1977 the port maintains the Emirates' historical maritime connections. The port is located at Khor Kuwair, Ras Al Khaimah's fast growing industrial complex. Imports of raw materials to support local industry are efficiently handled and the port also offers a convenient outlet for manufactured materials for the constructions industry that are exported throughout the world, as well as modern facilities for handling bulk carriers and large vessels. It currently handles imports for transshipment traffic to other Gulf countries, India and Pakistan and is the closest port for transshipment to Bandar Abbas in Iran. The port has the fastest loading and discharge rates and can accommodate vessels upto 260 meters in length and draught of upto 11.5 meters (12.2 meters at higher tide).

The country's excellent road network makes overland transshipment throughout the Middle East a realistic possibility for shippers and importers. Several car rental companies, like National Car and Budget have representation in Ras al Khaimah.



## Communications:

The UAE has been at the forefront of the worldwide telecommunications revolution that has been taking place in recent years. Etisalat, a company in which the government holds a 60 percent stake, operates telecommunications facilities in the country. With satellite and cable links to 238 countries, digital ISDN, Internet and teleconferencing facilities, Etisalat offers state-of-the-art services.





### **Industrial climate:**

The government of Ras Al Khaimah has encouraged the manufacturing and service industries by creating infrastructure conducive to free trade and free enterprise. The Ras Al Khaimah free-trade zone was established for this purpose and existing industrial zones are also being expanded. The government has also streamlined licensing and other regulatory procedures. In addition, the authorities have played a significant role in the development of water supply, electrical facilities, telecommunications and transportation. They have also invested in capital-intensive industries with long gestation periods such as mining and extraction, cement and building materials.

### **Taxation policy:**

There is no corporate or personal income tax. Except for oil and gas-producing companies and branches of foreign banks in Abu Dhabi, Dubai and Sharjah, there are no direct corporate income taxes, nor are there any withholding taxes. The currency is fully convertible, and there are no restrictions or taxes on the repatriation of capital or earnings.

### **Overseas trade relations:**

The UAE is one of the founding members of the Gulf Cooperation Council (GCC) along with Bahrain, Kuwait, Oman, Qatar, and Saudi Arabia. The GCC was established to foster closer economic ties and trade relations between member states with the eventual aim of forging a single market. Goods manufactured in the UAE that have a minimum of 40 percent of value added in the country qualify for a UAE country of origin certificate and can be exported to other GCC member states free of customs duty.

In 1994 the UAE joined the General Agreement on Tariffs and Trade (GATT), resulting in harmonization of customs tariffs within the UAE and the removal of arbitrary exemptions from one Emirate to another. In 1996 the UAE became the fourth GCC state to be accepted as a member of the World Trade Organization (WTO). The advantages to the UAE of this membership are access to new markets and the removal of barriers to exports.

### **Imports and Exports:**

The UAE has one of the most open foreign-trade policies in the region. There are no protective duties, and import restrictions are confined to a small number of products, largely on health and safety or public policy grounds. The standard customs duty rate is 4 percent ad valorem on the CIF value of the goods except for certain essential items that are totally exempt from customs duty and for alcohol and cigarettes, on which a high customs duty is imposed with a view to curbing consumption. There are no specific incentives for exports, but goods imported into the UAE and re-exported within six months are not subject to customs duty.





## Facilities and Infrastructure

### Logistics:

- Saqr Port: Well equipped to handle bulk goods and containers with efficient service at competitive rates, they also offer space and storage facilities.
- Al Jazirah Port: A brand new port for bulk handling located south of Ras Al Khaimah.
- Ras Al Khaimah Airport: With a 3,760m runway, ILS and all navigation facilities, the airport is fully equipped to handle any flight for passengers and cargo at any time.
- Roads: In addition to the existing highway to Dubai, a super highway linking Ras Al Khaimah to the rest of the UAE and Saudi Arabia has been completed. Now a trip to Dubai Airport takes 35 to 45 minutes.

### Utilities:

- Electricity is available everywhere in Ras Al Khaimah at the rate of 0.055 USD / KW
- Water: Desalination treatments ensure that water is available everywhere at the rate of 0.02 Dirhams per gallon (0.0055 USD per gallon).

### Transport:

- For people, the most common transport in Ras Al Khaimah is taxi. Taxis are very economical and widely available.
- For goods, trucks and pick ups are easily available at competitive rates (for instance, a 40 ton truck is available for US\$200.00 full day).

