UAE

New Dubai Initiatives to Support SMEs

The Dubai Government has announced five initiatives aimed at supporting small and medium size companies and public-private partnerships including the allocation of AED1 billion for Government-private partnerships.

Those initiatives “are aimed at reducing the cost of conducting business, supporting the registered companies in the emirate and attracting new investments", according to Abdulrahman Al Saleh, the Director General of the Department of Finance.

Dubai, and the UAE as a whole, have been implementing a series of measures to lower the cost of doing business, attract foreign investments, create jobs and boost economic growth. Among the reforms implemented in 2018, were the waiving of corporate fines in Dubai and Abu Dhabi, granting long term visas to expatriates and allowing 100 per cent foreign ownership of companies outside the Free Zones (the precise sectors who will enjoy this exemption still to be defined).

The first initiative will have the Dubai Government pay to SMEs that supply goods and services the sums due within 30 days instead of 90 days. The Government will introduce a special classification for such SMEs entitled to receive their dues within 30 days.

The second measure cuts in half the value of primary insurance for SMEs to a range of 1 to 3 per cent to incentivise them in providing goods and services to Government agencies. Under this measure, minimum primary insurance is reduced by half to AED 20 million for 80 per cent of SMEs. For the remaining SMEs, the maximum primary insurance has been reduced to AED 60 million from AED 100 million.

The third initiative also includes cutting in half the value of performance insurance for SMEs participating in Government projects to 5 per cent of all supplies. The Dubai Government plans to prepare a classification of SMEs entitled to such lower performance insurance.

The fourth action sets aside 5 per cent of Government capital projects to SMEs, a measure that will allow them to get projects worth up to AED 400 million, encourage them to develop their business, enter into major projects contracts with Government agencies and form alliances to compete for Government projects.

The fifth measure consists in the allocation of AED 1 billion to public-private projects to attract private-sector investment, raise the Government’s quality of service and reduce the burden on the budget.

Abu Dhabi Initiative for Agricultural Technology Companies

The Abu Dhabi Government has launched a Dh1 billion-programme to support the establishment of agricultural technology companies in the Emirate as part of the Ghadan 21 three-year stimulus package.

The “AgTech” initiative is part of an accelerator programme to establish Abu Dhabi as a global centre for agricultural innovation in desert environments. The project is being led by the Abu Dhabi Investment Office (**ADIO**).

AgTech includes a rebate on research and development expenses equivalent to up to 75 per cent of the total R&D costs subject to availability and commercial conditions.

ADIO’s objective is to create clear and specific investment opportunities for domestic and foreign investors aligned with Abu Dhabi’s economic priorities according to Elham Al Qasim, acting Chief Executive of ADIO.

Under the programme, the Government will offer a series of cash and non-cash incentives to make it easier for local and global AgTech companies to set up and expand their operations in the coming years.

The packages will be awarded to local and international companies that develop technologies to support precision farming, agriculture robotics, bioenergy and indoor farming. These sectors are particularly aided by Abu Dhabi's climate and environment as they require plentiful land, natural heat and abundant sunlight, according to ADIO.

The incentive packages will enable the creation of advanced AgTech knowledge in Abu Dhabi and help to solve traditional farming challenges," said Saif Al Hajeri, chairman of the Abu Dhabi Department of Economic Development. "Our aim is to position Abu Dhabi as a beacon for innovation in agriculture technologies applied to desert environments."

The UAE, like other GCC countries, is looking to expand its activities in the agribusiness sector to improve food security.

UAE Products Safety Law

A new Federal Law No. (10) of 2018 on Product Safety (the **PSL)** is expected to come into force in June 2019.

The PSL aims at ensuring the safety of products in the UAE through developing a legislative framework for introducing products to the market in line with international laws and practices.

The PSL applies to all products introduced in the UAE including Free Zones. (art. 3)

Products deemed Safe

A product is deemed to be safe if:

- The product complies with the relevant laws, resolutions or technical regulations issued by the Emirates Authority for Standardisation and Metrology (**ESMA**) defining the product specifications and characteristics as well as the compulsory requirements of the processes that it undergoes or any other technical requirements;
- The product complies with the approved standards covering the safety aspects of the product or with any other standards set by an acceptable entity outside of the UAE and approved by ESMA.

