

ABU DHABI: LEGACY OF GROWTH AND NEW OPPORTUNITIES

Key initiatives Shaping the Future of the Emirate



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The Emirate of Abu Dhabi is the wealthiest of the seven Emirates that comprise the United Arab Emirates ("UAE"). Abu Dhabi is the capital of the UAE and holds the vast majority of the country's oil reserves. Despite its political and economic importance, Abu Dhabi is often overshadowed by the neighboring Emirate of Dubai.

Dubai is in the spotlight again following its successful bid to host the World Expo 2020. By some estimates, World Expo 2020 is expected to generate up to \$150 billion in foreign investment and create 277,000 jobs. While World Expo 2020 is important to the future of Dubai and the UAE, it is just one of a number of significant developments. This article focuses on some of the important initiatives and projects in the often overlooked Emirate of Abu Dhabi.

LEGISLATIVE INITIATIVES

The UAE Federal Government, headquartered in Abu Dhabi, has been working on a number of legislative initiatives as part of a modernization drive. In February 2013, a new competition law came into effect¹ which is the first law addressing anti-trust issues. Several years earlier, the UAE enacted consumer protection legislation.²

A number of new laws are anticipated in the coming years including a new companies law, an investment law, a small and medium enterprises law (Federal Law No. 2 of 2014 which was announced in the media as this article was going to press), a financial services law, a bankruptcy law, an arbitration law and new intellectual property legislation. According to the UAE Minister of Economy, Sultan Al Mansouri, "Upgrading the legal structure in the UAE is needed to cope with the current economic situation and to stand up to market challenges according to the fundamentals of justice."³

ABU DHABI GLOBAL MARKET

The Abu Dhabi Global Market ("ADGM") is a new financial free zone established in 2013.⁴ The ADGM will be located on Al Maryah Island and will be the second financial free zone in the UAE, the first being the Dubai International Financial Centre (DIFC). It is expected that the ADGM will have its own court system, its own arbitration center, its own companies registry and a financial services regulator.

It is anticipated that the ADGM will become operational in late 2014 or in 2015. Abu Dhabi hopes to grow its financial services sector and attract leading international financial institutions to the ADGM.

REAL ESTATE

In 2005, Abu Dhabi enacted new real estate laws which, among other things, gave expatriates the right to own real property in designated investment zones. After several years of stagnation following the global financial crisis, the Abu Dhabi real estate market is recovering. Some of the major projects include:

- Sadiyaat Island, which is home to a cultural district comprised of the Louvre (opening in 2015), Sheikh Zayed and Guggenheim Museums, a new campus for New York University (NYU) opening in 2014, a golf course designed by Gary Player, the St. Regis and the Hyatt hotels, luxury villas and apartments and various retail outlets.
- Al Maryah Island, which, in addition to the ADGM, features a new Cleveland Clinic Hospital (opening in 2015), numerous office towers, an upscale mall called The Galleria, the Rosewood and the Four Seasons hotels and other commercial, retail and residential projects.
- YAS Island, which is home to the YAS Marina Circuit Formula 1 track, the Ferrari World and Yas Waterworld

theme parks, several new hotels, concert and entertainment arenas, the Yas Links golf course, the Yas Mall (opening in November 2014) and other retail outlets.

- Al Reem Island and Al Raha Beach, two mixed residential, commercial and retail

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developments that are among the more popular new residential communities in Abu Dhabi.

PEACEFUL NUCLEAR ENERGY

Emirates Nuclear Energy Corporation ("ENEC") was established in 2009 as part of the Barakah Nuclear Power Project.⁵ During the same year, UAE Federal Law No. 6 of 2009 Concerning Peaceful Uses of Nuclear Energy was enacted. UAE and Abu Dhabi authorities have worked closely on this project with the International Atomic Energy Agency (IAEA) and the UAE has signed international conventions relating to nuclear energy.⁶

Commissioning of unit 1 is expected in 2017. Projections suggest that the Barakah Project will provide approximately 25% of the UAE's electricity by 2020.

TRANSPORTATION & AVIATION

The Abu Dhabi Department of Transport ("DoT") was created in 2006 and has played a key role in improving Abu Dhabi's roads and public transport. Two new bridges (the Sheikh Khalifa Bridge and the Sheikh Zayed Bridge) have opened in the past five years and have contributed to the expansion of Abu Dhabi's road network and eased traffic

congestion in and out of the city. In 2008, the DoT launched a new public bus system, which operates approximately 650 busses on over 95 service routes serving over 50 million passengers in across the Emirate.

The Etihad Rail Project will create a 1,200 km railway network across the UAE. The first stage, a 264 km freight line, is expected to become operational this year with the entire project completed by 2018. A longer mixed-use railway is also planned crossing the UAE and connecting with rail networks in Oman, Saudi Arabia, Kuwait, Bahrain and Qatar.

The expansion of the Abu Dhabi International Airport is a multi-billion dollar project to create a new Midfield Terminal. Upon completion in 2017, the Midfield Terminal is expected to increase the airport's passenger capacity to more than 20 million per year. The expansion also includes an additional runway, a new air traffic control center, enhanced cargo and maintenance facilities, and various commercial developments.

INDUSTRY

In 2004, the Higher Corporation for Specialized Economic Zones ("ZonesCorp") was created to operate and regulate purpose-built industrial zones. ZonesCorp currently operates Abu Dhabi Industrial City (ICAD) I, II and III and Al Ain Industrial City I and II, with additional industrial cities planned for the future.

Khalifa Industrial Zone Abu Dhabi ("KIZAD") opened in 2012. KIZAD is located in Taweelah approximately halfway between downtown Dubai and downtown Abu Dhabi on a site adjacent to the new Khalifa Port, a modern, deep water port that opened in 2012.

Tawazun Industrial Park ("TIP") was launched in 2011 as an industrial zone for companies in the defense and strategic manufacturing sector. TIP is located outside of Abu Dhabi approximately 20 km from the Khalifa Port and nearly the same distance from the Abu Dhabi International Airport.

In February 2013, the newly-created

Industrial Development Bureau ("IDB") assumed responsibility for licensing all industrial companies in Abu Dhabi, including all companies operating in TIP, KIZAD and the various industrial zones operated by ZonesCorp

CONCLUSION

Over the remainder of the decade and beyond, Abu Dhabi and the UAE are expected to undergo considerable growth. This growth will be accompanied by new laws and regulations. The legal and economic landscape of Abu Dhabi and the UAE will undergo significant changes that will present a range of opportunities and challenges.

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1. UAE Federal Law No. 4 of 2012, which came into effect in February of 2013.

2. See UAE Federal Law No. 24 of 2006 on Consumer Protections, as amended by UAE Federal Law No. 7 of 2011. See also UAE Federal Cabinet Resolution No. 12 of 2007 in respect of the Executive Regulations to Federal Law No. 24 of 2006.

3. Quoted in: New UAE investment law expected to boost GDP, Gulf News, 9 April 2014.

4. See UAE Federal Decree No. 15 of 2013 and UAE Federal Cabinet Resolution No. 4 of 2013.

5. See Abu Dhabi Law No. 21 of 2009 concerning the establishment of Emirates Nuclear Corporation (ENEC).

6. For example, see Federal Decree No. 32 of 2012 Ratifying the Protocol to Amend the Vienna Convention on Civil Liability for Nuclear Damage 1997 and Federal Decree No. 33 of 2012 Ratifying the Joint Protocol relating to the Application of the Vienna and Paris Convention 1988.