### Freight:

Present rates for 20-foot containers from factory location in Ras Al Khaimah to anywhere in Europe range from US\$900 - \$1,400 to the US, \$600-700 to Australia, \$1,000- 1100 to South Africa and \$300 - \$450 to South Asia and the Far East (Hong Kong, Singapore, Korea and Philippines). These rates are cheaper than the rate for a container from Italy to U.K. for instance or from Italy to Germany.







## Fuel:

Fuel is available in plenty for common use from petrol pumps at rates of:

Super	0.37 US\$/ Litre
Unleaded	0.37 US\$/ Litre
Diesel	0.37 US\$/ Litre
For industrial use:	Heavy fuel presently at 300 US\$ / Ton
	Diesel presently at 0.75 US\$ / Gallon

## Gas:

LPG is commonly available for industry and private use. Tankers transport LPG from UAE refineries to sites at about 30% cheaper than the international price. The Government is also working on the installation of a natural gas pipeline that will be ready by the end of 2005, thus providing natural gas at less than half the price of LPG.

## Cost of construction:

Luxury Offices: 500 US\$/M2  
 Factory Building, say 6M high, steel structure at 200 US\$/M2

## \*Manpower cost:

Unskilled Worker	: US \$ 350
Skilled Worker	: US \$ 500
Technicians(Ele/Mech)	: US \$ 700
Engineer (Ele/Mech)	: US \$ 1000
Secretary	: US \$ 500
Accountant	: US \$ 800-1000
Sales Executives	: US \$ 800-1000
Managers	: US \$ 1800-2500

\* the above cost are monthly which includes food, housing & insurance



## Employee Affairs

### Labour relations:

The workforce in Ras Al Khaimah is made up mainly of expatriates who must be sponsored by their employer in order to obtain a residence visa for the UAE. There is no restriction on manpower recruitment from any country, thus allowing for a qualified, competitive workforce.

Labour laws are liberal. The employer has the right to terminate the service of any employee by giving one month's notice. There are restrictions on the changing of jobs by expatriates except for certain designated categories of employees. Trade unions do not exist in Ras Al Khaimah; there is no organized labour movement and strikes and lock-outs are forbidden. The Government has set up the ministry of labour and social affairs for the effective handling of any disputes between the employer and employees.

The Government of Ras Al Khaimah also offers specific need based assistance to all investors in organizing the recruitment for all their requirements. The Government even provides assistance for arranging employee accommodation for the expatriate personnel.



## Hints for Business Visitors

### Visitors' Visas:

Gulf Corporation Council (GCC) nationals do not require a Visa for UAE. Citizens of the following countries will be granted a free visa on arrival : UK, France, Italy, Germany, the Netherlands, Belgium, Luxemburg, Switzerland, Austria, Sweden, Norway, Denmark, Portugal, Ireland, Greece, Finland, Spain, Monaco, Vatican City, Iceland, San Marino, Liechtenstein, United States of America, Canada, Australia, New Zealand, Japan, South Korea, Brunei, Singapore, Malaysia and holders of Hong Kong SAR passports.



Visiting business people can obtain two types of visas - either a 14-day transit visa or a two-month visit visa. A hotel or a business registered to operate in the UAE can sponsor the transit visa. The visit visa must be sponsored by a business registered to operate in the UAE or by an individual holding a residence visa in the UAE, provided the person is sponsoring an immediate blood relative and earns a salary above a specified minimum amount. The 14-day transit visa is not extendable. However, the one-month visit visa can be extended twice, one month at a time, for a maximum of three months, with an additional ten-day grace period, after which the visitor must leave the country. Prior approval of the immigration authorities must be obtained for both types of visa.

Although federal law governs immigration, there are some variations between the Emirates and regulations can change on short notice. It is advisable to contact either UAE embassies abroad or the relevant diplomatic representative in the UAE prior to departure.