  If this is not the case, a risk assessment report of the product or its aspects, issued by an acceptable entity, must be presented to ESMA.

  (art. 4)

Obligations of Suppliers

Suppliers must:

- Not introduce unsafe products in the UAE;
- Ensure that products remain safe after their introduction and during normal and repetitive use;
- Take necessary precautionary and remedial measures (to be defined in the Executive Regulations) if a change is discovered in a product characteristics and the product is transformed into an unsafe product due to normal use.

  (art.6)

Grievance of Supplier

A supplier may file a grievance with ESMA against resolutions issued in application of the PSL regarding its products that were declared unsafe under the Law within 10 working days from the date of being notified of any such resolution.

While awaiting the decision of ESMA, the supplier must apply the resolution against which it filed the grievance until the Authority issues a resolution to the contrary.

ESMA must render a decision on any grievance within 10 working days from the date of receiving it and its decision is final. (art.7)

Penalties

Whomever breaches the PSL is liable to imprisonment and/or a fine between UAE Dirhams 100,000 and UAE Dirhams three million. In addition, ESMA can seize or destroy the infringing products, close the store of the supplier for a period not exceeding six months or revoke its licence. (art. 8 et seq)

OMAN

New Companies Law

A new Commercial Companies Law, Oman Sultani Decree No. 18/2019 (the **CCL**), will come into force on 1 April 2019. The Capital Market Authority (**CMA**) will be responsible for enforcing its provisions except for the registration of listed companies.

“The CCL comes at a time when the Sultanate is preparing for 2040 Vision, which focuses on enabling the private sector to take the lead in production processes and effectively contributing to the growth of the economy,” according to H E Abdullah bin Salim al Salmi, executive president of the CMA.

Companies governed by the previous Commercial Companies Law, Oman Sultani Decree 4/1974 (the **Old CCL**), must comply with the requirements of the CCL within one year of its implementation. (art. 3)

Limited Liability Companies

The CCL introduces a new corporate entity: the sole shareholder limited liability company with only one, natural or legal, shareholder. Under the Old CCL, limited liability companies had to have a minimum of two shareholders. Generally, foreign companies and individuals are required to have an Omani partner with a minimum 30% shareholding in order to form an LLC except for GCC or US shareholders, which can own 100 per cent of the shareholding.

For other forms of limited liability company, the maximum number of shareholders has been raised from 40 to 50. This maximum can be increased if the Minister concerned considers that it is in the public interest to do so.

The New CCL also removes the minimum share capital of OMR 20,000 for limited liability companies.

Joint Stock Companies

The minimum share capital remains OMR 2 million for public joint stock companies and OMR 500,000 for closed joint stock companies. However, if a public joint stock company is converted from another type of company, the minimum is OMR 1 million.

The founders of a public joint stock company must subscribe to not less than 30% and not more than 60% of the shares of the company. However, if a company is converted into a public joint stock company, the maximum is 75%.

The 30% local Omani shareholding requirement must also be observed in establishing a joint stock company.

Closed joint stock companies may now offer securities, other than shares, to the public.

Holding Companies

Holding companies may no longer take the form of limited liability companies. Any holding company currently in the form of a limited liability company must be converted into a joint stock company.

They must have a paid up share capital of not less than OMR 2 million.

Capital Contributions

Subject to the specific provisions governing each category of company, the CCL provides that capital contributions may be in the form of cash, moveable or immoveable property, intangible rights, services or labour. (art. 21)

But for limited liability companies, the capital contributions must be in cash or tangible property, to the exclusion of contributions in the form of services or labour. (art. 239)

The Minister of Commerce and the Chairman of the CMA are expected to issue Executive Regulations within a year of the CCL's coming into force and any decisions required to enforce the provisions of the CCL. Current Regulations and decisions will remain in force until the issuance of such new Regulations and decisions.

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