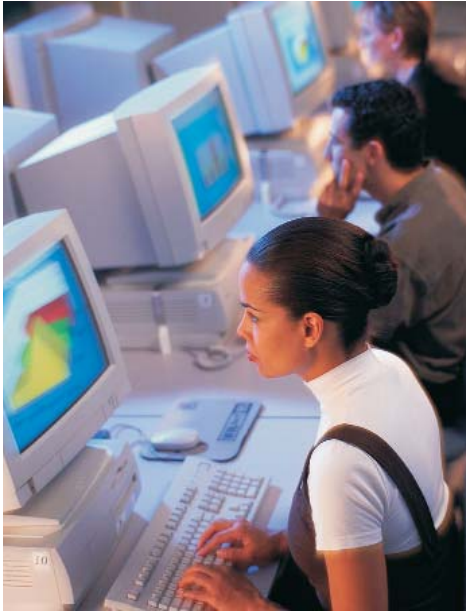
### Currency:

The unit of currency is the UAE dirham, (denoted AED internationally, and Dhs locally), which is divided into 100 fils. Bills are denominated in units of 5, 10, 50, 100, 200, and 500, and coins are denominated in 1, 5, 10, 25 and 50 fils and 1 dirhams. The currency is fully convertible and is pegged to the U.S. dollar. Since 1980 the rate of exchange has been US\$1 = AED3.671.





## Business hours:



The traditional workweek is five and a half days, from Saturday morning to Thursday lunchtime. However, there has been a recent trend for international firms to operate all day Thursday and take a two-day weekend on Friday and Saturday. There has also been a trend toward a straight shift in the private sector rather than the traditional split shift. Friday is the official day of rest, and all Government offices, banks and businesses, except in the retail trade, are closed. The labour law stipulate 48 working hours per week. However, the overtime hours can be 12 hours per week if employee wish to work. Working hours are shorter during the holy month of Ramadan, although business meetings can be held late in the evening.

## Statutory holidays:

The dates of many statutory holidays are based on the Islamic calendar, which follows lunar cycles and is approximately 13 days shorter than the Gregorian calendar. As a result, the dates of some holidays, for instance Eid al Fitr at the ending of Ramadan, change every year. UAE national day (2nd of December) is a national holiday and also first day of the beginning of the year is a public holiday.



### **International time:**

The UAE is four hours ahead of GMT and nine hours ahead of Eastern Standard Time (EST) in America. Daylight saving time is not observed.

### **Dates and numbers:**

The order of dates and numbers varies according to the use of English or Arabic text. The Gregorian calendar is used with English text. Dates are written in the order day, month and year i.e. 30/6/04 for June 30, 2004. When numbers are written, commas separate hundreds, and dirhams are separated from fils by a period, e.g. 6,050 for six thousand and fifty AED and 6,000.50 for six thousand dirham and fifty fils.

Dates in official Government publications are normally based on the Gregorian calendar as well as the Islamic calendar. The Islamic calendar is approximately 352 days long. It consists of twelve lunar months and dates from the flight of the Prophet Mohammed to Medina on July 15, 622 A.D. Arabic text is written from right to left, although numbers are written from left to right. Commas and periods are used the same way as in English text.

### **Local customs:**

Ras Al Khaimah is an Islamic state, and although the UAE is one of the most liberal countries in the Middle East, local beliefs and traditions should be respected. In particular, eating, drinking and smoking in public during the holy month of Ramadan is not appropriate between sunrise and sunset. Conventions regarding dress are liberal, but care should be taken not to cause offence, particularly in rural areas, and it is preferable, particularly for women, to be more conservative than would be required in the West.





# Opportunities for Foreign Investment

## Potential Areas

Ras Al Khaimah provides an attractive environment for various investors. The following sectors offer good investment opportunities.

1. Global manufacturing bases for high value added industries with high regional growth potential. For instance:
  - a. Pesticides and Chemicals
  - b. Fertilizers
  - c. Rubbers & Plastics - Automotive Tyres
  - d. Cement and Building Materials
  - e. Pharmaceuticals
  - f. Packaging
  - g. Leisure and Entertainment
2. Hotel projects and promotion: (e.g. Hot water springs, sand dunes, mountains and scenic locations provide attractive opportunities for investors in tourism related projects.)
3. International maritime related industries and services, including maintenance and fabrication works for the shipping sector, to cater for regional and international market requirements
4. Warehousing, cold stores, transport and distribution services for foodstuffs and commodities, packing for local and re-export purposes.
5. Hospital projects with specific facilities
6. Mining, minerals exploration, extraction and quarrying projects.







7. Agro-industrial related investment area such as the food industry and dairy-based products.
8. Airport management services to meet the growing needs of Ras Al Khaimah International Airport
9. Investment in the proposed Arabian Adventures Theme Park and management of the Project.
10. Free zone based activities with emphasis on local, regional and international markets and projects.

## Hints for the Foreign Investor

### Investment incentives:

The principal investment incentives are the favourable tax and customs-duty environment, the absence of restrictions on repatriation of capital and profits, 100% foreign ownership in the Ras Al Khaimah free zone and cheap land and infrastructure made available by the government.

### Investment possibilities/restrictions:

Foreign ownership of businesses regulated by Federal Commercial Companies Law is generally limited to a maximum interest of 49 percent. Foreign investors may operate as general partners in any form of partnership. However, companies can open 100 percent foreign-owned branches in the UAE, and 100 percent foreign ownership of businesses in the free-zone areas is possible.

### Prior approval or registration:

All foreign firms planning to set up a branch in the UAE must register with the Ministry of Economy and Commerce, the local chamber of commerce and local Emiri authorities that regulate businesses. Other firms that have UAE nationals as majority shareholders must register with the Ministry and the local Emiri authority. Firms setting up in free-zone areas must register with the individual free-zone authority. RAK Investment Authority is a government body responsible for issuing licenses in the free zone as well as in the non free zone areas. It is a one-stop-shop for all the permits an industry requires to operate in Ras Al Khaimah.

### Possible business structure:

In general, foreign investors either participate in limited liability companies, open 100 percent foreign-owned branches or representative offices, or set up in a free-zone area. These forms of business entity offer the investor most of the control over business operations and are relatively easy to establish.

### Tax-Planning considerations:

Firms located in the free-zone areas are given guarantees that they will not be taxed or face restrictions on the repatriation of funds for at least 15 years from the date of establishment. Thus, tax-planning considerations about doing business in the UAE chiefly deal with issues in the foreign investor's country of origin.



# Entering the Ras Al Khaimah Market

*Corniche, Ras Al Khaimah*



There are a number of ways to establish a business presence in the UAE, most of which have varying degrees of compulsory local participation. The most commonly used methods by which foreign businesses establish a presence in the UAE are:

- Appointing a commercial agent;
- Incorporating a limited liability company in the UAE;
- Establishing a branch or representative office of a foreign company;
- Establishing a professional partnership or professional sole proprietorship;
- Incorporating a company or establishing a branch office in the RAK Investment Authority Free Zone.

## Commercial Agents



Generally a foreign business operating in the private sector can supply products to its customers directly in the UAE and therefore does not need to appoint an agent. However this method of operation may not be appropriate where no client base has been established or a potentially high volume of business is to be conducted. In addition foreign companies may be required to appoint a commercial agent in order to tender for projects in the UAE (examples include Government projects such as oil and gas supply services).

### Registered Agency Agreements:

The UAE Agency Law provides that only UAE nationals or 100% UAE owned companies may be registered as commercial agents. Registered agency agreements must be formally notarised before being registered with the Federal Ministry of Economy & Commerce.

Registered commercial agents are given substantial protection under the UAE Agency Law, including the exclusive right to market and sell a specified product in at least one Emirate. Where the principal or another agent sells such products in the same Emirate, the registered agent will be entitled to commission payable on these transactions regardless of whether the registered agent contributed to them. These agents are also entitled to claim substantial compensation if the principal terminates the agency agreement or fails to renew it after its expiry without significant justification. In practice it can be very difficult to prove that the termination of a registered agency agreement is justified.





## Unregistered Agency Agreements:

It is possible to enter into an agency agreement that is not capable of registration with the Federal Ministry of Economy & Commerce. The UAE Agency Law does not apply to unregistered agency agreements and therefore the difficulties associated with exclusivity and terminating registered commercial agents generally should not arise. However the practical protection afforded to unregistered commercial agents varies from Emirate to Emirate.

Strictly speaking, a foreign business that supplies products to its agent pursuant to an unregistered agreement may be precluded from enforcing payment for such products through the courts. However, claims can be heard under the provisions of the UAE Civil Code. It is nonetheless advisable to insist on a guaranteed method of payment or alternatively enter into a separate side agreement with the agent that details the required method of payment. In all cases, commercial agency agreements should be carefully drafted and it is advisable to seek competent legal advice before entering into one.

## Incorporating a Limited Liability Company (LLC)

Under the UAE Commercial Companies Law, foreign investors can conduct business through LLCs.

### UAE National Partner Requirements

An LLC can be incorporated with a minimum of two and a maximum of fifty shareholders provided a UAE national holds not less than 51% percent of the shares. Whilst a foreign partner's equity in the company may not exceed 49%, profit and loss distribution can be prescribed to favour the minority shareholder in ratios of up to 80/20 in Ras Al Khaimah. However, it is







*H.H. Sheikh Saud Bin Saqr Al Qasimi third from left (front row) in discussion with David Rothberg, Chairman Laticrete. Dr. Khater Massaad, CEO-RAK Ceramics is first from the left (front row).*

expected that a new provision in law to consider the foreign ownership up to 70% with the majority of the ownership vested with the foreign partners. Responsibility for the management of an LLC can be vested in the foreign or national partners or a third party. It is possible to enter into various side agreements with the UAE national partner to protect and define the interests of the minority partner, particularly in situations where in reality the minority partner provides all the capital in the company.

### **Capital requirements:**

In Ras Al Khaimah the minimum capital requirement is of AED 150,000 (approx. US\$41,000) contributed in cash or in kind. Whilst it is necessary to show that such capital has been deposited in a UAE Bank in order to establish an LLC, these monies may be released once the company has been registered with the Ras Al Khaimah Chamber of Commerce.

## **Branches and Representative Offices of Foreign Commercial Companies**

A foreign company can establish a branch or representative office in the UAE. The registration of a branch/representative office of the foreign company does not constitute the establishment of a new company or separate legal entity. Consequently the foreign company will be fully responsible for the liabilities of its branch/representative office.

A representative office theoretically is limited to gathering information and marketing the activities of its parent company and is issued with a professional (i.e. non-trade) licence. By contrast, a branch office is a fully-fledged business, permitted to perform contracts or conduct other activities in the name of its parent company. Such activities must be specified on the branch office trade licence and must be related to the objects of the parent company.



## Professional Partnerships and Sole Professional Proprietorships

Professional partnerships may be formed between two or more individuals carrying out 'non-commercial' or professional/artisan activities. An individual can also conduct such activities through a professional licence issued in his or her own name. These types of businesses may be 100% foreign owned but are generally required to appoint a UAE national agent similar to those required by branch and representative offices.

Individuals conducting business under a professional partnership or a sole professional proprietorship are liable to the full extent of their assets for the liabilities of the business. Examples of professional partnerships or sole professional proprietorships include those rendering legal advice, auditing and accounting services, civil engineering, architectural consultancies and services, managerial and economic consultancy, educational services, medical services, technical and other similar services.

### Establishing a Company with RAK Investment Authority (RAKIA)

RAKIA offer foreign investors the opportunity to establish a business presence with 100% foreign ownership in its free zones. It also issues companies licenses to operate with a local or GCC partner. If a foreign business based in the free zones wishes to sell products within the UAE, it may only do so through a distributor or an agent licensed in the UAE.



## Free Zone Businesses:

It is possible to establish branches of foreign companies in the UAE free zones or to incorporate a free zone entity. Businesses such as single shareholder limited liability companies, commonly known as free zone establishments, and free zone companies with two to five shareholders can be incorporated.

## Procedure:

Companies wishing to operate in Ras Al Khaimah must obtain a suitable license, renewable annually, from RAK Investment Authority and enter into a pro-forma lease agreement for land. Long term leasing of land is possible with 25 years renewable to similar periods. Various corporate documents similar to those required for the setting up of LLCs or branch offices must be also submitted.

*Port Facilities*



*Process Industries*



*Offices*



*Industrial Area*



## The Regulatory Environment

### Legalisation and translation of documents:

Most documents originating outside the UAE must be notarised and legalised through diplomatic channels prior to being submitted to the UAE authorities. In particular, documents should be certified by a Notary Public and then legalised by the Ministry of Foreign Affairs and the UAE Embassy or consulate in the country in which they originate. If there is no such office in that country, legalisation through any other Gulf or Arab Embassy is acceptable.

With the exception of some documents required to establish entities in the Ras Al Khaimah Free Zones, most documents originating outside the Ras Al Khaimah will also need to be legalised by the UAE Ministry of Foreign Affairs. Once legalised it is usually necessary to obtain a certified Arabic translation of corporate documents before these can be submitted to the UAE authorities.

Legalisation fees vary, ranging from AED 100 (approx. US\$27) for a simple degree certificate to AED 2,500 (approx. US\$680) for a company's Memorandum and Articles of Association.







### **Fees, taxes and charges:**

With the exception of foreign banks and oil companies there is no corporate or individual tax levied in the UAE. Annual fees are payable to the local department in each Emirate in order to obtain and renew business licences. Additional fees may also be payable to the pertinent Chamber of Commerce and other government departments.

There are no taxes or duties on import of raw materials for industries in UAE. There is presently a 5% import duty on most goods entering the UAE. Additional and possibly substantial duties are levied on luxury products such as alcohol and tobacco.

### **Land ownership:**

As a general rule, foreigners are not permitted to own land and all property must be leased or rented for the purposes of doing business. A notable exception extends to certain residential developments in Ras Al Khaimah and Dubai. Steps have been taken to allow foreigners to own and register properties in developments such as the Al Hamra village in Ras Al Khaimah through Government order to Lands department.

### **Price controls:**

Price controls in the UAE are limited to a few items, such as medicines and petroleum products.





## **Monopolies and antitrust:**

There is no monopoly or antitrust legislation in the UAE.

## **Acquisitions and mergers:**

The Federal Commercial Companies Law permits acquisitions and mergers if they are carried out in accordance with the provisions adopted for the amendment of the company's memorandum and articles of association and they are approved by the competent authority specified for that type of company. Acquisitions and mergers must comply with the law relating to minimum local ownership.

## **Consumer protection:**

There is no specific consumer protection legislation. However, there exist legal provisions for unfair trading practices/ cheating. "Law of suppression against commercial deceits" is a separate legislation specially applied in trademark infringement cases.

## **Special industries:**

Industries subject to specific regulatory laws include banking, financial services, brokerage, and insurance.







## Patents, trademarks and copyrights:

As a precursor to its membership in the World Trade Organization, the UAE introduced intellectual property rights legislation governing the registration of patents, trademarks and copyrights, which came into effect between 1992 and 1994.

The UAE operates a strict enforcement policy of its piracy and patent laws, seeing the protection of creativity as a necessity in itself and protection of the rights of investors. As a member of the World Intellectual Property Organisation (WIPO), the UAE acceded to the Paris Convention for the protection of industrial property in 1996 following the implementation of three intellectual property laws in 1993. The rating of the UAE in the world piracy is now in line with most ratings of the European countries.

Trademarks can be registered in the Trademark Register maintained by the Ministry of Economy and Commerce. Protection lasts for ten years and can be renewed for a further ten years. Violators face monetary fines and possible imprisonment. In addition, they may have their goods confiscated and be made to pay damages to the trademark holder.

Patent law covers inventions, industrial designs and models, and technical know-how and is enforced by the Ministry of Finance and Industry. Patent protection lasts for 15 years and is renewable for a further period of not more than five years. The protection period for industrial designs is five years and is renewable for two further successive five-year periods. Penalties for breaching the law include fines and possible imprisonment.

Copyright Law covering original work, including work on cassettes and video and computer software, is enforced by the Ministry of Information and Culture. Copyright protection varies from 10 to 15 years depending on the type of classified material for which protection is being sought. Penalties for violating the law include fines and imprisonment.



# The RAK Investment Authority (RAKIA)

RAKIA is a Government body formed for the purpose of facilitating, addressing, fulfilling the needs and requests of investors. It also issues licenses to investors and coordinates with the Government for permits and licenses.

RAKIA issues licenses for investors based in Free zone and Industrial zones in Ras Al Khaimah. Since incorporation less than 7 months ago 60% of its total area in the free zone was reserved by the investors from foreign countries. In the Industrial area 100% of the land was leased to investors.

RAKIA's policy is to attract environment friendly, quality investors in the services, manufacturing and industrial sectors as well as those from the technology industry. The investors can expect no difficulty with the licensing procedure, and every investor can be sure of an ongoing, unrivalled marketing support service.

## **Benefits and Advantages:**

RAKIA Free Zone and Industrial Zone segregate business activities according to function, operational requirements, and the needs of the surrounding community. The obvious cost effective benefits, saving 40% to 50% compared to other Emirates has made Ras Al Khaimah very unique.

## **Procedure:**

- Present a complete set of documents about the business;
- Complete a one-page application;
- Receive approval and the appropriate license(s) from RAKIA.







## TYPES OF LICENSES

The types of Licenses issued by RAKIA are as under:

- **Industrial License**

**Activities Allowed:** Importing raw materials, manufacturing, processing, assembling, packaging and exporting finished product. Feasibility and environmental impact studies and clearance from the Authority are required.

- **Commercial License**

**Activities allowed:** Import, export, distribution, consolidation, storage or warehousing of items specified on the license. Maximum limit is seven similar product lines.

- **Consulting and Service License**

**Activities allowed:** Offering consultancy services in management, finance, investment, legal issues, labour relations, economics (including feasibility studies), industrial development, marketing and related subjects. Other services include logistical support such as: restaurants or food outlets, catering services, travel agencies, leisure and social activities, insurance, cargo & freight forwarding, accounting, and auditing services.

- **Commercial-General Trading License**

A General Trading License can be obtained under a Commercial License, which allows for more than seven product lines.

- **National Industrial License**

National Industrial licenses are issued to industrial companies registered within or outside the UAE, provided they meet the conditions of having at least 51% AGCC equity and their local production accounts for at least 40% of the value added. Such companies must obtain the provisional approval of the UAE Ministry of Finance and Industry. A National Industrial license grants its holder the same rights as those of national and AGCC companies, and products exported to AGCC states will be exempted from customs duties.

## TYPE OF ENTITIES

- **Free Zone Company (FZCO)**

FZCO is a limited liability company incorporated with RAK Investment Authority, by more than one shareholder with a distinct legal entity and independent financial liability.

The Capital requirement for setting up FZCO with RAK Investment Authority Free Zone is AED 150,000 / -

- **Free Zone Establishment (FZE)**

FZE is 100% owned by either a person or a corporate body. It enjoys the status of a separate legal entity.

The Capital requirement for setting up a FZE with RAK Investment Authority Free Zone is AED 150,000 / -



- **Local / UAE Branch**

Licenses under this category are issued to companies holding a valid license from any UAE licensing authority except from other Free Zones.

- **Foreign Branch**

Licenses under this category are issued to companies established outside the UAE seeking to open a branch in the RAK Investment Authority Free Zone.

The ownership of the company should be 100% foreign.

However, sales can be made through a UAE registered agent or a distributor only. The activity may be commercial, industrial or professional/services.

Documents Required	FreeZone Company (FZCO)	Free Zone Establishment (FZE)	Branch of a Foreign Company	Branch of a UAE/Local Company
1. Application Form	Yes	Yes	Yes	Yes
2. Brief Project Description	Yes	Yes	Yes	Yes
3. Passport Copy of owner/manager	Yes	Yes	Yes	Yes
4. Certificate Of registration			Yes	Yes
5. Board decision to set up the Branch			Yes	Yes
6. Power of Attorney appointing person	Yes	Yes	Yes	Yes
7. Bank Statement	Yes	Yes	Yes	Yes
8. Minimum capital Dhs 150,000	Yes	Yes		





## Industrial and Free Zone Locations





# THE COMFORT



HOTELS &  
RESORTS



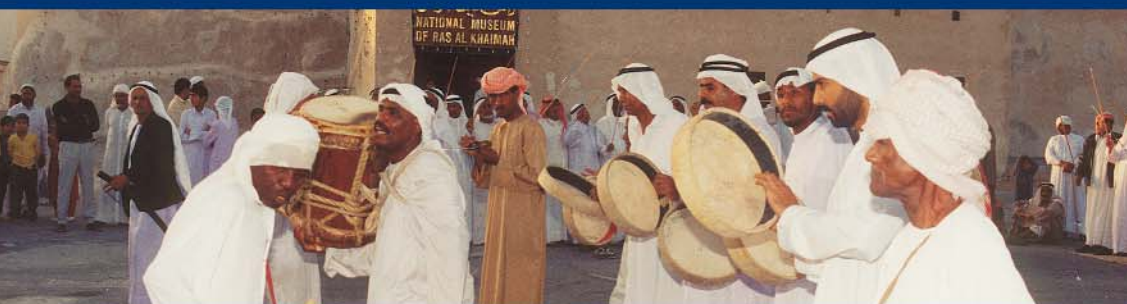
SHOPPING



LEISURE &  
RECREATION



EDUCATION



TRADITION &  
CULTURE



# THE BUSINESS

FACTORIES



FREE PORTS



BUSINESS  
OFFICES



RAK INTERNATIONAL  
AIRPORT



COMMUNICATIONS





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